PROMSVYAZBANK

Interim Consolidated Condensed
Financial Information

for the six-month period ended

30 June 2010

(unaudited)

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REVIEW REPORT

To the Board of Directors and Shareholders of OAO Promsvyazbank:

Introduction

1 We have reviewed the accompanying interim consolidated condensed statement of financial position of OAO Promsvyazbank and its subsidiaries (the "Group") as of 30 June 2010, and the related interim consolidated condensed income statement, interim consolidated condensed statement of comprehensive income, interim consolidated condensed statement of changes in equity and interim consolidated condensed statement of cash flows for the six month period then ended. Management is responsible for the preparation and fair presentation of this interim consolidated condensed financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting" ('IAS 34'). Our responsibility is to express an opinion in respect of this interim consolidated condensed financial information based on our review.

Scope of Review

2 We conducted our review in accordance with the International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated condensed interim financial information consists of making inquiries, primarily of the 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.

Opinion

3 Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated condensed financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

ZAO PricewaterhouseCoopers Audit

14 September 2010
Moscow, Russian Federation

Promsvyazbank
Interim Consolidated Condensed Statement of Financial Position as at 30 June 2010
(expressed in thousands of Russian Roubles – refer to Note 2)

	Notes	30 June 2010 (unaudited)	31 December 2009
ASSETS			
Cash and cash equivalents	4	34 619 596	108 322 648
Obligatory reserves with central banks		3 560 553	3 149 729
Placements with banks and other financial institutions		10 179 124	5 075 800
Financial assets at fair value through profit or loss	5	43 447 225	41 751 838
-Unpledged		*43 059 989*	*41 688 033*
-Pledged under sale and repurchase agreements		*387 236*	*63 805*
Amounts receivable under reverse repurchase agreements		17 532 501	10 080 301
Loans to customers	6	286 545 409	266 421 579
Investments available for sale	7	908 873	35 083
Investments held to maturity		4 951 673	7 204 938
Assets held for sale	8	5 944 765	2 600 001
Other assets		2 489 076	2 100 315
Current income tax prepayments		14 262	660 877
Deferred tax asset		902 182	600 326
Property and equipment		25 136 731	23 207 942
TOTAL ASSETS		**436 231 970**	**471 211 377**
LIABILITIES			
Financial liabilities at fair value through profit or loss		1 352 462	1 252 225
Deposits and balances from banks and other financial institutions	9	48 828 845	64 780 390
Amounts payable under repurchase agreements		309 702	60 697
Current accounts and deposits from customers	10	281 505 827	289 548 839
Own securities issued	11	31 645 583	43 654 712
Other borrowed funds	12	12 149 148	13 819 410
Other liabilities		2 042 979	1 800 988
Current income tax payable		61 665	27 341
Deferred tax liability		66 004	313 033
Subordinated borrowings		15 780 985	17 748 361
TOTAL LIABILITIES		**393 743 200**	**433 005 996**
SHAREHOLDERS` EQUITY			
Share capital		11 511 052	10 062 544
Share premium		17 303 093	13 319 695
Additional paid-in-capital		81 919	1 056 102
Revaluation reserve for property and equipment		2 353 907	2 353 907
Revaluation reserve for investments available for sale		(96 451)	160
Retained earnings		11 329 010	11 147 632
Total equity attributable to equity holders of the parent		**42 482 530**	**37 940 040**
Non-controlling interest		**6 240**	**265 341**
TOTAL SHAREHOLDERS` EQUITY		**42 488 770**	**38 205 381**
TOTAL LIABILITIES AND SHAREHOLDERS` EQUITY		**436 231 970**	**471 211 377**
Credit related and capital commitments	21		

Approved by the Management Board on 24 September 2010.

Konstandian A.G.
President

Volchenko A.U.
First Vice-president, CFO

The notes set out on pages 7 to 42 form an integral part of this interim consolidated condensed financial information.

	Notes	Six-month period ended 30 June 2010 (unaudited)	Six-month period ended 30 June 2009 (unaudited)
Interest income		24 321 853	27 538 593
Interest expense		(14 216 878)	(14 732 805)
Net interest income	13	**10 104 975**	**12 805 788**
Fee and commission income	14	3 383 948	3 635 004
Fee and commission expense	15	(663 223)	(692 305)
Net fee and commission income		**2 720 725**	**2 942 699**
Net (loss)/gain on financial instruments at fair value through profit or loss	16	(700 356)	894 117
Net foreign exchange gain/(loss)		375 157	(228 248)
Net gain on purchase of non-controlling interest of subsidiaries		147 240	72 990
Income on early redemption of financial liabilities		-	99 726
Other income		659 392	585 195
Operating income		**13 307 133**	**17 172 267**
Loan impairment charge	6	(5 211 407)	(10 817 403)
Other impairment charge		(122 964)	(64 542)
Administrative expenses	17	(6 901 328)	(6 516 420)
General expenses	17	(238 184)	(174 471)
		(12 473 883)	**(17 572 836)**
Profit/(loss) before tax		**833 250**	**(400 569)**
Income tax (expense)/benefit		(270 951)	16 098
Profit/(loss)for the period after tax		**562 299**	**(384 471)**
Profit/(loss)attributable to:			
Shareholders of the parent		563 992	(388 110)
Non-controlling interest		(1 693)	3 639

The notes set out on pages 9 to 48 form an integral part of this interim consolidated condensed financial information.

	Notes	Six-month period ended 30 June 2010 (unaudited)	Six-month period ended 30 June 2009 (unaudited)
Profit/(loss) after tax		**562 299**	**(384 471)**
Other comprehensive income			
Revaluation of investments available for sale, net of deferred tax		(96 611)	66 641
Other comprehensive (loss)/income, net of tax		**(96 611)**	**66 641**
Total comprehensive income/(loss)		**465 688**	**(317 830)**
Total comprehensive income/(loss) attributable to:			
Shareholders of the parent		467 381	(321 469)
Non-controlling interest		(1 693)	3 639

The notes set out on pages 9 to 48 form an integral part of this interim consolidated condensed financial information.

	Notes	Six-month period ended 30 June 2010 (unaudited)	Six-month period ended 30 June 2009 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest and fee and commission receipts		25 305 348	27 547 763
Interest and fee and commission payments		(14 056 249)	(15 703 564)
Net (payments)/receipts from financial instruments at fair value through profit or loss		(606 137)	126 136
Net payments from foreign exchange transactions		(2 334 506)	(978 556)
Other income received		152 314	585 195
General and administrative expenses paid		(6 260 313)	(6 130 265)
		2 200 457	**5 446 709**
(Increase)/decrease in operating assets			
Obligatory reserves with central banks		(410 914)	(661 276)
Placements with banks and other financial institutions with original maturity of over one month		(6 529 499)	2 118 920
Financial assets at fair value through profit or loss		(1 591 853)	(2 843 169)
Amounts receivable under reverse repurchase agreements		(7 456 484)	(2 960 386)
Loans to customers		(23 330 024)	17 839 521
Other assets		(472 719)	21 432
Increase/(decrease) in operating liabilities			
Financial liabilities at fair value through profit or loss		698 850	158 602
Deposits and balances from banks and other financial institutions		(12 309 467)	(49 437 468)
Amounts payable under repurchase agreements		248 688	1 160 334
Current accounts and deposits from customers		(6 202 781)	2 246 646
Promissory notes and certificates of deposit		(5 341 998)	1 072 431
Other liabilities		(36 791)	(86 980)
Net cash flows used in operating activities before taxes paid		**(60 534 535)**	**(25 924 684)**
Income tax paid		(114 744)	(255 564)
Cash flows used in operations		**(60 649 279)**	**(26 180 248)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of subsidiaries		(1 544 941)	(640 044)
Purchases of investments available for sale		(995 288)	(2 680)
Purchases of investments held to maturity		(1 491 850)	(387 348)
Redemption of investments held to maturity		3 739 029	866 296
Purchases of property and equipment		(2 634 906)	(3 468 295)
Disposals of property and equipment		131 923	5 534
Purchases of assets held for sale		(3 344 764)	-
Cash flows used in investing activities		**(6 140 797)**	**(3 626 537)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of loan participation notes and domestic bonds		2 830 994	3 497 258
Repurchase of senior loan participation notes and domestic bonds		(8 970 742)	(9 232 664)
Repayment of other borrowed funds		(9 355 697)	(6 508 611)
Proceeds from other borrowed funds		7 769 025	-
Proceeds from issuance of share capital		5 431 906	-
Repayment of subordinated debt		(2 379 696)	-
Cash flows used in financing activities		**(4 674 210)**	**(12 244 017)**
Net decrease in cash and cash equivalents		**(71 464 286)**	**(42 050 802)**
Effect of changes in exchange rates on cash and cash equivalents		(2 238 766)	4 389 177
Cash and cash equivalents at the beginning of the period		108 322 648	105 723 210
Cash and cash equivalents at the end of the period	4	**34 619 596**	**68 061 585**

The notes set out on pages 9 to 48 form an integral part of this interim consolidated condensed financial information.

	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	Non-controlling interest	Total equity
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 income/(loss)									
Loss after tax	-	-	-	-	-	(388 110)	(388 110)	3 639	(384 471)
Revaluation of investments available for sale, net of deferred tax of RUR 16 660 thousand	-	-	-	-	66 641	-	66 641	-	66 641
Total comprehensive income/(loss) for six-month period ended 30 June 2010	**-**	**-**	**-**	**-**	**66 641**	**(388 110)**	**(321 469)**	**3 639**	**(317 830)**
Purchase of non-controlling interest of subsidiaries	-	-	-	-	-	-	-	(130 895)	(130 895)
Sale of non-controlling 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**
Balance as at 1 January 2010	**10 062 544**	**13 319 695**	**1 056 102**	**2 353 907**	**160**	**11 147 632**	**37 940 040**	**265 341**	**38 205 381**
Total comprehensive income/(loss)									
Profit after tax	-	-	-	-	-	563 992	563 992	(1 693)	562 299
Revaluation of investments available for sale, net of deferred tax of RUR 24 153 thousand	-	-	-	-	(96 611)	-	(96 611)	-	(96 611)
Total comprehensive income/(loss) for six-month period ended 30 June 2010	**-**	**-**	**-**	**-**	**(96 611)**	**563 992**	**467 381**	**(1 693)**	**465 688**
Share capital issue	1 448 508	3 983 398	-	-	-	-	5 431 906	-	5 431 906
Purchase of non-controlling interest of subsidiaries	-	-	(974 183)	-	-	(382 614)	(1 356 797)	(257 408)	(1 614 205)
Balance as at 30 June 2010	**11 511 052**	**17 303 093**	**81 919**	**2 353 907**	**(96 451)**	**11 329 010**	**42 482 530**	**6 240**	**42 488 770**

The notes set out on pages 9 to 48 form an integral part of this interim consolidated condensed financial information.

