

Bank Vozrozhdenie

Notes to the Financial Statement according to IFRS as at September 30, 2008

1. Cash and Cash Equivalents.

In million of Russian Rubles

	September 30, 2008	December 31, 2007
Cash on hand	5 061	6 241
Cash balances with the CBRF (other than mandatory reserve deposits)	3 806	5 424
Correspondent accounts and overnight placements with other banks		
- Russian Federation	6 641	700
- Other countries	1 345	868
Total cash and cash equivalents	16 853	13 233

2. Trading securities.

In million of Russian Rubles

	September 30, 2008	December 31, 2007
Federal loan bonds (OFZ)	253	2 688
CBRF Bonds	2 887	1 042
Corporate Bonds	3 142	698
Corporate Eurobonds	1 503	382
State Internal loan Bonds (OVGVZ)	-	1 610
Municipal Bonds	508	276
Total debt securities	8 293	6 696
Corporate shares	13	6
Total trading securities	8 306	6 702

3. Due from Other Banks

In million of Russian Rubles

	September 30, 2008	December 31, 2007
Deposits with CBRF	500	1 500
Short-term placements with other banks	-	5 542
Insurance deposits with non-resident banks	186	194
Total due from other banks	686	7 236

4. Loans and Advances to Customers.

In million of Russian Rubles

	September 30, 2008	December 31, 2007
Current loans	104 431	79 298
Overdue loans	2 498	1 653
Less: Provision for loan impairment	(3 729)	(2 802)
Total loans and advances to customers	103 200	78 149

Bank Vozrozhdenie**Notes to the Financial Statement according to IFRS as at September 30, 2008****4. Loans and Advances to Customers (continued).**

Movements in the provision for loan impairment are as follows:

<i>In million of Russian Rubles</i>	9M 2008	2007
Provision for loan impairment at the beginning of the financial period	2 802	1 954
Provision for loan impairment during the period	981	885
Loans and advances to customers written off during the period as uncollectible	(54)	(37)
Provision for loan impairment at the end of financial period	3 729	2 802

Economic sector risk concentrations within the customer loan portfolio are as follows:

<i>In million of Russian Rubles</i>	September 30, 2008		December 31, 2007	
	Amount	%	Amount	%
Trade	23 871	22	19 564	24
Manufacturing	21 800	20	17 693	22
Individuals	19 973	19	16 765	21
Transport	6 661	6	5 018	6
Construction	10 320	10	6 163	8
Agricultural	4 126	4	3 603	4
Finance	10 479	10	2 942	4
State and public organizations	1 762	2	1 952	2
Other	7 937	7	7 251	9
Total Loans and advances to customers (less: Provisions for loan impairment)	106 929	100	80 951	100

State and public organizations exclude government owned profit orientated businesses.

At September 30, 2008 the Bank had 15 borrowers with aggregated loan amounts equal or above RUB 750 million. The total aggregate amount of these loans was RUB 20 894 million or 19.5% of the gross loan portfolio.

At December 31, 2007 the bank had 17 Borrowers with aggregated loan amounts equal or above RUB 500 million. The total aggregate amount of these loans was RUB 15 695 million or 19.4% of the loan portfolio.

5. Other financial assets

<i>In million of Russian Rubles</i>	September 30, 2008	December 31, 2007
Investment securities available for sale	2 840	644
Credit and debit cards receivables	318	452
Trade debtors and prepayments	556	364
Settlements with currency and stock exchanges	40	33
Settlements on letters of credit	-	-
Total other financial assets	3 754	1 493

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Notes to the Financial Statement according to IFRS as at September 30, 2008

6. Due to Other Banks

<i>In million of Russian Rubles</i>	September 30, 2008	December 31, 2007
Short-term placements of other banks and CB RF	2 980	4 795
Correspondent accounts of other banks	52	50
Total due to Other Banks	3 032	4 845

7. Customer accounts

<i>In million of Russian Rubles</i>	September 30, 2008	December 31, 2007
State and public organizations		
-current/settlement accounts	612	218
- Term deposits	2 769	-
Other legal entities		
-current/settlement accounts	25 248	22 651
- Term deposits	19 374	8 947
Individuals		
-current/settlement accounts	13 267	13 446
- Term deposits	42 896	36 350
Total customer accounts	104 166	81 612

State and public organizations exclude government owned profit-oriented businesses.

Economic sector concentrations within customer accounts are as follows:

<i>In million of Russian Rubles</i>	September 30, 2008		December 31, 2007	
	Amount	%	Amount	%
Individuals	56 163	54	49 796	61
Manufacturing	19 809	19	7 602	9
Trade	4 907	5	7 209	9
Finance	11 618	11	3 789	5
Transport	2 855	3	2 954	4
Construction	663	1	3 156	4
State and public organizations	3 381	3	218	-
Agriculture	390	0	1 099	1
Other	4 380	4	5 789	7
Total customer accounts	104 166	100	81 612	100

At September 30, 2008 the Bank had 14 customers with balances above RR 300 million. The aggregate balance of these customers was RR 17 910 million or 17,2% of total customer accounts.

At December 31, 2007 the Bank had 15 customers with balances above RR 200 million. The aggregate balance of these customers was RR 8 527 million or 10,4% of total customer accounts.

