

## IMPORTANT NOTICE

### NOT FOR DISTRIBUTION TO ANY U.S. PERSON OR TO ANY PERSON OR ADDRESS IN THE U.S.

**IMPORTANT: You must read the following before continuing.** The following applies to the Preliminary Prospectus following this page, and you are therefore advised to read this carefully before reading, accessing or making any other use of the Preliminary Prospectus. In accessing the Preliminary Prospectus, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO.

THE SECURITIES DESCRIBED HEREIN HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (THE “SECURITIES ACT”), OR THE SECURITIES LAWS OF ANY STATE OF THE U.S. OR OTHER JURISDICTION AND THE SECURITIES DESCRIBED HEREIN MAY NOT BE OFFERED OR SOLD WITHIN THE U.S. OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THE FOLLOWING PRELIMINARY PROSPECTUS MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. PERSON OR TO ANY U.S. ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

**Confirmation of your Representation:** In order to be eligible to view the Preliminary Prospectus or make an investment decision with respect to the securities described herein, investors must not be a U.S. person (within the meaning of Regulation S under the Securities Act). The Preliminary Prospectus is being sent at your request and by accepting the e-mail and accessing the Preliminary Prospectus, you shall be deemed to have represented to Barclays Bank PLC and Credit Suisse Securities (Europe) Limited that you are not a U.S. person, your stated electronic mail address to which this e-mail has been delivered is not located in the U.S. and that you consent to delivery of such Preliminary Prospectus by electronic transmission.

You are reminded that the Preliminary Prospectus has been delivered to you on the basis that you are a person into whose possession the Preliminary Prospectus may be lawfully delivered in accordance with the laws of jurisdiction in which you are located and you may not, nor are you authorised to, deliver the Preliminary Prospectus to any other person.

The materials relating to the offering of the Notes (the “Offering”) do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the Offering be made by a licensed broker or dealer and the underwriters or any affiliate of the underwriters is a licensed broker or dealer in that jurisdiction, the Offering shall be deemed to be made by the underwriters or such affiliate on behalf of the Issuer in such jurisdiction. The Preliminary Prospectus has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently neither Barclays Bank PLC, Credit Suisse Securities (Europe) Limited, nor any person who controls any of them nor any of their respective directors, officers, employees, agents or affiliates accepts any liability or responsibility whatsoever in respect of any difference between the Preliminary Prospectus distributed to you in electronic format and the hard copy version available to you on request from Credit Suisse Securities (Europe) Limited and Barclays Bank PLC.

PROSPECTUS

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**DALI CAPITAL PLC**

*(Incorporated with limited liability in the Republic of Ireland)*

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RUB5,000,000,000 Secured Fixed Rate Notes due September 2009 (the  
“Notes”)

Series No: 23

**Issue Price: 100 per cent.**

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Application has been made to the Irish Financial Services Regulatory Authority, as competent authority (the “**Competent Authority**”) under Directive 2003/71/EC (the “**Prospectus Directive**”), for this prospectus to be approved. Application has been made to the Irish Stock Exchange (the “**Irish Stock Exchange**”) for the Notes to be admitted to the Official List of the Irish Stock Exchange and trading on its regulated market.

This document (including the information incorporated by reference herein) constitutes a prospectus for the purposes of Article 5.1 of the Prospectus Directive.

Interest on the Notes will be payable semi-annually in arrear in U.S. Dollars on the Interest Payment Dates falling on or nearest to 30 March and 30 September in each year, commencing 30 March 2007 and ending on the Interest Payment Date (as defined below) falling on or nearest 30 September 2009. The amount of interest payable in U.S. Dollars shall be determined by reference to then prevailing RUB/USD currency exchange rates as more particularly described herein.

The Notes will mature on 30 September 2009, unless previously redeemed pursuant to Condition 7(d) (*Redemption for Taxation and other reasons*) or Condition 10 (*Issuer Events of Default*). The interest amounts and redemption amount payable in respect of the Notes will be the relevant RUB amounts determined in accordance with the terms and conditions of the Notes, converted into U.S. Dollars at the prevailing RUB/USD currency exchange rates, as more particularly described herein.

The Notes are expected to be assigned on issue, a B rating by Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc. (“**Standard & Poor’s**”) and a Ba3 rating by Moody’s Investors Service, Inc. (“**Moody’s**”) and a B+ rating by Fitch Ratings Ltd (“**Fitch**”). A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by Standard & Poor’s or Moody’s, as the case may be. A suspension, reduction or withdrawal of the ratings assigned to the Notes may adversely affect the market price of the Notes.

Prospective investors should be aware of the risks involved in investing in the Notes (see “**Risk Factors**” on pages 6-11).

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Joint Lead Managers

**BARCLAYS CAPITAL**

**CREDIT SUISSE**

The date of this Prospectus is 27 September 2006

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*Dali Capital PLC (the “Issuer”) accepts responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Issuer (who has taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.*

*The information contained herein relating to ROSBANK (OJSC JSCB) (“ROSBANK” or the “Borrower”) has been accurately reproduced from information published by ROSBANK. So far as the Issuer is aware and/or able to ascertain from information published by ROSBANK, no facts have been omitted which could render the reproduced information misleading. The Issuer has not been responsible for, nor has it undertaken, any investigation or verification of statements, including statements as to law, contained in such information.*

*The information contained herein relating to Barclays Bank PLC in its capacity as Grantor (as defined below) in respect of the Sub-Participation Agreement (as defined below) has been accurately reproduced from information published by Barclays Bank PLC. So far as the Issuer is aware and/or able to ascertain from information published by Barclays Bank PLC no facts have been omitted which could render the reproduced information misleading. The Issuer has not been responsible for, nor has it undertaken, any investigation or verification of statements, including statements as to law, contained in such information.*

*No person has been authorised to give any information or to make any representation other than those contained in this Prospectus in connection with the issue or sale of Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or the Joint Lead Managers (as set out on the front of this Prospectus). Neither the delivery of this Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof or that there has been no adverse change in the financial position of the Issuer since the date hereof. The Issuer does not intend to provide post-issuance information regarding the Notes and the performance of the Underlying Loan.*

*By accepting delivery of this Prospectus, each purchaser shall be deemed to have represented, warranted and agreed for the benefit of each of the Issuer and the Joint Lead Managers that, in connection with such purchaser’s investment decision:*

- (i) it has conducted, and will rely on, such investigations with respect to the Borrower, its operations and its financial or other condition as the purchaser considers necessary or desirable in connection with its decision to purchase Notes, it has made its own assessment of the Borrower, the Underlying Loan and the Notes and has consulted its own independent advisers or otherwise satisfied itself concerning, without limitation, accounting, regulatory, tax or other consequences of its investment decision in the light of its particular situation under the laws of all relevant jurisdictions;*
- (ii) it has received all information that it believes is necessary or appropriate in order to make its investment decision in respect of the Borrower, the Issuer, the Notes and the Underlying Loan;*
- (iii) that to the extent that it has received (or in the future may receive) any confidential or inside information with respect to the Borrower or the Underlying Loan, it will not take any actions in breach of any insider trading or market abuse laws or regulations applicable to it, including the sale of any Notes or securities of the Borrower;*
- (iv) in deciding to purchase the Notes, it has not relied on any due diligence or similar investigation that the Issuer, the Joint Lead Managers or any person acting on behalf of either of them may have conducted in relation to the legal, financial and other condition of the Borrower and confirms that it understands that neither the Issuer nor the Joint Lead Managers have made any such investigation; and*
- (v) under no circumstances will it hold the Issuer, the Joint Lead Managers or any of their respective affiliates liable in relation to anything in connection with the Notes resulting from the legal, financial or other condition of the Borrower.*

*The distribution of this Prospectus and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer and the Joint Lead Managers to inform themselves about and to observe any such restriction. The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the “Securities Act”) and include Notes in bearer form that are subject to U.S. tax law*

requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons. For a description of certain restrictions on offers and sales of Notes and on distribution of this Prospectus, see “Subscription and Sale”.

This Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuer or the Joint Lead Managers to subscribe for or purchase, any Notes.

The Joint Lead Managers have not separately verified the information contained in this Prospectus.

**Purchasers of Notes should conduct such independent investigation and analysis regarding the Issuer, the security arrangements and the Notes as they deem appropriate to evaluate the merits and risks of an investment in the Notes. Purchasers of Notes and counterparties to Transactions should have sufficient knowledge and experience in financial and business matters, and access to, and knowledge of, appropriate analytical resources, to evaluate the information contained in this Prospectus (if any) and the merits and risks of investing in the Notes in the context of their financial position and circumstances. The risk factors identified in this Prospectus are provided as general information only and the Joint Lead Managers disclaim any responsibility to advise purchasers of Notes or counterparties to other Transactions of the risks and investment considerations associated therewith as they may exist at the date hereof or as they may from time to time alter.**

Barclays Bank PLC in its capacity as Stabilising Manager may over-allot Notes (provided that the aggregate principal amount of Notes allotted does not exceed 105 per cent. of the aggregate principal amount of the Series) or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes.

The Issuer is not regulated by the Central Bank and Financial Services Authority of Ireland. Neither the Notes nor the Transactions will have the status of a bank deposit under Irish law and neither are within the scope of the Deposit Protection Scheme operated by the Central Bank and Financial Services Authority of Ireland.

This Prospectus is to be read in conjunction with all documents which are incorporated by reference (see “Documents Incorporated by Reference” below).

In this Prospectus, unless otherwise specified or unless the context otherwise requires, references to “Euro” and “€” are to the lawful currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union, references to “Russian Roubles” or “RUB” are to the lawful currency of the Russian Federation and references to “U.S. Dollars” or “USD” are to the lawful currency of the United States of America.

## DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus should be read and construed in conjunction with the following documents, which have been previously published or are published simultaneously with the Prospectus and that have been approved by the Irish Financial Services Regulatory Authority and filed with the Irish Stock Exchange and shall be deemed to be incorporated in, and form part of, this Prospectus:

- (1) the base prospectus of the Issuer dated 24 August 2006 relating to the Issuer's Euro 5,000,000,000 Multi Issuer Secured Transaction Programme (the "**Base Prospectus**");
- (2) the audited annual financial statements ended 30 March 2004 and 2005 (including any auditors report thereon) of the Issuer; and
- (3) the base prospectus of Rosbank Finance S.A. dated 5 September 2006 relating to its U.S.\$750,000,000 Guaranteed Debt Issuance Programme,

save that any statement contained in any of the documents incorporated by reference in, and forming part of, this Prospectus shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute part of this Prospectus. This Prospectus must be read in conjunction with the Base Prospectus and full information on the Issuer and the Notes is only available on the basis of the combination of the provisions set out within this document and the Base Prospectus.

The Issuer will, at the specified offices of the Issuer and AIB International Services Limited, free of charge, upon the oral or written request therefor, make available a copy of this Prospectus (and any documents incorporated by reference in this Prospectus). Written or oral requests for such documents should be directed to the specified office of AIB International Financial Services Limited.

## SUPPLEMENTS TO THE PROSPECTUS

If at any time the Issuer shall be required to prepare a supplemental prospectus pursuant to Articles 23 and 51 of the Irish S.I. No. 324 Prospectus (Directive 2003/71/EC) Regulations 2005 (the "**Irish Prospectus Regulations**"), the Issuer will prepare and make available an appropriate amendment or supplement to this Prospectus which shall constitute a supplemental prospectus as required by the Competent Authority and the Irish Prospectus Regulations.

## RISK FACTORS

This Prospectus does not describe all of the risks of an investment in the Notes. The Issuer and the Joint Lead Managers disclaim any responsibility to advise prospective investors of such risks as they exist at the date of this Prospectus or as they change from time to time. Prospective investors should consult their own financial and legal advisers as to the risks entailed by an investment in any Notes and the suitability of investing in such Notes in the light of their particular circumstances. Prospective investors should carefully consider, among other factors, all the information set forth in this Prospectus and, in particular, the matters described below.

**The attention of potential investors is also drawn to the specific representations on pages 3 and 4 of this Prospectus that purchasers of the Notes will be deemed to make in connection with the Underlying Loan, the Borrower and its operations.**

### Risks related to the Issuer

#### *The Issuer is a special purpose vehicle*

The Issuer's sole business is the raising of money by issuing notes and entering into other Transactions for the purposes of purchasing assets and entering into related derivatives and other contracts. The Issuer has covenanted not, as long as any of the Transactions remain outstanding, without the consent of the Trustee and any Other Creditors and provided that it will not result in any rating assigned to the Notes being adversely affected, as confirmed in writing by the relevant rating agency, to have any subsidiaries or employees, purchase, own, lease or otherwise acquire any real property (including office premises or like facilities), consolidate or merge with any other person or issue any shares (other than such shares as were in issue on the date of its incorporation). As such, the Issuer has, and will have, no assets other than its issued and paid-up share capital, such fees (as agreed) payable to it in connection with the issue of Notes or entry into other obligations from time to time and any Mortgaged Property and any other assets on which Notes or other obligations are secured. There is no day-to-day management of the business of the Issuer.

#### *Regulation of the Issuer by any regulatory authority*

The Issuer is not required to be licensed, registered or authorised under any current securities, commodities or banking laws of its jurisdiction of incorporation and will operate without supervision by any authority in any jurisdiction. There is no assurance, however, that regulatory authorities in one or more jurisdictions would not take a contrary view regarding the applicability of any such laws to the Issuer. The taking of a contrary view by such regulatory authority could have an adverse impact on the Issuer or the holders of the Notes.

Any investment in the Notes does not have the status of a bank deposit and is not within the scope of any deposit protection scheme.

#### *Preferred creditors under Irish law*

Under Irish law, upon an insolvency of an Irish company such as the Issuer, when applying the proceeds of assets subject to fixed security which may have been realised in the course of a liquidation or receivership, the claims of a limited category of preferential creditors will take priority over the claims of creditors holding the relevant fixed security. These preferred claims include the remuneration, costs and expenses properly incurred by any examiner of the company (which may include any borrowings made by an examiner to fund the company's requirements for the duration of his appointment) which have been approved by the Irish courts (see "Examinership" below).

In relation to the disposal of assets of any Irish tax resident company which are subject to security, a person entitled to the benefit of the security may be liable for tax in relation to any capital gains made by the company on a disposal of those assets on exercise of the security.

#### *Examinership*

Examinership is a court procedure available under the Irish Companies (Amendment) Act 1990, as amended, to facilitate the survival of Irish companies in financial difficulties.

The Issuer, the directors of the Issuer, a contingent, prospective or actual creditor of the Issuer, or shareholders of the Issuer holding, at the date of presentation of the petition, not less than one-tenth of the voting share capital of the Issuer are each entitled to petition the court for the appointment of an examiner. The examiner, once appointed, has the power to set aside

contracts and arrangements entered into by the company after his appointment and, in certain circumstances, can avoid a negative pledge given by the company prior to his appointment. Furthermore, he may sell assets which are the subject of a fixed charge. However, if such power is exercised, he must account to the holders of the fixed charge for the amount realised and discharge the amount due to them out of the proceeds of sale.

During the period of protection, the examiner will compile proposals for a compromise or scheme of arrangement to assist the survival of the company or the whole or any part of its undertaking as a going concern. A scheme of arrangement may be approved by the Irish High Court when at least one class of creditors has voted in favour of the proposals and the Irish High Court is satisfied that such proposals are fair and equitable in relation to any class of members or creditors who have not accepted the proposals and whose interests would be impaired by implementation of the scheme of arrangement.

In considering proposals by the examiner, it is likely that secured and unsecured creditors would form separate classes of creditors. In the case of the Issuer, if the Trustee represented the majority in number and value of claims within the secured creditor class (which would be likely given the restrictions agreed to by the Issuer in the Conditions), the Trustee would be in a position to reject any proposal not in favour of the Noteholders. The Trustee would also be entitled to argue at the Irish High Court hearing at which the proposed scheme of arrangement is considered that the proposals are unfair and inequitable in relation to the Noteholders, especially if such proposals included a writing down of the value of amounts due by the Issuer to the Noteholders. The primary risks to the holders of Notes if an examiner were to be appointed to the Issuer are as follows:

- (i) the potential for a scheme of arrangement to be approved involving the writing down of the debt owed by the Issuer to the Noteholders as secured by the Trust Deed;
- (ii) the potential for the examiner to seek to set aside any negative pledge in the Notes prohibiting the creation of security or the incurring of borrowings by the Issuer to enable the examiner to borrow to fund the Issuer during the protection period; and
- (iii) in the event that a scheme of arrangement is not approved and the Issuer subsequently goes into liquidation, the examiner's remuneration and expenses (including certain borrowings incurred by the examiner on behalf of the Issuer and approved by the Irish High Court) will take priority over the moneys and liabilities which from time to time are or may become due, owing or payable by the Issuer to the Noteholders.

## **Risks related to the Notes**

### *Liability under the Notes*

The Notes will be solely the obligations of the Issuer and will not be obligations or responsibilities of, or guaranteed by, any other entity. In particular, the Notes will not be obligations or responsibilities of, and will not be guaranteed by, the Trustee. Furthermore, no such person other than the Issuer will accept any liability whatsoever to Noteholders in respect of any failure by the Issuer to pay any amount due under the Notes.

### *Limited recourse obligations*

The Notes are direct, secured, limited recourse obligations of the Issuer payable solely out of the assets charged by the Issuer in favour of the Trustee on behalf of the Noteholders and other secured parties. Pursuant to the terms and conditions of the Notes, the Issuer is obliged to make payments of interest and principal to Noteholders that are equal to the sums actually received by it under the Underlying Loan. Consequently, the holders of the Notes must rely solely on payments under the Underlying Loan for the payment of principal and interest on the Notes. The Issuer will have no other assets or sources of revenue available for payment of any of its obligations under the Notes and claims against the Issuer by the Trustee and the Noteholders will be limited. The Noteholders will have no right to take title to, or possession of, the charged assets unless the Trustee, having become bound to do so, fails to take action against the Issuer within a reasonable time. No assurance can be made that the proceeds available for and allocated to the repayment of the Notes at any particular time will be sufficient to cover all amounts that would otherwise be due and payable in respect of the Notes. If the proceeds of the realisation of the Security received by the Trustee for the benefit of the Noteholders prove insufficient to make payments on the Notes, no other assets will be available for payment of the deficiency. Any deficiency will be borne by the Trustee, the Agents and the Noteholders in accordance with the order of priority specified in



Condition 4 and following distribution of the proceeds of such realisation, the Issuer will have no further obligation to pay any amounts in respect of any such deficiency.

Further, the Trustee, the Agents and the Noteholders will not be entitled at any time to petition or take any other step for the winding-up of, or the appointment of an examiner to, the Issuer provided that the Trustee may prove or lodge a claim in the liquidation of the Issuer initiated by another party and provided further that the Trustee may take proceedings to obtain a declaration or similar judgment or order as to the obligations and liabilities of the Issuer. No person other than the Issuer will be obliged to make payments on the Notes.

#### *Priority of claims*

During the term of the transaction and on an enforcement of the security granted by the Issuer in favour of the Trustee, the rights of the Noteholders to be paid amounts due under the Notes will be subordinated to (i) the payment or satisfaction of the fees, costs, charges, expenses and liabilities incurred by the Trustee or any receiver in preparing and executing the trusts under the Trust Deed (including any taxes required to be paid, the costs of realising any Security and the Trustee's remuneration) and (ii) the Issuing and Paying Agent Claims and the claims of all other Agents which have Pari Passu Ranking.

#### *No gross-up*

In the event that any withholding tax or deduction for tax is imposed on payments of interest on the Notes, the Issuer will only be required to make payments net of such withholding or deduction. Accordingly, Noteholders will not be entitled to receive grossed-up amounts to compensate for such withholding tax and no Event of Default shall occur as a result of any such withholding or deduction under the Notes.

