

PROMSVYAZBANK

Interim Consolidated Condensed
Financial Statements

for the six-month period ended

30 June 2009

(unaudited)

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Independent Auditors' Report

To the Council of OAO Promsvyazbank

Introduction

We have reviewed the accompanying interim consolidated condensed statement of financial position of OAO Promsvyazbank and its subsidiaries as at 30 June 2009, and the related interim consolidated 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 "interim consolidated condensed financial information"). Management is responsible for the preparation and presentation of this interim consolidated condensed financial information in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this interim consolidated 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 interim consolidated 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 interim consolidated 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*.

ZAO KPMG

ZAO KPMG
14 September 2009

Promsvyazbank

Interim Consolidated Condensed Statement of Financial Position as at 30 June 2009

(expressed in thousands of Russian Roubles – refer to Note 2)

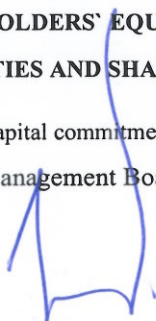
	Notes	30 June 2009 (unaudited)	31 December 2008
ASSETS			
Cash and cash equivalents	4	68 061 585	105 723 210
Obligatory reserves with central banks		1 679 252	992 510
Placements with banks and other financial institutions		288 923	2 426 852
Financial assets at fair value through profit or loss		17 159 880	14 408 817
-Unpledged		15 167 729	13 524 941
-Pledged under sale and repurchase agreements		1 992 151	883 876
Amounts receivable under reverse repurchase agreements		7 533 060	4 574 084
Loans to customers	5	284 049 119	300 413 049
Investments available for sale		244 656	158 714
Investments held to maturity		8 440 680	8 880 051
Other assets		1 612 385	1 517 540
Current income tax prepayments		625 917	1 292 982
Deferred tax asset		369 886	-
Property and equipment		24 395 426	21 413 219
TOTAL ASSETS		414 460 769	461 801 028
LIABILITIES			
Financial liabilities at fair value through profit or loss		788 509	614 859
Deposits and balances from banks and other financial institutions	6	63 214 782	111 275 357
Amounts payable under repurchase agreements		2 017 325	855 837
Current accounts and deposits from customers	7	238 022 434	229 610 958
Own securities issued	8	35 492 102	39 368 440
Other borrowed funds	9	19 811 818	24 010 262
Other liabilities		2 003 561	2 672 979
Current income tax payable		15 145	48 002
Deferred tax liability		256 827	776 151
Subordinated borrowings		13 303 489	12 593 599
TOTAL LIABILITIES		374 925 992	421 826 444
SHAREHOLDERS' EQUITY			
Share capital		10 062 544	10 062 544
Share premium		13 319 695	13 319 695
Additional paid-in-capital		1 056 102	1 167 515
Revaluation reserve for property and equipment		3 180 994	3 192 346
Revaluation reserve for investments available for sale		-	(66 641)
Retained earnings		11 393 628	11 773 411
Total equity attributable to equity holders of the parent		39 012 963	39 448 870
Minority interest		521 814	525 714
TOTAL SHAREHOLDERS' EQUITY		39 534 777	39 974 584
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		414 460 769	461 801 028

Credit related and capital commitments

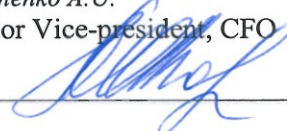
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Approved by the Management Board on 24 September 2009

Levkovskiy A.A.
President




Volchenko A.U.
Senior Vice-president, CFO



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

Promsvyazbank
Interim Consolidated Condensed Statement of Comprehensive Income
for the six-month period ended 30 June 2009
(expressed in thousands of Russian Roubles – refer to Note 2)

	Notes	Six-month period ended 30 June 2009 (unaudited)	Six-month period ended 30 June 2008 (unaudited)
Interest income		27 538 593	17 832 953
Interest expense		(14 732 805)	(8 431 651)
Net interest income	10	12 805 788	9 401 302
Fee and commission income	11	3 635 004	2 212 525
Fee and commission expense	12	(692 305)	(405 478)
Net fee and commission income		2 942 699	1 807 047
Net gain/(loss) on financial instruments at fair value through profit or loss and gain on early redemption of senior loan participation notes	13	894 117	(273 052)
Net foreign exchange (loss)/gain		(228 248)	724 795
Net gain on purchase of minority interest of subsidiaries		72 990	-
Income on early redemption of financial liabilities		99 726	95 681
Other income	14	585 195	213 326
Operating income		17 172 267	11 969 099
Loan impairment allowance	5	(10 817 403)	(2 975 959)
Other impairment allowance	15	(64 542)	7 291
Administrative expenses	16	(6 516 420)	(5 279 207)
General expenses	16	(174 471)	(238 911)
		(17 572 836)	(8 486 786)
(Loss)/profit before tax		(400 569)	3 482 313
Income tax benefit/(expense)		16 098	(919 513)
(Loss)/profit for the period after tax		(384 471)	2 562 800
Other comprehensive income			
Gains on revaluation of investments available for sale		83 301	-
Income tax related to components of other comprehensive income		(16 660)	-
Other comprehensive income for the period, net of tax		66 641	-
Total comprehensive (loss)/income for the period		(317 830)	2 562 800
(Loss)/profit attributable to:			
Shareholders of the parent		(388 110)	2 562 800
Minority interest		3 639	-
Total comprehensive (loss)/income attributable to:			
Shareholders of the parent		(321 469)	2 562 800
Minority interest		3 639	-

Promsvyazbank

Interim Consolidated Condensed Statement of Cash Flows for the six-month period ended 30 June 2009

(expressed in thousands of Russian Roubles – refer to Note 2)

	Notes	Six-month period ended 30 June 2009 (unaudited)	Six-month period ended 30 June 2008 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest and fee and commission receipts		27 547 763	19 524 490
Interest and fee and commission payments		(15 703 564)	(8 228 286)
Net receipts from financial instruments at fair value through profit or loss		126 136	111 208
Net (payments)/receipts from foreign exchange transactions		(978 556)	880 946
Other income received		585 195	193 272
General and administrative expenses paid		(6 130 265)	(4 910 398)
		5 446 709	7 666 913
(Increase)/decrease in operating assets			
Obligatory reserves with central banks		(661 276)	(2 702 698)
Placements with banks and other financial institutions with original maturity of over one month		2 118 920	(1 591 401)
Financial assets at fair value through profit or loss		(2 843 169)	(1 747 029)
Amounts receivable under reverse repurchase agreements		(2 960 386)	(16 677 851)
Loans to customers		17 839 521	(71 696 868)
Other assets		21 432	(624 415)
Increase/(decrease) in operating liabilities			
Financial liabilities at fair value through profit or loss		158 602	99 878
Deposits and balances from banks and other financial institutions		(49 437 468)	27 343 583
Amounts payable under repurchase agreements		1 160 334	(33 917)
Current accounts and deposits from customers		2 246 646	46 307 500
Promissory notes and certificates of deposit		1 072 431	3 142
Other liabilities		(86 980)	282 467
Net cash flows used in operating activities before taxes paid		(25 924 684)	(13 370 696)
Taxes paid		(255 564)	(1 581 991)
Cash flows used in operations		(26 180 248)	(14 952 687)
CASH FLOWS FROM INVESTING ACTIVITIES			
Disposal of subsidiaries		-	(1 769)
Acquisition of subsidiaries		(640 044)	618 734
Purchases of investments available for sale		(2 680)	-
Disposal of investments available for sale		-	5 560
Purchases of investments held to maturity		(387 348)	-
Redemption of investments held to maturity		866 296	-
Purchases of property and equipment		(3 468 295)	(886 281)
Disposals of property and equipment		5 534	63 447
Cash flows used in investing activities		(3 626 537)	(200 309)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of loan participation notes and domestic bonds		3 497 258	5 000 000
Repurchase of senior loan participation notes and domestic bonds		(9 232 664)	-
Repayment of other borrowed funds		(6 508 611)	(3 075 507)
Proceeds from other borrowed funds		-	4 158 578
Proceeds from issuance of share capital		-	4 300 000
Cash flows (used in)/from financing activities		(12 244 017)	10 383 071
Net decrease in cash and cash equivalents		(42 050 802)	(4 769 925)
Effect of changes in exchange rates on cash and cash equivalents		4 389 177	(502 401)
Cash and cash equivalents at the beginning of the period		105 723 210	38 088 343
Cash and cash equivalents at the end of the period	4	68 061 585	32 816 017

Promsvyazbank

Interim Consolidated Condensed Statement of Changes in Shareholders' Equity for the six-month period ended 30 June 2009

(expressed in thousands of Russian Roubles – refer to Note 2)

	Attributable to equity holders of the parent								
	Share capital	Share premium	Additional paid-in- capital	Revaluation reserve for property and equipment	Revaluation reserve for investments available for sale	Retained earnings	Total	Minority interest	Total equity
Balance as at 1 January 2008	7 468 794	7 613 445	30 496	2 357 758	-	10 211 756	27 682 249	-	27 682 249
Total comprehensive income for the six-month period ended 30 June 2008 (unaudited)	-	-	-	-	-	2 562 800	2 562 800	-	2 562 800
Increase in share capital	1 343 750	2 956 250	-	-	-	-	4 300 000	-	4 300 000
Disposal of subsidiary	-	-	51 423	-	-	-	51 423	-	51 423
Acquisition of subsidiary	-	-	1 085 596	-	-	-	1 085 596	55 377	1 140 973
Balance as at 30 June 2008	8 812 544	10 569 695	1 167 515	2 357 758	-	12 774 556	35 682 068	55 377	35 737 445
Balance as at 1 January 2009	10 062 544	13 319 695	1 167 515	3 192 346	(66 641)	11 773 411	39 448 870	525 714	39 974 584
Total comprehensive (loss)/ income for the six-month period ended 30 June 2009 (unaudited)	-	-	-	-	66 641	(388 110)	(321 469)	3 639	(317 830)
Purchase of minority interest of subsidiaries	-	-	-	-	-	-	-	(130 895)	(130 895)
Sale of minority interest of subsidiary	-	-	(111 413)	(11 352)	-	8 327	(114 438)	123 356	8 918
Balance as at 30 June 2009	10 062 544	13 319 695	1 056 102	3 180 994	-	11 393 628	39 012 963	521 814	39 534 777

1 Background

Principal activities

Promsvyazbank Group (the “Group”) consists of various legal entities formed under the laws of the Russian Federation and other countries (Refer to Note 2 for the list of subsidiaries). OAO Promsvyazbank (the “Bank”), which is the parent company of the Group, was initially established in the Russian Federation as a limited liability company converting subsequently to a closed joint-stock company in July 2001 and finally to an open joint-stock company in September 2007. The Bank was granted a banking license for operations in roubles on 12 May 1995. The Bank’s operations were expanded to include operations with all types of foreign currencies and operations with individuals in foreign currencies on 30 December 1996 and 30 June 1997, respectively.

