CREDIT BANK OF MOSCOW

Interim Condensed Consolidated
Financial Statements
for the six-month period
ended 30 June 2009

Contents

ZAO KPMG
Naberezhnaya Tower Complex, Block C
10 Presnenskaya Naberezhnaya
Moscow 123317
Russia

Telephone +7 (495) 937 4477
Fax +7 (495) 937 4400/99
Internet www.kpmg.ru

Independent Auditors' Report

To the Management of Credit Bank of Moscow (open joint-stock company).

Introduction

We have reviewed the accompanying consolidated interim condensed statement of financial position of Credit Bank of Moscow (open joint-stock company) (the "Bank") and its subsidiaries (the "Group") as at 30 June 2009 and the related consolidated interim condensed statements of comprehensive income, changes in shareholders' equity and cash flows for the six-month period then ended and a summary of selected explanatory notes (the consolidated interim condensed financial information). Management is responsible for the preparation and presentation of this consolidated interim condensed financial information in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this consolidated interim condensed financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of consolidated interim condensed financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the consolidated interim condensed financial information as at 30 June 2009 and for the six-month period then ended is not prepared, in all material respects, in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

Emphasis of Matter

Without qualifying our conclusion, we draw attention to the fact that the corresponding figures as at 31 December 2008 and for the six-month period ended 30 June 2008 are unreviewed.

ZAO KPMG

ZAO KPMG

30 September 2009

	Notes	30 June 2009 RUR'000 (Unaudited)	30 June 2008 RUR'000 (Unaudited)
Interest income	4	4,210,233	2,211,578
Interest expense	4	(2,468,817)	(1,212,955)
Net interest income	4	**1,741,416**	**998,623**
Provision for impairment		(947,505)	(76,482)
Net interest income after provision for impairment		**793,911**	**922,141**
Fee and commission income	5	476,593	387,833
Foreign exchange gains, net		146,829	142,939
Other operating income		65,178	294,978
Non-interest income		**688,600**	**825,750**
Securities losses, net		(29,073)	(1,535)
Salaries and employment benefits	6	(551,146)	(535,625)
Administrative expenses	6	(408,734)	(288,598)
Fee and commission expense		(34,317)	(28,164)
Depreciation	13	(52,486)	(31,145)
State deposit insurance scheme contributions		(32,818)	(23,218)
Other operating expenses		(38,530)	(50,923)
Non-interest expense		**(1,147,104)**	**(959,208)**
Income before income taxes		**335,407**	**788,683**
Income tax	7	(66,844)	(190,265)
Net income		**268,563**	**598,418**
Unrealized gain on available-for-sale securities (net of tax effect of RUR 58,182 thousand)		232,726	-
Other comprehensive income, net of tax		**232,726**	-
Comprehensive income		**501,289**	**598,418**

Signed on behalf of the Executive Management Board

Alexander N. Nikolashin	Chairman of the Board
Svetlana V. Sass	Chief Accountant

The interim condensed consolidated statement of comprehensive income is to be read in conjunction with the notes to, and forming part of, the interim condensed consolidated financial statements.

	Notes	30 June 2009 RUR'000 (Unaudited)	31 December 2008 RUR'000
ASSETS			
Cash and due from the Central Bank of the Russian Federation	8	2,353,972	6,156,493
Due from credit institutions	9	5,324,588	4,555,729
Financial instruments at fair value through profit or loss	10	2,699,756	-
Available-for-sale securities	11	7,028,242	7,582,347
Loans to customers	12	42,364,294	39,839,113
Property and equipment	13	1,879,239	1,886,608
Other assets	14	1,164,191	427,881
Total assets		**62,814,282**	**60,448,171**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Deposits by the Central Bank of the Russian Federation	15	6,095,820	10,104,195
Deposits by credit institutions	15	8,616,192	13,305,859
Deposits by customers	16	28,394,200	23,684,669
Debt securities issued	17	9,207,414	6,327,313
Income tax liability	7	211,055	236,079
Other liabilities	18	400,817	402,561
Total liabilities		**52,925,498**	**54,060,676**
Shareholders' equity			
Share capital	19	7,138,088	4,138,088
Additional paid-in capital		162,686	162,686
Revaluation reserve for available-for-sale assets		182,955	(49,771)
Retained earnings		2,405,055	2,136,492
Total shareholders' equity		**9,888,784**	**6,387,495**
Total liabilities and shareholders' equity		**62,814,282**	**60,448,171**

Commitments and Contingencies	20

The interim condensed consolidated statement of financial position is to be read in conjunction with the notes to, and forming part of, the interim condensed consolidated financial statements.

	30 June 2009 RUR'000 (Unaudited)	30 June 2008 RUR'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	268,563	598,418
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for impairment	947,505	76,482
Depreciation	52,486	31,145
Deferred taxes	(93,287)	113,599
Revaluation of financial instruments at fair value through profit or loss	(6,130)	36,946
Accrued interest income	(434,989)	(113,031)
Accrued interest expense	608,814	373,412
Sale of premises	-	(256,066)
Other	55,798	15,750
Operating cash flow before changes in operating assets and liabilities	**1,398,760**	**876,655**
(Increase)/decrease in operating assets		
Obligatory reserve deposits with the Central Bank of the Russian Federation	(72,324)	(193,126)
Due from credit institutions	(378,267)	14,731
Financial instruments at fair value through profit or loss	(2,693,626)	(684,604)
Loans to customers	(4,254,591)	(7,318,905)
Other assets	23,718	(30,147)
Increase/(decrease) in operating liabilities		
Deposits by credit institutions and the Central Bank of the Russian Federation	(8,311,974)	(1,744,883)
Deposits by customers	4,799,964	2,880,673
Debt securities issued	2,474,473	1,303,786
Other liabilities	(24,931)	315,675
Net cash from operations	**(7,038,798)**	**(4,580,145)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Net purchase of available-for-sale securities	797,279	-
Net purchase of property and equipment and intangible assets	(37,233)	32,223
Net cash from investing activities	**760,046**	**32,223**

The interim condensed consolidated statement of cash flows is to be read in conjunction with the notes to, and forming part of, the interim condensed consolidated financial statements.

		30 June 2009 RUR'000 (Unaudited)	30 June 2008 RUR'000 (Unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES			
Issuance of common stock		3,000,000	-
Net cash from financing activities		**3,000,000**	**-**
Effect of exchange rates changes on cash and cash equivalents		(207,982)	**30,583**
Change in cash and cash equivalents		**(3,486,734)**	**(4,517,339)**
Cash and cash equivalents, beginning of the period	22	10,355,387	9,512,498
Cash and cash equivalents, end of the period	22	**6,868,653**	**4,995,159**

The interim condensed consolidated statement of cash flows is to be read in conjunction with the notes to, and forming part of, the interim condensed consolidated financial statements.

	Common stock RUR'000	**Additional paid-in capital RUR'000**	**Revaluation reserve for available-for-sale assets RUR'000**	**Retained earnings RUR'000**	**Total stockholders' equity RUR'000**
31 December 2007	**4,138,088**	**162,686**	**-**	**1,122,747**	**5,423,521**
Comprehensive income (unaudited)	-	-	-	598,418	598,418
30 June 2008 (unaudited)	**4,138,088**	**162,686**	**-**	**1,721,165**	**6,021,939**
31 December 2008	**4,138,088**	**162,686**	**(49,771)**	**2,136,492**	**6,387,495**
Shares issued	3,000,000	-	-	-	3,000,000
Comprehensive income (unaudited)	-	-	232,726	268,563	501,289
30 June 2009 (unaudited)	**7,138,088**	**162,686**	**182,955**	**2,405,055**	**9,888,784**

The interim condensed consolidated statement of changes in shareholders' equity is to be read in conjunction with the notes to, and forming part of, the interim condensed consolidated financial statements.

1 Background

Principal activities

These interim condensed consolidated financial statements include the financial statements of CREDIT BANK OF MOSCOW (the "Bank") and its subsidiaries (together referred to as the "Group").

CREDIT BANK OF MOSCOW was formed on 5 August 1992 as an open joint stock company, then re-registered as a closed joint stock company under the legislation of the Russian Federation. On 18 August 1999 the Bank was reorganized as an open joint stock company. The Bank's registered legal address is 2 (bldg. 1) Lukov pereulok, Moscow, Russia. The Bank operates under a general banking license from the Central Bank of the Russian Federation, granted on 20 January 2000.