#### *Modification, waivers and substitution*

The conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The conditions of the Notes also provide that the Trustee may, without the consent of Noteholders, agree to (i) any modification of any of the provisions of Notes that is, in its opinion, of a formal, minor or technical nature or is made to correct a manifest error or (ii) the substitution of another company as principal debtor under any Notes in place of the Issuer.

#### *Early redemption for tax or legal reasons*

The Issuer may for specified tax or legal reasons, as detailed in Condition 7(d), upon giving notice to Noteholders, redeem all Notes earlier than the Maturity Date. If the Issuer redeems Notes early, the Issuer will, if and to the extent permitted by applicable law, pay each Noteholder the Early Redemption Amount on the date specified in the Conditions. The aggregate amount received by Noteholders pursuant to such early redemption may be less than the Aggregate Nominal Amount of the Notes and may be zero.

#### *Exchange rate risk*

Interest and principal amounts (including amounts payable following exercise of the Issuer's call option) under the Notes will (subject as described under "Exchange control policy" below) be calculated in Russian Roubles and paid in U.S. Dollars. The U.S. Dollar amount payable will be determined by reference to the then prevailing exchange rate between the Russian Rouble and the U.S. Dollar. Consequently, Noteholders are subject to the risk of a depreciation of the Russian Rouble against the U.S. Dollar. The currency of the Russian Federation has been characterised historically by high degrees of volatility and frequent devaluations and the Russian Rouble may not remain at or around its current level. As a result, Noteholders may receive diminished interest and/or principal proceeds when such amounts are converted into U.S. Dollars. In addition, as a consequence of fluctuating U.S. Dollar/Russian Rouble exchange rates, the redemption proceeds payable under the Notes in U.S. Dollars may be different from the U.S. Dollar amounts payable when subscribing for the Notes.

### *Exchange control policy*

Upon the occurrence of certain actions, events or circumstances relating to the conversion or transfer of Russian Roubles into U.S. Dollars, the transfer of U.S. Dollars out of the Russian Federation or the unavailability of U.S. Dollars in the Russian Federation, payments under the Notes may be made in Russian Roubles to accounts in the Russian Federation rather than in U.S. Dollars. In such instance, any returns for a Noteholder would be affected by exchange rate fluctuations between the Russian Rouble and the currency of account for that Noteholder, by local exchange control and by restrictions on convertibility of Russian Roubles in the hands of that Noteholder. The purchase and sale of foreign currency in the Russian Federation is currently subject to governmental control, which may become more (or less) restrictive in the future. If such governmental control becomes more restrictive, Noteholders may receive less interest or principal than expected or potentially may receive no interest or principal at all. Noteholders may also receive diminished proceeds as a result of the costs which the Issuer may incur in establishing an account or taking other steps necessary to receive and/or pay out Russian Roubles in such circumstances.

### *Russian Rouble settlement risk*

Upon the occurrence of an Inconvertibility Event, payments under the Notes will be made in Russian Roubles to accounts in the Russian Federation by a paying agent having a place of business in the Russian Federation and appointed for such purpose (the “**Russian Paying Agent**”). ROSBANK will initially be appointed as the Russian Paying Agent, however, no guarantee is made that ROSBANK will continue to act as the Russian Paying Agent, or that, if ROSBANK ceases to act as the Russian Paying Agent, it will be possible for any other entity to be appointed as the Russian Paying Agent in the Russian Federation.

Where payments under the Notes will be made to Noteholders in Russian Roubles, Noteholders will be required to notify the Issuer and the Russian Paying Agent of an account in the lawful currency of the Russian Federation maintained with a bank in Moscow, the Russian Federation to where such Russian Roubles may be transferred. If any Noteholder does not notify the Issuer and Russian Paying Agent of such an account, payments will be made into a separate account opened by the Issuer in the Russian Federation with the Russian Paying Agent into which such interest or redemption amounts shall be deposited until such Inconvertibility Event has ended or until such time as the Noteholder elects to establish an account in the lawful currency of the Russian Federation with a bank in Moscow, the Russian Federation. In such circumstances, Noteholders will be exposed to the credit risk of the Russian Paying Agent until such time as they notify the Issuer and the Russian Paying Agent of such an account in the Russian Federation to where the Russian Roubles are to be transferred. Failure or any delay of any Noteholder to make the relevant notification to the Issuer and Russian Paying Agent may effect the ability of such Noteholder to receive payments on the due dates for payment under the Notes and may result in the Noteholder not receiving any or all of the amounts due to it.

### **Risks related to the Underlying Loan**

#### *No investigations*

No investigations, searches or other enquiries have been made by or on behalf of the Issuer or the Trustee in respect of the Underlying Loan. No representations or warranties, express or implied, have been given by the Issuer, the Joint Lead Managers, the Trustee or any other person on their behalf in respect of the Underlying Loan.

Noteholders are exposed to the credit risk of ROSBANK, being the borrower under the Underlying Loan. The Issuer may have to fund its payments by the sale, novation, assignment or transfer of all or part of its Participating Interest in the Underlying Loan. Purchasers of the Notes should conduct such independent investigation and analysis regarding, *inter alia*, ROSBANK and the Underlying Loan as they deem appropriate to evaluate the merits and risks of an investment in the Notes. The price realised on sale, novation, assignment or transfer of the Issuer’s Participating Interest in the Underlying Loan will generally fluctuate with, among other things, the liquidity and volatility of the financial markets, general economic conditions, domestic and international political events, developments or trends in the Russian and global banking industry and the financial condition of ROSBANK.

### *Foreign exchange execution*

The Grantor receives interest and principal payments in respect of the Underlying Loan in Russian Roubles. On or immediately prior to each Interest Payment Date, the Grantor will enter into foreign exchange transactions for the conversion of Russian Roubles into U.S. Dollars. It is possible that the Grantor may be able to enter into foreign exchange transactions which cover only a portion of the Interest Amount(s) due on a given Interest Payment Date. It is also possible that the Grantor may not be able to convert any portion of the Russian Rouble payments under the Underlying Loan into U.S. Dollars. As a result, the Issuer may not have any or sufficient U.S. Dollar funds to service the Interest Amount(s) on an Interest Payment Date which, in turn, may adversely affect the return Noteholders will receive on the Notes and/or the timing of any such payment.

### *Regulatory or legal events*

Noteholders are exposed to the risk of potential changes in the regulatory regime or changes in law which limit or entirely eliminate the ability of the Issuer to be a party to the Sub-Participation Agreement. As a result of such regulatory or legal events, it may be necessary that the Issuer transfer or completely divest its rights under the Sub-Participation Agreement. Although Noteholders may still receive the full proceeds of interest and principal under the Notes, their return may be adversely effected by the costs associated with such transfer or divestiture of the Issuer's rights.

### *Emerging Market risk*

The ability of the Issuer to make payments on the Notes is subject to receipt by the Issuer of corresponding payments on the Underlying Loan from the Borrower. The Borrower is established in the Russian Federation and purchasers of the Notes will therefore be exposed to a degree of emerging market risk. Investing in securities involving emerging market risk generally involves a higher degree of risk than investments in securities that are issued by issuers from, or are otherwise dependent on the underlying credit of borrowers situated in, more developed countries. These higher risks include, but are not limited to, higher volatility, limited liquidity and rapid and unexpected changes in the local political, legal and/or economic environment. Any of these events may have a negative impact on the Issuer's ability to make full payment of amounts expressed to be payable under the Notes. In addition, there can be no assurance that the market for securities bearing Russian risk, such as the Notes, will not be adversely effected by events elsewhere, especially in other emerging markets.

### *Notes not obligations of the Borrower*

The Notes are obligations of the Issuer and not of the Borrower. Whilst Noteholders are exposed to the creditworthiness of the Borrower and the Issuer's ability to make payments under the Notes is dependent, amongst other things, on its receipt of corresponding payments from the Borrower under the Underlying Loan, Noteholders have no recourse against the Borrower and must rely on their claims against the Issuer and the Mortgaged Property in respect of the Notes.

### *Events of default*

If an event of default under the Underlying Loan occurs, the Grantor may only exercise its right to accelerate the Underlying Loan upon the instructions of the Issuer acting in accordance with the direction of an Extraordinary Resolution of Noteholders or the Majority of Noteholders. If the Underlying Loan is accelerated, the Issuer may give notice to the Trustee and Noteholders, following which all of the Notes shall be redeemed earlier than the Maturity Date. If Noteholders do not make any such direction, the Underlying Loan will not be accelerated and the Notes will not redeem early, notwithstanding that an event of default has occurred and that the Underlying Loan may not be performing. As a result, (i) Noteholders may not receive any payments that they were expecting to receive under the Notes and (ii) in circumstances of an insolvency or similar event of the Borrower, such circumstances may have a material adverse effect on the ability of the Issuer to claim amounts owed by the Borrower and hence make payments to Noteholders.

### **Risks related to the market**

#### *Limited liquidity of the Notes*

Although application has been made to list the Notes on the Irish Stock Exchange, there is currently no market for the Notes. There can be no assurance that a secondary market for any of the Notes will develop, or, if a secondary market does develop, that it will provide the holders of the Notes with liquidity or that it will continue for the life of the Notes. Consequently, any

Noteholder must be prepared to hold such Notes for an indefinite period of time or until the time of scheduled or actual redemption of the Notes. If the Joint Lead Managers begin making a market for the Notes, they are under no obligation to continue to do so and may stop making a market at any time. The Notes may be held or purchased, in the open market or otherwise, by the Lead Managers at any time.

### **Risks relating to the counterparties**

#### *Trustee conflicts of interest*

In connection with the exercise of its functions, the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders and the Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders.

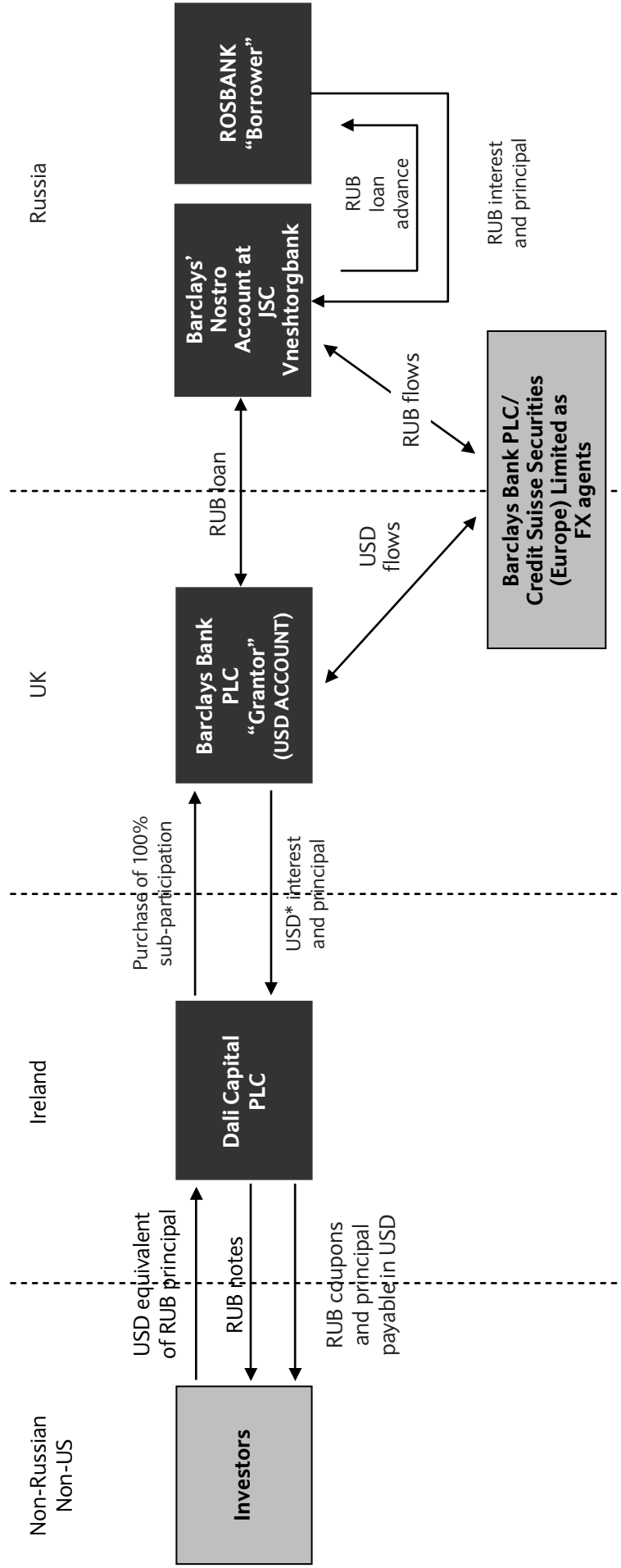
#### *Legality of purchase*

None of the Issuer, the Trustee, the Joint Lead Managers nor any affiliate of any such person has or assumes responsibility for the lawfulness of the acquisition of the Notes by a prospective purchaser of the Notes (whether for its own account or for the account of any third party), whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different), or for compliance by that prospective purchaser (or any such third party) with any law, regulation or regulatory policy applicable to it.

## TRANSACTION STRUCTURE

The information set out in this section is qualified in its entirety by the more detailed information (including the definitions) set out elsewhere in this Prospectus and in the Base Prospectus.

The following diagram outlines the relationship between ROSBANK (OJSC JCSB), Barclays Bank PLC, Credit Suisse Securities (Europe) Limited, the Issuer and investors, following completion of the offering:



\* Subject to an Inconvertibility Event not occurring.

As described in the above diagram, ROSBANK will borrow Russian Roubles pursuant to a RUB loan with Barclays Bank PLC. Barclays Bank PLC will sub-participate its loan to the Issuer. The Issuer will purchase the sub-participation in USD and will fund such purchase by the issue of Notes, which will be denominated in RUB but settled in USD. Interest and principal payable by ROSBANK under the loan will be paid in RUB. Interest and redemption amounts payable by the Issuer to Noteholders under the Notes will be paid in USD (unless an Inconvertibility Event has occurred).

To facilitate payment of the respective RUB and USD amounts to the relevant parties, USD received by Barclays Bank PLC pursuant to the sub-participation and RUB received by Barclays Bank PLC pursuant to the RUB loan will be converted to RUB and USD, respectively pursuant to a foreign exchange facility provided by Barclays Bank PLC and Credit Suisse Securities (Europe) Limited.

Upon the occurrence of an Inconvertibility Event, RUB amounts received by Barclays Bank PLC under the loan shall be paid to an Inconvertibility Account maintained by the Russian Paying Agent in the name of or for the account of the Issuer, following which, payments to Noteholders under the Notes will be made in RUB to such RUB denominated account in Moscow, the Russian Federation as Noteholders shall be required to notify to the Russian Paying Agent in accordance with the terms of the Notes. For further details, see the following section entitled “Terms and Conditions of the Notes”.

## TERMS AND CONDITIONS OF THE NOTES

The terms and conditions of the Notes shall consist of the terms and conditions set out in the Base Prospectus (the “**Base Conditions**”) as amended or supplemented below. References in the Base Conditions to Final Terms shall be deemed to refer to the terms set out below.

Terms used herein shall be deemed to be defined as such for the purposes of the Base Conditions set forth in the Base Prospectus.

1	<b>Issuer:</b>	Dali Capital PLC
2	(i) <b>Series Number:</b>	23
	(ii) <b>Tranche Number:</b>	1
3	<b>Specified Currency or Currencies:</b>	Russian Roubles (“ <b>RUB</b> ”) in respect of the denomination of the Notes and the determination of interest and redemption amounts and U.S. Dollars (“ <b>USD</b> ”) in respect of settlement and payments under the Notes
4	<b>Aggregate Nominal Amount:</b>	
	(i) <b>Series:</b>	RUB5,000,000,000
	(ii) <b>Tranche:</b>	RUB5,000,000,000
5	<b>Issue Price:</b>	100 per cent. of the Aggregate Nominal Amount
6	<b>Specified Denominations:</b>	RUB2,000,000
7	<b>Tradeable Amount:</b>	RUB200,000
8	(i) <b>Issue Date:</b>	29 September 2006
	(ii) <b>Interest Commencement Date :</b>	29 September 2006
9	<b>Maturity Date:</b>	The Interest Payment Date falling on or nearest to 30 September 2009
10	<b>Interest Basis:</b>	Fixed Rate (further particulars specified in paragraph 17 below)
11	<b>Redemption/Payment Basis:</b>	In respect of each Note, the USD Equivalent of the outstanding principal amount of the Underlying Loan, divided by the Number of Notes outstanding on the Maturity Date
12	<b>Change of Interest or Redemption/ Payment Basis:</b>	Not Applicable
13	<b>Put/Call Options:</b>	Not Applicable
14	<b>Status of the Notes:</b>	Secured and limited recourse obligations
15	<b>Listing:</b>	Application will be made to the Irish Stock Exchange for the Notes to be listed and admitted to the Official List of the Irish Stock Exchange  Where a notice is given by or on behalf of the Issuer in accordance with these Conditions, such notice shall, to the extent required by the Irish Stock Exchange, also be given to the Companies Announcements Office of the Irish Stock Exchange.
16	<b>Method of distribution:</b>	Syndicated

### PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

17	<b>Fixed Rate Provisions</b>	Applicable
	(i) <b>Rate of Interest:</b>	Not Applicable
	(ii) <b>Interest Payment Date(s):</b>	30 March and 30 September in each year commencing on 30 March 2007

- |  |  |
|--|--|
| (iii) Fixed Coupon Amount(s):  | As determined pursuant to paragraph (vii) below  |
| (iv) Broken Amount:  | Not Applicable   |
| (v) Day Count Fraction (Condition 6(k)):   | Actual/365 (or, if any portion of that period falls in a leap year, the sum of (i) the actual number of days in that portion of the period falling in a leap year divided by 366 and (ii) the actual number of days in that portion of the period falling in a non-leap year divided by 365).  |
| (vi) Determination Date(s) (Condition 6(k)):   | Not Applicable   |
| (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: | Notwithstanding Condition 6(a) and 6(h), the Interest Amount payable in respect of each Note on each Interest Payment Date shall be an amount (in respect of the interest accrued on such Note in the immediately preceding Interest Period) equal to the USD Equivalent of the Corresponding Loan Interest, divided by the Number of Notes. |

For the purposes of these Conditions:

“**Corresponding Loan Interest**” means, with respect to any Interest Payment Date, the corresponding Russian Rouble interest amount received by Barclays Bank PLC under the Underlying Loan at the end of the immediately preceding Interest Period.

“**Number of Notes**” means, with respect to any date of determination, the Aggregate Nominal Amount of the Series outstanding on such date, divided by the Specified Denomination.

“**USD Equivalent**” of an amount of Russian Roubles means the amount in U.S. Dollars receivable by Barclays Bank PLC under the FX Agreement (as defined below) upon conversion of such amount of Russian Roubles in the foreign exchange market on any day on which a determination is required.

Notwithstanding any term to the contrary:

- (i) the definition of “**Interest Period**” shall be replaced with the following:

“**Interest Period**” means the period beginning on (but excluding) the Interest Commencement Date and ending on (and including) the first Interest Period Date and each successive period beginning on (but excluding) an Interest Period Date and ending on (and including) the next succeeding Interest Period Date.”

- (ii) “**Interest Commencement Date**” means 29 September 2006.

