

RUSSIAN STANDARD FINANCE S.A.
Société Anonyme

**Report of the Chartered Independent Auditor
on the annual accounts as at December 31, 2011**

2, boulevard Konrad Adenauer
L-1115 Luxembourg
R.C.S. Luxembourg B 107 255

RUSSIAN STANDARD FINANCE S.A.

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RUSSIAN STANDARD FINANCE S.A.
société anonyme
Registered Office: 2, boulevard Konrad Adenauer
L-1115 Luxembourg
R.C.S. Luxembourg B 107.255
(the "Company")

**Directors Report
for the year ended 31 December 2011**

The Directors present their Report and the Annual Accounts for the year ended 31 December 2011.

1. ACTIVITIES AND REVIEW OF THE DEVELOPMENT OF THE BUSINESS

RUSSIAN STANDARD FINANCE S.A., (the "Company"), is a Luxembourg company incorporated on 31 March 2005, for an unlimited duration, as a «société anonyme». It is governed by the law of 10 August 1915 on commercial companies, as amended, and by the present articles of association.

The principal activity of the Company is the issue of Loan Participation Notes pursuant to a USD 1,500,000,000 Secured Limited Recourse Note Programme (the "Programme") for the sole purpose of financing loans to Closed Joint Stock Company Russian Standard Bank ("Russian Standard Bank").

On 5 May 2011, the Loan to Russian Standard Bank relating to Series 4, in the amount of USD 350,000,000 matured, proceeds of which have been used to redeem the corresponding Loan Participation Notes.

The loan participation notes issued are listed on the London Stock Exchange.

2. BUSINESS REVIEW

During the year:

- The Company made no profit or loss (2010: EUR NIL);
- There were no credit events that affected the Company;

As at 31 December 2011:

- The Company's total indebtedness was EUR 309,739,658 (2010: EUR 570,054,562);
- The Company had the following Notes in issue:
 - (i) USD 200,000,000 Loan Participation Notes due 2015 (2010: USD 200,000,000)
 - (ii) USD 200,000,000 Loan Participation Notes due 2016 (2010: USD 200,000,000)


3. FUTURE DEVELOPMENTS

The Directors expect the present level of activity to be sustained for the foreseeable future.

4. PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties facing the Company relate to the debt securities issued, loans and receivables and other assets held by the Company for risk management purposes.

The Company has exposure to the following risks from its use of financial instruments and does not any have any externally imposed capital requirements.



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Directors Report
for the year ended 31 December 2011
(continued)

4. PRINCIPAL RISKS AND UNCERTAINTIES (continued)

(i) Credit risk

Credit risk is the risk of the financial loss to the Company if counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's credit linked assets. The Company's principal financial assets are cash and cash equivalents, trade and other receivables and loans and receivables, which represent the Company's maximum exposure to credit risk in relation to investment securities.

Loans and receivables involve a degree of risk arising from fluctuations in the amount and timing of receipt of the principal and interest on the Loans by or on behalf of the Company and the amounts of the claims of creditors of the Company ranking in priority to the holders of each Class of the Notes. Russian Standard Bank limits its exposure to credit risk by using swaps and letters of credit and guarantees and other credit related commitments for risk management purposes. The risk of default on these assets is either borne by the counterparty of the assets or the Noteholders in accordance with their respective agreements.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations arising from its financial liabilities as they fall due.

The Company's obligation to the Noteholders is limited to the net proceeds upon realisation of the Loan. Should the net proceeds be insufficient to make all payments due in respect of a particular series of Notes, the other assets of the Company will not be available for payment and the deficit is instead borne by the Noteholders.

The expediency and proceed amounts from realising the Loan is subject to market conditions. All substantial risks and rewards associated with the financial assets and liabilities are ultimately borne by the Noteholders.

The Company does not face major liquidity risk since all expenses incurred by the Company are reimbursed by Russian Standard Bank.

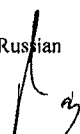
(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or its value of its holdings of financial instruments. The Noteholders are exposed to the market risk of the assets portfolio. Market risk embodies the potential for both gains and losses and includes interest rate risk, currency risk and price risk.