1 Background

Principal activities

Promsvyazbank Group (the "Group" or "Promsvyazbank") consists of various legal entities formed under the laws of the Russian Federation (the "RF") 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 transactions with all types of foreign currencies and transactions with individuals in foreign currencies on 30 December 1996 and 31 December 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. The Bank has participated in the State deposit insurance scheme, which was introduced by Federal Law #177-FZ "Deposits of individuals insurance in Russian Federation" dated 23 December 2003 since October 2004. The State Deposit Insurance Agency guarantees repayment of 100% of individual deposits up to RR 700 thousand per individual in case of the withdrawal of a license of a bank or a CBRF imposed moratorium on payments.

In addition, the Group holds licenses from 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's principal activities are currently concentrated in the area of commercial banking. These activities consist of corporate, small and medium entities ("SME") and retail banking. Corporate banking includes deposit taking and lending to corporate borrowers, factoring, settlements and cash operations. Corporate banking services also include trade and project finance. SME banking includes deposit taking and lending to small and medium entities, settlements and cash operations. 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 branch network.

	30 June 2010	**31 December 2009**
Branches	48	49
Full-service sub-branches	126	114
Retail and SME sub-branches	76	72
Representative offices	4	4
Total number of offices	**254**	**239**

As at 30 June 2010 the Bank operated 47 branches (2009: 48 branches) located within the Russian Federation and a branch located in Limassol (Cyprus). As at 30 June 2010 representative offices are located in the Russian Federation, China, India and Ukraine.

The Bank's head office is registered and carries out its activities at the following address: 109052, Smirnovskaya 10, Moscow, Russian Federation.

Shareholders as at 30 June 2010

	% Ownership/ % Votes
*Promsvyaz Capital B. V.**	72.93%
Commerzbank Auslandsbanken Holding AG	15.32%
European Bank for Reconstruction and Development	11.75%
	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 relatively high inflation and high interest rates. The 2008 global financial crisis has had a severe effect on the Russian economy: However, during 2009 and the first six months of 2010 revitalisation of the Russian economy as a whole and in the certain sectors was observed. The steps taken by the Russian Government are aimed at decreasing budget deficit and improvement of the balance of payments. At the same time Russian economy remains dependent upon external markets and oil price dynamics.

The banking system is still experiencing the effects of the crisis and has not fully recovered so far. Management is unable to predict all developments which could have an impact on the banking sector and the wider economy and consequently what effect, if any, they could have on the future financial position of the Group. The amount of provision for impaired loans is based on management's appraisals of these assets at the end of the reporting period after taking into consideration the cash flows that may result from foreclosure less costs for obtaining and selling the collateral.

Some borrowers of the Group were adversely affected by the financial and economic environment, which in turn has had an impact on their ability to repay the amounts owed. However, improved international raw material prices in 2010 as well as increased demand and purchasing power, and business recovery led to increased sales and consequently increased revenues of the borrowers from certain sectors of the economy.

The market in Russia for many types of collateral, especially real estate, has been severely affected by the volatile global financial markets, resulting in a low level of liquidity for certain types of assets. In some cases the Group has also experienced unforeseeable delays in recovering collateral. As a result, the actual realisable value on future foreclosure may differ from the value ascribed in estimating allowances for impairment at the end of the reporting period. Under IFRS, impairment losses on financial assets expected as a result of future events, no matter how likely, cannot be recognised until such events arise.

The tax, currency and customs legislation within the Russian Federation is subject to varying interpretations and frequent changes. 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 challenges faced 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.

Management is unable to reliably determine the effects on the Group's future financial position of any potential further deterioration in the liquidity of the financial markets and the increased volatility in the currency and equity markets. Management believes it is taking all the necessary measures to support the sustainability and development of the Group's business in the current circumstances.

2 Basis of preparation

Statement of compliance

The accompanying interim consolidated condensed financial information has been prepared in accordance with IAS 34 *Interim Financial Reporting* and all applicable International Financial Reporting Standards ("IFRS"). It does 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 2009, as this interim consolidated condensed financial information provide an update of previously reported financial information.

Basis of measurement

The interim consolidated condensed financial information is prepared on the historical cost basis except that financial instruments at fair value through profit or loss and available for sale investments for which fair value can be reliably measured 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 ("RUR"). The functional currency for each group company is determined as the currency of the primary economic environment in which the company operates. Management determined the RUR 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 RUR is also the presentation currency for the purpose of this interim consolidated condensed financial information.

Financial information presented in RUR is rounded to the nearest thousand.

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

	30 June 2010	31 December 2009
1 USD/RUR	31.1954	30.2442
1 EUR/RUR	38.1863	43.3883

Consolidated companies

The interim consolidated condensed financial information includes the following principal subsidiaries of the Bank:

Name	Country of Incorporation	Main Activity	% Consolidated as at 30 June 2010	% Consolidated as at 31 December 2009
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%
OOO "Promsvyazfactoring"	Russian Federation	Financial Activity	100%	100%
OAO "Yarsotsbank"	Russian Federation	Banking Activity	98.8%	61.9%
OAO "Volgoprombank"	Russian Federation	Banking Activity	-	100%
OAO "Nizhny Novgorod Bank"	Russian Federation	Banking Activity	-	100%

Promsvyaz Finance PLC and *PSB Finance S.A.* are special purpose entities established to facilitate issues of debt securities (refer to note 11). 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% of OOO "Open Leasing Company".

OOO "Promsvyazfactoring"

In December 2009 the Group acquired control over OOO "Promsvyazfactoring" (OOO "PSF") through an option agreement dated 31 December 2009 with its owner which is a related party of the Group's shareholders. Under the terms of this agreement the Group has the unconditional right to buy 100% of the share capital in OOO "PSF" for cash of RUR 5 500 thousand for a period of 5 years starting from the date of the option agreement.

OAO "Yarsotsbank"

At the end of December 2008 the Group purchased 51.3% of the share capital of OAO "Yarsotsbank". The acquisition was made to assist in the stabilization of the banking sector in Russia and to expand the Group's regional network. During the year ended 31 December 2009 the Group purchased an additional 10.6% of the share capital of OAO "Yarsotsbank". During the six-month period ended 30 June 2010 the Group purchased from the third parties 36.9% of the share capital of OAO "Yarsotsbank".

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 Bank). This call option gave the Bank the right to acquire 95.5% of the share in OAO "Volgoprombank" from 23 June 2008 for a year. Also, from this date more than half of the members of the Board of Directors of OAO "Volgoprombank" were nominated by the Bank. In April 2009 Promsvyaz Capital B.V. sold 9.8% of OAO "Volgoprombank" shares to third parties. The conditions of the option

agreement were amended accordingly and furthermore the option period prolonged until the end of 2010. In September 2009 the Group acquired from third parties 14.3% of the share capital in OAO "Volgoprombank" in addition to the 85.7% share held under the option agreement. On 11 February 2010 the Group exercised the option and in May 2010 the Group was reorganized and OAO "Volgoprombank" was merged with OAO "Promsvyazbank".

OAO "Nizhny Novgorod Bank"

At the end of December 2008 the Group purchased 85.1% of the share capital of OAO "Nizhny Novgorod Bank". The acquisition was made to assist in the stabilization of the banking sector in Russia and to expand the Group's regional network. In June 2009 the Group purchased an additional 14.1% of the share capital of OAO "Nizhny Novgorod Bank" and in August 2009 the Group purchased the remaining 0.8% share. In May 2010 the Group was reorganized and OAO "Nizhny Novgorod Bank" was merged with OAO "Promsvyazbank".

Use of estimates and judgments

The preparation of interim consolidated condensed financial information in conformity with IFRS requires management to make judgments, 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 judgments 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. Judgments that have the most significant effect on the amounts recognised in this interim consolidated condensed financial information:

Impairment losses on loans and advances. The Group regularly reviews its loan portfolios to assess impairment. In determining whether an impairment loss should be recorded in profit or loss for the year, the Group makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Investments in closed mutual investment funds. The Group classifies non-current assets acquired through investment into closed mutual investment funds as held for sale when the Group expects to recover their carrying amount principally through sale transactions rather than through continuing use. The management of the Group classifies non-current assets as held for sale when they are committed to plans to sell those assets and assess the probability of such sale as highly probable within a year from the date of recognition. Other investments in real estate were not classified by the management of the Group as investment in associate since the Group did not exercise significant influence over the closed mutual fund.

3 Significant accounting policies

As permitted by IAS 34 an entity may elect to provide less information at interim dates as compared with its annual consolidated financial statements. This interim consolidated condensed financial information has been prepared in accordance with IAS 34. The accounting policies and methods of computation applied in the preparation of this interim consolidated condensed financial information are consistent with those disclosed in the annual consolidated financial statements of the Group for the year ended 31 December 2009 except for income tax. The Group doesn't disclose information on significant items of the Statement of Financial Position, Income Statement and Statement of Comprehensive Income in this interim consolidated condensed financial information if they have not changed during the six-month period ended 30 June 2010. The annual consolidated financial statements and related auditors' opinion were issued on 14 April 2010. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Income tax expense is recognised in this interim consolidated condensed financial information based on management's best estimates of the effective annual income tax rate expected for the full annual financial year. Costs are accrued and recognised in the interim period only if it would also be appropriate to accrue or recognise such costs at the end of the financial year.

All disclosures required under IFRS 7 "Financial Instruments: Disclosures" related to cash and cash equivalents, trading securities, other securities at fair value through profit or loss, due from other banks, loans and advances to customers and financial risk management, fair value of financial instruments will be presented in the Group's 2010 consolidated financial statements.

New standards and interpretations not yet adopted

Certain new standards and interpretations became effective for the Group from 1 January 2010.

Group Cash-settled Share-based Payment Transactions - Amendments to IFRS 2, Share-based Payment (effective for annual periods beginning on or after 1 January 2010). The amendments provide a clear basis to determine the classification of share-based payment awards in both consolidated and separate financial statements. The amendments incorporate into the standard the guidance in IFRIC 8 and IFRIC 11, which are withdrawn. The amendments expand on the guidance given in IFRIC 11 to address plans that were previously not considered in the interpretation. The amendments also clarify the defined terms in the Appendix to the standard. The amendment did not have an impact on this interim consolidated condensed financial information.

Improvements to International Financial Reporting Standards (issued in April 2009; amendments to IFRS 2, IAS 38, IFRIC 9 and IFRIC 16 are effective for annual periods beginning on or after 1 July 2009; amendments to IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 36 and IAS 39 are effective for annual periods beginning on or after 1 January 2010). The improvements consist of a mixture of substantive changes and clarifications in the following standards and interpretations: clarification that contributions of businesses in common control transactions and formation of joint ventures are not within the scope of IFRS 2; clarification of disclosure requirements set by IFRS 5 and other standards for non-current assets (or disposal groups) classified as held for sale or discontinued operations; requiring to report a measure of total assets and liabilities for each reportable segment under IFRS 8 only if such amounts are regularly provided to the chief operating decision maker; amending IAS 1 to allow classification of certain liabilities settled by entity's own equity instruments as non-current; changing IAS 7 such that only expenditures that result in a recognised asset are eligible for classification as investing activities; allowing classification of certain long-term land leases as finance leases under IAS 17 even

without transfer of ownership of the land at the end of the lease; providing additional guidance in IAS 18 for determining whether an entity acts as a principal or an agent; clarification in IAS 36 that a cash generating unit shall not be larger than an operating segment before aggregation; supplementing IAS 38 regarding measurement of fair value of intangible assets acquired in a business combination; amending IAS 39 (i) to include in its scope option contracts that could result in business combinations, (ii) to clarify the period of reclassifying gains or losses on cash flow hedging instruments from equity to profit or loss for the year and (iii) to state that a prepayment option is closely related to the host contract if upon exercise the borrower reimburses economic loss of the lender; amending IFRIC 9 to state that embedded derivatives in contracts acquired in common control transactions and formation of joint ventures are not within its scope; and removing the restriction in IFRIC 16 that hedging instruments may not be held by the foreign operation that itself is being hedged. The amendments did not have any impact on the Group's interim consolidated condensed financial information.

