

Bank Vozrozhdenie

Notes to the Financial Statement according to IFRS as at September 30, 2009

1. Cash and Cash Equivalents.

<i>In million of Russian Rubles</i>	September 30, 2009	December 31, 2008
Cash on hand	6 408	8 968
Cash balances with the CBRF (other than mandatory reserve deposits)	2 864	9 227
Correspondent accounts and overnight placements with other banks		
- Russian Federation	6 373	9 024
- Other countries	15 205	1 271
Total cash and cash equivalents	30 850	28 490

2. Trading securities.

<i>In million of Russian Rubles</i>	September 30, 2009	December 31, 2008
Corporate bonds	3 090	2 943
CBRF Bonds	2 825	2 624
Municipal Bonds	1 486	260
Corporate Eurobonds	1 425	2 759
State Internal loan Bonds (OVGVZ)	301	49
Federal loan bonds (OFZ)	-	396
Total debt securities	9 127	9 031
Corporate shares	1	6
Total trading securities	9 128	9 037

3. Due from Other Banks

<i>In million of Russian Rubles</i>	September 30, 2009	December 31, 2008
Deposits with CBRF	700	300
Insurance deposits with non-resident banks	214	217
Short-term placements with other banks	-	1 515
Total due from other banks	914	2 032

4. Loans and Advances to Customers.

<i>In million of Russian Rubles</i>	September 30, 2009	December 31, 2008
Current loans	84 788	95 949
Non performing loans	8 816	3 383
Less: Provision for loan impairment	(8 856)	(4 757)
Total loans and advances to customers	84 748	94 575

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4. Loans and Advances to Customers (continued).

Movements in the provision for loan impairment are as follows:

<i>In million of Russian Rubles</i>	2009	2008
Provision for loan impairment at the beginning of the financial period	4 757	2 802
Provision for loan impairment during the period	4 165	2 199
Loans and advances to customers written off during the period as uncollectible	(66)	(244)
Provision for loan impairment at the end of financial period	8 856	4 757

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

<i>In million of Russian Rubles</i>	September 30, 2009		December 31, 2008	
	Amount	%	Amount	%
Trade	19 195	21	20 997	21
Manufacturing	18 634	20	19 212	19
Individuals	15 805	17	19 179	19
Construction	10 523	11	9 938	10
State and public organizations	9 870	10	1 804	2
Transport	5 458	6	7 948	8
Agricultural	3 888	4	4 091	4
Finance	1 557	2	5 323	6
Other	8 674	9	10 840	11
Total Loans and advances to customers (Before provisions for loan impairment)	93 604	100	99 332	100

State and public organizations exclude government owned profit oriented businesses.

At September 30, 2009 the Bank had 12 borrowers with aggregated loan amounts equal or above RUB 750 million. The total aggregate amount of these loans was RUB 24 460 million or 26.13% of the gross loan portfolio.

At December 31, 2008 the bank had 17 borrowers with aggregated loan amounts equal or above RUB 500 million. The total aggregate amount of these loans was RUB 23 368 million or 23.5% of the gross loan portfolio.

5. Investment securities available for sale

<i>In million of Russian Rubles</i>	September 30, 2009	December 31, 2008
Corporate Eurobonds	745	-
Corporate Bonds	114	1 907
Total debt securities	859	1 907
Corporate shares	476	457
Total investment securities available for sale	1 335	2 364

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6. Other financial assets

<i>In million of Russian Rubles</i>	September 30, 2009	December 31, 2008
Receivables and advance payments	374	261
Credit and debit cards receivables	302	469
Settlements with currency and stock exchanges	242	132
Other	45	17
Total other financial assets	963	879

7. Due to Other Banks

<i>In million of Russian Rubles</i>	September 30, 2009	December 31, 2008
Short-term placements of other banks and CB RF	9 555	20 145
Placements of other banks	1 197	1 156
Correspondent accounts of other banks	55	59
Total due to other banks	10 807	21 360

8. Customer accounts

<i>In million of Russian Rubles</i>	September 30, 2009	December 31, 2008
State and public organizations		
-current/settlement accounts	516	440
- Term deposits	-	207
Other legal entities		
-current/settlement accounts	20 499	21 279
- Term deposits	14 252	16 573
Individuals		
-current/settlement accounts	11 488	11 637
- Term deposits	47 979	40 200
Total customer accounts	94 734	90 336

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, 2009		December 31, 2008	
	Amount	%	Amount	%
Individuals	59 467	63	51 837	57
Finance	10 747	11	12 776	14
Trade	9 968	10	6 635	7
Manufacturing	3 960	4	5 209	6
Construction	3 516	4	3 098	3
Transport	2 224	2	2 646	3
Agriculture	835	1	637	1
State and public organizations	516	1	647	1
Other	3 501	4	6 851	8
Total customer accounts	94 734	100	90 336	100