- (iii) “**FX Agreement**” means the Foreign Currency Exchange Agreement dated 27 September 2006 between Barclays Bank PLC and Credit Suisse Securities (Europe) Limited, pursuant to which Barclays Bank PLC and Credit Suisse Securities (Europe) Limited in their capacities as “FX Agents” will arrange the conversion of USD to RUB and RUB to USD in accordance with the FX



Procedures specified therein.

A description of the FX Procedures is set out below.

18 Floating Rate Provisions	Not Applicable
19 Zero Coupon Note Provisions	Not Applicable
20 Index-Linked Interest Note Provisions	Not Applicable
21 Dual Currency Note Provisions	Not Applicable

#### PROVISIONS RELATING TO THE SECURITY

#### 22 Mortgaged Property

(i) Securities:	Not Applicable
(ii) Security (order of priorities):	The Trustee shall apply all moneys received by it under the Trust Deed in connection with the realisation or enforcement of the Security constituted by the Trust Deed in the following order of priorities: <ul style="list-style-type: none"><li>(i) first, in payment or satisfaction of the fees, costs, charges, expenses and liabilities incurred by the Trustee or any receiver in preparing and executing the trusts under the Trust Deed (including any taxes required to be paid, the costs of realising any Security and the Trustee's remuneration);</li><li>(ii) secondly, Issuing and Paying Agent Claims and the claims of all other Agents which have Pari Passu Ranking; and</li><li>(iii) thirdly, Noteholder Claims.</li></ul>
(iii) Contract (if applicable):	Not Applicable
(iv) Beneficiary (ies):	Not Applicable
(v) Securities Agreement:	Not Applicable
(vi) Counterparties:	Not Applicable
(vii) Swap (if applicable):	Not Applicable
Swap Counterparty(ies):	Not Applicable
Swap Guarantor (if applicable):	Not Applicable
(viii) Details of Credit Support Document (if applicable):	The sub-participation agreement dated 27 September 2006 among the Issuer, in its capacity as a sub-participant and Barclays Bank PLC as grantor (the "Grantor") (the "Sub-Participation Agreement") pursuant to which the Issuer is granted an interest (the "Participating Interest") in the Underlying Loan.  A description of the Sub-Participation Agreement is set out below.  The Sub-Participation Agreement relates to a loan agreement dated 27 September 2006 among the Grantor and ROSBANK as borrower (the "Underlying Loan").  A description of the Underlying Loan is set out below.

(ix) Credit Support Provider:

23 Realisation of Security:	Barclays Bank PLC Creditor B Direction or Holder Request
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## PROVISIONS RELATING TO REDEMPTION

<b>24 Call Option</b>	Applicable
(i) Optional Redemption Date(s):	The Interest Payment Date next following the valid exercise of the Call Option.
(ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s):	<p>In respect of each Note, an amount equal to the Make Whole Redemption Amount divided by the number of Notes outstanding on the Optional Redemption Date.</p> <p><b>“Make Whole Redemption Amount”</b> means the Make Whole Premium (as defined in the Underlying Loan) plus the Outstanding Notional Amount of the Notes, plus accrued interest (if any).</p>
(iii) Notice period ( <i>if other than as set out in the Conditions</i> ):	<p>The Call Option may be exercised in the following circumstances only:</p> <p>As soon as reasonably practicable following receipt by or on behalf of the Issuer of the valid exercise of the Make Whole Repayment Option, the Issuer or the Calculation Agent on its behalf shall procure that notice of such exercise of the Make Whole Repayment Option is given to the Trustee, the Agents and the Noteholders. Upon delivery of such notice, the Call Option shall be deemed to be exercised in respect of all the Notes and the Issuer shall redeem the Notes on the related Optional Redemption Date.</p> <p><b>“Make Whole Repayment Option”</b> means the valid exercise of the repayment option pursuant to Clause 5.4 (Prepayment at the option of ROSBANK) of the Underlying Loan.</p>
<b>25 Put Option</b>	Not Applicable
<b>26 Exchangeable Notes:</b>	No
<b>27 Exchange Event:</b>	Not Applicable
<b>28 Repayable Assets:</b>	Not Applicable
<b>29 Final Redemption Amount of each Note</b>	An amount equal to the USD Equivalent of the outstanding principal amount of the Underlying Loan received by the Grantor, divided by the Number of Notes, provided that (i) no Inconvertibility Event has occurred and is continuing or (ii) no Early Redemption Event has occurred.
<b>30 Early Redemption Amount</b>	
(i) Early Redemption Amount(s) of each Note payable on redemption for taxation and other reasons (Condition 7(d)) or an event of default (Condition 10) and/or the method of calculating the same (if required or if different from that set out in the Conditions):	<p>In respect of each Note, an amount equal to the Cash Settlement Amount or, if the Cash Settlement Amount is not an amount in U.S. Dollars, its USD Equivalent, provided that no Inconvertibility Event has occurred and is continuing.</p> <p><b>“Cash Settlement Amount”</b> means an amount in Russian Roubles or U.S. Dollars, as the case may be, determined by the Calculation Agent equal to the greater of (i) the Liquidation Value divided by the Number of Notes on the date of redemption and (ii) zero.</p> <p>If at any time the Issuer’s Participating Interest in the Underlying Loan is required to be sold to meet the</p>

obligations of the Issuer under the Notes, the Calculation Agent (defined below), on behalf of the Issuer, shall procure such sale, novation, assignment or transfer.

“**Liquidation Value**” means an amount in Russian Roubles or U.S. Dollars, as the case may be, determined by the Calculation Agent on the date of redemption equal to:

(a) Underlying Value

less

(b) Agency Costs.

“**Underlying Value**” means an amount in Russian Roubles or U.S. Dollars, as the case may be, received by or on behalf of the Issuer upon the early redemption of the Underlying Loan or, as the case may be, the net realised proceeds upon the sale, novation, assignment or transfer of the Participating Interest in the Underlying Loan.

“**Agency Costs**” means an amount in Russian Roubles or U.S. Dollars, as the case may be, determined by the Calculation Agent equal to the sum of the fees, costs, charges, expenses and other liabilities incurred by the Trustee, the Grantor and/or the Agents in connection with and attributable to the Notes. Agency Costs incurred in U.S. Dollars shall be converted into Russian Roubles or vice versa by the Calculation Agent in a commercially reasonable manner.

(ii) Unmatured Coupons to become void upon early redemption (Bearer Notes only) (Condition 8(f)): Yes

31 **Mark-to-Market Call Option** Not Applicable  
 32 **Securities Rating Call Option** Not Applicable  
 33 **Mark-to-Market Redemption Option** Not Applicable

**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

34 **Form of Notes:** Bearer Notes  
 (i) Temporary or permanent Global Note/Certificate: Temporary Global Note exchangeable for a permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the permanent Global Note  
 (ii) Applicable TEFRA exemption: D Rules  
 35 **Additional Business Centre(s) (Condition 8(h)) or other special provisions relating to payment dates:** London, New York and Moscow  
 36 **Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):** No  
 37 **Details relating to Partly Paid Notes (amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to** Not Applicable

forfeit the Notes and interest due on late payment):

- |    |  |   |
|----|--|---|
| 38 | Details relating to Instalment Notes:                            | Not Applicable                            |
| 39 | Redenomination, renominalisation and reconventioning provisions: | Not Applicable                            |
| 40 | Consolidation provisions:  | Not Applicable                            |
| 41 | Other terms or special conditions:                               | See "Amendments to the Conditions" below. |
| 42 | Governing law:   | English                                   |

#### DISTRIBUTION

- |    |   |   |
|----|---|---|
| 43 | (i) If syndicated, names of Managers:   | Barclays Bank PLC and Credit Suisse Securities (Europe) Limited   |
|    | (ii) Stabilising Manager (if any):  | Barclays Bank PLC   |
|    | (iii) Dealer Commissions:   | None  |
| 44 | If non-syndicated, name of Dealer:  | Not Applicable  |
| 45 | Additional selling restrictions:  | The Notes will not be offered or sold except in compliance with the Irish Companies Act 1963-2005.<br><br>The Notes are not eligible for initial offering and public circulation in the Russian Federation. Neither the issue of the Notes nor a prospectus in respect of the Notes has been, or is intended to be, registered with the Federal Service for Financial Markets of the Russian Federation. The information provided in this Prospectus is not an offer, or invitation to make offers, to sell, exchange or otherwise transfer the Notes in the Russian Federation or to or for the benefit of any Russian person or entity. |
| 46 | Additional steps that may only be taken following approval by an Extraordinary Resolution in accordance with Condition 12(a): | Not Applicable  |

#### OTHER INFORMATION

##### 1 LISTING

- |       |   |  |
|-------|---|--|
| (i)   | Listing:  | The Notes will be listed on the Irish Stock Exchange   |
| (ii)  | Admission to trading:                                       | Application will be made for the Notes to be admitted to trading on the regulated market of the Irish Stock Exchange |
| (iii) | Estimate of total expenses related to admission to trading: | €9,533   |

##### 2 RATINGS

- |          |   |
|----------|---|
| Ratings: | The Notes to be issued are expected to be rated B by Standard and Poor's, Ba3 by Moody's and B+ by Fitch. |
|----------|---|

##### 3 INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

So far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.

#### OPERATIONAL INFORMATION

- |   |              |              |
|---|--------------|--------------|
| 1 | ISIN Code:   | XS0268908372 |
| 2 | Common Code: | 026890837    |

- 3 Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): Not Applicable
- 4 Delivery: Delivery against payment
- 5 The Agents appointed in respect of the Notes:
- Issuing and Paying Agent:*  
Bank of New York
- Paying Agent:*  
AIB International Financial Services Limited
- Calculation Agent:*  
Barclays Bank PLC. *Except to the extent that the Calculation Agent has acted negligently or fraudulently or is in wilful breach of its duties, the Calculation Agent shall not be liable to the Noteholders for any expense, loss or damage suffered by or occasioned to them. In any event, the Calculation Agent shall not be responsible for any direct loss or indirect consequential losses, notwithstanding it having been advised of the possibility of such loss.*
- The Calculation Agent may resign by giving not less than 60 days' written notice to the Issuer and may have its appointment terminated upon the occurrence of certain insolvency events relating to it or if it fails to make any calculations required to be made in accordance with the terms of the Notes and the Issuer gives notice of its intention to appoint a replacement Calculation Agent. No resignation of the Calculation Agent shall take effect until a replacement Calculation Agent approved by the Trustee has been appointed by the Issuer.*
- 6 The aggregate nominal amount of Notes issued has been translated into Euro at the rate of EUR 0.0293 per RUB1.00, producing a sum of (for Notes not denominated in Euro): Euro 147,000,000

## AMENDMENTS TO THE CONDITIONS

1. Condition 4(g) shall be deleted in its entirety and amended as follows:

“(g) **Issuer’s Rights as beneficial owner of Collateral:** The Issuer is not required to and will not take any action with respect to any Mortgaged Property without the direction of an Extraordinary Resolution of Noteholders or instructions given by a Majority of Noteholders and, if given, may only act in accordance with such direction or instructions. On any matter in respect of which the Issuer, under the terms of the Sub-Participation Agreement, is (1) entitled to vote or otherwise grant any consent, exercise any discretion or take any action, (2) receives notification of such rights and appropriate voting and/or other documentation and (3) such vote, consent, exercise of discretion or action may affect the amount of proceeds to be received by the Noteholders, the Issuer will make available copies of such voting and/or other documentation at the offices of the Issuing and Paying Agent and notify the Noteholders in accordance with the Conditions. Once notified, Noteholders may vote on any such matter in accordance with such procedures outlined by the Issuer and approved by the Trustee. In respect of such rights of the Issuer relating to the Sub-Participation Agreement, it shall vote for or against each and any resolution and otherwise grant any consent, exercise any discretion or take any action in accordance with the instructions given by a Majority of the Noteholders. For these purposes, “**Majority**” means at any time, holders of greater than 50% of the outstanding principal amount of Notes who have the right to vote and who vote on any issue and whose Notes are outstanding at such time.
2. Condition 6(g)(iii) shall be amended by the insertion of the following words immediately after the word “means” in the last sentence thereof:

“1 USD with respect to United States Dollars and with respect to any other currency”.
3. Condition 7(c) (*Mandatory Redemption*) shall not apply to this issue of Notes.
4. Condition 7(d)(ii) shall be amended to read as follows:

“(ii) if (x) the Underlying Loan becomes repayable before it would otherwise have been due and payable, as a result of, or on the basis of, the occurrence of a default, event of default or other similar condition or event (howsoever described) thereunder, or (y) a Credit Support Document, a Swap or Securities Agreement is terminated in whole for any reason,”.
5. A new Condition 8(i) shall be added as follows:

“(i) **Payments subject to Taxation:** All payments of principal and interest in respect of the Notes and the Coupons shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature (“**taxes**”) imposed, levied, collected, withheld or assessed thereon. In the event of the imposition of any such taxes, the Issuer shall deduct such taxes from the amounts payable in respect of the Notes. Any such deduction shall not be an Event of Default under Condition 10. In the event of the imposition of such withholding taxes on payments in respect of the Notes the Issuer will use all reasonable endeavours to arrange for its substitution as principal debtor by a company incorporated in another jurisdiction, subject to and in accordance with Condition 7(d).”
6. A new condition 8(j) shall be added as follows:

“(j) **Inconvertibility Event**

  - (i) If an FX Agent (as defined in the FX Agreement) determines in its sole discretion (acting in a commercially reasonable manner) that an action, event or circumstance (such action, event or circumstance being an “**Inconvertibility Event**”) has occurred or arisen on or after the Issue Date which (whether from a legal or practical perspective):
    - (a) has the direct or indirect effect of hindering, limiting or restricting the convertibility of Russian Roubles into U.S. Dollars, or the transfer of U.S. Dollars from the Russian Federation to other countries (including, without limitation, by way of any delays, increased costs or discriminatory rates of exchange or any current or future restrictions on repatriation of Russian Roubles into U.S. Dollars); or
    - (b) results in the unavailability of any of the lawful currencies of the United States of America in the interbank foreign exchange market in the Russian Federation in accordance with normal commercial practice,

then such FX Agent shall, as soon as reasonably practicable, notify the Issuer, the Trustee, the Agents (including any other FX Agents appointed under the FX Agreement), the Grantor, ROSBANK and the Noteholders of the occurrence of such Inconvertibility Event (provided that failure to provide such notice shall not affect the rights of the Noteholders).

- (ii) If an Inconvertibility Event has occurred and is continuing, then:
  - (x) on an Interest Payment Date, the Issuer will pay the Interest Amount per Note in Russian Roubles and not the USD Equivalent of the relevant amount in Russian Roubles; and
  - (y) on any date on which the Notes are to be redeemed, the Issuer will pay the related Redemption Amount or Early Redemption Amount per Note in Russian Roubles and not the USD Equivalent of the relevant amount in Russian Roubles.
- (iii) Where a payment in Russian Roubles is required to be made in respect of the Notes, the Issuer shall procure that payment of such Russian Roubles is made to an account in the lawful currency of the Russian Federation maintained by or on behalf of a Paying Agent having a specified office in Moscow, the Russian Federation or, if no such Paying Agent is, or has been, appointed, the Issuer shall immediately appoint an international financial institution or Russian financial institution holding a Russian general banking licence and in good standing with the Russian financial services sector having a specified office in Moscow, the Russian Federation as a paying agent with respect to the Notes and shall procure that payment is made to an account in the lawful currency of the Russian Federation maintained by such paying agent (the “**Russian Paying Agent**”) and, for the purpose any such payment in Russian Roubles, each person who at the relevant time is shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the absence of manifest error) shall be treated as a Noteholder. Subject as set out below, the Russian Paying Agent shall make payment to such Noteholders by transfer to an account in the lawful currency of the Russian Federation maintained by each such Noteholder with a bank in Moscow, the Russian Federation (as specified by each Noteholder in an irrevocable written notice, delivered to the Russian Paying Agent and the Issuer in a timely manner prior to the specified date of payment, which written notice must specify the nominal amount of Notes which are the subject of such notice and the number of the Noteholder’s account at Euroclear or Clearstream, Luxembourg, as the case may be, and must also contain a statement authorising the production of such notice in any applicable administrative or legal proceedings). After delivery of such written notice, the relevant Noteholder may not transfer the Notes that are the subject of such notice (but neither Euroclear or Clearstream, Luxembourg shall be responsible for the monitoring or blocking of any such transfer). Neither the Issuer nor the Russian Paying Agent shall be responsible for any delay in payment that is caused as a result of it or any agent or representative of it, taking reasonable steps to verify that the person delivering the notice is a Noteholder holding through Euroclear or Clearstream, Luxembourg and shall pay no interest or other payment in respect of any such delay.

Where payment is to be made in Russian Roubles, Noteholders waive their right to receive payments through Euroclear or Clearstream, Luxembourg and shall be deemed to agree that such payment is being made outside of Euroclear and Clearstream, Luxembourg, without their participation and that neither Euroclear nor Clearstream, Luxembourg shall have any responsibility whatsoever for ensuring that payments are made by the Russian Paying Agent in accordance with this provision and shall accept no liability in respect thereof. Noteholders shall have no recourse whatsoever to Euroclear or Clearstream, Luxembourg in respect of any such payment.

Payment in accordance with the other provisions of this sub-paragraph (iii) shall constitute full discharge of the obligations of the Issuer to make payment to the holder of any Global Note (being the common depositary for Euroclear and Clearstream, Luxembourg).

- (iv) Where a Noteholder has not established or does not maintain an account in the lawful currency of the Russian Federation, as described in sub-paragraph (iii) above, with a bank in Moscow, the Russian Federation or has not given notice to the Russian Paying Agent of such account in accordance with sub-paragraph (iii) above, then neither the Issuer nor the Russian Paying Agent on its behalf shall pay any interest or redemption amounts payable in respect of Notes held by such Noteholder but shall establish and maintain (at no cost to Noteholders for so long as ROSBANK has been appointed as the Russian Paying Agent) a separate account in the Russian Federation with the Russian Paying Agent (the “**Inconvertibility Account**”) into which such interest or redemption amounts shall be deposited until the Inconvertibility Event has terminated or until such time as such Noteholder elects to establish an account in the lawful currency of the Russian Federation pursuant to sub-paragraph (iii) above. Interest shall accrue on any such interest or redemption amounts deposited into the Inconvertibility Account at the then prevailing market interest rate determined by the Calculation Agent (in its sole and absolute discretion) as being applicable to such deposits in the Russian Federation. Claims against the Issuer for payment in respect of any such interest or redemption amounts deposited into the Inconvertibility Account shall be prescribed and become void unless made within 10 years from the date on which such interest or redemption amounts were first due and any claims for any such interest or redemption amounts shall be reduced *pro rata* to reflect the costs incurred by or on behalf of the Issuer to open and operate the Inconvertibility Account.
  - (v) Nothing herein shall require the Issuer or its agent to take any action which, in the opinion of the Issuer, is not possible or would be in contravention of any applicable law, regulation, market custom or practice, nor shall the Issuer be obliged to take any action which would cause it to incur additional costs or expenses during the continuance of a disrupted market. The occurrence of a disrupted market shall be determined by the Issuer based upon its assessment of market conditions including but not limited to (a) market volatility, (b) market liquidity and (c) regulatory or artificial market limitations.”
7. For the purposes of the Notes, Condition 10 shall be amended by the deletion of the reference to “14 days” in Condition 10(a) and its replacement with “30 Business Days”.



## USE OF PROCEEDS

The net proceeds from each issue of the Notes, which are expected to amount to USD187,778,616.52, being the USD Equivalent of RUB5,000,000,000, will be applied by the Issuer to purchase the Participating Interest in the Underlying Loan on the Issue Date.