(a) Currency risk

Currency risk is the risk which arises due to the assets and liabilities of the Company held in foreign currencies, which will be affected by fluctuations in foreign exchange rates. The Company limits its exposure to currency risk by operating bank accounts in other currencies than its functional currency for receipts and payments in other currencies than its functional currencies. The Company is exposed to movement in exchange rates between Euro ("EUR"), its functional currency, and certain foreign currencies namely US Dollars ("USD").

The Company does not face major currency risk since both the Notes issued by the Company and the Loans provided to Russian Standard Bank are issued in the same currency.



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Directors Report
for the year ended 31 December 2011
(continued)

4. PRINCIPAL RISKS AND UNCERTAINTIES (continued)

(iii) Market risk (continued)

(b) Interest rate risk

Interest rate risk is the risk that the Company does not receive adequate interest from the Loan to secure interest payments on the Notes.

The Company does not face interest rate risk since both the Notes issued by the Company and the Loans provided to Russian Standard Bank bear the same terms and conditions.

(c) Price risk

Price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market. The Company does not consider price risk to be a significant risk to the Company as any fluctuation in the value of investment securities held by the Company will be borne by the Noteholders.

5. RESULTS AND DIVIDENDS FOR THE YEAR ENDED 31 DECEMBER 2011

The results for the year are set out on page 6. No dividends are recommended by the Directors for the year under review (2010: EUR NIL).

6. DIRECTORS, SECRETARY AND THEIR INTERESTS

The Directors and secretary who held office on 31 December 2011 did not hold any shares in the company or in any group company at that date, or during the year. There were no contracts of any significance in relation to the business of the Company in which the directors had any interest at any time during the year.

7. SUBSEQUENT EVENTS

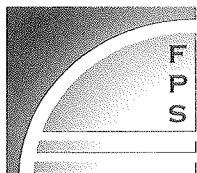
There were no significant events since 31 December 2011, which could influence the presentation of the current Annual Accounts.

The Board of Directors,

Luxembourg,

24/05/2012





FPS AUDIT S.À R.L.

A PART OF FIDUCIAIRE PATRICK SGANZERLA GROUP

RÉVISEUR D'ENTREPRISES AGRÉÉ

REPORT OF THE CHARTERED INDEPENDENT AUDITOR

**To the Shareholders of
Russian Standard Finance S.A.**
Société Anonyme
2, Boulevard Konrad Adenauer
L-1115 Luxembourg
R.C.S. Luxembourg : B 107.255

Report on the annual accounts

Following our appointment by the shareholders of the company dated on June 17, 2011, we have audited the accompanying annual accounts of **Russian Standard Finance S.A.**, which comprise the balance sheet as at December 31, 2011 and the profit and loss account for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Board of directors' responsibility for the annual accounts

The board of directors is responsible for the preparation and fair presentation of these annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of annual accounts 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.

Responsibility of the réviseur d'entreprises agréé

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual accounts are free from material misstatement.



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RÉVISEUR D'ENTREPRISES AGRÉÉ

An audit involves performing procedures to obtain audit evidence about amounts and disclosures in the annual accounts. The procedures selected depend on the judgement of the réviseur d'entreprises agréé, including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the réviseur d'entreprises agréé considers internal control relevant to the entity's preparation and fair presentation of the annual accounts 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 the board of directors, as well as evaluating the overall presentation of the annual accounts.

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

Opinion

The annual accounts give a true and fair view of the financial position of **Russian Standard Finance S.A.** as at December 31, 2011 and of the results of its operations for the year then ended in accordance with the Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts.

Report on other legal and regulatory requirements

The management report, which is the responsibility of the board of directors, is consistent with the annual accounts.

Luxembourg, May 24, 2012

FPS Audit S.à r.l.
Cabinet de Révision Agréé,
Represented by Patrick Sganzerla,
Réviseur d'Entreprises Agréé, Manager / Partner

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No. RCSL : B 107 255

Matricule : 2005 2206 473

BALANCE SHEET

Financial year from 01 01/01/2011 **to** 02 31/12/2011 **(in** 03 EUR **)**

RUSSIAN STANDARD FINANCE S.A.