The principal subsidiaries of the Banking Group are as follows:

Name	Date of incorporation	Country of incorporation	Principal Activities	Degree of control, %	
				30 June 2009	31 December 2008
CBOM Finance p.l.c.	17 Aug 2006	Ireland	Raising finance	100%	100%
MKB-Invest	4 June 2007	Russia	Operations with securities	100%	100%
MKB-Leasing	20 Sep 2005	Russia	Financial lease	100%	100%
M-leasing	28 May 2007	Russia	Financial lease	100%	100%
MK-leasing	07 May 2008	Russia	Financial lease	100%	100%

The Bank does not have any direct or indirect shareholdings in the subsidiaries noted above. However CBOM Finance p.l.c. was established under the terms that impose strict limits on the decision-making powers of their management. MKB-Invest, MKB-Leasing, M-leasing and MK-leasing are controlled by the Group through option agreements. MK-Leasing was not consolidated as the effect of consolidation is not material.

Shareholders

The Group is wholly-owned by Concern Rossium (the "Shareholder Group"). The sole shareholder of Concern Rossium is Roman I. Avdeev, who is also the President and member of the Supervisory Board of the Bank. The members of the Supervisory Board are as follows:

Supervisory Board	
Sandy Vaci	Chairman
Richard Damien Glasspool	Member
Roman I. Avdeev	Member
Alexander N. Nikolashin	Member
Irina N. Nartova	Member

Related party transactions are detailed in Note 21.

Russian business environment

The Russian Federation has been experiencing political and economic change that has affected, and may continue to affect, the activities of enterprises operating in this environment. Consequently, operations in the Russian Federation involve risks that typically do not exist in other markets. In addition, the recent contraction in the capital and credit markets has further increased the level of economic uncertainty in the environment. The financial statements reflect management' s assessment of the impact of the Russian business environment on the operations and the financial position of the Group. The future business environment may differ from management's assessment.

2 Basis of preparation

Statement of compliance

The accompanying consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

Basis of measurement

The consolidated financial statements are prepared on the historical cost basis except that financial instruments at fair value through profit or loss and available-for-sale assets are stated at fair value.

Functional and presentation currency

The national currency of the Russian Federation is the Russian Rouble ("RUR"). Management has determined the Bank's functional currency to be the RUR as it reflects the economic substance of the underlying events and circumstances of the Bank. The RUR is also the Bank's presentation currency for the purposes of these consolidated financial statements.

Financial information presented in RUR has been rounded to the nearest thousand.

Use of estimates and judgments

Management has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these consolidated financial statements in conformity with IFRS. Actual results could differ from those estimates.

3 Significant accounting policies

The following significant accounting policies have been applied in the preparation of the consolidated financial statements. The accounting policies have been consistently applied changes in accounting policies described at the end of this Note.

Basis of consolidation

Subsidiaries

Subsidiaries are those enterprises controlled by the Bank. Control exists when the Bank has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases.

Special purpose entities

The Bank has established a number of special purpose entities (SPE's) for trading and investment purposes. The Bank does not have any direct or indirect shareholdings in these entities. However, the SPE's are established under terms that impose strict limits on the decision-making powers of the SPE's management over the operations of the SPE. In addition, the benefits related to their operations and net assets are presently attributable to the Bank via a number of agreements.

Foreign currency transactions

Transactions in foreign currencies are translated to the appropriate functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated to the functional currency at the foreign exchange rate ruling at the date of the transaction. Non-monetary assets and liabilities that are stated at fair value and whose appraised value is denominated in foreign currencies are translated to the functional currency at the foreign exchange rate ruling at the dates the fair values were determined. Foreign exchange differences arising on translation are recognised in the consolidated income statement.

Inflation accounting

The Russian Federation ceased to be hyperinflationary with effect from 1 January 2003 and accordingly no adjustments for hyperinflation have been made for periods subsequent to this date. The hyperinflation-adjusted carrying amounts of the Bank's assets, liabilities and equity items as at 31 December 2002 became their carrying amounts as at 1 January 2003 for the purpose of subsequent accounting.

Cash and cash equivalents

The Bank considers cash and nostro accounts with the Central Bank of the Russian Federation, due from credit institutions with maturity of less than 1 month to be cash and cash equivalents. The minimum reserve deposit with the Central Bank of the Russian Federation is not considered to be a cash equivalent due to restrictions on its withdrawability.

Financial instruments

Classification

Financial instruments at fair value through profit or loss are financial assets or liabilities that are:

- acquired or incurred principally for the purpose of selling or repurchasing in the near term;

- part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking;

- derivative financial instruments (except for derivative financial instruments that are designated and effective hedging instruments); or,

- upon initial recognition, designated by the Bank as at fair value through profit or loss.

The Bank designates financial assets and liabilities at fair value through profit or loss where either:

- the assets or liabilities are managed and evaluated on a fair value basis;

- the designation eliminates or significantly reduces an accounting mismatch which would otherwise arise; or

- the asset or liability contains an embedded derivative that significantly modifies the cash flows that would otherwise be required under the contract.

All trading derivatives in a net receivable position (positive fair value), as well as options purchased, are reported assets. All trading derivatives in a net payable position (negative fair value), as well as options written, are reported liabilities.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those that:

- the Bank intends to sell immediately or in the near term;

- the Bank upon initial recognition designates as at fair value through profit or loss;

- the Bank upon initial recognition designates as available-for-sale; or

- the Bank may not recover substantially all of its initial investment, other than because of credit deterioration.

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Bank has the positive intention and ability to hold to maturity, other than those that:

- the Bank upon initial recognition designates as at fair value through profit or loss;

- the Bank designates as available-for-sale; or

- meet the definition of loans and receivables.

Available-for-sale assets are those financial assets that are designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investments or financial instruments at fair value through profit or loss.

Management determines the appropriate classification of financial instruments at the time of initial recognition.

Recognition

Financial assets and liabilities are recognized in the statement of financial position when the Bank becomes a party to the contractual provisions of the instrument. All regular way purchases of financial assets are accounted for at the settlement date.

Measurement

A financial asset or liability is initially measured at its fair value plus, in the case of a financial asset or liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or liability.

Subsequent to initial recognition, financial assets, including derivatives that are assets, are measured at their fair values, without any deduction for transaction costs that may be incurred on sale or other disposal, except for:

- loans and receivables which are measured at amortized cost using the effective interest method;

- held-to-maturity investments which are measured at amortized cost using the effective interest method; and

- investments in equity instruments that do not have a quoted market price in an active market and whose fair value can not be reliably measured which are measured at cost.

All financial liabilities, other than those designated at fair value through profit or loss and financial liabilities that arise when a transfer of a financial asset carried at fair value does not qualify for derecognition, are measured at amortized cost. Amortized cost is calculated using the effective interest rate method. Premiums and discounts, including initial transaction costs, are included in the carrying amount of the related instrument and amortized based on the effective interest rate of the instrument. Where a valuation based on observable market data indicates a fair value gain or loss on initial recognition of an asset or liability, the gain or loss is recognised immediately in the consolidated statement of comprehensive income. Where an initial gain or loss is not based entirely on observable market data, it is deferred and recognised over the life of the asset or liability on an appropriate basis, or when prices become observable, or on disposal of the asset or liability.

Fair value measurement principles

The fair value of financial instruments is based on their quoted market price at the balance sheet date without any deduction for transaction costs. If a quoted market price is not available, the fair value of the instrument is estimated using pricing models or discounted cash flow techniques.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is a market related rate at the balance sheet date for an instrument with similar terms and conditions. Where pricing models are used, inputs are based on market related measures at the balance sheet date.

The fair value of derivatives that are not exchange-traded is estimated at the amount that the Bank would receive or pay to terminate the contract at the balance sheet date taking into account current market conditions and the current creditworthiness of the counterparties.

Gains and losses on subsequent measurement

A gain or loss arising from a change in the fair value of a financial asset or liability is recognized as follows:

- a gain or loss on a financial instrument classified as at fair value through profit or loss is recognized in the consolidated statement of comprehensive income;

- a gain or loss on an available-for-sale financial asset is recognized directly in equity through the consolidated statement of changes in shareholders' equity (except for impairment losses and foreign exchange gains and losses) until the asset is derecognized, at which time the cumulative gain or loss previously recognised in equity is recognized in the consolidated statement of comprehensive income. Interest in relation to an available-for-sale financial asset is recognized as earned in the consolidated statement of comprehensive income calculated using the effective interest method.