The activities of the Bank are regulated by the Central Bank of the Russian Federation (the “CBR”). The Bank holds a full (general) banking license from the CBR and is also authorised by the CBR to trade in precious metals. In October 2004, the CBR accepted the Bank into the state deposit insurance system. In addition, the Group holds licenses from the Federal Commission for the Securities Market of the Russian Federation (the “FCSM”, later renamed the Federal Service for Financial Markets (the “FSFM”) to act as a broker, dealer, custodian and a securities manager in the Russian securities market. The Group also holds a license from the “FSFM” as a commodities exchange broker to trade futures and options.

The Group operates in industries where significant seasonal or cyclical variations in operating income are not experienced during the financial year.

The Group’s principal activities are currently in commercial banking. These activities consist of corporate banking and retail banking. Corporate banking includes deposit taking and lending to corporate borrowers and small and medium entities (“SME”), factoring, settlements and cash operations. Corporate banking services also include trade and project finance. Retail banking includes deposit taking and retail lending, money transfer and banking card services, foreign exchange and cash operations with individuals.

The Group also offers investment banking services, including corporate finance, debt and equity capital markets, brokerage, repo transactions and securities trading, foreign exchange, precious metals and banknote operations.

The table below summarises information about the Bank’s branch network.

	30 June 2009	31 December 2008
Branches	49	48
Full-service sub-branches	116	127
Retail sub-branches	75	77
Representative offices	5	5
Total number of offices	245	257

As at 30 June 2009 the Bank operated 48 branches (2008: 47 branches) located within the Russian Federation and a branch located in Limassol (Cyprus). The Bank’s representative offices are located in Russian Federation, China, India, Ukraine and Kirgizstan.

The Bank’s head office is registered at the following address: 109052, Smirnovskaya 10, Moscow, Russian Federation.

Shareholders as at 30 June 2009

	% Ownership/ % Votes
<i>Promsvyaz Capital B. V.*</i>	84.68%
<i>Commerzbank Auslandsbanken Holding AG</i>	15.32%
	100.00%

* - Promsvyaz Capital B. V. (Netherlands) is owned by Peters International N. V. (Netherlands). Mr D. N. Ananyev and Mr A. N. Ananyev each beneficially own 50% of Peters International N.V.

Russian business environment

The Russian Federation displays certain characteristics of an emerging market, including the existence of a currency that is in practice not convertible in most countries outside of the Russian Federation, relatively high inflation and risks that typically do not exist in other markets. The tax, currency and customs legislation within the Russian Federation is subject to varying interpretations, and changes, which can occur frequently. Furthermore, the need for further developments in the bankruptcy laws, the absence of formalised procedures for the registration and enforcement of collateral, and other legal and fiscal impediments contribute to the difficulties experienced by banks currently operating in the Russian Federation. The future economic direction of the Russian Federation is largely dependent upon the effectiveness of economic, financial and monetary measures undertaken by the Government, together with tax, legal, regulatory, and political developments.

The banking sector in the Russian Federation is sensitive to adverse fluctuations in confidence and economic conditions. From the beginning of September 2008 the Russian economy experienced certain difficulties as a result of the global financial crisis, which include falls in confidence in the banking sector accompanied by reductions in liquidity and significant decreases in equity and bond markets. The ongoing global liquidity crisis has resulted in, among other things, a lower level of capital market funding, lower liquidity levels across the Russian banking sector, and higher interbank lending rates. The uncertainties in the global financial market have also led to bank failures and bank rescues in the US, Western Europe and Russia. Such circumstances could affect the ability of the Group to obtain new borrowings and re-finance its existing borrowings at terms and conditions similar to those applied to earlier transactions. Borrowers of the Group may also be affected by the lower liquidity situation which could in turn impact their ability to repay their amounts owed to the Group. Management is unable to predict all factors which could have an impact on the banking sector and consequently what effect, if any, they could have on the financial position of the Group.

2 Basis of preparation**Statement of compliance**

The accompanying interim consolidated condensed financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* and all applicable International Financial Reporting Standards (“IFRS”). They do not include all of the information required for full financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2008, as these interim consolidated condensed financial statements provide an update of previously reported financial information.

Basis of measurement

The interim consolidated condensed financial statements are prepared on the historical cost basis except that financial instruments at fair value through profit or loss and available for sale are stated at fair value, and buildings are revalued periodically.

Functional and presentation currency

The national currency of the Russian Federation is the Russian Rouble (“RUB”). Functional currency for each group company has been determined as the currency of the primary economic environment in which the company operates. Management have determined the RUB as the functional currency for the Bank, group companies domiciled in the Russian Federation and group companies domiciled outside of the Russian Federation, because it reflects the economic substance of the underlying events and circumstances. The RUB is also the Group’s presentation currency for the purpose of these interim consolidated condensed financial statements.

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

Consolidated companies

The interim consolidated condensed financial statements include the following principal subsidiaries of the Bank:

Name	Country of Incorporation	Main Activity	% Consolidated as at 30 June 2009	% Consolidated as at 31 December 2008
Promsvyaz Finance PLC	Ireland	Financial Activity	100%	100%
PSB Finance S.A.	Luxembourg	Financial Activity	100%	100%
OOO “UK Promsvyaz”	Russian Federation	Financial Activity	100%	100%
OOO “Open Leasing Company”	Russian Federation	Leasing	100%	100%
OAO “Volgoprombank”	Russian Federation	Banking Activity	85.7%	95.5%
OAO “Nizhny Novgorod Bank”	Russian Federation	Banking Activity	99.2%	85.1%
OAO “Yarsotsbank”	Russian Federation	Banking Activity	51.6%	51.3%

Promsvyaz Finance PLC and *PSB Finance S.A.* are special purpose entities established to facilitate the Group’s issues of debt securities (refer to Note 8). The entities are not owned by the Group and the control arises through the predetermination of the entities’ activities.

OOO “UK Promsvyaz”

The principal activity of OOO “UK Promsvyaz” is asset management. The Group directly controls 100% of this entity.

OOO “*Open Leasing Company*” was established by the Group in July 2007. The Group controls 100% in OOO “Open Leasing Company”.

OAO “Volgoprombank”

The Group obtained control over OAO “Volgoprombank” on 23 June 2008 through the granting of a call option by Promsvyaz Capital B.V. (parent company of the Group). This call option granted to the Bank gave the Bank the right to acquire 95.5% share in OAO “Volgoprombank” from 23 June 2008 for a year. Also, from this date more than half of the Board of directors’ members of OAO “Volgoprombank” were nominated by the Bank. In April 2009 Promsvyaz Capital B.V. sold 9.8% of these shares to third parties. Accordingly the conditions of the option agreement were amended and the option period prolonged till the end 2010.

OAO “Yarsotsbank” and OAO “Nizhny Novgorod Bank”

At the end of December 2008 the Group purchased 51.3% share capital of OAO “Yarsotsbank” and 85.1% of the share capital of OAO “Nizhny Novgorod Bank”. The acquisitions were made to assist in the stabilization of the banking sector in Russia and to expand the Group’s regional network. In April 2009 and June 2009 respectively the Group purchased an additional 0.3% of the share capital of OAO “Yarsotsbank” and an additional 14.1% of the share capital of OAO “Nizhny Novgorod Bank.

Use of estimates and judgments

The preparation of interim consolidated condensed financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expense. The estimates and associated assumptions are based on historical experience and various other factors, that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

Although these estimates are based on management’s best knowledge of current events and actions, actual results ultimately may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3 Significant accounting policies

The accounting policies applied by the Group in these interim consolidated condensed financial statements are consistent with those applied by the Group in the consolidated financial statements for the year ended 31 December 2008, except for changes resulting from changes in presentation and adoption of revised standards, as described below.

IFRS 8 “*Operating Segments*”. As at 1 January 2009, the Group adopted IFRS 8 “*Operating Segments*” which is effective for annual periods beginning on or after 1 January 2009. IFRS 8 specifies how an entity should report information about its operating segments and sets out requirements for related disclosures about products and services, geographical areas and major customers. Operating segments are components of an entity about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Financial information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments. IFRS 8 “*Operating Segments*” replaces IAS 14 “*Segment Reporting*”.

As a result, the Group has amended its presentation of segment information and restated the comparative information. Information in Note 17 “*Analysis by Segment*” in these interim consolidated condensed financial statements is based on the measures of segment profit and loss, segment assets and other segment items reported to the chief operating decision maker of the Group (represented by the Board of Directors of the Bank and Chairman of the Board of Directors).

IAS 1 “*Presentation of Financial Statements*”. As at 1 January 2009, the Group has adopted IAS 1 “*Presentation of Financial Statements*”. The main change in IAS 1 is the replacement of the income statement by a statement of comprehensive income which now also includes all non-owner changes in equity, such as the revaluation of investments available for sale and some other captions. The revised IAS 1 also introduces a requirement to present a statement of financial position (balance sheet) at the beginning of the earliest comparative period whenever the entity restates comparatives due to reclassifications, changes in accounting policies, or corrections or errors. As a result of application of the revised Standard, the Group has presented a statement of comprehensive income in its financial statements, the balance sheet has been renamed to the “*statement of financial position*” and the cash flow statement has been renamed to the “*statement of cash flows*” to comply with revised IAS 1 requirements.

Comparative information

The presentation of certain captions of the statements of financial position and comprehensive income were changed as at 30 June 2009 and for the six-month period ended 30 June 2009 to better present the nature of the underlying transactions. Comparative information has been reclassified to conform to changes in presentation in the current period. The effect of this change in presentation is as follows:

	30 June 2009/ Six- month period ended 30 June 2009 (unaudited)	31 December 2008/ Six- month period ended 30 June 2008 (unaudited)
Reclassification of subordinated borrowings from own securities issued and other borrowed funds		
Own securities issued	(10 800 894)	(8 953 887)
Other borrowed funds	(2 502 595)	(3 639 712)
Subordinated borrowings	13 303 489	12 593 599
Reclassification of interest expenses on subordinated borrowings		
Interest expenses on own securities issued	(605 255)	(403 115)
Interest expenses on other borrowed funds	(222 259)	(117 893)
Interest expenses on subordinated borrowings	827 514	521 008

New Standards and Interpretations not yet adopted

A number of new Standards, amendments to Standards and Interpretations are not yet effective as at 30 June 2009, and have not been applied in preparing these interim consolidated condensed financial statements. Of these pronouncements, the following will have an impact on the Group's operations. The Group plans to adopt these pronouncements when they become effective. The Group has not yet analysed the likely impact of these new standards on its financial statements.

Amended IAS 27 "*Consolidated and Separate Financial Statements*" (2008) which becomes mandatory for the Group's 2010 consolidated financial statements 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 amendment is not expected to have significant impact on the consolidated financial statements.

Revised IFRS 3 "*Business Combinations*" (2008) and amended IAS 27 "*Consolidated and Separate Financial Statements*" (2008), which came into effect on 1 July 2009 (i.e. becomes mandatory for the Group's 2010 financial statements). The revisions address, among others, accounting for step acquisitions, require acquisition-related costs to be recognised as expenses and remove 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 for effects of transactions with non-controlling interest directly in equity.

4 Cash and cash equivalents

	30 June 2009 (unaudited)	31 December 2008
Cash	10 904 110	12 794 122
Due from the Central Bank of the RF – nostro accounts	47 591 827	52 777 350
Deposits with the Central Bank of the RF	1 531 095	24 224 331
Placements with banks and other financial institutions with an original maturity less than one month	8 034 553	15 927 407
Total cash and cash equivalents	68 061 585	105 723 210

Maturity and currency analysis of cash and cash equivalents are disclosed in Note 18. Information on related party balances is disclosed in Note 21.