## DESCRIPTION OF THE GRANTOR

### Barclays Bank PLC

Barclays Bank PLC is a public limited company registered in England and Wales under number 1026167. The liability of the members of Barclays Bank PLC is limited. It has its registered head office at 1 Churchill Place, London E14 5HP. Barclays Bank PLC was incorporated on 7 August 1925 under the Colonial Bank Act 1925 and on 4 October 1971 was registered as a company limited by shares under the Companies Act 1948 to 1967. Pursuant to The Barclays Bank Act 1984, on 1 January 1985, Barclays Bank was re-registered as a public limited company and its name was changed from “Barclays Bank International Limited” to “Barclays Bank PLC”.

Barclays Bank PLC and its subsidiary undertakings (taken together, the “Group”) is a major global financial services provider engaged in retail and commercial banking, credit cards, investment banking, wealth management and investment management services. The whole of the issued ordinary share capital of Barclays Bank PLC is beneficially owned by Barclays PLC, which is the ultimate holding company of the Group and one of the largest financial services companies in the world by market capitalisation.

The short term unsecured obligations of Barclays Bank PLC are rated A-1+ by Standard & Poor’s, P-1 by Moody’s and F1+ by Fitch and the long-term obligations of Barclays Bank PLC are rated AA by Standard & Poor’s, Aa1 by Moody’s and AA+ by Fitch.

Based on the Group’s unaudited financial information for the period ended 30 June 2006, the Group had total assets of £986,375 million (2005: £850,388 million), total net loans and advances<sup>1</sup> of £317,427 million (2005: £272,348 million), total deposits<sup>2</sup> of £339,421 million (2005: £302,253 million), and total shareholders’ equity of £25,790 million (2005: £22,050 million) (including minority interests of £1,608 million (2005: £200 million)). The profit before tax of the Group for the period ended 30 June 2006 was £3,700 million (2005: £2,690 million) after impairment charges on loans and advances and other credit provisions of £1,057 million (2005: £706 million). The financial information in this paragraph is extracted from the unaudited consolidated accounts of the Group for the 6 months ended 30 June 2006.

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1 Total net loans and advances include balances relating to both banks and customer accounts.

2 Total deposits include deposits from banks and customer accounts.

## DESCRIPTION OF THE UNDERLYING LOAN

This Loan Agreement is made on 27 September 2006 between:

- (1) ROSBANK (OJSC JSCB), a company established under the laws of the Russian Federation whose registered office is at 11 Masha Poryvaeva Street, Moscow 107078, Russian Federation ("ROSBANK"); and
- (2) BARCLAYS BANK PLC (the "Lender").

Whereas, the Lender has at the request of ROSBANK agreed to make available to ROSBANK a loan facility in the amount of RUB5,000,000,000 on the terms and subject to the conditions of this Loan Agreement.

Now it is hereby agreed as follows:

### 1 Definitions and Interpretation

#### 1.1 Definitions

In this Loan Agreement (including the recitals), the following terms shall have the meanings indicated:

**"Account"** means account number 30231810655550000048 in Roubles opened in the books of JSC Vneshtorgbank in the name of the Lender.

**"Affiliate"** of any specified Person means (i) any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person or (ii) any other Person who is a director or officer (A) of such specified Person, (B) of any Subsidiary of such specified Person or (C) of any Person described in clause (i) above. For the purpose of this definition, **"control"** when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms **"controlling"** and **"controlled"** have the meanings correlative to the foregoing.

**"Affiliate Transaction"** means any transaction or series of related transactions (including the purchase, sale, transfer, assignment, lease, conveyance or exchange of any property or the rendering of any service) with, or for the benefit of, any Affiliate.

**"Agency"** means any agency, authority, central bank, department, government, legislature, minister, official or public statutory person (whether autonomous or not) of, or of the government of, any state or supra-national body.

**"Applicable Law"** means, as to any Person, the certificate of incorporation, by-laws, memorandum of association, articles of association or other organisational or governing documents of such Person and any law, treaty, rule, regulation, executive order or determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

**"Business Day"** means a day (other than Saturday or Sunday) on which banks and foreign exchange markets are open for business generally, and foreign exchange transactions may be carried on in London, New York and Moscow.

**"Closing Date"** means 29 September 2006.

**"Consolidated Indebtedness"** means, as at any date of determination, (and without duplication) all Indebtedness of the Group outstanding on such date, determined on a consolidated basis in accordance with IFRS.

**"Encumbrance"** means (a) any mortgage, charge, pledge, lien or other encumbrance securing any obligation of any Person, (b) any sale, transfer or other disposal of receivables on recourse terms or (c) any other type of preferential arrangement (including any conditional sale or title retention arrangement) having a similar effect.

**"Event of Default"** has the meaning assigned to such term in Clause 11.1 hereof.

**"FX Agents"** means Credit Suisse Securities (Europe) Limited and Barclays Bank PLC.

**"FX Agreement"** means the foreign exchange currency agreement dated on or about 27 September 2006 between the Lender and the FX Agents.

**"Governmental Authority"** means any nation or government (including of the Russian Federation, the United Kingdom, Luxembourg, and the United States), any state or other

political subdivision thereof and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including any supranational entity (e.g., the European Union and the European Customs Union).

**“Group”** means ROSBANK and its Subsidiaries taken as a whole.

**“IFRS”** means the International Financial Reporting Standards issued by the International Accounting Standards Board (as amended, supplemented or re-issued from time to time).

**“Indebtedness”** means any indebtedness, in respect of any Person for, or in respect of, moneys borrowed; any amount raised by acceptance under any acceptance credit facility; any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument; any amount raised pursuant to any issue of shares which are expressed to be redeemable; any amount of money under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing; and the amount of any liability in respect of any guarantee or indemnity for any of the items referred to above provided that there shall be no double counting when calculating Indebtedness for the purposes of the definition of Consolidated Indebtedness or in respect of Clause 10.1 and Clause 11.

**“Interest Payment Date”** means 30 March and 30 September in each year, commencing from 30 March 2007.

**“Interest Period”** means each period beginning on (and excluding) an Interest Payment Date or, in the case of the first Interest Period, the Closing Date, and ending on (but including) the next Interest Payment Date.

**“Lender U.S.\$ Account”** means account 050-01922-8 of the Lender with the Federal Reserve Bank of New York.

**“Loan”** means the loan to be made pursuant to, and on the terms specified in, this Loan Agreement.

**“Loan Agreement”** means this Agreement.

**“Make Whole Premium”**, as of any date of determination, shall be an amount (not to be less than zero) equal to (i) the present value to such date of the remaining principal and interest on the Notes being redeemed, discounted at 5 per cent. minus (ii) the principal amount of the Notes to be redeemed on such date.

**“Material Adverse Effect”** means a material adverse effect on (a) the business, operations, property, condition (financial or otherwise) or prospects of the Group taken as a whole; (b) ROSBANK’s ability to perform its obligations under this Loan Agreement or (c) the validity, legality or enforceability of this Loan Agreement or the rights or remedies of the Lender under this Loan Agreement.

**“Notes”** means the RUB5,000,000,000 Secured Fixed Rate Notes due September 2009 to be issued by Dali Capital PLC.

**“Notes Documents”** means the Sub-participation Agreement, the FX Agreement, the Trust Deed and the Subscription Agreement.

**“Opinion of Counsel”** means a written opinion, provided pursuant to Clause 5.3 hereof, from international legal counsel as reasonably selected by ROSBANK with the written consent of the Lender, such consent not to be unreasonably withheld or delayed.

**“Permitted Encumbrance”** means:

- (a) any Encumbrance existing as at 27 September 2006 (provided that the principal, capital or other amount of the obligation secured by such Encumbrance is not increased beyond the amount secured by such Encumbrance as at the date hereof) or any Encumbrance granted in renewal or substitution of any such Encumbrance (provided that the principal amount secured has not increased and the Encumbrance has not been extended to any additional assets) save that any Encumbrance existing in respect of the aggregate nominal amount of U.S.\$300,000,000 Class 2004 9.75 per cent. Structured Receivables Notes issued by Russia International Card Finance S.A. for the purpose of financing a loan to the Guarantor shall be considered under paragraph (n) of this definition of Permitted Encumbrance rather than this paragraph (a);

- (b) any Encumbrance over or affecting any asset acquired by a member of the Group after the date hereof and subject to which such asset is acquired, if:
  - (i) such Encumbrance was not created in contemplation of the acquisition of such asset by a member of the Group;
  - (ii) the amount thereby secured has not been increased in contemplation of, or since the date of, the acquisition of such asset by a member of the Group; and
  - (iii) such Encumbrance is removed or discharged within three calendar months of the date of acquisition of such asset;
- (c) any Encumbrance over or affecting any asset of any company which becomes a member of the Group or is merged into a member of the Group after the date hereof, where such Encumbrance is created prior to the date on which such company becomes a member of the Group or is merged into a member of the Group, if:
  - (i) such Encumbrance was not created in contemplation of the acquisition of such company;
  - (ii) the amount thereby secured has not been increased in contemplation of, or since the date of, the acquisition of such company; and
  - (iii) such Encumbrance is removed or discharged within three calendar months of such company becoming a member of the Group;
- (d) any netting or set-off arrangement entered into by any member of the Group in the normal course of its banking arrangements for the purpose of netting debit and credit balances;
- (e) any title transfer or retention of title arrangement entered into by any member of the Group in the normal course of its trading activities on the counterparty's standard or usual terms;
- (f) any Encumbrance arising by operation of law and in the normal course of business, if such Encumbrance is discharged within 30 days of arising;
- (g) Encumbrances incurred, or pledges and deposits in connection with workers' compensation, unemployment insurance and other social security benefits, and leases, appeal bonds and other obligations of like nature in the ordinary course of business;
- (h) Encumbrances for *ad valorem*, income or property taxes or assessments and similar charges which either are not delinquent or are being contested in good faith by appropriate proceedings for which ROSBANK has set aside in its books of account reserves to the extent required by IFRS, as consistently applied;
- (i) any Encumbrance granted by any Subsidiary of ROSBANK in favour of ROSBANK;
- (j) Encumbrances upon, or with respect to, any present or future assets or revenues or any part thereof which are created pursuant to any Repo transaction;
- (k) Encumbrances arising pursuant to any agreement (or other applicable terms and conditions) which is standard or customary in the relevant market relating to the establishment of margin deposits and similar arrangements in connection with interest rate and foreign currency hedging operations;
- (l) any other Encumbrances where the aggregate value of the assets or revenues subject to such Encumbrances do not exceed U.S.\$50,000,000;
- (m) any Encumbrance arising out of, or created in connection with, a Permitted Securitisation, provided that the aggregate value of Current Underlying Assets subject to all such Encumbrances arising out of, or created in connection with, all Permitted Securitisations do not, at any time, exceed 40 per cent. of the aggregate of loans to customers less allowance for loan losses and loans and advances to banks less allowance for loan losses, as determined at any time by reference to the most recent consolidated quarterly balance sheet of ROSBANK prepared in accordance with IFRS; and
- (n) any Encumbrance arising out of, or created in connection with, a Permitted Future Flow Securitisation, provided that the nominal amount of the Indebtedness secured by

any such Encumbrance, when aggregated with the nominal amount of all other Indebtedness secured by Encumbrances arising out of, or created in connection with, Permitted Future Flow Securitisations does not exceed U.S.\$750,000,000.

**“Permitted Future Flow Securitisation”** means any transaction which involves:

- (a) the transfer by ROSBANK of an interest (whether by means of the grant of an Encumbrance or any other means) in any future revenues (**“Future Underlying Assets”**) of ROSBANK;
- (b) the transferee of such Future Underlying Assets incurring Indebtedness secured, amongst other things, by such Future Underlying Assets and/or by such transferee’s rights of recourse against ROSBANK;
- (c) the payment of some or all of the proceeds of such Indebtedness by the transferee to ROSBANK; and
- (d) the remittance to ROSBANK of excess collections on the Future Underlying Assets.

**“Permitted Securitisation”** means any transaction which involves:

- (a) the transfer by ROSBANK of an interest (whether by means of the grant of an Encumbrance or any other means) in any presently held undertakings or assets or right to revenues (**“Current Underlying Assets”**) of ROSBANK;
- (b) the transferee of such Current Underlying Assets incurring Indebtedness secured, amongst other things, by such Current Underlying Assets and/or by such transferee’s rights of recourse against ROSBANK;
- (c) the payment of some or all of the proceeds of such Indebtedness by the transferee to ROSBANK; and
- (d) the remittance to ROSBANK of excess collections on those Current Underlying Assets.

**“Person”** means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, company, trust, unincorporated organisation, government, or any agency or political subdivision thereof or any other entity, whether or not having a separate legal personality.

**“Potential Event of Default”** means any event which, after notice or passage of time or both, would be an Event of Default.

**“Principal Subsidiary”** means at any relevant time a Subsidiary of ROSBANK:

- (i) whose total assets or gross revenues (or, where the Subsidiary in question prepares consolidated accounts, whose total consolidated assets or gross consolidated revenues, as the case may be) represent not less than 5 per cent. of the total consolidated assets or the gross consolidated revenues of ROSBANK and its Subsidiaries, all as calculated by reference to the then latest audited accounts (or consolidated accounts as the case may be) (in each case, produced on the basis of IFRS, consistently applied) of such Subsidiary and the then latest audited consolidated accounts of ROSBANK (produced on the basis of IFRS, consistently applied) and its consolidated Subsidiaries; or
- (ii) to which is transferred all or substantially all the assets and undertaking of a Subsidiary which immediately prior to such transfer is a Principal Subsidiary.

**“Regulation S”** means Regulation S under the Securities Act.

**“Repayment Date”** means 30 September 2009.

**“Repo”** means a securities repurchase or resale agreement or reverse repurchase or resale agreement, a securities lending or rental agreement or any agreement relating to securities which is similar in effect to any of the foregoing and for the purposes of this definition, the term “securities” means any capital stock, share, debenture or other debt or equity instrument, or derivative thereof, whether issued by any public or private company, any government or Agency or instrumentality thereof or any supranational, international or multinational organisation.

**“ROSBANK Account”** means account number 3010181000000000256 in Roubles opened in the books of the Central Bank of Russia BIC 044525256.

**“Roubles”** or **“RUB”** means the lawful currency of the Russian Federation.

“**RUB Settlement Amount**” has the meaning given to it in the FX Agreement.

“**Same-Day Funds**” means (i) for any Rouble payment, funds for payment, in Roubles, as is customary for the settlement of transactions of the type contemplated hereby in Moscow and (ii) for any U.S.\$ payment, means U.S.\$ funds settled through the New York Clearing House Interbank Payments System or such other funds for payment in U.S.\$ as may be customary for the settlement of international transactions in New York City of the type contemplated hereby.

“**Securities Act**” means the United States Securities Act of 1933, as amended.

“**Specified Currency**” means Roubles.

“**Sub-participation Agreement**” means the sub-participation agreement between the Lender and Dali Capital PLC dated on or about 27 September 2006.

“**Subscription Agreement**” means the Subscription Agreement dated 27 September 2006 between Dali Capital PLC, the Lender and Credit Suisse Securities (Europe) Limited.

“**Subsidiary**” of any specified Person means any corporation, partnership, joint venture, association or other business entity, whether now existing or hereafter organised or acquired, (a) in the case of a corporation, of which at least 50 per cent. of the total voting power of the Capital Stock is held by such first-named Person and/or any of its Subsidiaries and such first-named Person or any of its Subsidiaries has the power to direct the management, policies and affairs thereof; or (b) in the case of a partnership, joint venture, association, or other business/entity, with respect to which such first-named Person or any of its Subsidiaries has the power to direct or cause the direction of the management and policies of such entity by contract or otherwise if in accordance with IFRS such entity would be consolidated with the first-named Person for financial statements purposes.

“**Taxes**” means any taxes (including interest or penalties thereon) which are now or at any time hereafter imposed, assessed, charged, levied, collected, demanded, withheld or claimed by the Russian Federation or any taxing authority thereof or therein and the term “**Taxation**” shall be construed accordingly.

“**Trust Deed**” means the Supplemental Trust Deed dated 27 September 2006 relating to the Notes.

“**USD**” or “**U.S.\$**” means the lawful currency of the United States of America.

## 1.2 Interpretation

Unless the context or the express provisions of this Loan Agreement otherwise require, the following shall govern the interpretation of this Loan Agreement:

- 1.2.1 All references to “**Clause**” or “**sub-Clause**” are references to a Clause or sub-Clause of this Loan Agreement.
- 1.2.2 The terms “**hereof**”, “**herein**” and “**hereunder**” and other words of similar import shall mean this Loan Agreement as a whole and not any particular part hereof.
- 1.2.3 Words importing the singular number include the plural and vice versa.
- 1.2.4 All references to “**taxes**” include all present or future taxes, levies, imposts and duties of any nature and the terms “**tax**” and “**taxation**” shall be construed accordingly.
- 1.2.5 The table of contents and the headings are for convenience only and shall not affect the construction hereof.

## 2 Loan

### 2.1 Loan

On the terms and subject to the conditions set forth herein, the Lender hereby agrees to make available to ROSBANK the Loan in the total aggregate amount of RUB5,000,000,000.

### 2.2 Purpose

The proceeds of the Loan will be used for general corporate purposes, but the Lender shall not be concerned with the application thereof.

### **3 Drawdown**

#### **3.1 Drawdown**

On the terms and subject to the conditions set forth herein, on the Closing Date thereof the Lender shall make the Loan to ROSBANK and ROSBANK shall make a single drawing in the full amount of the Loan.

#### **3.2 Loan Arrangement Fee**

In consideration of the Lender's undertaking to make a Loan available to ROSBANK, ROSBANK hereby agrees that it shall, on or about the Closing Date, pay to the Lender, in Same-Day Funds to the Lender U.S.\$ Account, an arrangement fee in connection with the financing of the Loan, including negotiation, preparation and execution of all related documents and other expenses connected with and necessary for the extension of the Loan (the "**Arrangement Fee**"). The Arrangement Fee shall include the amount previously agreed by the Lender and by ROSBANK of properly documented and justified front-end commissions, fees and expenses incurred by the Lender in connection with financing the Loan. The total amount of the Arrangement Fee, including the front-end commissions, fees and expenses, is U.S.\$2,065,755.97.

#### **3.3 Disbursement**

Subject to the conditions set forth herein, on the Closing Date the Lender shall transfer the amount of the Loan to the ROSBANK Account.

### **4 Interest**

#### **4.1 Rate of Interest**

ROSBANK will pay interest in Roubles to the Lender on the outstanding principal amount of the Loan from time to time hereunder at the rate of 8.00 per cent. per annum (the "**Rate of Interest**").

#### **4.2 Payment**

Interest at the Rate of Interest shall accrue from day to day, starting from (and excluding) the Closing Date, and shall be paid in arrear not later than each Interest Payment Date by ROSBANK to the Account. Interest on the Loan will cease to accrue from the Repayment Date (or any date upon which the Loan is prepaid pursuant to Clause 5.2, 5.3 or 5.4) unless payment of principal is improperly withheld or refused, in which event interest will continue to accrue (before or after any judgment) at the Rate of Interest to but excluding the date on which payment in full of the principal thereof is made. Where interest is to be calculated in respect of a period which is shorter than one year, the day-count fraction used will be the actual number of days in the Interest Period divided by 365 (or, if any portion of that period falls in a leap year, the sum of (i) the actual number of days in that portion of the period falling in a leap year divided by 366 and (ii) the actual number of days in that portion of the period falling in a non-leap year divided by 365).

### **5 Repayment and Prepayment**

#### **5.1 Repayment**

Except as otherwise provided herein, ROSBANK shall repay the Loan not later than 13.00 (Moscow time) on the Repayment Date.