2, boulevard Konrad Adenauer

L-1115 Luxembourg

ASSETS

	Financial year	Previous financial year
A. Subscribed capital unpaid	101 _____	102 _____
I. Subscribed capital not called	103 _____	104 _____
II. Subscribed capital called but not paid	105 _____	106 _____
B. Formation expenses	107 _____	108 _____
C. Fixed assets	109 308 261 406	110 564 801 566
I. Intangible assets	111 _____	112 _____
1. Costs or research and development	113 _____	114 _____
2. Concessions, patents, licences, trade marks and similar rights and assets, if they were	115 _____	116 _____
a) acquired for valuable consideration and need not be shown under C.I.3	117 _____	118 _____
b) created by the undertaking itself	119 _____	120 _____
3. Goodwill, to the extent that it was acquired for valuable consideration	121 _____	122 _____
4. Payments on account and tangible fixed assets under development	123 _____	124 _____
II. Tangible assets	125 _____	126 _____
1. Land and buildings	127 _____	128 _____
2. Plant and machinery	129 _____	130 _____
3. Other fixtures and fittings, tools and equipment	131 _____	132 _____
4. Payments on account and tangible assets in course of construction	133 _____	134 _____
III. Financial assets	135 308 261 406	136 564 801 566
1. Shares in affiliated undertakings	137 _____	138 _____
2. Loans to affiliated undertakings	139 _____	140 _____
3. Shares in undertakings with which the company is linked by virtue of participating interests	141 _____	142 _____
4. Loans to undertakings with which the company is linked by virtue of participating interests	143 _____	144 _____
5. Investments held as fixed assets	145 _____	146 _____
6. Loans and claims held as fixed assets	147 308 261 406	148 564 801 566
7. Own shares or own corporate units	149 _____	150 _____

	Financial year	Previous financial year
D. Current assets		
I. Stocks	151 <u>1 953 027</u>	152 <u>5 801 195</u>
1. Raw materials and consumables	153 _____	154 _____
2. Work and contracts in progress	155 _____	156 _____
3. Finished goods and goods for resale	157 _____	158 _____
4. Payments on account	159 _____	160 _____
	161 _____	162 _____
	_____	_____
II. Debtors	163 <u>1 927 509</u>	164 <u>5 591 262</u>
1. Trade debtors	165 _____	166 _____
a) becoming due and payable after less than one year	167 _____	168 _____
b) becoming due and payable after more than one year	169 _____	170 _____
2. Amounts owed by affiliated undertakings	171 _____	172 _____
a) becoming due and payable after less than one year	173 _____	174 _____
b) becoming due and payable after more than one year	175 _____	176 _____
3. Amounts owed by undertakings with which the company is linked by virtue of participating interests	_____	_____
a) becoming due and payable after less than one year	177 _____	178 _____
b) becoming due and payable after more than one year	179 _____	180 _____
4. Other debtors	181 _____	182 _____
a) becoming due and payable after less than one year	183 _____	184 _____
b) becoming due and payable after more than one year	185 <u>1 927 509</u>	186 <u>5 591 262</u>
	187 _____	188 _____
	_____	_____
III. Investments	189 _____	190 _____
1. Shares in affiliated undertakings and in undertakings with which the company is linked by virtue of participating interests	_____	_____
2. Own shares or own corporate units	191 _____	192 _____
3. Other investments	193 _____	194 _____
	195 _____	196 _____
	_____	_____
IV. Cash at bank and in hand	197 <u>25 518</u>	198 <u>209 933</u>
	_____	_____
E. Prepayments and accrued income	199 _____	200 _____
	_____	_____
TOTAL (ASSETS)	201 <u>310 214 433</u>	202 <u>570 602 761</u>

