PROMSVYAZBANK

Interim Consolidated Condensed
Financial Statements

for the nine-month period ended

30 September 2008

Unaudited

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Independent Auditors' Report

To the Council of OAO Promsvyazbank

Report on Review of the Interim Financial Information

Introduction

We have reviewed the accompanying interim consolidated condensed balance sheet of OAO Promsvyazbank (the "Bank") and its subsidiaries (the "Group") as at 30 September 2008, and the related interim consolidated condensed statements of income for the three-month period then ended and for the nine-month period then ended, and the related interim consolidated condensed statements of changes in shareholders' equity and cash flows for the nine-month period then ended (the interim consolidated financial information). Management is responsible for the preparation and presentation of this interim consolidated financial information in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this interim consolidated financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim consolidated financial information as at 30 September 2008 and for the three-month period then ended and for the nine-month period then ended is not prepared, in all material respects, in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

ZAO KPMG

ZAO KPMG
26 November 2008

ZAO KPMG, a company incorporated under the Laws of the Russian Federation and a member firm of the KPMG network of independent member firms affiliated with KPMG International, a Swiss cooperative.

Promsvyazbank

Interim Consolidated Condensed Balance Sheet as at 30 September 2008

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

	Notes	30 September 2008 (unaudited)	31 December 2007
ASSETS			
Cash and cash equivalents	4	37 787 176	38 088 343
Obligatory reserves with central banks	5	3 109 448	3 319 898
Placements with banks and other financial institutions	6	2 643 673	1 518 651
Financial assets at fair value through profit or loss	7	17 581 866	25 749 506
-Unpledged		*17 142 561*	*23 555 428*
-Pledged under sale and repurchase agreements		*439 305*	*2 194 078*
Amounts receivable under reverse repurchase agreements	8	4 231 886	3 362 081
Loans to customers	9	317 779 312	208 425 336
Investments available for sale		164 112	187 112
Investments held to maturity	10	8 817 603	-
Current income tax prepayments		168 869	243 793
Other assets		2 054 178	1 128 464
Property and equipment		13 219 940	11 222 215
TOTAL ASSETS		**407 558 063**	**293 245 399**
LIABILITIES			
Financial liabilities at fair value through profit or loss	11	883 018	156 148
Deposits and balances from banks and other financial institutions	12	74 608 699	50 667 904
Amounts payable under repurchase agreements	13	430 884	2 175 112
Current accounts and deposits from customers	14	204 165 616	141 000 963
Own securities issued	15	57 303 193	45 038 656
Other borrowed funds	16	30 970 786	24 299 108
Other liabilities		2 276 457	993 490
Current income tax payable		93 973	38 737
Deferred tax liability		591 640	1 193 032
TOTAL LIABILITIES		**371 324 266**	**265 563 150**
SHAREHOLDERS' EQUITY			
Share capital		8 812 544	7 468 794
Share premium		10 569 695	7 613 445
Additional paid-in-capital		1 167 515	30 496
Revaluation reserve for property and equipment		2 357 758	2 357 758
Revaluation reserve for investments available for sale		(58 691)	-
Retained earnings		13 329 111	10 211 756
Total equity attributable to equity holders of the parent		**36 177 932**	**27 682 249**
Minority interest		**55 865**	**-**
TOTAL SHAREHOLDERS' EQUITY		**36 233 797**	**27 682 249**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**407 558 063**	**293 245 399**
Credit related committments	27		

Approved by the Management Board on 26 November 2008.

Lokshin A.A.
President

Volchenko A.U.
Senior Vice-president, CEO

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

Promsvyazbank
Interim Consolidated Condensed Income Statement for the nine-month period ended 30 September 2008
(expressed in thousands of Russian Roubles – refer to Note 2)

	Notes	Nine-month period ended 30 September 2008 (unaudited)	Nine-month period ended 30 September 2007 (unaudited)	Three-month period ended 30 September 2008 (unaudited)	Three-month period ended 30 September 2007 (unaudited)
Interest income		29 806 077	16 391 510	11 973 124	6 464 756
Interest expense		(14 334 122)	(8 127 519)	(5 902 471)	(3 212 745)
Net interest income	17	**15 471 955**	**8 263 991**	**6 070 653**	**3 252 011**
Fee and commission income	18	3 914 086	1 959 204	1 701 561	783 718
Fee and commission expense	19	(665 351)	(401 061)	(259 873)	(157 891)
Net fee and commission income		**3 248 735**	**1 558 143**	**1 441 688**	**625 827**
Net loss on financial instruments at fair value through profit or loss	20	(572 667)	(72 675)	(299 615)	(79 892)
Net foreign exchange gain		1 448 933	551 226	724 138	217 283
Net loss on sale of subsidiaries	30	(21 942)	-	(21 942)	-
Other income		422 849	181 876	113 842	73 518
		19 997 863	**10 482 561**	**8 028 764**	**4 088 747**
Impairment losses	21	(7 016 448)	(1 804 845)	(4 047 780)	(964 618)
General and administrative expenses	22	(8 702 101)	(4 919 892)	(3 183 983)	(1 768 863)
		(15 718 549)	**(6 724 737)**	**(7 231 763)**	**(2 733 481)**
Profit before tax		**4 279 314**	**3 757 824**	**797 001**	**1 355 266**
Income tax expense		(1 161 471)	(952 404)	(241 958)	(346 138)
Profit for the period		**3 117 843**	**2 805 420**	**555 043**	**1 009 128**
Attributable to:					
Shareholders of the parent		3 117 355	2 805 420	554 555	1 009 128
Minority interest		488	-	488	-

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

Promsvyazbank
Interim Consolidated Condensed Statement of Cash Flows for the nine-month period ended 30 September 2008
(expressed in thousands of Russian Roubles – refer to Note 2)

	Notes	Nine-month period ended 30 September 2008 (unaudited)	Nine-month period ended 30 September 2007 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest and fee and commission receipts		32 808 433	18 316 333
Interest and fee and commission payments		(12 629 649)	(7 527 866)
Net receipts/(payments) from financial instruments at fair value through profit or loss		283 215	(37 853)
Net receipts from foreign exchange transactions		665 942	254 322
Other income received		422 849	173 826
General and administrative expenses paid		(7 794 807)	(4 505 906)
		13 755 983	**6 672 856**
(Increase)/decrease in operating assets			
Obligatory reserves with central banks		262 297	(789 224)
Placements with banks and other financial institutions over one month		(1 590 053)	467 937
Financial assets at fair value through profit or loss		516 550	3 421 781
Amounts receivable under reverse repurchase agreements		(948 673)	(2 507 977)
Loans to customers		(110 428 788)	(69 628 421)
Other assets		(886 854)	(341 392)
Increase/(decrease) in operating liabilities			
Financial liabilities at fair value through profit or loss		295 640	1 034 148
Deposits and balances from banks and other financial institutions		24 461 675	8 563 267
Amounts payable under repurchase agreements		(1 744 188)	388 611
Current accounts and deposits from customers		59 012 239	35 890 249
Promissory notes and certificates of deposit		1 740 653	2 554 582
Other liabilities		356 231	146 347
Net cash used in operating activities before taxes paid		**(15 197 288)**	**(14 127 236)**
Taxes paid		(1 744 093)	(315 623)
Cash flows used in operations		**(16 941 381)**	**(14 442 859)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Disposal of investments available for sale		5 560	-
Disposal of subsidiaries	30	12 976	-
Acquisition of subsidiary	31	618 734	-
Purchases of investments available for sale		(59 804)	-
Purchases of investments held to maturity		(1 884 722)	-
Purchases of property and equipment		(1 585 618)	(4 410 533)
Disposals of property and equipment		22 526	13 276
Cash flows used in investing activities		**(2 870 348)**	**(4 397 257)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of loan participation notes and domestic bonds		9 039 065	9 649 321
Proceeds from other borrowered funds		13 772 156	21 208 468
Repayment of other borrowed funds		(7 756 867)	(10 377 918)
Proceeds from issuance of share capital		4 300 000	-
Cash flows from financing activities		**19 354 354**	**20 479 871**
Net (decrease)/increase in cash and cash equivalents		**(457 375)**	**1 639 755**
Effect of changes in exchange rates on cash and cash equivalents		156 208	(376 824)
Cash and cash equivalents at the beginning of the period		38 088 343	26 484 968
Cash and cash equivalents at the end of the period	4	**37 787 176**	**27 747 899**

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

	Attributable to equity holders of the parent								
	Share capital	Share premium	Additional paid-in-capital	Revaluation reserve for property and equipment	Revaluation reserve for investments available for sale	Retained earnings	Total	Minority interest	Total Equity
Balance at 1 January 2007	**6 188 794**	**4 797 445**	**52 402**	**830 002**	**-**	**6 507 233**	**18 375 876**	**-**	**18 375 876**
Profit for the nine-month period ended 30 September 2007 (unaudited)	-	-	-	-	-	2 805 420	2 805 420	-	2 805 420
Increase in amounts payable under option agreements (unaudited)	-	-	(21 906)	-	-	-	(21 906)	-	(21 906)
Balance at 30 September 2007 (unaudited)	**6 188 794**	**4 797 445**	**30 496**	**830 002**	**-**	**9 312 653**	**21 159 390**	**-**	**21 159 390**
Balance at 1 January 2008	**7 468 794**	**7 613 445**	**30 496**	**2 357 758**	**-**	**10 211 756**	**27 682 249**	**-**	**27 682 249**
Profit for the nine-month period ended 30 September 2008 (unaudited)	-	-	-	-	-	3 117 355	3 117 355	488	3 117 843
Revaluation of investments available for sale less deferred tax of RUB 18 534 thousand (unaudited)	-	-	-	-	(58 691)	-	(58 691)	-	(58 691)
Total income	**-**	**-**	**-**	**-**	**(58 691)**	**3 117 355**	**3 058 664**	**488**	**3 059 152**
Increase in share capital (unaudited)	1 343 750	2 956 250	-	-	-	-	4 300 000	-	4 300 000
Disposal of subsidiary (Note 30) (unaudited)	-	-	51 423	-	-	-	51 423	-	51 423
Acquisition of subsidiary (Note 31) (unaudited)	-	-	1 085 596	-	-	-	1 085 596	55 377	1 140 973
Balance at 30 September 2008 (unaudited)	**8 812 544**	**10 569 695**	**1 167 515**	**2 357 758**	**(58 691)**	**13 329 111**	**36 177 932**	**55 865**	**36 233 797**

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

1 Background

Principal activities

Promsvyazbank Group (the "Group") consists of various legal entities formed under the laws of the Russian Federation and other countries (Refer to Note 2 for the list of subsidiaries). OAO Promsvyazbank (the "Bank"), which is the parent company of the Group, was initially established in the Russian Federation as a limited liability company converting subsequently to a closed joint-stock company in July 2001 and finally to an open joint-stock company in September 2007. The Bank was granted a banking license for operations in roubles on 12 May 1995. The Bank's operations were expanded to include operations with all types of foreign currencies and operations with individuals in foreign currencies on 30 December 1996 and 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. In October 2004, the CBR accepted the Bank into the state deposit insurance system. In addition, the Group holds licenses from the Federal Commission for the Securities Market of the Russian Federation (the ''FCSM'', later renamed the Federal Service for Financial Markets (the ''FSFM'') to act as a broker, dealer, custodian and a securities manager in the Russian securities market. The Group also holds a license from the ''FSFM'' as a commodities exchange broker to trade futures and options.

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

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

The table below summarises information about the Group's branch network.

	30 September 2008	31 December 2007
Branches	46	43
Full-service sub-branches	127	103
Retail sub-branches	118	104
Representative offices	6	5
Total number of offices	**297**	**255**

As at 30 September 2008 the Bank operated 45 branches (31 December 2007: 42 branches) located within the Russian Federation and a branch located in Limassol (Cyprus). The Bank's representative offices are located in Russian Federation, China, India, Ukraine and Kirgizstan.

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

Shareholders as at 30 September 2008

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

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

Russian business environment

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

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

2 Basis of preparation

Statement of compliance

The accompanying interim consolidated condensed financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* and all applicable International Financial Reporting Standards ("IFRS"). They do not include all of the information required for full financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2007, as these interim consolidated condensed financial statements provide an update of previously reported financial information.

Basis of measurement

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

Functional and presentation currency

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

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

Consolidated companies

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

Name	Country of Incorporation	Main Activity	% Consolidated as at 30 September 2008	% Consolidated as at 31 December 2007
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%
"Atna Capital Management Investments Limited"	Cyprus	Financial Activity	-	100%
OOO "Association of Leasing Companies"	Russian Federation	Leasing	-	100%
OOO "Open Leasing Company"	Russian Federation	Leasing	100%	100%
OAO "Volgoprombank"	Russian Federation	Banking Activity	95.5%	-

Promsvyaz Finance PLC and *PSB Finance S.A.* are special purpose entities established to facilitate the Group's issues of debt securities (refer to Note 15). 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.

"Atna Capital Management Investments Limited"
Until April 2008 the Group controlled Atna Capital Management Investments Limited through the right to exercise a call option. In April 2008 the Group cancelled this call option. For more details refer to Note 30.

OOO "Association of Leasing Companies"
On 26 June 2006 the Group acquired 100% in OOO "Association of Leasing Companies". In September 2008 the Group sold this company to a third party. For more details refer to Note 30.

OOO "Open Leasing Company" was established by the Group in July 2006. The Group controls 100% in OOO "Open Leasing Company".

