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Independent Auditors' Report

To the Board of Directors of UNISTREAM COMMERCIAL BANK (JSC)

Report on the Financial Statements

We have audited the accompanying financial statements of UNISTREAM COMMERCIAL BANK (JSC) (the "Bank"), which comprise the balance sheet as at 31 December 2008, and the income statement, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2008, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

ZAO KPMG
1 June 2009

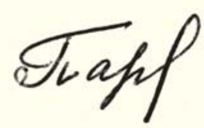
ЗАО "КПМГ"

RUR'000

	Notes	2008	2007
Interest income		8 706	9 915
Interest expense		(301)	(1 463)
Net interest income	4	**8 405**	**8 452**
Fee and commission income	5	2 241 428	1 332 289
Fee and commission expense	6	(1 457 384)	(1 001 392)
Net fee and commission income		**784 044**	**330 897**
Net gain/(loss) on available-for-sale assets		22	(47)
Net foreign exchange gain	7	184 560	63 896
Other income		1 740	2 103
		978 771	**405 301**
Impairment allowance	8	(19 420)	(10 240)
General administrative expenses	9	(854 573)	(473 386)
Income/(loss) before taxes		**104 778**	**(78 325)**
Income tax (expense)/benefit	10	(40 662)	5 542
Net income/(loss)		**64 116**	**(72 783)**

The financial statements as set out on pages 4 to 34 were approved by the Management Board of the Bank on 1 June 2009.

Chairman of the
Management Board
Gustap E.V.



Chief Accountant
Parada E.D.

The Income Statement is to be read in conjunction with the Notes to, and forming part of, the financial statements.

RUR'000

	Notes	2008	2007
ASSETS			
Cash		283 769	391 373
Due from the Central Bank of the Russian Federation	11	91 904	64 153
Placements with banks and other financial institutions	12	597 999	638 708
Available-for-sale assets	13	274	252
Property and equipment	14	153 032	85 906
Other assets	15	36 565	40 241
Deferred tax assets	18	2 496	5 921
Total assets		**1 166 039**	**1 226 554**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Deposits and balances from banks and other financial institutions	16	576 946	740 762
Other liabilities	17	74 064	34 879
Total liabilities		**651 010**	**775 641**
Shareholders' equity			
Share capital	19	208 999	208 999
Share premium		315 950	315 950
Accumulated losses		(9 920)	(74 036)
Total shareholders' equity		**515 029**	**450 913**
Total liabilities and shareholders' equity		**1 166 039**	**1 226 554**

The Balance sheet is to be read in conjunction with the Notes to, and forming part of, the financial statements.

RUR'000

	Notes	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest receipts		8 714	9 827
Interest payments		(301)	(1 443)
Fee and commission receipts		2 241 428	1 332 289
Fee and commission payments		(1 457 384)	(1 001 392)
Net receipts from foreign exchange		194 847	60 811
Other income		1 253	2 103
General administrative expenses		(829 249)	(459 325)
		159 308	**(57 130)**
Increase in operating assets			
Due from the Central Bank of the Russian Federation (other than cash and cash equivalents)		11 164	(9 893)
Placements with banks and other financial institutions (other than cash and cash equivalents)		77 284	(166 874)
Available-for-sale assets		-	(252)
Other assets		(3 269)	(28 115)
Increase in operating liabilities			
Deposits and balances from banks and other financial institutions		(168 717)	552 334
Other liabilities		17 545	24 797
Net cash provided from operating activities before taxes paid		**93 315**	**314 867**
Taxes paid		(17 301)	(3 663)
Cash flows from operations		**76 014**	**311 204**
CASH FLOWS FROM INVESTING ACTIVITIES			
Net purchases of property and equipment		(88 161)	(85 670)
Cash flows from investing activities		**(88 161)**	**(85 670)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of share capital		-	36 999
Share premium		-	315 950
Cash flows from financing activities		**-**	**352 949**
Net (decrease)/increase in cash and cash equivalents		**(12 147)**	**578 483**

RUR'000

	Notes	2008	2007
Effect of changes in exchange rates on cash and cash equivalents		(4 554)	3 085
Cash and cash equivalents at the beginning of the year		839 302	257 734
Cash and cash equivalents at the end of the year	25	**822 601**	**839 302**

The Statement of Cash Flows is to be read in conjunction with the Notes to, and forming part of, the financial statements.

RUR'000

	Share capital	Share premium	Accumulated losses	Total equity
Balance at 31 December 2006	**172 000**	**-**	**(1 253)**	**170 747**
Net loss for the year	-	-	(72 783)	(72 783)
Shares issued	36 999	-	-	36 999
Share premium	-	315 950	-	315 950
Balance at 31 December 2007	**208 999**	**315 950**	**(74 036)**	**450 913**
Net income for the year	-	-	64 116	64 116
Balance at 31 December 2008	**208 999**	**315 950**	**(9 920)**	**515 029**

The Statement of Changes in Shareholders' Equity is to be read in conjunction with the Notes to, and forming part of, the financial statements.