For financial assets and liabilities carried at amortized cost, a gain or loss is recognized in the consolidated statement of comprehensive income when the financial asset or liability is derecognized or impaired, and through the amortization process.

Derecognition

A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire or when the Bank transfers substantially all the risks and rewards of ownership of the financial asset. Any rights or obligations created or retained in the transfer are recognized separately as assets or liabilities. A financial liability is derecognised when it is extinguished.

The Bank also derecognises certain assets when it writes off balances pertaining to the assets deemed to be uncollectible.

Repurchase and reverse repurchase agreements

Securities sold under sale and repurchase (“repo”) agreements are accounted for as secured financing transactions, with the securities retained in the statement of financial position and the counterparty liability included in amounts payable under repo transactions. The difference between the sale and repurchase prices represents interest expense and is recognized in the consolidated statement of comprehensive income over the term of the repo agreement using the effective interest rate method.

Securities purchased under agreements to resell (“reverse repo”) are recorded as amounts receivable under reverse repo transactions. The difference between the purchase and resale prices represents interest income and is recognized in the consolidated statement of comprehensive income over the term of the repo agreement using the effective interest rate method.

If assets purchased under agreement to resell are sold to third parties, the obligation to return securities is recorded as a trading liability and measured at fair value.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Property and equipment

Owned assets

Items of property and equipment are stated at cost less accumulated depreciation and impairment losses.

Where an item of property and equipment comprises major components having different useful lives, they are accounted for as separate items of property and equipment.

Leased assets

Leases under which the Bank assumes substantially all the risks and rewards of ownership are classified as finance leases. Equipment acquired by way of finance lease is stated at the amount equal to the lower of its fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses.

Depreciation

Depreciation is charged to the consolidated statement of comprehensive income on a straight-line basis over the estimated useful lives of the individual assets. Depreciation commences on the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and ready for use. Land is not depreciated. The estimated useful lives are as follows:

	Years
Buildings	50
Furniture and other property	6
Computers and office equipment	4
Vehicles	5

Intangible assets

Intangible assets, which are acquired by the Bank, are stated at cost less accumulated amortisation and impairment losses.

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Financial assets carried at amortized cost

Financial assets carried at amortized cost consist principally of loans, other receivables and unquoted available-for-sale debt securities (“loans and receivables”). The Bank reviews its loans and receivables, to assess impairment on a regular basis. A loan or receivable is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the loan or receivable and that event (or events) has had an impact on the estimated future cash flows of the loan that can be reliably estimated.

Objective evidence that financial assets are impaired can include default or delinquency by a borrower, breach of loan covenants or conditions, restructuring of a loan or advance by the Bank on terms that the Bank would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, deterioration in the value of collateral, or other observable data relating to a group of assets such as adverse changes in the payment status of borrowers in the group, or economic conditions that correlate with defaults in the group.

The Bank first assesses whether objective evidence of impairment exists individually for loans and receivables that are individually significant, and individually or collectively for loans and receivables that are not individually significant. If the Bank determines that no objective evidence of impairment exists for an individually assessed loan or receivable, whether significant or not, it includes the loan in a group of loans and receivables with similar credit risk characteristics and collectively assesses them for impairment. Loans and receivables that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on a loan or receivable has been incurred, the amount of the loss is measured as the difference between the carrying amount of the loan or receivable and the present value of estimated future cash flows including amounts recoverable from guarantees and collateral discounted at the loan or receivable’s original effective interest rate. Contractual cash flows and historical loss experience adjusted on the basis of relevant observable data that reflect current economic conditions provide the basis for estimating expected cash flows.

In some cases the observable data required to estimate the amount of an impairment loss on a loan or receivable may be limited or no longer fully relevant to current circumstances. This may be the case when a borrower is in financial difficulties and there is little available historical data relating to similar borrowers. In such cases, the Bank uses its experience and judgement to estimate the amount of any impairment loss.

All impairment losses in respect of loans and receivables are recognized in the consolidated statement of comprehensive income and are only reversed if a subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

When a loan is uncollectable, it is written off against the related allowance for loan impairment. The Bank writes off a loan balance (and any related allowances for loan losses) when the Bank’s management determines that the loans are uncollectible and when all necessary steps to collect the loan are completed.

Financial assets carried at cost

Financial assets carried at cost include unquoted equity instruments included in available-for-sale assets that are not carried at fair value because their fair value can not be reliably measured. If there is objective evidence that such investments are impaired, the impairment loss is calculated as the difference between the carrying amount of the investment and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset.

All impairment losses in respect of these investments are recognized in the consolidated statement of comprehensive income and can not be reversed.

Non financial assets

Other non financial assets, other than deferred taxes, are assessed at each reporting date for any indications of impairment. The recoverable amount of non financial assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs. An impairment loss is recognised when the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

All impairment losses in respect of non financial assets are recognized in the consolidated statement of comprehensive income and reversed only if there has been a change in the estimates used to determine the recoverable amount. Any impairment loss reversed is only reversed to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Provisions

A provision is recognised in the statement of financial position when the Bank has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for restructuring is recognised when the Bank has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating costs are not provided for.

Credit related commitments

In the normal course of business, the Bank enters into credit related commitments, comprising undrawn loan commitments, letters of credit and guarantees, and provides other forms of credit insurance.

Financial guarantees are contracts that require the Bank to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

A financial guarantee liability is recognised initially at fair value net of associated transaction costs, and is measured subsequently at the higher of the amount initially recognised less cumulative amortisation or the amount of provision for losses under the guarantee. Provisions for losses under financial guarantees and other credit related commitments are recognised when losses are considered probable and can be measured reliably.

Financial guarantee liabilities and provisions for other credit related commitment are included within other liabilities.

Share capital

Repurchase of share capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a decrease in equity.

Dividends

The ability of the Bank to declare and pay dividends is subject to the rules and regulations of the Russian legislation.

Dividends in relation to ordinary shares are reflected as an appropriation of retained earnings in the period when they are declared.

Taxation

Income tax comprises current and deferred tax. Income tax is recognised in the consolidated statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit and temporary differences related to investments in subsidiaries and associates where the parent is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences, unused tax losses and credits can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Income and expense recognition

With the exception of financial assets held for trading and other financial instruments at fair value through profit or loss, interest income and expense are recognised in the consolidated statement of comprehensive income using the effective interest method. Interest income on financial assets held for trading and on other financial instruments at fair value through profit or loss comprises coupon interest only.

Accrued discounts and premiums on financial instruments at fair value through profit or loss are recognised in gains less losses from financial instruments at fair value through profit or loss, respectively.

Loan origination fees, loan servicing fees and other fees that are considered to be integral to the overall profitability of a loan, together with the related direct costs, are deferred and amortized to the interest income over the estimated life of the financial instrument using the effective interest rate method.

Other fees, commissions and other income and expense items are recognised when the corresponding service has been provided.

Dividend income is recognised in the consolidated statement of comprehensive income on the date that the dividend is declared.

New Standards and Interpretations not yet adopted

- Amended IAS 27 *Consolidated and Separate Financial Statements* (2008) requires accounting for changes in ownership interests by the Group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the Group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The amendments to IAS 27, which become mandatory for the Group's 2010 consolidated financial statements, are not expected to have a significant impact on the consolidated financial statements.

- Amendment to IAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items* clarifies how the principles that determine whether a hedged risk or portion of cash flows is eligible for designation should be applied in particular situations. The amendment, which becomes mandatory for the Group's 2010 consolidated financial statements, with retrospective application required, is not expected to have any impact on the consolidated financial statements.

- Amendment to IFRS 2 *Share-based Payment – Group Cash-settled Share-based Payment Transactions* which clarifies that the entity receiving goods or services in a share-based payment transaction that is settled by any other entity in the group or any shareholder of such an entity in cash or other assets is required to recognise the goods or services received in its financial statements. Amendment will come into effect on 1 January 2010. The amendment is not expected to have any impact on the Group's consolidated financial statements.

