



RUSSIAN
AGRICULTURAL
BANK

A YEAR OF STRONG
PERFORMANCE
2005



2005

A YEAR OF STRONG
PERFORMANCE



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**ADDRESS BY
ALEXEI V. GORDEYEV**
Minister of Agriculture of the Russian
Federation, Chairman of the
Supervisory Council of Russian
Agricultural Bank



**MESSAGE
FROM YURI TRUSHIN,**
Chairman
of the Board





ALEXEI V. GORDEYEV
Chairman of the Supervisory
Council of Russian Agricultural
Bank

We witness transformation of economic psychology of Russian agricultural workers and, consequently, business principles undergo profound changes. They become more and more adequate to the market rules. One of the highlights of such a development is a direct correlation between growth level of the credit and financial system in agriculture and economic results in production.

Actually, a lot of results achieved by agricultural commodity producers over the last five years, in terms of production stabilization and strengthening the agricultural sector in general, are directly related to the reconstruction and rapid establishment of the national credit and financial system in the agricultural sector and above all to the successful development of its key element – Russian Agricultural Bank.

The efficient performance of Russian Agricultural Bank has to a large extent predetermined a significant growth of the productivity in the rural areas, improvement of its competitiveness, increased investments in agriculture, as well as the significant progress in resolving social issues of the Russian countryside.

Having consolidated both public and big private capital, the Bank steadily carries out the obligations under its Charter as far

as lending to agricultural commodity producers is concerned. A proactive participation in implementing the Federal program "Social Development of the Rural Areas until 2010" is a key element in its activity. The Bank also successfully acts as a debt collection Agent of the Russian Government ensuring the repayment of the debts into the Federal budget, as a State Agent facilitating financial recovery of agricultural commodity producers and as a State Agent providing for purchase interventions in the grain market.

In 2005 alone Rosselkhozbank has launched more than 10 new loan programs, including the program "Rural Backyard", most demanded by rural population.

Fairly the activity of Russian Agricultural Bank is highly appreciated by Russian agribusiness leaders, and not only by them. The reliability ratings received by the Bank qualify it as a banking institution of an international renown and confirm its investment appeal.

In 2006 Russian Agricultural Bank will face more challenges. The Bank becomes one of the leading co-performers of the National Priority Program "Agribusiness Development", targeted to improve life quality in the Russian Federation.

It is a large-scale, crucial and at the same time honorable task. I believe that it is quite within the powers of the Bank's Team that by its achievements has already confirmed its business goodwill and professionalism.

OUR PROGRAMS ARE DESIGNED FOR AGRIBUSINESS DEVELOPMENT



YURI TRUSHIN
Chairman of the Board

In a relatively short period of activity since 2000, Russian Agricultural Bank has reached one of the leading positions in the banking services market and shown quite a fast pace of its establishment and development.

2005 became a year of radical qualitative changes, another important step in increasing the efficiency of the national credit and financial system in agribusiness. The Bank's position has strengthened not only due to more than a two-fold increase of the authorized capital, but to an efficient credit policy as well aimed at successful fulfillment of large-scale tasks on the recovery of the potential and consistent development of the agribusiness in Russia.

An important achievement of the Bank last year was 3.3 times increase of the loan portfolio compared to the previous year. This impressive progress demonstrates constantly growing authority of the Bank and its great possibilities to provide financial support to agribusiness.

In 2005, a definite step was made to improve the quality of the loan portfolio. The Bank has formed a diversified client base with optimal proportions of small, medium and big agribusinesses producers. A balanced state of corporate loan portfolio on earnings and risks was ensured. In accordance with "Main Directions of Agrarian and Food Policies for 2001-2010" the Bank in an orderly fashion continues to provide banking services to vertically and horizontally integrated agroholdings. Another move forward in 2005 became an expansion of scale of long term investment crediting. Thus the basis for radical modernization of the national agribusiness was formed. After a serious marketing research, last year the Bank introduced over ten programs targeted to resolve both industrial problems of agribusiness and household issues of rural population.

RAB pays special attention to the development of its branch network. Last year new affiliates were opened in four more constituencies of the Russian Federation. At the same time the Bank continues an intensive building up of the additional offices network in regional centers. The Bank pursues a course designed to render a full range of client services to organizations of the agrarian industry and individuals.



In 2005, the Bank reached a major goal of increasing the volumes of crediting to Russian agribusiness through raised funds. The total raised resource base grew 2.6 times from the beginning of the year. A significant growth of volumes of funds attraction was achieved from different sources and instruments, including borrowings in global financial markets.

As a bank 100% of shares of which are owned by the State, RAB plays one of the leading roles in implementation of state-sponsored programs in agricultural industry. The Bank kept performing the functions of the Agent to ensure the repayment of the loans, which had been disbursed from the national budget. For the year to date over one billion rubles were paid back, and in all during the years of Bank's existence – over 2.6 bln rubles. In 2005 the Bank actively participated, as an Agent of the Russian Federation Government like in previous years, in the program of financial restructuring of agricultural commodity producers. And for the first time it took part in crediting the state purchasing interventions in the grain market.

Last year RAB was assigned as one of the major co-performers of the National Priority Program "Agribusiness Development". Within the framework of this program crediting of construction and modernization of livestock breeding farms was organized. Accessibility of credit resources for rural households, farmers and agricultural consumer cooperatives was significantly extended to stimulate the development of SMEs in agricultural sector.

Credit cooperation expanded in rural areas with direct assistance of RAB. The Bank will in close cooperation with agricultural credit cooperatives provide wide access of SMEs to borrowing. Another task RAB has to fulfill within the framework of implementation of the Program "Agribusiness Development" is to develop and launch the system of lending secured by mortgages on agricultural land plots in which other Russian banks will take part.

Strategic plans of RAB are targeted to facilitate growth and further development of the Russian agribusiness. And these objectives are consistently met.

Russian Agricultural Bank was established in conformity with Presidential Order dated March the 15th, 2000 as a key element of the national credit and finance system of serving the commodity producers in the sphere of agricultural production.

The specific features of agricultural lending, as well as the huge national importance of this sector for Russian economy explain the important role of the State in the formation of the system. According to the Strategy of the development of the banking sector in the Russian Federation up to 2008, drawn up by the Government and by the Central Bank of Russia the policy of the State in its relations with credit institutions and the tasks of their supervision within the framework of the economic policy pursued by the State must not contradict the tasks related to their obtaining earnings and maintaining financial stability.

RUSSIAN AGRICULTURAL BANK'S SUPERVISORY COUNCIL

- Aleksey V. GORDEEV – Minister of Agriculture
- Dmitry B. ARATSKY – Deputy Head of Federal Agency on Federal Property Management
- Andrey N. KLEPACH – Director of Macroeconomic Forecast Department, Ministry of Economic Development and Trade
- Tatiana B. KUL'KINA – Assistant to the Minister of Finance
- Vitaliy V. MOROZOV – Director of Economic Programs and Analyses Department, Ministry of Agriculture
- Anna V. POPOVA – Director of Corporate Management Department, Ministry of Economic Development and Trade
- Igor M. RUDENYA – State-Secretary – Deputy Minister of Agriculture
- Alexey L. SAVATYUGIN – Director of Financial Policy Department, Ministry of Finance
- Yuri V. TRUSHIN – Chairman of the Board of OJSC "Russian Agricultural Bank"
- Elena V. FASTOVA – Director of the Department of Finance and Reporting, Ministry of Agriculture



BOARD OF RUSSIAN AGRICULTURAL BANK



From left to right:

- Igor N. BAGINSKIY – Deputy Chairman – Director of Credit Department
- Stanislav G. BARANOV – Deputy Chairman
- Yuri V. TRUSHIN – Chairman of the Board
- Arkadiy G. KULIK – Deputy Chairman
- Valentin L. KONDYURIN – Deputy Chairman
- Oleg V. NIKONOV – Member of the Board, Chief Accountant
- Victor N. KHLYSTUN – Deputy Chairman
- Oleg U. AVIS – Member of the Board, Director of Planning and Economic Service

DEVELOPMENT HIGHLIGHTS



Since its inception the Bank has successfully solved the challenges of preceding stages and has demonstrated impressive development dynamics.