OAO "Volgoprombank"

The Group obtained control over OAO "Volgoprombank" on 23 June 2008 through the granting of a call option by Promsvyaz Capital B.V. (parent company of the Group). This call option granted to the Bank gives the Bank the right to acquire 95.5% share in OAO "Volgoprombank" from 23 June 2008 for a year. Also, from this date more than half of the Board of directors' members of OAO "Volgoprombank" were nominated by the Bank. For more details refer to Note 31.

Use of estimates and judgments

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

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

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

3 Significant accounting policies

The accounting policies applied by the Group in these interim consolidated condensed financial statements are consistent with those applied by the Group in the consolidated financial statements for the year ended 31 December 2007, except for changes resulting from changes in presentation and adoption of revised standards, as described below.

Adoption of Revised Standards and Interpretations

An amendment to IAS 39 "*Financial Instruments: Recognition and Measurement*", issued in October 2008, permits an entity to reclassify non-derivative financial assets (other than those designated at fair value through profit or loss by the entity upon initial recognition) out of the fair value through profit or loss category in particular circumstances. An entity may, if a financial asset is no longer held for the purpose of selling or repurchasing it in the near term (notwithstanding that the financial asset may have been acquired or incurred principally for the purpose of selling or repurchasing it in the near term), reclassify that financial asset out of the fair value through profit or loss category. A financial asset may be reclassified out of the fair value through profit or loss category only in rare circumstances. The amendments shall apply from 1 July 2008 prospectively.

The management of the Group has decided to reclassify certain debt securities, which are no longer held for the purpose of selling or repurchasing in the near term, out of "Financial assets at fair value through profit or loss" into the "Investments held to maturity" as the Group has the intention and ability to hold these securities till maturity. The reclassification has been applied from 31 July 2008, as after 31 July 2008 there was a fundamental change in the securities markets.

The effect of the adoption of the revised standard is as follows:

	30 September 2008 (unaudited)
Financial assets at fair value through profit or loss	(6 816 123)
Investments held to maturity	6 816 123

New Standards and Interpretations not yet adopted

A number of new Standards, amendments to Standards and Interpretations are not yet effective as at 30 September 2008, and have not been applied in preparing these interim consolidated condensed financial statements. Of these pronouncements, potentially the following will have an impact on the Group's operations. The Group plans to adopt these pronouncements when they become effective. The Group has not yet analysed the likely impact of these new standards on its financial statements.

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

Revised IAS 1 "*Presentation of Financial Statements*" (2007) which becomes mandatory for the Group's 2009 consolidated financial statements is expected to have a significant impact on the presentation of the consolidated financial statements. The Standard introduces the concept of total comprehensive income and requires presentation of all owner changes in equity in the statement of changes in equity, separately from non-owner changes in equity.

Amended IAS 27 "*Consolidated and Separate Financial Statements*" (2008) which becomes mandatory for the Group's 2010 consolidated financial statements requires accounting for changes in ownership interests by the Group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the Group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss.

Revised IFRS 3 "*Business Combinations*" (2008) and amended IAS 27 "*Consolidated and Separate Financial Statements*" (2008), which come into effect on 1 July 2009 (i.e. becomes mandatory for the Group's 2010 financial statements). The revisions address, among others, accounting for step acquisitions, require acquisition-related costs to be recognised as expenses and remove exception for changes in contingent consideration to be accounted by adjusting goodwill. The revisions also address how non-controlling interests in subsidiaries should be measured upon acquisition and require to account for effects of transactions with non-controlling interest directly in equity.

4 Cash and cash equivalents

	30 September 2008 (unaudited)	31 December 2007
Cash	9 959 790	8 063 503
Due from the Central Bank of the RF – nostro accounts	17 008 211	6 804 844
Deposits with the Central Bank of the RF	4 000 410	5 000 979
Placements with banks and other financial institutions with an original maturity less than one month		
Rated from AA- to AA+	2 890 570	9 683 915
Rated A- to A+	2 196 218	5 355 106
Rated BBB	145 199	1 278 740
Rated from BB- to BB+	23 536	20
Rated from B- to B+	13	912 922
Rated below B-	89 306	1 676
Not rated	1 473 923	986 638
Total cash and cash equivalents	**37 787 176**	**38 088 343**

Maturity, currency and interest rates analyses of cash and cash equivalents are disclosed in Notes 24 and 28. The information on related party balances is disclosed in Note 29.

5 Obligatory reserves with central banks

	30 September 2008 (unaudited)	31 December 2007
Minimum reserve deposit with the Central Bank of the RF	2 650 164	2 807 928
Minimum reserve deposit with the Central Bank of Cyprus	459 284	511 970
Total obligatory reserves with central banks	**3 109 448**	**3 319 898**

The minimum reserve deposit with the CBR is a mandatory non-interest bearing deposit.

Maturity, currency and interest rates analyses of obligatory reserves with central banks are disclosed in Notes 24 and 28.

6 Placements with banks and other financial institutions

	30 September 2008 (unaudited)	31 December 2007
Rated A- to A+	63 331	61 665
Rated BBB	1 263	1 241
Rated from BB- to BB+	2 003 716	515 215
Rated from B- to B+	-	220 286
Not rated	575 363	720 244
Total placements with banks and other financials institutions	**2 643 673**	**1 518 651**

Maturity, currency and interest rates analyses of placements with banks are disclosed in Notes 24 and 28. The information on related party balances is disclosed in Note 29.

Concentration of placements with banks and other financial institutions

As at 30 September 2008 and 31 December 2007, placements with banks, which individually comprised more than 10% of total placements with banks, were as follows:

	30 September 2008 (unaudited)	31 December 2007
Bank 1	2 003 716	-
Bank 2	305 948	-
Bank 3	-	515 215
Bank 4	-	251 206
Bank 5	-	200 000
	2 309 664	**966 421**

7 Financial assets at fair value through profit or loss

	30 September 2008 (unaudited)	31 December 2007
Unpledged		
Financial assets held for trading		
Debt and other fixed-income instruments		
Corporate bonds – listed	6 203 334	4 865 529
Russian municipal and regional bonds	3 387 615	628 651
Promissory notes	3 075 417	3 860 984
Russian Government Federal bonds (OFZ)	2 137 126	12 846 183
Corporate Eurobonds	1 471 481	239 191
Russian Federation Eurobonds	50 225	-
Equity investments		
Corporate shares – listed	-	633 671
Derivative financial instruments		
Foreign currency, precious metals and securities contracts	757 378	309 262
Designated at fair value through profit or loss		
Corporate shares – listed	59 985	171 957
Total unpledged financial assets at fair value through profit or loss	**17 142 561**	**23 555 428**
Pledged under sale and repurchase agreements		
Financial assets held for trading		
Promissory notes	439 305	2 172 071
Corporate shares – listed	-	22 007
Total financial assets pledged under sale and repurchase agreements	**439 305**	**2 194 078**
Total financial assets at fair value through profit or loss	**17 581 866**	**25 749 506**

In accordance with an amendment to IAS 39 *"Financial Instruments: Recognition and Measurement"* issued in October 2008 the management of the Group has decided to reclassify certain debt securities, which are no longer held for the purpose of selling or repurchasing them in the near term, out of "Financial assets at fair value through profit or loss" into "Investments held to maturity". The fair value of reclassified debt securities as at 31 July 2008 amounted to RUB 6 816 123 thousand (refer to Note 3).

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

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

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

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

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

Russian Federation Eurobonds are interest-bearing securities denominated in U.S. Dollars and issued by Ministry of Finance of the Russian Federation.

The following table provides details of the Group's debt trading securities as at 30 September 2008:

	Maturity		**Coupon rate per annum**		**Yield to maturity per annum**	
	Minimum	**Maximum**	**Mini-mum**	**Maxi-mum**	**Mini-mum**	**Maxi-mum**
Corporate bonds	November 2008	June 2018	6.67%	15.00%	6.67%	29.94%
Russian municipal and regional bonds	April 2009	June 2013	8.00%	11.00%	7.73%	13.55%
Promissory notes	October 2008	October 2010	-	-	8.00%	25.82%
Russian Government Federal bonds (OFZ)	March 2009	February 2036	5.80%	10.00%	6.03%	9.04%
Corporate Eurobonds	May 2010	November 2010	9.75%	13.50%	10.53%	13.50%
Russian Federation Eurobonds	March 2030	March 2030	7.50%	7.50%	7.43%	7.43%

The following table provides details of the Group's debt trading securities as at 31 December 2007:

	Maturity		**Coupon rate per annum**		**Yield to maturity per annum**	
	Minimum	**Maximum**	**Mini-mum**	**Maxi-mum**	**Mini-mum**	**Maxi-mum**
Corporate bonds	June 2008	May 2015	7.10%	14.50%	6.72%	14.68%
Russian municipal and regional bonds	April 2008	November 2013	8.00%	13.50%	6.78%	9.00%
Promissory notes	January 2008	March 2010	-	-	7.57%	14.54%
Russian Government Federal bonds (OFZ)	April 2008	November 2021	5.80%	10.00%	5.70%	8.31%
Corporate Eurobonds	October 2009	November 2010	8.75%	10.00%	9.83%	11.51%

The following table presents an analysis by rating agency designation of debt securities, based on Standard and Poor's long-term international ratings scale of the issuer. If major rating agencies have different ratings for the same issuer, the securities of the issuer are reported against the lower rating.

	30 September 2008 (unaudited)	31 December 2007
Rated from BBB- to BBB+	8 567 624	14 012 903
Rated from BB- to BB+	956 367	1 289 345
Rated from B- to B+	4 704 069	3 878 948
Rated below B-	154 564	-
Not rated	2 381 879	5 431 413
Total debt securities	**16 764 503**	**24 612 609**

Equity instruments represent ordinary and preference shares issued primarily by major Russian companies.

The Group designated equity shares of Centertelecom, that are not part of its trading book, as at fair value through profit or loss. These securities meet the criteria for classification as at fair value through profit or loss because management assesses performance of these investments based on their fair values in accordance with a documented policy.

For information on the Group's derivative financial instruments refer to Note 26.

Maturity, currency and interest rates analyses of financial assets at fair value through profit or loss are disclosed in Notes 24 and 28. The information on related party balances is disclosed in Note 29.

8 Amounts receivable under reverse repurchase agreements

The Group purchases financial instruments under agreements to resell them at future dates ("reverse repurchase agreements"). The seller commits to repurchase the same or similar instruments at an agreed future date. Reverse repurchase agreements are entered into as a facility to provide funds to customers. As at 30 September 2008 and 31 December 2007, amounts lent to customers were, as follows:

	30 September 2008 (unaudited)	31 December 2007
Amounts receivable from banks and other financial institutions		
Rated from B- to B+	-	69 181
Rated below B-	-	137 294
Not rated	2 210 270	45 451
Total amounts receivable from banks and other financial institutions	**2 210 270**	**251 926**
Amounts receivable from customers		
Rated below B-	-	90 042
Not rated	2 021 616	3 020 113
Total amounts receivable from customers	**2 021 616**	**3 110 155**
Total amounts receivable under reverse repurchase agreements	**4 231 886**	**3 362 081**

Maturity, currency and interest rates analyses of amounts receivable under reverse repurchase agreements are disclosed in Notes 24 and 28.

Collateral

As at 30 September 2008 and 31 December 2007, amounts receivable under reverse repurchase agreements were collateralised by the following securities:

	Fair value 30 September 2008 (unaudited)	Fair value 31 December 2007
Russian Government Federal bonds (OFZ)	2 227 977	-
Promissory notes issued by Russian banks	2 106 732	3 396 575
	4 334 709	**3 396 575**

9 Loans to customers

	30 September 2008 (unaudited)	31 December 2007
Commercial loans		
Loans to corporate clients not involved in international business	169 465 071	115 770 394
Loans to corporate clients involved in international business	63 775 813	41 910 286
Factoring loans	26 715 707	18 506 699
Loans to small and medium enterprises	19 052 698	8 133 116
Total commercial loans	**279 009 289**	**184 320 495**
Loans to individuals		
Consumer loans	28 323 449	15 932 978
Auto loans	15 213 585	9 901 905
Mortgage loans	2 473 961	1 563 037
Credit cards	2 372 988	459 366
Express-loans	1 454 755	713 177
Loans to VIP clients	1 065 917	671 941
Total loans to individuals	**50 904 655**	**29 242 404**
Gross loans to customers	**329 913 944**	**213 562 899**
Impairment allowance	(12 134 632)	(5 137 563)
Net loans to customers	**317 779 312**	**208 425 336**

Movements in the loan impairment allowance for the nine-month period ended 30 September 2008 and 2007 were as follows:

	Nine-month period ended 30 September 2008 (unaudited)	Nine-month period ended 30 September 2007 (unaudited)
Balance at the beginning of the period	5 137 563	2 480 326
Net charge for the period (Note 21)	6 821 145	1 919 729
Acquisition of subsidiary	206 285	-
Disposal of subsidiary	(1 692)	-
Write-offs	(28 669)	(41 841)
Balance at the end of the period	**12 134 632**	**4 358 214**

As at 30 September 2008 interest accrued on impaired loans net of impairment allowance amounted to RUB 237 802 thousand (31 December 2007: RUB 23 249 thousand).

Non-performing loans comprise loans with principal or/and interest overdue by more than 90 days. A loan overdue less than 90 days is classified as non-performing by Management if it is not probable that it will be recovered through means other than repossession and subsequent realization of collateral. As at 30 September 2008 non-perfoming loans amounted to RUB 6 055 590 thousand (31 December 2007: RUB 1 406 098 thousand).

