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YOUR REF

5 December 2006

Dear Sir,

**INSURANCE POLICY PROPOSED TO BE ISSUED BY OAO ROSGOSSTRAKH (THE *INSURER*) IN
RELATION TO THE PROPOSED ISSUE OF THE BONDS**

1. INTRODUCTION

1.1 You have asked us to provide an opinion to you in relation to the terms of the following policy documents attached hereto which we examined:

- (a) the draft offer of insurance (the *Offer*);
- (b) the draft insurance agreement (the *Insurance Agreement*) which is annexed to the Offer as annex No.1; and
- (c) the draft new edition of the terms of insurance of non-performance of contractual obligations No. 91 dated 3 March 2003 (the *Rules*),

hereinafter the Offer, the Insurance Agreement and the Rules are collectively referred to as the *Insurance Documents*.

1.2 We have also been provided with the following background materials:

- (a) a copy of the securities prospectus (the *Prospectus*) (which refers to its approval by the board of directors of ZAO Russ-Bank (the *Issuer*) on 29 September 2006, protocol No. 38 dated 29 September 2006) regarding the issue by the Issuer of up to 2,000,000 rouble denominated bonds, series 02, nominal value 1,000 roubles each, individual state registration number 40203073B (the *Bonds*);
- (b) a copy of the decision on the issue of securities (the *Decision on Bonds Issue*) regarding the Bonds (which refers to its approval by the board of directors of the Issuer on 29 September 2006, protocol No. 38 dated 29 September 2006);

- (c) the draft of the offer on acquiring of Bonds on demand of bondholders (the **Bond Redemption Offer**) (as attached hereto);
- (d) a copy of the license (the **License**) S No. 0001 77 issued by the Federal Insurance Supervision Service (**FISS**) and dated 15 September 2005, in relation to the insurance activities of the Insurer,

hereinafter the Prospectus, the Decision on Bonds Issue and the Bond Redemption Offer are collectively referred to as the **Bond Issue Documents**, and the Insurance Documents together with the Bond Issue Documents are collectively referred to as the **Documents**.

1.3 We reviewed only the sections of the Bond Issue Documents regarding the issue of the Bonds, payments under the Bonds and keeping records of bondholders. We do not opine or comment on the Bond Issue Documents or the issue of the Bonds.

1.4 This opinion is confined to matters of Russian law. Accordingly, we express no opinion herein with regard to any system of law other than the laws of the Russian Federation. We are not giving any opinion on the laws of any constituent member of the Russian Federation. To the extent that other laws may be relevant, we have made no independent investigation thereof and our opinion is subject to the effects of such laws.

1.5 This opinion is governed by, and shall be construed in accordance with, English law.

1.6 This opinion is given on, and as at, the date of this letter. We do not undertake to update this opinion for changes in Russian law, which come into effect after the date of this opinion. We would note in this regard that we understand that policies written on the terms of the Insurance Documents are likely to be issued over a period of years. Russian law and legal practice is fast changing and this opinion may be superseded by changes in law, practice or the approach of the Russian insurance regulator before policies written on the terms of the Insurance Documents are issued.

2. ASSUMPTIONS

In rendering this opinion we have, with your consent and without any further enquiry, assumed that:

- (a) all documents submitted to us and all factual statements and other information contained in the Documents and/or provided to us orally and/or in writing (including electronically) by representatives of the Issuer and the Insurer as answers to questions posed by us are true, complete, accurate and up to date;
- (b) all Documents which purport to have been approved by any corporate or governmental body are in the form in which they have been approved;

- (c) all Documents issued by public authorities are within the competence of that authority and all the individuals signing such documents and all appropriate procedures of that authority have been followed for the issue of such Documents;
- (d) each of the Documents has been performed in accordance with its terms and it has not been amended or modified;
- (e) there are no laws of any jurisdiction (other than those of the Russian Federation) which would be contravened by the execution and delivery, or the performance, of the Insurance Documents and that, insofar as any obligation under any of the Insurance Documents is to be performed in any jurisdiction outside the Russian Federation, its performance will not be illegal or ineffective by virtue of the law of, or contrary to public policy in, that jurisdiction, and the Insurance Documents are enforceable in accordance with their terms in such jurisdiction;
- (f) where a Document has been examined by us in draft or specimen form, it will be or has been executed in the form of that draft or specimen.