The performance of the Bank is the outcome of its steady progress as an universal credit institution of federal magnitude.

Its future development involves strengthening the main features that distinguish a bank of such a standing. Year 2005 is indicative in this respect. Over the period the share capital of the Bank increased 2.3 times to reach 10.8 billion rubles.

The assets grew 2.5 times and stand at 108.7 billion rubles.

The loan portfolio has grown by 2.7 times and constituted 54.9 billion rubles.

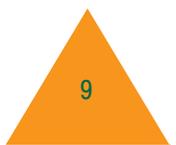
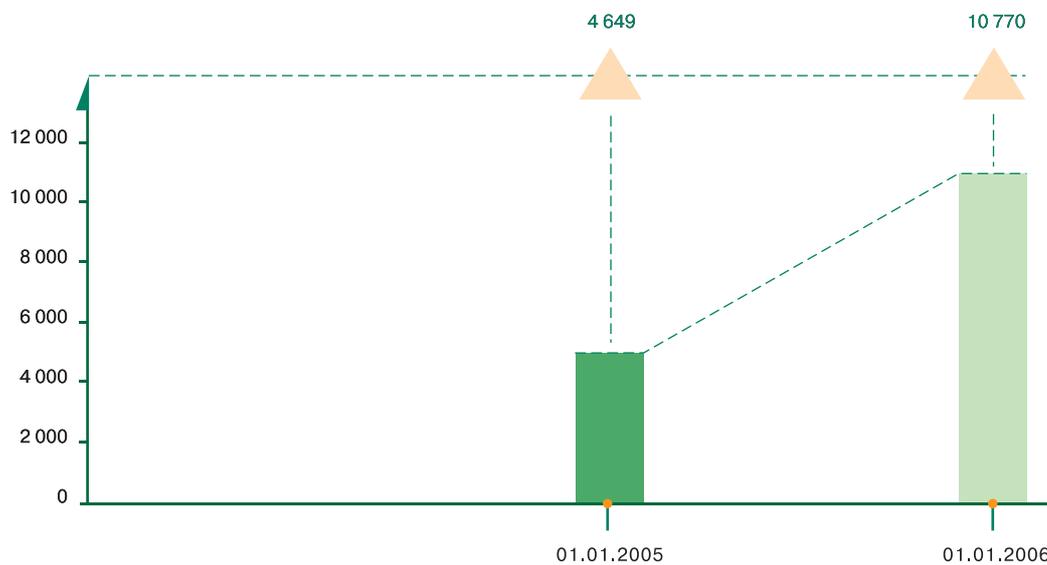


The investment loan portfolio grew more than 6 times year on year and exceeded 8.5 billion rubles. The number of clients' accounts served by the Bank grew 1.5 times and exceeded 1 80 000. Bank's correspondent accounts total turnover grew 1.3 times and exceeded 1 100 billion rubles. High quality of the loan portfolio was ensured, its share of non-performing loans diminished from 1.54% to 0.93%.

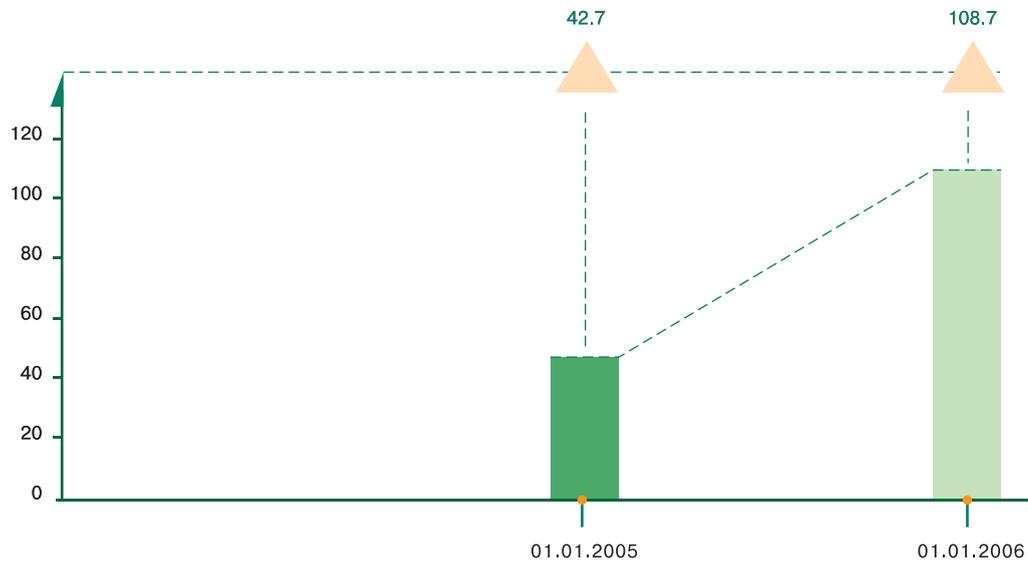
The branch network of the Bank covers 70 regions of the country, it includes 67 branches and 316 offices in municipalities and in regional administrative units. In 2005 alone four more regional branches and 129 offices were put into operation.

The generated profit of 652.7 million rubles is 4.2 times higher than that of the preceding year.