- Revised IFRS 3 *Business Combinations* (2008) and amended IAS 27 (2008) *Consolidated and Separate Financial Statements*, which will came into effect on 1 July 2009 (i.e. become mandatory for the Group's 2010 consolidated financial statements). The revisions address, among others, accounting for step acquisitions, require acquisition-related costs to be recognised as expenses and remove the exception for changes in contingent consideration to be accounted by adjusting goodwill. The revisions also address how non-controlling interests in subsidiaries should be measured upon acquisition and require to recognise the effects of transactions with non-controlling interest directly in equity. The amendment is not expected to have any impact on the Group's consolidated financial statements

- Amendments to IFRS 5 *Non-current Assets held for Sale and Discontinued Operations* which came into effect for annual periods beginning on or after 1 July 2009. The amendment clarifies the classification of assets and liabilities on disposal of a subsidiary. The amendment is not expected to have an impact on Group's consolidated financial statements.

- Amendments to IFRIC 9 *Reassessment of Embedded Derivatives* and IAS 39 *Financial Instruments: Recognition and Measurement* clarify the separation criteria for embedded derivatives on reclassification of a hybrid instrument out of the fair value through profit or loss category. The amendment became effective for annual periods beginning on or after 1 July 2009 and is not expected to have any effect on the consolidated financial statements.

- IFRIC 17 *Distributions of Non-cash Assets to Owners* addresses the accounting for non-cash dividend distributions to owners. The interpretation clarifies when and how the non-cash dividend should be recognised and how the difference between the dividend paid and the carrying amount of the net assets distributed should be recognised. IFRIC 17 became effective for annual periods beginning on or after 1 July 2009. The amendment is not expected to have any impact on the Group's consolidated financial statements.
- IFRIC 18 *Transfers of Assets from Customers* applies to the accounting for transfers of items of property, plant and equipment by entities that receive such transfers from their customers. The interpretation clarifies the recognition and measurement of items received, how the resulting credit, as well as a transfer of cash from customers should be accounted for. IFRIC 18 is applied prospectively to transfers of assets from customers received on or after 1 July 2009. The amendment is not expected to have any impact on the Group's consolidated financial statements.
- Various *Improvements to IFRSs* have been dealt with on a standard-by-standard basis. All amendments which result in accounting changes for presentation, recognition or measurement purposes, came into effect not earlier than 1 July 2009. The Group has not yet analysed the likely impact of the improvements on its financial position or performance.

4 Net interest income

Net interest income comprises:

	30 June 2009 RUR'000 (unaudited)	**30 June 2008 RUR'000 (unaudited)**
Interest income		
Loans to customers	3,629,564	2,007,104
Debt securities	515,035	127,018
Due from credit institutions and the Central Bank of the Russian Federation	65,634	77,456
	4,210,233	**2,211,578**
Interest expense		
Deposits by customers	(1,048,699)	(452,143)
Deposits by credit institutions and the Central Bank of the Russian Federation	(871,328)	(367,598)
Debt securities issued	(548,790)	(393,214)
	(2,468,817)	**(1,212,955)**
Net interest income	**1,741,416**	**998,623**

5 Fee and commission income

	30 June 2009 RUR'000 (unaudited)	30 June 2008 RUR'000 (unaudited)
Cash collection/delivery	205,088	173,889
Settlements and wire transfers	129,606	116,445
Guarantees and letters of credit	63,591	29,886
Other cash operations	30,006	31,076
Plastic cards	26,646	26,928
Other	21,656	9,609
Fee and commission income	**476,593**	**387,833**

6 Salaries, employment benefits and administrative expenses

	30 June 2009 RUR'000 (unaudited)	30 June 2008 RUR'000 (unaudited)
Salaries	441,339	428,744
Social security costs	101,815	91,375
Other	7,992	15,506
Salaries and employment benefits	**551,146**	**535,625**
Occupancy	107,528	92,359
Advertising and business development	95,601	46,579
Security	63,075	41,701
Operating taxes	62,746	43,632
Communications	26,043	18,794
Transport	12,621	12,161
Other	41,120	33,372
Administrative expenses	**408,734**	**288,598**

The Group does not have pension arrangements separate from the State pension system of the Russian Federation. The Russian Federation system requires current contributions by the employer calculated as a percentage of current gross salary payments; such expense is charged to the statement of comprehensive income in the period the related compensation is earned by the employee. The Group does not have any stock option plans.

7 Income tax

The income tax expense comprises:

	30 June 2009 RUR'000 (unaudited)	30 June 2008 RUR'000 (unaudited)
Current tax charge	160,131	76,666
Deferred taxation	(93,287)	113,599
Income tax expense	**66,844**	**190,265**

Russian legal entities must report taxable income and remit income taxes thereon to the appropriate authorities. The current year income tax rate for the Bank is 20% (2008: 24%).

	30 June 2009 RUR'000 (unaudited)	30 June 2008 RUR'000 (unaudited)
Income before tax	335,407	788,683
Applicable statutory tax rate	20%	24%
Income tax using the applicable tax rate	67,081	189,284
Income taxed at lower rate	(2,504)	(2,658)
Net non-deductible costs/(non taxable income)	2,267	3,639
Income tax expense	**66,844**	**190,265**

The effective income tax rate differs from the statutory income tax rates. A reconciliation of the provision for income taxes based on statutory rates with the actual provision for income taxes follows:

	30 June 2009 RUR'000 (unaudited)	31 December 2008 RUR'000
Current tax liability	12,362	2,281
Deferred tax liability	198,693	233,798
Income tax liability	**211,055**	**236,079**

8 Cash and due from the Central Bank of the Russian Federation

Cash and due from the Central Bank of the Russian Federation comprise:

	30 June 2009 RUR'000 (unaudited)	31 December 2008 RUR'000
Cash on hand	1,818,578	2,039,477
Correspondent account with the Central Bank of the Russian Federation	406,235	4,060,181
Obligatory reserve deposits with the Central Bank of the Russian Federation	129,159	56,835
Cash and due from the Central Bank of the Russian Federation	**2,353,972**	**6,156,493**

The obligatory reserve deposits are mandatory non-interest bearing deposits calculated in accordance with regulations issued by the Central Bank of the Russian Federation, the withdrawal of which is restricted. The correspondent account with the Central Bank of the Russian Federation represents balances held with the Central Bank of the Russian Federation related to settlement activity, and was available for withdrawal at period end.

Information about the currency and maturity profiles of cash and due from the Central Bank of the Russian Federation is presented in Note 24 to these interim condensed consolidated financial statements.

9 Due from credit institutions

Due from credit institutions comprise:

	30 June 2009 RUR'000 (unaudited)	31 December 2008 RUR'000
Current accounts	2,642,533	2,571,985
Term deposits	2,682,055	1,983,744
Due from credit institutions	**5,324,588**	**4,555,729**

Information about the currency and maturity profiles and effective interest rates on amounts due from credit institutions is presented in Note 24 to these interim condensed consolidated financial statements.

Concentrations of the placements with banks and other financial institutions

As at 30 June 2009 the Group had three counterparties (31 December 2008: two) whose deposits' balance exceeded 10% of the Due from credit institutions. The gross value of these facilities as at 30 June 2009 was RUR 3,126,037 thousand (31 December 2008: 2,545,121).

10 Financial instruments at fair value through profit or loss

Financial instruments at fair value through profit or loss, consist of the following:

	30 June 2009 RUR'000 (unaudited)	31 December 2008 RUR'000
Publicly traded debt securities		
Corporate notes and bonds	2,308,243	-
Russian Government debt securities	154,800	-
Municipal bonds	236,713	-
Financial instruments at fair value through profit or loss	**2,699,756**	**-**

11 Available-for-sale securities

Available-for-sale securities, at fair value, consist of the following:

	30 June 2009 RUR'000 (unaudited)	31 December 2008 RUR'000
Publicly traded debt securities		
Corporate notes and bonds	5,041,440	5,944,815
Russian Government debt securities	1,320,649	925,639
Municipal state bonds	625,024	660,000
Publicly traded equity securities	41,129	51,893
	7,028,242	**7,582,347**

12 Loans to customers

	30 June 2009 RUR'000 (unaudited)	31 December 2008 RUR'000
Commercial loans		
Loans to large corporates	32,751,957	29,407,267
Loans to small and medium size companies	2,127,932	2,000,672
Total commercial loans	**34,879,889**	**31,407,939**
Loans to individuals		
Auto loans	1,923,062	2,363,177
Mortgage loans	5,107,956	5,025,356
Other loans to individuals	1,779,717	1,548,781
Total loans to individuals	**8,810,735**	**8,937,314**
Gross loans to customers	**43,690,624**	**40,345,253**
Impairment allowance	(1,326,330)	(506,140)
Net loans to customers	**42,364,294**	**39,839,113**

During the period ended 30 June 2009 the Group renegotiated loans that would otherwise be past due or impaired of RUR 827,147 thousand (31 December 2008: RUR 460,149 thousand). Such restructuring activity is aimed at managing customer relationships and maximing collection opportunities.