3. OPINION

On the basis of, and subject to, the matters set out in this opinion and any matters not disclosed to us, and having regard to such considerations of Russian law as we consider relevant, we are of the opinion that, as at the date hereof:

- (a) the terms of the Insurance Documents do not violate Russian law; and
- (b) the Insurance Documents, subject to them becoming effective, will cover direct losses of the insured holders of the Bonds resulting from the Issuer's non-payment of the nominal value and/or coupon payments under the Bonds and/or non-fulfilment by the Issuer of the Bond Redemption Offer, subject to the conditions and exclusions provided under the Insurance Documents and, in particular, we would bring to your attention the conditions and exclusions referred to in paragraphs 4.2 to 5.2 below.

4. QUALIFICATIONS

This opinion is subject to the following qualifications and observations:

4.1 General

- (a) references in this opinion to Russian law are to be taken to mean the laws and other normative acts of federal bodies of legislative and executive power of the Russian Federation in force and not having been declared unconstitutional or invalid, the full texts of which have been officially published and, where relevant, registered with the Russian Ministry of Justice before the date of this opinion. Normative and individual

acts of competent Russian authorities may exist which are not publicly available and which may affect this opinion;

- (b) we do not opine on the interpretation that the courts of the Russian Federation might give to specific provisions of Russian law. However, we take account of interpretations of law given by the Supreme Arbitrazhny Court of the Russian Federation (the highest commercial (*arbitrazhny*) court in Russia – the **SAC**) in the Decrees of Plenum of the SAC or Information Letters of the Presidium of the SAC the full texts of which have been officially published before the date of this opinion. Such interpretations do not have the force of law, but are obligatory for lower commercial (*arbitrazhny*) courts. You should note that the history of credit insurance in Russia is short and the law in relation to insurance is widely drafted. As a result there is a risk that court (or regulatory) interpretation of relevant law and regulation will be inconsistent with our opinion.

4.2 Specific

- (a) Article 32.9 of Russian Federal Law No. 4015-1 «On the organisation of insurance business in the Russian Federation» (the **Insurance Law**) lists the types of insurance which insurance companies may offer on the basis of their licenses. In our view only the following types of insurance are relevant to a policy written on the terms of the Insurance Documents: (i) insurance of entrepreneurial risks; and/or (ii) insurance of financial risks. We have seen a copy of the Insurer's License (listed in paragraph 1.2(d) of this opinion letter) which includes both types of insurance business.

It is unclear under Russian law whether or not (i) individuals who are not registered as individual entrepreneurs or (ii) non-commercial organisations may be party to the Insurance Documents. If they are prohibited from being party to the Insurance Documents, then the Insurance Documents and/or the Offer may violate Russian law and be unenforceable. Russian law is unclear on who may be insured under finance risk insurance; however, it does not expressly limit persons who may be insured against financial risks or it contain a restriction that would prohibit a policy which is written on the terms of the Insurance Documents from being considered as insurance of financial risks. We have obtained an oral (non-binding) confirmation from the Insurer that previously the FISS has accepted as valid insurance policies written by the Insurer in favour of individuals who were not registered as individual entrepreneurs which covered risks similar to those expressed in the terms of the Insurance Documents. In our view, it would not be inconsistent with the relevant law to treat the policy as an insurance of financial risks and therefore to permit it to be written in favour of individuals who are not registered as entrepreneurs or non-commercial organisations where such entities effect entrepreneurial activity within the terms of their constituent documents and corporate purposes (as allowed under Article 50(3) of the Civil Code of the Russian Federation (the **Civil Code**)).