SHARE CAPITAL GROWTH, million rubles

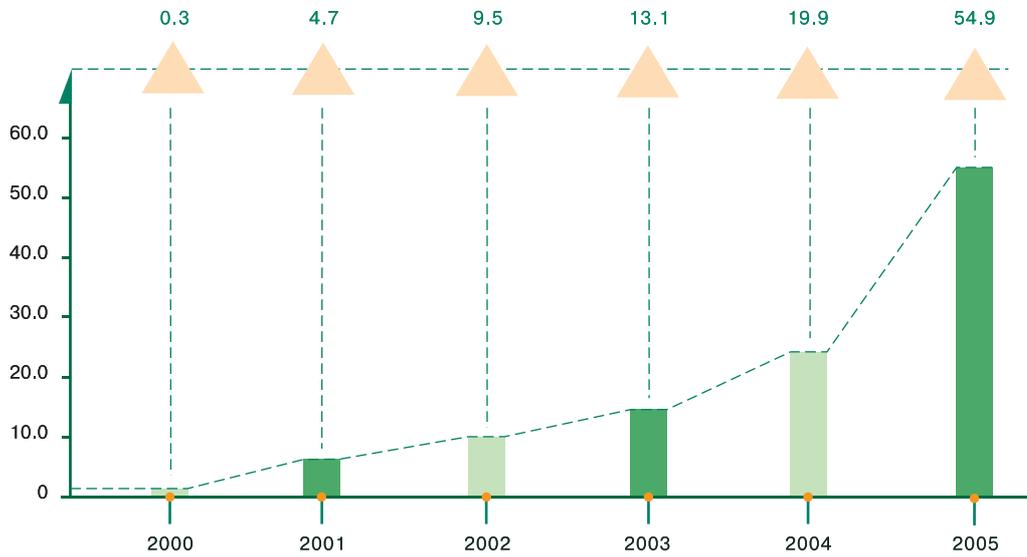


ASSETS DYNAMICS, million rubles

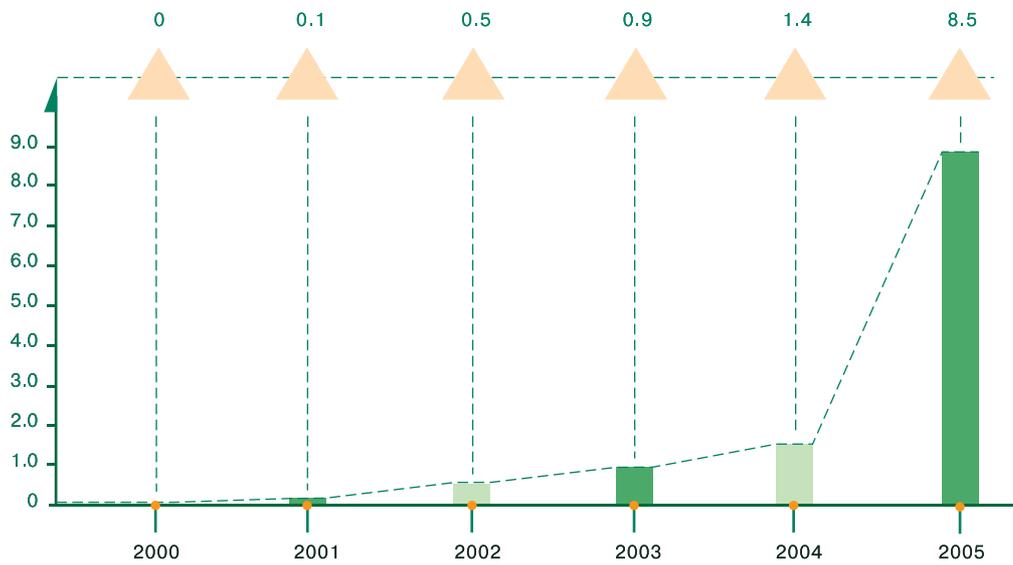




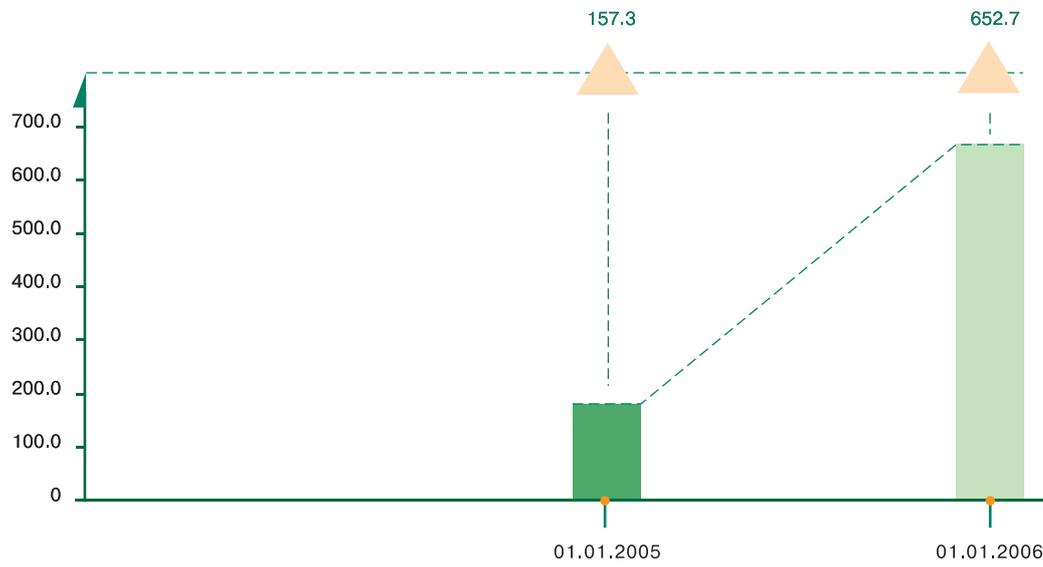
LOAN PORTFOLIO, billion rubles



INVESTMENT LOAN PORTFOLIO, billion rubles



PROFIT DYNAMICS





2005 PERFORMANCE HIGHLIGHTS

Along practically every axis of the Bank's activity the year under review was eventful in terms of the scale and quality of the work done. Outstanding achievements were recorded in the following domains:

- Substantial capitalization;
- Outpacing dynamics of the amounts and sources of funding;
- Substantial loan portfolio growth;
- Investment portfolio growth;
- Qualitative improvement in banking products portfolio;
- Comprehensive support for SME in the countryside;
- Enlargement of branch network in rural areas;
- Expanded settlement and payment services for clients;
- Participation in the elaboration and execution of the National Priority Program on Agricultural Development;
- Steadfast strengthening of the financial position of the Bank.

BANK AND THE AGRICULTURAL SECTOR



Russian Agricultural Bank, founded on the basis of the Presidential Decree as the basis of the national credit and finance system for serving agro-industrial producers is called upon to facilitate the implementation of the agrarian and food-stuffs policies of the State, the reconstruction of the country's agricultural production potential and improvement of the socio-economic environment in the countryside, as well as to strengthen national food security.

In conformity with these goals the Bank carries out the following strategic tasks:

- Bank implements the State credit and financial policy in national agricultural industry in line with the economic and social parameters of its development;
- Bank facilitates the steady functioning and continuous development of the credit and financial system in Russian agriculture with the help of high-quality services rendered to agricultural and related sectors;

- Bank participates in the accomplishment of State-sponsored programs of the development and support of national agricultural sector by subscribing loans for agricultural enterprises and by carrying out clients' payments through its branch network;
- Bank increases the investment in the national agricultural industry by raising funds in the Russian as well as in global debt capital markets;
- Introduction of modern banking technologies into the Bank's operations as a vital prerequisite for the achievement of a high rate of development and for improving the quality of services offered to clients.

National Priority Program on Agricultural Development is an emphasized endeavor in the country for the years 2006 to 2007, adopted during the year under review, which provided yet another stimulus to the support of the development of agriculture and in which it is envisaged that substantial resources will be allocated from the national budget mainly to subsidize the interest rate charged on loans obtained by agricultural commodity producers from commercial banks and agricultural credit cooperatives to the extent of 95% of the refinancing rate of the Central Bank.

Russian Agricultural Bank is entrusted with a major role in facilitating the accelerated development of cattle-breeding and stimulating the spread of small-scale entrepreneurship in agriculture, including the revival of agricultural consumer cooperatives and launching the system of mortgage and land backed lending.



RUSSIAN AGRICULTURAL
BANK AND
THE NATIONAL
BANKING
COMMUNITY

Year 2005 saw the Bank strengthen its positions in the domestic banking market. According to assessments of a number of leading analytic and expert organizations the Bank belongs to the country's most dynamically developing financial institutions. It figures prominently among the leading banks taking into account such indicators as growth of capital, assets, loan portfolio and reliability.

Whereas the cumulative growth of the capital of the banking sector in Russia during 2005 was 32.5% and of its assets 23%, the respective parameters for Russian Agricultural Bank increased 2.3 and 2.7 times. Against the back-drop of the continuing process of concentration, which manifests itself in a bigger share of 30 largest banks in cumulative assets i.e. 70.1%, or 1.6 times growth, the contribution of Russian Agricultural Bank to this evolution was a 2.5 times growth.

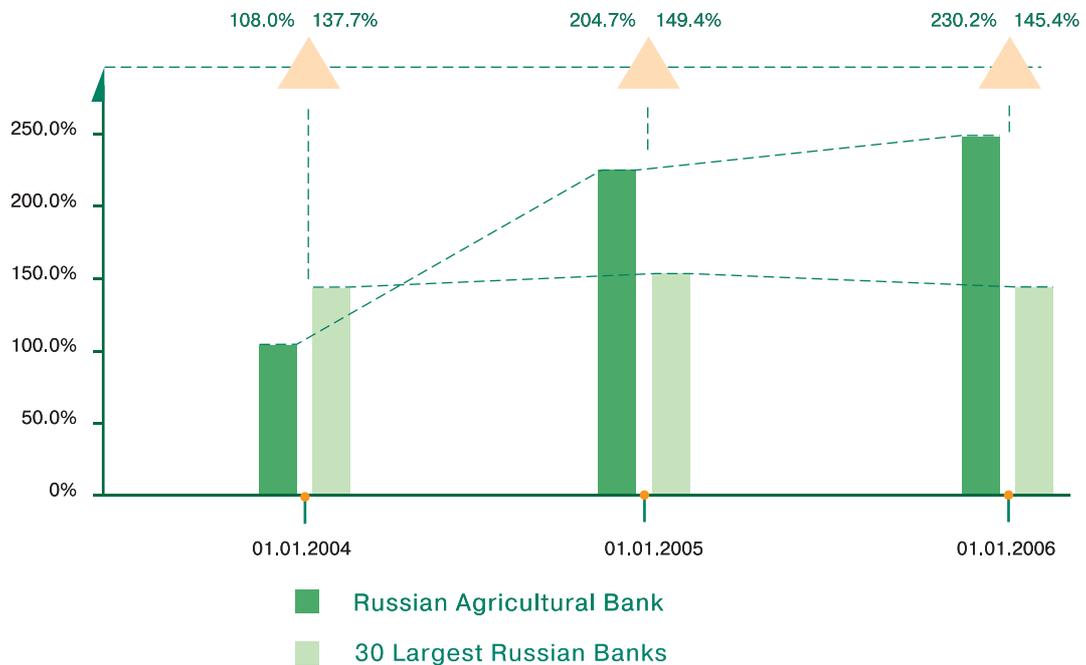


In 2005 Russian Agricultural Bank joined the group of 20 leading national banks that have the best figures of net assets, own capital, capital adequacy, liquidity, earnings, as well as the share of the funds raised in the inter-bank market.