Unless otherwise described above, the new standards and interpretations are not expected to significantly affect the Group's interim consolidated condensed financial information.

New accounting pronouncements

Certain new standards and interpretations have been published that are mandatory for the Group's accounting periods beginning on or after 1 July 2010 or later periods and which the Group has not early adopted:

Amendment to IAS 24, Related Party Disclosures (issued in November 2009 and effective for annual periods beginning on or after 1 January 2011). IAS 24 was revised in 2009 by: (a) simplifying the definition of a related party, clarifying its intended meaning and eliminating inconsistencies; and by (b) providing a partial exemption from the disclosure requirements for government-related entities. The Group does not expect the amended standard to have a material effect on its interim consolidated condensed financial information.

IFRS 9, Financial Instruments Part 1: Classification and Measurement. IFRS 9 was issued in November 2009 and replaces those parts of IAS 39 relating to the classification and measurement of financial assets. Key features are as follows:

- Financial assets are required to be classified into two measurement categories: those to be measured subsequently at fair value, and those to be measured subsequently at amortised cost. The decision is to be made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.
- An instrument is subsequently measured at amortised cost only if it is a debt instrument and both (i) the objective of the entity's business model is to hold the asset to collect the contractual cash flows, and (ii) the asset's contractual cash flows represent only payments of principal and interest (that is, it has only "basic loan features"). All other debt instruments are to be measured at fair value through profit or loss.

All equity instruments are to be measured subsequently at fair value. Equity instruments that are held for trading will be measured at fair value through profit or loss. For all other equity investments, an irrevocable election can be made at initial recognition, to recognise unrealised and realised fair value gains and losses through other comprehensive income rather than profit or loss. There is to be no recycling of fair value gains and losses to profit or loss. This election may be made on an instrument-by-instrument basis. Dividends are to be presented in profit or loss, as long as they represent a return on investment.

While adoption of IFRS 9 is mandatory from 1 January 2013, earlier adoption is permitted.

The Group is considering the implications of the standard, the impact on the Group and the timing of its adoption by the Group.

IFRIC 19, Extinguishing Financial Liabilities with Equity Instruments (effective for annual periods beginning on or after 1 July 2010). This IFRIC clarifies the accounting when an entity renegotiates the terms of its debt with the result that the liability is extinguished through the debtor issuing its own equity instruments to the creditor. A gain or loss is recognised in the profit and loss account based on the fair value of the equity instruments compared to the carrying amount of the debt. The Group does not expect that this interpretation will have an impact on its interim consolidated condensed financial information.

Prepayments on minimum financing requirements – Amendments to IFRIC 14 (effective for annual periods beginning on or after 1 January 2011). This amendment will have a limited impact as it applies only to companies that are required to make minimum funding contributions to a defined benefit pension plan. It removes an unintended consequence of IFRIC 14 related to voluntary pension prepayments when there is a minimum funding requirement. The Group does not expect that this interpretation will have an impact on its interim consolidated condensed financial information.

Improvements to International Financial Reporting Standards (issued in May 2010 and effective for the Group from 1 January 2011). The improvements consist of a mixture of substantive changes and clarifications in the following standards and interpretations: IFRS 1 was amended (i) to allow previous GAAP carrying value to be used as deemed cost of an item of property, plant and equipment or an intangible asset if that item was used in operations subject to rate regulation, (ii) to allow an event driven revaluation to be used as deemed cost of property, plant and equipment even if the revaluation occurs during a period covered by the first IFRS financial statements and (iii) to require a first-time adopter to explain changes in accounting policies or in the IFRS 1 exemptions between its first IFRS interim report and its first IFRS financial statements; IFRS 3 was amended (i) to require measurement at fair value (unless another measurement basis is required by other IFRS standards) of non-controlling interests that are not present ownership interest or do not entitle the holder to a proportionate share of net assets in the event of liquidation, (ii) to provide guidance on the terms of share-based payments that were not replaced or voluntary replaced as a result of business combination, and (iii) to clarify that the contingent considerations from business combinations that occurred before the effective date of revised IFRS 3 (issued in January 2008) will be accounted for in accordance with the guidance in the previous version of IFRS 3; IFRS 7 was amended to clarify certain disclosure requirements, in particular (i) by adding an explicit emphasis on the interaction between qualitative and quantitative disclosures about the nature and extent of financial risks, (ii) by removing the requirement to disclose carrying amount of renegotiated financial assets that would otherwise be past due or impaired, (iii) by replacing the requirement to disclose fair value of collateral by a more general requirement to disclose its financial effect, and (iv) by clarifying that an entity should disclose the amount of foreclosed collateral held at the reporting date and not the amount obtained during the reporting period; IAS 1 was amended to clarify that the components of the statement of changes in equity include profit or loss, other comprehensive income, total comprehensive income and transactions with owners and that an analysis of other comprehensive income by item may be presented in the notes; IAS 27 was amended by clarifying the transition rules for amendments to IAS 21, 28 and 31 made by the revised IAS 27 (as amended in January 2008); IAS 34 was amended to add additional examples of significant events and transactions requiring disclosure in a condensed interim financial report, including transfers between the levels of fair value hierarchy, changes in classification of financial assets or changes in the terms of business or economic environment that affect the fair values of the entity's financial instruments; and IFRIC 13 was amended to clarify measurement of fair value of award credits. The Group is currently assessing the impact of these improvements on its annual consolidated financial statements.

4 Cash and cash equivalents

	30 June 2010 (unaudited)	31 December 2009
Cash	9 250 469	9 735 375
Due from the Central Bank of the RF – nostro accounts	7 778 129	27 121 926
Deposits with the Central Bank of the RF	4 065 890	10 000 000
Placements with banks and other financial institutions with an original maturity less than one month	13 525 108	61 465 347
Total cash and cash equivalents	**34 619 596**	**108 322 648**

Maturity and currency analysis of cash and cash equivalents are disclosed in note 19.

5 Financial assets at fair value through profit or loss

	30 June 2010 (unaudited)	31 December 2009
Unpledged		
Financial assets held for trading		
Debt and other fixed-income instruments		
Corporate Eurobonds	11 295 894	11 595 073
Promissory notes	10 346 605	6 580 385
Corporate bonds	9 773 689	12 724 861
Russian Government Federal bonds (OFZ)	4 879 045	5 239 011
Russian municipal and regional bonds	3 753 835	3 621 501
Russian Federation Eurobonds	1 411 071	6 289
Central Bank of the Russian Federation bonds (OBR)	966 637	1 701 823
Spot and derivative financial instruments		
Foreign currency and precious metals contracts	456 050	75 288
Designated at fair value through profit or loss		
Corporate shares	177 163	143 802
Total unpledged financial assets at fair value through profit or loss	**43 059 989**	**41 688 033**
Pledged under sale and repurchase agreements		
Financial assets held for trading		
Russian municipal and regional bonds	386 212	-
Russian Government Federal bonds (OFZ)	1 024	1 968
Corporate bonds	-	61 837
Total financial assets at fair value through profit or loss pledged under sale and repurchase agreements	**387 236**	**63 805**
Total financial assets at fair value through profit or loss	**43 447 225**	**41 751 838**

Corporate Eurobonds are interest-bearing securities denominated in U.S. Dollars and Euros and issued primarily by large Russian and foreign companies and banks.

Promissory notes represent debt securities denominated in Russian Roubles issued by Russian banks and companies.

Corporate bonds are securities issued by medium and large Russian companies and banks denominated in Russian Roubles.

Russian Government Federal bonds (OFZ) are Russian Rouble denominated government securities issued by the Ministry of Finance of the Russian Federation.

Russian municipal and regional bonds are interest-bearing securities issued by Russian municipal and regional authorities denominated in Russian Roubles and U.S. Dollars.

Central Bank of the Russian Federation bonds (OBR) are Russian Rouble denominated securities issued by the Central Bank of the Russian Federation.

6 Loans to customers

	30 June 2010 (unaudited)	31 December 2009
Commercial loans		
Loans to corporate clients not involved in international business	216 526 480	183 376 169
Loans to corporate clients involved in international business	29 412 455	31 944 501
Factoring loans	22 644 183	26 845 661
Loans to small and medium enterprises	23 471 068	22 533 997
Total commercial loans	**292 054 186**	**264 700 328**
Loans to individuals		
Consumer loans	20 792 340	22 752 208
Auto loans	9 842 012	11 320 973
Credit cards	3 324 156	3 564 941
Mortgage loans	1 908 921	1 982 384
Loans to VIP clients	367 571	253 044
Express-loans	282 611	693 504
Total loans to individuals	**36 517 611**	**40 567 054**
Gross loans to customers	**328 571 797**	**305 267 382**
Impairment allowance	(42 026 388)	(38 845 803)
Net loans to customers	**286 545 409**	**266 421 579**

Movements in the loan impairment allowance for the six-month period ended 30 June 2010 and 2009 were as follows:

	Six-month period ended 30 June 2010 (unaudited)	Six-month period ended 30 June 2009 (unaudited)
Balance at the beginning of the year	38 845 803	18 510 140
Net charge for the period	5 211 407	10 817 403
Write-offs	(2 030 822)	(239 491)
Balance at the end of the year	**42 026 388**	**29 088 052**

As at 30 June 2010 interest accrued on impaired loans net of impairment allowance amounts to RUR 5 993 185 thousand (31 December 2009: RUR 3 281 712 thousand).

The Group started a large-scale corporate lending reengineering project in 2009 which affected basic stages of the corporate lending process from decision making process based on the analysis of the potential and existing borrowers to their subsequent monitoring and collection of non-performing loans. The project was implemented in September 2009 and the Group reevaluated the corporate loan portfolio in accordance with the new approach to the decision making and monitoring process. Statistical data collected by the Bank with respect to the borrowers who were assessed by the Group as compliant with the new approach demonstrated certain solvency and acceptable stability of those borrowers during the financial downturn of 2009 and 2008. The Bank developed new approach to the assessment of the collective impairment with respect to such borrowers that enabled the Group to improve the quality assessment of the corporate loans portfolio.