Bank Vozrozhdenie**Notes to the Financial Statement according to IFRS as at September 30, 2008****8. Debt securities in issue**

<i>In million of Russian Rubles</i>	September 30, 2008	December 31, 2007
Promissory notes	3 392	3 540
Deposit certificates	423	478
Bonds	3 016	3 085
Total debt securities in issue	6 831	7 103

9. Subordinated loans

	September 30, 2008	December 31, 2007
Subordinated loans	4 128	2 874
Total subordinated loans	4 128	2 874

10. Syndicated loans

	September 30, 2008	December 31, 2007
Syndicated loans	2 866	2 550
Total syndicated loans	2 866	2 550

11. Interest Income and Expense

<i>In million of Russian Rubles</i>	9M 2008	9M 2007
Interest income		
Loans and advances to customers	9 361	6 534
Trading securities	433	234
Correspondent accounts and due from other banks	337	127
Investment securities available for sale	2	6
Total interest income	10 133	6 901
Interest expense		
Term deposits of individuals	(2 343)	(1 911)
Term deposits of legal entities	(755)	(461)
Debt securities in issue	(423)	(396)
Term deposits of state and public organizations	(205)	-
Due to other banks	(191)	(65)
Subordinated loans	(185)	(106)
Syndicated loans	(102)	-
Current/settlement accounts	(28)	(57)
Total interest expense	(4 232)	(2 996)
Net interest income	5 901	3 905

Bank Vozrozhdenie**Notes to the Financial Statement according to IFRS as at September 30, 2008****12. Fee and Commission Income and Expense**

<i>In million of Russian Rubles</i>	9M 2008	9M 2007
Fee and Commission Income and Expense		
Cash transactions	891	678
Settlement transactions	674	429
Credit/debit cards and cheques settlements	560	393
Salary projects fees and commissions	403	292
Foreign exchange fees and commissions	308	147
Retail business fees and commissions	135	143
Cash collection	125	59
Guarantees issued	36	68
Other	1	1
Total fee and commission income	3 133	2 210
Commission expenses		
Credit/debit cards and cheques settlements	(123)	(80)
Transactions with currency and stock exchanges	(18)	(47)
Settlement transactions and trade finance	(10)	(15)
Cash transactions	(9)	(8)
Other	(41)	-
Total Fee and Commission expenses	(201)	(150)
Net fee and Commission income	2 932	2 060

13. Administrative and other operating expenses

<i>In million of Russian Rubles</i>	9M 2008	9M 2007
Staff costs	3 099	2 391
Administrative expenses	433	518
Other costs related to premises and equipment	390	124
Depreciation of premises and equipment	293	209
Contributions to the Obligatory Insurance Deposit Fund	203	167
Rent	179	163
Taxes other than income tax	157	145
Other	253	245
Total administrative and other operating expenses	5 007	3 962

Bank Vozrozhdenie**Notes to the Financial Statement according to IFRS as at September 30, 2008****14. Financial Risk Management**

	Demand and less than 1 month	From 1 to 6 months	From 6 to 12 months	More than 1 year	Total
<i>In million of Russian Rubles</i>					
Assets					
Cash and cash equivalents	16 853	-	-	-	16 853
Mandatory cash balances with CBRF	363	155	151	89	758
Trading securities	8 306	-	-	-	8 306
Due from other banks	500	-	-	186	686
Loans and advances to customers	17 191	27 646	24 812	33 551	103 200
Other financial assets	3 552	-	202	-	3 754
Total financial assets	46 765	27 801	25 165	33 826	133 557
Liabilities					
Due to other Banks	71	2 158	208	595	3 032
Customer accounts	52 146	20 725	21 605	9 690	104 166
Debt securities in issue	1 148	1 918	465	3 300	6 831
Subordinated loans	-	-	-	4 128	4 128
Syndicated loans	-	-	1 502	1 364	2 866
Other financial liabilities	935	-	-	-	935
Total financial liabilities	54 300	24 801	23 780	19 077	121 958
Net liquidity gap	(7 535)	3 000	1 385	14 749	11 599
Cumulative liquidity gap at September 30, 2008	(7 535)	(4 535)	(3 150)	11 599	-

Bank Vozrozhdenie**Notes to the Financial Statement according to IFRS as at September 30, 2008****14. Financial Risk Management (continue)**

The table below summarizes the Bank's exposure to foreign currency exchange rate risk at September 30, 2008

	RR	US Dollars	Euros	Other	Total
<i>In million of Russian Rubles</i>					
Assets					
Cash and cash equivalents	14 755	562	1502	34	16 853
Mandatory cash balances with CBRF	758	-	-	-	758
Trading securities	6 790	332	1 171	-	8 293
Due from other banks	500	186	-	-	686
Loans and advances to customers	92	9 170	1 499	-	103 200
Other financial assets	3 753	-	-	1	3 754
Total financial assets	119 087	10 250	4 172	35	133 544
Liabilities					
Due to other Banks	2 051	98	883	-	3 032
Customer accounts	93 509	7 148	3 483	26	104 166
Debt securities in issue	6 377	433	21	-	6 831
Subordinated loans	1 612	2 516	-	-	4 128
Syndicated loans	-	2 866	-	-	2 866
Other financial liabilities	935	-	-	-	935
Total financial liabilities	104 484	13 061	4 387	26	121 958
Net liquidity gap	14 603	(2 811)	(215)	9	11 586
Cumulative liquidity gap at September 30, 2008	12 467	399	466	-	13 332