Credit quality of commercial loan portfolio

The following table provides information on the credit quality of the commercial loan portfolio as at 30 September 2008:

	Gross loans (unaudited)	Impairment allowance (unaudited)	Net loans (unaudited)	Impairment allowance to gross loans (unaudited)
Loans to corporate clients not involved in international business				
Total loans for which no impairment has been identified	**160 447 247**	**(2 221 438)**	**158 225 809**	**1.38%**
Impaired loans:				
- Impaired, but not overdue	5 618 740	(982 790)	4 635 950	17.49%
- Overdue less than 30 days	1 149 026	(555 862)	593 164	48.38%
- Overdue 30-89 days	603 485	(357 392)	246 093	59.22%
- Overdue 90-179 days	482 938	(322 260)	160 678	66.73%
- Overdue 180-360 days	945 477	(571 739)	373 738	60.47%
- Overdue more than 360 days	218 158	(202 804)	15 354	92.96%
Total impaired loans	**9 017 824**	**(2 992 847)**	**6 024 977**	**33.19%**
Total loans to corporate clients not involved in international business	**169 465 071**	**(5 214 285)**	**164 250 786**	**3.08%**
Loans to corporate clients involved in international business				
Total loans for which no impairment has been identified	**63 064 367**	**(918 490)**	**62 145 877**	**1.46%**
Impaired loans:				
- Impaired, but not overdue	188 705	(5 806)	182 899	3.08%
- Overdue less than 30 days	31 807	(20 904)	10 903	65.72%
- Overdue 90-179 days	9 326	(9 326)	-	100.00%
- Overdue 180-360 days	481 608	(383 925)	97 683	79.72%
Total impaired loans	**711 446**	**(419 961)**	**291 485**	**59.03%**
Total loans to corporate clients involved in international business	**63 775 813**	**(1 338 451)**	**62 437 362**	**2.10%**
Factoring loans				
Total loans for which no impairment has been identified	**24 203 018**	**(384 001)**	**23 819 017**	**1.59%**
Impaired loans:				
- Impaired, but not overdue	1 706 437	(302 943)	1 403 494	17.75%
- Overdue less than 30 days	210 653	(210 653)	-	100.00%
- Overdue 30-89 days	251 728	(251 728)	-	100.00%
- Overdue 90-179 days	179 833	(179 833)	-	100.00%
- Overdue 180-360 days	132 648	(132 648)	-	100.00%
- Overdue more than 360 days	31 390	(31 390)	-	100.00%
Total impaired loans	**2 512 689**	**(1 109 195)**	**1 403 494**	**44.14%**
Total factoring loans	**26 715 707**	**(1 493 196)**	**25 222 511**	**5.59%**
Loans to small and medium enterprises				
Total loans for which no impairment has been identified	**18 374 302**	**(285 682)**	**18 088 620**	**1.55%**
Impaired loans:				
- Impaired, but not overdue	69 096	(13 560)	55 536	19.62%
- Overdue less than 30 days	80 499	(79 684)	815	98.99%
- Overdue 30-89 days	209 239	(157 108)	52 131	75.09%
- Overdue 90-179 days	116 567	(116 151)	416	99.64%
- Overdue 180-360 days	197 475	(167 065)	30 410	84.60%
- Overdue more than 360 days	5 520	(2 582)	2 938	46.78%
Total impaired loans	**678 396**	**(536 150)**	**142 246**	**79.03%**
Total loans to small and medium enterprises	**19 052 698**	**(821 832)**	**18 230 866**	**4.31%**
Total commercial loans	**279 009 289**	**(8 867 764)**	**270 141 525**	**3.18%**

The following table provides information on the credit quality of the commercial loan portfolio as at 31 December 2007:

	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	**114 618 129**	**(1 828 433)**	**112 789 696**	**1.60%**
Impaired loans:				
- Impaired, but not overdue	519 248	(85 651)	433 597	16.50%
- Overdue less than 30 days	363 995	(357 894)	6 101	98.32%
- Overdue 30-89 days	40 010	(40 010)	-	100.00%
- Overdue 90-179 days	135 772	(134 807)	965	99.29%
- Overdue 180-360 days	46 900	(23 436)	23 464	49.97%
- Overdue more than 360 days	46 340	(46 340)	-	100.00%
Total impaired loans	**1 152 265**	**(688 138)**	**464 127**	**59.72%**
Total loans to corporate clients not involved in international business	**115 770 394**	**(2 516 571)**	**113 253 823**	**2.17%**
Loans to corporate clients involved in international business				
Total loans for which no impairment has been identified	**41 633 187**	**(533 289)**	**41 099 898**	**1.28%**
Impaired loans:				
- Restructured, but not overdue	245 189	(245 189)	-	100.00%
- Overdue less than 30 days	31 910	(31 910)	-	100.00%
Total impaired loans	**277 099**	**(277 099)**	**-**	**100.00%**
Total loans to corporate clients involved in international business	**41 910 286**	**(810 388)**	**41 099 898**	**1.93%**
Factoring loans				
Total loans for which no impairment has been identified	**18 426 889**	**(231 604)**	**18 195 285**	**1.26%**
Impaired loans:				
- Overdue less than 30 days	31 047	(31 047)	-	100.00%
- Overdue 30-89 days	11 791	(11 791)	-	100.00%
- Overdue 90-179 days	16 466	(16 466)	-	100.00%
- Overdue 180-360 days	20 506	(20 506)	-	100.00%
Total impaired loans	**79 810**	**(79 810)**	**-**	**100.00%**
Total factoring loans	**18 506 699**	**(311 414)**	**18 195 285**	**1.68%**
Loans to small and medium enterprises				
Total loans for which no impairment has been identified	**8 105 391**	**(118 658)**	**7 986 733**	**1.46%**
Impaired loans:				
- Overdue less than 30 days	27 725	(27 725)	-	100.00%
Total impaired loans	**27 725**	**(27 725)**	**-**	**100.00%**
Total loans to small and medium enterprises	**8 133 116**	**(146 383)**	**7 986 733**	**1.80%**
Total commercial loans	**184 320 495**	**(3 784 756)**	**180 535 739**	**2.05%**

Analysis of collateral

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

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

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

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

Credit quality of loans to individuals

The following table provides information on the credit quality of loans to individuals portfolios as at 30 September 2008:

	Gross loans (unaudited)	Impairment allowance (unaudited)	Net loans (unaudited)	Impairment allowance to gross loans (unaudited)
Consumer loans				
- Not past due	24 860 800	(124 887)	24 735 913	0.50%
- Overdue less than 30 days	783 579	(125 739)	657 840	16.05%
- Overdue 30-89 days	731 667	(281 418)	450 249	38.46%
- Overdue 90-179 days	731 503	(451 360)	280 143	61.70%
- Overdue 180-360 days	847 896	(727 765)	120 131	85.83%
- Overdue more than 360 days	368 004	(368 004)	-	100.00%
Total consumer loans	**28 323 449**	**(2 079 173)**	**26 244 276**	**7.34%**
Auto loans				
- Not past due	13 508 774	(47 259)	13 461 515	0.35%
- Overdue less than 30 days	417 640	(41 124)	376 516	9.85%
- Overdue 30-89 days	369 162	(103 789)	265 373	28.11%
- Overdue 90-179 days	420 617	(202 821)	217 796	48.22%
- Overdue 180-360 days	321 043	(251 533)	69 510	78.35%
- Overdue more than 360 days	176 349	(176 349)	-	100.00%
Total auto loans	**15 213 585**	**(822 875)**	**14 390 710**	**5.41%**
Mortgage loans				
- Not past due	2 386 920	(1 292)	2 385 628	0.05%
- Overdue less than 30 days	19 945	(370)	19 575	1.86%
- Overdue 30-89 days	42 077	(3 094)	38 983	7.35%
- Overdue 90-179 days	15 415	(1 267)	14 148	8.22%
- Overdue 180-360 days	6 716	(865)	5 851	12.88%
- Overdue more than 360 days	2 888	(2 888)	-	100.00%
Total mortgage loans	**2 473 961**	**(9 776)**	**2 464 185**	**0.40%**
Credit cards				
- Not past due	1 808 547	(28 822)	1 779 725	1.59%
- Overdue less than 30 days	244 125	(26 244)	217 881	10.75%
- Overdue 30-89 days	161 157	(49 256)	111 901	30.56%
- Overdue 90-179 days	95 565	(37 877)	57 688	39.63%
- Overdue 180-360 days	57 357	(36 590)	20 767	63.79%
- Overdue more than 360 days	6 237	(6 237)	-	100.00%
Total credit cards	**2 372 988**	**(185 026)**	**2 187 962**	**7.80%**
Express-loans				
- Not past due	1 163 557	(10 803)	1 152 754	0.93%
- Overdue less than 30 days	55 219	(7 395)	47 824	13.39%
- Overdue 30-89 days	59 130	(18 450)	40 680	31.20%
- Overdue 90-179 days	60 987	(30 687)	30 300	50.32%
- Overdue 180-360 days	74 508	(58 123)	16 385	78.01%
- Overdue more than 360 days	41 354	(41 354)	-	100.00%
Total express-loans	**1 454 755**	**(166 812)**	**1 287 943**	**11.47%**
Loans to VIP clients				
- Not past due	1 032 801	-	1 032 801	0.00%
- Overdue less than 30 days	346	(7)	339	2.02%
- Overdue 30-89 days	4 559	(99)	4 460	2.17%
- Overdue 90-179 days	9 477	(809)	8 668	8.54%
- Overdue 180-360 days	18 734	(2 291)	16 443	12.23%
Total loans to VIP clients	**1 065 917**	**(3 206)**	**1 062 711**	**0.30%**
Total loans to individuals	**50 904 655**	**(3 266 868)**	**47 637 787**	**6.42%**

The following table provides information on the credit quality of loans to individuals portfolios as at 31 December 2007:

	Gross loans	Impairment allowance	Net loans	Impairment allowance to gross loans
Consumer loans				
- Not past due	14 570 999	(74 290)	14 496 709	0.51%
- Overdue less than 30 days	386 319	(69 891)	316 428	18.09%
- Overdue 30-89 days	301 318	(120 958)	180 360	40.14%
- Overdue 90-179 days	228 227	(149 464)	78 763	65.49%
- Overdue 180-360 days	275 392	(227 898)	47 494	82.75%
- Overdue more than 360 days	170 723	(170 723)	-	100.00%
Total consumer loans	**15 932 978**	**(813 224)**	**15 119 754**	**5.10%**
Auto loans				
- Not past due	9 212 342	(30 132)	9 182 210	0.33%
- Overdue less than 30 days	241 490	(25 446)	216 044	10.54%
- Overdue 30-89 days	127 533	(46 401)	81 132	36.38%
- Overdue 90-179 days	93 778	(58 407)	35 371	62.28%
- Overdue 180-360 days	149 993	(133 326)	16 667	88.89%
- Overdue more than 360 days	76 769	(76 769)	-	100.00%
Total auto loans	**9 901 905**	**(370 481)**	**9 531 424**	**3.74%**
Mortgage loans				
- Not past due	1 545 521	(207)	1 545 314	0.01%
- Overdue less than 30 days	6 783	(102)	6 681	1.50%
- Overdue 90-179 days	2 988	(665)	2 323	22.26%
- Overdue 180-360 days	3 462	(1 129)	2 333	32.61%
- Overdue more than 360 days	4 283	(4 283)	-	100.00%
Total mortgage loans	**1 563 037**	**(6 386)**	**1 556 651**	**0.41%**
Credit cards				
- Not past due	397 647	(210)	397 437	0.05%
- Overdue less than 30 days	42 953	(406)	42 547	0.95%
- Overdue 30-89 days	12 687	(624)	12 063	4.92%
- Overdue 90-179 days	3 486	(805)	2 681	23.09%
- Overdue 180-360 days	625	(389)	236	62.24%
- Overdue more than 360 days	1 968	(1 968)	-	100.00%
Total credit cards	**459 366**	**(4 402)**	**454 964**	**0.96%**
Express-loans				
- Not past due	533 589	(11 679)	521 910	2.19%
- Overdue less than 30 days	26 786	(7 262)	19 524	27.11%
- Overdue 30-89 days	28 164	(17 154)	11 010	60.91%
- Overdue 90-179 days	21 540	(17 074)	4 466	79.27%
- Overdue 180-360 days	30 613	(29 098)	1 515	95.05%
- Overdue more than 360 days	72 485	(72 485)	-	100.00%
Total express-loans	**713 177**	**(154 752)**	**558 425**	**21.70%**
Loans to VIP clients				
- Not past due	662 916	(30)	662 886	0.00%
- Overdue less than 30 days	2 353	(7)	2 346	0.30%
- Overdue 30-89 days	2 890	(86)	2 804	2.98%
- Overdue 90-179 days	371	(28)	343	7.55%
- Overdue more than 360 days	3 411	(3 411)	-	100.00%
Total loans to VIP clients	**671 941**	**(3 562)**	**668 379**	**0.53%**
Total loans to individuals	**29 242 404**	**(1 352 807)**	**27 889 597**	**4.63%**

The Group reclassified mortgage loans overdue more than 360 days as at 31 December 2007 for a total amount of RUB 13 323 thousand from loans to individuals to commercial loan portfolio because in substance it represents indebtedness obtained for commercial activity secured by the pledge of housing estate.