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) and loans restructured as a result of the borrowers' inability to repay. The analysis of non-performing loans as at 30 June 2010 and 31 December 2009 by loan groups is presented below:

	30 June 2010 (unaudited)	**31 December 2009**
Loans to corporate clients	23 076 123	23 249 326
Loans to small and medium enterprises	3 758 225	3 028 160
Loans to individuals	12 323 695	11 278 485
Total non-performing loans	**39 158 043**	**37 555 971**

Credit quality of commercial loan portfolio

The following table provides information on the credit quality of the commercial loan portfolio as at 30 June 2010:

	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	**153 418 921**	**(958 419)**	**152 460 502**	**0.62%**
Impaired loans:				
- Impaired, but not overdue	45 645 945	(6 159 805)	39 486 140	13.49%
- Overdue less than 30 days	990 746	(72 540)	918 206	7.32%
- Overdue 30-89 days	1 189 333	(63 339)	1 125 994	5.33%
- Overdue 90-179 days	1 930 220	(927 934)	1 002 286	48.07%
- Overdue 180-360 days	3 931 732	(2 267 633)	1 664 099	57.68%
- Overdue more than 360 days	9 419 583	(7 185 932)	2 233 651	76.29%
Total impaired loans	**63 107 559**	**(16 677 183)**	**46 430 376**	**26.43%**
Total loans to corporate clients not involved in international business	**216 526 480**	**(17 635 602)**	**198 890 878**	**8.14%**
Loans to corporate clients involved in international business				
Total loans for which no impairment has been identified	**20 438 177**	**(164 838)**	**20 273 339**	**0.81%**
Impaired loans:				
- Impaired, but not overdue	6 937 590	(717 537)	6 220 053	10.34%
- Overdue less than 30-89 days	1 984	(159)	1 825	8.01%
- Overdue 90-179 days	676 781	(280 466)	396 315	41.44%
- Overdue 180-360 days	962 497	(303 983)	658 514	31.58%
- Overdue more than 360 days	395 426	(351 283)	44 143	88.84%
Total impaired loans	**8 974 278**	**(1 653 428)**	**7 320 850**	**18.42%**
Total loans to corporate clients involved in international business	**29 412 455**	**(1 818 266)**	**27 594 189**	**6.18%**
Factoring loans				
Total loans for which no impairment has been identified	**13 567 455**	**(655 945)**	**12 911 510**	**4.83%**
Impaired loans:				
- Impaired, but not overdue	1 290 495	(160 895)	1 129 600	12.47%
- Overdue less than 30 days	1 996 159	(201 370)	1 794 789	10.09%
- Overdue 30-89 days	30 190	(10 053)	20 137	33.30%
- Overdue 90-179 days	119 745	(60 832)	58 913	50.80%
- Overdue 180-360 days	1 063 708	(649 613)	414 095	61.07%
- Overdue more than 360 days	4 576 431	(4 063 621)	512 810	88.79%
Total impaired loans	**9 076 728**	**(5 146 384)**	**3 930 344**	**56.70%**
Total factoring loans	**22 644 183**	**(5 802 329)**	**16 841 854**	**25.62%**
Loans to small and medium enterprises				
Total loans for which no impairment has been identified	**17 976 247**	**(79 031)**	**17 897 216**	**0.44%**
Impaired loans:				
- Overdue less than 30 days	403 690	(73 099)	330 591	18.11%
- Overdue 30-89 days	350 931	(232 953)	117 978	66.38%
- Overdue 90-179 days	477 344	(411 591)	65 753	86.23%
- Overdue 180-360 days	1 261 007	(1 089 018)	171 989	86.36%
- Overdue more than 360 days	3 001 849	(2 487 534)	514 315	82.87%
Total impaired loans	**5 494 821**	**(4 294 195)**	**1 200 626**	**78.15%**
Total loans to small and medium enterprises	**23 471 068**	**(4 373 226)**	**19 097 842**	**18.63%**
Total commercial loans	**292 054 186**	**(29 629 423)**	**262 424 763**	**10.15%**

The following table provides information on the credit quality of the commercial loan portfolio as at 31 December 2009:

	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	**137 013 979**	**(2 872 388)**	**134 141 591**	**2.10%**
Impaired loans:				
- Impaired, but not overdue	27 101 631	(2 955 689)	24 145 942	10.91%
- Overdue less than 30 days	2 520 984	(427 913)	2 093 071	16.97%
- Overdue 30-89 days	1 709 995	(750 137)	959 858	43.87%
- Overdue 90-179 days	5 311 534	(2 387 213)	2 924 321	44.94%
- Overdue 180-360 days	3 953 221	(2 660 406)	1 292 815	67.30%
- Overdue more than 360 days	5 764 825	(4 041 577)	1 723 248	70.11%
Total impaired loans	**46 362 190**	**(13 222 935)**	**33 139 255**	**28.52%**
Total loans to corporate clients not involved in international business	**183 376 169**	**(16 095 323)**	**167 280 846**	**8.78%**
Loans to corporate clients involved in international business				
Total loans for which no impairment has been identified	**25 608 857**	**(561 859)**	**25 046 998**	**2.19%**
Impaired loans:				
- Impaired, but not overdue	4 059 891	(410 267)	3 649 624	10.11%
- Overdue less than 30 days	52 870	(5 181)	47 689	9.80%
- Overdue less than 30-89 days	112 869	(43 509)	69 360	38.55%
- Overdue 90-179 days	1 502 227	(582 254)	919 973	38.76%
- Overdue 180-360 days	231 689	(28 750)	202 939	12.41%
- Overdue more than 360 days	376 098	(329 252)	46 846	87.54%
Total impaired loans	**6 335 644**	**(1 399 213)**	**4 936 431**	**22.08%**
Total loans to corporate clients involved in international business	**31 944 501**	**(1 961 072)**	**29 983 429**	**6.14%**
Factoring loans				
Total loans for which no impairment has been identified	**19 081 324**	**(986 309)**	**18 095 015**	**5.17%**
Impaired loans:				
- Impaired, but not overdue	2 105 490	(269 231)	1 836 259	12.79%
- Overdue less than 30 days	136 584	(55 078)	81 506	40.33%
- Overdue 30-89 days	268 711	(87 016)	181 695	32.38%
- Overdue 90-179 days	637 575	(410 110)	227 465	64.32%
- Overdue 180-360 days	2 187 967	(1 812 662)	375 305	82.85%
- Overdue more than 360 days	2 428 010	(2 039 068)	388 942	83.98%
Total impaired loans	**7 764 337**	**(4 673 165)**	**3 091 172**	**60.19%**
Total factoring loans	**26 845 661**	**(5 659 474)**	**21 186 187**	**21.08%**
Loans to small and medium enterprises				
Total loans for which no impairment has been identified	**18 069 355**	**(313 541)**	**17 755 814**	**1.74%**
Impaired loans:				
- Overdue less than 30 days	163 905	(31 416)	132 489	19.17%
- Overdue 30-89 days	444 958	(316 546)	128 412	71.14%
- Overdue 90-179 days	860 091	(774 073)	86 018	90.00%
- Overdue 180-360 days	1 643 872	(1 459 717)	184 155	88.80%
- Overdue more than 360 days	1 351 816	(1 183 781)	168 035	87.57%
Total impaired loans	**4 464 642**	**(3 765 533)**	**699 109**	**84.34%**
Total loans to small and medium enterprises	**22 533 997**	**(4 079 074)**	**18 454 923**	**18.10%**
Total commercial loans	**264 700 328**	**(27 794 943)**	**236 905 385**	**10.50%**

Analysis of collateral

There is a special Collateral Department 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 the granting of 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 and forecasting of possible changes in the fair value of collateral.

The second stage is related to monitoring and managing of collateral that has already been accepted by the Group. This stage includes regular monitoring of the collateral and reassessment of its fair value.

Principal types of collateral accepted 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 2010:

	Gross loans	Impairment allowance	Net loans	Impairment allowance to gross loans
Consumer loans				
- Not past due	10 782 850	(23 629)	10 759 221	0.22%
- Overdue less than 30 days	748 448	(38 248)	710 200	5.11%
- Overdue 30-89 days	515 746	(86 806)	428 940	16.83%
- Overdue 90-179 days	572 956	(241 531)	331 425	42.16%
- Overdue 180-360 days	1 065 642	(846 653)	218 989	79.45%
- Overdue more than 360 days	7 106 698	(7 039 952)	66 746	99.06%
Total consumer loans	**20 792 340**	**(8 276 819)**	**12 515 521**	**39.81%**
Auto loans				
- Not past due	5 202 035	(3 469)	5 198 566	0.07%
- Overdue less than 30 days	426 902	(6 841)	420 061	1.60%
- Overdue 30-89 days	274 531	(16 417)	258 114	5.98%
- Overdue 90-179 days	207 722	(44 019)	163 703	21.19%
- Overdue 180-360 days	390 903	(190 049)	200 854	48.62%
- Overdue more than 360 days	3 339 919	(2 179 509)	1 160 410	65.26%
Total auto loans	**9 842 012**	**(2 440 304)**	**7 401 708**	**24.79%**
Credit cards				
- Not past due	1 558 229	(2 864)	1 555 365	0.18%
- Overdue less than 30 days	118 190	(5 331)	112 859	4.51%
- Overdue 30-89 days	75 482	(12 378)	63 104	16.40%
- Overdue 90-179 days	120 192	(42 873)	77 319	35.67%
- Overdue 180-360 days	343 996	(212 233)	131 763	61.70%
- Overdue more than 360 days	1 108 067	(1 094 471)	13 596	98.77%
Total credit cards	**3 324 156**	**(1 370 150)**	**1 954 006**	**41.22%**
Mortgage loans				
- Not past due	1 369 047	(451)	1 368 596	0.03%
- Overdue less than 30 days	77 150	(1 519)	75 631	1.97%
- Overdue 30-89 days	29 203	(854)	28 349	2.92%
- Overdue 90-179 days	27 739	(2 526)	25 213	9.11%
- Overdue 180-360 days	61 467	(9 645)	51 822	15.69%
- Overdue more than 360 days	344 315	(59 039)	285 276	17.15%
Total mortgage loans	**1 908 921**	**(74 034)**	**1 834 887**	**3.88%**
Loans to VIP clients				
- Not past due	367 571	-	367 571	0.00%
Total loans to VIP clients	**367 571**	**-**	**367 571**	**0.00%**
Express-loans				
- Not past due	24 877	(51)	24 826	0.21%
- Overdue less than 30 days	2 012	(108)	1 904	5.37%
- Overdue 30-89 days	1 779	(450)	1 329	25.30%
- Overdue 90-179 days	3 256	(1 685)	1 571	51.75%
- Overdue 180-360 days	17 319	(12 804)	4 515	73.93%
- Overdue more than 360 days	233 368	(220 560)	12 808	94.51%
Total express-loans	**282 611**	**(235 658)**	**46 953**	**83.39%**
Total loans to individuals	**36 517 611**	**(12 396 965)**	**24 120 646**	**33.95%**

The following table provides information on the credit quality of loans to individuals portfolios as at 31 December 2009:

	Gross loans	Impairment allowance	Net loans	Impairment allowance to gross loans
Consumer loans				
- Not past due	13 885 294	(56 555)	13 828 739	0.41%
- Overdue less than 30 days	474 187	(41 601)	432 586	8.77%
- Overdue 30-89 days	649 214	(179 929)	469 285	27.71%
- Overdue 90-179 days	767 246	(410 438)	356 808	53.49%
- Overdue 180-360 days	2 075 014	(1 627 019)	447 995	78.41%
- Overdue more than 360 days	4 901 253	(4 714 150)	187 103	96.18%
Total consumer loans	**22 752 208**	**(7 029 692)**	**15 722 516**	**30.90%**
Auto loans				
- Not past due	7 113 148	(11 240)	7 101 908	0.16%
- Overdue less than 30 days	201 471	(7 195)	194 276	3.57%
- Overdue 30-89 days	255 019	(33 969)	221 050	13.32%
- Overdue 90-179 days	378 809	(100 985)	277 824	26.66%
- Overdue 180-360 days	1 124 027	(539 844)	584 183	48.03%
- Overdue more than 360 days	2 248 499	(1 457 421)	791 078	64.82%
Total auto loans	**11 320 973**	**(2 150 654)**	**9 170 319**	**19.00%**
Credit cards				
- Not past due	1 865 001	(15 548)	1 849 453	0.83%
- Overdue less than 30 days	200 794	(24 683)	176 111	12.29%
- Overdue 30-89 days	179 199	(63 937)	115 262	35.68%
- Overdue 90-179 days	174 631	(107 957)	66 674	61.82%
- Overdue 180-360 days	386 027	(352 615)	33 412	91.34%
- Overdue more than 360 days	759 289	(752 064)	7 225	99.05%
Total credit cards	**3 564 941**	**(1 316 804)**	**2 248 137**	**36.94%**
Mortgage loans				
- Not past due	1 499 778	(14)	1 499 764	0.00%
- Overdue less than 30 days	41 266	(23)	41 243	0.06%
- Overdue 30-89 days	68 511	(102)	68 409	0.15%
- Overdue 90-179 days	64 248	(238)	64 010	0.37%
- Overdue 180-360 days	146 168	(5 271)	140 897	3.61%
- Overdue more than 360 days	162 413	(21 511)	140 902	13.24%
Total mortgage loans	**1 982 384**	**(27 159)**	**1 955 225**	**1.37%**
Loans to VIP clients				
- Not past due	253 044	-	253 044	0.00%
Total loans to VIP clients	**253 044**	**-**	**253 044**	**0.00%**
Express-loans				
- Not past due	125 237	(1 363)	123 874	1.09%
- Overdue less than 30 days	5 352	(816)	4 536	15.25%
- Overdue 30-89 days	8 840	(3 911)	4 929	44.24%
- Overdue 90-179 days	14 449	(9 905)	4 544	68.55%
- Overdue 180-360 days	112 061	(99 096)	12 965	88.43%
- Overdue more than 360 days	427 565	(411 460)	16 105	96.23%
Total express-loans	**693 504**	**(526 551)**	**166 953**	**75.93%**
Total loans to individuals	**40 567 054**	**(11 050 860)**	**29 516 194**	**27.24%**

In the first half of 2010, the Group adopted a new classification of loan exposures, resulting in certain reclassifications within loans to customers as at 31 December 2009. In particular, the Group reclassified loans to VIP clients of RUR 136 260 thousand to loans to corporate clients not involved in international business because in substance those loans were granted for commercial activities of the borrowers and the Group reclassified consumer loans, granted for the purpose of refinancing credit cards of RUR 440 363 thousand, to credit cards.

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 party sureties although the majority of consumer loans and loans to VIP clients are not secured. Credit cards and express loans are not secured.

Significant credit exposures

As at 30 June 2010 and 31 December 2009 the Group had 8 and 9 borrowers or groups of related borrowers, respectively, whose loan balances exceed 10% of equity. The gross value of exposures as of 30 June 2010 and 31 December 2009 are RUR 47 229 771 thousand and RUR 49 360 423 thousand, respectively, or 14.4% and 16.2% of gross loans to customers.

Loan maturities

The maturity of the loan portfolio is presented in note 19, which shows the remaining period from the reporting date to the contractual maturity of the loans. Due to the short-term nature of the loans, it is likely that many of the 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 19. The information on related party balances is disclosed in note 22.

7 Investments available for sale

	30 June 2010 (unaudited)	31 December 2009
Investments made through closed unit investment funds	656 581	29 140
Equity investments		
Corporate shares	252 292	5 943
Total investments available for sale	**908 873**	**35 083**

As at 30 June 2010 the Group has investments in two closed unit investment funds.

	30 June 2010 (unaudited)		31 December 2009	
	Share of ownership	Investment	Share of ownership	Investment
Real estate closed unit investment fund	49%	593 661	-	-
Corporate bonds closed unit investment fund	100%	62 920	48%	29 140
Total investments made through closed unit investment funds		**656 581**		**29 140**

Real estate closed unit investment fund is represented by non-current assets, i.e. land and property. Corporate bonds closed unit investment fund is represented by corporate bonds of Russian companies, cash and term bank deposit balances (corporate bonds of Russian companies, cash and term bank deposit balances as at 31 December 2009).

Maturity and currency analyses of investments available for sale are disclosed in note 19. The information on related party balances is disclosed in note 22.

8 Assets held for sale

In December 2009 the Group acquired two items of property that were classified as assets held for sale as management is planning to sell these assets during 2010 and is actively marketing the assets. In the first half of 2010 the Group acquired land and buildings in Moscow and St.-Petersburg region. The Group entered into an agency agreements with a real estate management company to find investors. As of 30 June 2010 assets held for sale are comprised of:

	30 June 2010 (unaudited)	31 December 2009
Office building, Moscow	2 322 717	-
Land, St.-Petersburg region	1 500 000	1 500 000
Office building, Moscow	1 100 001	1 100 001
Land and buildings, St.-Petersburg region	1 022 047	-
Total assets held for sale	**5 944 765**	**2 600 001**

Assets held for sale are measured at the lower of cost or fair value less costs to sell.

Assets held for sale are included in the International business, investments and financial markets operating segment.

Maturity and currency analyses of assets held for sale are disclosed in note 19.

9 Deposits and balances from banks and other financial institutions

	30 June 2010 (unaudited)	31 December 2009
Term deposits from foreign banks	14 213 591	21 299 320
Long-term finance	11 701 540	14 768 138
Trade finance	9 825 973	13 114 615
Term deposits from local banks	5 739 950	1 402 234
Vostro accounts	5 502 429	8 339 427
Loan from the CBR	1 845 362	5 856 656
Total deposits and balances from banks and other financial institutions	**48 828 845**	**64 780 390**

Trade finance and long-term finance represent funds to be used in documentary credit transactions. Trade finance is used for financing working capital of clients through documentary letters of credit. Long-term finance is used to finance targeted assets of clients through documentary letters of credit.

Maturity and currency analyses of deposits and balances from banks and other financial institutions are disclosed in note 19.

10 Current accounts and deposits from customers

	30 June 2010 (unaudited)	31 December 2009
Current accounts and demand deposits		
- Corporate	71 626 454	55 365 566
- Retail	16 482 663	11 029 832
Term deposits		
- Corporate	76 964 284	114 735 483
- Retail	87 146 975	85 000 038
- State and local authorities and public organisations	29 285 451	23 417 920
Total current accounts and deposits from customers	**281 505 827**	**289 548 839**

Maturity and currency analysis of current accounts and deposits from customers are disclosed in note 19. Information on related party balances is disclosed in note 22.

Blocked accounts

As at 30 June 2010 the Group maintained corporate customer deposit balances of RUR 654 428 thousand (31 December 2009: RUR 3 806 545 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 2010 the ten largest aggregate balances of current account and deposits from customers amounted to RUR 79 268 475 thousand or 28.16% of total current accounts and deposits from customers (31 December 2009: RUR 92 453 053 thousand or 31.9% of total current accounts and deposits from customers).

11 Own securities issued

	30 June 2010 (unaudited)	31 December 2009
Promissory notes	15 214 699	20 986 966
Senior loan participation notes	12 760 594	16 423 635
Domestic bonds	3 666 703	6 229 540
Certificates of deposit	3 587	14 571
Total own securities issued	**31 645 583**	**43 654 712**

The Group issued promissory notes at a discount to nominal value and interest bearing promissory notes denominated in Russian Roubles, US dollars and Euros with effective interest rates from 0.1% p.a. to 22.4% p.a. and maturity dates from July 2010 to September 2015.

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 30 June 2010	Principal amount 31 December 2009	Issue date	Maturity date	Coupon rate	Commen-tary	30 June 2010	31 December 2009
PSB Finance S.A.	USD 156 mln	USD 214 mln	October 2006 and March 2007	October 2011	8.75%	Non-subordinated	4 607 884	6 360 433
Promsvyaz Finance PLC	USD 145 mln	USD 192 mln	October 2005	October 2010	8.75%	Non-subordinated	4 937 723	5 881 808
PSB Finance S.A.	USD 99 mln	USD 137 mln	July 2008	July 2013	10.75%	Non-subordinated	3 214 987	4 181 394
Total senior loan participation notes							**12 760 594**	**16 423 635**

During the six-month period ended 30 June 2010 the Group purchased from the market senior loan participation notes amounting to USD 183 355 thousand which is the equivalent RUR 5 719 833 thousand as at 30 June 2010 (six-month period ended 30 June 2009: USD 118 464 thousand which is the equivalent RUR 3 706 786 thousand as at 30 June 2009). The loss on the repurchase of these senior loan participation notes for the six-month period ended 30 June 2010 is RUR 239 702 thousand.

During the six-month period ended 30 June 2010 the Group sold senior loan participation notes amounting to USD 39 650 thousand (RUR 1 236 898 thousand) (six-month period ended 30 June 2009: USD 47 677 thousand (RUR 1 491 832 thousand)).

The table below provides a summary of domestic bonds issued:

Principal amount	Issue date	Offer date	Maturity date	Current coupon rate	30 June 2010 (unaudited)	31 December 2009
4 500 000	May 2007	-	May 2012	7.75%	442 191	4 575 562
5 000 000	June 2008	December 2010	June 2013	10.25%	3 224 512	1 653 978
Total domestic bonds					**3 666 703**	**6 229 540**

In May 2010 the Group redeemed at nominal value RUR 4 087 086 thousand of the RUR 4.5 billion issue from holders under a mandatory call offer. Subsequent to this the Group re-issued RUR 25 594 thousand of such bonds.

In December 2009 the Group redeemed at nominal value RUR 3 493 867 thousand of the RUR 5 billion issue from holders under a mandatory call offer. Subsequent to this the Group re-issued RUR 1 713 492 thousand of such bonds.

Maturity and currency analysis of own securities issued are disclosed in note 19. The information on related party balances is disclosed in note 22.

12 Other borrowed funds

	30 June 2010 (unaudited)	31 December 2009
Syndicated loans	7 643 332	8 966 992
Other borrowed funds	4 505 816	4 852 418
Total other borrowed funds	**12 149 148**	**13 819 410**

In June 2010 the Group borrowed USD 250 000 thousand (RUR 7 798 850) as a syndicated loan from the European Bank for Reconstruction and Development.