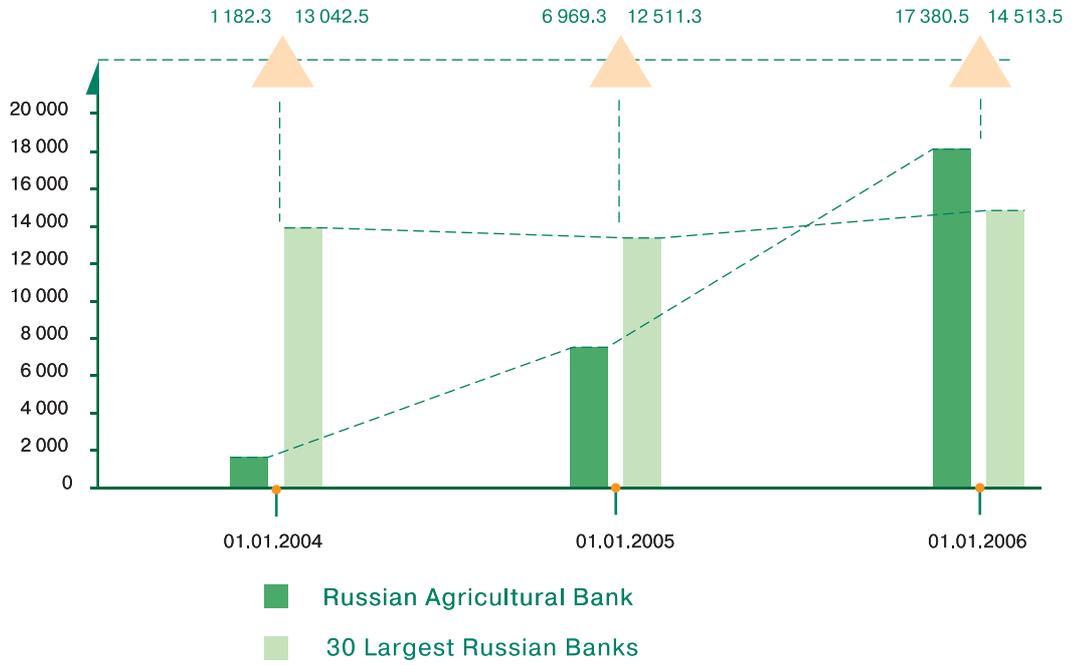
Judged by the "reliability-to-profitability" parameter, that helps to evaluate the banks' position from the point of view of the riskiness of operations and the coverage of the risks by own capital, while simultaneously evaluating the efficiency of the investment (earnings-to-assets ratio) Russian Agricultural Bank belongs to the second category, that is to "well-capitalized" banks.

In 2005 the Bank manifested an accelerated growth of its loan portfolio in comparison to the similar indicator of 30 largest Russian banks.

**LOAN PORTFOLIO DYNAMICS
30 LARGEST RUSSIAN BANKS AND RUSSIAN AGRICULTURAL BANK**

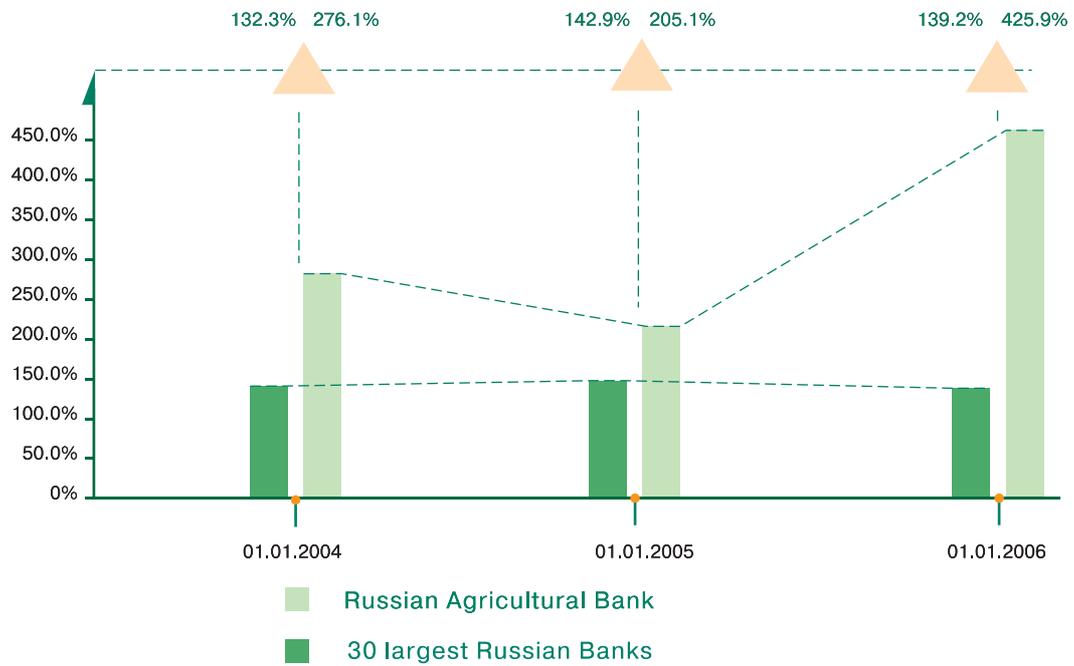


LIABILITIES DYNAMICS
30 LARGEST RUSSIAN BANKS AND RUSSIAN AGRICULTURAL BANK





**RAISED FUNDS DYNAMICS
30 LARGEST RUSSIAN BANKS AND RUSSIAN AGRICULTURAL BANK**



CAPITALIZATION GROWTH

Over the years of existence the authorized capital of the Bank has been regularly augmented with allocated budgetary funds. During 2000 to 2005 there took place six issuances of shares of the Bank, whose only proprietor is the Russian Federation represented by the Federal Agency on the Federal Property Management (Rosimuschestvo). The State Budget federal laws provided for the payment by the State into the authorized capital of the funds that, on the one hand, made possible the enlarged lending to agricultural enterprises and organizations, and, on the other hand, became the basis for a substantial increase of the Bank's resources. The contributions made by the State in 2005 to the capital of the Bank have resulted in better possibilities for the Bank to undertake large-scale projects. The latest issue of shares that began at the end of 2005 and was completed in February of 2006 in the amount of 0.5 billion rubles was a result of the Bank's activity as the Government agent for ensuring the repayment of the loans extended between 1992 and 2000 to agro-industrial enterprises and organizations.

The authorized capital amounting to 10.8 billion rubles as of 01.01.2006 provides a reliable basis for large-scale funds mobilization and is a solid Bank's protection and support from the point of view of its present and potential investors.