5 Loans to customers

	30 June 2009 (unaudited)	31 December 2008
Commercial loans		
Loans to corporate clients not involved in international business	175 631 498	163 570 279
Loans to corporate clients involved in international business	49 837 477	64 234 710
Factoring loans	22 011 818	22 437 118
Loans to small and medium enterprises	20 767 132	18 886 308
Total commercial loans	268 247 925	269 128 415
Loans to individuals		
Consumer loans	25 108 763	28 225 420
Auto loans	12 826 383	14 437 107
Credit cards	3 586 570	3 168 271
Mortgage loans	2 063 624	2 268 748
Express-loans	888 864	1 173 008
Loans to VIP clients	415 042	522 220
Total loans to individuals	44 889 246	49 794 774
Gross loans to customers	313 137 171	318 923 189
Impairment allowance	(29 088 052)	(18 510 140)
Net loans to customers	284 049 119	300 413 049

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

	Six-month period ended 30 June 2009 (unaudited)	Six-month period ended 30 June 2008 (unaudited)
Balance at the beginning of the period	18 510 140	5 137 563
Net charge for the period	10 817 403	2 975 959
Acquisition of subsidiary	-	206 285
Write-offs	(239 491)	(3 842)
Balance at the end of the period	29 088 052	8 315 965

Non-performing loans comprise loans with principal or/and interest overdue by more than 90 days (except for loans to individuals and SME for which partial repayment of overdue principal or/and interest took place during last quarter of the reporting period as at 30 June 2009) and loans restructured as a result of the borrowers' inability to repay which Management consider as non-performing. As at 30 June 2009 non-performing loans amounted to RUB 27 329 332 thousand (31 December 2008: RUB 8 879 549 thousand). The analysis of non-performing loans by loan groups is presented below:

	30 June 2009 (unaudited)	31 December 2008
Loans to corporate clients	16 271 726	3 238 613
Loans to small and medium enterprises	1 975 561	357 131
Loans to individuals	9 082 045	5 283 805
Total non-performing loans	27 329 332	8 879 549

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 (unaudited)	Impairment allowance (unaudited)	Net loans (unaudited)	Impairment allowance to gross loans (unaudited)
Loans to corporate clients not involved in international business				
Total loans for which no impairment has been identified	143 229 105	(2 454 330)	140 774 775	1.71%
Impaired loans:				
- Impaired, but not overdue	17 136 176	(2 022 957)	15 113 219	11.81%
- Overdue less than 30 days	1 249 057	(377 516)	871 541	30.22%
- Overdue 30-89 days	5 940 884	(2 170 682)	3 770 202	36.54%
- Overdue 90-179 days	1 724 026	(991 706)	732 320	57.52%
- Overdue 180-360 days	4 932 858	(2 683 254)	2 249 604	54.40%
- Overdue more than 360 days	1 419 392	(1 100 834)	318 558	77.56%
Total impaired loans	<u>32 402 393</u>	<u>(9 346 949)</u>	<u>23 055 444</u>	<u>28.85%</u>
Total loans to corporate clients not involved in international business	<u>175 631 498</u>	<u>(11 801 279)</u>	<u>163 830 219</u>	<u>6.72%</u>
Loans to corporate clients involved in international business				
Total loans for which no impairment has been identified	43 709 176	(778 994)	42 930 182	1.78%
Impaired loans:				
- Impaired, but not overdue	3 451 922	(234 901)	3 217 021	6.80%
- Overdue less than 30 days	853 190	(61 368)	791 822	7.19%
- Overdue 30-89 days	881 922	(336 308)	545 614	38.13%
- Overdue 90-179 days	74 793	(38 696)	36 097	51.74%
- Overdue 180-360 days	246 392	(145 543)	100 849	59.07%
- Overdue more than 360 days	620 082	(612 359)	7 723	98.75%
Total impaired loans	<u>6 128 301</u>	<u>(1 429 175)</u>	<u>4 699 126</u>	<u>23.32%</u>
Total loans to corporate clients involved in international business	<u>49 837 477</u>	<u>(2 208 169)</u>	<u>47 629 308</u>	<u>4.43%</u>
Factoring loans				
Total loans for which no impairment has been identified	15 938 432	(756 257)	15 182 175	4.74%
Impaired loans:				
- Impaired, but not overdue	2 409 805	(211 096)	2 198 709	8.76%
- Overdue less than 30 days	157 381	(97 617)	59 764	62.03%
- Overdue 30-89 days	453 561	(368 200)	85 361	81.18%
- Overdue 90-179 days	1 050 431	(860 002)	190 429	81.87%
- Overdue 180-360 days	1 600 984	(1 282 425)	318 559	80.10%
- Overdue more than 360 days	401 224	(342 137)	59 087	85.27%
Total impaired loans	<u>6 073 386</u>	<u>(3 161 477)</u>	<u>2 911 909</u>	<u>52.05%</u>
Total factoring loans	<u>22 011 818</u>	<u>(3 917 734)</u>	<u>18 094 084</u>	<u>17.80%</u>
Loans to small and medium enterprises				
Total loans for which no impairment has been identified	16 720 413	(543 133)	16 177 280	3.25%
Impaired loans:				
- Impaired, but not overdue	459 835	(148 759)	311 076	32.35%
- Overdue less than 30 days	523 932	(200 114)	323 818	38.19%
- Overdue 30-89 days	580 800	(253 113)	327 687	43.58%
- Overdue 90-179 days	971 496	(476 461)	495 035	49.04%
- Overdue 180-360 days	1 177 699	(666 740)	510 959	56.61%
- Overdue more than 360 days	332 957	(219 164)	113 793	65.82%
Total impaired loans	<u>4 046 719</u>	<u>(1 964 351)</u>	<u>2 082 368</u>	<u>48.54%</u>
Total loans to small and medium enterprises	<u>20 767 132</u>	<u>(2 507 484)</u>	<u>18 259 648</u>	<u>12.07%</u>
Total commercial loans	<u>268 247 925</u>	<u>(20 434 666)</u>	<u>247 813 259</u>	<u>7.62%</u>

As at 30 June 2009 the amount of loans to small and medium enterprises overdue over 90 days includes loans for which partial repayment of overdue principal or/and interest took place during last quarter of the reporting period was RUB 506 591 thousand.

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

	Gross loans	Impairment allowance	Net loans	Impairment allowance to gross loans
Loans to corporate clients not involved in international business				
Total loans for which no impairment has been identified	145 907 933	(1 763 780)	144 144 153	1.21%
Impaired loans:				
- Impaired, but not overdue	10 477 520	(1 982 101)	8 495 419	18.92%
- Overdue less than 30 days	2 541 304	(845 625)	1 695 679	33.28%
- Overdue 30-89 days	2 623 317	(1 078 313)	1 545 004	41.10%
- Overdue 90-179 days	650 222	(227 574)	422 648	35.00%
- Overdue 180-360 days	902 422	(602 759)	299 663	66.79%
- Overdue more than 360 days	467 561	(403 751)	63 810	86.35%
Total impaired loans	<u>17 662 346</u>	<u>(5 140 123)</u>	<u>12 522 223</u>	<u>29.10%</u>
Total loans to corporate clients not involved in international business	<u>163 570 279</u>	<u>(6 903 903)</u>	<u>156 666 376</u>	<u>4.22%</u>
Loans to corporate clients involved in international business				
Total loans for which no impairment has been identified	62 048 578	(989 346)	61 059 232	1.59%
Impaired loans:				
- Impaired, but not overdue	971 652	(233 236)	738 416	24.00%
- Overdue less than 30 days	469 489	(113 499)	355 990	24.18%
- Overdue 30-89 days	173 195	(79 109)	94 086	45.68%
- Overdue 180-360 days	334 975	(313 505)	21 470	93.59%
- Overdue more than 360 days	236 821	(189 621)	47 200	80.07%
Total impaired loans	<u>2 186 132</u>	<u>(928 970)</u>	<u>1 257 162</u>	<u>42.49%</u>
Total loans to corporate clients involved in international business	<u>64 234 710</u>	<u>(1 918 316)</u>	<u>62 316 394</u>	<u>2.99%</u>
Factoring loans				
Total loans for which no impairment has been identified	20 146 739	(436 664)	19 710 075	2.17%
Impaired loans:				
- Impaired, but not overdue	576 910	(378 430)	198 480	65.60%
- Overdue less than 30 days	619 412	(401 344)	218 068	64.79%
- Overdue 30-89 days	447 445	(322 124)	125 321	71.99%
- Overdue 90-179 days	327 446	(259 868)	67 578	79.36%
- Overdue 180-360 days	275 231	(259 453)	15 778	94.27%
- Overdue more than 360 days	43 935	(38 122)	5 813	86.77%
Total impaired loans	<u>2 290 379</u>	<u>(1 659 341)</u>	<u>631 038</u>	<u>72.45%</u>
Total factoring loans	<u>22 437 118</u>	<u>(2 096 005)</u>	<u>20 341 113</u>	<u>9.34%</u>
Loans to small and medium enterprises				
Total loans for which no impairment has been identified	16 848 467	(443 465)	16 405 002	2.63%
Impaired loans:				
- Impaired, but not overdue	468 658	(165 411)	303 247	35.29%
- Overdue less than 30 days	506 580	(233 950)	272 630	46.18%
- Overdue 30-89 days	705 472	(344 591)	360 881	48.85%
- Overdue 90-179 days	98 364	(33 980)	64 384	34.55%
- Overdue 180-360 days	243 664	(148 418)	95 246	60.91%
- Overdue more than 360 days	15 103	(13 399)	1 704	88.72%
Total impaired loans	<u>2 037 841</u>	<u>(939 749)</u>	<u>1 098 092</u>	<u>46.11%</u>
Total loans to small and medium enterprises	<u>18 886 308</u>	<u>(1 383 214)</u>	<u>17 503 094</u>	<u>7.32%</u>
Total commercial loans	<u>269 128 415</u>	<u>(12 301 438)</u>	<u>256 826 977</u>	<u>4.57%</u>

Analysis of collateral

There is a special Collateral Department in the Group, which is responsible for managing all types of collateral, accepted by the Group for the commercial loan portfolio. The policies and procedures for valuing and managing collateral comprise two stages.

The first stage is related to the decision-making process about granting a loan or acquisition of a financial asset, which are subject to credit risk. At this stage, the Collateral Department performs an examination of proposed collateral, which includes preparation of a package of documents related to collateral, physical inspection of collateral, verification of any encumbrances, assessment of fair value of collateral, forecasting of possible changes in the fair value of collateral.

The second stage is related to monitoring and managing of collateral, which has already been accepted by the Group. At this stage the current monitoring of collateral is considered, which includes regular monitoring of the collateral and reassessment of its fair value.

Principal types of collateral accepted by the Group for commercial loans are pledges over real estate, securities, property rights, motor vehicles, equipment, debt claims and inventories or guarantees and sureties.