In April 2010 the Group repaid the first tranche of a syndicated loan from the European Bank for Reconstruction and Development amounting to USD 232 000 thousand (RUR 7 237 333 thousand). And in June the Group repaid in advance the remaining part of the syndicated loan.

Maturity and currency analyses of other borrowed funds are disclosed in note 19.

13 Net interest income

	Six-month period ended 30 June 2010 (unaudited)	Six-month period ended 30 June 2009 (unaudited)
Interest income		
Loans to customers	21 248 004	25 724 549
Financial assets at fair value through profit or loss	1 765 462	948 825
Placements with banks and other financial institutions and cash and cash equivalents	752 661	269 045
Investments held to maturity	174 779	430 543
Reverse repurchase agreements	380 947	165 631
Total interest income	**24 321 853**	**27 538 593**
Interest expense		
Current accounts and deposits from customers	9 566 995	7 995 303
Own securities issued	2 037 938	1 999 972
Deposits and balances from banks and other financial institutions	1 349 475	3 215 086
Subordinated borrowings	876 692	827 514
Other borrowed funds	353 256	541 933
Repurchase agreements	32 522	152 997
Total interest expense	**14 216 878**	**14 732 805**
Net interest income	**10 104 975**	**12 805 788**

14 Fee and commission income

	Six-month period ended 30 June 2010 (unaudited)	Six-month period ended 30 June 2009 (unaudited)
Commission on documentary operations	1 021 154	1 126 145
Commission for servicing plastic cards	676 990	618 357
Money transfer fees	642 135	600 256
Commission for operations with cash	357 618	333 963
Commission on foreign currency operations	325 394	603 902
Commission on undrawn loan commitments	109 472	41 593
Commission on banknote operations	58 485	146 854
Securities trading fees	53 875	42 925
Investment banking fees	51 695	10 044
Cash collection fees	38 073	40 481
Agent fees	6 129	28 143
Other	42 928	42 341
Total fee and commission income	**3 383 948**	**3 635 004**

15 Fee and commission expense

	Six-month period ended 30 June 2010 (unaudited)	Six-month period ended 30 June 2009 (unaudited)
Commission for servicing plastic cards	185 761	135 222
Commission on documentary operations	140 252	229 642
Money transfer fees	100 976	102 274
Commission on foreign currency operations	83 538	68 809
Agent fees	74 264	63 420
Cash collection fees	38 946	31 239
Commission on banknote operations	23 933	55 114
Securities trading fees	13 140	5 082
Other	2 413	1 503
Total fee and commission expense	**663 223**	**692 305**

16 Net (loss)/gain on financial instruments at fair value through profit or loss

	Six-month period ended 30 June 2010 (unaudited)	Six-month period ended 30 June 2009 (unaudited)
Net (loss)/gain on early redemption of senior loan participation notes	(239 702)	731 400
Net (loss)/gain on debt securities - trading securities	(493 730)	157 144
Net (loss)/gain on equity securities – trading securities	(23)	281
Net gain on equity instruments – securities designated upon initial recognition as at fair value through profit or loss	33 360	37 519
Net loss on interest rate swaps	(261)	(32 227)
Net (loss)/gain on financial instruments at fair value through profit or loss	**(700 356)**	**894 117**

17 General and administrative expenses

	Six-month period ended 30 June 2010 (unaudited)	Six-month period ended 30 June 2009 (unaudited)
Administrative expenses		
Employee compensation	4 175 882	3 857 671
Depreciation	549 287	471 227
Occupancy	350 472	423 247
Taxes other than income tax	328 268	362 468
Office repairs, maintenance and supply	277 870	237 485
Insurance	249 317	245 674
Communications and information services	242 187	261 819
Security	195 531	156 190
Advertising and marketing	149 166	196 161
Transportation	87 440	82 342
Professional services	28 277	29 169
Buildings repairs and maintenance	21 914	73 121
Other	245 717	119 846
Total administrative expenses	**6 901 328**	**6 516 420**
General expenses		
Contributions under obligatory deposit insurance	170 522	102 252
Charity and sponsorship	67 662	72 219
Total general expenses	**238 184**	**174 471**

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

18 Analysis by segment

The Group is organized into five main reportable operating segments. The segments are identified on the basis of organizational structure and types of clients. Each operating segment involves areas of business that are under control and responsibility of one of the Management Board members. Internal management reports are reviewed by the Management Board on a periodical basis and by the Board of Directors on a quarterly basis. The following summary describes the operations in each of the reportable segments:

- Corporate banking – this operating segment includes the following services provided to legal entities (excluding small and medium size 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; guarantees; 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; guarantees; 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; guarantees; brokerage in securities; foreign exchange services.

The Group does not allocate equity between segments.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax as included in the internal management reports that are reviewed by the Board of Directors. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to others who operate within these industries.

The intersegment revenue from other segments 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 segment assets/liabilities. These captions are included in “Reconciling items” category in the reconciliation of the total segment assets/liabilities to total assets/liabilities of the Group. Other assets and liabilities are included in “Reconciling items” category when they cannot reasonably be distributed among the segments. “Reconciling items” category also includes assets/liabilities and attributable income/expense relating to assets and liabilities management operations performed by Group’s Treasury Department.

General and administrative expenses are allocated between the segments on the basis of an activity-based costing model that identifies activities and assigns 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 the overall effective tax rate.

Segment breakdown of assets and liabilities as at 30 June 2010 is set out below:

	Corporate banking	Retail banking	International business, investments and financial markets	Small and medium size enterprises	Reconciling items	Total
Cash and cash equivalents	3 016 168	2 337 273	711 164	-	28 554 991	34 619 596
Obligatory reserves with central banks	-	-	-	-	3 560 553	3 560 553
Placements with banks and other financial institutions	-	-	10 179 124	-	-	10 179 124
Financial assets at fair value through profit or loss	-	-	40 756 435	-	2 690 790	43 447 225
Amounts receivable under reverse repurchase agreements	-	-	627 999	-	16 904 502	17 532 501
Loans to customers	239 898 717	23 753 075	3 795 775	19 097 842	-	286 545 409
Investments available for sale	-	-	908 873	-	-	908 873
Investments held to maturity	-	-	1 144 915	-	3 806 758	4 951 673
Assets held for sale	-	-	5 944 765	-	-	5 944 765
Other assets	108 352	80 800	846 342	51	1 453 531	2 489 076
Current income tax prepayments	-	-	-	-	14 262	14 262
Deferred tax asset	-	-	-	-	902 182	902 182
Property and equipment	-	-	-	-	25 136 731	25 136 731
Total assets	**243 023 237**	**26 171 148**	**64 915 392**	**19 097 893**	**83 024 300**	**436 231 970**
Financial liabilities at fair value through profit or loss	-	-	1 305 598	-	46 864	1 352 462
Deposits and balances from banks and other financial institutions	22 347 514	131 962	20 040 009	-	6 309 360	48 828 845
Amounts payable under repurchase agreements	-	-	308 831	-	871	309 702
Current accounts and deposits from customers	134 811 867	63 710 692	62 730 921	20 252 347	-	281 505 827
Own securities issued	6 599 622	-	24 805 507	240 454	-	31 645 583
Other borrowed funds	-	-	12 149 148	-	-	12 149 148
Other liabilities	698 454	-	48 786	9 776	1 285 963	2 042 979
Current income tax payable	-	-	-	-	61 665	61 665
Deferred tax liability	-	-	-	-	66 004	66 004
Subordinated borrowings	-	-	15 780 985	-	-	15 780 985
Total liabilities	**164 457 457**	**63 842 654**	**137 169 785**	**20 502 577**	**7 770 727**	**393 743 200**

Segment breakdown of assets and liabilities as at 31 December 2009 is set out below:

	Corporate banking	Retail banking	International business, investments and financial markets	Small and medium size enterprises	Reconciling items	Total
Cash and cash equivalents	310 690	3 165 183	3 306 028	-	101 540 747	108 322 648
Obligatory reserves with central banks	-	-	-	-	3 149 729	3 149 729
Placements with banks and other financial institutions	-	-	799 651	-	4 276 149	5 075 800
Financial assets at fair value through profit or loss	-	-	40 733 985	-	1 017 853	41 751 838
Amounts receivable under reverse repurchase agreements	-	-	781 484	-	9 298 817	10 080 301
Loans to customers	215 838 586	29 263 150	2 864 920	18 454 923	-	266 421 579
Investments available for sale	35 083	-	-	-	-	35 083
Investments held to maturity	-	-	3 155 879	-	4 049 059	7 204 938
Assets held for sale	-	-	2 600 001	-	-	2 600 001
Other assets	50 305	39 096	456 545	-	1 554 369	2 100 315
Current income tax prepayments	-	-	-	-	660 877	660 877
Deferred tax asset	-	-	-	-	600 326	600 326
Property and equipment	-	-	-	-	23 207 942	23 207 942
Total assets	**216 234 664**	**32 467 429**	**54 698 493**	**18 454 923**	**149 355 868**	**471 211 377**
Financial liabilities at fair value through profit or loss	-	-	1 062 892	-	189 333	1 252 225
Deposits and balances from banks and other financial institutions	31 931 655	287 892	20 929 270	-	11 631 573	64 780 390
Amounts payable under repurchase agreements	-	-	-	-	60 697	60 697
Current accounts and deposits from customers	151 215 992	60 094 772	59 208 507	17 127 538	1 902 030	289 548 839
Own securities issued	7 581 954	-	35 755 011	317 747	-	43 654 712
Other borrowed funds	-	-	13 819 410	-	-	13 819 410
Other liabilities	350 842	-	205 307	5 132	1 239 707	1 800 988
Current income tax payable	-	-	-	-	27 341	27 341
Deferred tax liability	-	-	-	-	313 033	313 033
Subordinated borrowings	-	-	17 748 361	-	-	17 748 361
Total liabilities	**191 080 443**	**60 382 664**	**148 728 758**	**17 450 417**	**15 363 714**	**433 005 996**

Segment information for the reportable business segments of the Group for the six-month period ended 30 June 2010 is set out below:

	Corporate banking	Retail banking	International business, investments and financial markets	Small and medium size enterprises	Reconciling items	Total
Interest income	15 576 878	3 337 735	2 691 963	2 221 147	494 130	24 321 853
Interest expense	(4 777 018)	(2 698 299)	(6 578 408)	(149 447)	(13 706)	(14 216 878)
Net interest income	**10 799 860**	**639 436**	**(3 886 445)**	**2 071 700**	**480 424**	**10 104 975**
Net revenue from other segments	(5 426 219)	1 128 554	6 326 063	(1 012 280)	(1 016 118)	-
Fee and commission income	1 792 157	989 679	178 978	416 209	6 925	3 383 948
Fee and commission expense	(234 426)	(300 012)	(92 501)	(13 980)	(22 304)	(663 223)
Net fee and commission income	**1 557 731**	**689 667**	**86 477**	**402 229**	**(15 379)**	**2 720 725**
Net (loss)/gain on financial instruments at fair value through profit or loss	-	-	(904 641)	-	204 285	(700 356)
Net foreign exchange gain/(loss)	155 364	-	297 153	-	(77 360)	375 157
Income on purchase of non-controlling interest of subsidiary	-	-	147 240	-	-	147 240
Income on early redemption of financial liabilities	18 158	68 108	37 897	-	(124 163)	-
Other income	426 484	174 661	-	62 009	(3 762)	659 392
Operating income of the segment	**7 531 378**	**2 700 426**	**2 103 744**	**1 523 658**	**(552 073)**	**13 307 133**
Loan impairment charge	(2 404 907)	(2 832 924)	117 257	(428 803)	337 970	(5 211 407)
Other impairment charge	34 464	-	21 883	3	(179 314)	(122 964)
Administrative expenses	(1 748 422)	(2 650 176)	(372 553)	(1 287 022)	(843 155)	(6 901 328)
General expenses	-	(109 241)	(61 218)	(63)	(67 662)	(238 184)
Operating expenses	**(4 118 865)**	**(5 592 341)**	**(294 631)**	**(1 715 885)**	**(752 161)**	**(12 473 883)**
Profit/(loss) before tax	**3 412 513**	**(2 891 915)**	**1 809 113**	**(192 227)**	**(1 304 234)**	**833 250**
Income tax (expense)/benefit	(1 109 660)	940 375	(588 276)	62 507	424 103	(270 951)
Profit/(loss) for the period after tax	**2 302 853**	**(1 951 540)**	**1 220 837**	**(129 720)**	**(880 131)**	**562 299**
Revenue of the segment	**17 950 883**	**4 502 075**	**3 315 334**	**2 699 365**	**419 933**	**28 887 590**

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	Reconciling items	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 (loss)/gain on financial instruments at fair value through profit or loss	18 320	-	875 797	-	-	894 117
Net foreign exchange gain/(loss)	124 000	-	(352 248)	-	-	(228 248)
Income on purchase of non-controlling interest of subsidiary	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 charge	(7 200 923)	(2 445 434)	(46 775)	(1 124 271)	-	(10 817 403)
Other impairment charge	(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/(loss) before tax	**633 079**	**(2 612 041)**	**521 089**	**(821 157)**	**1 878 461**	**(400 569)**
Income tax (expense)/benefit	(66 364)	250 667	(74 293)	65 825	(159 737)	16 098
Profit/(loss) for the period after tax	**566 715**	**(2 361 374)**	**446 796**	**(755 332)**	**1 718 724**	**(384 471)**
Revenue of the segment	**21 435 804**	**5 727 114**	**3 273 668**	**2 264 263**	**124 776**	**32 825 625**

19 Currency and maturity analysis

Currency analysis

The following table shows the currency structure of assets and liabilities as at 30 June 2010:

	RUR	USD	EUR	Other	Total
Assets					
Cash and cash equivalents	17 445 186	8 778 153	4 960 546	3 435 711	34 619 596
Obligatory reserves with central banks	3 002 239	-	558 314	-	3 560 553
Placements with banks and other financial institutions	365 752	9 565 573	247 799	-	10 179 124
Financial assets at fair value through profit or loss	28 978 114	9 430 794	4 999 278	39 039	43 447 225
Amounts receivable under reverse repurchase agreements	17 532 501	-	-	-	17 532 501
Loans to customers	152 698 729	113 110 285	20 230 002	506 393	286 545 409
Investments available for sale	903 666	-	5 207	-	908 873
Investments held to maturity	4 847 259	104 414	-	-	4 951 673
Assets held for sale	5 944 765	-	-	-	5 944 765
Other assets	1 519 220	919 638	44 833	5 385	2 489 076
Current income tax prepayments	14 262	-	-	-	14 262
Deferred tax asset	902 182	-	-	-	902 182
Property and equipment	25 136 731	-	-	-	25 136 731
Total assets	**259 290 606**	**141 908 857**	**31 045 979**	**3 986 528**	**436 231 970**
Liabilities					
Financial liabilities at fair value through profit or loss	390 227	940 563	11 989	9 683	1 352 462
Deposits and balances from banks and other financial institutions	11 836 532	20 605 660	16 077 632	309 021	48 828 845
Amounts payable under repurchase agreements	309 702	-	-	-	309 702
Current accounts and deposits from customers	176 257 350	68 938 204	33 061 459	3 248 814	281 505 827
Own securities issued	17 373 920	13 763 468	508 195	-	31 645 583
Other borrowed funds	1 609 793	10 539 355	-	-	12 149 148
Other liabilities	1 787 936	175 337	78 867	839	2 042 979
Current income tax payable	38 989	-	22 676	-	61 665
Deferred tax liability	66 004	-	-	-	66 004
Subordinated borrowings	-	15 780 985	-	-	15 780 985
Total liabilities	**209 670 453**	**130 743 572**	**49 760 818**	**3 568 357**	**393 743 200**
Net on balance sheet position as at 30 June 2010	**49 620 153**	**11 165 285**	**(18 714 839)**	**418 171**	**42 488 770**
Net off balance sheet position as at 30 June 2010	**(151 999)**	**(15 813 478)**	**16 533 267**	**(567 790)**	**-**
Net on and off balance sheet positions as at 30 June 2010	**49 468 154**	**(4 648 193)**	**(2 181 572)**	**(149 619)**	**42 488 770**
Guarantees issued as at 30 June 2010	**33 346 666**	**6 998 597**	**1 063 552**	**12 000**	**41 420 815**
Other credit related commitments as at 30 June 2010	**15 486 800**	**8 694 443**	**2 740 803**	**-**	**26 922 046**

The following table shows the currency structure of assets and liabilities as at 31 December 2009:

	RUR	USD	EUR	Other	Total
Assets					
Cash and cash equivalents	35 312 781	35 890 076	36 360 605	759 186	108 322 648
Obligatory reserves with central banks	2 671 991	-	477 738	-	3 149 729
Placements with banks and other financial institutions	19 458	4 810 064	246 278	-	5 075 800
Financial assets at fair value through profit or loss	30 080 767	6 643 128	4 779 739	248 204	41 751 838
Amounts receivable under reverse repurchase agreements	10 065 812	14 489	-	-	10 080 301
Loans to customers	135 845 198	106 729 949	23 324 690	521 742	266 421 579
Investments available for sale	29 167	-	5 916	-	35 083
Investments held to maturity	7 071 017	133 921	-	-	7 204 938
Assets held for sale	2 600 001	-	-	-	2 600 001
Other assets	2 038 548	17 692	38 181	5 894	2 100 315
Current income tax prepayments	660 877	-	-	-	660 877
Deferred tax asset	600 326	-	-	-	600 326
Property and equipment	23 207 942	-	-	-	23 207 942
Total assets	**250 203 885**	**154 239 319**	**65 233 147**	**1 535 026**	**471 211 377**
Liabilities					
Financial liabilities at fair value through profit or loss	8 896	1 234 478	8 609	242	1 252 225
Deposits and balances from banks and other financial institutions	12 747 135	26 721 540	24 932 757	378 958	64 780 390
Amounts payable under repurchase agreements	60 697	-	-	-	60 697
Current accounts and deposits from customers	174 973 780	64 495 346	49 543 600	536 113	289 548 839
Own securities issued	20 184 568	20 466 409	3 003 735	-	43 654 712
Other borrowed funds	1 776 309	12 043 101	-	-	13 819 410
Other liabilities	1 550 465	161 983	68 486	20 054	1 800 988
Current income tax payable	18 062	-	9 279	-	27 341
Deferred tax liability	313 033	-	-	-	313 033
Subordinated borrowings	1 551 047	16 197 314	-	-	17 748 361
Total liabilities	**213 183 992**	**141 320 171**	**77 566 466**	**935 367**	**433 005 996**
Net on balance sheet position as at 31 December 2009	**37 019 893**	**12 919 148**	**(12 333 319)**	**599 659**	**38 205 381**
Net off balance sheet position as at 31 December 2009	**6 792 278**	**(16 714 612)**	**10 577 182**	**(654 848)**	**-**
Net on and off balance sheet positions as at 31 December 2009	**43 812 171**	**(3 795 464)**	**(1 756 137)**	**(55 189)**	**38 205 381**
Guarantees issued as at 31 December 2009	**31 808 398**	**5 082 622**	**1 546 338**	**-**	**38 437 358**
Other credit related commitments as at 31 December 2009	**18 053 878**	**12 456 205**	**2 626 032**	**-**	**33 136 115**

Maturity analysis

The following table shows assets and liabilities of the Group by their remaining contractual maturity as at 30 June 2010 and 31 December 2009, with the exception of securities included into financial assets at fair value through profit or loss as at 30 June 2010 and 31 December 2009. 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 2010 and 31 December 2009.

As at 30 June 2010 and 31 December 2009 the contractual maturities of securities included into financial assets at fair value through profit or loss with exception of Spot and derivative Financial Instruments were as follows:

	30 June 2010 (unaudited)	**31 December 2009**
Less than 1 month	1 290 704	1 359 491
1 to 6 months	4 731 170	7 388 862
6 months to 1 year	9 174 322	7 359 086
1 year to 5 years	21 866 618	20 718 176
More than 5 years	5 751 197	4 707 133
No maturity	177 164	143 802
	42 991 175	**41 676 550**

As at 30 June 2010 and 31 December 2009 domestic bonds issued are presented in the table below in accordance with their offer dates.

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 included part of current accounts from customers amounting to RUR 57 541 596 thousand (31 December 2009: RUR 40 259 596 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.

The closed unit investment funds included in investments available-for-sale is shown in the category “Demand and less than 1 month” as the management believes it can be sold in the near term.

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 following table shows the maturity analysis as of 30 June 2010:

	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	34 619 596	-	-	-	-	-	34 619 596
Obligatory reserves with central banks	696 280	1 845 994	613 559	404 661	59	-	3 560 553
Placements with banks and other financial institutions	488 015	8 191 155	1 499 954	-	-	-	10 179 124
Financial assets at fair value through profit or loss	24 616 248	1 902 415	8 229 345	5 275 108	3 246 953	177 156	43 447 225
Amounts receivable under reverse repurchase agreements	17 532 501	-	-	-	-	-	17 532 501
Loans to customers	45 201 672	95 189 960	49 040 668	88 082 567	9 030 542	-	286 545 409
Investments available for sale	845 953	-	62 920	-	-	-	908 873
Investments held to maturity	1 077 615	44 609	1 083 865	2 745 584	-	-	4 951 673
Assets held for sale	-	2 600 001	3 344 764	-	-	-	5 944 765
Other assets	1 700 235	390 446	191 422	1 664	5 169	200 140	2 489 076
Current income tax prepayments	14 262	-	-	-	-	-	14 262
Deferred tax asset	-	-	-	-	-	902 182	902 182
Property and equipment	-	-	-	-	-	25 136 731	25 136 731
Total assets	**126 792 377**	**110 164 580**	**64 066 497**	**96 509 584**	**12 282 723**	**26 416 209**	**436 231 970**
Liabilities							
Financial liabilities at fair value through profit or loss	1 204 200	124 550	23 712	-			1 352 462
Deposits and balances from banks and other financial institutions	13 107 228	17 248 213	8 772 630	8 953 999	746 775	-	48 828 845
Amounts payable under repurchase agreements	-	309 702	-	-	-	-	309 702
Current accounts and deposits from customers	57 653 288	149 278 071	54 040 098	20 534 370	-	-	281 505 827
Own securities issued	3 415 345	13 323 857	4 101 112	10 800 076	5 193	-	31 645 583
Other borrowed funds	-	404 816	3 462 185	8 282 147	-	-	12 149 148
Other liabilities	841 717	186 174	255 164	260 028	3 936	495 960	2 042 979
Current income tax payable	38 989	-	22 676	-	-	-	61 665
Deferred tax liability	-	-	-	-	-	66 004	66 004
Subordinated borrowings	200 453	131 231	-	12 382 264	3 067 037	-	15 780 985
Total liabilities	**76 461 220**	**181 006 614**	**70 677 577**	**61 212 884**	**3 822 941**	**561 964**	**393 743 200**
Net liquidity position as at 30 June 2010	**50 331 157**	**(70 842 034)**	**(6 611 080)**	**35 296 700**	**8 459 782**	**25 854 245**	**42 488 770**
Cumulative liquidity position as at 30 June 2010	**50 331 157**	**(20 510 877)**	**(27 121 957)**	**8 174 743**	**16 634 525**	**42 488 770**	