Movements in the loan impairment allowance for the six-month period ended 30 June 2009 and 2008 are as follows:

	30 June 2009 RUR'000 (unaudited)	30 June 2008 RUR'000 (unaudited)
Balance at the beginning of the period	506,140	220,053
Net charge for the period	849,677	73,770
Net write-offs for the period	(29,487)	(122,869)
Balance at the end of the period	**1,326,330**	**170,954**

As at 30 June 2009, interest accrued on overdue loans net of impairment allowance amounted to RUR 63,306 thousand (31 December 2008: RUR 38,361 thousand).

Credit quality of commercial loan portfolio

The following table provides information on the credit quality of the commercial loan portfolio as at 30 June 2009:

	Gross loans	Impairment	Net loans	Impairment to gross loans
	RUR'000	RUR'000	RUR'000	%
Loans to large corporates				
- Not past due	32,100,926	(327,744)	31,773,182	1.0%
- Overdue less than 31 days	41,170	(6,170)	35,000	15.0%
- Overdue 31-90 days	330,818	(70,275)	260,543	21.2%
- Overdue 91-180 days	95,574	(71,759)	23,815	75.1%
- Overdue 181-360 days	118,403	(60,353)	58,050	51.0%
- Overdue more than 360 days	65,066	(23,842)	41,224	36.6%
Total loans to large corporates	**32,751,957**	**(560,143)**	**32,191,814**	**1.7%**
Loans to small and medium size companies				
- Not past due	1,788,507	(20,476)	1,768,031	1.1%
- Overdue less than 31 days	64,633	(30,655)	33,978	47.4%
- Overdue 31-90 days	110,619	(72,719)	37,900	65.7%
- Overdue 91-180 days	78,385	(57,749)	20,636	73.7%
- Overdue 181-360 days	84,646	(71,333)	13,313	84.3%
- Overdue more than 360 days	1,142	(1,121)	21	98.2%
Total loans to small and medium size companies	**2,127,932**	**(254,053)**	**1,873,879**	**11.9%**
Total commercial loans	**34,879,889**	**(814,196)**	**34,065,693**	**2.3%**

The following table provides information on the credit quality of the commercial loan portfolio as at 31 December 2008:

	Gross loans RUR'000	Impairment RUR'000	Net loans RUR'000	Impairment to gross loans %
Loans to large corporates				
- Not past due	29,109,835	(142,620)	28,967,215	0.5%
- Overdue less than 31 days	62,346	(854)	61,492	1.4%
- Overdue 31-90 days	203,039	(2,124)	200,915	1.0%
- Overdue 91-180 days	15,311	(3,889)	11,422	25.4%
- Overdue 181-360 days	16,736	(15,500)	1,236	92.6%
- Overdue more than 360 days	-	-	-	-
Total loans to large corporates	**29,407,267**	**(164,987)**	**29,242,280**	**0.6%**
Loans to small and medium size companies				
- Not past due	1,907,098	(24,018)	1,883,080	1.3%
- Overdue less than 31 days	27,775	(347)	27,428	1.2%
- Overdue 31-90 days	17,411	(13,055)	4,356	75.0%
- Overdue 91-180 days	39,713	(30,970)	8,743	78.0%
- Overdue 181-360 days	5,458	(5,156)	302	94.5%
- Overdue more than 360 days	3,217	(3,030)	187	94.2%
Total loans to small and medium size companies	**2,000,672**	**(76,576)**	**1,924,096**	**3.8%**
Total commercial loans	**31,407,939**	**(241,563)**	**31,166,376**	**0.8%**

The Bank has estimated loan impairment for commercial loans based on an analysis of the future cash flows for impaired loans and based on its past loss experience for portfolios of loans for which no indications of impairment has been identified.

Changes in these estimates could effect the the loan imparement allowance. For example, to the extent that the net present value of the estimated cash flows differs by one percent, the level of imparement as of 30 June 2009 would be RUR 340,657 thousand (31 December 2008: RUR 311,664 thousand) lower/higher.

Analysis of movements in the impairment allowance

Movements in the loan impairment allowance by classes of commercial loans for the six months ended 30 June 2009 are as follows:

	Loans to large corporates RUR'000	Loans to small and medium size companies RUR'000	Total RUR'000
Loan impairment allowance as at 1 January 2009	164,987	76,576	241,563
Net charge for the period	395,243	179,278	574,521
Net write-offs for the period	(87)	(1,801)	(1,888)
Loan impairment allowance as at 30 June 2009	**560,143**	**254,053**	**814,196**

Movements in the loan impairment allowance by classes of commercial loans for the six months ended 30 June 2008 are as follows:

	Loans to large corporates RUR'000	Loans to small and medium size companies RUR'000	Total RUR'000
Loan impairment allowance as at 1 January 2008	65,863	29,883	95,746
Net charge for the period	43,363	849	44,212
Net write-offs for the period	(34,556)	(16,010)	(50,566)
Loan impairment allowance as at 30 June 2008	**74,670**	**14,722**	**89,392**

Credit quality of loans to individuals

The following table provides information on the credit quality of loans to individual portfolios as at 30 June 2009:

	Gross loans RUR'000	Impairment RUR'000	Net loans RUR'000	Impairment to gross loans %
Auto loans				
- Not past due	1,680,380	(6,663)	1,673,717	0.4%
- Overdue less than 31 days	55,495	(292)	55,203	0.5%
- Overdue 31-90 days	55,349	(13,587)	41,762	24.5%
- Overdue 91-180 days	62,173	(20,559)	41,614	33.1%
- Overdue 181-360 days	60,915	(31,074)	29,841	51.0%
- Overdue more than 360 days	8,750	(5,275)	3,475	60.3%
Total auto loans	**1,923,062**	**(77,450)**	**1,845,612**	**4.0%**
Mortgage loans				
- Not past due	4,193,706	(4,341)	4,189,365	0.1%
- Overdue less than 31 days	102,438	(109)	102,329	0.1%
- Overdue 31-90 days	128,156	(2,498)	125,658	1.9%
- Overdue 91-180 days	134,643	(5,858)	128,785	4.4%
- Overdue 181-360 days	518,797	(149,555)	369,242	28.8%
- Overdue more than 360 days	30,216	(8,676)	21,540	28.7%
Total mortgage loans	**5,107,956**	**(171,037)**	**4,936,919**	**3.3%**
Other loans to individuals				
- Not past due	1,419,624	(23,656)	1,395,968	1.7%
- Overdue less than 31 days	82,529	(26,515)	56,014	32.1%
- Overdue 31-90 days	61,914	(38,561)	23,353	62.3%
- Overdue 91-180 days	74,571	(56,877)	17,694	76.3%
- Overdue 181-360 days	128,283	(106,007)	22,276	82.6%
- Overdue more than 360 days	12,796	(12,031)	765	94.0%
Total other loans to individuals	**1,779,717**	**(263,647)**	**1,516,070**	**14.8%**
Total loans to individuals	**8,810,735**	**(512,134)**	**8,298,601**	**5.8%**

The following table provides information on the credit quality of loans to individual portfolios as at 31 December 2008:

	Gross loans RUR'000	Impairment RUR'000	Net loans RUR'000	Impairment to gross loans %
Retail loans collectively assessed for impairment				
Auto loans				
- Not past due	2,237,459	(16,847)	2,220,612	0.8%
- Overdue less than 31 days	48,247	(331)	47,916	0.7%
- Overdue 31-90 days	29,229	(12,130)	17,099	41.5%
- Overdue 91-180 days	27,247	(15,866)	11,381	58.2%
- Overdue 181-360 days	17,033	(12,524)	4,509	73.5%
- Overdue more than 360 days	3,962	(3,750)	212	94.6%
Total auto loans	**2,363,177**	**(61,448)**	**2,301,729**	**2.6%**
Mortgage loans				
- Not past due	4,417,763	(11,020)	4,406,743	0.2%
- Overdue less than 31 days	174,880	(432)	174,448	0.2%
- Overdue 31-90 days	319,417	(15,522)	303,895	4.9%
- Overdue 91-180 days	68,108	(6,500)	61,608	9.5%
- Overdue 181-360 days	35,558	(18,679)	16,879	52.5%
- Overdue more than 360 days	9,630	(8,566)	1,064	89.0%
Total mortgage loans	**5,025,356**	**(60,719)**	**4,964,637**	**1.2%**
Other loans to individuals				
- Not past due	1,355,516	(33,676)	1,321,840	2.5%
- Overdue less than 31 days	56,321	(1,391)	54,930	2.5%
- Overdue 31-90 days	62,772	(44,823)	17,949	71.4%
- Overdue 91-180 days	42,096	(33,830)	8,266	80.4%
- Overdue 181-360 days	28,782	(25,573)	3,209	88.9%
- Overdue more than 360 days	3,294	(3,117)	177	94.6%
Total other loans to individuals	**1,548,781**	**(142,410)**	**1,406,371**	**9.2%**
Total loans to individuals	**8,937,314**	**(264,577)**	**8,672,737**	**3.0%**

The Bank estimates loan impairment based on its past historical loss experience on these types of loans. Management estimates losses based on historic loss migration pattern for the past nine months and the fair value of collateral.

Changes in these estimates could effect the the loan imparement allowance. For example, to the extent that the net present value of the estimated cash flows differs by one percent, the level of imparement as of 30 June 2009 would be RUR 82,986 thousand (31 December 2008: RUR 86,727 thousand) lower/higher.

Analysis of movements in the impairment allowance

Movements in the loan impairment allowance by classes of retail loans for the six months ended 30 June 2009 are as follows:

	Auto loans RUR'000	Mortgage loans RUR'000	Other loans to individuals RUR'000	Total RUR'000
Loan impairment allowance as at 1 January	61,448	60,719	142,410	264,577
Net charge for the period	16,002	130,610	128,544	275,156
Net write-offs for the period	-	(20,292)	(7,307)	(27,599)
Loan impairment allowance as at 30 June	**77,450**	**171,037**	**263,647**	**512,134**

Movements in the loan impairment allowance by classes of retail loans for the sis months ended 30 June 2008 are as follows:

	Auto loans RUR'000	Mortgage loans RUR'000	Other loans to individuals RUR'000	Total RUR'000
Loan impairment allowance as at 1 January	107,073	6,605	10,629	124,307
Net charge for the period	867	11,906	16,785	29,558
Net write-offs for the period	(66,395)	(870)	(5,038)	(72,303)
Loan impairment allowance as at 30 June	**41,545**	**17,641**	**22,376**	**81,562**

Industry and geographical analysis of the loan portfolio

Loans to customers were issued primarily to customers located within the Russian Federation, who operate in the following economic sectors:

	30 June 2009 RUR'000 (unaudited)	31 December 2008 RUR'000
Loans to individuals	8,810,735	8,937,314
Consumer electronics and computers	7,465,175	7,822,402
Machinery	3,789,653	4,027,171
Other consumer goods	3,551,290	2,402,432
Construction materials	3,413,191	2,944,328
Light industry	3,305,938	2,663,087
Foods	2,903,573	3,023,590
Paper and stationery	2,885,342	2,851,392
Services	2,334,014	1,123,838
Hygiene products and consumer chemicals	1,979,266	1,461,292
Sports goods	1,247,399	1,559,627
Furniture	633,577	579,391
Finance	330,829	96,911
Metallurgic	207,707	44,258
Medical	204,541	184,211
Oil	11,478	110,230
Other corporate	616,916	513,779
	43,690,624	**40,345,253**
Impairment allowance	(1,326,330)	(506,140)
	42,364,294	**39,839,113**

Loan maturities

The maturity of the Group's loan portfolio is presented in Note 24.

13 Property and equipment

Property and equipment comprise:

	Buildings RUR'000	Vehicles RUR'000	Computers and office equipment RUR'000	Furniture and other property RUR'000	Construction in progress RUR'000	Total RUR'000
Net book value at 31 December 2008	**1,567,272**	**52,840**	**26,936**	**196,619**	**42,941**	**1,886,608**
Gross book value at 31 December 2008	1,587,664	86,285	55,377	354,191	42,941	**2,126,458**
Additions	2,039	22,130	5,676	36,565	-	**66,410**
Disposals	(1,486)	(6,100)	(1,079)	(19,046)	(16,868)	**(44,579)**
Gross book value at 30 June 2009	**1,588,217**	**102,315**	**59,974**	**371,710**	**26,073**	**2,148,289**
Accumulated depreciation at 31 December 2008	20,392	33,445	28,441	157,572	-	**239,850**
Depreciation Expense	15,754	8,715	4,489	23,528	-	**52,486**
Disposals	(183)	(5,873)	(1,079)	(16,151)	-	**(23,286)**
Accumulated depreciation at 30 June 2009	**35,963**	**36,287**	**31,851**	**164,949**	**-**	**269,050**
Net book value at 30 June 2009 (unaudited)	**1,552,254**	**66,028**	**28,123**	**206,761**	**26,073**	**1,879,239**

14 Other assets

Other assets comprise:

	30 June 2009 RUR'000 (unaudited)	31 December 2008 RUR'000
Real estate held for sale	785,948	-
Receivables	273,716	229,101
Prepaid expenses	47,368	103,155
Intangibles	7,027	3,315
Other	50,132	92,310
Other assets	**1,164,191**	**427,881**

During the six-month period ended ended 30 June 2009 a borrower of the Bank has agreed to repay its RUR 770,000 thousand loan and RUR 15,948 thousand accrued income by transferring the real estate collateral on the loan to the Bank. The amount of this non-current asset is included in "Real estate held for sale" category.

15 Deposits and balances from banks and other financial institutions

Deposits by the Central Bank of the Russian Federation comprise:

	30 June 2009 RUR'000 (unaudited)	31 December 2008 RUR'000
Term deposits	3,200,000	7,949,673
Payables under repurchase agreements or collateral loans	2,895,820	2,154,522
Deposits by the Central Bank of the Russian Federation	**6,095,820**	**10,104,195**

Deposits by credit institutions comprise:

	30 June 2009 RUR'000 (unaudited)	31 December 2008 RUR'000
Demand deposits	64,983	149,041
Time deposits	8,551,209	12,949,526
Payables under repurchase agreements	-	207,292
Deposits by credit institutions	**8,616,192**	**13,305,859**

Information about the currency and maturity profiles and effective interest rates on deposits by credit institutions is presented in Note 24 to these interim condensed consolidated financial statements.

Concentrations of deposits by credit institutions

As at 30 June 2009 the Group had one counterparty (31 December 2008: one) whose deposits' balance exceeded 10% of the due to credit institutions. The gross value of these facilities as at 30 June 2009 was RUR 4,264,435 thousand (31 December 2008: RUR 4,302,383 thousand).

16 Deposits by customers

Deposits by customers comprise:

		30 June 2009 RUR'000 (unaudited)	31 December 2008 RUR'000
Corporate customers	Demand	4,303,196	6,089,215
	Term	3,433,854	4,393,715
Total corporate customers		**7,737,050**	**10,482,930**
Individuals	Demand	1,078,054	943,372
	Term	19,579,096	12,258,367
Total individuals		**20,657,150**	**13,201,739**
Total deposits by customers		**28,394,200**	**23,684,669**

Information about the currency and maturity profiles and effective interest rates on deposits by customers is presented in Note 24 to these interim condensed consolidated financial statements.

17 Debt securities issued

Debt securities issued comprise:

	30 June 2009 RUR'000 (unaudited)	**31 December 2008 RUR'000**
Promissory notes issued - nominal value	3,324,242	1,470,555
Unamortized discount on promissory notes	(167,043)	(55,255)
	3,157,199	**1,415,300**
Bonds issued	6,050,215	4,912,013
	9,207,414	**6,327,313**

Information about the currency and maturity profiles and effective interest rates on debt securities issued is presented in Note 24 to these interim condensed consolidated financial statements.