Credit quality of loans to individuals

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

	Gross loans (unaudited)	Impairment allowance (unaudited)	Net loans (unaudited)	Impairment allowance to gross loans (unaudited)
Consumer loans				
- Not past due	16 669 058	(113 061)	16 555 997	0.68%
- Overdue less than 30 days	768 579	(106 902)	661 677	13.91%
- Overdue 30-89 days	1 340 689	(420 340)	920 349	31.35%
- Overdue 90-179 days	1 324 504	(848 454)	476 050	64.06%
- Overdue 180-360 days	3 229 452	(2 684 498)	544 954	83.13%
- Overdue more than 360 days	1 776 481	(1 731 906)	44 575	97.49%
Total consumer loans	25 108 763	(5 905 161)	19 203 602	23.52%
Auto loans				
- Not past due	8 496 184	(11 955)	8 484 229	0.14%
- Overdue less than 30 days	388 659	(17 009)	371 650	4.38%
- Overdue 30-89 days	694 953	(63 524)	631 429	9.14%
- Overdue 90-179 days	771 715	(152 860)	618 855	19.81%
- Overdue 180-360 days	1 711 082	(521 066)	1 190 016	30.45%
- Overdue more than 360 days	763 790	(345 142)	418 648	45.19%
Total auto loans	12 826 383	(1 111 556)	11 714 827	8.67%
Credit cards				
- Not past due	2 196 157	(29 701)	2 166 456	1.35%
- Overdue less than 30 days	99 807	(21 116)	78 691	21.16%
- Overdue 30-89 days	253 504	(135 783)	117 721	53.56%
- Overdue 90-179 days	297 253	(230 826)	66 427	77.65%
- Overdue 180-360 days	599 262	(547 768)	51 494	91.41%
- Overdue more than 360 days	140 587	(139 776)	811	99.42%
Total credit cards	3 586 570	(1 104 970)	2 481 600	30.81%
Mortgage loans				
- Not past due	1 638 245	(138)	1 638 107	0.01%
- Overdue less than 30 days	55 589	(161)	55 428	0.29%
- Overdue 30-89 days	81 678	(687)	80 991	0.84%
- Overdue 90-179 days	115 125	(1 788)	113 337	1.55%
- Overdue 180-360 days	158 176	(9 824)	148 352	6.21%
- Overdue more than 360 days	14 811	(13 646)	1 165	92.13%
Total mortgage loans	2 063 624	(26 244)	2 037 380	1.27%
Express-loans				
- Not past due	323 653	(5 570)	318 083	1.72%
- Overdue less than 30 days	16 709	(4 179)	12 530	25.01%
- Overdue 30-89 days	34 338	(20 045)	14 293	58.38%
- Overdue 90-179 days	86 271	(69 048)	17 223	80.04%
- Overdue 180-360 days	229 380	(210 730)	18 650	91.87%
- Overdue more than 360 days	198 513	(195 883)	2 630	98.68%
Total express-loans	888 864	(505 455)	383 409	56.87%
Loans to VIP clients				
- Not past due	415 042	-	415 042	0.00%
Total loans to VIP clients	415 042	-	415 042	0.00%
Total loans to individuals	44 889 246	(8 653 386)	36 235 860	19.28%

As at 30 June 2009 the amount of loans to individuals overdue over 90 days includes loans for which partial repayment of overdue principal or/and interest took place during last quarter of the reporting period of RUB 2 334 357 thousand.

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

	Gross loans	Impairment allowance	Net loans	Impairment allowance to gross loans
Consumer loans				
- Not past due	22 383 235	(235 112)	22 148 123	1.05%
- Overdue less than 30 days	1 101 449	(271 741)	829 708	24.67%
- Overdue 30-89 days	1 660 542	(786 404)	874 138	47.36%
- Overdue 90-179 days	1 214 069	(783 126)	430 943	64.50%
- Overdue 180-360 days	1 283 581	(1 105 236)	178 345	86.11%
- Overdue more than 360 days	582 544	(582 544)	-	100.00%
Total consumer loans	28 225 420	(3 764 163)	24 461 257	13.34%
Auto loans				
- Not past due	11 258 185	(99 881)	11 158 304	0.89%
- Overdue less than 30 days	758 116	(136 647)	621 469	18.02%
- Overdue 30-89 days	938 213	(344 800)	593 413	36.75%
- Overdue 90-179 days	618 404	(348 818)	269 586	56.41%
- Overdue 180-360 days	634 164	(516 705)	117 459	81.48%
- Overdue more than 360 days	230 025	(230 025)	-	100.00%
Total auto loans	14 437 107	(1 676 876)	12 760 231	11.62%
Credit cards				
- Not past due	2 376 695	(97 006)	2 279 689	4.08%
- Overdue less than 30 days	153 457	(22 754)	130 703	14.83%
- Overdue 30-89 days	287 657	(115 192)	172 465	40.04%
- Overdue 90-179 days	208 851	(100 692)	108 159	48.21%
- Overdue 180-360 days	114 129	(73 508)	40 621	64.41%
- Overdue more than 360 days	27 482	(27 482)	-	100.00%
Total credit cards	3 168 271	(436 634)	2 731 637	13.78%
Express-loans				
- Not past due	735 732	(15 509)	720 223	2.11%
- Overdue less than 30 days	46 177	(12 385)	33 792	26.82%
- Overdue 30-89 days	92 938	(44 203)	48 735	47.56%
- Overdue 90-179 days	99 229	(59 074)	40 155	59.53%
- Overdue 180-360 days	116 567	(97 891)	18 676	83.98%
- Overdue more than 360 days	82 365	(82 365)	-	100.00%
Total express-loans	1 173 008	(311 427)	861 581	26.55%
Mortgage loans				
- Not past due	2 013 125	(195)	2 012 930	0.01%
- Overdue less than 30 days	88 059	(470)	87 589	0.53%
- Overdue 30-89 days	95 169	(6 977)	88 192	7.33%
- Overdue 90-179 days	46 881	(3 859)	43 022	8.23%
- Overdue 180-360 days	22 070	(3 907)	18 163	17.70%
- Overdue more than 360 days	3 444	(3 444)	-	100.00%
Total mortgage loans	2 268 748	(18 852)	2 249 896	0.83%
Loans to VIP clients				
- Not past due	522 220	(750)	521 470	0.14%
Total loans to VIP clients	522 220	(750)	521 470	0.14%
Total loans to individuals	49 794 774	(6 208 702)	43 586 072	12.47%

In the first half of 2009, the Group adopted a new risk management classification of credit exposures. Accordingly, changes were made with regard to the classification of existing loans under IFRS, resulting in certain reclassifications within the loan portfolio as at 31 December 2008. In particular, the Group reclassified loans to individuals amounting to RUB 583 718 thousand to commercial loans because in substance those loans were granted for commercial activity of the borrowers.

Analysis of collateral

Mortgage loans are secured by underlying housing real estate. Auto loans are secured by the underlying car. Certain consumer loans and loans to VIP clients are secured by third parties sureties although the majority of consumer loans and loans to VIP clients are not secured. Credit cards and express loans are not secured.

Industry and geographical analysis of the loan portfolio

Loans to customers are issued to customers operating in the following economic sectors:

	30 June 2009 (unaudited)		31 December 2008	
Loans to individuals	44 889 246	14.34%	49 794 774	15.61%
Commercial loans				
Wholesale trade	36 051 754	11.51%	42 472 388	13.32%
Real estate investment and development	29 486 802	9.42%	29 727 241	9.32%
Finance, leasing and insurance	22 159 630	7.08%	15 739 153	4.94%
Food production	20 952 091	6.68%	21 601 883	6.77%
Construction	19 371 325	6.19%	20 251 845	6.35%
Retail trade	14 983 035	4.78%	15 597 357	4.89%
Agriculture	14 628 959	4.67%	15 520 858	4.87%
Wood processing	14 585 240	4.66%	9 975 322	3.13%
Transport	12 739 335	4.07%	12 838 179	4.03%
Services	11 114 452	3.55%	11 983 575	3.76%
Information technology	8 516 975	2.72%	6 002 662	1.88%
Automobile trading and production	8 101 557	2.59%	11 095 210	3.48%
Chemical production	7 461 043	2.38%	7 730 051	2.42%
Metallurgy	6 826 371	2.18%	8 107 508	2.54%
Energy	6 635 851	2.12%	7 335 291	2.30%
Construction materials	6 160 868	1.97%	6 274 517	1.97%
Machinery	5 815 441	1.86%	6 833 484	2.14%
Pharmaceutical	4 242 406	1.35%	3 372 384	1.06%
Telecommunications	3 339 904	1.07%	3 671 450	1.15%
Media	2 435 109	0.78%	2 621 801	0.82%
Mineral resources	2 306 204	0.74%	1 048 884	0.33%
Light industry	2 114 984	0.68%	1 354 512	0.42%
Aircraft	597 598	0.19%	387 765	0.12%
Other	7 620 991	2.42%	7 585 095	2.38%
	313 137 171	100.00%	318 923 189	100.00%
Impairment allowance	(29 088 052)		(18 510 140)	
Total loans to customers	284 049 119		300 413 049	

Significant credit exposures

As at 30 June 2009 and 31 December 2008 the Group had 10 and 8 borrowers or groups of related borrowers, respectively, whose loan balances exceeded 10% of shareholder's equity. The gross value of exposures as of 30 June 2009 and 31 December 2008 were RUB 58 758 182 thousand and RUB 48 440 626 thousand, respectively, or 18.7% and 15.2% of gross loans to customers.

Loan maturities

The maturity of the Group's loan portfolio is presented in Note 18, which shows the remaining period from the reporting date to the contractual maturity of the loans comprising the loan portfolio. Due to the short-term nature of the loans issued by the Group, it is likely that many of the Group's loans to customers will be prolonged on maturity. Accordingly, the effective maturity of the loan portfolio may be significantly longer than the classification indicated based on contractual terms.

Maturity and currency analysis of loans to customers are disclosed in Note 18. Information on related party balances is disclosed in Note 21.

6 Deposits and balances from banks and other financial institutions

	30 June 2009 (unaudited)	31 December 2008
Term deposits from foreign banks	18 157 520	10 167 919
Long-term finance from foreign banks	15 852 820	16 346 508
Trade finance from foreign banks	14 539 086	26 545 890
Term deposits from local banks	7 237 939	846 008
Term deposits from the Central Bank of the RF	3 770 226	51 527 551
Vostro accounts	3 657 191	5 841 481
Total deposits and balances from banks and other financial institutions	63 214 782	111 275 357

Maturity and currency analysis of deposits and balances from banks and other financial institutions are disclosed in Note 18. Information on related party balances is disclosed in Note 21.

Concentration of deposits and balances from banks and other financial institutions

As of 30 June 2009, the ten largest aggregate balances of deposits and balances from banks and other financial institutions (except for term deposits from the Central Bank of the RF) amounted to RUB 26 105 019 thousand or 43.9% of total deposits and balances from banks and other financial institutions excluding term deposits from the Central Bank of the RF (31 December 2008: RUB 25 254 376 thousand or 42.3% of deposits and balances from banks and other financial institutions).