The following table shows the maturity analysis as of 31 December 2009:

	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	108 322 648	-	-	-	-	-	108 322 648
Obligatory reserves with central banks	529 442	1 525 782	842 908	250 342	1 255	-	3 149 729
Placements with banks and other financial institutions	54 440	5 005 204	14 896	1 260	-	-	5 075 800
Financial assets at fair value through profit or loss	28 291 316	3 013 940	4 855 384	4 583 218	864 178	143 802	41 751 838
Amounts receivable under reverse repurchase agreements	10 080 301	-	-	-	-	-	10 080 301
Loans to customers	35 585 134	84 117 954	56 091 715	81 009 658	9 617 118	-	266 421 579
Investments available for sale	29 140	-	-	-	-	5 943	35 083
Investments held to maturity	2 343 922	1 614 762	1 045 719	2 200 535	-	-	7 204 938
Assets held for sale	-	-	2 600 001	-	-	-	2 600 001
Other assets	920 762	679 266	209 926	81 782	4 612	203 967	2 100 315
Current income tax prepayments	660 877	-	-	-	-	-	660 877
Deferred tax asset	-	-	-	-	-	600 326	600 326
Property and equipment	-	-	-	-	-	23 207 942	23 207 942
Total assets	**186 817 982**	**95 956 908**	**65 660 549**	**88 126 795**	**10 487 163**	**24 161**	**471 211 377**
Liabilities							
Financial liabilities at fair value through profit or loss	774 416	436 782	41 027	-	-	-	1 252 225
Deposits and balances from banks and other financial institutions	14 537 628	16 120 298	17 911 108	15 128 389	1 082 967	-	64 780 390
Amounts payable under repurchase agreements	59 091	781	825	-	-	-	60 697
Current accounts and deposits from customers	54 084 230	138 593 768	83 246 764	13 624 077	-	-	289 548 839
Own securities issued	3 436 096	18 633 170	9 490 596	12 089 816	5 034	-	43 654 712
Other borrowed funds	5 790	7 229 831	895 564	5 559 303	128 922	-	13 819 410
Other liabilities	631 423	510 416	180 469	109 261	619	368 800	1 800 988
Current income tax payable	18 062	9 279	-	-	-	-	27 341
Deferred tax liability	-	-	-	-	-	313 033	313 033
Subordinated borrowings	203 249	187 266	-	6 913 303	10 444 543	-	17 748 361
Total liabilities	**73 749 985**	**181 721 591**	**111 766 353**	**53 424 149**	**11 662 085**	**681 833**	**433 005 996**
Net liquidity position as at 31 December 2009	**113 067 997**	**(85 764 683)**	**(46 105 804)**	**34 702 646**	**(1 174 922)**	**23 480 147**	**38 205 381**
Cumulative liquidity position as at 31 December 2009	**113 067 997**	**27 303 314**	**(18 802 490)**	**15 900 156**	**14 725 234**	**38 205 381**	

20 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 2010, 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 2010 and 2009.

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 2010 and 31 December 2009:

	30 June 2010 (unaudited)	**31 December 2009**
Tier 1 Capital		
Share capital	11 511 052	10 062 544
Share premium	17 303 093	13 319 695
Additional paid-in-capital	81 919	1 056 102
Retained earnings	11 329 010	11 147 632
Non –controlling interest	6 240	265 341
Total tier 1 capital	**40 231 314**	**35 851 314**
Tier 2 Capital		
Revaluation reserve for property and equipment	2 353 907	2 353 907
Revaluation reserve for investments available for sale	(96 451)	160
Subordinated debt excluding accrued interest	11 230 344	13 612 802
Total Capital	**53 719 114**	**51 818 183**
Risk-weighted assets		
Banking book	350 307 264	332 027 436
Trading book	34 406 210	29 913 496
Total Risk-weighted assets	**384 713 474**	**361 940 932**
Tier 1 Ratio	**10.46%**	**9.91%**
Total Capital Adequacy Ratio	**13.96%**	**14.32%**

Included in Tier 2 Capital is RUR 11 230 344 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.

21 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 2010 and 31 December 2009 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. The likely amount of loss on undrawn loan and overdraft facilities is less than the total unused commitments since most commitments to extend credit are contingent upon customers maintaining specific credit standards.

	30 June 2010 (unaudited)	31 December 2009
Contracted amount		
Guarantees	41 420 815	38 437 358
Undrawn overdraft facilities	16 570 783	25 159 134
Letters of credit	5 764 908	3 529 135
Undrawn loan facilities	4 586 355	4 447 846

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 19. Information on related party balances is disclosed in note 22.

Capital commitments

During 2008 and 2010 the Group has acquired investment rights for 29 531 square meters of an office building under construction by a Russian developer. The total amount invested in the construction as at 30 June 2010 was RUR 10 608 827 thousand (31 December 2009: RUR 8 244 504 thousand) and the Group has further capital commitments in respect of this construction in the amount of USD 8 million payable in 2010 - 2011.

22 Related party transactions

For the purposes of this interim consolidated condensed financial information, 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.

The outstanding balances and the related average interest rates as at 30 June 2010 with related parties are as follows:

	Parent		Directors and Management Board		Entities under common control		Total
	Carrying amount	Average Interest Rate	Carrying amount	Average Interest Rate	Carrying amount	Average Interest Rate	Carrying amount
Statement of Financial Position							
Assets							
Loans to customers (gross amount)	-	-	88 289	12.13%	10 506 994	9.23%	10 595 283
less collective impairment allowance	-	-	(6)	-	(19 127)	-	(19 133)
Investments available for sale	-	-	-	-	20 492	-	20 492
Other assets	-	-	-	-	50 735	-	50 735
Liabilities							
Current accounts and deposits from customers and other borrowed funds	879 169	9.85%	785 351	10.94%	8 612 442	0.41%	10 276 962
Own securities issued	-	-	236	7.07%	67	11.17%	303
Other liabilities	-	-	-	-	63 608	-	63 608
Off balance sheet items							
Guarantees received	-	-	-	-	2 214 018	-	2 214 018
Guarantees issued	-	-	-	-	1 942 463	-	1 942 463
Letters of credit issued	-	-	-	-	314 390	-	314 390

As stated in note 1 minority shareholder's of the Group are European Bank for Reconstruction and Development and Commerzbank Auslandsbanken Holding AG. Group's management does not consider minority shareholders as related parties as they do not exercise significant influence over Group's financial or operational decisions.

As at 30 June 2010 outstanding balances with EBRD comprised RUB 246 208 thousand in Deposits and balances from banks and other financial institutions and RUB 9 028 160 thousand in Other borrowed funds.

As at 30 June 2010 outstanding balances with Commerzbank comprised RUB 63 747 thousand in Placements with banks and other financial institutions and RUB 3 483 423 thousand in Deposits and balances from banks and other financial institutions.

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

	Parent		Directors and Management Board		Entities under common control		Total
	Carrying amount	Average Interest Rate	Carrying amount	Average Interest Rate	Carrying amount	Average Interest Rate	Carrying amount
Statement of Financial Position							
Assets							
Financial assets at fair value through profit or loss	-	-	-	-	318 076	16.64%	318 076
Loans to customers (gross amount)	9	19.00%	61 143	11.36%	9 783 687	10.63%	9 844 839
less collective impairment allowance	-	-	(535)	-	(49 152)	-	(49 687)
Investments available for sale	-	-	-	-	18 696	-	18 696
Other assets	-	-	-	-	34 401	-	34 401
Liabilities							
Current accounts and deposits from customers	1 094 315	8.95%	848 095	10.58%	2 113 497	2.03%	4 055 907
Own securities issued	-	-	228	7.07%	63	11.17%	291
Other liabilities	-	-	-	-	30 500	-	30 500
Off balance sheet items							
Guarantees received	-	-	-	-	6 018 659	-	6 018 659
Guarantees issued	-	-	-	-	989 901	-	989 901
Letters of credit issued	-	-	-	-	367 658	-	367 658

Profit or loss amounts in respect of transactions with related parties for the six-month period ended 30 June 2010 are as follows:

	Parent	Directors and Management Board	Entities under common control	Total
Interest income	-	4 030	476 871	480 901
Fee and commission income	29	61	46 518	46 608
Interest expense	(17 523)	(18 992)	(17 785)	(54 300)
Fee and commission expense	-	-	(3 544)	(3 544)
Administrative expenses	(45 000)	(143 991)	(127 982)	(316 973)
Recovery of impairment losses	-	529	30 025	30 554

Profit or loss amounts in respect of transactions with related parties for the six-month period ended 30 June 2009 are as follows:

	Parent	Directors and Management Board	Entities under common control	Total
Interest income	-	5 253	578 232	583 485
Fee and commission income	68	27	45 945	46 040
Other income	-	1	3 476	3 477
Interest expense	(104 765)	(32 448)	(17 007)	(154 220)
Fee and commission expense	-	-	(3 208)	(3 208)
Administrative expenses	(15 000)	(155 796)	(211 909)	(382 705)
Recovery of impairment losses	-	619	174 293	174 912

During the six-month period ended 30 June 2010, short-term compensation of the Directors and members of the Management Board amounted to RUR 188 991 thousand (six-month period ended 30 June 2009: RUR 170 796 thousand).

23 Subsequent events

In July 2010 the Group issued subordinated loan participation notes amounting to USD 200 000 thousand. The notes mature in July 2016 and bear an interest rate of 11.25%.

In August 2010 the Group purchased from the third parties remaining 1.2% of the share capital of OAO "Yarsotsbank".

In August 2010 two closed investments funds where Group has 100% share of ownership were transferred under management of the Group's subsidiary OOO "UK Promsvyaz".

Alexander Levkovskiy has resigned his position of President and Chairman of the Management Board of the Group on 3 September 2010. Artem Konstandian, First Vice President of the Group will be appointed as Acting President of Promsvyazbank. Following the approval of his appointment by the Board of Directors and CBR, Artem Konstandian will head up the Group as President and Chairman of the Management Board.