LIABILITIES

	Financial year	Previous financial year
A. Capital and reserves	301 <u>31 000</u>	302 <u>31 000</u>
I. Subscribed capital	303 <u>31 000</u>	304 <u>31 000</u>
II. Share premium and similar premiums	305 _____	306 _____
III. Revaluation reserves	307 _____	308 _____
IV. Reserves	309 _____	310 _____
1. Legal reserve	311 _____	312 _____
2. Reserves for own shares	313 _____	314 _____
3. Reserves provided for by the articles of association	315 _____	316 _____
4. Other reserves	317 _____	318 _____
V. Profit or loss brought forward	319 _____	320 _____
VI. Result for the financial year	321 _____	322 _____
VII. Interim dividends	323 _____	324 _____
VIII. Investment subsidies	325 _____	326 _____
IX. Immunised appreciation	327 _____	328 _____
B. Subordinated creditors	329 _____	330 _____
C. Provisions	331 <u>443 775</u>	332 <u>517 199</u>
1. Provisions for pensions and similar obligations	333 _____	334 _____
2. Provisions for taxation	335 <u>429 863</u>	336 <u>503 274</u>
3. Other provisions	337 <u>13 912</u>	338 <u>13 925</u>
D. Non subordinated debts	339 <u>309 739 658</u>	340 <u>570 054 562</u>
1. Debenture loans	341 <u>308 261 406</u>	342 <u>564 801 566</u>
a) Convertible loans	343 _____	344 _____
i) becoming due and payable after less than one year	345 _____	346 _____
ii) becoming due and payable after more than one year	347 _____	348 _____
b) Non convertible loans	349 <u>308 261 406</u>	350 <u>564 801 566</u>
i) becoming due and payable after less than one year	351 <u>-</u>	352 <u>263 574 064</u>
ii) becoming due and payable after more than one year	353 <u>308 261 406</u>	354 <u>301 227 502</u>
2. Amount owed to credit institutions	355 _____	356 _____
i) becoming due and payable after less than one year	357 _____	358 _____
ii) becoming due and payable after more than one year	359 _____	360 _____
3. Payment received on account of orders in so far as they are not shown separately as deductions from stocks	361 _____	362 _____
i) becoming due and payable after less than one year	363 _____	364 _____
ii) becoming due and payable after more than one year	365 _____	366 _____
4. Trade creditors	367 _____	368 _____
i) becoming due and payable after less than one year	369 _____	370 _____
ii) becoming due and payable after more than one year	371 _____	372 _____

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Matricule : 2005 2206 473

	Financial year	Previous financial year
5. Bills of exchange payable	373 _____	374 _____
a) becoming due and payable after less than one year	375 _____	376 _____
b) becoming due and payable after more than one year	377 _____	378 _____
6. Amount owed to affiliated undertakings	379 _____	380 _____
a) becoming due and payable after less than one year	381 _____	382 _____
b) becoming due and payable after more than one year	383 _____	384 _____
7. Amounts owed to undertakings with which the company is linked by virtue of participating interests	385 _____	386 _____
a) becoming due and payable after less than one year	387 _____	388 _____
b) becoming due and payable after more than one year	389 _____	390 _____
8. Tax and social security	391 _____	392 _____
a) Tax	393 _____	394 _____
b) Social security	395 _____	396 _____
9. Other creditors	397 <u>1 478 252</u>	398 <u>5 252 996</u>
a) becoming due and payable after less than one year	399 <u>1 478 252</u>	400 <u>5 252 996</u>
b) becoming due and payable after more than one year	401 _____	402 _____
E. Accruals and deferred income	403 _____	404 _____
TOTAL (LIABILITIES)	405 <u>310 214 433</u>	406 <u>570 602 761</u>

Helpdesk Comptes annuels

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No. RCSL : B 107 255

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PROFIT AND LOSS ACCOUNT

Financial year from 01/01/2011 at 31/12/2011 (in EUR)

RUSSIAN STANDARD FINANCE S.A.

2, boulevard Konrad Adenauer

L-1115 Luxembourg

A. CHARGES

	Financial year	Previous financial year
1. Raw materials and consumables	601	602
2. Other external charges	603	604
3. Staff costs	605	606
a) Wages and salaries	607	608
b) Social security costs	609	610
c) Social security costs relating to pensions	611	612
d) Other social security costs	613	614
4. Value adjustments	615	616
a) On formation expenses and on tangible and intangible fixed assets	617	618
b) On elements of current assets	619	620
5. Other operating charges	621 35 593	622 56 933
6. Value adjustments and fair value adjustments on financial fixed assets	623	624
7. Value adjustments and fair value adjustments on financial current assets. Loss on disposal of transferable securities	625	626
8. Interest payable and similar charges	627 31 942 582	628 81 230 476
a) Concerning affiliated undertakings	629	630
b) Other interest payable and similar charges	631 31 942 582	632 81 230 476
9. Extraordinary charges	633	634
10. Tax on profit or loss	635 24 679	636 78 668
11. Other taxes not included in the previous caption	637	638
12. Profit for the financial year	639	640
TOTAL CHARGES	641 32 002 854	642 81 366 077