Analysis of collateral

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

Industry and geographical analysis of the loan portfolio

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

	30 September 2008 (unaudited)		31 December 2007	
Loans to individuals	50 904 655	15.43%	29 242 404	13.69%
Commercial loans				
Wholesale trade	44 137 422	13.38%	25 470 936	11.93%
Real estate investment and development	26 247 051	7.96%	14 249 036	6.67%
Finance, leasing and insurance	22 451 806	6.80%	12 947 476	6.06%
Food production	21 232 651	6.44%	15 320 075	7.17%
Construction	20 364 877	6.17%	12 388 311	5.80%
Retail trade	19 166 950	5.81%	18 607 009	8.71%
Services	13 973 923	4.24%	6 135 498	2.87%
Automobile trading and production	13 449 147	4.08%	8 166 192	3.82%
Energy	13 302 032	4.03%	12 199 872	5.71%
Transport	12 087 075	3.66%	4 687 826	2.20%
Agriculture	10 997 463	3.33%	8 769 167	4.11%
Metallurgy	10 756 892	3.26%	5 210 184	2.44%
Wood processing	9 834 471	2.98%	4 260 836	2.00%
Chemical production	7 231 896	2.19%	7 215 596	3.38%
Construction materials	6 727 047	2.04%	4 075 383	1.91%
Machinery	4 871 612	1.48%	2 671 979	1.25%
Pharmaceutical	3 740 824	1.13%	2 200 468	1.03%
Telecommunications	3 294 240	1.00%	3 405 470	1.59%
Information technology	3 175 576	0.96%	3 962 371	1.86%
Media	2 295 572	0.70%	2 300 216	1.08%
Mineral resources	2 259 792	0.68%	1 560 156	0.73%
Light industry	1 112 890	0.34%	1 996 841	0.94%
Aircraft	306 146	0.09%	2 183 803	1.02%
Other	5 991 934	1.82%	4 335 794	2.03%
	329 913 944	**100.00%**	**213 562 899**	**100.00%**
Impairment allowance	(12 134 632)		(5 137 563)	
Total loans to customers	**317 779 312**		**208 425 336**	

Loans have been granted to customers in the following geographical areas:

	30 September 2008 (unaudited)	31 December 2007
Russian Federation		
Moscow and Moscow region	171 388 531	101 993 626
Siberia	45 496 377	34 072 142
Central Chernozem and Central region	34 094 609	25 357 330
North-Western and North region	23 012 781	17 895 962
South region	22 242 810	10 916 130
Volgo-Viatskiy and Volga region	19 008 381	13 145 876
Urals	7 086 413	4 894 257
Far East	6 035 119	3 740 254
Customers outside the Russian Federation	1 548 923	1 547 322
	329 913 944	**213 562 899**
Impairment allowance	(12 134 632)	(5 137 563)
Total loans to customers	**317 779 312**	**208 425 336**

In 2008 the Group revised the basis of allocation of individuals to different geographical areas. As at 30 September 2008 the classification is based on geographical area in which the borrower is currently employed rather than geographical area in which the borrower is registered. The presentation of comparative information as at 31 December 2007 has been changed accordingly.

Significant credit exposures

As at 30 September 2008 and 31 December 2007 the Group had 8 and 5 borrowers or groups of related borrowers, respectively, whose loan balances exceeded 10% of shareholders' equity. The gross value of such exposures as at 30 September 2008 and 31 December 2007 were RUB 37 889 294 thousand and RUB 24 289 943 thousand, respectively.

Loan maturities

The maturity of the Group's loan portfolio is presented in Note 24, which shows the remaining period from the reporting date to the contractual maturity of the loans comprising the loan portfolio. Due to the short-term nature of the loans issued by the Group, it is likely that many of the Group's loans to customers will be prolonged on maturity. Accordingly, the effective maturity of the loan portfolio may be significantly longer than the classification indicated based on contractual terms.

Currency and interest rates analyses of loans to customers are disclosed in Notes 24 and 28. The information on related party balances is disclosed in Note 29.

10 Investments held to maturity

	30 September 2008 (unaudited)	31 December 2007
Debt and other fixed-income instruments		
Russian Government Federal bonds (OFZ)	5 358 417	-
Corporate bonds	3 128 341	-
Corporate Eurobonds	330 845	-
Total investments held to maturity	**8 817 603**	**-**

The portfolio of investments held to maturity was mainly formed by reclassification of financial assets at fair value through profit and loss in the amount RUB 6 816 123 thousand as at 31 July 2008 (refer to Note 3).

Net gain on debt securities reclassified into "Investments held to maturity" for the seven-month period ended 31 July 2008, the date of reclassification, amounted to RUB 170 126 thousand. The change in fair value of the portfolio from 1 August 2008 to 30 September 2008 which would have been recorded in the income statement had the portfolio not been reclassified, was a loss of RUB 207 517 thousand. As at 30 September 2008 fair value of the debt securities reclassified into "Investments held to maturity" was RUB 6 694 303 thousand.

The following table provides details of the Group's debt investments held to maturity as at 30 September 2008:

	Maturity		Coupon rate per annum		Yield to maturity per annum	
	Minimum	**Maximum**	**Minimum**	**Maximum**	**Minimum**	**Maximum**
Russian Government Federal bonds (OFZ)	January 2010	July 2013	5.80%	10.00%	6.14%	7.37%
Corporate bonds	June 2010	July 2016	7.55%	15.00%	7.77%	17.14%
Corporate Eurobonds	March 2009	July 2011	6.13%	13.75%	9.24%	15.68%

The following table presents an analysis by rating agency designation of debt investments held to maturity, based on Standard and Poor's long-term international ratings scale of the issuer. If major rating agencies have different ratings for the same issuer, the securities of the issuer are reported against the lower rating.

	30 September 2008 (unaudited)	31 December 2007
Rated from BBB- to BBB+	5 675 914	-
Rated from BB- to BB+	281 303	-
Rated from B- to B+	1 567 370	-
Not rated	1 293 016	-
Total investments held to maturity	**8 817 603**	**-**

Maturity, currency and interest rates analyses of investments held to maturity are disclosed in Notes 24 and 28.

11 Financial liabilities at fair value through profit or loss

	30 September 2008 (unaudited)	31 December 2007
Spot and derivative financial instruments	587 378	156 148
Trading liabilities	295 640	-
Total financial liabilities at fair value through profit or loss	**883 018**	**156 148**

Trading liabilities represent short sales of trading securities pledged to the Group under reverse repurchase agreements. As at 30 September 2008 trading liabilities amounting to RUB 295 640 thousand are reflected at fair value.

For information on the Group's spot and derivative financial instruments refer to Note 26.

Maturity and currency analyses of financial liabilities at fair value through profit or loss are disclosed in Note 24.

12 Deposits and balances from banks and other financial institutions

	30 September 2008 (unaudited)	31 December 2007
Trade finance from foreign banks	30 529 357	24 581 034
Term deposits from foreign banks	20 942 633	9 139 984
Long-term finance from foreign banks	14 259 331	9 005 068
Term deposits from the Central Bank of the RF	4 010 219	-
Vostro accounts	2 580 420	4 001 680
Term deposits from local banks	2 286 739	3 940 138
Total deposits and balances from banks and other financial institutions	**74 608 699**	**50 667 904**

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

Maturity, currency and interest rates analyses of deposits and balances from banks and other financial institutions are disclosed in Notes 24 and 28. The information on related party balances is disclosed in Note 29.

Concentration of deposits and balances from banks and other financial institutions

As at 30 September 2008 the ten largest aggregate balances of deposits and balances from banks and other financial institutions amounted to RUB 31 798 589 thousand or 42.6% of total deposits and balances from banks and other financial institutions (31 December 2007: RUB 18 480 153 thousand or 36.5% of deposits and balances from banks and other financial institutions).

13 Amounts payable under repurchase agreements

	30 September 2008 (unaudited)	31 December 2007
Amounts payable to banks and other financial institutions	430 884	807 654
Amounts payable to customers	-	1 367 458
Total amounts payable under repurchase agreements	**430 884**	**2 175 112**

Maturity, currency and interest rates analyses of amounts payable under repurchase agreements are disclosed in Notes 24 and 28. The information on related party balances is disclosed in Note 29.

Securities pledged

As at 30 September 2008 and 31 December 2007, the Group had pledged certain securities as collateral under repurchase agreements (refer to Note 7).

14 Current accounts and deposits from customers

	30 September 2008 (unaudited)	31 December 2007
Current accounts and demand deposits		
- Corporate	65 301 067	53 018 663
- Retail	7 735 378	6 992 441
Term deposits		
- Corporate	70 352 648	48 594 964
- Retail	41 267 747	28 373 889
- State and local authorities	19 508 776	4 021 006
Total current accounts and deposits from customers	**204 165 616**	**141 000 963**

Maturity, currency and interest rates analyses of current accounts and deposits from customers are disclosed in Notes 24 and 28. The information on related party balances is disclosed in Note 29.

Blocked accounts

As at 30 September 2008, the Group maintained customer deposit balances of RUB 917 469 thousand (31 December 2007: RUB 1 146 376 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 September 2008, the ten largest aggregate balances of current account and deposits from customers amounted to RUB 65 375 391 thousand or 32.0% of total current accounts and deposits from customers (31 December 2007: RUB 30 390 334 thousand or 21.6% of total current accounts and deposits from customers).

Funds were attracted from the customers operating in the following economic sectors:

	30 September 2008 (unaudited)		31 December 2007	
	Amount	%	**Amount**	%
Retail	49 003 125	24.01%	35 366 330	25.08%
Corporate and state and local authorities				
Finance and investment	36 161 426	17.71%	36 187 612	25.67%
Trade and commerce	24 445 744	11.97%	20 730 096	14.71%
State and local authorities	19 508 776	9.56%	4 021 006	2.85%
Energy and mineral resources	19 115 146	9.36%	4 504 792	3.19%
Public organisations	11 756 505	5.76%	108 557	0.08%
Manufacturing	10 399 559	5.09%	6 661 781	4.72%
Media and telecommunications	9 097 515	4.46%	5 392 138	3.82%
Development and construction	7 560 896	3.70%	10 987 921	7.79%
Transport and other services	4 173 008	2.04%	3 720 403	2.64%
IT and science	3 071 209	1.50%	5 385 976	3.82%
Food production and agriculture	987 659	0.48%	1 109 576	0.79%
Other	8 885 048	4.36%	6 824 775	4.84%
Total current accounts and deposits from customers	**204 165 616**	**100.00%**	**141 000 963**	**100.00%**

15 Own securities issued

	30 September 2008 (unaudited)	31 December 2007
Promissory notes	23 780 706	21 827 658
Loan participation notes	23 191 934	17 891 463
Domestic bonds	9 744 968	4 528 624
Certificates of deposit	585 585	790 911
Total own securities issued	**57 303 193**	**45 038 656**

The Group issued promissory notes at a discount to nominal value and interest bearing promissory notes denominated in Russian Roubles, US dollars and Euro with effective interest rates from 3% p.a. to 11% p.a. and the maturity dates from October 2008 to January 2013.

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 loan participation notes issued by the Group:

Special purpose entity used for issue	Principal amount 30 September 2008	Principal amount 31 December 2007	Issue date	Maturity date	Coupon rate	Commen-tary	30 September 2008 (unaudited)	31 December 2007
Promsvyaz Finance PLC	USD 200 mln	USD 200 mln	October 2005	October 2010	8.75%	Non-subordinated	5 211 868	4 939 270
PSB Finance S.A.	USD 200 mln	USD 200 mln	August 2006 and October 2006	May 2012	9.625%	Subordinated	5 161 287	4 887 847
PSB Finance S.A.	USD 225 mln	USD 225 mln	October 2006 and March 2007	October 2011	8.75%	Non-subordinated	5 872 406	5 580 116
PSB Finance S.A.	USD 100 mln	USD 100 mln	July 2007	January 2018	12.50%	Subordinated	2 553 649	2 484 230
PSB Finance S.A.	USD 150 mln	-	July 2008	July 2013	10.75%	Non-subordinated	3 836 088	-
PSB Finance S.A.	EUR 15 mln	-	July 2008	April 2009	9.625%	Non-subordinated	556 636	-
Total loan participation notes							**23 191 934**	**17 891 463**

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

Principal amount	Issue date	Maturity date	Current coupon rate	30 September 2008 (unaudited)	31 December 2007
5 000 000	June 2008	June 2013	9.50%	5 124 481	-
4 500 000	May 2007	May 2012	7.99%	4 620 487	4 528 624
Total domestic bonds				**9 744 968**	**4 528 624**

Maturity, currency and interest rates analyses of own securities issued are disclosed in Notes 24 and 28. The information on related party balances is disclosed in Note 29.

16 Other borrowed funds

	30 September 2008 (unaudited)	31 December 2007
Syndicated loans	24 086 122	20 246 816
Subordinated loans	5 105 666	2 275 923
Other borrowed funds	1 778 998	1 776 369
Total other borrowed funds	**30 970 786**	**24 299 108**

In May 2008 the Group received a syndicated loan amounting to USD 175 000 thousand from a group of banks from Europe and the United States of America. The loan matures in April 2009 and bears interest rate of LIBOR plus 1% per annum.

In August 2008 the Group received a syndicated loan amounting to USD 280 000 thousand from a group of banks from Europe and the United States of America. The loan matures in August 2009 and bears interest rate of LIBOR plus 1.2% per annum.