#### **5.2 Special Prepayment for Tax Reasons or Change in Circumstances**

If, as a result of any change in, or amendment to, the double tax treaty between the Russian Federation and the United Kingdom or the laws or regulations of the Russian Federation or of any political sub-division thereof or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such treaty laws or regulations, which change becomes effective after the date of this Loan Agreement, ROSBANK would thereby be required to make or increase any payment due pursuant to this Loan Agreement as provided in Clause 6.2 (other than, in each case, where the increase in payment is in respect of any amounts due or paid pursuant to Clause 3), or if (for whatever reason) ROSBANK would have to or has been required to pay additional amounts pursuant to Clause



8, and such additional amounts cannot be avoided by ROSBANK taking reasonable measures available to it, then ROSBANK may (without premium or penalty), upon not less than 10 days' notice to the Lender (which notice shall be irrevocable), prepay the Loan in whole (but not in part) at any time.

### **5.3 Illegality**

If, at any time after the date of this Loan Agreement, by reason of the introduction of, or any change in, any applicable law or regulation or regulatory requirement or directive of any agency of any state the Lender reasonably determines (such determination being accompanied by an Opinion of Counsel with the cost of such Opinion of Counsel being borne solely by ROSBANK) that it is or would be unlawful or contrary to such applicable law, regulation, regulatory requirement or directive for the Lender to allow all or part of the Loan to remain outstanding or for the Lender to maintain or give effect to any of its obligations in connection with this Loan Agreement and/or to charge or receive or to be paid interest at the rate then applicable to the Loan, then, upon notice by the Lender to ROSBANK in writing (setting out in reasonable detail the nature and extent of the relevant circumstances), ROSBANK and the Lender shall consult in good faith as to a basis which eliminates the application of such circumstances; provided, however, that the Lender shall be under no obligation to continue such consultation if a basis has not been determined within 30 days of the date on which it so notified ROSBANK. If such a basis has not been determined within the 30 days, then, upon notice by the Lender to ROSBANK in writing, ROSBANK shall prepay the Loan in whole (but not in part) on such date as the Lender shall certify to be necessary to comply with such requirements, subject to the right of the Lender to require prepayment earlier than set out in this Clause 5.3 to the extent that any applicable grace periods permitted by law would otherwise be exceeded.

### **5.4 Prepayment at the option of ROSBANK**

The Loan may be prepaid by ROSBANK, in whole (but not in part) together with the Make Whole Premium, on any Interest Payment Date on giving not less than 15 Business Days nor more than 30 Business Days' notice to the Lender (which notice shall be irrevocable).

If the Notes become redeemable pursuant to their terms, ROSBANK shall, on the redemption date of the Notes, prepay the principal amount of the Loan in full and not in part.

### **5.5 Payment of Other Amounts**

If the Loan is to be prepaid by ROSBANK pursuant to any of the provisions of Clauses 5.2, 5.3, 5.4, 5.5 or pursuant to the terms of this Loan Agreement, ROSBANK shall, simultaneously with such prepayment, pay to the Lender accrued interest thereon to the date of actual receipt of payment by the Lender and all other sums payable by ROSBANK pursuant to this Loan Agreement.

### **5.6 Provisions Exclusive**

ROSBANK may not voluntarily prepay the Loan except in accordance with the express terms of this Loan Agreement. Any amount prepaid may not be reborrowed under this Loan Agreement.

## **6 Payments**

### **6.1 Making of Payments**

All payments of principal and interest to be made by ROSBANK under this Loan Agreement shall be made to the Lender not later than 13.00 (Moscow time) on each Interest Payment Date or the Repayment Date (as the case may be) in Same-Day Funds to the Account.

### **6.2 No Set-Off, Counterclaim or Withholding; Gross-Up**

All payments to be made by ROSBANK under this Loan Agreement shall be made in full without set-off or counterclaim and (except to the extent required by law) free and clear of and without deduction for or on account of any Taxes. If ROSBANK shall be required by applicable law to make any deduction or withholding from any payment under this Loan Agreement for or on account of any Taxes, it shall increase any payment due under this Loan Agreement to such amount as may be necessary to ensure that the Lender receives a

net amount in Roubles equal to the full amount which they would have received had payment not been made subject to such Taxes, shall account to the relevant authorities for the relevant amount of such Taxes so withheld or deducted within the time allowed for such payment under the applicable law and shall deliver to the Lender without undue delay evidence satisfactory to the Lender of such deduction or withholding and of the accounting therefor to the relevant taxing authority. If the Lender pays any amount in respect of such Taxes, ROSBANK shall reimburse the Lender in Roubles for such payment on demand. For the avoidance of doubt, this Clause 6.2 is without prejudice to the obligations of the Lender pursuant to Clause 6.4. The provisions of this Clause 6.2 shall not apply to any tax imposed on and calculated by reference to the overall net income of the Lender.

### **6.3 Mitigation**

If at any time either party hereto becomes aware of circumstances which would or might, then or thereafter, give rise to an obligation on the part of ROSBANK to make any deduction, withholding or payment as described in Clause 6.2, then, without in any way limiting, reducing or otherwise qualifying the Lender's rights, or ROSBANK's obligations, under such Clauses, such party shall promptly upon becoming aware of such circumstances notify the other party, and, thereupon the parties shall consider and consult with each other in good faith with a view to finding, agreeing upon and implementing a method or methods by which any such obligation may be avoided or mitigated and, to the extent that both parties can do so without taking any action which in the reasonable opinion of such party is prejudicial to its own position, take such reasonable steps as may be reasonably available to it to avoid such obligation or mitigate the effect of such circumstances. ROSBANK agrees to reimburse the Lender for all properly incurred costs and expenses (including, but not limited to, legal fees) incurred by the Lender in connection with this Clause.

### **6.4 Tax Residency Certification**

**6.4.1** The Lender shall use its reasonable endeavours to provide ROSBANK no later than 10 Business Days before the first Interest Payment Date with respect to the Loan (and thereafter as soon as possible at the beginning of each calendar year but not later than 10 Business Days prior to the first Interest Payment Date in that year) with a certificate, issued and certified by the competent United Kingdom authorities, confirming that it is tax resident in the United Kingdom, provided that the Lender shall not be liable for any failure to provide, or any delays in providing, such residency certificate as a result of any action or inaction of the competent authorities, but shall notify ROSBANK without delay about any such failure or delay with a written description of the actions taken by the Lender to obtain such residency certificate. Such certificate shall be appropriately apostilled and a certified translation supplied.

**6.4.2** ROSBANK and the Lender (using its reasonable endeavours and in accordance with law) agree that, should the Russian legislation regulating the procedure for obtaining an exemption from Russian income tax withholding or the interpretation thereof by the relevant competent authority change then the procedure referred to in Clause 6.4.1 will be deemed changed accordingly.

## **7 Conditions Precedent**

### **7.1 Documents to be Delivered**

The obligation of the Lender to make the Loan shall be subject to the receipt by the Lender on or prior to the Closing Date of:

7.1.1 evidence that the persons mentioned in Clause 13.9.6 hereof have agreed to receive process in the manner specified therein;

7.1.2 A legal opinion as to English law from Linklaters and a legal opinion as to Russian law from Freshfields, each addressed to the Lender and each in a form satisfactory to it; and

7.1.3 A tax opinion as to Russian tax law from Deloitte & Touche addressed to the Lender and in a form satisfactory to it.

## 7.2 Further Conditions

The obligation of the Lender to make the Loan shall be subject to the further conditions precedent that as of the relevant Closing Date (a) the Lender shall have received the full amount of the proceeds of the sub-participation pursuant to the Sub-participation Agreement; (b) the Lender shall have received the full amount of the Loan in Roubles on or before the Closing Date pursuant to the FX Agreement; and (c) the Lender shall have received in full the amount referred to in Clause 3.2.

## 8 Change in Law or Increase in Cost

### 8.1 Compensation

In the event that after the date of this Loan Agreement there is any change in or introduction of any tax, law, regulation, regulatory requirement or official directive (whether or not having the force of law but, if not having the force of law, the observance of which is in accordance with the generally accepted financial practice of financial institutions in the country concerned) or in the interpretation or application thereof by any person charged with the administration thereof, which:

- 8.1.1 subjects or will subject the Lender to any Taxes with respect to payments of principal of or interest on the Loan or any other amount payable under this Loan Agreement (other than any Taxes payable by the Lender on its overall net income or any Taxes referred to in Clauses 6.2 or 6.3); or
- 8.1.2 increases or will increase the taxation of or changes or will change the basis of taxation of payments to the Lender of principal of or interest on the Loan or any other amount payable under this Loan Agreement (other than any such increase or change which arises by reason of any increase in the rate of tax payable by the Lender on its overall net income or as a result of any Taxes referred to in Clause 6.2); or
- 8.1.3 imposes, modifies, or deems applicable any capital adequacy, reserve or deposit requirements attributable to this Loan Agreement or to a class of business or transaction which, in the reasonable opinion of the Lender, includes this Agreement, against assets held by, or deposits in or for the amount of, or credit extended by an office of the Lender; or
- 8.1.4 imposes or will impose on the Lender any other condition affecting this Loan Agreement or the Loan,

and if as a result of any of the foregoing:

- (i) the cost to the Lender of making, funding or maintaining the Loan is increased; or
- (ii) the amount of principal, interest or other amount payable to or received by the Lender under this Loan Agreement is reduced; or
- (iii) the Lender makes any payment or foregoes any interest or other return on or calculated by reference to the gross amount of any sum receivable by it from ROSBANK hereunder or makes any payment or foregoes any interest or other return on or calculated by reference to the gross amount of the Loan,

then, subject to the following and in each such case:

- (a) the Lender shall, as soon as practicable after becoming aware of such increased cost, reduced amount or payment made or foregone, give written notice to ROSBANK, together with a certificate signed by two directors of the Lender or by any person empowered by the authorised signatories of the Lender on behalf of the Lender describing in reasonable detail the introduction or change or request which has occurred and the country or jurisdiction concerned and the nature and date thereof and describing the connection between such introduction, change or request and such increased cost, reduced amount or payment made or foregone, and setting out in reasonable detail the basis on which such amount has been calculated, and providing all relevant reasonable supporting documents describing such matters; provided that nothing herein shall require the Lender to disclose any confidential information; and

- (b) ROSBANK, in the case of clauses (i) and (iii) above, shall on demand by the Lender, pay to the Lender such additional amount as shall be necessary to compensate the Lender for such increased cost, and, in the case of clause (ii) above, at the time the amount so reduced would otherwise have been payable, pay to the Lender such additional amount as shall be necessary to compensate the Lender for such reduction, payment or foregone interest or other return,

provided that this Clause 8.1 will not apply to or in respect of any matter for which the Lender has already been compensated under Clause 6.2.

## 8.2 Mitigation

In the event that the Lender becomes aware it is (having exercised due care) put in a position to make a claim pursuant to Clause 8.1 the Lender shall consult in good faith with ROSBANK and shall use reasonable efforts (based on the Lender's reasonable interpretation of any relevant tax, law, regulation, requirement, official directive, request, policy or guideline) to reduce, in whole or in part, ROSBANK's obligations to pay any additional amount pursuant to such Clause except that nothing in this Clause 8.2 shall obligate the Lender to incur any costs or expenses in taking any action hereunder unless ROSBANK agrees to reimburse the Lender for such costs or expenses.

## 9 Representations and Warranties

### 9.1 ROSBANK's Representations and Warranties

ROSBANK does, and on the Closing Date shall be deemed to, represent and warrant to the Lender as follows, to the intent that such shall form the basis of this Loan Agreement:

- 9.1.1 **Incorporation:** ROSBANK is duly organised and incorporated and validly existing under the laws of the Russian Federation, is not in liquidation or receivership and has the power and legal right to own its properties and conduct its business as currently conducted and to enter into and to perform its obligations under this Loan Agreement and to borrow the Loan and is qualified to do business in those jurisdictions in which business is conducted by it. ROSBANK has taken all necessary corporate, legal and other action required to authorise the borrowing of the Loan on the terms and subject to the conditions of this Loan Agreement and to authorise the execution and delivery of this Loan Agreement and all other documents to be executed and delivered by it in connection therewith, and the performance of this Loan Agreement in accordance with its terms.
- 9.1.2 **Legal, Valid and Binding:** This Loan Agreement has been duly executed and delivered and constitutes legal, valid and binding obligations of ROSBANK, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, moratorium and similar laws affecting creditors' rights generally, and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).
- 9.1.3 **Validity of Choice of Law:** In any proceedings taken in the Russian Federation in relation to this Loan Agreement, the choice of English law as the governing law thereof and any arbitration award obtained in England in relation thereto will be recognised and enforced.
- 9.1.4 **Status:** ROSBANK's obligations under this Loan Agreement rank at least *pari passu* in right of payment with all its other unsecured and unsubordinated Indebtedness save for those which may be preferred by any bankruptcy insolvency liquidation or other similar laws of general application.
- 9.1.5 **No breach:** The execution and performance of this Loan Agreement by ROSBANK will not conflict with or result in any breach or violation of (i) any law or regulation or any order of any governmental, judicial or public body or authority, domestic or foreign, having jurisdiction over ROSBANK or any of its properties or assets or infringe the rules of any stock exchange on which any of its securities are listed (as the case may be), (ii) the constitutive documents, rules and regulations of ROSBANK or (iii) any material agreement or other material undertaking or material instrument to which ROSBANK is a party or which is binding upon ROSBANK or any of its assets, nor

- result in the creation or imposition of any Encumbrances on any of its assets pursuant to the provisions of any such agreement or other undertaking or instrument.
- 9.1.6 **Consents:** No consent, clearance, approval, authorisation, order, registration or qualification of or with any court, governmental agency or regulatory body is required and no other action or thing is required to be taken, fulfilled or done for the execution, delivery, performance, legality, validity, enforceability, and admissibility in evidence of this Loan Agreement, the borrowing of the Loan, the consummation of the other transactions and performance of the obligations contemplated by this Loan Agreement except for those which have been, or will on or prior to the Closing Date be, obtained and are, or will on the Closing Date be, in full force and effect.
- 9.1.7 **Event of Default:** No event has occurred and is continuing that constitutes a Potential Event of Default, an Event of Default or a default under any agreement or instrument evidencing any Indebtedness of ROSBANK, and no such event will occur upon the entering into of this Loan Agreement.
- 9.1.8 **Financial Statements:** The latest audited consolidated financial statements of the Group and the latest unaudited interim consolidated financial statements of the Group (including the latest consolidated statement of operations and consolidated statement of cash flows):
- (i) were prepared in accordance with IFRS;
  - (ii) unless not required by IFRS, disclose all liabilities (contingent or otherwise) and all unrealised or anticipated losses of the Group as at the dates and for the periods in respect of which they have been prepared; and
  - (iii) save as disclosed therein, present a true and fair view of the financial position of the Group as of the dates shown and their results of operations, cash flows and changes in financial position for the periods in respect of which they have been prepared and, without limiting the foregoing, are accurate in all material respects and since of the date of the latest audited consolidated financial statements there has been no change nor any development or event reasonably likely to involve a prospective change which is materially adverse to the condition (financial or other), prospects, results of operations, general affairs or properties of the Group.
- 9.1.9 **No Withholding:** Subject to Clause 6.4, all interest, principal, premium, if any, and other payments due or made under this Loan Agreement may be paid to the Lender in Roubles and, under applicable law as currently in effect, all such payments will not be subject to income, withholding or other taxes, duties, assessments or governmental charges of whatever nature under laws and regulations of the Russian Federation or any political subdivisions or taxing authorities thereof or therein and will otherwise be free and clear of any tax, duty, withholding or deduction in the Russian Federation or any political subdivisions or taxing authorities thereof or therein and without the necessity of obtaining any governmental authorisation in the Russian Federation or any political subdivisions or taxing authorities thereof or therein.
- 9.1.10 **Stamp Duty etc.:** No stamp or other duty is assessable or payable in, and no withholding or deduction for any taxes, duties, assessments or governmental charges of whatever nature is imposed or made for or on account of any income, registration, transfer or turnover taxes, customs or other duties or taxes of any kind, levied, collected, withheld or assessed by or within, the Russian Federation or by any subdivision of or authority therein or thereof having power to tax in connection with the authorisation, execution, delivery or enforceability of this Loan Agreement, the borrowing of the Loan and the performance of ROSBANK's obligations under this Loan Agreement.
- 9.1.11 **No Immunity:** Neither ROSBANK nor any of its property has any right of immunity from suit, execution, attachment or other legal process on the grounds of sovereignty or otherwise in respect of any action or proceeding relating in any way to this Loan Agreement.
- 9.1.12 **Compliance with Law:** ROSBANK is in compliance in all material respects with all applicable provisions of law.

- 9.1.13 **Conduct of Business:** ROSBANK possesses all licences, consents, examinations, clearances, filings, registrations and authorisations issued by appropriate governmental agencies or bodies necessary to conduct the business now operated by it and has not received any notice of proceedings relating to the revocation or modification of any such licences, consents, examinations, clearances, filings, registrations and authorisations that, if determined adversely to ROSBANK would individually or in the aggregate have a Material Adverse Effect.
- 9.1.14 **Title to Property:** ROSBANK and (to the extent that not to have such title might have a Material Adverse Effect) each of its Subsidiaries has good title to its property free and clear of all Encumbrances, except for Permitted Encumbrances.
- 9.1.15 **Litigation:** There are no pending actions, suits or proceedings against or affecting ROSBANK or any of its properties, which are reasonably likely to be determined adversely to ROSBANK and if so determined would, individually or in the aggregate, have a Material Adverse Effect on the condition (financial or other), prospects, results of operations or general affairs or profitability of ROSBANK or would materially and adversely affect the ability of ROSBANK to perform its obligations under this Loan Agreement, or which are otherwise material in the context of the borrowing of the Loan and, to the best of ROSBANK's knowledge, no such actions, suits or proceedings are threatened or contemplated.
- 9.1.16 **No Labour Disputes:** There are no strikes in the context of the business of the Group or other such employment disputes against ROSBANK or any of its Subsidiaries which are pending or, to ROSBANK's knowledge, threatened, which might have a Material Adverse Effect.
- 9.1.17 **No Winding Up:** Neither ROSBANK, nor any of its Subsidiaries, has taken any corporate action nor, to the best of the knowledge and belief of ROSBANK, have any other steps been taken or legal proceedings started or threatened in writing against ROSBANK or any of its Subsidiaries for its or their bankruptcy, winding-up, dissolution, external administration or re-organisation (whether by voluntary arrangement, scheme of arrangement or otherwise) or for the appointment of a receiver, administrator, administrative receiver, conservator, custodian, trustee or similar officer of it or of any or all of its or their assets or revenues.
- 9.1.18 **No Tax Liabilities:** It has no overdue tax liabilities which could have a Material Adverse Effect other than those which it has disclosed to the Lender prior to the date of the Loan or which it is contesting in good faith.
- 9.1.19 **OFAC:** To the best of ROSBANK's knowledge, none of (i) the execution and delivery of this Loan Agreement or (ii) ROSBANK's use of proceeds from this Loan, will conflict with, or result in a breach or violation of, the rules and regulations enforced by the Office of Foreign Assets Control of the U.S. Department of the Treasury (the "**OFAC Regulations**") by any of the parties to this Loan Agreement as a result of any action by ROSBANK; and to the best of its knowledge, ROSBANK has not been designated a sanctioned person under the OFAC Regulations.
- 9.1.20 **Unlawful Payments:** None of ROSBANK, any of the Subsidiaries of ROSBANK or any of its Affiliates or any of their officers, directors, supervisors, managers, agents, or employees have, directly or indirectly, (i) made or authorised any contribution, payment or gift of funds or property to any official, employee or agent of any governmental agency, authority or instrumentality in the Russian Federation or any other jurisdiction or (ii) made any contribution to any candidate for public office, in either case, where either the payment or the purpose of such contribution, payment or gift was, is, or would be prohibited under applicable law of any jurisdiction.