No. RCSL : B 107 255

Matricule : 2005 2206 473

B. INCOME

	Financial year	Previous financial year
1. Net turnover	701 _____	702 _____
2. Change in Inventories of finished goods and of work and contracts in progress	703 _____	704 _____
3. Fixed assets under development	705 _____	706 _____
4. Reversal of value adjustments	707 _____	708 _____
a) On formation expenses and on tangible and intangible fixed assets	709 _____	710 _____
b) On elements of current assets	711 _____	712 _____
5. Other operating Income	713 <u>60 269</u>	714 <u>141 392</u>
6. Income from financial fixed assets	715 _____	716 _____
a) Derived from affiliated undertakings	717 _____	718 _____
b) Other Income from participating interests	719 _____	720 _____
7. Income from financial current assets	721 _____	722 _____
a) Derived from affiliated undertakings	723 _____	724 _____
b) Other income	725 _____	726 _____
8. Other interests and other financial income	727 <u>31 942 585</u>	728 <u>81 224 685</u>
a) Derived from affiliated undertakings	729 _____	730 _____
b) Other interest receivable and similar income	731 <u>31 942 585</u>	732 <u>81 224 685</u>
9. Extraordinary income	733 _____	734 _____
10. Loss for the financial year	735 _____	736 _____
TOTAL INCOME	737 <u>32 002 854</u>	738 <u>81 366 077</u>

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**Notes to the Annual Accounts
for the year ended 31 December 2011**

Note 1 - General information

RUSSIAN STANDARD FINANCE S.A., (the "Company"), is a Luxembourg company incorporated on 31 March 2005, for an unlimited duration, as a «société anonyme». It is governed by the law of 10 August 1915 on commercial companies, as amended, and by the present articles of association.

The registered office of the Company is established at 2, boulevard Konrad Adenauer, L-1115 Luxembourg.

The Company's financial year starts on 1 January and ends on 31 December of each year.

The object of the Company is the granting of loans or other forms of financing directly or indirectly (e.g. including, but not limited to, by subscription of bonds, debentures, other debt instruments, advances, the granting of pledges or the issuing of other guarantees of any kind) to Closed Joint Stock Company Russian Standard Bank.

The Company may finance itself in whatever form including, without being limited to, through borrowing or through issuance of listed or unlisted notes and other debt instruments (e.g. including but not limited to bonds, notes, loan participation notes and subordinated notes) including under medium term note and commercial paper programmes.

The Company may also:

- (a) grant security for funds raised, including notes and other debt instruments issued, and for the obligations of the Company; and
- (b) enter into all necessary agreements, including, but not limited to underwriting agreements, marketing agreements, management agreements, advisory agreements, administration agreements and other contracts for services, selling agreements, deposit agreements, hedging agreements, interest and/or currency exchange agreements and other financial derivative agreements, bank and cash administration agreements, liquidity facility agreements, credit insurance agreements and any agreements creating any kind of security interest.

In addition to the foregoing, the Company can perform all legal, commercial, technical and financial investments or operation and in general, all transactions which are necessary or useful to fulfil its objects as well as all operations connected directly or indirectly to facilitating the accomplishment of its purpose in all areas described above, however without taking advantage of the Act of July 31, 1929, on holding companies.

Note 2 - Presentation of the comparative financial data

The lay-out of the Balance Sheet and Profit and Loss Account has been modified in accordance with the new law of 10 December 2010, modifying the law of 19 December 2002. Where the figures for the year ending 2010 are not comparable to the figures of 2011, the comparative figures have been adjusted.

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**Notes to the Annual Accounts
for the year ended 31 December 2011**
(continued)

Note 3 - Summary of significant accounting policies

Note 3.1 - Basis of preparation

The Annual Accounts have been prepared in accordance with Luxembourg legal and regulatory requirements under the historical cost convention.

Accounting policies and valuation rules are, besides the ones laid down by the Law of 19 December 2002, amended by the Law of 10 December 2010, determined and applied by the Board of Directors.

Since the implementation of the New Law of 10 December 2010 modifying the Law of 19 December 2002, the layout of the balance sheet set forth in article 34 has been modified.

The preparation of Annual Accounts requires the use of certain critical accounting estimates. It also requires the Board of Directors to exercise their judgement in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the annual accounts in the period in which the assumptions changed. Management believes that the underlying assumptions are appropriate and that the Annual Accounts therefore present the financial position and results fairly.