In August and September 2008 the Group received subordinated deposits from the parent company, Promsvyaz Capital B.V., in the amount USD 70 000 thousand and USD 40 000 thousand which mature in August 2018 and September 2018, respectively. Boths subordinated deposits bear interest at 13.75% per annum.

In April 2008 the Group repaid the first tranche of loan agreement with EBRD, received in October 2005 for development of small and medium size enterprises segment amounting to USD 1 429 thousand.

In May 2008 the Group repaid a syndicated loan amounting to USD 125 000 thousand, received in June 2007 from a group of international banks.

In June 2008 the Group repaid the first tranche of loan agreement with National City bank, received in June 2006 for development of retail segment amounting to USD 3 125 thousand.

In July 2008 the Group repaid the first tranche of a syndicated loan amounting to USD 200 000 thousand received in July 2007 from a group of international banks.

Maturity, currency and interest rates analyses of other borrowed funds are disclosed in Notes 24 and 28.

17 Net interest income

	Nine-month period ended 30 September 2008 (unaudited)	Nine-month period ended 30 September 2007 (unaudited)	Three-month period ended 30 September 2008 (unaudited)	Three-month period ended 30 September 2007 (unaudited)
Interest income				
Loans to customers	27 551 003	14 499 429	11 120 359	5 701 383
Debt securities purchased	1 174 348	1 109 917	432 377	439 126
Placements with banks and other financial institutions	562 824	501 427	162 391	236 020
Reverse repurchase agreements	517 902	280 737	257 997	88 227
Total interest income	**29 806 077**	**16 391 510**	**11 973 124**	**6 464 756**
Interest expense				
Current accounts and deposits from customers	6 788 970	3 242 129	3 013 829	1 268 755
Deposits and balances from banks and other financial institutions	3 463 055	1 757 943	1 290 419	645 314
Own securities issued	2 841 594	1 786 186	1 102 379	682 520
Other borrowed funds	1 118 090	1 209 872	437 080	497 556
Repurchase agreements	122 413	131 389	58 764	118 600
Total interest expense	**14 334 122**	**8 127 519**	**5 902 471**	**3 212 745**
Net interest income	**15 471 955**	**8 263 991**	**6 070 653**	**3 252 011**

18 Fee and commission income

	Nine-month period ended 30 September 2008 (unaudited)	Nine-month period ended 30 September 2007 (unaudited)	Three-month period ended 30 September 2008 (unaudited)	Three-month period ended 30 September 2007 (unaudited)
Commission on documentary operations	887 840	359 327	439 056	171 862
Money transfer fees	882 747	380 180	410 279	151 299
Commission for servicing plastic cards	559 103	297 251	145 165	117 422
Commission for operations with cash	432 945	346 235	175 568	137 962
Commission on foreign currency operations	333 163	224 932	132 751	73 815
Investment banking fees	204 499	33 933	174 492	8 517
Commission on undrawn loan commitments	190 242	13 516	46 168	8 220
Commission on banknote operations	173 306	154 029	63 000	59 062
Agent fees	84 857	46 453	35 001	20 366
Securities trading fees	57 326	50 650	26 627	14 015
Cash collection fees	51 840	35 234	22 299	13 044
Other	56 218	17 464	31 155	8 134
Total fee and commission income	**3 914 086**	**1 959 204**	**1 701 561**	**783 718**

19 Fee and commission expense

	Nine-month period ended 30 September 2008 (unaudited)	Nine-month period ended 30 September 2007 (unaudited)	Three-month period ended 30 September 2008 (unaudited)	Three-month period ended 30 September 2007 (unaudited)
Commission for servicing plastic cards	180 250	90 732	68 349	37 690
Money transfer fees	155 631	91 764	62 380	41 056
Commission on documentary operations	139 175	82 778	50 308	32 035
Cash collection fees	64 726	45 925	22 113	16 685
Agent fees	53 265	13 240	23 355	6 613
Commission on banknote operations	34 965	47 195	11 851	16 218
Securities trading fees	23 265	16 834	16 163	4 658
Other	14 074	12 593	5 354	2 936
Total fee and commission expense	**665 351**	**401 061**	**259 873**	**157 891**

20 Net loss on financial instruments at fair value through profit or loss

	Nine-month period ended 30 September 2008 (unaudited)	Nine-month period ended 30 September 2007 (unaudited)	Three-month period ended 30 September 2008 (unaudited)	Three-month period ended 30 September 2007 (unaudited)
Net loss on debt securities - trading	(473 693)	(16 149)	(324 264)	(48 549)
Net (loss)/gain on equity securities - designated upon initial recognition as at fair value through profit or loss	(111 972)	30 296	(59 209)	(6 080)
Net loss on equity securities - trading	(39 131)	(86 822)	(358)	(25 263)
Net gain on interest rate swaps	52 129	-	84 216	-
Net loss on financial instruments at fair value through profit or loss	**(572 667)**	**(72 675)**	**(299 615)**	**(79 892)**

21 Impairment losses

	Nine-month period ended 30 September 2008 (unaudited)	Nine-month period ended 30 September 2007 (unaudited)	Three-month period ended 30 September 2008 (unaudited)	Three-month period ended 30 September 2007 (unaudited)
Impairment losses				
Impairment losses for loans to customers (Note 9)	6 821 145	1 919 729	3 845 186	958 948
Charge for/(reversal of) impairment losses for credit related commitments	195 303	(114 884)	202 594	5 670
Total impairment losses	**7 016 448**	**1 804 845**	**4 047 780**	**964 618**

22 General and administrative expenses

	Nine-month period ended 30 September 2008 (unaudited)	Nine-month period ended 30 September 2007 (unaudited)	Three-month period ended 30 September 2008 (unaudited)	Three-month period ended 30 September 2007 (unaudited)
Employee compensation	4 596 532	2 576 644	1 584 956	852 082
Depreciation	550 608	322 657	208 758	118 513
Occupancy	524 822	298 757	208 223	107 162
Taxes other than income tax	495 218	295 204	222 649	115 149
Advertising and marketing	468 025	176 438	149 142	71 054
Business development	392 142	230 273	152 141	95 329
Communications and information services	387 158	198 905	213 410	82 379
Insurance	294 521	175 377	102 400	73 260
Charity and sponsorship	213 468	137 526	61 906	55 172
Security	186 559	149 881	67 652	51 828
Transportation	147 494	91 186	55 289	38 373
Contributions under obligatory deposit insurance	140 613	102 419	53 264	38 620
Repairs and maintenance	119 211	44 147	44 883	19 980
Professional services	55 070	71 241	8 115	31 338
Other	130 660	49 237	51 195	18 624
Total general and administrative expenses	**8 702 101**	**4 919 892**	**3 183 983**	**1 768 863**

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

23 Analysis by segment

The Group's primary format for reporting segment information is by business segments. As the majority of operations, credit related commitments, capital expenditure, and revenues of the Group relates to residents of the Russian Federation, the Group does not have a secondary format for reporting segment information by geographical segments. Information on the geographical concentration of assets and liabilities is disclosed at the end of this note.

In 2008 the Group changed the composition of its reportable business segments due to introduction of small and medium size enterprises as a separate segment. The Group has revised the corresponding items of segment breakdown of assets and liabilities as at 31 December 2007. Income and expenses generated by this segment during nine-month period ended 30 September 2007 were neglibible.

As at 30 September 2008 the Group is organised into four main business segments:

- Corporate banking – includes corporate banking operations which consist of deposit taking and commercial lending, factoring, leasing operations, settlements and cash operations. Corporate banking services also include trade and project finance.

- Retail banking – includes deposit taking and retail lending, money transfer and banking card services, foreign exchange and cash operations with individuals.

- Investment banking and financial markets – includes corporate finance, debt and equity capital markets, brokerage, repo transactions and securities trading, foreign exchange, precious metals and banknote operations.

- Small and medium size enterprises - includes commercial lending to small and medium size enterprises, as well as deposit taking.

Segment breakdown of assets and liabilities of the Group is set out below:

	30 September 2008 (unaudited)	**31 December 2007**
Assets		
Corporate banking	260 278 885	179 377 620
Investment banking and financial markets	62 137 169	61 701 117
Retail banking	51 819 060	31 617 993
Small and medium size enterprises	18 365 620	8 080 742
Unallocated assets	14 957 329	12 467 927
Total assets	**407 558 063**	**293 245 399**
Liabilities		
Corporate banking	200 416 869	144 573 376
Investment banking and financial markets	117 079 027	82 255 222
Retail banking	49 010 671	35 373 195
Small and medium size enterprises	2 892 892	1 573 316
Unallocated liabilities	1 924 807	1 788 041
Total liabilities	**371 324 266**	**265 563 150**

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

	Corporate banking (unaudited)	Retail banking (unaudited)	Investment banking and financial markets (unaudited)	Small and medium size enterprises (unaudited)	Unallo-cated (unaudited)	Total (unaudited)
External revenue	22 943 842	6 678 088	4 158 679	1 674 937	136 399	35 591 945
Net revenue from other segments	(4 004 954)	(119 852)	5 063 616	(938 810)	-	-
Revenue	**18 938 888**	**6 558 236**	**9 222 295**	**736 127**	**136 399**	**35 591 945**
Impairment losses	(4 434 344)	(1 906 974)	-	(675 130)	-	(7 016 448)
Interest expense	(6 661 064)	(2 388 950)	(5 276 347)	(7 761)	-	(14 334 122)
Fee and commission expense	(315 523)	(245 747)	(103 274)	-	(807)	(665 351)
Net loss on financial instruments at fair value through profit or loss	-	-	(572 667)	-	-	(572 667)
Net loss on sale of subsidiaries	-	-	(21 942)	-	-	(21 942)
General and administrative expenses	(4 336 850)	(1 931 965)	(776 529)	(610 931)	(1 045 826)	(8 702 101)
Segment result	**3 191 107**	**84 600**	**2 471 536**	**(557 695)**	**(910 234)**	**4 279 314**
Income tax expense						(1 161 471)
Profit for the period						**3 117 843**
Other segment items						
Additions of property and equipment					1 801 488	1 801 488
Depreciation					550 608	550 608

Interest expense has been allocated on the basis of the amount of liabilities employed by each segment. Net revenue from other segments represents income and expense from lending and borrowing between segments, charged at internal interest rates set by the Group's Asset and Liability Committee. No costs have been charged to segments for the use of shareholders' equity.

The Group allocates the shareholders' equity between segments based on risk-weighted assets employed by each segment.

Segment information for the reportable business segments of the Group for the nine-month period ended 30 September 2007 is set out below:

	Corporate banking (unaudited)	Retail banking (unaudited)	Investment banking and financial markets (unaudited)	Unallo-cated (unaudited)	Total (unaudited)
External revenue	13 291 519	2 997 952	2 712 919	81 426	19 083 816
Net revenue from other segments	(2 888 443)	551 154	2 337 289	-	-
Revenue	**10 403 076**	**3 549 106**	**5 050 208**	**81 426**	**19 083 816**
Impairment losses	(996 556)	(808 289)	-	-	(1 804 845)
Interest expense	(2 834 282)	(1 558 036)	(3 735 201)	-	(8 127 519)
Fee and commission expense	(201 662)	(125 838)	(73 561)	-	(401 061)
Net loss on financial instruments at fair value through profit or loss	-	-	(72 675)	-	(72 675)
General and administrative expenses	(2 910 688)	(871 716)	(519 626)	(617 862)	(4 919 892)
Segment result	**3 459 888**	**185 227**	**649 145**	**(536 436)**	**3 757 824**
Income tax expense					(952 404)
Profit for the period					**2 805 420**
Other segment items					
Additions of property and equipment				4 504 224	4 504 224
Depreciation				322 657	322 657

The geographical concentration of assets and liabilities as at 30 September 2008 was as follows:

	Russian Federation	Non-OECD countries	OECD countries	Total
Assets				
Cash and cash equivalents	32 587 708	111 064	5 088 404	37 787 176
Obligatory reserves with central banks	2 650 164	459 284	-	3 109 448
Placements with banks and other financial institutions	2 003 788	576 554	63 331	2 643 673
Financial assets at fair value through profit or loss	17 180 520	137 397	263 949	17 581 866
Amounts receivable under reverse repurchase agreements	4 231 886	-	-	4 231 886
Loans to customers	316 252 584	1 492 558	34 170	317 779 312
Investments available for sale	161 590	-	2 522	164 112
Investments held to maturity	8 817 603	-	-	8 817 603
Current income tax prepayments	168 869	-	-	168 869
Other assets	2 054 178	-	-	2 054 178
Property and equipment	13 219 940	-	-	13 219 940
Total assets	**399 328 830**	**2 776 857**	**5 452 376**	**407 558 063**
Liabilities				
Financial liabilities at fair value through profit or loss	603 416	136 479	143 123	883 018
Deposits and balances from banks and other financial institutions	7 311 985	11 172 808	56 123 906	74 608 699
Amounts payable under repurchase agreements	430 884	-	-	430 884
Current accounts and deposits from customers	177 853 683	6 410 250	19 901 683	204 165 616
Own securities issued	36 722 927	5 839 726	14 740 540	57 303 193
Other borrowed funds	1 320 529	750 420	28 899 837	30 970 786
Other liabilities	2 276 457	-	-	2 276 457
Current income tax payable	57 217	36 756	-	93 973
Deferred tax liability	591 640	-	-	591 640
Total liabilities	**227 168 738**	**24 346 439**	**119 809 089**	**371 324 266**
Net position as at 30 September 2008	**172 160 092**	**(21 569 582)**	**(114 356 713)**	**36 233 797**

Assets and liabilities have been classified depending on the country in which the Group's counterparties are located. Balances with off-shore companies of Russian counterparties are allocated to the caption Russian Federation. Cash and property and equipment have been allocated based on the country in which they are physically held. Own securities issued have been allocated based on the country of the first holder.