1. BACKGROUND

Principal activities

UNISREAM COMMERCIAL BANK (JSC) ("UNISTREAM" or the "Bank") was established in the Russian Federation on 31 May 2006 as a joint stock company and was granted its banking license for roubles and foreign currencies operations. The principal activity of the Bank is to provide money transfer services to individuals. The activities of the Bank are regulated by the Central Bank of the Russian Federation ("the CBR"). The registered address of the Bank is 5, build. A, Flotskaya str., 125493, Moscow, The average number of people employed by the Bank during the reporting year was 800 (2007: 420).

Shareholders

	2008	**2007**
	Ownership, %	Ownership, %
Zakaryan G.T.	36,96	36,96
Piskov G.I.	36,96	36,96
AURORA RUSSIA LIMITED	26,00	26,00
"UNIASTRUM BANK" (LLC)	0,08	0,08
	100,00	**100,00**

Russian business environment

The Russian Federation has been experiencing political and economic change that has affected, and may continue to affect, the activities of enterprises operating in this environment. Consequently, operations in the Russian Federation involve risks that typically do not exist in other markets. In addition, the recent contraction in the capital and credit markets has further increased the level of economic uncertainty in the environment. The financial statements reflect management's assessment of the impact of the Russian business environment on the operations and the financial position of the Bank. The future business environment may differ from management's assessment.

2. BASIS OF PREPARATION

Statement of compliance

The accompanying financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

Basis of measurement

The financial statements are prepared on the historical cost basis except that available-for-sale assets are stated at fair value.

Functional and presentation currency

The national currency of the Russian Federation is the Russian Rouble ("RUR"). Management has determined the Bank's functional currency to be the RUR as it reflects the economic substance of the underlying events and circumstances of the Bank. The RUR is also the Bank's presentation currency for the purposes of these financial statements.

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

Use of estimates and judgments

Management has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these financial statements in conformity with IFRS. Actual results could differ from those estimates.

3. SIGNIFICANT ACCOUNTING POLICIES

The following significant accounting policies have been applied in the preparation of the financial statements. The accounting policies have been consistently applied.

Foreign currency transactions

Transactions in foreign currencies are translated to the appropriate functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated to the functional currency at the foreign exchange rate ruling at the date of the transaction. Foreign exchange differences arising on translation are recognised in the income statement. As at 31 December 2008, the exchange CBR rates used for translation of balances in foreign currencies were RUR 29.3804/1USD and RUR 41.4411/1 EUR (31 December 2007: RUR 24.5462/1 USD and RUR 35.9332/1 EUR.

Inflation accounting

The Russian Federation ceased to be hyperinflationary with effect from 1 January 2003 and accordingly no adjustments for hyperinflation have been made for periods subsequent to this date. The hyperinflation-adjusted carrying amounts of the Bank's assets, liabilities and equity items as at 31 December 2002 became their carrying amounts as at 1 January 2003 for the purpose of subsequent accounting.

Cash and cash equivalents

The Bank considers cash, nostro accounts with the CBR and nostro accounts with banks and other financial institutions to be cash and cash equivalents. The minimum reserve deposit with the CBR is not considered to be a cash equivalent due to restrictions on its withdrawability.

FINANCIAL INSTRUMENTS

Classification

Financial instruments at fair value through profit or loss are financial assets or liabilities that are:

- acquired or incurred principally for the purpose of selling or repurchasing in the near term;
- part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking;
- derivative financial instruments (except for derivative financial instruments that are designated and effective hedging instruments); or,
- upon initial recognition, designated by the Bank as at fair value through profit or loss.

The Bank designates financial assets and liabilities at fair value through profit or loss where either:

- the assets or liabilities are managed and evaluated on a fair value basis;
- the designation eliminates or significantly reduces an accounting mismatch which would otherwise arise; or
- the asset or liability contains an embedded derivative that significantly modifies the cash flows that would otherwise be required under the contract.

All trading derivatives in a net receivable position (positive fair value), as well as options purchased, are reported as assets. All trading derivatives in a net payable position (negative fair value), as well as options written, are reported as liabilities.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those that:

- the Bank intends to sell immediately or in the near term;
- the Bank upon initial recognition designates as at fair value through profit or loss;
- the Bank upon initial recognition designates as available-for-sale; or
- the Bank may not recover substantially all of its initial investment, other than because of credit deterioration.

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Bank has the positive intention and ability to hold to maturity, other than those that:

- the Bank upon initial recognition designates as at fair value through profit or loss;
- the Bank designates as available-for-sale; or
- meet the definition of loans and receivables.

Available-for-sale assets are those financial assets that are designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investments or financial instruments at fair value through profit or loss.

Management determines the appropriate classification of financial instruments at the time of initial recognition.

Recognition

Financial assets and liabilities are recognized in the balance sheet when the Bank becomes a party to the contractual provisions of the instrument. All regular way purchases of financial assets are accounted for at the settlement date.

Measurement

A financial asset or liability is initially measured at its fair value plus, in the case of a financial asset or liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or liability.