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities in the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Note 3.2 - Significant accounting policies

The main valuation rules applied by the Company are the following:

Note 3.2.1 - Financial fixed assets

Historical cost model

Valuation at purchase price

The Loans and claims held as fixed assets are valued at nominal value including the expenses incidental thereto.

In the case of durable depreciation in value according to the opinion of the Board of Directors, value adjustments are made in respect of fixed assets, so that they are valued at the lower figure to be attributed to them at the balance sheet date. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

Note 3.2.2 - Debtors

Debtors are valued at their nominal value. They are subject to value adjustments where their recovery is compromised. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

Note 3.2.3 - Cash at bank and in hand

Cash at bank and in hand comprises cash in hand, cash at bank, deposits held at call with banks. In the Balance Sheet, bank overdrafts are included in Non subordinated debts under Amounts owed to credit institutions.

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**Notes to the Annual Accounts
for the year ended 31 December 2011**
(continued)

Note 3 - Summary of significant accounting policies (continued)

Note 3.2 - Significant accounting policies (continued)

Note 3.2.4 - Notes issued

The Notes payable is composed of long-term participation notes issued by the Company and are listed on the London Stock Exchange.

The net proceeds for the long-term participation notes issued up to date are equal to the repayable amount.

Note 3.2.5 - Provisions

Provisions are intended to cover losses or debts, the nature of which is clearly defined and which, at the date the balance sheet, are either likely to be incurred or certain to be incurred but uncertain as to their amount the date on which they will arise.

Provisions may also be created to cover charges which originate in the financial year under review or in a previous financial year, the nature of which is clearly defined and which at the date of the balance sheet are either likely to be incurred or certain to be incurred but uncertain as to their amount or the date on which it will arise.

Provision for taxation

Current tax provision

Provisions for taxation corresponding to the difference between the tax liability estimated by the Company and the advance payments for the financial years for which the tax return has not yet been filed are recorded under the caption "Tax debts".

Note 3.2.6 - Foreign currency translation

The functional currency of the Company is Euro ("EUR").

Transactions expressed in currencies other than EUR are translated into EUR at the exchange rate effective at the time of the transaction.

Formation expenses and long term assets and liabilities expressed in currencies other than EUR are translated into EUR at the exchange rate effective at the time of the transaction. At the balance sheet date, these assets and liabilities remain translated at historic exchange rates.

Cash at bank is translated at the exchange rate effective at the balance sheet date. Exchange losses and gains are recorded in the Profit and Loss Account of the year.

Other assets and liabilities are translated separately respectively at the lower or at the higher of the value converted at the historic exchange rate or the value determined on the basis of the exchange rates effective at the balance sheet date. The realised and unrealised exchange losses are recorded in the Profit and Loss Account. The exchange gains are recorded in the Profit and Loss Account at the moment of their realisation.

Where there is an economic link between an asset and a liability, these are valued in total according to the method described above and the net unrealised losses are recorded in the Profit and Loss account and the net unrealised exchange gains are not recognised.

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**Notes to the Annual Accounts
for the year ended 31 December 2011**
(continued)

Note 3 - Summary of significant accounting policies (continued)

Note 3.2 - Significant accounting policies (continued)

Note 3.2.7 - Other operating charges and income

Arrangement fees and ongoing fees and expenses incurred in the context of the issue of the loan participation notes are recorded in the caption "Other operating charges". In accordance with the loan agreements with Russian Standard Bank, the Company recharges these costs to Russian Standard Bank. These recharges are recorded in the caption "Other operating income".

Note 3.2.8 - Interest income and expenses

Interest income and charges are recorded on an accrual basis.

Note 4 - Loans and claims held as fixed assets

Loans and claims held as fixed assets, in the amount of **EUR 308.261.406**, are comprised as follows:

Loan to Russian Standard Bank:

	<u>Ccy</u>	<u>Outstanding Loan Amount</u>	<u>Opening balance as at 1-Jan-2011 EUR</u>	<u>Addition / (Disposal) during the year EUR</u>	<u>Exchange gain / (loss) during the year EUR</u>	<u>Closing balance as at 31-Dec-2011 EUR</u>
Series 4	USD	-	263 574 064	(239 496 373)	(24 077 691)	-
Loan 1	USD	200 000 000	150 613 751	-	3 516 952	154 130 703
Loan 2	USD	200 000 000	150 613 751	-	3 516 952	154 130 703
Total balance			564 801 566	(239 496 373)	(17 043 787)	308 261 406

Maturity Analysis:

Loans and claims held as fixed assets

becoming due and payable after less than one year
becoming due and payable after more than one year

<u>31-Dec-2011 EUR</u>	<u>31-Dec-2010 EUR</u>
-	263 574 064
308 261 406	301 227 502
308 261 406	564 801 566

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Note 4 - Loans and claims held as fixed assets (continued)

The Loans and Series act as Collateral Security to the Notes Issued.