The geographical concentration of assets and liabilities as at 31 December 2007 was as follows:

	Russian Federation	Non-OECD countries	OECD countries	Total
Assets				
Cash and cash equivalents	22 150 426	980 598	14 957 319	38 088 343
Obligatory reserves with central banks	2 807 928	511 970	-	3 319 898
Placements with banks and other financial institutions	515 705	941 282	61 664	1 518 651
Financial assets at fair value through profit or loss	25 488 687	15 148	245 671	25 749 506
Amounts receivable under reverse repurchase agreements	3 362 081	-	-	3 362 081
Loans to customers	206 915 961	1 476 041	33 334	208 425 336
Investments available for sale	184 620	-	2 492	187 112
Current income tax prepayments	242 368	1 425	-	243 793
Other assets	1 128 464	-	-	1 128 464
Property and equipment	11 222 215	-	-	11 222 215
Total assets	**274 018 455**	**3 926 464**	**15 300 480**	**293 245 399**
Liabilities				
Financial liabilities at fair value through profit or loss	96 509	10 324	49 315	156 148
Deposits and balances from banks and other financial institutions	4 617 504	7 789 139	38 261 261	50 667 904
Amounts payable under repurchase agreements	2 175 112	-	-	2 175 112
Current accounts and deposits from customers	127 355 363	841 259	12 804 341	141 000 963
Own securities issued	28 065 694	4 680 101	12 292 861	45 038 656
Other borrowed funds	1 410 328	907 292	21 981 488	24 299 108
Other liabilities	993 490	-	-	993 490
Current income tax payable	38 737	-	-	38 737
Deferred tax liability	1 193 032	-	-	1 193 032
Total liabilities	**165 945 769**	**14 228 115**	**85 389 266**	**265 563 150**
Net position as at 31 December 2007	**108 072 686**	**(10 301 651)**	**(70 088 786)**	**27 682 249**

Assets and liabilities have been classified depending on the country in which the Group's counterparties are located. Balances with off-shore companies of Russian counterparties are allocated to the caption Russian Federation. Cash and property and equipment have been allocated based on the country in which they are physically held. Own securities issued have been allocated based on the country of the first holder.

24 Risk management

Management of risk is fundamental to the business of banking and is an essential element of the Group's operations. The major risks faced by the Group are those related to credit risk (including country and counterparty risk), market risk, which includes price, interest rate and currency risks, and liquidity risk.

Risk management policies and procedures

The Group's risk management policies aim to identify, analyze and manage the risks faced by the Group, to set appropriate risk limits and controls, and to continuously monitor risk levels and adherence to limits. Risk management policies and procedures are reviewed regularly to reflect changes in market conditions, products and services offered and emerging best practice.

The Council of the Group has overall responsibility for the oversight of the risk management framework, overseeing the management of key risks and reviewing its risk management policies and procedures as well as approving significantly large exposures.

The Management Board of the Group is responsible for monitoring and implementation of risk mitigation measures and making sure that the Group operates within the established risk parameters. The Head of the Risk Management Department of the Bank is responsible for the overall risk management functions, ensuring the implementation of common principles and methods for identifying, measuring, managing and reporting both financial and non-financial risks. He reports directly to the Vice-President of the Bank, responsible for "Finance and Risk Management" area, and indirectly to the Council.

Credit, market and liquidity risks both at portfolio and transactional levels are managed and controlled through a system of Credit Committees and an Asset and Liability Management Committee. In order to facilitate efficient decision-making, the Group has established a hierarchy of credit committees depending on the type and amount of the exposure.

Both external and internal risk factors are identified and managed throughout the Group's organizational structure. Particular attention is given to developing risk maps that are used to identify the full range of risk factors and serve as a basis for determining the level of assurance over the current risk mitigation procedures. Apart from the standard credit and market risk analysis, the Risk Management Department monitors financial and non-financial risks by holding regular meetings with operational units in order to obtain expert judgments in their areas of expertise.

Market risk

Market risk is the risk that movements in market prices, including foreign exchange rates, interest rates, credit spreads and equity prices will affect the Group's income or the value of its portfolios. Market risks comprise currency risk, interest rate risk and price risk. Market risk arises from open positions in interest rate, currency and equity financial instruments, which are exposed to general and specific market movements and changes in the level of volatility of market prices.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, whilst optimizing the return on risk.

Overall authority for market risk is vested in the Asset and Liability Committee (ALCO), chaired by the President of Bank. Market risk limits are approved by ALCO based on recommendations of the Risk Management Department's Market Risk Management Division.

The Group manages its market risk by setting open position limits in relation to financial instrument, interest rate maturity and currency positions and stop-loss limits which are monitored on a regular basis and reviewed and approved by the Management Board.

In addition, the Group uses a wide range of stress tests to model the financial impact of a variety of exceptional market scenarios on individual trading portfolios and the Group's overall position. Stress tests provide an indication of the potential size of losses that could arise in extreme conditions. The stress tests carried out by the Group include: risk factor stress testing, where stress movements are applied to each risk category and ad hoc stress testing, which includes applying possible stress events to specific positions.

The management of interest rate risk for the Banking Book by monitoring interest rate gaps is supplemented by monitoring the sensitivity of the Group's net interest margin to various standard and non-standard interest rate scenarios.

The Group also utilizes VaR (Value-at-Risk) methodology to monitor market risk of its trading positions.

Interest rate risk

Interest rate risk is the risk that movements in interest rates will affect the Group's income or the value of its portfolios of financial instruments.

The Group is exposed to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest margins may increase as a result of such changes but may also reduce or create losses in the event that unexpected movements arise.

Interest rate risk arises when the actual or forecasted assets of a given maturity period are either greater or less than the actual or forecasted liabilities in that maturity period.

The Group is exposed to cash flow interest rate risk, principally through assets and liabilities for which interest rates are reset as market rates change. The Risk Management Department monitors on a daily basis and sets limits on the level of mismatch of interest rate repricing that may be undertaken.

Currency risk

The Group has assets and liabilities denominated in several foreign currencies. Foreign currency risk arises when the actual or forecasted assets in a foreign currency are either greater or less than the liabilities in that currency. In addition to total open foreign exchange position limit, position limits on each currency, 1-Day and 40-Days stop loss limits, the Group uses limits on Value-at-Risk for net off balance sheet foreign exchange positions in order to mitigate market risk for currency trading.

The following table shows the currency structure of assets and liabilities as at 30 September 2008:

	RUB	USD	EUR	Other	Total
Assets					
Cash and cash equivalents	28 057 462	5 285 845	3 915 721	528 148	37 787 176
Obligatory reserves with central banks	2 650 164	-	459 284	-	3 109 448
Placements with banks and other financial institutions	2 323 684	193 880	126 109	-	2 643 673
Financial assets at fair value through profit or loss	15 574 317	1 747 708	110 001	149 840	17 581 866
Amounts receivable under reverse repurchase agreements	4 231 886	-	-	-	4 231 886
Loans to customers	161 602 188	130 377 962	24 824 098	975 064	317 779 312
Investments available for sale	161 590	-	2 522	-	164 112
Investments held to maturity	8 486 758	330 845	-	-	8 817 603
Current income tax prepayments	168 869	-	-	-	168 869
Other assets	1 961 956	26 087	56 894	9 241	2 054 178
Property and equipment	13 219 940	-	-	-	13 219 940
Total assets	**238 438 814**	**137 962 327**	**29 494 629**	**1 662 293**	**407 558 063**
Liabilities					
Financial liabilities at fair value through profit or loss	565 780	250 191	66 787	260	883 018
Deposits and balances from banks and other financial institutions	9 491 765	41 593 946	21 960 467	1 562 521	74 608 699
Amounts payable under repurchase agreements	430 884	-	-	-	430 884
Current accounts and deposits from customers	153 932 614	37 841 406	10 592 618	1 798 978	204 165 616
Own securities issued	31 375 016	25 295 635	632 542	-	57 303 193
Other borrowed funds	1 541 908	29 428 878	-	-	30 970 786
Other liabilities	1 975 722	156 902	101 053	42 780	2 276 457
Current income tax payable	57 217	-	36 756	-	93 973
Deferred tax liability	591 640	-	-	-	591 640
Total liabilities	**199 962 546**	**134 566 958**	**33 390 223**	**3 404 539**	**371 324 266**
Net on balance sheet position as at 30 September 2008	**38 476 268**	**3 395 369**	**(3 895 594)**	**(1 742 246)**	**36 233 797**
Net off balance sheet position as at 30 September 2008	**863 486**	**(3 329 124)**	**2 798 256**	**(332 618)**	**-**
Net on and off balance sheet positions as at 30 September 2008	**39 339 754**	**66 245**	**(1 097 338)**	**(2 074 864)**	**36 233 797**
Guarantees issued as at 30 September 2008	**21 813 768**	**8 667 166**	**3 795 335**	**-**	**34 276 269**
Other credit related commitments as at 30 September 2008	**17 838 267**	**26 633 859**	**6 817 132**	**151 605**	**51 440 863**

The following table shows the currency structure of assets and liabilities as at 31 December 2007:

	RUB	USD	EUR	Other	Total
Assets					
Cash and cash equivalents	19 126 085	14 578 038	3 906 584	477 636	38 088 343
Obligatory reserves with central banks	2 807 928	-	-	511 970	3 319 898
Placements with banks and other financial institutions	753 168	675 490	88 752	1 241	1 518 651
Financial assets at fair value through profit or loss	23 695 764	1 807 769	16 626	229 347	25 749 506
Amounts receivable under reverse repurchase agreements	3 362 081	-	-	-	3 362 081
Loans to customers	112 814 947	70 692 289	23 773 197	1 144 903	208 425 336
Investments available for sale	184 620	-	2 492	-	187 112
Current income tax prepayments	242 368	-	-	1 425	243 793
Other assets	978 659	25 735	106 457	17 613	1 128 464
Property and equipment	11 222 215	-	-	-	11 222 215
Total assets	**175 187 835**	**87 779 321**	**27 894 108**	**2 384 135**	**293 245 399**
Liabilities					
Financial liabilities at fair value through profit or loss	82 715	67 622	1 633	4 178	156 148
Deposits and balances from banks and other financial institutions	8 121 210	19 637 758	20 797 395	2 111 541	50 667 904
Amounts payable under repurchase agreements	2 175 112	-	-	-	2 175 112
Current accounts and deposits from customers	99 397 529	25 527 328	13 157 688	2 918 418	141 000 963
Own securities issued	26 174 210	18 716 680	147 766	-	45 038 656
Other borrowed funds	1 538 581	22 760 527	-	-	24 299 108
Other liabilities	687 545	176 685	128 334	926	993 490
Current income tax payable	38 223	407	107	-	38 737
Deferred tax liability	1 193 032	-	-	-	1 193 032
Total liabilities	**139 408 157**	**86 887 007**	**34 232 923**	**5 035 063**	**265 563 150**
Net on balance sheet position as at 31 December 2007	**35 779 678**	**892 314**	**(6 338 815)**	**(2 650 928)**	**27 682 249**
Net off balance sheet position as at 31 December 2007	**(7 507 368)**	**(2 288 445)**	**5 790 673**	**4 005 140**	**-**
Net on and off balance sheet positions as at 31 December 2007	**28 272 310**	**(1 396 131)**	**(548 142)**	**1 354 212**	**27 682 249**
Guarantees issued as at 31 December 2007	**17 636 689**	**8 220 094**	**2 086 450**	**5 435**	**27 948 668**
Other credit related commitments as at 31 December 2007	**17 556 858**	**19 450 971**	**8 740 030**	**363 182**	**46 111 041**

Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or factors affecting all instruments traded in the market. Price risk arises when the Group takes a long or short position in a financial instrument.

In addition to total equity trading position limit, position limits on each issuer, 1-Day and 40-Days stop loss limits, the Group uses limits on Value-at-Risk for its equity trading portfolio in order to mitigate market risk.

Credit risk

Credit risk is the risk of financial loss occurring as a result of default by a borrower or counterparty on their obligation to the Group. The Group has developed policies and procedures for the management of credit exposures (both for on balance sheet and off balance sheet exposures), including guidelines to limit portfolio concentration and the establishment of a Credit Committee, which actively monitors the Group's credit risk. The Group's credit policy is reviewed and approved by the Management Board.

The Group's credit policy establishes:

- Procedures for review and approval of loan/credit applications;
- Methodology for the credit assessment of borrowers (commercial, SME and retail);
- Methodology for the credit assessment of counterparties, issuers and insurance companies;
- Methodology for the evaluation of collateral;
- Credit documentation requirements;
- Procedures for the ongoing monitoring of loans and other credit exposures.

Corporate loan/credit applications are originated by the relevant client managers and are then passed on to the Loan Department, which is responsible for the Group's commercial loan portfolio. Reports produced by the department's credit analysts are based on a structured analysis focusing on the customer's business and financial performance. The loan/credit application and the report are then independently reviewed by the Risk Department's Credit Risk Management Division and a second opinion is given accompanied by a check that credit policy requirements have been met. The Credit Committee reviews the loan/credit application on the basis of submissions by the Loan Department and the Risk Department. Individual transactions are also reviewed by the Group's Legal, Accounting and Tax departments depending on the specific risks and pending final approval of the Credit Committee.