However, there is no guarantee that a court will take this view or that FISS's approach to this matter will not change;

Limited insurance coverage

- (b) the Insurance Agreement and the Rules contain various provisions that limit the circumstances in which the insurance payout is required from the Insurer. Such provisions include, *among others*, exclusion of: (i) losses, which occur due to any prohibition or restriction on cash transfers or delays in bank payments, unless such are caused by the Issuer's actions or omissions (clause 2.4.1 of the Insurance Agreement); (ii) losses resulting from wilful acts of officials of banks, except those by the officials of the Issuer (clause 2.4.2 of the Insurance Agreement); (iii) legal fees and expenses incurred in connection with the insured event (clause 4.4 of the Insurance Agreement);

Actions which the insured person must undertake to be eligible for payment under the Insurance Document

- (c) the Insurance Documents provide that the insured must take certain actions to be eligible for payment under the Insurance Documents following the occurrence of the insured event (the *Application Requirements*). The Application Requirements include, *among others*, the requirement that the insured: (i) provide the Insurer with a detailed description of all losses in the application for the insurance payout; (ii) submit to the Insurer evidence of title of the insured person to the Bonds as at the relevant record date; (iii) submit to the Insurer all documents in the insured's possession and undertake all actions necessary to transfer to the Insurer the insured person's rights and claims against the Issuer; (iv) provide the Insurer with documentary evidence of the Issuer's failure to meet its obligations in connection with the Bonds; (v) comply with the six month time limit to apply for the insurance payout which is generally provided under the Insurance Agreement;

Grounds for the Insurer to refuse in payment

- (d) the Insurer may refuse to make an insurance payout if the terms of the Rules or the Insurance Agreement are not complied with by the relevant insured person. Relevant failures include, *among others*, the following: (i) the insured persons fails to inform the Insurer of the occurrence of the insured event within 30 working days of its occurrence, unless it can be proved that either the Insurer knew in due time of its occurrence or Insurer's knowledge of the event is irrelevant to the Insurer's obligation to pay (section 10.1 of the Rules); (ii) the insured person does not present documents which are necessary to prove the losses or their quantum (section 10.1 of the Rules); (iii) the losses are caused by the insured person's deliberately not taking

“reasonable and available measures” (*«разумных и доступных мер»* - in Russian) to mitigate the losses (section 10.1 of the Rules); (iv) the insured event is caused by malicious intent of the insured person (section 10.1 of the Rules); (v) the insured person has waived its right to claim against the person causing the losses or the enforcement of that right is forfeited due to a fault on the part of the insured person (section 10.2 of the Rules). We note that requirements listed in this paragraph are largely based on mandatory provisions of the Civil Code. With respect to item (iii) listed in this paragraph we have received an oral (non-binding) confirmation from the Insurer that the Insurer does not believe there will be any need for an insured to take any measures to mitigate the losses in order to claim under the Insurance Documents;

Notification of the Rules and the Insurance Agreement

- (e) pursuant to Article 32.9(3) of the Insurance Law, additional insurance rules of insurers may contain more specific terms than those approved by the FISS in connection with the insurer’s application for the insurance license. Such additional rules are required to be notified by insurers to FISS. The procedure and timing for FISS to confirm or disapprove the additional rules is unclear under Russian law. FISS is authorised to prohibit the additional rules (e.g. the Rules) notified to it or withdraw or suspend the effect of the Insurer’s license if, for example, FISS considers the additional rules to be contrary to the Insurer’s license, other insurance rules of the Insurer or Russian law. We do not opine on whether the Rules or the Insurance Documents comply with other insurance rules of the Insurer approved by the FISS or the Insurer’s license. We note that the Insurer confirmed to us orally that the Insurance Agreement and the Rules are intended to be notified to the FISS pursuant to Article 32.9(3) of the Insurance Law;

Insurance provisions - other

- (f) among the documents which are necessary to be presented to obtain the insurance payout, the insured person is required to provide the Insurer with proof of title to the Bonds as at the relevant record date. Pursuant to Russian law, title to non-documentary securities or documentary securities which certificates are deposited (e.g. Bonds) is confirmed by records with the register of securities or records with the depositary account of the securities holder. Records of title to the Bonds may not be sufficient evidence for the Insurer if such records do not represent valid records with the depositary account of the insured person which are rendered in accordance with Russian law;
- (g) pursuant to Article 958 of Civil Code, an insurance agreement terminates before the expiration of its term if the possibility of the occurrence of the insured event ceased to exist for reasons other than the insured event. Article 958 of the Civil Code

provides that, for insurance of entrepreneurial risks, such circumstances include the insured person ceasing to be engaged in entrepreneurial activity according to the procedure established by Russian legislation;

4.3 Corporate existence, licences, approvals and consents

We express no opinion as to whether either the Insurer or the Issuer is duly registered, validly existing or is in possession of all licenses, authorisations, approvals, permits and consents necessary in order to carry on, or otherwise in connection with, any of its day-to-day operational matters.