The terms and conditions of the Loans and Series are set out below:

	Frequency of payment	Interest payment dates	Interest rate	Maturity date
Series 4	Semi-annually	5 May and 5 November	8,625%	5-May-2011
Loan 1	Semi-annually	16 December and 16 June	7,730%	16-Dec-2015
Loan 2	Semi-annually	1 June and 1 December	7,561%	1-Dec-2016

<u>31-Dec-2011</u>	<u>31-Dec-2010</u>
EUR	EUR

Note 5 - Other debtors

Other debtors, in the amount of **EUR 1,927.509**, are comprised as follows:

Interest receivable on loans to Russian Standard Bank	1 467 581	5 245 124
Tax receivable - 2009	148 823	133 319
Tax receivable - 2010	132 316	99 266
Tax receivable - 2011	126 044	-
Arrangement fees receivable	52 745	-
2008 tax advances	-	105 405
Other receivables	-	8 148
	<u>1 927 509</u>	<u>5 591 262</u>

Note 6 - Cash at bank and in hand

Cash at bank and in hand, in the amount of **EUR 25.518**, are comprised as follows:

Cash account with Deutsche Bank Luxembourg S.A. - EUR	25 370	209 788
Cash account with Deutsche Bank Luxembourg S.A. - USD	148	145
Cash account with Deutsche Bank Luxembourg S.A. - GBP	-	-
	<u>25 518</u>	<u>209 933</u>

The GBP cash account with Deutsche Bank Luxembourg S.A. has a balance of GBP 0,26 as at 31 December 2011.

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Note 7 - Capital and reserves

Subscribed capital

The subscribed capital of the Company consists of 310 shares with a par value of EUR 100 each (EUR 31,000). At 31 December 2011, 310 shares were issued and fully paid.

Legal reserve

In accordance with Luxembourg Company law, the Company is required to transfer a minimum of 5% of its net profit for each financial year to a legal reserve. This requirement ceases to be necessary once the balance on the legal reserve reaches 10% of the issued share capital. The legal reserve is not available for distribution to the shareholders.

As at 31 December 2011, the Company realised a NIL result. Consequently, there was no allocation to the legal reserve account.

Note 8 - Provisions for taxation

	<u>31-Dec-2011</u>	<u>31-Dec-2010</u>
	EUR	EUR
Provisions for taxation, in the amount of EUR 429,863, are comprised as follows:		
Taxation payable:		
2007	141 664	145 002
2008	50 705	154 212
2009	125 392	125 392
2010	78 668	78 668
2011	33 434	-
	<u>429 863</u>	<u>503 274</u>

Note 9 - Other provisions

Other provisions, in the amount of EUR 13,912, are comprised as follows:

Administration fees	6 325	6 325
Audit fees	3 787	3 800
Accounting fees	3 450	3 450
Other costs	350	350
	<u>13 912</u>	<u>13 925</u>

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Note 10 - Non convertible loans

Non convertible loans, in the amount of **EUR 308.261.406**, are comprised as follows:

			Opening balance as at 1-Jan-2011	Addition / (Disposal) during the year	Exchange gain / (loss) during the year	Closing balance as at 31-Dec-2011
	Ccy	Outstanding Loan Amount	EUR	EUR	EUR	EUR
Series 4	USD	-	263 574 064	(239 496 373)	(24 077 691)	-
Loan 1	USD	200 000 000	150 613 751	-	3 516 952	154 130 703
Loan 2	USD	200 000 000	150 613 751	-	3 516 952	154 130 703
Total Non-convertible loans			564 801 566	(239 496 373)	(17 043 787)	308 261 406

Maturity Analysis:

	31-Dec-2011 EUR	31-Dec-2010 EUR
Non-convertible loans		
becoming due and payable after less than one year	-	263 574 064
becoming due and payable after more than one year	308 261 406	301 227 502
	308 261 406	564 801 566

The total amount of Notes issued is collaterally secured by the Loan as referred to in Note 4. The Notes are limited recourse obligations and are payable solely from amounts received in respect of the Collateral securing the Notes.