7 Current accounts and deposits from customers

	30 June 2009 (unaudited)	31 December 2008
Current accounts and demand deposits		
- Corporate	65 507 491	59 566 765
- Retail	8 310 998	8 304 238
Term deposits		
- Corporate	86 807 057	95 987 911
- Retail	64 532 388	45 086 652
- State and local authorities	12 864 500	20 665 392
Total current accounts and deposits from customers	238 022 434	229 610 958

Maturity and currency analysis of current accounts and deposits from customers are disclosed in Note 18. Information on related party balances is disclosed in Note 21.

Blocked accounts

As at 30 June 2009, the Group maintained customer deposit balances of RUB 1 718 076 thousand (31 December 2008: RUB 1 530 911 thousand) which were blocked by the Group as collateral for loans and off-balance sheet credit instruments granted by the Group.

Concentrations of current accounts and deposits from customers

As at 30 June 2009 the ten largest aggregate balances of current account and deposits from customers amounted to RUB 93 463 144 thousand or 39.3% of total current accounts and deposits from customers (31 December 2008: RUB 87 979 495 thousand or 38.3% of total current accounts and deposits from customers).

8 Own securities issued

	30 June 2009 (unaudited)	31 December 2008
Senior loan participation notes	15 948 278	17 889 524
Promissory notes	13 389 033	11 676 688
Domestic bonds	6 132 833	9 541 000
Certificates of deposit	21 958	261 228
Total own securities issued	35 492 102	39 368 440

The Group issued promissory notes at a discount to nominal value and interest bearing promissory notes denominated in Russian Roubles, US dollars and Euro with effective interest rates from 1.5% p.a. to 16.1% p.a. and maturity dates from July 2009 to May 2014.

Senior loan participation notes comprise notes issued through Promsvyaz Finance PLC and PSB Finance S.A. (refer to Note 2).

The table below provides a summary of all senior loan participation notes issued by the Group:

Special purpose entity used for issue	Principal amount		Issue date	Maturity date	Coupon rate	30 June 2009 (unaudited)	31 December 2008
	30 June 2009	31 December 2008					
Promsvyaz Finance PLC	USD 193 mln	USD 200 mln	October 2005	October 2010	8.75%	6 369 449	5 952 241
PSB Finance S.A.	USD 202 mln	USD 225 mln	October 2006 and March 2007	October 2011	8.75%	6 109 434	6 696 386
PSB Finance S.A.	USD 110 mln	USD 150 mln	July 2008	July 2013	10.75%	3 469 395	4 590 498
PSB Finance S.A.	-	EUR 15 mln	July 2008	March 2009	9.625%	-	650 399
Total senior loan participation notes						15 948 278	17 889 524

During the six-month period ended 30 June 2009 the Group purchased from the market senior loan participation notes amounting to USD 118 464 thousand. The income received on the repurchase of these senior loan participation notes was RUB 731 400 thousand.

During the six-month period ended 30 June 2009 the Group sold to the market senior loan participation notes amounting to USD 47 677 thousand.

The table below provides a summary of domestic bonds issued by the Group:

Principal amount	Issue date	Offer date	Maturity date	Current coupon rate	30 June 2009 (unaudited)	31 December 2008
4 500 000	May 2007	May 2010	May 2012	16.00%	3 998 971	4 532 406
5 000 000	June 2008	December 2009	June 2013	14.75%	2 133 862	5 008 594
Total domestic bonds					6 132 833	9 541 000

In May 2009 the Group redeemed at nominal value 45.7% of the RUB 4.5 billion issue from holders under a mandatory offer made by the Group. Subsequent to this the Group re-issued to the market 72.7% of such bonds.

In June 2009 the Group redeemed at nominal value 70.6% of the RUB 5 billion issue from holders under a mandatory offer made by the Group. Subsequent to this the Group re-issued to the market 18.6% of such bonds.

Maturity and currency analysis of own securities issued are disclosed in Note 18. Information on related party balances is disclosed in Note 21.

9 Other borrowed funds

	30 June 2009 (unaudited)	31 December 2008
Syndicated loans	18 178 177	22 196 034
Other borrowed funds	1 633 641	1 814 228
Total other borrowed funds	19 811 818	24 010 262

In March 2009 the Group repaid in advance a syndicated loan amounting to USD 175 000 thousand, received in May 2008 from a group of banks from Europe and the United States of America.

In April 2009 the Group repaid the next tranche of a loan agreement with Kreditanstalt für Wiederaufbau, received in October 2006 for development of the retail segment amounting to USD 1 818 thousand.

In April 2009 the Group repaid three tranches of a loan agreement with EBRD, received in October 2005, November 2006 and December 2007 for development of the small and medium segment amounting to USD 4 286 thousand.

In June 2009 the Group repaid the next tranche of a loan agreement with National City Bank, received in June 2006 for development of the retail segment amounting to USD 3 125 thousand.

Maturity and currency analysis of other borrowed funds are disclosed in Note 18.

10 Net interest income

	Six-month period ended 30 June 2009 (unaudited)	Six-month period ended 30 June 2008 (unaudited)
Interest income		
Loans to customers	25 724 549	16 430 644
Financial assets at fair value through profit or loss	948 825	741 971
Investments held to maturity	430 543	-
Placements with banks and other financial institutions and cash and cash equivalents	269 045	400 433
Reverse repurchase agreements	165 631	259 905
Total interest income	27 538 593	17 832 953
Interest expense		
Current accounts and deposits from customers	7 995 303	3 775 141
Deposits and balances from banks and other financial institutions	3 215 086	2 172 636
Own securities issued	1 999 972	1 336 100
Subordinated borrowings	827 514	521 008
Other borrowed funds	541 933	563 117
Repurchase agreements	152 997	63 649
Total interest expense	14 732 805	8 431 651
Net interest income	12 805 788	9 401 302

11 Fee and commission income

	Six-month period ended 30 June 2009 (unaudited)	Six-month period ended 30 June 2008 (unaudited)
Commission on documentary operations	1 126 145	448 784
Commission for servicing plastic cards	618 357	413 938
Commission on foreign currency operations	603 902	200 412
Money transfer fees	600 256	472 468
Commission for operations with cash	333 963	257 377
Commission on banknote operations	146 854	110 306
Securities trading fees	42 925	30 699
Commission on undrawn loan commitments	41 593	144 074
Cash collection fees	40 481	29 541
Agent fees	28 143	49 856
Investment banking fees	10 044	30 007
Other	42 341	25 063
Total fee and commission income	3 635 004	2 212 525

12 Fee and commission expense

	Six-month period ended 30 June 2009 (unaudited)	Six-month period ended 30 June 2008 (unaudited)
Commission on documentary operations	229 642	88 867
Commission for servicing plastic cards	135 222	111 901
Money transfer fees	102 274	93 251
Commission on foreign currency operations	68 809	6 862
Agent fees	63 420	29 910
Commission on banknote operations	55 114	23 114
Cash collection fees	31 239	42 613
Securities trading fees	5 082	7 102
Other	1 503	1 858
Total fee and commission expense	692 305	405 478

13 Net gain/(loss) on financial instruments at fair value through profit or loss and gain on early redemption of senior loan participation notes

	Six-month period ended 30 June 2009 (unaudited)	Six-month period ended 30 June 2008 (unaudited)
Net gain on early redemption of senior loan participation notes	731 400	-
Net gain/(loss) on debt securities - trading securities	157 144	(149 429)
Net gain/(loss) on equity securities – trading securities	281	(38 773)
Net gain/(loss) on equity instruments – securities designated upon initial recognition as at fair value through profit or loss	37 519	(52 763)
Net loss on interest rate swaps	(32 227)	(32 087)
Net gain/(loss) on financial instruments at fair value through profit or loss	894 117	(273 052)

14 Other income

	Six-month period ended 30 June 2009 (unaudited)	Six-month period ended 30 June 2008 (unaudited)
Fines and penalties received	442 326	122 429
Dividend income	60	509
Income on sale of property	-	20 054
Other	142 809	70 334
Total other income	585 195	213 326

15 Other impairment allowance

	Six-month period ended 30 June 2009 (unaudited)	Six-month period ended 30 June 2008 (unaudited)
Charge for/(reversal of) allowance for credit related commitments	42 306	(7 291)
Impairment of investments held to maturity	22 236	-
Total other impairment allowance	64 542	(7 291)

16 General and administrative expenses

	Six-month period ended 30 June 2009 (unaudited)	Six-month period ended 30 June 2008 (unaudited)
Administrative expenses		
Employee compensation	3 857 671	3 011 576
Depreciation	471 227	341 850
Occupancy	423 247	316 599
Taxes other than income tax	362 468	272 569
Communications and information services	261 819	173 748
Insurance	245 674	192 121
Business development	237 485	240 001
Advertising and marketing	196 161	318 883
Security	156 190	118 907
Transportation	82 342	92 205
Repairs and maintenance	73 121	74 328
Professional services	29 169	46 955
Other	119 846	79 465
Total administrative expenses	6 516 420	5 279 207
General expenses		
Contributions under obligatory deposit insurance	102 252	87 349
Charity and sponsorship	72 219	151 562
Total general expenses	174 471	238 911

Charity and sponsorship expenses include grants to the Russian Society of Invalids, hospices, hospitals, culture institutions and to the Russian Orthodox Church.

17 Analysis by segment

The Group is organized into four main reportable operating segments. The Group's segments are identified on the basis of organizational structure and types of clients. Each operating segment involves areas of business, which are under control and responsibility of one of the Management Board members.

- Corporate banking – this operating segment includes the following services provided to legal entities (excluding small and medium enterprises): settlements and money transfer; deposit taking; issuance of promissory notes and certificates of deposit; trade and long-term finance; commercial lending; overdraft lending; factoring; leasing; letters of credit; guaranties; foreign exchange services; cash collection; currency conversion; all transactions with precious metals.
- Retail banking – this operating segment includes the following services provided to retail customers: settlements and money transfer; deposit taking and lending to individuals (excluding VIP clients); foreign exchange services; banking card products; settlement and cash services.
- International business, investments and financial markets – this operating segment includes the following services provided to banks and other financial institutions, state and local authorities, VIP clients (individuals): deposit taking; borrowings from banks and other financial institutions; issuance of domestic bonds, loan participation notes and promissory notes on the market; repo transactions; interbank lending; syndicated and subordinated borrowings; lending to state and local authorities and VIP clients (individuals); trading and brokerage in securities; foreign exchange (except currency conversion for clients); trading in derivatives; export letters of credit; guaranties; banknote operations; depositary services; settlements and money transfer.
- Small and medium size enterprises - this operating segment includes the following services provided to small and medium size enterprises: commercial lending; deposit taking; issuance of promissory notes; money transfer; guaranties; brokerage in securities; foreign exchange services.

The Group does not allocate the shareholders' equity between segments.

The intersegment income and expenses related to exchange of the resources between segments are calculated on the basis of a transfer pricing system, in accordance with which the prices of the internal placement/funding depend on the currency and term of placement/funding.

The Group does not allocate net book value of property and equipment, and current and deferred tax assets and liabilities between the segments to determine segments' assets/liabilities. These captions are included in "Unallocated" category in the reconciliation of the total segment assets/liabilities to total assets/liabilities of the Group. Other assets and liabilities are included in "Unallocated" category when they cannot be reasonably distributed among the segments.