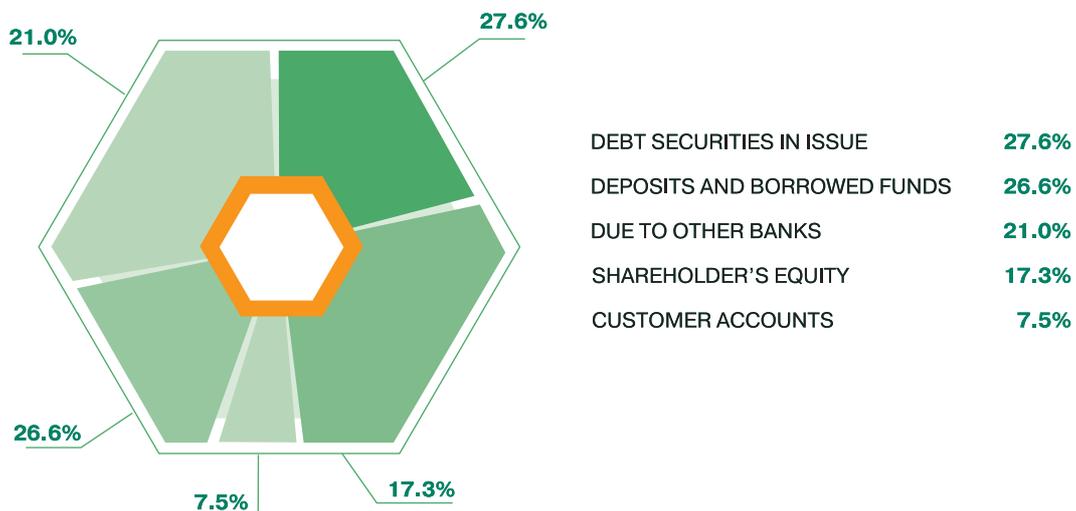


FUNDING GROWTH AND DIVERSIFICATION

During the year under review Russian Agricultural Bank managed to substantially strengthen its funding, that underwent significant increase in all its components – own means (capital) and raised funds i.e. customer accounts deposits, retail deposits, Bank's own liabilities, including promissory notes and bonds, and inter-bank loans. The funding structure was also notably diversified during the year: the above-mentioned resources were well balanced with regard to their share in the total amount of borrowings, maturities and the price of borrowed funds.

By doing so the Bank hedged itself against the risk of sudden changes in the market rates.

THE FOLLOWING FUNDING STRUCTURE WAS ESTABLISHED AS OF THE BEGINNING OF 2006



LOAN PORTFOLIO GROWTH AND DIVERSIFICATION

Well balanced funding policy of the last year allowed Russian Agricultural Bank to significantly succeed in bringing about a substantial growth of the loan portfolio. The share of medium-term loans gradually rose, the tenor of the loans was substantially extended, the interest rates developed in a predictable fashion. The banking products portfolio offered to the customers widened and the lending process became more industry and regions focused.

In 2005 the bulk of Bank's loans was extended to agro-industrial enterprises and organizations. In the aggregate their share must represent no less than 70%, in line with the Bank's credit policy as determined by the Bank's statutes. In the framework of this policy the main borrowers are small and medium producers including farmers units, individuals who manage auxiliary private farming economies, as well as representatives of small agribusinesses. At the same time the number has been growing of late of large agricultural organizations and enterprises of food-stuffs and processing industries, as well as of agro-industrial holdings.

Adopted regional programs and agreements between the federative members of the Russian Federation and the Bank served the basis for specific projects that have been put into practice to found and restore the production and technical potential of agrarian enterprises. Purchases of modern machinery, equipment and technology, of pedigree cattle were financed. The laying down of perennial plants also received the necessary loans.

Russian Agricultural Bank pays special attention to and participates in implementing the construction of rural social facilities. The Bank actively carries out programs of housing lending, extends education and consumer loans to rural population.

The large-scale build-up of the total volume and of the amounts of individual loans in 2005 was connected with the increase in the paying capacity of clients. The list of new credit products, providing that the purchased machinery is used as pledge, has substantially enhanced the capacity of large and medium agribusinesses to quickly and efficiently refurbish their production facilities.

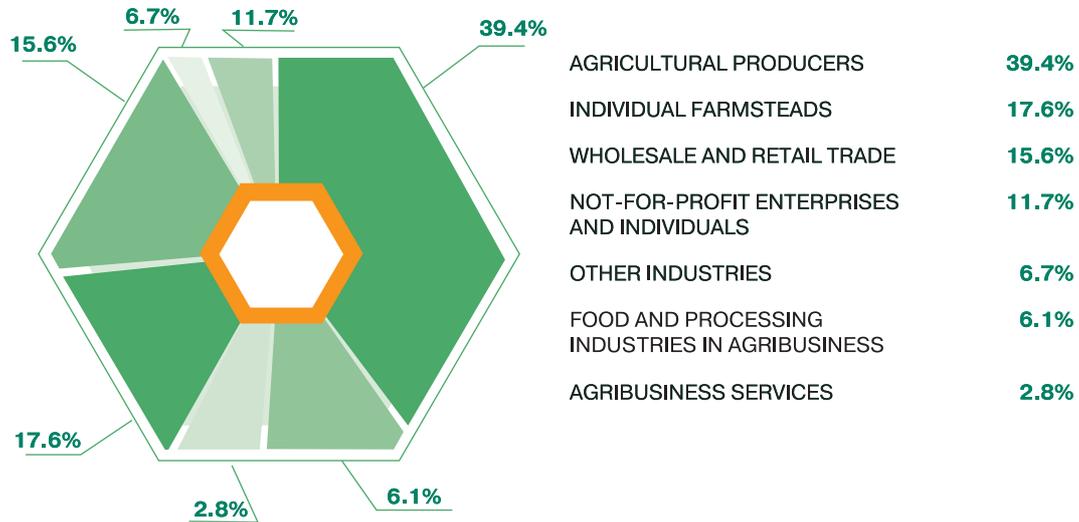
With the aim to build-up a comprehensive system of financial risks management Russian Agricultural Bank has developed and put into operation a package of measures designed to strengthen the reliability of all operations of the Bank, as well as to minimize the credit, securities, FX, operational and interest risks.

The technology is applied of the constant and regular supervision of the status of the term liquidity, the compliance with the maximum exposure limits during operations is monitored and the expected financial results are evaluated.

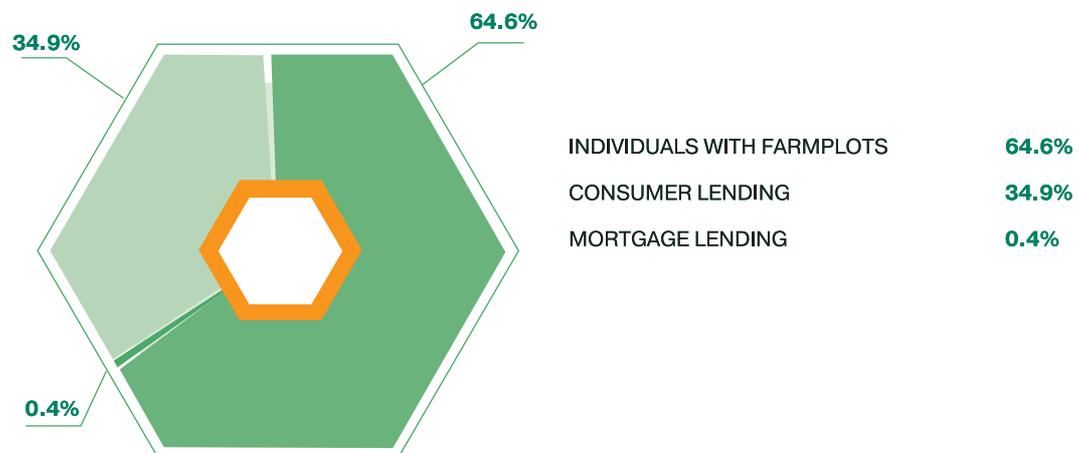




LOAN PORTFOLIO COMPOSITION



RETAIL PORTFOLIO SPLIT



INTERNATIONAL TIES



Large-scale international activity of the Bank in 2005 is the evidence of the achievement of a new, higher, level of Bank's development and the recognition by foreign counterparts of the fact that the Bank is a reliable partner in external borrowings, in financing programs of importation of agricultural machinery, equipment and of advanced agricultural production technologies, as well as in financing of export and import operations.

The assignment by international rating agencies Moody's Investor Services and Fitch Ratings in September of 2005 of high reliability ratings to the Bank is a significant achievement in the international market and qualifies the Bank as a trustworthy financial institution of good international standing, which reflects the high level of its investment appeal.

The international rating agency "Moody's Investor Services" upgraded the long-term and short-term deposit ratings in foreign currency of Russian Agricultural Bank to "Baa2/Prime-2", according to the international scale. The outlook for the rating is "stable". Moody's also assigned to the Bank the rating of financial stability "E+" with the "stable" outlook, as well as the long-term rating Aaa.ru. The short-term rating according to the national scale is RUS-1.