The Group continuously monitors the performance of individual credit exposures and regularly reassesses the creditworthiness of its customers. The review is based on the customer's most recent financial statements and other information submitted by the borrower, or otherwise obtained by the Group. The current market value of collateral is regularly assessed by either independent appraisal companies or the Group's specialists, and in the event of negative movements in market prices the borrower is usually requested to put up additional security.

Retail loan/credit applications are reviewed by the Bank's Retail Lending Division through the use of scoring models and application data verification procedures developed together with the Risk Department.

Apart from individual customer analysis, the whole credit portfolio is assessed by the Risk Department with regard to credit concentration and market risks.

The Bank monitors concentrations of credit risk by industry/sector and by geographic location. For the analysis of concentration of credit risk in respect of loans and advances to customers refer to Note 9 "Loans to customers".

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet its commitments. Liquidity risk exists when the maturities of assets and liabilities do not match. The matching and/or controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of financial institutions, including the Group. It is unusual for financial institutions ever to be completely matched since business transacted is often of an uncertain term and of different types. An unmatched position potentially enhances profitability, but can also increase the risk of losses.

The Group maintains liquidity management with the objective of ensuring that funds will be available at all times to honor all cash flow obligations as they become due. The Group's liquidity policy is reviewed and approved by the Management Board.

The Group seeks to actively support a diversified and stable funding base comprising debt securities in issue, long-term and short-term loans from other banks, core corporate and retail customer deposits, accompanied by diversified portfolios of highly liquid assets, in order to be able to respond quickly and smoothly to unforeseen liquidity requirements.

The liquidity management policy of the Group requires:

- projecting cash flows by major currencies and considering the level of liquid assets necessary in relation thereto;
- maintaining a diverse range of funding sources;
- managing the concentration and profile of debts;
- maintaining debt financing plans;
- maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any interruption to cash flow;
- maintaining liquidity and funding contingency plans;
- monitoring balance sheet liquidity ratios against regulatory requirements.

The Treasury Department receives information from business units regarding the liquidity profile of their financial assets and liabilities and details of other projected cash flows arising from projected future business. The Treasury Department then provides for an adequate portfolio of short-term liquid assets to be maintained, largely made up of short-term liquid trading securities, loans to banks and other inter-bank facilities, to ensure that sufficient liquidity is maintained within the Group as a whole.

The daily liquidity position is monitored and regular liquidity stress testing under a variety of scenarios covering both normal and more severe market conditions is performed by the Treasury Department. Under normal market conditions, liquidity reports covering the liquidity position of the Group are presented to senior management on a weekly basis. Decisions on the Group's liquidity management are made by the Asset and Liability Management Committee and implemented by the Treasury Department.

The Bank also calculates mandatory liquidity ratios on a daily basis in accordance with the requirement of the Central Bank of Russia. The Bank was in compliance with these ratios during the nine-month periods ended 30 September 2008 and 2007.

The following table shows assets and liabilities of the Group by their remaining contractual maturity as at 30 September 2008 and 31 December 2007, with the exception of securities included into financial assets at fair value through profit or loss as at 30 September 2008. Securities approved by the CBR as collateral for its loans are shown in the category "Less than 1 month", other securities are shown in accordance with their remaining maturity as at 30 September 2008. As at 31 December 2007 securities included into financial assets at fair value through profit or loss are shown in the category "Less than 1 month", because as at that date the Group's management believed that all of these financial instruments could be sold within one month in the normal course of business.

As at 30 September 2008 and 31 December 2007 the contractual maturities of securities included into financial assets at fair value through profit or loss were as follows:

	30 September 2008 (unaudited)	**31 December 2007**
Less than 1 month	59 799	84 698
1 to 6 months	3 565 278	6 331 215
6 months to 1 year	2 377 964	1 784 774
1 year to 5 years	7 836 533	16 040 783
More than 5 years	2 924 929	371 139
No maturity	59 985	827 635
	16 824 488	**25 440 244**

Investments held to maturity are presented in the table below in accordance with their remaining contractual maturity or offer date. A significant part of these securities amounting to RUB 6 472 609 thousand includes Russian Government Federal bonds (OFZ) and bonds of major corporates which can be pledged under loan agreements with the CBR to obtain financing from the CBR.

Management believes that in spite of a substantial portion of customers accounts being on demand, diversification of these deposits by number and type of depositors, and the past experience of the Group would indicate that these customers accounts provide a long-term and stable source of funding for the Group. In addition Management considers the securities included in financial assets through profit or loss as more liquid than reflected in the table below and could be realized before their contractual maturities.

The following table shows the maturity analysis as at 30 September 2008:

	Demand and less than 1 month	From 1 to 6 months	From 6 months to 1 year	From 1 year to 5 years	More than 5 years	Overdue	No maturity	Total
Assets								
Cash and cash equivalents	37 787 176	-	-	-	-	-	-	37 787 176
Obligatory reserves with central banks	1 054 397	786 393	525 397	711 253	32 008	-	-	3 109 448
Placements with banks and other financial institutions	94 350	2 405 641	143 682	-	-	-	-	2 643 673
Financial assets at fair value through profit or loss	8 068 648	2 611 962	2 132 617	4 318 647	390 007	-	59 985	17 581 866
Amounts receivable under reverse repurchase agreements	3 884 363	-	-	-	-	347 523	-	4 231 886
Loans to customers	34 517 260	111 201 019	64 272 664	100 591 942	2 402 680	4 793 747	-	317 779 312
Investments available for sale	-	-	-	-	-	-	164 112	164 112
Investments held to maturity	49 830	333 623	1 774 322	6 659 828	-	-	-	8 817 603
Current income tax prepayments	168 869	-	-	-	-	-	-	168 869
Other assets	391 701	1 106 392	174 723	218 654	7 746	-	154 962	2 054 178
Property and equipment	-	-	-	-	-	-	13 219 940	13 219 940
Total assets	**86 016 594**	**118 445 030**	**69 023 405**	**112 500 324**	**2 832 441**	**5 141 270**	**13 598 999**	**407 558 063**
Liabilities								
Financial liabilities at fair value through profit or loss	680 702	201 224	1 092	-	-	-	-	883 018
Deposits and balances from banks and other financial institutions	9 449 903	40 711 135	11 103 870	11 915 137	1 428 654	-	-	74 608 699
Amounts payable under repurchase agreements	430 884	-	-	-	-	-	-	430 884
Current accounts and deposits from customers	93 857 779	50 961 983	34 281 687	25 064 167	-	-	-	204 165 616
Own securities issued	2 676 670	18 023 154	3 483 378	30 654 536	2 465 455	-	-	57 303 193
Other borrowed funds	359 703	5 221 732	11 575 248	11 053 980	2 760 123	-	-	30 970 786
Other liabilities	1 044 271	360 569	406 936	234 004	10 991	-	219 686	2 276 457
Current income tax payable	93 973	-	-	-	-	-	-	93 973
Deferred tax liability	-	-	-	-	-	-	591 640	591 640
Total liabilities	**108 593 885**	**115 479 797**	**60 852 211**	**78 921 824**	**6 665 223**	**-**	**811 326**	**371 324 266**
Net liquidity position as at 30 September 2008	**(22 577 291)**	**2 965 233**	**8 171 194**	**33 578 500**	**(3 832 782)**	**5 141 270**	**12 787 673**	**36 233 797**
Cumulative liquidity position as at 30 September 2008	**(22 577 291)**	**(19 612 058)**	**(11 440 864)**	**22 137 636**	**18 304 854**	**23 446 124**	**36 233 797**	

The Group has commited lines of credit to cover the liquidity gaps reflected in the analysis above.

The following table shows the maturity analysis as at 31 December 2007:

	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	Overdue	No maturity	Total
Assets								
Cash and cash equivalents	38 088 343	-	-	-	-	-	-	38 088 343
Obligatory reserves with central banks	1 359 122	564 531	651 923	678 480	65 842	-	-	3 319 898
Placements with banks and other financial institutions	353 738	706 925	426 747	31 241	-	-	-	1 518 651
Financial assets at fair value through profit or loss	25 510 339	101 875	129 370	7 922	-	-	-	25 749 506
Amounts receivable under reverse repurchase agreements	3 362 081	-	-	-	-	-	-	3 362 081
Loans to customers	29 598 912	80 579 268	32 634 718	58 953 458	6 250 521	408 459	-	208 425 336
Investments available for sale	-	-	-	-	-	-	187 112	187 112
Current income tax prepayments	243 793	-	-	-	-	-	-	243 793
Other assets	350 550	322 578	47 587	212 066	-	-	195 683	1 128 464
Property and equipment	-	-	-	-	-	-	11 222 215	11 222 215
Total assets	**98 866 878**	**82 275 177**	**33 890 345**	**59 883 167**	**6 316 363**	**408 459**	**11 605 010**	**293 245 399**
Liabilities								
Financial liabilities at fair value through profit or loss	46 200	109 948	-	-	-	-	-	156 148
Deposits and balances from banks and other financial institutions	9 086 856	21 659 484	9 035 284	9 383 583	1 502 697	-	-	50 667 904
Amounts payable under repurchase agreements	2 175 112	-	-	-	-	-	-	2 175 112
Current accounts and deposits from customers	78 004 194	28 112 917	28 434 839	6 449 013	-	-	-	141 000 963
Own securities issued	5 716 175	6 867 100	8 737 345	21 280 154	2 437 882	-	-	45 038 656
Other borrowed funds	6 271	3 335 663	5 043 691	14 295 731	1 617 752	-	-	24 299 108
Other liabilities	647 202	137 006	69 924	132 394	46	-	6 918	993 490
Current income tax payable	38 737	-	-	-	-	-	-	38 737
Deferred tax liability	-	-	-	-	-	-	1 193 032	1 193 032
Total liabilities	**95 720 747**	**60 222 118**	**51 321 083**	**51 540 875**	**5 558 377**	**-**	**1 199 950**	**265 563 150**
Net liquidity position as at 31 December 2007	**3 146 131**	**22 053 059**	**(17 430 738)**	**8 342 292**	**757 986**	**408 459**	**10 405 060**	**27 682 249**
Cumulative liquidity position as at 31 December 2007	**3 146 131**	**25 199 190**	**7 768 452**	**16 110 744**	**16 868 730**	**17 277 189**	**27 682 249**	

Operational risk

Operational risk is the risk of losses from inadequacy or failure of internal processes or systems or from external events. The Group's operational risk management strategy, developed and approved by the Management Board, provides for identification, assessment, monitoring and control of operational risks and allocates operational risk management responsibilities.

The Group manages its operational and legal risks through internal monitoring and compliance policies. The Internal Control Department (''ICD'') reviews all of the Group's internal documentation in order to identify potential shortfalls in internal control procedures and all of the Group's business operations, notifies the Group's Management Board of violations and supervises the correction of such violations. The ICD and the Legal Department monitor compliance with, and seek to ensure the proper functioning of, internal policies and procedures designed to minimize operational and legal risks, respectively, and also monitor compliance with relevant Russian legislation. The head of the ICD reports directly to the Group's President and Council.

The Group conducts the majority of its transactions using standard forms approved by its Legal Department. The Legal Department reviews all non-standard forms before the relevant transactions take place.

The Group has in place internal documents and procedures that set forth the job descriptions and responsibilities of its personnel. The decision-making capacity and authority of particular departments and members of management are strictly regulated. The Group is also in the process of developing internal documents describing all of its business processes in compliance with existing legislation.

The Group applies various kinds of insurance to minimize potential loss from transactions risks, including insurance of cash in transit, other property and obligatory deposit insurance.

Among the responsibilities of the Operational Risk Unit of the Risk Department are the assessment and monitoring of operational risks and the formation of a statistical database of losses.

25 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 September 2008, this minimum level is 10%. The Bank was in compliance with the statutory capital ratio during the nine-month periods ended 30 September 2008 and 2007.

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 September 2008 and 31 December 2007:

	30 September 2008 (unaudited)	31 December 2007
Tier 1 Capital		
Share capital	8 812 544	7 468 794
Share premium	10 569 695	7 613 445
Additional paid-in-capital	1 167 515	30 496
Retained earnings	13 329 111	10 211 756
Minority interest	55 865	-
Total tier 1 capital	**33 934 730**	**25 324 491**
Tier 2 Capital		
Asset revaluation reserves	2 357 758	2 357 758
Revaluation reserve of investments available for sale	(58 691)	-
Subordinated debt excluding accrued interest	10 515 182	8 679 764
Total Capital	**46 748 979**	**36 362 013**
Risk-weighted assets		
Banking book	366 912 565	247 896 970
Trading book	16 078 379	21 303 917
Total Risk-weighted assets	**382 990 944**	**269 200 887**
Tier 1 Ratio	**8.86%**	**9.41%**
Total Capital Adequacy Ratio	**12.21%**	**13.51%**

Included in Tier 2 Capital is RUB 10 515 182 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.

26 Spot and derivative financial instruments

Spot and derivative financial instruments are generally traded in an over-the-counter market with professional market counterparties on standardised or specific contractual terms and conditions.

The notional amounts of certain types of financial instruments provide a basis for comparison with instruments recorded on the balance sheet but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Group's exposure to credit or price risks. The spot and derivative financial instruments become favourable (asset) or unfavourable (liability) as a result of fluctuations in market rates relative to their terms. The aggregate contractual or notional amount of spot and derivative financial instruments held and the aggregate fair values of spot and derivative financial assets and liabilities can fluctuate significantly from time to time.