The terms and conditions of the Loan Participation Notes issued are as follows:

	Frequency of payment	Interest payment dates	Interest rate	Maturity date
Series 4	Semi-annually	5 May and 5 November	8,625%	5-May-2011
Loan 1	Semi-annually	16 December and 16 June	7,730%	16-Dec-2015
Loan 2	Semi-annually	1 June and 1 December	7,561%	1-Dec-2016

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<u>Note 11 - Other creditors</u>	<u>31-Dec-2011</u>	<u>31-Dec-2010</u>
	EUR	EUR
Other creditors, in the amount of EUR 1,478.252 , are comprised as follows:		
Interest payable on Loan Participation Notes	1 467 581	5 245 120
Administration fees	6 325	-
Accounting fees	3 450	-
Trustee fees	498	-
Other costs	350	350
Listing fees	48	-
Arrangement fee payable	-	7 526
	<u>1 478 252</u>	<u>5 252 996</u>

<u>Note 12 - Other operating charges</u>	<u>Year ended</u>	<u>Year ended</u>
	<u>31-Dec-2011</u>	<u>31-Dec-2010</u>
	EUR	EUR

Other operating charges, in the amount of **EUR 35.593**, are comprised as follows:

Management fees	15 804	18 600
Accountancy fees	6 900	6 900
Interest on late payment tax	4 991	13 903
Audit fees	3 773	3 886
Trustee fees	3 027	2 700
Other expenses	1 050	1 407
Listing fees	48	1 960
Arrangement fee expenses	-	7 526
Bank charges	-	51
	<u>35 593</u>	<u>56 933</u>

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<u>Note 13 - Interest payable and similar charges</u>	<u>Year ended 31-Dec-2011</u>	<u>Year ended 31-Dec-2010</u>
	EUR	EUR
Interest payable and similar charges, in the amount of EUR 31,942.582 , are comprised as follows:		
Interest payable on Loan Participation Notes		
Loan 2	13 748 681	15 515 159
Loan 1	11 401 905	13 830 673
Series 4	6 791 996	22 753 262
Series 2	-	18 894 697
Series 5	-	10 230 894
Realised foreign exchange loss on revaluation	-	5 791
	<u>31 942 582</u>	<u>81 230 476</u>

Note 14 - Other operating income

Recharge of ongoing fees

This caption represents ongoing fees recharged by the Company to Russian Standard Bank in accordance with the loan agreements.

<u>Note 15 - Other interest and other financial income</u>	<u>Year ended 31-Dec-2011</u>	<u>Year ended 31-Dec-2010</u>
	EUR	EUR
Other interest and other financial income, in the amount of EUR 31,942.585 , are comprised as follows:		
Interest on Loans to Russian Standard Bank:		
Loan 2	13 748 681	15 515 159
Loan 1	11 401 905	13 830 673
Series 4	6 791 996	22 753 262
Series 2	-	18 894 697
Series 5	-	10 230 894
Realised foreign exchange gain on revaluation	3	-
	<u>31 942 585</u>	<u>81 224 685</u>

Note 16 - Commitments and guarantees

The total amount of Notes issued is collaterally secured by the Loans as referred to in Note 4. The Notes are limited recourse obligations and are payable solely from amounts received in respect of the collateral securing the Notes.

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Note 17 - Personnel

During the year under review, the Company did not employ any personnel and, consequently, no payment for wages, salaries or social securities were made.

Note 18 - Taxation

The Company is subject to the general tax regulations to all commercial companies in Luxembourg.

Note 19 - Related party transactions

During the financial year, there were no significant transactions entered into with related parties.

Note 20 - Subsequent events

There were no significant events since 31 December 2011, which could influence the presentation of the current Annual Accounts.

Note 21 - Emoluments granted to members of the administrative, managerial and supervisory bodies

No emoluments were granted to the Board of Directors and any other bodies during the year ended 31 December 2011.

Note 22 - Advances and loans granted to members of the administrative, managerial and supervisory bodies

No loans or advances were granted to the management bodies during the year under review.