The international rating agency Fitch Ratings assigned to the Bank on September the 2nd, 2005 the following ratings: long-term "BBB-", short term "F3", the rating of support "2", the individual rating "D/E" and the national long-term rating "AA+(rus)". The outlook for the long-term and national long-term rating is "stable".

The assigned ratings of Russian Agricultural Bank enlarge its possibilities to successfully accomplish the tasks defined for it, enable it to reach a qualitatively new level in raising funds for the development of agricultural production and its re-equipment.

In addition, the assignment of the above-mentioned ratings to the Bank has allowed it to join the list of credit institutions, whose suretyships can collateralize semi-annual loans of the Bank of Russia.

An important achievement for the Bank in its international activity was the debut issuance of the five-year Eurobond in the amount of USD 250 mln. ABN AMRO and Dresdner Kleinwort Wasserstein were lead-managers and arrangers of the issue.

In the year under review the Bank concluded agreements on export finance with Banca Popolare di Vicenza (Italy), Banco Bilbao Vizcaya Argentaria (Spain), Rabobank (the Netherlands), Barclays Bank Plc (UK), Bankgesellschaft Berlin (Germany) and this allowed RAB to raise funds on bank-to-bank basis. The procedures of accrediting the Bank have been completed with such export credit agencies as US Eximbank, SESCE (Spain), EDC (Canada), Atradius (the Netherlands), EKN (Sweden), HERMES (Germany), Sinasure (China), ASHRA (Israel), KUKE (Poland), SACE (Italy), EGAP (Czech Republic), ECGD (UK). Recognition of the Bank as an acceptable participant in the financed transactions by these agencies will provide for a wider access to credit resources for Russian agricultural enterprises.

BANK AND THE REGIONS

The strategic direction of the Bank's development is the formation of its own network of offices in all agrarian regions of the country so as to provide the goods producers and the rural population with a comprehensive set of banking services.

Impressive results have been achieved in the development of the Bank's branch network on the regional level – it is represented by offices in 316 district centers and small towns.

The competence of the offices has been significantly expanded in order to improve the client service quality and for management decisions facilitation first and foremost with regard to the most demanded products such as loans.

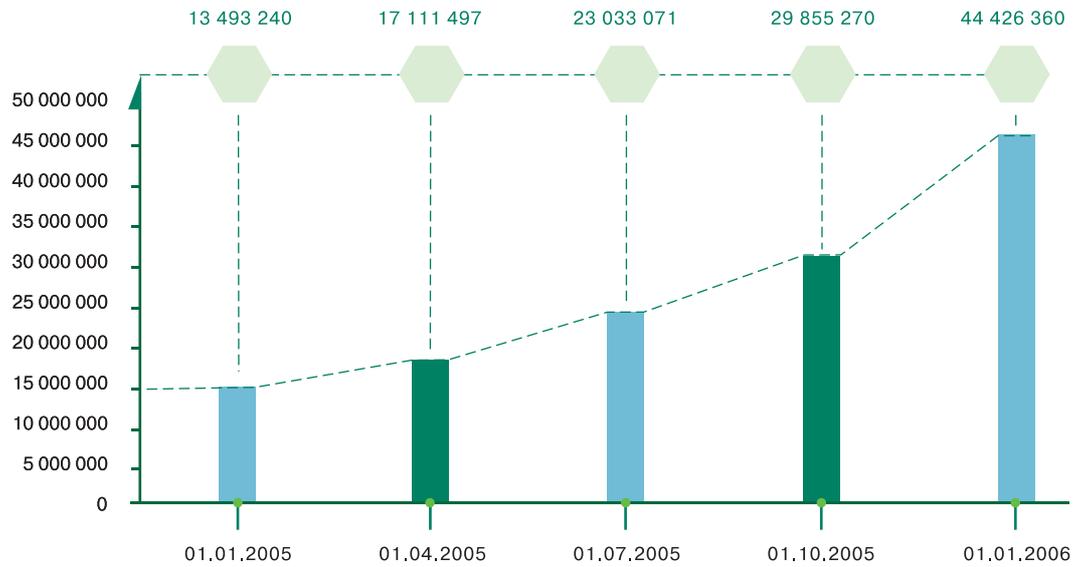
The Bank pays particular attention to the strengthening of official relations with the regional executive bodies. Within the framework of cooperation with the administrations at the republican, regional and area levels of the Russian Federation the Bank participates in financing of a number of regional programs. These programs are directed at the development of the economy of the regions, improvement of their investment attractiveness, modern infrastructure development and social climate consolidation.

General Cooperation Financial Support Agreements of the regional agri-business have been signed with the majority of the members of the Russian Federation.

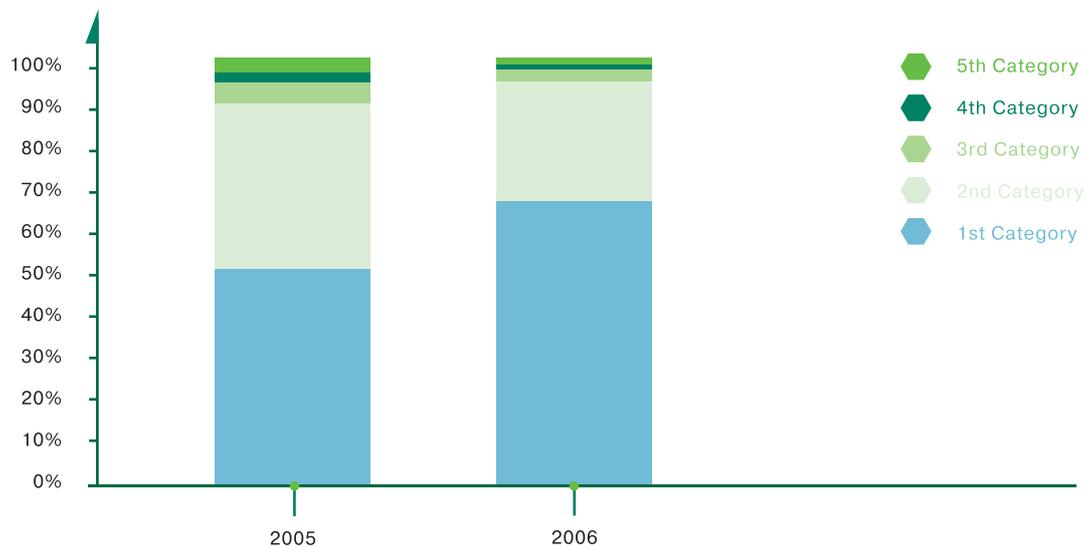


FINANCIAL HIGHLIGHTS

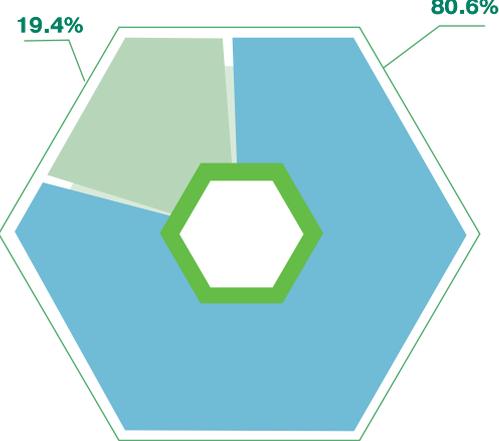
2005 LOAN PORTFOLIO DYNAMICS, thousand rubles