18 Other liabilities

Other liabilities comprise:

	30 June 2009 RUR'000 (unaudited)	**31 December 2008 RUR'000**
Payables to suppliers	192,964	265,134
Operating taxes payable	33,530	48,432
Deferred income	9,048	6,082
Other	165,275	82,913
Other liabilities	**400,817**	**402,561**

19 Share capital

The share capital of the Bank has been contributed by the shareholders in Rubles. The shareholders are entitled to dividends and capital distributions. Issued, outstanding and paid share capital comprised 6,276,158,008 shares (31 December 2008: 3,276,158,008 shares) with par value of 1 RUR per share. In June 2009 the Central Bank of the Russian Federation registered Group's capital increase for the amount of RUR 3,000,000,000. The hyperinflation adjustment of the equity as at 30 June 2009 was RUR 861,930 thousand (2008: RUR 861,930 thousand).

20 Commitments

Undrawn loan commitments, letters of credit and guarantees comprise:

	30 June 2009 RUR'000 (unaudited)	31 December 2008 RUR'000
Guarantees	2,896,569	4,637,989
Letters of credit	2,410,162	1,361,987
Undrawn loan commitments	525,262	781,927
	5,831,993	**6,781,903**

21 Related party transactions

The outstanding balances and related average interest rates as at 30 June 2009 and 31 December 2008 with related parties are as follows:

	30 June 2009 (unaudited)		31 December 2008	
	Amount	**Average effective interest rate**	**Amount**	**Average effective interest rate**
ASSETS				
Loans to customers, gross	336,198	17.0%	305,284	16.4%
LIABILITIES				
Deposits by customers	291,602	11.4%	230,636	10.1%

Amounts included in the statement of comprehensive income as at 30 June 2009 and 2008 in relation to transactions with related parties are as follows:

	30 June 2009 RUR'000 (unaudited)	30 June 2008 RUR'000 (unaudited)
Interest income on loans to customers	23,105	74,594
Interest expense on deposits by customers and promissory notes	7,994	1,220

22 Cash and cash equivalents

Cash and cash equivalents comprise:

	30 June 2009 RUR'000 (unaudited)	31 December 2008 RUR'000
Cash on hand	1,818,578	2,039,477
Due from credit institutions with an maturity of less than 1 month	4,643,840	4,255,729
Correspondent account with the Central Bank of the Russian Federation	406,235	4,060,181
Cash and cash equivalents	**6,868,653**	**10,355,387**

23 Capital adequacy

The Group's risk based capital adequacy ratio was 15.3% for 30 June 2009 and 12.4% for 31 December 2008, which exceeds the minimum ratio of 8% recommended by the Report on International Convergence of Capital Measurement and Capital Standards dated July 1988 of the Basle Committee on banking regulations and supervisory practices, as amended from time to time, commonly known as Basel I.

24 Risk management

Management of risk is fundamental to the banking business and is an essential element of the Group's operations. The main risks inherent to the Group's operations are those related to credit exposures, liquidity and market movements in interest rates and foreign exchange rates. A description of the Group's risk management policies in relation to those risks follows:

Credit risk

The Group is exposed to credit risk which is the risk that a counterparty will be unable to pay amounts in full when due. The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to industry and geographical concentrations. Such risks are monitored on a periodic basis and subject to an annual or more frequent review.

Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and principal repayment obligations and by changing these lending limits where appropriate. Exposure to credit risk is also managed in part by obtaining collateral and corporate and personal guarantees.

Guarantees and standby letters of credit, which represent irrevocable assurances that the Group will make payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans. Documentary and commercial letters of credit, which are written undertakings by the Group on behalf of a customer authorizing a third party to draw drafts on the Group up to a stipulated amount under specific terms and conditions, are frequently fully or partially covered by the funds deposited by customers and therefore usually bear limited credit risk.

With respect to undrawn loan commitments the Group is potentially exposed to loss in an amount equal to the total amount of such commitments. However, the likely amount of loss is less than that, since most commitments are contingent upon certain conditions set out in the loan agreements.

The geographical concentration of banking assets and liabilities follows:

	30 June 2009 (unaudited)				**31 December 2008**			
	Russia	**OECD**	**Other non-OECD**	**Total**	**Russia**	**OECD**	**Other non-OECD**	**Total**
	RUR'000	**RUR'000**	**RUR'000**	**RUR'000**	**RUR'000**	**RUR'000**	**RUR'000**	**RUR'000**
ASSETS								
Cash and due from the Central Bank of the Russian Federation	1,636,295	717,677	-	**2,353,972**	5,300,524	855,969	-	**6,156,493**
Due from credit institutions	3,835,802	1,485,467	3,319	**5,324,588**	3,923,140	628,946	3,643	**4,555,729**
Financial instruments at fair value through profit or loss	2,699,756	-	-	**2,699,756**	-	-	-	-
Available-for-sale securities	7,028,242	-	-	**7,028,242**	7,582,347	-	-	**7,582,347**
Loans to customers	42,363,615	-	679	**42,364,294**	39,721,591	-	117,522	**39,839,113**
	57,563,710	**2,203,144**	**3,998**	**59,770,852**	**56,527,602**	**1,484,915**	**121,165**	**58,133,682**
LIABILITIES								
Deposits by the Central Bank of the Russian Federation	6,095,820	-	-	**6,095,820**	10,104,195	-	-	**10,104,195**
Deposits by credit institutions	1,493,678	7,122,512	2	**8,616,192**	3,906,110	9,113,290	286,459	**13,305,859**
Deposits by customers	28,047,394	21,936	324,870	**28,394,200**	23,379,997	12,257	292,415	**23,684,669**
Debt securities issued	7,525,847	1,568,062	113,505	**9,207,414**	5,017,718	1,282,345	27,250	**6,327,313**
	43,162,739	**8,712,510**	**438,377**	**52,313,626**	**42,408,020**	**10,407,892**	**606,124**	**53,422,036**
Net position	14,400,971	(6,509,366)	(434,379)	7,457,226	14,119,582	(8,922,977)	(484,959)	4,711,646

Currency risk

The Group is exposed to effects of fluctuation in the prevailing foreign currency exchange rates on its financial position and cash flows. The Board of Directors sets limits on the level of exposure by currencies. These limits also comply with the minimum requirements of the Central Bank of Russia. The exposure of the Group's banking assets to foreign currency exchange rate risk is as follows:

	30 June 2009 (unaudited)				31 December 2008			
	USD	**RUR**	**Other currencies**	**Total**	**USD**	**RUR**	**Other currencies**	**Total**
	RUR'000	**RUR'000**	**RUR'000**	**RUR'000**	**RUR'000**	**RUR'000**	**RUR'000**	**RUR'000**
ASSETS								
Cash and due from the Central Bank of the Russian Federation	388,494	1,636,295	329,183	**2,353,972**	763,391	5,300,524	92,578	**6,156,493**
Due from credit institutions	1,030,278	2,153,443	2,140,867	**5,324,588**	1,829,282	1,824,435	902,012	**4,555,729**
Financial instruments at fair value through profit or loss	-	2,699,756	-	**2,699,756**	-	-	-	-
Available-for-sale securities	1,263,894	5,764,348	-	**7,028,242**	1,223,459	5,748,833	610,055	**7,582,347**
Loans to customers	9,726,834	30,344,698	2,292,762	**42,364,294**	9,455,007	28,543,751	1,840,355	**39,839,113**
Property and equipment	-	1,879,239	-	**1,879,239**	-	1,886,608	-	**1,886,608**
Other assets	29,468	1,131,774	2,949	**1,164,191**	10,830	415,967	1,084	**427,881**
	12,438,968	**45,609,553**	**4,765,761**	**62,814,282**	**13,281,969**	**43,720,118**	**3,446,084**	**60,448,171**