General and administrative expenses are allocated between the segments on the basis of an activity-based costing model which identifies activities in the Group and assign the cost of each activity's resources to all products and services according to their actual consumption.

The Group allocates income tax benefit/expense using the financial result of each segment and overall effective tax rate.

Promsvyazbank**Notes to the interim consolidated condensed financial statements – six-month period ended 30 June 2009***(expressed in thousands of Russian Roubles – refer to Note 2)*

Segment breakdown of assets and liabilities of the Group as at 30 June 2009 is set out below:

	Corporate banking	Retail banking	International business, investments and financial markets	Small and medium size enterprises	Unallo- cated	Total
Cash and cash equivalents	145 024	2 073 362	65 843 199	-	-	68 061 585
Obligatory reserves with central banks	-	-	-	-	1 679 252	1 679 252
Placements with banks and other financial institutions	-	-	288 923	-	-	288 923
Financial assets at fair value through profit or loss	-	-	17 159 880	-	-	17 159 880
Amounts receivable under reverse repurchase agreements	-	-	7 533 060	-	-	7 533 060
Loans to customers	227 333 047	35 820 818	2 635 606	18 259 648	-	284 049 119
Investments available for sale	244 656	-	-	-	-	244 656
Investments held to maturity	-	-	8 440 680	-	-	8 440 680
Other assets	43 860	42 761	2 115	-	1 523 649	1 612 385
Current income tax prepayments	-	-	-	-	625 917	625 917
Deferred tax asset	-	-	-	-	369 886	369 886
Property and equipment	-	-	-	-	24 395 426	24 395 426
Total assets	227 766 587	37 936 941	101 903 463	18 259 648	28 594 130	414 460 769
Financial liabilities at fair value through profit or loss	-	-	788 509	-	-	788 509
Deposits and balances from banks and other financial institutions	29 329 148	166 614	33 719 020	-	-	63 214 782
Amounts payable under repurchase agreements	-	-	2 017 325	-	-	2 017 325
Current accounts and deposits from customers	136 408 944	44 622 806	47 281 382	9 709 302	-	238 022 434
Own securities issued	6 842 633	-	28 162 932	486 537	-	35 492 102
Other borrowed funds	-	-	19 811 818	-	-	19 811 818
Other liabilities	220 511	-	175 468	6 676	1 600 906	2 003 561
Current income tax payable	-	-	-	-	15 145	15 145
Deferred tax liability	-	-	-	-	256 827	256 827
Subordinated borrowings	-	-	12 049 054	-	1 254 435	13 303 489
Total liabilities	172 801 236	44 789 420	144 005 508	10 202 515	3 127 313	374 925 992

Promsvyazbank**Notes to the interim consolidated condensed financial statements – six-month period ended 30 June 2009***(expressed in thousands of Russian Roubles – refer to Note 2)*

Segment breakdown of assets and liabilities of the Group as at 31 December 2008 is set out below:

	Corporate banking	Retail banking	International business, investments and financial markets	Small and medium size enterprises	Unallo- cated	Total
Cash and cash equivalents	181 698	3 237 769	102 303 743	-	-	105 723 210
Obligatory reserves with central banks	-	-	-	-	992 510	992 510
Placements with banks and other financial institutions	-	-	2 426 852	-	-	2 426 852
Financial assets at fair value through profit or loss	-	-	14 408 817	-	-	14 408 817
Amounts receivable under reverse repurchase agreements	-	-	4 574 084	-	-	4 574 084
Loans to customers	237 286 652	43 064 602	2 558 699	17 503 096	-	300 413 049
Investments available for sale	158 714	-	-	-	-	158 714
Investments held to maturity	-	-	8 880 051	-	-	8 880 051
Other assets	-	17 564	169 249	-	1 330 727	1 517 540
Current income tax prepayments	-	-	-	-	1 292 982	1 292 982
Property and equipment	-	-	-	-	21 413 219	21 413 219
Total assets	237 627 064	46 319 935	135 321 495	17 503 096	25 029 438	461 801 028
Financial liabilities at fair value through profit or loss	-	-	614 859	-	-	614 859
Deposits and balances from banks and other financial institutions	25 758 838	204 497	85 312 022	-	-	111 275 357
Amounts payable under repurchase agreements	-	-	855 837	-	-	855 837
Current accounts and deposits from customers	148 544 930	33 861 904	44 172 528	3 031 596	-	229 610 958
Own securities issued	6 419 686	-	32 785 700	163 054	-	39 368 440
Other borrowed funds	-	-	24 010 262	-	-	24 010 262
Other liabilities	-	-	533 208	-	2 139 771	2 672 979
Current income tax payable	-	-	-	-	48 002	48 002
Deferred tax liability	-	-	-	-	776 151	776 151
Subordinated borrowings	-	-	11 415 293	-	1 178 306	12 593 599
Total liabilities	180 723 454	34 066 401	199 699 709	3 194 650	4 142 230	421 826 444

Promsvyazbank**Notes to the interim consolidated condensed financial statements – six-month period ended 30 June 2009***(expressed in thousands of Russian Roubles – refer to Note 2)*

Segment information for the reportable business segments of the Group for the six-month period ended 30 June 2009 is set out below:

	Corporate banking	Retail banking	International business, investments and financial markets	Small and medium size enterprises	Unallo- cated	Total
Interest income	19 384 496	4 177 837	2 061 538	1 914 722	-	27 538 593
Interest expense	(5 217 821)	(1 614 126)	(7 724 453)	(83 927)	(92 478)	(14 732 805)
Net interest income	14 166 675	2 563 711	(5 662 915)	1 830 795	(92 478)	12 805 788
Net revenue from other segments	(6 806 209)	(1 337 257)	6 171 093	(1 028 320)	3 000 693	-
Fee and commission income	1 674 839	1 319 721	300 909	297 194	42 341	3 635 004
Fee and commission expense	(195 417)	(224 592)	(270 923)	-	(1 373)	(692 305)
Net fee and commission income	1 479 422	1 095 129	29 986	297 194	40 968	2 942 699
Net gain on financial instruments at fair value through profit or loss and gain on earlier redemption of senior loan participation notes	18 320	-	875 797	-	-	894 117
Net foreign exchange loss	124 000	-	(352 248)	-	-	(228 248)
Net gain on purchase of minority interest of subsidiaries	72 990	-	-	-	-	72 990
Income on early redemption of financial liabilities	48 107	51 619	-	-	-	99 726
Other income	237 052	177 937	35 424	52 347	82 435	585 195
Operating income of the segment	9 340 357	2 551 139	1 097 137	1 152 016	3 031 618	17 172 267
Loan impairment allowance	(7 200 923)	(2 445 434)	(46 775)	(1 124 271)	-	(10 817 403)
Other losses allowance	(18 124)	-	(39 514)	-	(6 904)	(64 542)
Administrative expenses	(1 488 224)	(2 641 845)	(463 444)	(848 873)	(1 074 034)	(6 516 420)
General expenses	(7)	(75 901)	(26 315)	(29)	(72 219)	(174 471)
Operating expenses	(8 707 278)	(5 163 180)	(576 048)	(1 973 173)	(1 153 157)	(17 572 836)
Profit before tax	633 079	(2 612 041)	521 089	(821 157)	1 878 461	(400 569)
Income tax benefit	(66 364)	250 667	(74 293)	65 825	(159 737)	16 098
Segment profit for the period	566 715	(2 361 374)	446 796	(755 332)	1 718 724	(384 471)

Promsvyazbank**Notes to the interim consolidated condensed financial statements – six-month period ended 30 June 2009***(expressed in thousands of Russian Roubles – refer to Note 2)*

Segment information for the reportable business segments of the Group for the six-month period ended 30 June 2008 is set out below:

	Corporate banking	Retail banking	International business, investments and financial markets	Small and medium size enterprises	Unallo- cated	Total
Interest income	12 140 681	3 242 021	1 524 263	925 988	-	17 832 953
Interest expense	(2 755 792)	(1 414 573)	(4 259 194)	(2 092)	-	(8 431 651)
Net interest income	9 384 889	1 827 448	(2 734 931)	923 896	-	9 401 302
Net revenue from other segments	(4 528 447)	(315 442)	3 358 367	(608 939)	2 094 461	-
Fee and commission income	1 223 108	768 677	180 827	14 850	25 063	2 212 525
Fee and commission expense	(134 097)	(149 366)	(122 015)	-	-	(405 478)
Net fee and commission income	1 089 011	619 311	58 812	14 850	25 063	1 807 047
Net loss on financial instruments at fair value through profit or loss	23 671	-	(296 723)	-	-	(273 052)
Net foreign exchange gain	82 055	-	642 740	-	-	724 795
Income on early redemption of financial liabilities	80 275	15 406	-	-	-	95 681
Other income	52 871	75 962	509	4 857	79 127	213 326
Operating income of the segment	6 184 325	2 222 685	1 028 774	334 664	2 198 651	11 969 099
Loan impairment allowance	(1 168 436)	(1 316 322)	(26 116)	(465 085)	-	(2 975 959)
Other losses allowance	7 291	-	-	-	-	7 291
Administrative expenses	(996 076)	(1 765 449)	(197 685)	(283 726)	(2 036 273)	(5 279 207)
General expenses	-	(87 349)	-	-	(151 562)	(238 911)
Operating expenses	(2 157 221)	(3 169 120)	(223 801)	(748 811)	(2 187 835)	(8 486 786)
Profit before tax	4 027 104	(946 435)	804 973	(414 147)	10 816	3 482 313
Income tax expense	(1 084 202)	245 461	(190 916)	107 410	2 734	(919 513)
Segment profit for the period	2 942 902	(700 974)	614 057	(306 737)	13 550	2 562 800

18 Currency and maturity analysis

Currency analysis

The following table shows the currency structure of assets and liabilities as at 30 June 2009:

	<u>RUB</u>	<u>USD</u>	<u>EUR</u>	<u>Other</u>	<u>Total</u>
Assets					
Cash and cash equivalents	15 327 444	18 251 822	34 106 525	375 794	68 061 585
Obligatory reserves with central banks	1 113 345	-	565 907	-	1 679 252
Placements with banks and other financial institutions	61 366	111 561	115 996	-	288 923
Financial assets at fair value through profit or loss	13 642 557	3 175 681	295 812	45 830	17 159 880
Amounts receivable under reverse repurchase agreements	7 371 806	104 704	56 550	-	7 533 060
Loans to customers	144 424 527	115 786 650	23 189 806	648 136	284 049 119
Investments available for sale	238 681	-	5 975	-	244 656
Investments held to maturity	7 968 296	472 384	-	-	8 440 680
Other assets	1 440 655	114 471	52 681	4 578	1 612 385
Current income tax prepayments	625 917	-	-	-	625 917
Deferred tax asset	369 886	-	-	-	369 886
Property and equipment	24 395 426	-	-	-	24 395 426
Total assets	216 979 906	138 017 273	58 389 252	1 074 338	414 460 769
Liabilities					
Financial liabilities at fair value through profit or loss	187 316	577 384	22 913	896	788 509
Deposits and balances from banks and other financial institutions	13 738 029	24 595 985	23 208 384	1 672 384	63 214 782
Amounts payable under repurchase agreements	2 017 325	-	-	-	2 017 325
Current accounts and deposits from customers	133 344 700	58 996 729	43 365 835	2 315 170	238 022 434
Own securities issued	15 021 990	19 229 117	1 240 995	-	35 492 102
Other borrowed funds	-	19 811 818	-	-	19 811 818
Other liabilities	1 710 460	214 899	48 010	30 192	2 003 561
Current income tax payable	531	-	14 614	-	15 145
Deferred tax liability	256 827	-	-	-	256 827
Subordinated borrowings	1 560 326	11 743 163	-	-	13 303 489
Total liabilities	167 837 504	135 169 095	67 900 751	4 018 642	374 925 992
Net on balance sheet position as at 30 June 2009	49 142 402	2 848 178	(9 511 499)	(2 944 304)	39 534 777
Net off balance sheet position as at 30 June 2009	(6 253 526)	(5 073 717)	8 719 513	2 607 730	-
Net on and off balance sheet positions as at 30 June 2009	42 888 876	(2 225 539)	(791 986)	(336 574)	39 534 777
Guarantees issued as at 30 June 2009	15 944 026	4 371 343	2 623 182	-	22 938 551
Other credit related commitments as at 30 June 2009	12 070 317	11 812 896	3 703 194	-	27 586 407

The following table shows the currency structure of assets and liabilities as at 31 December 2008:

	RUB	USD	EUR	Other	Total
Assets					
Cash and cash equivalents	59 682 960	20 488 777	25 032 295	519 178	105 723 210
Obligatory reserves with central banks	516 292	-	476 218	-	992 510
Placements with banks and other financial institutions	2 155 070	128 360	143 422	-	2 426 852
Financial assets at fair value through profit or loss	12 010 816	2 318 803	66 534	12 664	14 408 817
Amounts receivable under reverse repurchase agreements	4 574 084	-	-	-	4 574 084
Loans to customers	149 052 984	125 026 071	25 285 639	1 048 355	300 413 049
Investments available for sale	155 840	-	2 874	-	158 714
Investments held to maturity	8 492 341	387 710	-	-	8 880 051
Other assets	1 431 910	18 969	58 817	7 844	1 517 540
Current income tax prepayments	1 292 982	-	-	-	1 292 982
Property and equipment	21 413 219	-	-	-	21 413 219
Total assets	260 778 498	148 368 690	51 065 799	1 588 041	461 801 028
Liabilities					
Financial liabilities at fair value through profit or loss	52 139	499 368	32 676	30 676	614 859
Deposits and balances from banks and other financial institutions	54 985 752	31 836 064	22 606 730	1 846 811	111 275 357
Amounts payable under repurchase agreements	855 837	-	-	-	855 837
Current accounts and deposits from customers	142 901 093	54 801 351	30 342 939	1 565 575	229 610 958
Own securities issued	16 926 189	19 799 860	2 642 391	-	39 368 440
Other borrowed funds	-	24 010 262	-	-	24 010 262
Other liabilities	2 383 893	146 023	110 549	32 514	2 672 979
Current income tax payable	11 759	-	36 243	-	48 002
Deferred tax liability	776 151	-	-	-	776 151
Subordinated borrowings	1 574 010	11 019 589	-	-	12 593 599
Total liabilities	220 466 823	142 112 517	55 771 528	3 475 576	421 826 444
Net on balance sheet position as at 31 December 2008	40 311 675	6 256 173	(4 705 729)	(1 887 535)	39 974 584
Net off balance sheet position as at 31 December 2008	5 632 398	(13 985 970)	4 370 617	3 982 955	-
Net on and off balance sheet positions as at 31 December 2008	45 944 073	(7 729 797)	(335 112)	2 095 420	39 974 584
Guarantees issued as at 31 December 2008	26 953 306	8 295 892	3 988 371	-	39 237 569
Other credit related commitments as at 31 December 2008	14 339 230	19 958 603	5 145 357	2 311	39 445 501

Net off-balance sheet position as at 31 December 2008 includes short-term forward deals in the total amount of RUB 6 021 100 thousand conducted to hedge the Group's investment rights in the office building under construction, which were accounted for in USD under local GAAP.

Maturity analysis

The following table shows assets and liabilities of the Group by their remaining contractual maturity as at 30 June 2009 and 31 December 2008, with the exception of securities included into financial assets at fair value through profit or loss and investments held to maturity as at 30 June 2009 and 31 December 2008. Securities approved by the CBR as collateral for its loans are shown in the category “Less than 1 month”, other securities are shown in accordance with their remaining maturity as at 30 June 2009 and 31 December 2008.

As at 30 June 2009 and 31 December 2008 the contractual maturities of securities included into financial assets at fair value through profit or loss were as follows:

	30 June 2009 (unaudited)	31 December 2008
Less than 1 month	350 709	598 863
1 to 6 months	2 642 295	1 523 992
6 months to 1 year	4 059 597	1 890 468
1 year to 5 years	7 710 366	8 315 571
More than 5 years	2 025 207	1 701 073
No maturity	68 179	35 394
	16 856 353	14 065 361

As at 30 June 2009 and 31 December 2008 the contractual maturities or offer date of securities included into investments held to maturity were as follows:

	30 June 2009 (unaudited)	31 December 2008
Less than 1 month	569 233	111 745
1 to 6 months	1 107 302	985 607
6 months to 1 year	3 677 126	1 340 478
1 year to 5 years	3 087 019	6 442 221
	8 440 680	8 880 051

As at 30 June 2009 and 31 December 2008 domestic bonds issued are presented in the table below in accordance with their offer dates. The contractual maturity dates are presented in Note 8.

In accordance with Russian legislation, term deposits of individuals may be withdrawn before maturity. However Management believes that in spite of this early withdrawal option and the fact that a substantial portion of customers accounts are on demand, diversification of these customer accounts and deposits by number and type of depositors, and the past experience of the Group indicates that these customers accounts provide a long-term and stable source of funding for the Group.

The Group has undrawn lines of credit with the CBR and other financial institutions. Accordingly, the Group in its liquidity forecasts estimates that the liquidity gaps in the table below will be sufficiently covered by the continued retention of current accounts and deposits from customers, as well as the undrawn credit line facilities from the CBR and other financial institutions mentioned above.

The Group included part of current accounts from customers amounting to RUB 41 925 427 thousand (31 December 2008: RUB 35 165 827 thousand) in the category “from 1 to 6 months” based on historical experience of stable customer current accounts.

Overdue assets are classified within the “Demand and less than 1 month” column.

Promsvyazbank**Notes to the interim consolidated condensed financial statements – six-month period ended 30 June 2009***(expressed in thousands of Russian Roubles – refer to Note 2)*

The following table shows the maturity analysis as of 30 June 2009:

	<u>Demand and less than 1 month</u>	<u>From 1 to 6 months</u>	<u>From 6 months to 1 year</u>	<u>From 1 year to 5 years</u>	<u>More than 5 years</u>	<u>No maturity</u>	<u>Total</u>
Assets							
Cash and cash equivalents	68 061 585	-	-	-	-	-	68 061 585
Obligatory reserves with central banks	391 101	746 023	205 915	304 219	31 994	-	1 679 252
Placements with banks and other financial institutions	25 424	262 696	-	803	-	-	288 923
Financial assets at fair value through profit or loss	9 684 721	2 450 838	1 813 231	2 296 293	846 618	68 179	17 159 880
Amounts receivable under reverse repurchase agreements	7 533 060	-	-	-	-	-	7 533 060
Loans to customers	44 380 517	85 011 376	53 256 578	95 435 395	5 965 253	-	284 049 119
Investments available for sale	-	-	-	-	-	244 656	244 656
Investments held to maturity	6 777 112	849 879	278 251	529 891	5 547	-	8 440 680
Other assets	249 114	469 261	106 179	6 683	620 144	161 004	1 612 385
Current income tax prepayments	625 917	-	-	-	-	-	625 917
Deferred tax asset	-	-	-	-	-	369 886	369 886
Property and equipment	-	-	-	-	-	24 395 426	24 395 426
Total assets	137 728 551	89 790 073	55 660 154	98 573 284	7 469 556	25 239 151	414 460 769
Liabilities							
Financial liabilities at fair value through profit or loss	473 670	224 055	71 587	19 197	-	-	788 509
Deposits and balances from banks and other financial institutions	17 855 033	23 024 044	5 568 548	15 398 900	1 368 257	-	63 214 782
Amounts payable under repurchase agreements	2 017 325	-	-	-	-	-	2 017 325
Current accounts and deposits from customers	68 782 321	118 725 865	23 233 114	27 281 134	-	-	238 022 434
Own securities issued	2 809 781	8 319 622	6 664 325	17 698 374	-	-	35 492 102
Other borrowed funds	-	9 044 071	7 580 418	3 187 329	-	-	19 811 818
Other liabilities	1 057 297	357 653	134 963	119 469	1 395	332 784	2 003 561
Current income tax payable	-	15 145	-	-	-	-	15 145
Deferred tax liability	-	-	-	-	-	256 827	256 827
Subordinated borrowings	213 988	126 364	-	7 145 963	5 817 174	-	13 303 489
Total liabilities	93 209 415	159 836 819	43 252 955	70 850 366	7 186 826	589 611	374 925 992
Net liquidity position as at 30 June 2009	44 519 136	(70 046 746)	12 407 199	27 722 918	282 730	24 649 540	39 534 777
Cumulative liquidity position as at 30 June 2009	44 519 136	(25 527 610)	(13 120 411)	14 602 507	14 885 237	39 534 777	

Promsvyazbank**Notes to the interim consolidated condensed financial statements – six-month period ended 30 June 2009***(expressed in thousands of Russian Roubles – refer to Note 2)*

The following table shows the maturity analysis as of 31 December 2008:

	Demand and less than 1 month	From 1 to 6 months	From 6 months to 1 year	From 1 year to 5 years	More than 5 years	No maturity	Total
Assets							
Cash and cash equivalents	105 723 210	-	-	-	-	-	105 723 210
Obligatory reserves with central banks	211 101	452 949	138 649	176 096	13 715	-	992 510
Placements with banks and other financial institutions	84 532	2 146 211	194 166	1 943	-	-	2 426 852
Financial assets at fair value through profit or loss	9 956 498	1 325 877	1 008 928	2 070 787	11 333	35 394	14 408 817
Amounts receivable under reverse repurchase agreements	4 574 084	-	-	-	-	-	4 574 084
Loans to customers	36 565 926	89 399 969	57 444 136	107 633 483	9 369 535	-	300 413 049
Investments available for sale	-	-	-	-	-	158 714	158 714
Investments held to maturity	7 091 199	524 590	827 693	436 569	-	-	8 880 051
Other assets	418 141	280 073	272 478	157 173	21 685	367 990	1 517 540
Current income tax prepayments	1 292 982	-	-	-	-	-	1 292 982
Property and equipment	-	-	-	-	-	21 413 219	21 413 219
Total assets	165 917 673	94 129 669	59 886 050	110 476 051	9 416 268	21 975 317	461 801 028
Liabilities							
Financial liabilities at fair value through profit or loss	148 120	234 213	163 798	68 728	-	-	614 859
Deposits and balances from banks and other financial institutions	36 973 593	49 848 983	10 977 498	11 801 296	1 673 987	-	111 275 357
Amounts payable under repurchase agreements	855 837	-	-	-	-	-	855 837
Current accounts and deposits from customers	59 795 186	116 636 850	31 984 802	21 194 120	-	-	229 610 958
Own securities issued	3 878 261	15 660 755	1 996 882	17 832 542	-	-	39 368 440
Other borrowed funds	-	5 572 801	8 409 833	10 027 628	-	-	24 010 262
Other liabilities	1 541 480	318 958	337 218	175 359	2 754	297 210	2 672 979
Current income tax payable	11 759	36 243	-	-	-	-	48 002
Deferred tax liability	-	-	-	-	-	776 151	776 151
Subordinated borrowings	203 128	82 030	-	6 703 816	5 604 625	-	12 593 599
Total liabilities	103 407 364	188 390 833	53 870 031	67 803 489	7 281 366	1 073 361	421 826 444
Net liquidity position as at 31 December 2008	62 510 309	(94 261 164)	6 016 019	42 672 562	2 134 902	20 901 956	39 974 584
Cumulative liquidity position as at 31 December 2008	62 510 309	(31 750 855)	(25 734 836)	16 937 726	19 072 628	39 974 584	

19 Capital management

The Central Bank of Russia sets and monitors capital requirements for the Bank.