RISK CATEGORIES LOAN PORTFOLIO SPLIT



TENOR LOAN PORTFOLIO SPLIT

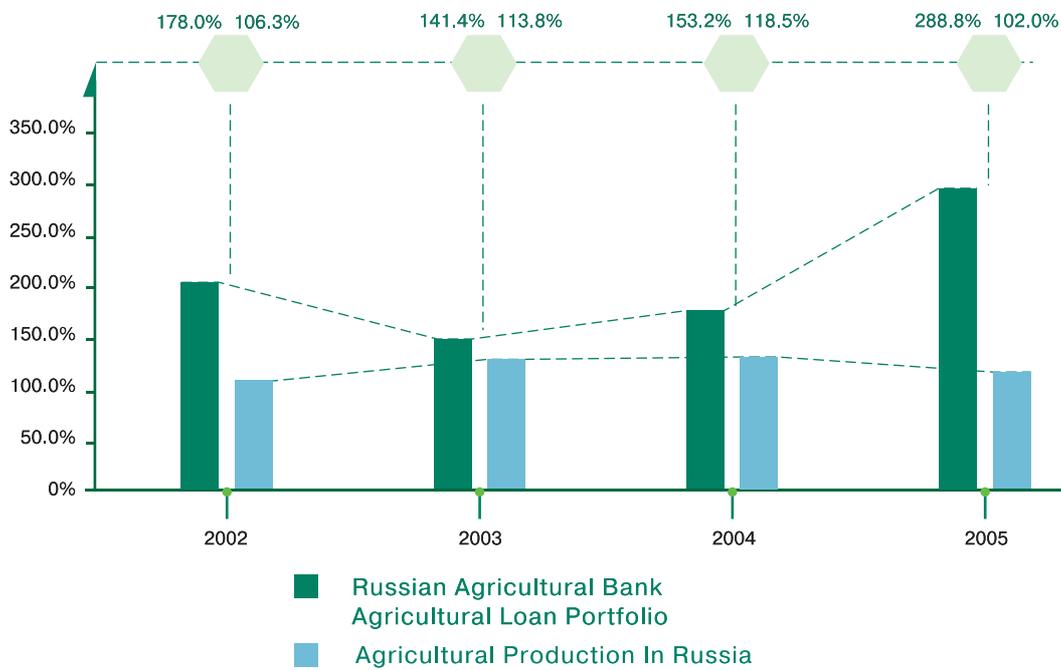


SHORT-TERM LOANS **80.6%**
MEDIUM-TERM LOANS **19.4%**

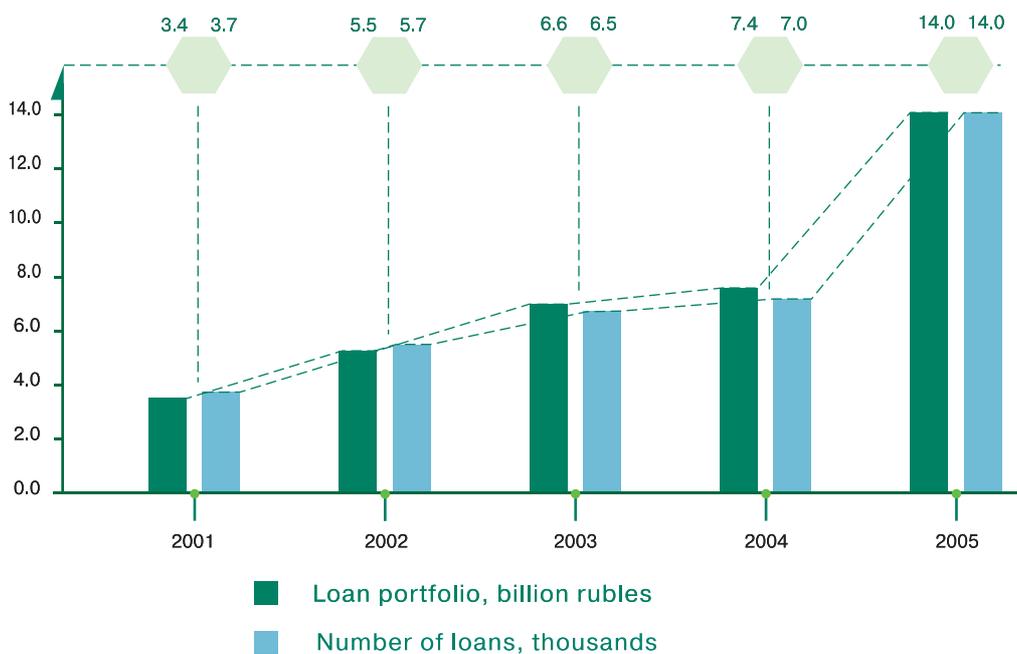




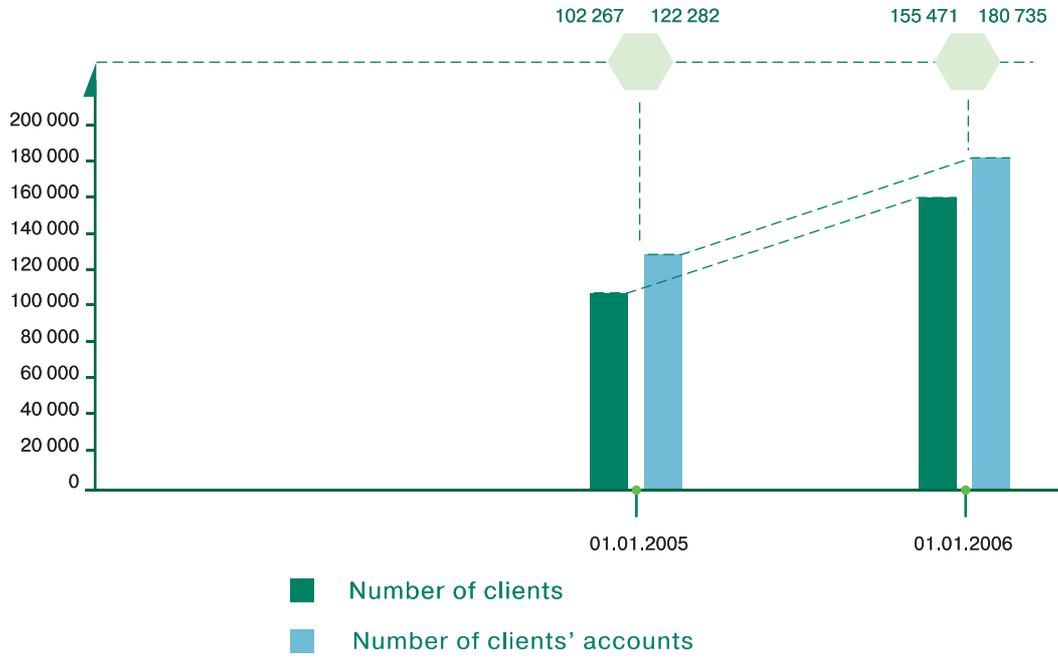
**AGRICULTURAL LOAN PORTFOLIO
AND AGRICULTURAL PRODUCTION IN 2004-2005**



**SMALL ENTERPRISES LOAN PORTFOLIO
IN 2004-2005**

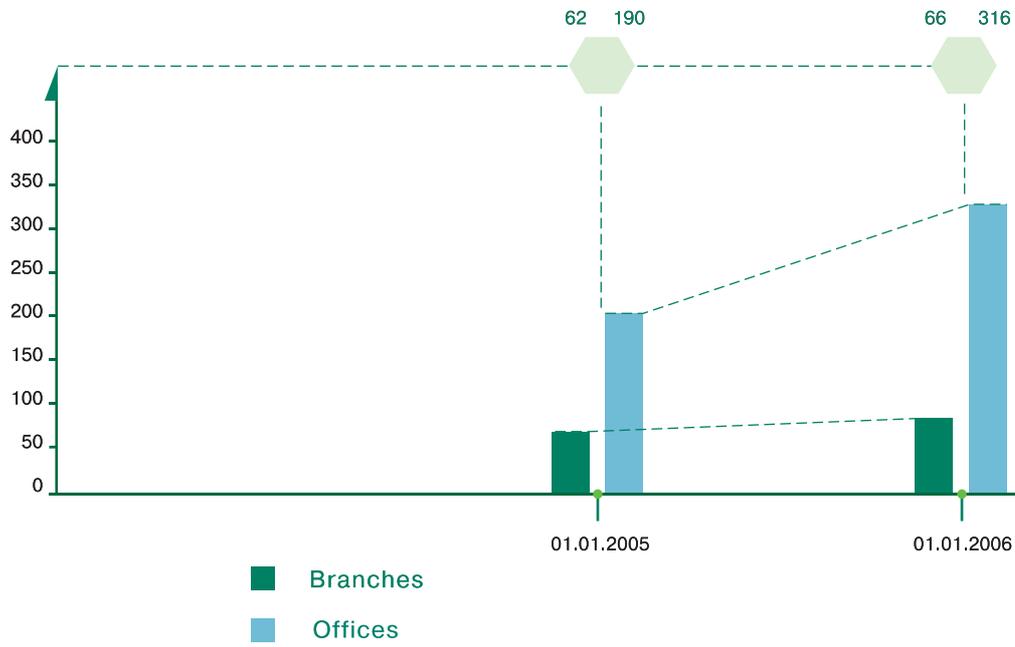


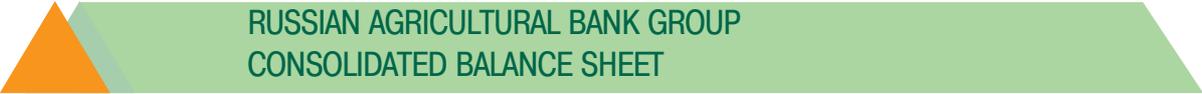
CLIENT BASE DYNAMICS





BRANCH NETWORK DYNAMICS IN 2004-2005





**RUSSIAN AGRICULTURAL BANK GROUP
CONSOLIDATED BALANCE SHEET**

In thousands of Russian Rubles	31 December 2005	31 December 2004
ASSETS		
Cash and cash equivalents	4 792 688	3 746 533
Mandatory cash balances with the Central Bank of the Russian Federation	484 714	235 991
Trading securities	4 523 052	2 672 572
Due from other banks	1 435 563	4 491 951
Loans and advances to customers	44 159 707	13 583 683
Deferred income tax asset	107 078	56 179
Intangible assets	67 643	59 516
Premises and equipment	1 313 533	307 028
Other assets	150 940	115 207
TOTAL ASSETS	57 034 918	25 268 660
LIABILITIES		
Due to other banks	6 691 641	1 103 726
Customer accounts	14 676 969	12 316 792
Debt securities in issue	16 803 012	6 810 835
Other borrowed funds	7 147 944	-
Other liabilities	518 495	30 957
Subordinated deposits	165 155	171 169
TOTAL LIABILITIES	46 003 216	20 433 479
EQUITY		
Share capital	11 519 833	5 398 833
Accumulated deficit	(488 568)	(564 031)
Net assets attributable to the Bank's equity holders	11 031 265	4 834 802
Minority interest	437	379
TOTAL EQUITY	11 031 702	4 835 181
TOTAL LIABILITIES AND EQUITY	57 034 918	25 268 660



RUSSIAN AGRICULTURAL BANK GROUP
CONSOLIDATED INCOME STATEMENT

In thousands of Russian Rubles	2005	2004
Interest income	4 878 881	2 316 493
Interest expense	(1 920 424)	(687 756)
Net interest income	2 958 457	1 628 737
Provision for loan impairment	(790 120)	(171 510)
Net interest income after provision for loan impairment	2 168 337	1 457 227
Gains less losses from trading securities	82 027	9 993
Gains less losses from trading in foreign currencies	16 931	26 890
Foreign exchange translation losses net of gains/gains less losses	(12 177)	12 694
Fee and commission income	366 528	291 673
Fee and commission expense	(17 003)	(11 765)
Recovery of provisions/(Provisions) for other assets and credit related commitments	59	(19 873)
Other operating income	52 951	33 062
Administrative and other operating expenses	(2 511 939)	(1 671 063)
Operating profit	145 714	128 838
Income tax expense	(55 566)	(46 034)
Profit for the year	90 148	82 804
Profit is attributable to		
Equity holders of the Bank	90 084	82 668
Minority interest	64	136
Profit for the year	90 148	82 804
Earnings per share for profit attributable to the equity holders of the Bank, basic and diluted	14	18

RUSSIAN AGRICULTURAL BANK GROUP CONSOLIDATED STATEMENTS OF CASH FLOWS

In thousands of Russian Rubles	Note	2005	2004
Cash flows from operating activities			
Interest received on loans		4 612 527	2 206 170
Interest received on securities		216 466	91 954
Interest paid on customer accounts and due to other banks		(872 857)	(269 375)
Interest paid on securities		(649 155)	(255 486)
Income received from trading in trading securities		76 199	(61)
Income received from trading in foreign currencies		21 285	25 174
Fees and commissions received		369 031	291 673
