

FINANCIAL STATEMENTS  
ACCORDING TO IAS 2006



## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Ak Bars Bank:

1. We have audited the accompanying consolidated financial statements of Ak Bars Bank and its subsidiaries (the "Group") which comprise the consolidated balance sheet as at 31 December 2006 and the consolidated income statement, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

### Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards. This responsibility includes, designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

6. In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as of 31 December 2006, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

### Emphasis of Matter

7. Without qualifying our opinion, we draw attention to Notes 1 and 31 to the accompanying consolidated financial statements. The Group had extensive transactions and relationships with related parties.

*ZAO PricewaterhouseCoopers Audit*

Moscow, Russian Federation 28 April 2007

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## Ak Bars Bank Group Consolidated Balance Sheet

<i>In thousands of Russian Roubles</i>	Note	31 December 2006	31 December 2005
<b>ASSETS</b>			
Cash and cash equivalents	7	8 193 678	7 178 650
Mandatory cash balances with the Central Bank of the Russian Federation	28	1 789 423	1 345 061
Securities at fair value through profit or loss	8	17 087 184	18 427 919
Due from other banks	9	1 765 238	4 459 649
Loans and advances to customers	10	67 151 409	39 206 327
Investment in associate		36 399	24 203
Deferred income tax asset	24	–	100 403
Premises, equipment and intangible assets	11	2 301 231	1 779 752
Other assets	12	3 434 339	1 203 502
<b>TOTAL ASSETS</b>		<b>101 758 901</b>	<b>73 725 466</b>
<b>LIABILITIES</b>			
Due to other banks	13	2 857 835	3 163 373
Customer accounts	14	48 118 699	37 285 448
Debt securities in issue	15	9 326 883	9 018 035
Syndicated loans	16	5 884 572	1 296 470
Loan participation notes	16	4 695 919	5 116 425
Deferred income tax liability	24	63 525	–
Other liabilities	17	946 462	319 680
Subordinated debt	18	6 526 643	6 921 661
<b>TOTAL LIABILITIES</b>		<b>78 420 538</b>	<b>63 121 092</b>
<b>EQUITY</b>			
Share capital	19	25 243 984	14 043 984
Additional paid-in capital	19	349 632	349 632
Accumulated deficit	20	(2 255 253)	(3 789 242)
<b>TOTAL EQUITY</b>		<b>23 338 363</b>	<b>10 604 374</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>101 758 901</b>	<b>73 725 466</b>

Approved for issue and signed on behalf of the Executive Board on 28 April 2007.

Acting Chairman of the Executive Board

Z.F. Garaev

Chief Accountant

A.K. Bayazitov

## Ak Bars Bank Group Consolidated Income Statement

<i>In thousands of Russian Roubles</i>	Note	2006	2005
Interest income	21	9 160 589	6 045 822
Interest expense	21	(5 542 022)	(3 193 849)
<b>Net interest income</b>		<b>3 618 567</b>	<b>2 851 973</b>
Provision for loan impairment	9, 10	(949 152)	(981 388)
<b>Net interest income after provision for loan impairment</b>		<b>2 669 415</b>	<b>1 870 585</b>
Fee and commission income	22	634 851	383 304
Fee and commission expense	22	(59 083)	(45 369)
Losses net of gains from financial derivatives		(81 807)	(7 734)
Gains less losses from securities at fair value through profit or loss		630 424	992 055
Gains less losses from trading in foreign currencies		79 189	102 324
Foreign exchange translation gains less losses/(losses net of gains)		232 224	(14 453)
Other operating income		102 842	63 375
Administrative and other operating expenses	23	(2 259 404)	(1 512 345)
Share of results of associate after tax		16 000	(8 865)
<b>Profit before tax</b>		<b>1 964 651</b>	<b>1 822 877</b>
Income tax expense	24	(354 879)	(238 461)
<b>Profit for the year</b>		<b>1 609 772</b>	<b>1 584 416</b>