The principal or agreed amounts and fair values of spot and derivative instruments held are set out in the following table. This table reflects gross positions before the netting of any counterparty positions by type of instrument and covers the contracts with a maturity date subsequent to 30 September 2008 and 31 December 2007, respectively.

	30 September 2008 (unaudited)			31 December 2007		
	Contract/ notional amount	Fair value Assets	Fair value Liabilities	Contract/ notional amount	Fair value Assets	Fair value Liabilities
Foreign currency spot and derivative contracts						
Foreign currency spot contracts	24 104 658	58 600	(66 984)	33 514 528	24 018	(25 654)
Foreign currency forward contracts	26 830 241	119 023	(87 042)	1 696 916	13 891	(3 309)
Foreign currency swap contracts	84 907 271	377 136	(433 352)	30 989 712	43 426	(126 742)
Precious metals derivative contracts						
Precious metal forward contracts with fixed rates	833 463	139 494	-	1 188 019	216 984	(443)
Precious metal forward contracts with floating rates	2 171 356	10 382	-	1 356 970	10 943	-
Securities derivative contracts						
Securities spot contracts	12 450	-	-	-	-	-
Securities forward contracts	100 339	614	-	-	-	-
Other derivative contracts						
Interest rate swaps	5 049 280	52 129	-	-	-	-
Total recognised spot and derivative assets/(liabilities)		**757 378**	**(587 378)**		**309 262**	**(156 148)**

The total positive fair value of spot and derivative financial instruments amounting to RUB 757 378 thousand (31 December 2007: RUB 309 262 thousand) is disclosed in Note 7, and the total negative fair value amounting to RUB 587 378 thousand (31 December 2007: RUB 156 148 thousand) is disclosed in Note 11.

27 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 September 2008 and 31 December 2007 are set out in the following table by category. The amounts reflected in the table for commitments assume that amounts are fully advanced. The amounts reflected in the table for guarantees and letters of credit represent the maximum accounting loss that would be recognised at the balance sheet date if counterparties failed completely to perform as contracted.

	30 September 2008 (unaudited)	31 December 2007
Contracted amount		
Guarantees	34 276 269	27 948 668
Undrawn overdraft facilities	24 004 899	19 732 531
Letters of credit	19 962 505	16 255 757
Undrawn loan facilities	7 473 459	10 122 753

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 analyses of credit related commitments are disclosed in Note 24. The information on related party balances is disclosed in Note 29.

28 Average effective interest rates

The table below displays the Group's interest earning assets and interest bearing liabilities as at 30 September 2008 and 31 December 2007 and their corresponding average effective interest rates as at those dates.

	30 September 2008 (unaudited) Carrying amount	30 September 2008 (unaudited) Average Effective Interest Rate	31 December 2007 Carrying amount	31 December 2007 Average Effective Interest Rate
Interest earning assets				
Cash and cash equivalents				
- RUB	5 573 389	4.29%	7 284 447	3.41%
- other currencies	5 245 786	1.36%	15 935 549	2.74%
Obligatory reserves with central banks				
- other currencies	459 284	4.58%	511 970	4.00%
Placements with banks and other financial institutions				
- RUB	2 323 684	8.86%	753 168	11.24%
- other currencies	319 989	9.78%	765 483	6.20%
Financial assets at fair value through profit or loss				
- RUB	15 242 795	10.52%	22 845 095	8.14%
- other currencies	1 521 708	12.99%	1 767 514	11.26%
Amount receivable under reverse repurchase agreements				
- RUB	4 231 886	14.24%	3 362 081	9.26%
Loans to customers				
- RUB	161 602 188	14.88%	112 814 947	13.34%
- other currencies	156 177 124	12.31%	95 610 389	11.26%
Investments held to maturity				
- RUB	8 486 758	9.29%	-	-
- other currencies	330 845	12.05%	-	-
Interest bearing liabilities				
Vostro accounts of banks and other financial institutions				
- RUB	2 002 927	0.78%	3 726 076	1.80%
- other currencies	577 493	0.51%	275 604	1.51%
Deposits and balances from banks and other financial institutions and other borrowed funds due to banks except for vostro accounts				
- RUB	9 030 746	9.22%	5 933 715	9.18%
- other currencies	89 745 857	5.98%	63 741 832	6.55%
Amounts payable under repurchase agreements				
- RUB	430 884	11.01%	2 175 112	6.00%
Term deposits from customers and other borrowed funds due to customers				
- RUB	92 655 506	9.56%	48 029 729	7.95%
- other currencies	42 696 127	8.19%	34 249 915	6.83%

Current accounts from customers				
- RUB	61 277 108	0.01%	51 367 800	0.01%
- other currencies	11 759 337	0.01%	8 643 304	0.01%
Loan participation notes and domestic bonds				
- RUB	9 744 968	9.02%	4 528 624	8.21%
- other currencies	23 191 934	10.29%	17 891 463	9.69%
Promissory notes and certificates of deposit				
- RUB	21 630 048	9.32%	21 645 586	6.84%
- other currencies	2 736 243	4.96%	972 983	3.99%

29 Related party transactions

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

The outstanding balances and the related average interest rates as at 30 September 2008 with related parties are as follows:

	Nominal shareholders		Directors and Management Board		Other Related Parties		Total
	Carrying amount (unaudited)	Average Interest Rate (unaudited)	Carrying amount (unaudited)	Average Interest Rate (unaudited)	Carrying amount (unaudited)	Average Interest Rate (unaudited)	Carrying amount (unaudited)
Balance Sheet							
Assets							
Financial assets at fair value through profit or loss	-	-	-	-	627 155	12.90%	627 155
Loans to customers (gross amount)	-	-	83 858	11.13%	5 270 971	11.48%	5 354 829
less collective impairment allowance	-	-	(415)	-	(57 882)	-	(58 297)
Investments available for sale (gross amount)	-	-	-	-	3 309	-	3 309
less impairment allowance	-	-	-	-	(3 109)	-	(3 109)
Investments held to maturity	-	-	-	-	182 401	11.18%	182 401
Other assets	-	-	-	-	67 067	-	67 067
Liabilities							
Current accounts and deposits from customers and other borrowed funds	504 053	0.45%	473 119	10.19%	1 388 401	1.38%	2 365 573
Own securities issued			6 214	10.19%	-	-	6 214
Other borrowed funds	2 808 208	14.42%	-	-	-	-	2 808 208
Other liabilities	8	-	48 240	-	30 417	-	78 665
Off balance sheet items							
Guarantees received	-	-	15 814	-	2 387 374	-	2 403 188
Guarantees issued	7 172	-	-	-	1 478 303	-	1 485 475
Letters of credit issued	-	-	-	-	560 307	-	560 307

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

The outstanding balances and the related average interest rates as at 31 December 2007 with related parties are as follows:

	Nominal shareholders		Directors and Management Board		Other Related Parties		Total
	Carrying amount	Average Interest Rate	Carrying amount	Average Interest Rate	Carrying amount	Average Interest Rate	Carrying amount
Balance Sheet							
Assets							
Nostro accounts	-	-	-	-	7 101	0.00%	7 101
Placements with banks and other financial institutions	-	-	-	-	281 206	13.12%	281 206
Financial assets at fair value through profit or loss	-	-	-	-	664 779	12.92%	664 779
Loans to customers (gross amount)	-	-	6 111	10.12%	3 964 646	11.26%	3 970 757
less collective impairment allowance	-	-	(284)	-	(30 712)	-	(30 996)
Investments available for sale (gross amount)	-	-	-	-	16 651	-	16 651
less impairment allowance	-	-	-	-	(10 891)	-	(10 891)
Other assets	-	-	-	-	78 907	-	78 907
Liabilities							
Vostro accounts	-	-	-	-	215 752	1.97%	215 752
Current accounts and deposits from customers and other borrowed funds	42 782	5.57%	803 683	9.80%	2 893 050	1.39%	3 739 515
Own securities issued	-	-	-	-	1 462 789	8.83%	1 462 789
Other liabilities	-	-	-	-	27 500	-	27 500
Off balance sheet items							
Guarantees received	-	-	19 353	-	1 205 097	-	1 224 450
Guarantees issued	7 172	-	-	-	2 088 945	-	2 096 117
Letters of credit issued	-	-	-	-	58 756	-	58 756

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

Income statement amounts in respect of transactions with related parties for the nine-month period ended 30 September 2008 are as follows:

	Nominal shareholders (unaudited)	Directors and Management Board (unaudited)	Other Related Parties (unaudited)	Total (unaudited)
Interest income	-	5 346	475 672	481 018
Fee and commission income	194	1 306	40 109	41 609
Other income	-	-	3 091	3 091
Interest expense	(50 633)	(44 559)	(69 037)	(164 229)
Fee and commission expense	-	-	(2 173)	(2 173)
General administrative expenses	-	(403 410)	(222 553)	(625 963)

Income statement amounts in respect of transactions with related parties for the nine-month period ended 30 September 2007 are as follows:

	Nominal shareholders (unaudited)	Directors and Management Board (unaudited)	Other Related Parties (unaudited)	Total (unaudited)
Interest income	-	627	291 673	292 300
Fee and commission income	5	4 180	48 892	53 077
Other income	-	-	2 864	2 864
Interest expense	(1 177)	(60 803)	(112 891)	(174 871)
Fee and commission expense	-	-	(1 898)	(1 898)
General administrative expenses	-	(227 095)	(165 038)	(392 133)

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

During the nine-month period ended 30 September 2008, short-term compensation of the Directors and members of the Management Board amounted to RUB 403 410 thousand (nine-month period ended 30 September 2007: RUB 227 095 thousand).

30 Disposal of subsidiaries

In April 2008 the Group disposed of its investment in Atna Capital Management Investments Limited. This was executed through the cancellation of call options held by the Group which allowed it to purchase shares in Atna Capital Management Investments Limited for a nominal amount from the related party. The disposed subsidiary contributed RUB 56 578 thousand of net loss to the Group for the current period till the date of disposal.

The disposal of the subsidiary had the following effect on the Group's assets and liabilities at the date of disposal:

	Carrying amount at the date of disposal (unaudited)
Assets	
Cash	1 769
Financial instruments at fair value through profit or loss	512 360
Amounts receivable under reverse repurchase agreements	81 559
Liabilities	
Deposits and balances from banks and other financial institutions	(646 914)
Other liabilities	(137)
Net identifiable assets and liabilities related to investment interest disposed	**(51 363)**
Additional paid-in-capital recognised	51 423
Terminated obligations under option agreements	(60)
Less: cash and cash equivalents disposed	(1 769)
Net cash outflow on disposal	**(1 769)**

As a result of the disposal of the subsidiary the Group recognised additional paid-in-capital in the amount of RUB 51 423 thousand.

At the end of September 2008 the Group sold its investment in OOO "Association of Leasing Companies" to a third party. The disposed subsidiary contributed RUB 751 thousand of net income to the Group for the current period till the date of disposal.

The disposal of the subsidiary had the following effect on the Group's assets and liabilities at the date of disposal:

	Carrying amount at the date of disposal (unaudited)
Assets	
Cash	1 968
Loans and advances to customers	277 217
Current income tax prepayments	376
Other assets	5 381
Liabilities	
Deposits and balances from banks and other financial institutions	(55 189)
Customer accounts	(10 078)
Own securities issued	(178 890)
Other liabilities	(2 130)
Net identifiable assets and liabilities related to investment interest disposed	**38 655**
Loss on sale of subsidiary	(21 942)
Less: cash and cash equivalents disposed	(1 968)
Net cash inflow on disposal	**14 745**

As a result of the disposal of the subsidiary the Group recognised net loss in the amount of RUB 21 942 thousand.

31 Acquisition of subsidiary

On 23 June 2008 the Group obtained control over 95.5% shares of OAO "Volgoprombank" through the granting of a call option to the Bank by Promsvyaz Capital B.V. allowing the Group to purchase 95.5% of OAO "Volgoprombank" shares at their nominal amount.

If the acquisition had occurred on 1 January 2008, the Group's net profit attributable to shareholders of the parent for the nine-month period ended 30 September 2008 would have been RUB 3 130 895 thousand.

The net assets of the acquired subsidiary were as follows at the date of acquisition:

	IFRS carrying amount immediately before business combination (unaudited)
Cash and cash equivalents	618 734
Obligatory reserves with central banks	49 476
Financial assets at fair value through profit or loss	48 498
Loans and advances to customers	3 226 366
Current income tax prepayments	36 738
Other assets	17 653
Property and equipment	796 327
Deposits and balances from banks and other financial institutions	(570 323)
Customer accounts	(2 693 683)
Own securities issued	(116 166)
Other liabilities	(21 143)
Deferred tax liability	(164 609)
Net assets of the subsidiary	**1 227 868**
Less: minority interest	(55 377)
Acquired interest in net assets of the subsidiary	**1 172 491**
Additional paid-in-capital arising from the acquisition	(1 085 596)
Payable on acquisition	(86 895)
Cash and cash equivalents of the subsidiary acquired	618 734
Inflow of cash and cash equivalents on acquisition	**618 734**

As a result of the acquisition the Group recorded the additional paid-in-capital in the amount of RUB 1 085 596 thousand as part of its equity. This amount represents the difference between net assets of OAO "Volgoprombank" and the consideration payable in accordance with the option agreement with the Bank's controlling shareholder Promsvyaz Capital B.V.