5. OBSERVATIONS

5.1 Russian insurance legislation

Laws of the Russian Federation, in particular the laws regulating insurance, are in a state of development and there exist a number of lacunae and inconsistencies. In addition, the interpretation and enforcement of such laws by government officials at various levels are not always consistent or predictable. Thus, legal matters in the Russian Federation are not subject to the same degree of certainty as in countries with a more developed practice of applying the law, and legal opinions regarding such matters are by necessity subject to uncertainty.

5.2 General Observations

We do not opine on any of the Documents except, with respect to the Insurance Documents, on the matters expressly stated in opinion sections 3(a) and 3(b) of this letter which opinions are rendered solely in connection with the Bonds and the Offer. We do not opine on the Insurance Documents in light of any other matters or circumstances to which they may apply.

We do not opine as to whether the Insurance Documents or an individual policy, when issued pursuant to the Insurance Documents, will be valid, binding or enforceable, including, *among other circumstances*, where insolvency (bankruptcy) procedures or proceedings commence with respect to the Issuer, the Issuer's banking license is revoked or a moratorium on performance of the Issuer's obligations is imposed by the Bank of Russia.

However we would bring to your attention the following non exhaustive list of Russian law issues which could affect the validity of the Insurance Documents or any policy issued pursuant to them:

Legal capacity

- (a) the Insurance Documents may be ineffective if:

- (i) any of the entities expressed to be a party to any of the Insurance Documents:
 - (A) is not a legal entity duly established and validly existing, and having legal personality, under the laws of the jurisdiction in which such entity purports to be established and existing; or
 - (B) at the relevant time, does not have the legal capacity and power to enter into the Insurance Documents to which it is a party;
- (ii) the Insurer is not an insurance company duly authorised and licensed to carry out its activities in accordance with Russian law;
- (iii) the Issuer:
 - (A) is not a bank duly authorised and licensed to carry out its activities in accordance with Russian law which is duly established and validly existing and having legal personality under the laws of the Russian Federation; or
 - (B) at the relevant time, does not have the legal capacity and power to issue the Bonds, authorise the Bond Issue Documents and comply with their terms;
- (iv) any natural person executing, approving or registering any Insurance Document, the Bond Issue Document or the Bonds, whether on his or her behalf or on behalf of any other legal or natural person:
 - (A) at the relevant time, does not have legal capacity to execute, approve or register such document or perform actions and fulfil obligations thereunder or if such natural person's legal and/or dispositive capacity is at the relevant time, limited under the laws of the jurisdiction or jurisdictions applicable to him or her and/or his or her legal acts; or
 - (B) at the relevant time, was in a condition in which he or she was not capable of understanding the significance of his or her actions;
- (v) any of the entities expressed to be a party to any of the Insurance Documents or the Issuer is prohibited or otherwise precluded by any contractual obligations or other arrangements made with any third party whatsoever from entering into, or exercising its rights, or performing and complying with its obligations under the Insurance Documents or, with respect to the Issuer, the Bonds;

- (vi) the conclusion of the Insurance Documents and/or the implementation of the transactions contemplated by them is contrary to any Russian court decision or order of any Russian authority or any decision of an arbitration tribunal or a foreign court specifically relating to the transactions provided for by the Insurance Documents or relating to the parties to any of such documents;

Insolvency

- (b) the Insurance Documents may be ineffective if any party to the Insurance Documents is not solvent and able to pay all its debts when they fall due, or any procedures provided for by bankruptcy laws (or analogous laws) has started or is pending in relation to any of the parties to the Insurance Documents;