## 9.2 Lender's Representations and Warranties

The Lender represents and warrants to ROSBANK as follows:

- 9.2.1 The Lender is duly incorporated under the laws of England and has full power and capacity to execute this Loan Agreement and to undertake and perform the obligations expressed to be assumed by it herein and the Lender has taken all necessary action to approve and authorise the same.

- 9.2.2 The execution of this Loan Agreement and the undertaking and performance by the Lender of the obligations expressed to be assumed by it herein will not conflict with, or result in a breach of or default under, the laws of England or the constitutive documents, rules and regulations of the Lender or any agreement or instrument to which it is a party or by which it is bound or in respect of indebtedness in relation to which it is a surety.
- 9.2.3 The Lender (i) is at the date hereof a resident of the United Kingdom, is subject to taxation in the United Kingdom on the basis of its registration as a legal entity, location of its management body or another similar criterion and it is not subject to taxation in the United Kingdom merely on income from sources in the United Kingdom or connected with property located in the United Kingdom, and (ii) does not have a permanent establishment in Russia.
- 9.2.4 This Loan Agreement constitutes legal, valid and binding obligations of the Lender.
- 9.2.5 All authorisations, consents and approvals required by the Lender for or in connection with the execution of this Loan Agreement, the performance by the Lender of the obligations expressed to be undertaken by it herein have been obtained and are in full force and effect.

## 10 Covenants

So long as any amount remains outstanding under this Loan Agreement:

### 10.1 Negative Pledge

ROSBANK shall not, and ROSBANK shall procure that its Principal Subsidiaries shall not, directly or indirectly, create, incur or suffer to exist any Encumbrances, other than Permitted Encumbrances, on any of its assets, now owned or hereafter acquired, securing any Consolidated Indebtedness, unless the Loan is, to the satisfaction of the Lender, secured equally and rateably with such other Consolidated Indebtedness.

### 10.2 Maintenance of Authorisations

ROSBANK shall take all necessary action to obtain, and do or cause to be done all things reasonably necessary to ensure the continuance of, all consents, licences, approvals and authorisations required in or by the laws of the Russian Federation and make or cause to be made all registrations, recordings and filings, which may at any time be required to be obtained or made in the Russian Federation for the execution, delivery or performance of this Loan Agreement or for the validity or enforceability thereof.

### 10.3 Mergers and Consolidations

ROSBANK shall, and shall procure that its Principal Subsidiaries shall:

- 10.3.1 preserve and maintain their corporate existence; and
- 10.3.2 not consolidate with or merge into any other Person or convey, transfer or lease all or substantially all of its assets as an entirety, whether in a single transaction or a series of related transactions, to any other Person unless (with respect to this Clause 10.3.2):
- (a) (I) ROSBANK and/or the Principal Subsidiary (as applicable) is the continuing entity, or (II) the Person formed by such consolidation or into which ROSBANK and/or the Principal Subsidiary is merged or that acquired or leased such property or assets of ROSBANK and/or the Principal Subsidiary (the “**Successor Company**”): (x) will be a company organised and validly existing under the laws of the Russian Federation (in the case of the ROSBANK) or any other country and if organised in the Russian Federation, such company will have a general Russian banking licence, and (y) in respect of a Successor Company to ROSBANK, shall assume (jointly and severally with ROSBANK unless ROSBANK shall have ceased to exist as a result of such merger, consolidation or amalgamation) all of the obligations of ROSBANK (as applicable) under this Loan Agreement;

- (b) immediately after giving effect to the transaction, no Event of Default shall have occurred and be continuing;
- (c) immediately after giving effect to the transaction, neither ROSBANK nor the Successor Company (as applicable) shall be in violation or breach of any of its related covenants, agreements, obligations, representations or warranties contained in this Loan Agreement; and
- (d) in the event ROSBANK is not the continuing entity, ROSBANK shall provide to the Lender and the trustee in respect of the Notes one or more opinions of independent reputable counsel in form and substance satisfactory to the Lender and such trustee and certificates signed by the Chairman of the Management Board of ROSBANK or the Successor Company, and which taken together state: (I) that such merger, consolidation, sale, transfer or other conveyance or disposition has occurred and complies with the terms of this Loan Agreement and Applicable Law, and (II) that the assumption by the Successor Company of ROSBANK's obligations under this Loan Agreement is sufficient for this Loan Agreement to constitute a legal, valid and binding obligation of the Successor Company, enforceable against it (subject to customary exceptions to the same extent included in the equivalent opinions of counsel delivered on or before the Closing Date) in accordance with its terms.

#### **10.4 Disposals**

ROSBANK shall not, and shall procure that its Subsidiaries shall not, sell, lease, transfer, or otherwise dispose of, to a person other than such a Subsidiary, or ROSBANK, as the case may be, by one or more transactions or series of transactions (whether related or not), the whole or any part of its revenues or its assets, if such sale, lease, transfer or disposal would have a Material Adverse Effect.

#### **10.5 Transactions with Affiliates**

ROSBANK shall not, and shall procure that none of its Subsidiaries, directly or indirectly, enter into or permit to exist any Affiliate Transaction or series of related Affiliate Transactions including intercompany loans unless (a) the terms of such Affiliate Transaction are no less favourable to ROSBANK or such Subsidiary, as the case may be, than those that could be obtained in a comparable arm's-length transaction with a Person that is not an Affiliate of ROSBANK or such Subsidiary; or (b) such Affiliate Transaction is made pursuant to a contract disclosed to the Lender existing on 27 September 2006 (excluding any amendments or modifications thereof after the Closing Date).

This Clause 10.5 shall not apply to (i) compensation or employee benefit arrangements with any officer or director of ROSBANK or such Subsidiary arising as a result of their employment contract, (ii) transactions between ROSBANK and any of its Subsidiaries or between any such Subsidiaries or (iii) any one or more transactions or series of transactions (whether related or not) by any of ROSBANK or any Subsidiary of ROSBANK which would, in aggregate, not have a Material Adverse Effect.

#### **10.6 Limitations on Distributions from Subsidiaries**

ROSBANK will not, and shall procure that its Principal Subsidiaries shall not, create or otherwise cause or permit to exist or become effective any consensual encumbrance or consensual restriction on the ability of any Principal Subsidiary to pay dividends or make any other distributions on its share capital.

#### **10.7 Books and Records**

ROSBANK shall, and shall procure that its Subsidiaries shall, maintain books and records in accordance with the regulations of, in the case of ROSBANK, the Central Bank of Russia and generally accepted accounting principles applied in the Russian Federation, in the case of any such Subsidiary (or branch or other office), the applicable regulatory authorities in, or the generally accepted accounting principles applied in, the jurisdiction under the laws of which such Subsidiary is organised (or to the accounting laws of which such Subsidiary is subject).



## **10.8 Maintenance of Properties**

ROSBANK shall, and shall procure that its Subsidiaries shall, cause all of their properties used in or useful for the conduct of its business to be maintained in good repair, and will cause to be made any repairs, replacements and/or improvements thereto as may be necessary to conduct their business, in each case except where the failure to do so would not be reasonably likely to have a Material Adverse Effect.

## **10.9 Maintenance of Insurance**

ROSBANK shall maintain any insurance it maintains as of the date hereof or choose to acquire thereafter, with insurance companies reasonably believed by them to be financially sound, or have made provisions for self-insurance, in each case covering such risks as are usually insured against by companies engaged in similar businesses, except where the failure to do so would not be reasonably likely to have a Material Adverse Effect.

## **10.10 Anti-Money Laundering**

ROSBANK shall, and shall procure that its Subsidiaries shall, comply at all times with all Applicable Laws relating to anti-money laundering activities. ROSBANK shall, and shall procure that its Subsidiaries shall, maintain internal anti-money laundering policies and procedures, to a level equivalent to the policies and procedures maintained by ROSBANK as of 27 September 2006 to effect ROSBANK's compliance with such Applicable Laws and in accordance and compliance with any anti-money laundering guidelines published by the Central Bank of Russia (in the case of ROSBANK only) or any other competent authority in Russia or otherwise, as the case may be.

## **10.11 Payment of Taxes and Other Claims**

ROSBANK shall, and shall procure that its Subsidiaries shall, pay or discharge or cause to be paid or discharged, before the same shall become overdue and without incurring penalties, (a) all taxes, assessments and governmental charges levied or imposed upon, or upon the income, profits or assets of ROSBANK or any its Subsidiaries and (b) all lawful claims for labour, materials and supplies which, if unpaid, might by law become an Encumbrance (other than a Permitted Encumbrance) upon the property of ROSBANK or any of its Subsidiaries; provided, however that none of ROSBANK nor any of its Subsidiaries shall be required to pay or discharge or cause to be paid or discharged any such tax, assessment, charge or claim (a) whose amount, applicability or validity is being contested in good faith by appropriate proceedings and for which adequate reserves in accordance with IFRS or other appropriate provision has been made or (b) whose amount, together with all such other unpaid or undischarged taxes, assessments, charges and claims, does not in the aggregate exceed U.S.\$20 million.

## **11 Events of Default**

### **11.1 Events of Default**

If one or more of the following events of default (each, an "Event of Default") shall occur and be continuing, the Lender shall be entitled to the remedies set forth in Clause 11.3:

11.1.1 Any amount payable hereunder is not paid within five Business Days as and when such amount becomes payable in the currency and in the manner specified herein.

11.1.2 ROSBANK fails to perform or comply with any one or more of its covenants or agreements or obligations contained in this Loan Agreement to be performed or observed by it and (except where in any such case that failure is not capable of remedy when no such notice as is hereinafter mentioned will be required) if, in any such case, that failure is, in the opinion of the Lender, capable of remedy and is not in the opinion of the Lender, remedied within a period of 30 days following the submission by the Lender to ROSBANK of notice in writing of such failure.

11.1.3 ROSBANK or any Principal Subsidiary defaults (as principal or guarantor or other surety) in the payment of any principal or premium or interest on any Indebtedness that is outstanding in a principal amount of at least U.S.\$15,000,000 (or the equivalent in any currency) in the aggregate, or any other event or condition occurs or exists in connection with any such Indebtedness, the effect of which is to cause, or

to permit the holders or creditors in respect thereof to cause, such Indebtedness to become due and payable before its stated maturity or its regularly scheduled dates of payment.

- 11.1.4 ROSBANK or any Principal Subsidiary commences negotiations with its creditors generally with a view to the general readjustment or rescheduling of its Indebtedness or makes a general assignment for the benefit of or a composition with its creditors generally; provided that the same would have a Material Adverse Effect.
- 11.1.5 The occurrence of any of the following events: (i) ROSBANK or any Principal Subsidiary fails or is unable to pay its debts generally as they become due; (ii) revocation of the general banking licence of ROSBANK or any Principal Subsidiary; (iii) ROSBANK or any Principal Subsidiary seeking or consenting to the introduction of proceedings for its liquidation or the appointment of a liquidation committee (*likvidatsionnaya komissiya*) or a similar officer of ROSBANK or such Principal Subsidiary or any analogous procedure or event in any other relevant jurisdiction; (iv) the institution of the supervision (*nablyudeniye*) or bankruptcy management (*konkursnoye proizvodstvo*) of ROSBANK or any Principal Subsidiary, as such terms are defined in the Federal Law of Russia No. 127-FZ “On Insolvency (Bankruptcy)” of 26 October 2002 (as amended or replaced from time to time) or any analogous procedure or event in any other relevant jurisdiction; (v) the institution of the financial rehabilitation (*finansovoye ozdorovleniye*), pursuant to a request of the Central Bank of Russia, temporary administration (*vremennaya administratsiya*) or reorganisation (*reorganizatsiya*) with respect to ROSBANK or any Principal Subsidiary as such terms are defined in the Federal Law of the Russian Federation No. 40-FZ “On Insolvency (Bankruptcy) of Credit Organisations” dated 25 February 1999 (as amended or replaced from time to time) or any analogous procedure or event in any other relevant jurisdiction; (vi) any judicial liquidation, dissolution, administration or winding-up in respect of ROSBANK or any Principal Subsidiary; or (vii) the shareholders of ROSBANK or any Principal Subsidiary approving any plan of dissolution, administration or winding-up of ROSBANK or such Principal Subsidiary.
- 11.1.6 Any authorisation, licence, consent, registration or approval required under or by the laws of the Russian Federation or England to enable ROSBANK to perform its obligations under this Loan Agreement ceases to be in full force and effect and such situation shall have continued for a period of 30 days.
- 11.1.7 Any governmental interference by the government of the Russian Federation shall occur in connection with, or any legislative, judicial or other action (including without limitation adverse judicial or administrative interpretations of the law) is taken in the Russian Federation which interferes with, this Loan Agreement and such interference has a Material Adverse Effect.
- 11.1.8 Any Governmental Authority condemns, seizes, makes a compulsory purchase of, or expropriates all or part of the assets or business of ROSBANK or any Principal Subsidiary provided, however, that such condemnation, seizure, compulsory purchase or expropriation has a Material Adverse Effect.
- 11.1.9 Any execution or distress is levied against, or an encumbrancer takes possession of, the whole or (in the opinion of the Lender) any material part of, the assets of ROSBANK or any Principal Subsidiary having a fair market value of more than U.S.\$15,000,000 (or the equivalent thereof in any other currency) or any event occurs which, under the laws of any jurisdiction, has a similar or analogous effect, unless such execution, distress, enforcement of an Encumbrance or similar or analogous event is being contested in good faith by ROSBANK or such Principal Subsidiary, and is not removed, paid out, stayed or discharged within 45 days of such execution, distress being levied, taking of possession or similar or analogous act, as the case may be.
- 11.1.10 A judgment or judgments is or are rendered and entered into force (or otherwise become enforceable in accordance with applicable procedural legislation) for the payment of money against ROSBANK or any Principal Subsidiary in excess of U.S.\$15,000,000 (or the equivalent in any currency) in the aggregate; and such judgment is not discharged or execution thereon is not stayed pending appeal within

30 days after the entry thereof, or, in the event of such a stay, such judgment is not discharged within 30 days after such stay expires and provided however that in each case that such judgment has a Material Adverse Effect.

- 11.1.11 ROSBANK or any Principal Subsidiary ceases to carry on the principal business it carries on at 27 September 2006.
- 11.1.12 At any time it is or becomes unlawful for ROSBANK to perform or comply with any or all of its obligations hereunder or any of such obligations are not, or cease to be, legal, valid, binding and enforceable.
- 11.1.13 The commencement of, or the subsequent occurrence of an adverse development in, any litigation or administrative proceeding (including proceedings of any nature involving claims for payment of taxes) against ROSBANK or any Principal Subsidiary which has a Material Adverse Effect.
- 11.1.14 At any time ROSBANK's capital adequacy ratio (i) as calculated in accordance with the regulations of the Central Bank of Russia on the basis of the most recent available accounts of ROSBANK falls below the minimum legal requirements imposed by the Central Bank of Russia at such time or (ii) as calculated in accordance with the capital adequacy standards, accords or guidelines published by the Basel Committee on Banking Regulations and Supervision to which ROSBANK is subject in accordance with Russian banking regulations in force from time to time (as amended or supplemented from time to time) falls below 8 per cent. or such other levels as may be established by the Basel Committee on Banking Regulations and Supervision, and, in each case where such breach continues unremedied for a period exceeding 30 days.
- 11.1.15 This Loan Agreement ceases to be in full force and effect in accordance with Applicable Law and such situation is not remedied within 30 days.
- 11.1.16 Any representation or warranty of ROSBANK or any certificate or notice delivered to the Lender in connection with this Loan Agreement proves to have been inaccurate, incomplete or misleading in any material respect at the time it was made or repeated or deemed to have been made or repeated if not remedied (if capable of remedy) within 30 days.
- 11.1.17 Any event occurs which, under the laws of any relevant jurisdiction, has an analogous effect to any of the events referred to in any of the foregoing paragraphs.

## **11.2 Notice of Default**

ROSBANK shall deliver to the Lender, within 30 days after becoming aware thereof, written notice of any event which is a Potential Event of Default or an Event of Default, its status and what action ROSBANK is taking or proposes to take with respect thereto.

## **11.3 Default Remedies**

If any Event of Default shall occur and be continuing, the Lender may, by notice in writing to ROSBANK, (a) declare the obligations of the Lender under this Loan Agreement to be immediately terminated, whereupon such obligations shall terminate, and (b) declare all amounts payable under this Loan Agreement by ROSBANK in respect of principal, accrued interest and, if applicable pursuant to Clause 5.4, Make Whole Premium, that would otherwise be due after the date of such termination to be immediately due and payable, whereupon all such amounts shall become immediately due and payable, all without diligence, presentment, demand of payment, protest or notice of any kind, which are all expressly waived by ROSBANK.

## **11.4 Rights Not Exclusive**

The rights provided for in this Loan Agreement are cumulative and are not exclusive of any other rights, powers, privileges or remedies provided by law.

## 12 Indemnity

### 12.1 Indemnification

**ROSBANK's Indemnification:** The commitment of the Lender is made on the basis of the representations, warranties, covenants and agreements contained in this Loan Agreement and, with respect to the representations and warranties, with the intent that the same shall remain true and accurate in all material respects up to and including the Closing Date. Accordingly, ROSBANK undertakes to the Lender that if the Lender or any of its Affiliates or any of their respective representatives, directors, officers, employees and agents (each a "**Relevant Party**") incur any loss, liability, cost, claim, charge, expense (including, without limitation, legal fees, costs and expenses), demand or damages (a "**Loss**") as a result or arising out of, or in connection with any breach or alleged breach by ROSBANK of any such representation, warranty, undertaking or agreement contained in this Loan Agreement, ROSBANK shall pay to the Lender promptly on written demand in the form of an invoice and in any event within 10 Business Days an amount equal to such Loss and all costs, charges and expenses which it or any Relevant Party may pay or incur in connection with investigating, disputing or defending any such action or claim as such costs, charges and expenses are incurred. This undertaking to make payment will be in addition to any liability which ROSBANK may otherwise have. The Lender shall not have any duty or obligation whether as fiduciary or trustee for any Relevant Party or otherwise, to recover any such payment or to account to any other person for any amounts paid to it under this Clause.

### 12.2 Independent Obligation

Clause 12.1 constitutes a separate and independent obligation of ROSBANK from its other obligations under or in connection with this Loan Agreement or any other obligations of ROSBANK and shall not affect, or be construed to affect, any other provision of this Loan Agreement or any such other obligations.

### 12.3 Evidence of Loss

An invoice of the Lender, supported by relevant documentation, setting forth the amount of any Loss described in Clause 12.1 and specifying in reasonable detail the basis therefor shall be prima facie evidence of the amount of such Loss.

### 12.4 Survival

The obligations of ROSBANK pursuant to Clauses 6.2 and 12.1 shall survive the execution and delivery of this Loan Agreement and the drawdown and repayment of the Loan, in each case by ROSBANK.

## 13 General

### 13.1 Evidence of Debt

The entries made in the Account shall, in the absence of manifest error, constitute prima facie evidence of the existence and amounts of ROSBANK's obligations recorded therein.

### 13.2 Stamp Duties

13.2.1 ROSBANK shall pay all stamp, registration and documentary taxes, duties or similar charges (if any) imposed on ROSBANK by any person in the Russian Federation or the United Kingdom which may be payable or determined to be payable in connection with the execution, delivery, performance, enforcement, or admissibility into evidence of this Loan Agreement and shall indemnify the Lender against any and all costs, expenses or penalties which may be incurred or suffered by the Lender with respect to, or resulting from, delay or failure by ROSBANK to pay such taxes or similar charges.