The Bank defines as capital those items defined by statutory regulation as capital for credit institutions. Under the current capital requirements set by the Central Bank of Russia banks have to maintain a ratio of capital to risk weighted assets (“statutory capital ratio”) above the prescribed minimum level. As at 30 June 2009, this minimum level is 10%. The Bank was in compliance with the statutory requirements related to the capital ratio during the six-month period ended 30 June 2009 and 2008.

The Group also monitors its capital adequacy levels calculated in accordance with the requirements of the Basel Accord, as defined in the International Convergence of Capital Measurement and Capital Standards (updated April 1998) and Amendment to the Capital Accord to incorporate market risks (updated November 2007), commonly known as Basel I. The following table shows the composition of the Group’s capital position calculated in accordance with the requirements of the Basel Accord, as at 30 June 2009 and 31 December 2008:

	30 June 2009 (unaudited)	31 December 2008
Tier 1 Capital		
Share capital	10 062 544	10 062 544
Share premium	13 319 695	13 319 695
Additional paid-in-capital	1 056 102	1 167 515
Retained earnings	11 393 628	11 773 411
Minority interest	521 814	525 714
Total tier 1 capital	36 353 783	36 848 879
Tier 2 Capital		
Asset revaluation reserves	3 180 994	3 192 346
Revaluation reserve for investments available for sale	-	(66 641)
Subordinated debt excluding accrued interest	9 745 020	9 917 485
Total Capital	49 279 797	49 892 069
Risk-weighted assets		
Banking book	335 823 054	360 663 445
Trading book	15 235 131	19 139 291
Total Risk-weighted assets	351 058 185	379 802 736
Tier 1 Ratio	10.36%	9.70%
Total Capital Adequacy Ratio	14.04%	13.14%

Included in Tier 2 Capital is RUB 9 745 020 thousand of subordinated debt net of accrued interest, which represent deposits and subordinated loan participation notes issued by the Group with the following conditions:

- original maturity is not less than 5 years;
- creditors have no right to claim the deposits before maturity;
- in the event of the Group’s bankruptcy or default, subordinated deposits and loan participation notes are to be repaid only after the settlement of all other liabilities.

Long-term subordinated debt may not exceed 50% of tier 1 capital.

The risk-weighted assets are measured by means of a hierarchy of risk weights classified according to the nature of – and reflecting an estimate of credit, market and other risks associated with – each asset and counterparty, taking into account any eligible collateral or guarantees. A similar treatment is adopted for off-balance sheet exposure, with some adjustments to reflect the more contingent nature of the potential losses.

20 Credit related and capital commitments

Credit related commitments

At any time the Group has outstanding commitments to extend credit. These commitments take the form of approved loans and credit card limits and overdraft facilities.

The Group provides financial guarantees and letters of credit to guarantee the performance of customers to third parties. These agreements have fixed limits and generally extend for a period of up to five years. The Group also provides guarantees by acting as settlement agent in securities borrowing and lending transactions.

The contractual amounts of commitments and contingent liabilities as at 30 June 2009 and 31 December 2008 are set out in the following table by category. The amounts reflected in the table for commitments assume that amounts are fully advanced. The amounts reflected in the table for guarantees and letters of credit represent the maximum accounting loss that would be recognised at the balance sheet date if counterparties failed completely to perform as contracted.

	30 June 2009 (unaudited)	31 December 2008
Contracted amount		
Guarantees	22 938 551	39 237 569
Undrawn overdraft facilities	16 835 716	17 384 885
Letters of credit	7 785 706	16 072 268
Undrawn loan facilities	2 964 985	5 988 348

The total outstanding contractual commitments to extend credit indicated above does not necessarily represent future cash requirements, as these commitments may expire or terminate without being funded.

Maturity and currency analysis of credit related commitments are disclosed in Note 18. Information on related party balances is disclosed in Note 21.

Capital commitments

During 2008 and 2009 the Group has acquired investment rights for 23 915 square meters of an office building under construction by a Russian developer. The total amount invested in the construction as at 30 June 2009 was RUB 8 224 504 thousand (31 December 2008: RUB 5 506 180 thousand) (USD 283 million at historic foreign exchange rate) (31 December 2008: USD 208 million at historic foreign exchange rate) and the Group has further capital commitments in respect of this construction in the amount of USD 42 million payable in 2010 - 2011.

21 Related party transactions

For the purposes of these consolidated financial statements, parties are considered to be related if one party has the ability to control the other party, is under common control, or can exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Promsvyazbank**Notes to the interim consolidated condensed financial statements – six-month period ended 30 June 2009***(expressed in thousands of Russian Roubles – refer to Note 2)*

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

	<u>Nominal shareholders</u>		<u>Directors and Management Board</u>		<u>Other Related Parties</u>		<u>Total</u>
	<u>Carrying amount</u>	<u>Average Interest Rate</u>	<u>Carrying amount</u>	<u>Average Interest Rate</u>	<u>Carrying amount</u>	<u>Average Interest Rate</u>	<u>Carrying amount</u>
Statement of Financial Position							
Assets							
Financial assets at fair value through profit or loss	-	-	-	-	534 155	12.30%	534 155
Loans to customers (gross amount)	-	-	28 640	9.48%	8 253 738	12.98%	8 282 378
less collective impairment allowance	-	-	(194)	-	(22 326)	-	(22 520)
Investments available for sale (gross amount)	-	-	-	-	3 139	-	3 139
less impairment allowance	-	-	-	-	(3 109)	-	(3 109)
Investments held to maturity	-	-	-	-	392 676	11.00%	392 676
Other assets	-	-	-	-	16 745	-	16 745
Liabilities							
Current accounts and deposits from customers and other borrowed funds	96 482	4.10%	907 452	10.12%	1 422 450	2.88%	2 426 384
Own securities issued	-	-	220	7.07%	-	-	220
Subordinated borrowings	1 254 435	14.65%	-	-	-	-	1 254 435
Other liabilities	-	-	-	-	28 342	-	28 342
Off balance sheet items							
Guarantees received	-	-	8 589	-	2 151 815	-	2 160 404
Guarantees issued	-	-	-	-	1 294 074	-	1 294 074
Letters of credit issued	-	-	-	-	781 961	-	781 961

Other related parties comprise mainly of entities controlled by the ultimate shareholders of the Group.

Promsvyazbank**Notes to the interim consolidated condensed financial statements – six-month period ended 30 June 2009***(expressed in thousands of Russian Roubles – refer to Note 2)*

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

	<u>Nominal shareholders</u>		<u>Directors and Management Board</u>		<u>Other Related Parties</u>		<u>Total</u>
	<u>Carrying amount</u>	<u>Average Interest Rate</u>	<u>Carrying amount</u>	<u>Average Interest Rate</u>	<u>Carrying amount</u>	<u>Average Interest Rate</u>	<u>Carrying amount</u>
Statement of Financial Position							
Assets							
Financial assets at fair value through profit or loss	-	-	-	-	456 309	52.31%	456 309
Loans to customers (gross amount)	-	-	88 086	11.29%	8 199 558	12.33%	8 287 644
less collective impairment allowance	-	-	(813)	-	(196 619)	-	(197 432)
Investments available for sale (gross amount)	-	-	-	-	3 139	-	3 139
less impairment allowance	-	-	-	-	(3 109)	-	(3 109)
Investments held to maturity	-	-	-	-	187 384	10.99%	187 384
Other assets	-	-	-	-	53 646	-	53 646
Liabilities							
Current accounts and deposits from customers and other borrowed funds	110 711	2.90%	715 982	9.23%	2 454 500	2.27%	3 281 193
Own securities issued	-	-	6 369	9.95%	851 706	5.00%	858 075
Subordinated borrowings	1 178 306	14.61%	-	-	-	-	1 178 306
Other liabilities	-	-	-	-	637 909	-	637 909
Off balance sheet items							
Guarantees received	-	-	13 586	-	1 573 398	-	1 586 984
Guarantees issued	-	-	-	-	1 392 041	-	1 392 041
Letters of credit issued	-	-	-	-	642 112	-	642 112

Other related parties comprise mainly of entities controlled by the ultimate shareholders of the Group.

Amounts included in the statement of comprehensive income in respect of transactions with related parties for the six-month period ended 30 June 2009 are as follows:

	Nominal shareholders	Directors and Management Board	Other Related Parties	Total
Interest income	-	5 253	578 232	583 485
Fee and commission income	52	43	45 945	46 040
Other income	-	1	3 476	3 477
Interest expense	(89 805)	(38 312)	(26 103)	(154 220)
Fee and commission expense	-	-	(3 208)	(3 208)
Administrative expenses	-	(170 796)	(211 909)	(382 705)
Recovery of impairment losses	-	619	174 293	174 912

Amounts included in the statement of comprehensive income in respect of transactions with related parties for the six-month period ended 30 June 2008 are as follows:

	Nominal shareholders	Directors and Management Board	Other Related Parties	Total
Interest income	-	2 674	342 200	344 874
Fee and commission income	144	1 152	19 336	20 632
Other income	-	-	3 083	3 083
Interest expense	(18 511)	(25 803)	(158 998)	(203 312)
Fee and commission expense	-	-	(1 459)	(1 459)
Administrative expenses	-	(320 388)	(130 720)	(451 108)
Impairment losses	-	(105)	(17 314)	(17 419)

Other related parties comprise mainly of entities controlled by the ultimate shareholders of the Group.

During the six-month period ended 30 June 2009, short-term compensation of the Directors and members of the Management Board amounted to RUB 170 796 thousand (six-month period ended 30 June 2008: RUB 320 388 thousand).

22 Subsequent events

On 23 July 2009 the Group repaid in advance a syndicated loan amounting to USD 280 million. As per the terms of the loan agreement, the loan was due on 19 August 2009.