Due authorisation and due execution

- (c) the Insurance Documents may be ineffective if the Insurance Documents are not:
 - (i) duly authorised and approved by each of the parties thereto as required by all applicable laws and constituent documents (and all relevant internal rules and regulations) of such parties;
 - (ii) executed by persons duly authorised and empowered to act on behalf of each of the parties thereto; and
 - (iii) entered into with an intention to create the legal consequences provided for therein;
- (d) the Insurance Documents may be ineffective if any of the parties to the Insurance Documents or the Issuer have not obtained and complied with any and all necessary regulatory and other consents, licences, approvals, authorisations, registrations, notifications, exemptions and privileges or has not duly paid all taxes, charges and other payments in each case required under all applicable laws to enter into and perform its obligations under the Insurance Documents to which it is a party or, with respect to the Issuer, under the Bonds or the Bond Issue Documents;
- (e) the Insurance Documents may be ineffective if any facts or events referred to in Article 178 (Invalidity of a Transaction made under the Influence of a Mistake) or Article 179 (Invalidity of a Transaction made under the Influence of Fraud, Duress, Threat, Invalidity of the Agreement entered into by a Representative of one Party with another in Bad Faith or in Extraordinarily Harsh Circumstances) of the Civil Code relating to the execution of the Insurance Documents being applicable;

Major and interested party transactions

- (f) the Insurance Documents may be ineffective if the execution of any Insurance Document by any party is a “major transaction” for the purposes of Article 78 of Federal Law No. 208 FZ on Joint Stock Companies dated 24 November 1995 (as amended) (the *JSC Law*) or an “interested party transaction” in the meaning of Section XI of the JSC Law and such transaction is not approved in accordance with Russian law;

Russian Law

- (g) the following matters, inter alia, qualify the enforceability of obligations under Russian law:
 - (i) the effects of any applicable laws providing for limitations on enforcement of agreements in accordance with their terms due to force majeure circumstances (i.e. due to extraordinary circumstances unavoidable in the given situation);
 - (ii) the availability of legal remedies such as, for example, specific performance or injunctive relief and the means of their application may be limited and may depend on the discretion of Russian courts exercised in accordance with Russian law;
 - (iii) claims may be barred on the expiration of limitation periods or may be or become subject to set-off or counterclaim; and
 - (iv) a Russian court may amend or terminate an agreement upon the request of a party to that agreement if the court believes that the circumstances that existed when the parties executed the agreement have substantially changed;
- (h) a document submitted to a court of the Russian Federation may only be admitted as evidence if it is an original in the Russian language (or a notarised copy of it) or, where the original is in a foreign language, if a notarially certified translation thereof into Russian is submitted together with a notarised and legalised/apostilled foreign language original;
- (i) in some circumstances, Russian law requires the rights and duties of parties to be determined on the basis of the general principles and the intent of civil legislation and the requirements of public policy and order, good faith, reasonableness and justice. On this basis, particular provisions of the Insurance Documents may not be enforced in accordance with their terms;

Validity of the Bonds and the Bond Redemption Offer

- (j) if the terms of the Bonds and/or the Bond Redemption Offer are not valid, legally binding and enforceable, the Issuer may not be required to make payments under them, in which case the Insurer will not be required to make payments under the Insurance Documents. We do not opine or comment on the validity, legality or enforceability of the Bond Issue Documents or the Bonds.

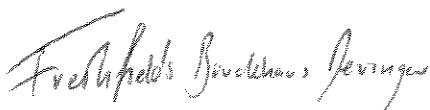
6. LIMITATIONS OF LIABILITY

Where you have received advice from a number of advisers in connection with the matters on which we opine in this opinion or any related matter in respect of which we could be potentially jointly or severally liable with any such other advisers for losses suffered by you, our liability will not be affected by any limitation of liability which you may agree with any other advisers. Accordingly, our liability to you will be limited to such proportion of the losses suffered by you as is finally determined to be just and equitable, having regard to the relative responsibility of ourselves and any other person who is jointly or severally liable for such losses. If you have received advice from any other advisers with respect to matters on which we opine in this opinion which qualifies such opinions then, to the extent that such advice is correct, you will not place any reliance on the unqualified opinions contained in this opinion, and we will have no liability to you in connection therewith.

7. BENEFIT OF OPINION

This opinion is addressed to you solely for your own benefit in relation to the issue of the Bonds and, except with our prior written consent, is not to be transmitted or disclosed to or used or relied upon by any other person. However, it may be referred to as part of the marketing exercise in relation to the Bonds in terms agreed in advance by us provided that we accept no liability to any person to whom the evidence or terms of our opinion is disclosed.

Yours faithfully



Freshfields Bruckhaus Deringer