13.2.2 ROSBANK agrees that if the Lender incurs a liability to pay any stamp, registration and documentary taxes, duties or similar charges (if any) imposed by any person in the Russian Federation or the United Kingdom which may be payable or determined to be payable in connection with the execution, delivery, performance, enforcement, or admissibility into evidence of this Loan Agreement and any documents related thereto, ROSBANK shall repay the Lender, as soon as reasonably practicable but in

any event within 10 calendar days of demand, an amount equal to such stamp or other documentary taxes, charges or duties and shall indemnify the Lender against any and all costs and expenses properly documented and connected with the payment of such amounts.

### 13.3 Waivers

No failure to exercise and no delay in exercising, on the part of the Lender or ROSBANK, any right, power to privilege under this Loan Agreement and no course of dealing between ROSBANK and the Lender shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege preclude any other or further exercise thereof, or the exercise of any other right, power or privilege. The rights and remedies provided in this Loan Agreement are cumulative and not exclusive of any rights or remedies provided by applicable law.

### 13.4 Notices

All notices, requests, demands or other communications to or upon the respective parties to this Loan Agreement shall be given or made in the English language by telex, Swift or courier, or fax to the party to which such notice, request, demand or other communication is required or permitted to be given or made under this Loan Agreement addressed as follows:

#### 13.4.1 if to ROSBANK :

ROSBANK (OJSC JSCB)  
11 Masha Poryvaeva Street  
Moscow 107078  
Russian Federation  
Telex: 411165 RSBN RU  
Swift: RSBNRUMM  
Attention: Anton Pak  
Tel: +7 495 204 9594  
Fax: +7 495 204 9607  
email: APak@rosbank.ru  
Attention: Evgeniy Yarovikov  
Tel: +7 495 956 6727  
Fax: +7 495 725 2404  
email: yarovikov@rosbank.ru

Back-office (for payment and settlement documents):

Attention: Mr Konstantin Istjagin  
11 Masha Poryvaeva Street  
Moscow 107078  
Russian Federation  
Tel: +7 495 234 3651  
Fax: +7 495 232 9857  
email: isjagin@rosbank.ru  
Attention: Ms Galina Sulchareva  
Masha Poryvaeva Street  
Moscow 107078  
Russian Federation  
Tel: +7 495 632 9567  
Fax: +7 495 232 9857  
email: sulchareva@rosbank.ru

#### 13.4.2 if to the Lender:

Barclays Bank PLC  
5 The North Colonnade  
Canary Wharf  
London E14 4BB  
United Kingdom  
Swift: BARCGB22PMD  
Fax: +44 20 7773 4876  
Attention: MTN Desk

or to such other address, telex, Swift or fax number as any party may hereafter specify in writing to the other.

Any notice, request, demand or other communication given by courier shall be conclusively deemed to have been given on the day of actual delivery thereof and, if given by telex, fax or Swift, on the day of transmittal thereof, in each case if given during the normal business hours of the recipient, and on the business day during which such normal business hours next occur if not given during such hours on any day.

### **13.5 Assignment**

13.5.1 This Loan Agreement shall inure to the benefit of and be binding upon the parties, their respective successors and any permitted assignee or transferee of some or all of a party's rights or obligations under this Loan Agreement. Any reference in this Loan Agreement to any party shall be construed accordingly.

13.5.2 ROSBANK shall not assign or transfer all or any part of its rights or obligations under this Loan Agreement to any other party.

13.5.3 The Lender may, at any time assign or transfer (including transfer by novation) all or any part of its rights or obligations under this Agreement to any Person with the prior written consent of ROSBANK (such consent not to be unreasonably delayed or withheld) provided that the assignee or transferee (i) is a bank which does not have a permanent establishment in Russia, (ii) is resident in a jurisdiction benefiting from a tax treaty reducing withholding tax in the Russian Federation to zero and (iii) has itself, or is part of a group which has, a long-term debt rating by Standard & Poor's Rating Services of at least "A-" and/or Moody's Investors Service Limited of at least "A3". Notwithstanding the foregoing sentence, the Lender may, at any time, grant sub-participations in relation to the Loan to any Person without the consent of ROSBANK.

### **13.6 Currency Indemnity**

To the fullest extent permitted by law, the obligation of ROSBANK in respect of any amount due in the Specified Currency (or such other currency as contemplated by such obligation) under the Loan Agreement shall, notwithstanding any payment in any other currency (whether pursuant to a judgment or otherwise), be discharged only to the extent of the amount in the Specified Currency (or such other currency as contemplated by such obligation) that the Lender may, in accordance with normal banking procedures, purchase with the sum paid in such other currency (after any premium and costs of exchange) on the Business Day immediately following the day on which the Lender receives such payment. If the amount in the Specified Currency (or such other currency as contemplated by such obligation) that may be so purchased for any reason falls short of the amount originally due (the "**Due Amount**"), ROSBANK hereby agrees to indemnify and hold harmless the Lender against any deficiency in the Specified Currency. Any obligation of ROSBANK not discharged by payment in the Specified Currency (or such other currency as contemplated by such obligation) shall, to the fullest extent permitted by applicable law, be due as a separate and independent obligation and, until discharged as provided in this Loan Agreement, shall continue in full force and effect. If the amount in the Specified Currency (or such other currency as contemplated by such obligation) that may be purchased exceeds that Due Amount, the Lender shall promptly pay the amount of the excess to ROSBANK.

### **13.7 Contracts (Rights of Third Parties) Act 1999**

A person who is not a party to this Loan Agreement has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Loan Agreement.

### **13.8 Choice of Law**

This Loan Agreement shall be governed by, and construed in accordance with, the laws of England.

### 13.9 Jurisdiction

- 13.9.1 For the exclusive benefit of the other party, each of ROSBANK and the Lender hereby irrevocably agrees that the courts of England shall have jurisdiction to settle any disputes which may arise out of or in connection with this Loan Agreement and that accordingly any suit, action or proceeding (collectively, “Proceedings”) arising out of or in connection with this Loan Agreement may be brought in such courts.
- 13.9.2 Each of the parties irrevocably waives any objection which it may now or hereafter have to the laying of the venue of any Proceedings in any such court referred to in this Clause 13 and any claim that any such Proceedings have been brought in an inconvenient forum and further irrevocably agrees that a final and conclusive judgment in any Proceedings brought in the English courts with competent jurisdiction shall be conclusive and binding and may be enforced in the courts of any other jurisdiction.
- 13.9.3 Nothing contained in this Loan Agreement shall limit the right of any party to take Proceedings against another party in any other court of competent jurisdiction to the extent permitted by any applicable law, nor shall the taking of Proceedings in connection with this Loan Agreement in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction or in any other court of competent jurisdiction in connection with this Loan Agreement to the extent permitted by any applicable law.
- 13.9.4 Each of the parties hereby agrees that, at the option of the other party, any dispute, controversy, claim or cause of action brought by any party against another party or arising out of or relating to this Loan Agreement may be settled by arbitration in accordance with the Rules of the LCIA (formerly the London Court of International Arbitration) (the “LCIA”), which rules are deemed to be incorporated by reference into this Clause. The place of arbitration shall be London, England and the language of the arbitration shall be English. The number of arbitrators shall be three, each of whom shall be disinterested in the dispute or controversy, shall have no connection with any party thereto and shall be an attorney experienced in international securities transactions. Each party shall nominate an arbitrator, who, in turn, shall nominate an additional arbitrator who shall be the Chairman of the Tribunal. If a dispute, claim controversy or cause of action shall involve more than two parties, the parties thereto shall attempt to align themselves in two sides (i.e. claimant and respondent) each of which shall appoint an arbitrator as if there were only two sides to such dispute, claim controversy or cause of action. If such alignment and appointment shall not have occurred within twenty (20) calendar days after the initiating party serves the arbitration demand or if a Chairman has not been selected within thirty (30) calendar days of the selection of the second arbitrator, the LCIA Arbitration Court shall appoint the three arbitrators or the Chairman, as the case may be. The parties and the LCIA Arbitration Court may appoint arbitrators from among the nationals of any country, whether or not a party is a national of that country. The arbitrators shall have no authority to award punitive or other punitive type damages and may not, in any event, make any ruling, finding or award that does not conform to the terms and conditions of this Loan Agreement.
- 13.9.5 Costs of the arbitration (excluding each party’s preparation, travel, attorneys’ fees and similar costs) shall be borne in accordance with the decision of the arbitrators. The decision of the arbitrators shall be final, binding and enforceable upon the parties and judgment upon any award rendered by the arbitrators may be entered in any court having jurisdiction thereof. In the event that the failure of a party to comply with the decision of the arbitrators requires any other party to apply to any court for enforcement of such award, the non-complying party shall be liable to the other for all costs of such litigation, including reasonable attorneys’ fees.
- 13.9.6 ROSBANK agrees that the process by which any Proceedings in England are begun may be served on it by being delivered to Law Debenture Corporate Services Limited of Fifth Floor, 100 Wood Street, London EC2V 7EX or its other principal place of business in England for the time being or at any other address for the time being at which process may be served on such person in accordance with Part XXIII of the Companies Act 1985 (as modified or re-enacted from time to time). If such person is

not or ceases to be effectively appointed to accept service of process on ROSBANK's behalf, ROSBANK shall, on the written demand of the Lender, appoint a further person in England to accept service of process on its behalf and, failing such appointment within 15 days, the Lender shall be entitled to appoint such a person by written notice to ROSBANK. Nothing in this Clause shall affect the right of the Lender to serve process in any other manner permitted by law.

#### **13.10 Counterparts**

This Loan Agreement may be executed in any number of counterparts and all of such counterparts taken together shall be deemed to constitute one and the same agreement.

#### **13.11 Language**

The language which governs the interpretation of this Loan Agreement is the English language.

#### **13.12 Amendments**

Except as otherwise provided by its terms, this Loan Agreement may not be varied except by an agreement in writing signed by the parties, which agreement shall be subject to rating agency confirmation by each rating agency providing a rating with respect to the Notes.

#### **13.13 Partial Invalidity**

The illegality, invalidity or unenforceability to any extent of any provision of this Loan Agreement under the law of any jurisdiction shall affect its legality, validity or enforceability in such jurisdiction to such extent only and shall not affect its legality, validity or enforceability under the law of any other jurisdiction, nor the legality, validity or enforceability of any other provision.

#### **13.14 Related Note Issue**

13.14.1 ROSBANK acknowledges the intention of the Lender for Dali Capital PLC to issue one or more tranches of Notes to be backed by payments under, and secured by, the Sub-participation Agreement.

13.14.2 The Lender may disclose to any potential purchaser of Notes or any party to any of the Notes Documents:

- (a) a copy of this Loan Agreement and any other document relating to it; and
- (b) such other information that the Lender has acquired under or in connection with this Loan Agreement or any other document relating to it,

as the Lender deems necessary in connection with the issue of the Notes and their obligations thereunder.



## DESCRIPTION OF THE SUB-PARTICIPATION AGREEMENT

This Sub-Participation Agreement is dated 27 September 2006 between:

- (1) **BARCLAYS BANK PLC** whose registered office is at 5 The North Colonnade, Canary Wharf, London E14 4BB (the “Grantor”); and
- (2) **DALI CAPITAL PLC** whose registered office is at West Block Building, International Financial Services Centre, Dublin 1, Ireland (“Dali”).

Whereas:

- (A) Pursuant to the Loan Agreement the Grantor (in its capacity as lender thereunder) has provided certain credit facilities to the Borrower for the purposes and upon the terms and conditions set out therein.
- (B) The Grantor is willing to grant and Dali is willing to accept on a without recourse basis a participation in the Loan subject to the terms and conditions hereinafter set forth.

It is agreed as follows:

### 1 Interpretation

#### 1.1 Definitions

Terms used but not defined in this Agreement (including the recitals), shall have the meaning and construction given or incorporated by reference in the Loan Agreement:

In this Agreement:

“**Borrower**” means ROSBANK (OJSC JSCB).

“**Closing Date**” means 29 September 2006.

“**Commencement Date**” means 29 September 2006.

“**FX Agent**” means each FX Agent appointed pursuant to the FX Agreement.

“**FX Agreement**” means the Foreign Currency Exchange Agreement dated 27 September 2006 between the Grantor and Credit Suisse (Europe) Limited.

“**Inconvertibility Account**” means the RUB denominated account in the name of, or for the account of, Dali maintained by the Russian Paying Agent in the Russian Federation for the purpose of making payments in respect of the Notes.

“**Inconvertibility Event**” means the occurrence of an action, event or circumstance (as determined by an FX Agent, acting in a commercially reasonable manner) on or after the Closing Date which (whether from a legal or practical perspective):

- (a) has the direct or indirect effect of hindering, limiting or restricting the convertibility of Russian Roubles into U.S. Dollars, or the transfer of U.S. Dollars from the Russian Federation to other countries (including, without limitation, by way of any delays, increased costs or discriminatory rates of exchange or any current or future restrictions on repatriation of Russian Roubles into U.S. Dollars); or
- (b) results in the unavailability of the lawful currencies of the United States of America in the interbank foreign exchange market in the Russian Federation in accordance with normal commercial practice.

“**Loan**” means the loan made or to be made available by the Grantor to the Borrower pursuant to the Loan Agreement.

“**Loan Agreement**” means the agreement dated 27 September 2006 between the Borrower and the Grantor.

“**Notes**” means the Series No: 23 RUB5,000,000,000 Secured Fixed Rate Notes due September 2009 to be issued by Dali on or about the date of this Agreement.

“**Participation**” means the participation in the Loan granted by the Grantor to Dali hereunder.

“**Party**” means a party to this Agreement.

“**Prospectus**” means the prospectus dated on or about 27 September 2006 relating to the Notes.

“**Russian Paying Agent**” means ROSBANK (OJSC JSCB) or any other paying agent having a specified office in the Russian Federation appointed with respect to the Notes.

“USD Equivalent” of an amount of Russian Roubles means the amount in U.S. Dollars receivable by the Grantor under the FX Agreement upon conversion of such amount of Russian Roubles in the foreign exchange market on any day on which a determination is required.

## 1.2 Construction

1.2.1 In this Agreement, unless the context otherwise requires, a reference to:

- (i) a Clause or a Schedule is a reference to a clause of or a schedule to this Agreement;
- (ii) an agreement or other document includes a reference to that agreement or other document as varied, assigned, novated, supplemented or replaced from time to time;
- (iii) a person is a reference to or includes its successors, lawful assigns and lawful transferees;
- (iv) words importing the singular shall include the plural and vice versa.

1.2.2 The headings in this Agreement are for convenience only and are to be ignored in construing this Agreement.

## 2 Participation

### 2.1 Participation

Subject to the terms and conditions of this Agreement, the Grantor hereby grants to Dali on a without recourse basis, and Dali hereby accepts, a Participation equal to 100 per cent. of the Loan.

### 2.2 Payment by Dali

2.2.1 On the Commencement Date, Dali will pay to the Grantor, the sum of USD187,778,616.52 (the “**Participation Payment Amount**”), being the USD Equivalent of the Loan, which shall be applied by the Grantor in accordance with the FX Agreement.

2.2.2 The Participation Payment Amount shall be paid by Dali to such account as is notified by or on behalf of the Grantor to Dali prior to the Commencement Date and must be received in such account not later than 10.00 a.m. (London time) on the Commencement Date.

2.2.3 The obligations of Dali under this Agreement are and shall be unconditional and irrevocable, irrespective of the occurrence or continuance of any default, event of default or similar event and/or any other breach under the Loan Agreement and irrespective of any other fact or circumstance.

### 2.3 Payments to Dali

2.3.1 Subject to compliance by Dali with its obligations under this Clause 2 and to the other terms and conditions of this Agreement:

- (i) the Grantor shall arrange for the conversion of each RUB amount actually received from the Borrower and applied by it in or towards satisfaction of any amount owing to it under the Loan Agreement (each such amount, a “**Loan Participation Amount**”) in accordance with the FX Agreement. Following conversion of the relevant RUB amounts, the Grantor shall transfer, or shall procure the transfer of, each USD Equivalent of the Loan Participation Amount to Dali; and
- (ii) to the extent that an Inconvertibility Event has occurred and is continuing, and the Grantor has not transferred or made payment of any Loan Participation Amount under the FX Agreement, the Grantor shall make payment of the Loan Participation Amount (for the avoidance of doubt, in RUB) to the Inconvertibility Account maintained with the Russian Paying Agent.

2.3.2 Dali shall not be entitled to any payment in respect of any amount payable or accruing under the Loan Agreement on or before the Commencement Date, or any default interest payable in respect of any such amount.

- 2.3.3 Where the obligation of the Grantor to make a payment hereunder arises as a result of it having received an amount from the Borrower or any person related to the Borrower, it shall not be obliged to make such payment until it has been able to establish that it has actually received such amount.
- 2.3.4 If by reason of default or otherwise the amounts paid by way of principal, interest, fees or other amounts as aforesaid are less than the amounts stated to be due and payable under the Loan, the amounts which Dali shall be entitled to receive hereunder shall be limited to such amounts actually received by the Grantor under the Loan and as converted pursuant to the FX Agreement.
- 2.3.5 Payments of interest under the Loan Agreement are due on 30 March and 30 September in each year commencing 30 March 2007. Payment of the principal under the Loan is due on 30 September 2009. Payments to be made by the Grantor, to Dali hereunder shall be made on the same day on which the Grantor receives the relevant USD Equivalent of the Loan Participation Amount under the FX Agreement.

## **2.4 Set-off and counterclaim**

All payments by a Party shall be made without set-off or counterclaim other than in respect of amounts which are due to that Party under this Agreement.

## **2.5 Withholding**

- 2.5.1 All payments by the Grantor under this Agreement shall be made free and clear of any deduction or withholding save for such deduction or withholding as may be required to be made from such payments by any law, regulation or practice.
- 2.5.2 The Grantor shall use its reasonable endeavours to avoid any obligation to make any such deduction or withholding as is referred to in Clause 2.5.1.
- 2.5.3 In the event that the Grantor is obliged to make any deduction or withholding from any payment under the Loan Agreement, then, subject to Clause 2.5.2, the payment of any amounts by the Grantor to Dali hereunder shall be made net of such withholding or deduction.

## **2.6 Certificate**

The certificate of the Grantor signed by two duly authorised persons as to any amount payable by the Grantor to Dali and Dali to the Grantor under or pursuant to this Agreement shall be conclusive and binding, save for manifest error.

## **3 Representations**

### **3.1 By Dali**

Dali represents to the Grantor that:

- 3.1.1 it has full power, authority and legal right to execute and deliver this Agreement and to perform and observe the terms and conditions hereof;
- 3.1.2 it has taken all necessary action to authorise the execution and delivery of this Agreement and the performance and observance of the terms and conditions hereof;
- 3.1.3 this Agreement constitutes legal, valid and binding obligations of such party; and
- 3.1.4 no consent, licence, approval or authorisation of any governmental agency is required in connection herewith and that the performance of its obligations hereunder will be made in compliance with the laws and regulations in force in the Republic of Ireland.

### **3.2 By the Grantor**

The Grantor represents to Dali that:

- 3.2.1 it has full power, authority and legal right to execute and deliver this Agreement and to perform and observe the terms and conditions hereof;
- 3.2.2 it has taken all necessary action to authorise the execution and delivery of this Agreement and the performance and observance of the terms and conditions hereof;
- 3.2.3 this Agreement constitutes legal, valid and binding obligations of such party; and

3.2.4 no consent, licence, approval or authorisation of any governmental agency is required in connection herewith.