Bank Vozrozhdenie**Notes to the Financial Statement according to IFRS as at September 30, 2009**

9. Debt securities in issue

<i>In million of Russian Rubles</i>	September 30, 2009	December 31, 2008
Bonds	3 020	3 085
Promissory notes	2 755	2 528
Deposit certificates	136	300
Total debt securities in issue	5 911	5 913

10. Interest Income and Expense

<i>In million of Russian Rubles</i>	9M 2009	9M 2008
Interest income		
Loans and advances to customers – legal entities	10 030	7 537
Loans and advances to customers – individuals	1 948	1 824
Trading securities	662	433
Correspondent accounts and due from other banks	272	337
Investment securities available for sale	76	2
Total interest income	12 988	10 133
Interest expense		
Term deposits of individuals	3 201	2 343
Due to other banks	1 355	179
Term deposits of legal entities	1 196	959
Debt securities in issue	362	435
Subordinated loans	336	185
Syndicated loans	67	102
Current/settlement accounts of legal entities	45	28
Total interest expense	6 562	4 231
Net interest income	6 426	5 902

Bank Vozrozhdenie**Notes to the Financial Statement according to IFRS as at September 30, 2009****11. Fee and Commission Income and Expense**

<i>In million of Russian Rubles</i>	9M 2009	9M 2008
Fee and Commission income		
Settlement transactions	772	809
Cash transactions	761	891
Credit/debit cards and cheques settlements	504	560
Salary projects fees and commissions	396	403
Cash collection	152	125
Guarantees issued	135	36
Other	230	309
Total fee and commission income	2 950	3 133
Fee and Commission expenses		
Credit/debit cards and cheques settlements	131	123
Settlement transactions	31	10
Transactions with currency and stock exchanges	13	18
Cash transactions	5	9
Other	25	41
Total Fee and Commission expenses	205	201
Net fee and Commission income	2 745	2 932

12. Administrative and other operating expenses

<i>In million of Russian Rubles</i>	9M 2009	9M 2008
Staff costs	2 410	3 099
Administrative expenses	420	433
Depreciation of premises and equipment	365	322
Other costs related to premises and equipment	335	361
Rent	200	179
Contributions to the Obligatory Insurance Deposit Fund	165	203
Taxes other than income tax	151	157
Other	333	253
Total administrative and other operating expenses	4 379	5 007

Bank Vozrozhdenie**Notes to the Financial Statement according to IFRS as at September 30, 2009****13. Financial Risk Management**

The table below summarizes the analysis by expected maturities at September 30, 2009

	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	30 850	-	-	-	30 850
Mandatory cash balances with CBRF	318	195	178	164	855
Trading securities	9 128	-	-	-	9 128
Due from other banks	700	-	-	214	914
Loans and advances to customers	10 390	22 980	27 197	24 181	84 748
Investment securities available for sale	1076	145	-	114	1 335
Other financial assets	963	-	-	-	963
Total financial assets	53 425	23 320	27 375	24 673	128 793
Liabilities					
Due to other Banks	9 860	207	214	526	10 807
Customer accounts	36 587	21 057	17 878	19 212	94 734
Debt securities in issue	795	1 945	3 068	103	5 911
Subordinated loans	-	-	90	4 554	4 644
Syndicated loans	1 598	-	-	-	1 598
Other financial liabilities	1 020	-	-	-	1 020
Total financial liabilities	49 860	23 209	21 250	24 395	118 714
Net balance sheet position	3 565	111	6 125	278	10 079
Cumulative liquidity gap at September 30, 2009	3 565	3 676	9 801	10 079	

Bank Vozrozhdenie**Notes to the Financial Statement according to IFRS as at September 30, 2009****13. Financial Risk Management (continue)**

The table below summarizes the Bank's exposure to foreign currency exchange rate risk at September 30, 2009

	RR	US Dollars	Euros	Other	Total
<i>In million of Russian Rubles</i>					
Assets					
Cash and cash equivalents	14 275	6 092	10 407	76	30 850
Mandatory cash balances with CBRF	855	-	-	-	855
Trading securities	7 402	1 357	368	-	9 127
Due from other banks	700	214	-	-	914
Loans and advances to customers	72 004	11 785	959	-	84 748
Investment securities available for sale	114	745	-	-	859
Other financial assets	704	121	89	-	918
Total monetary financial assets	96 054	20 318	11 823	76	128 271
Liabilities					
Due to other Banks	9 606	435	766	-	10 807
Customer accounts	69 799	14 295	10 632	8	94 734
Debt securities in issue	4 689	819	403	-	5 911
Subordinated loans	1 635	3 009	-	-	4 644
Syndicated loans	-	1 598	-	-	1 598
Other financial liabilities	990	25	5	-	1 020
Total financial liabilities	86 719	20 181	11 806	8	118 714
Net Balance sheet position	9 335	137	17	68	9 557
Credit related commitments	12 828	126	169	-	13 123