Fees and commissions paid		(19 506)	(11 765)
Other operating income received		52 540	27 691
Staff costs paid		(1 543 843)	(1 006 152)
Administrative and other operating expenses paid		(916 003)	(584 163)
Income tax paid		(151 238)	(24 016)
Cash flows from operating activities before changes in operating assets and liabilities		1 195 446	491 644
Changes in operating assets and liabilities			
Net (increase)/decrease in mandatory cash balances with the Central Bank of the Russian Federation		(248 723)	39 102
Net increase in trading securities		(1 787 024)	(1 276 001)
Net decrease/increase in due from other banks		3 126 297	(4 548 259)
Net increase in loans and advances to customers		(31 376 522)	(6 360 369)
Net decrease / (increase) in other assets		33 058	(44 842)
Net increase in due to other banks		5 545 437	549 011
Net increase in customer accounts		2 322 467	5 739 849
Net increase in debt securities in issue		9 882 483	2 521 725
Net (decrease)/increase in other liabilities		(934)	20 714
Net cash used in operating activities		(11 308 015)	(2 867 426)
Cash flows from investing activities			
Acquisition of premises and equipment		(1 080 225)	(119 043)
Proceeds from disposal of premises and equipment		3 902	1 909
Dividend income received		153	582
Acquisition of intangible assets		(34 345)	(19 525)
Net cash used in investing activities		(1 110 515)	(136 077)
Cash flows from financing activities			
(Repayment of) / Proceeds from bonds issued		(318 900)	3 000 000
Issue of ordinary shares		6 614 000	-
Proceeds from other borrowed funds		7 217 450	-
Repayment of subordinated deposits		(6 000)	(55 500)
Dividends paid		(14 627)	(10 693)
Net cash from financing activities		13 491 923	2 933 807
Effect of exchange rate changes on cash and cash equivalents		(27 238)	(4 122)
Net increase / (decrease) in cash and cash equivalents		1 046 155	(73 818)
Cash and cash equivalents at the beginning of the year		3 746 533	3 820 351
Cash and cash equivalents at the end of the year		4 792 688	3 746 533

RUSSIAN AGRICULTURAL BANK GROUP CONSOLIDATED
STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY

In thousands of Russian Rubles	Attributable to equity holders of the Bank			Minority interest	Total equity
	Share capital	Retained earnings	Total		
Balance at 31 December 2003	5 398 833	(636 006)	4 762 827	243	4 763 070
Profit for the year	-	82 668	82 668	136	82 804
Dividends declared	-	(10 693)	(10 693)	-	(10 693)
Balance at 31 December 2004	5 398 833	(564 031)	4 834 802	379	4 835 181
Profit for the year	-	90 084	90 084	64	90 148
Share issue	6 121 000	-	6 121 000	-	6 121 000
Dividends declared	-	(14 621)	(14 621)	-	(14 621)
Dividends paid to minority shareholders	-	-	-	(6)	(6)
Balance at 31 December 2005	11 519 833	(488 568)	11 031 265	437	11 031 702

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O.J.S.C. "ROSSELKHOZBANK"
Branch network





**BANKS-
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(main foreign currency
accounts)



CORRESPONDENT	CURRENCY	ACCOUNT No	SWIFT
JP Morgan Chase Bank, New York	USD	400-807408	CHAS US 33
COMMERZBANK, Frankfurt am Main	EUR	400886853100EUR	COBA DE FF
Ost-West Handelsbank AG, Frankfurt am Main	EUR USD GBP NOK	0104678396 0104678412 0104678420 0104678438	OWHB DE FF
DZ BANK, Frankfurt am Main	EUR USD	EUR 0000140450 USD 0001140450	GENO DE FF
Belagroprombank, Minsk	BYB	1702080840014	BAPBBY 2X

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