	30 June 2009 (unaudited)				31 December 2008			
	USD	**RUR**	**Other currencies**	**Total**	**USD**	**RUR**	**Other currencies**	**Total**
	RUR'000	**RUR'000**	**RUR'000**	**RUR'000**	**RUR'000**	**RUR'000**	**RUR'000**	**RUR'000**
LIABILITIES								
Deposits by the Central Bank of the Russian Federation	-	6,095,820	-	**6,095,820**	-	10,104,195	-	**10,104,195**
Deposits by credit institutions	6,780,026	695,432	1,140,734	**8,616,192**	8,146,813	3,758,335	1,400,711	**13,305,859**
Deposits by customers	3,742,717	20,205,219	4,446,264	**28,394,200**	3,248,612	18,030,532	2,405,525	**23,684,669**
Debt securities issued	1,550,547	7,251,890	404,977	**9,207,414**	1,283,903	5,014,633	28,777	**6,327,313**
Income tax liability	-	211,055	-	**211,055**	-	236,079	-	**236,079**
Other liabilities	5,363	394,968	486	**400,817**	5,386	396,686	489	**402,561**
	12,078,653	**34,854,384**	**5,992,461**	**52,925,498**	**12,684,714**	**37,540,460**	**3,835,502**	**54,060,676**
Net position	**360,315**	**10,755,169**	**(1,226,700)**	**9,888,784**	**597,255**	**6,179,658**	**(389,418)**	**6,387,495**
Spot contracts	(460,236)	(643,567)	1,103,803	-	(711,123)	338,433	372,690	-
Total	**(99,921)**	**10,111,602**	**(122,897)**	**9,888,784**	**(113,868)**	**6,518,091**	**(16,728)**	**6,387,495**

Liquidity risk

The Bank is exposed to daily calls on its available cash resources from overnight deposits, current deposits, maturing deposits, loan draw downs and guarantees. The Bank maintains liquidity management with the objective of ensuring that funds will be available at all times to honor all cash flow obligations as they become due. The Bank's Asset and Liability Management Committee sets limits on the minimum proportion of maturing funds available to cover such cash outflows and on the minimum level of interbank and other borrowing facilities that should be in place to cover withdrawals at unexpected levels of demand.

The contractual maturities of assets and liabilities as at 30 June 2009 and 31 December 2008 are as follows:

30 June 2009 (unaudited)

	Less than 1 month RUR'000	1 to 6 months RUR'000	6 months to 1 year RUR'000	Over 1 year RUR'000	No maturity RUR'000	Overdue RUR'000	Total RUR'000
ASSETS							
Cash and due from the Central Bank of the Russian Federation	2,224,813	-	-	-	129,159	-	**2,353,972**
Due from credit institutions	4,643,840	438,191	242,557	-	-	-	**5,324,588**
Financial instruments at fair value through profit or loss	202,060	952,764	434,452	1,110,480	-	-	**2,699,756**
Available-for-sale securities	1,252,180	1,543,421	1,932,812	2,258,700	41,129	-	**7,028,242**
Loans to customers	4,676,923	16,852,310	8,276,631	10,994,399	-	1,564,031	**42,364,294**
Property and equipment	-	-	-	-	1,879,239	-	**1,879,239**
Other assets	23,202	74,957	14,749	10,940	1,020,886	19,457	**1,164,191**
	13,023,018	**19,861,643**	**10,901,201**	**14,374,519**	**3,070,413**	**1,583,488**	**62,814,282**
LIABILITIES							
Deposits by the Central Bank of the Russian Federation	3,039,600	1,201,000	1,855,220	-	-	-	**6,095,820**
Deposits by credit institutions	1,538,434	2,531,818	1,399,466	3,146,474	-	-	**8,616,192**
Deposits by customers	8,519,735	8,557,489	7,723,905	3,593,071	-	-	**28,394,200**
Debt securities issued	373,041	3,586,559	1,424,248	3,823,566	-	-	**9,207,414**
Income tax liability	12,362	-	-	-	198,693	-	**211,055**
Other liabilities	153,292	215,376	930	2,322	28,897	-	**400,817**
	13,636,464	**16,092,242**	**12,403,769**	**10,565,433**	**227,590**	**-**	**52,925,498**
Net	**(613,446)**	**3,769,401**	**(1,502,568)**	**3,809,086**	**2,842,823**	**1,583,488**	**9,888,784**
Available credit lines	**3,039,600**	**1,201,000**	**1,855,220**	**(6,095,820)**	**-**	**-**	**-**
Net position	**2,426,154**	**4,970,401**	**352,652**	**(2,286,734)**	**2,842,823**	**1,583,488**	**9,888,784**
Accumulated gap	**2,426,154**	**7,396,555**	**7,749,207**	**5,462,473**	**8,305,296**	**9,888,784**	

31 December 2008

	Less than 1 month RUR'000	1 to 6 months RUR'000	6 months to 1 year RUR'000	Over 1 year RUR'000	No maturity RUR'000	Overdue RUR'000	Total RUR'000
ASSETS							
Cash and due from the Central Bank of the Russian Federation	6,099,671	-	-	-	56,822	-	**6,156,493**
Due from credit institutions	4,255,729	300,000	-	-	-	-	**4,555,729**
Available-for-sale securities	684,446	3,733,896	1,373,299	1,738,820	51,886	-	**7,582,347**
Loans to customers	4,641,349	19,292,937	4,061,956	10,803,248	-	1,039,623	**39,839,113**
Property and equipment	-	-	-	-	1,886,608	-	**1,886,608**
Other assets	209,518	112,265	27,540	29,990	22,919	25,649	**427,881**
	15,890,713	**23,439,098**	**5,462,795**	**12,572,058**	**2,018,235**	**1,065,272**	**60,448,171**
LIABILITIES							
Deposits by the Central Bank of the Russian Federation	8,847,499	1,256,696	-	-	-	-	**10,104,195**
Deposits by credit institutions	2,840,335	4,334,236	2,311,876	3,819,412	-	-	**13,305,859**
Deposits by customers	10,653,520	6,701,683	5,180,658	1,148,808	-	-	**23,684,669**
Debt securities issued	108,639	2,031,810	1,451,220	2,735,644	-	-	**6,327,313**
Income tax liability	2,281	-	-	-	233,798	-	**236,079**
Other liabilities	205,236	168,323	3,516	9,650	15,836	-	**402,561**
	22,657,510	**14,492,748**	**8,947,270**	**7,713,514**	**249,634**	**-**	**54,060,676**
Net	**(6,766,797)**	**8,946,350**	**(3,484,475)**	**4,858,544**	**1,768,601**	**1,065,272**	**6,387,495**
Available credit lines	**8,847,499**	**-**	**-**	**(8,847,499)**	**-**	**-**	**-**
Net position	**2,080,702**	**8,946,350**	**(3,484,475)**	**(3,988,955)**	**1,768,601**	**1,065,272**	**6,387,495**
Accumulated gap	**2,080,702**	**11,027,052**	**7,542,577**	**3,553,622**	**5,322,223**	**6,387,495**	

Overdue loans represent loans (unpaid principal plus accrued interest minus impairment allowance) with delays in due payments of one day or more. Overdue loans with delays in due payments of ninety days or more as at 30 June 2009 are RUR 792,291 thousand (2008: RUR 129,195 thousand).

Interest rate risk

The Group's interest rate policy is reviewed and approved by the Group's Assets and Liabilities Management Committee. The Group's average effective interest rates for interest bearing financial instruments are as follows:

	30 June 2009 (unaudited)			31 December 2008		
	USD	**RUR**	**Other foreign currencies**	**USD**	**RUR**	**Other foreign currencies**
Interest earning assets						
Due from credit institutions	0.01%	8.7%	0.8%	3.5%	16.0%	2.6%
Financial instruments at fair value through profit or loss – government bonds	-	12%	-	-	-	-
Financial instruments at fair value through profit or loss – corporate notes and municipal bonds	-	15.3%	-	-	-	-
Available-for-sale securities – government bonds	7.9%	8.7%	-	8.1%	9.3%	-
Available-for-sale securities – corporate notes and municipal bonds	8.4%	15.4%	-	6.3%	19.9%	8.9%
Loans to customers	13.6%	20.3%	12.0%	14.2%	17.9%	11.9%
Interest bearing liabilities						
Deposits by the Central Bank of the Russian Federation	-	13.4%	-	-	11.7%	-
Deposits by credit institutions	4.2%	11.3%	4.2%	6.0%	10.5%	5.5%
Deposits by customers	8.9%	11.6%	9.6%	7.0%	8.4%	8.6%
Debt securities issued	10.1%	15.9%	9.3%	8.9%	12.8%	7.9%