## **4 The Grantor and Dali**

### **4.1 Acknowledgement**

Dali acknowledges that it has received a copy of the Loan Agreement and is fully aware of all the terms and the Grantor's agreement therein.

### **4.2 No Assignment or Trust**

It is hereby agreed that nothing herein shall operate as an assignment of the Grantor's rights under or in connection with the Loan Agreement or any document relating thereto and that the Grantor is not and shall not be deemed to be acting as agent or trustee of Dali in respect of its Participation in connection with the exercise of, or the failure to exercise, any of its rights or powers arising under or in connection with this Agreement, the Loan Agreement or any document relating thereto.

### **4.3 No Consents Required**

4.3.1 The Grantor may not without the prior consent of Dali:

- (i) consent to the modification of the Loan Agreement or any related document that would alter any of the terms relating to the payment of principal or interest under the Loan Agreement;
- (ii) waive any of the terms relating to the payment of principal or interest under the Loan Agreement or give or withhold consent or approvals to any action or failure to act by the Borrower under the Loan Agreement or any related document;
- (iii) exercise or refrain from exercising, or waive, any rights or powers it may have in respect of the Loan Agreement;
- (iv) transfer, sell or pledge the Loan Agreement or any of its rights or obligations arising thereunder; or
- (v) exercise its rights under clause 11.3 of the Loan Agreement to accelerate the Loan with respect to any Event of Default,

and upon receiving such consent from Dali, the Grantor shall act in accordance with the Loan Agreement.

4.3.2 If the Grantor has received written notice from the Borrower of the occurrence of a default, event of default or other similar event in respect of the Loan Agreement, it shall promptly notify Dali of the same. The Grantor acknowledges that Dali may direct the Grantor to exercise its rights under clause 11.3 of the Loan Agreement to accelerate the Loan with respect to any Event of Default, upon which the Grantor shall exercise such rights in accordance with the Loan Agreement.

### **4.4 No Duties or Responsibilities**

The Grantor does not have any duty or responsibility to Dali by reason of the grant of the Participation except for those expressly set forth in this Agreement.

## **5 Disclaimer**

### **5.1 Disclaimer**

The Grantor does not make any representations or warranties, express or implied, nor shall it have any responsibility, as to the validity, legality, collectability, enforceability or admissibility of the Loan Agreement or any document relating thereto, referred to therein or delivered in connection therewith or as to the accuracy of any representations or warranties therein or of any information furnished pursuant thereto or as to the financial condition, creditworthiness, affairs, status or nature of the Borrower or as to compliance with any government regulations. If the Borrower or any other person (other than the Grantor) shall fail to perform any of its respective obligations under the Loan Agreement or any document relating thereto, Dali shall have no recourse to the Grantor in respect of such failure.

### **5.2 No obligation to support losses**

5.2.1 The Grantor hereby notifies Dali and Dali acknowledges that the Grantor shall have no obligation to repurchase or reacquire all or any part of the Participation from Dali or to support any losses directly or indirectly sustained or incurred by Dali for any reason whatsoever, including the non-performance by the Borrower under the Loan Agreement of its obligations thereunder (other than any loss caused by the negligence or wilful default of the Grantor in performing its obligations under this Agreement).

5.2.2 Dali notifies the Grantor and the Grantor acknowledges that Dali shall have no obligation to support any losses directly or indirectly sustained or incurred by the Grantor for any reason whatsoever, including the non-performance by the Borrower under the Loan Agreement of its obligations thereunder (other than any loss caused by the negligence or wilful default of Dali in performing its obligations under this Agreement).

## **6 Confidentiality**

### **6.1 Confidentiality obligation**

Each Party agrees to maintain the confidentiality (and shall not disclose to anyone except as provided for by Clause 6.2) of:

6.1.1 this Agreement, the Loan Agreement and any information in connection therewith; and

6.1.2 any information regarding the Borrower or any other relevant party which it may acquire from any other party to this Agreement pursuant to this Agreement and the Loan Agreement and any other information received in connection therewith.

### **6.2 Permitted Disclosure**

Each Party agrees that disclosure of the confidential information referred to in Clause 6.1 of this Agreement is permitted in the following circumstances:

6.2.1 to members of that Party's group of companies and their officers, directors, employees and professional advisers to the extent necessary and to any auditors of members of that party's group of companies;

6.2.2 (i) where requested or required by any court of competent jurisdiction or any competent judicial, governmental, supervisory or regulatory body, (ii) where required by the rules of any stock exchange on which the shares or other securities of any Party or any of its group companies are listed, (iii) where requested by any rating agency in connection with any rating of the Notes or (iv) where required by the laws or regulations of any country with jurisdiction over the affairs of any Party or any of its group companies; and

6.2.3 to any holder of a Note or a prospective purchaser of a Note.

## **7 Assignment**

This Agreement shall be binding on and inure to the benefit of each of the Grantor, Dali and their respective successors. Dali may, at any time: (i) assign or transfer all or any part of its rights or obligations under this Agreement, (ii) transfer by novation any or all of its rights and obligations under this Agreement or (iii) grant sub-participations in relation to the Participation to any person, in each case without the consent of the Grantor.

## **8 Illegality**

If, at any time after the date of this Agreement, by reason of the introduction of, or any change in, any applicable law or regulation or regulatory requirement or directive of any agency of any state, the Grantor, acting in good faith, determines in a commercially reasonable manner that it is or would be unlawful or contrary to such applicable law, regulation, regulatory requirement or directive for the Grantor or Dali to allow all or part of this Agreement to remain in force or for the Grantor or Dali to maintain or give effect to any of their respective obligations in connection with this Agreement then, upon notice by the Grantor to Dali in writing (setting out in reasonable detail the nature and extent of the relevant circumstances), Dali and the Grantor shall consult in good faith as to a basis which eliminates the application of such circumstances; provided, however, that the Grantor shall be under no obligation to continue such consultation if a basis has not been determined within 30 days of the date on which it so notified Dali. If such a basis has not been

determined within the 30 days, then, upon notice by the Grantor to Dali in writing, this Agreement shall terminate on such date as the Grantor shall certify to be necessary to comply with such requirements. No payment shall be due and payable by any Party upon such termination except for a payment by the Grantor to Dali in an amount equal to the market value of the Loan at such time.

## **9 Expenses**

The Grantor shall pay all costs and expenses (including legal fees) properly incurred in connection with the preparation, negotiation and execution of this Agreement.

## **10 Notices**

### **10.1 Communications in writing**

Any communication to be made under or in connection with this Agreement shall be made in writing and, unless otherwise stated, may be made by fax or letter.

### **10.2 Addresses**

The address and fax number (and the department or officer, if any, for whose attention the communication is to be made) of each Party for any communication or document to be made or delivered under or in connection with this Agreement is:

10.2.1 the address and facsimile number shown immediately after its name on the signature pages of this Agreement; or

10.2.2 any substitute address, fax number or department or officer as the Party may notify to the other Parties by not less than five Business Days' notice.

### **10.3 Delivery**

10.3.1 Any communication or document made or delivered by a Party to another under or in connection with this Agreement will only be effective:

- (i) if by way of fax, at the time of transmission if there is evidence of receipt; or
- (ii) if by way of letter, when delivered personally or on actual receipt,

and, if a particular department or officer is specified as part of its address details provided under Clause 10.2 (*Addresses*), if addressed to that department or officer.

10.3.2 Any communication or document to be made or delivered to a Party will be effective only when actually received by that Party and then only if it is expressly marked for the attention of the department or officer identified with that Party's signature below (or any substitute department or officer as that Party shall specify for this purpose).

### **10.4 English language**

10.4.1 Any notice given under or in connection with this Agreement must be in English.

10.4.2 All other documents provided under or in connection with this Agreement must be in English.

## **11 Amendments**

Any provision of this Agreement may be amended only if the Grantor and Dali agree in writing.

## **12 Limited Recourse**

Each Party hereby agrees that it shall have recourse in respect of any claim only to sums derived from this Agreement and the Loan, and any such claim by any and all Parties shall be reduced *pro rata* so that the total of all such claims does not exceed the aggregate value of the Loan after meeting claims secured on it. No Party or any other person acting on its behalf shall be entitled to take any further steps against the Borrower, including examination proceedings, to recover any further sums and no debt shall be owed by the Borrower to such person in respect of any such further sum.

## **13 Waivers**

No failure to exercise and no delay in exercising, on the part of the Grantor or Dali, any right, power or privilege under this Agreement and no course of dealing between the Grantor and Dali shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege preclude any other or further exercise thereof, or the exercise of any other right, power or privilege. The rights and remedies provided in this Agreement are cumulative and not exclusive of any rights, or remedies provided by applicable law.

#### **14 Partial Invalidity**

The illegality, invalidity or unenforceability of any provision of this Agreement under the law of any jurisdiction shall not affect its legality, validity or enforceability under the law of any other jurisdiction nor the legality, validity or enforceability of any other provision.

#### **15 Third Party Rights**

A person who is not a party to this Agreement has no rights under the Contracts (Rights of Third Parties) Act 1999 except to the extent (if any) that this Agreement expressly provides otherwise.

#### **16 Governing Law and Submission to Jurisdiction**

**16.1** This Agreement shall be governed by the construed in accordance with the laws of England.

**16.2** The Grantor and Dali irrevocably submit to the jurisdiction of the courts of England in relation to any legal action or proceedings arising out of or in connection with this Agreement.

#### **16.3 Service of Process**

Without prejudice to any other mode of service, Dali:

16.3.1 irrevocably appoints Hackwood Secretaries Limited of One Silk Street, London EC2Y 8HQ as its agent for service of process in relation to any proceedings before the English courts in connection with this Agreement;

16.3.2 agrees to maintain such an agent for service of process in England during the period of this Agreement;

16.3.3 agrees that failure by the process agent to notify Dali of the process will not invalidate the proceedings concerned;

16.3.4 consents to the service of process relating to any such proceedings by prepaid posting of a copy of the process to its address for the time being notified under Clause 10 (Notices); and

16.3.5 agrees that if the appointment of any person mentioned in sub-paragraph 16.3.1 above ceases to be effective, Dali shall immediately appoint a further person in England to accept service of process on its behalf in England and, failing such appointment within 15 days, the Grantor is entitled to appoint such a person by notice to Dali.

## DESCRIPTION OF THE FX PROCEDURES

If the Lender wishes to exchange a USD amount for a RUB amount (the “**Initial Currency Exchange**”) or RUB amounts for USD amounts (each a “**Periodic Currency Exchange**”), the Lender shall notify the relevant FX Agent no later than 12.00 p.m. (Moscow time) on the relevant Rate Fixing Day of its intention to enter into an FX Transaction with such FX Agent, following which, the Lender and such FX Agent will effect such exchanges subject to the procedures set out below.

1. The following procedure shall apply with respect to the Initial Currency Exchange:
  - (a) The Lender shall credit to the FX Agent USD Account on the Initial Currency Exchange Date, the respective USD amount required to be converted by the relevant FX Agent into RUB under the relevant FX Transaction and shall submit an FX Notice to each of the FX Agent in respect of such credit. Each FX Notice shall specify the relevant USD amount to be converted into an RUB amount.
  - (b) The FX Agent shall arrange the conversion of the applicable USD amount to a RUB amount (the “**RUB Settlement Amount**”) at the FX Rate on the Initial Rate Fixing Date.
  - (c) As soon as practicable on the Initial Currency Exchange Date, the FX Agent will credit the relevant RUB Settlement Amount to the Lender RUB Account in accordance with the details specified in the relevant FX Notice and shall each provide the Lender with an FX Confirmation.
2. The following procedure shall apply with respect to each Periodic Currency Exchange:
  - (a) The Lender shall credit to the FX Agent RUB Account on each Periodic Currency Exchange Date, the respective RUB amount required to be converted by the relevant FX Agent into USD under the relevant FX Transaction and shall submit an FX Notice to each of the FX Agent in respect of such credit. Each FX Notice will specify the relevant RUB amount to be converted into a USD amount.
  - (d) The FX Agent shall arrange the conversion of the applicable RUB amount to a USD amount (the “**USD Settlement Amount**”) at the FX Rate on the applicable Rate Fixing Day. In determining the relevant USD Settlement Amount, all USD amounts shall be rounded to the nearest United States Dollar (with halves rounded up).
  - (e) As soon as practicable on the relevant Periodic Currency Exchange Date, each FX Agent will credit the relevant USD Settlement Amounts to the Lender USD Account in accordance with the details specified in the relevant FX Notice and shall each provide the Lender with an FX Confirmation.
3. The rate of exchange (the “**FX Rate**”) for the relevant FX Transaction will be fixed on the basis of RUB CME-EMTA (RUB03) as published on Reuters screen page EMTA at or about 12.15 p.m. (Moscow time) (and as confirmed by the FX Agent on or prior to 2.00 p.m. (Moscow time)) with respect to the applicable Rate Fixing Day:
  - (a) minus three kopeks with respect to the Initial Currency Exchange; or
  - (b) plus two kopeks with respect to any Periodic Currency Exchange.

To the extent that RUB CME-EMTA (RUB03) is not published for any Rate Fixing Day, the FX Rate shall be EMTA RUB Indicative Survey Rate (RUB04) for such day and if neither of the foregoing rates are published, then the FX Rate shall be determined by the Calculation Agent (acting in a commercially reasonable manner).

For the purposes of the foregoing, the following terms shall have the meanings indicated.

“**Calculation Agent**” means Barclays Bank PLC.

“**FX Agent RUB Account**” means the respective RUB account in the name of an FX Agent with such FX Agent.

“**FX Agent USD Account**” means the respective USD account in the name of an FX Agent with such FX Agent.

“**FX Business Day**” means a day (other than Saturday and Sunday) on which banks and foreign exchange markets are open for business generally, and foreign exchange transactions may be carried out in London, New York and Moscow.

“**FX Confirmation**” means written confirmation of the relevant FX Rate and RUB Settlement Amount or USD Settlement Amount, as the case may be, as contained in an FX Notice.



“**FX Notice**” means, in relation to an FX Transaction, a notice substantially in the form of Schedule 2 (*Form of FX Notice*) to the FX Agreement.

“**FX Transaction**” means each transaction between the Lender and an FX Agent for the conversion of (i) USD amounts received by the Lender under the Sub-Participation Agreement into RUB amounts or (ii) RUB amounts received by the Lender under the Loan Agreement into USD amounts, in accordance with the term set out herein.

“**Initial Currency Exchange Date**” means 29 September 2006 or such other date as may be agreed between the Lender and the FX Agents.

“**Initial Rate Fixing Date**” means 22 September 2006.

“**Lender RUB Account**” means the RUB account of the Lender with the following details:

Bank: Bank for Foreign Trade Moscow  
Swift: VTBRUMM  
A/C: Barclays Bank Plc Wholesale London  
Swift: BARCGB5G  
A/C No: 30231810655550000048

“**Lender USD Account**” means the USD account of the Lender with the following details:

Bank: Federal Reserve Bank Of New York, New York  
ABA No: 026-0025-74  
A/C: Barclays Bank Plc, New York  
Favor: Barclays Swaps & Options Group, New York  
A/C No: 050-01922-8

“**Periodic Currency Exchange Date**” means any FX Business Day on which an FX Notice is delivered to the FX Agent with respect to a Periodic Currency Exchange.

“**Rate Fixing Day**” means the Initial Rate Fixing Date and each date falling one FX Business Day prior to the relevant Periodic Currency Exchange Date.

## DESCRIPTION OF ROSBANK (OJSC JSCB)

ROSBANK has its registered office at 11 Masha Poryvaeva Street Moscow 107078, Russian Federation.

ROSBANK's principal activities include retail banking, SME banking, corporate banking, private banking, financial markets and financial institutions, investment banking, cash management and settlement services, and custody and depository services. ROSBANK is 79.92 per cent. owned by the Interros Group, which is one of Russia's largest private investment groups, and 10 per cent. owned by Société Générale S.A., the French banking group.

Further details are set out in the base prospectus of Rosbank Finance S.A. dated 5 September 2006 relating to the U.S.\$750,000,000 guaranteed debt issuance programme guaranteed by ROSBANK (the "ROSBANK Prospectus"), which is deemed to be incorporated by reference herein.

On 5 September 2006, the ROSBANK Prospectus was approved by the *Luxembourg Commission de Surveillance du Secteur Financier*. (the "CSSF") as competent authority under Directive 2003/71/EC.

## GENERAL INFORMATION

- (1) The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes. The issue of the Notes was authorised by resolutions of the Board of Directors passed on or about 26 September 2006.
- (2) Save as disclosed herein, there has been no significant change in the financial or trading position of the Issuer and no material adverse change in the financial position or prospects of the Issuer, in each case, since its date of incorporation on 13 June 2001.
- (3) The auditor of the Issuer is Deloitte and Touche, Chartered Accountants (a member of the Institute of Chartered Accountants in Ireland and qualified to act as auditors in Ireland).
- (4) The Issuer is not involved in any governmental, legal or arbitration proceedings (including any such procedures which are pending or threatened of which the Issuer is aware) during the 12 months preceding the date of this Prospectus that may have, or have had in the recent past, a significant effect, in the context of the issue of Notes on its financial position or profitability.
- (5) Each Bearer Note, Receipt, Coupon and Talon will bear the following legend: “Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code”.
- (6) Notes have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems. The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy L-1855 Luxembourg. The ISIN and common code are as follows XS0268908372 (ISIN) and 026890837 (common code).
- (7) For so long as the Notes are outstanding (in respect of 7(a) to 7(h) and 7(k)) and for so long as the Notes are listed, from the date of the relevant document (in respect of 7(i) and 7(j)), the following documents will be available in physical form, during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted), for inspection at the registered office of the Issuer and at the specified office of AIB International Financial Services Limited:
  - (a) the Principal Trust Deed (which includes the form of the Global Notes, the definitive Bearer Notes, the Certificates, the Coupons, the Receipts and the Talons);
  - (b) the Dealer Agreement;
  - (c) the Agency Agreement;
  - (d) the Memorandum and Articles of Association of the Issuer;
  - (e) the Instrument of Trust;
  - (f) a copy of this Prospectus together with any document incorporated by reference in this Prospectus;
  - (g) the Sub-Participation Agreement;
  - (h) the Foreign Currency Exchange Agreement;
  - (i) all audited annual financial statements of the Issuer as and when published;
  - (j) all audited annual financial statements of ROSBANK as and when published; and
  - (k) the Subscription Agreement and the related Supplemental Trust Deed.

**REGISTERED OFFICE OF THE ISSUER**

**Dali Capital PLC**  
West Block Building  
International Financial Services Centre  
Dublin 1  
Ireland

**TRUSTEE**

**The Bank of New York**  
One Canada Square  
Canary Wharf  
London E14 5AL

**ISSUING AND PAYING AGENT**

**The Bank of New York**  
One Canada Square  
Canary Wharf  
London E14 5AL

**PAYING AGENT**

**AIB International Financial Services Limited**  
AIB International Centre  
International Financial Services Centre  
Dublin 1  
Ireland

**AUDITOR OF THE ISSUER**

**Deloitte & Touche**  
Earlsfort Terrace  
Dublin 2  
Ireland

**LEGAL ADVISERS**

*To the Joint Lead Managers and the Trustee  
in respect of English law*

**Linklaters**  
One Silk Street  
London EC2Y 8HQ

*To the Issuer  
in respect of Irish law*

**A & L Goodbody**  
International Financial Services Centre  
North Wall Quay  
Dublin 1  
Ireland

**LISTING AGENT**

**The Bank of New York**  
One Canada Square  
Canary Wharf  
London E14 5AL