Subsequent to initial recognition, financial assets, including derivatives that are assets, are measured at their fair values, without any deduction for transaction costs that may be incurred on sale or other disposal, except for:

- loans and receivables which are measured at amortized cost using the effective interest method;
- held-to-maturity investments which are measured at amortized cost using the effective interest method; and
- investments in equity instruments that do not have a quoted market price in an active market and whose fair value can not be reliably measured which are measured at cost.

All financial liabilities, other than those designated at fair value through profit or loss and financial liabilities that arise when a transfer of a financial asset carried at fair value does not qualify for derecognition, are measured at amortized cost. Amortized cost is calculated using the effective interest rate method. Premiums and discounts, including initial transaction costs, are included in the carrying amount of the related instrument and amortized based on the effective interest rate of the instrument. Where a valuation based on observable market data indicates a fair value gain or loss on initial recognition of an asset or liability, the gain or loss is recognised immediately in the income statement. Where an initial gain or loss is not based entirely on observable market data, it is deferred and recognised over the life of the asset or liability on an appropriate basis, or when prices become observable, or on disposal of the asset or liability.

Fair value measurement principles

The fair value of financial instruments is based on their quoted market price at the balance sheet date without any deduction for transaction costs. If a quoted market price is not available, the fair value of the instrument is estimated using pricing models or discounted cash flow techniques.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is a market related rate at the balance sheet date for an instrument with similar terms and conditions. Where pricing models are used, inputs are based on market related measures at the balance sheet date.

The fair value of derivatives that are not exchange-traded is estimated at the amount that the Bank would receive or pay to terminate the contract at the balance sheet date taking into account current market conditions and the current creditworthiness of the counterparties.

Gains and losses on subsequent measurement

A gain or loss arising from a change in the fair value of a financial asset or liability is recognized as follows:

- a gain or loss on a financial instrument classified as at fair value through profit or loss is recognized in the income statement;
- a gain or loss on an available-for-sale financial asset is recognized directly in equity through the statement of changes in shareholders' equity (except for impairment losses and foreign exchange gains and losses) until the asset is derecognized, at which time the cumulative gain or loss previously recognised in equity is recognized in the income statement. Interest in relation to an available-for-sale financial asset is recognized as earned in the income statement calculated using the effective interest method.

For financial assets and liabilities carried at amortized cost, a gain or loss is recognized in the income statement when the financial asset or liability is derecognized or impaired, and through the amortization process.

Derecognition

A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire or when the Bank transfers substantially all the risks and rewards of ownership of the financial asset. Any rights or obligations created or retained in the transfer are recognized separately as assets or liabilities. A financial liability is derecognised when it is extinguished.

The Bank also derecognises certain assets when it writes off balances pertaining to the assets deemed to be uncollectible.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

PROPERTY AND EQUIPMENT

Owned assets

Items of property and equipment are stated at cost less accumulated depreciation and impairment losses.
Where an item of property and equipment comprises major components having different useful lives, they are accounted for as separate items of property and equipment.

Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of the individual assets. Depreciation commences on the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and ready for use. Land is not depreciated. The estimated useful lives are as follows:

Equipment	5 years
Fixtures and fittings	from 3 to 10 years
Motor vehicles	6 years
Computer software	5 years

INTANGIBLE ASSETS

Intangible assets, which are acquired by the Bank, are stated at cost less accumulated amortisation and impairment losses.

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets. The estimated useful life of intangible assets is 5 years.

IMPAIRMENT

Financial assets carried at amortized cost

Financial assets carried at amortized cost consist principally of loans, other receivables and unquoted available-for-sale debt securities (“loans and receivables”). The Bank reviews its loans and receivables to assess impairment on a regular basis. A loan or receivable is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the loan or receivable and that event (or events) has had an impact on the estimated future cash flows of the loan that can be reliably estimated.

Objective evidence that financial assets are impaired can include default or delinquency by a borrower, breach of loan covenants or conditions, restructuring of a loan or advance by the Bank on terms that the Bank would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, deterioration in the value of collateral, or other observable data relating to a group of assets such as adverse changes in the payment status of borrowers in the group, or economic conditions that correlate with defaults in the group.

The Bank first assesses whether objective evidence of impairment exists individually for loans and receivables that are individually significant, and individually or collectively for loans and receivables that are not individually significant. If the Bank determines that no objective evidence of impairment exists for an individually assessed loan or receivable, whether significant or not, it includes the loan in a group of loans and receivables with similar credit risk characteristics and collectively assesses them for impairment. Loans and receivables that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on a loan or receivable has been incurred, the amount of the loss is measured as the difference between the carrying amount of the loan or receivable and the present value of estimated future cash flows including amounts recoverable from guarantees and collateral discounted at the loan or receivable's original effective interest rate. Contractual cash flows and historical loss experience adjusted on the basis of relevant observable data that reflect current economic conditions provide the basis for estimating expected cash flows.

In some cases the observable data required to estimate the amount of an impairment loss on a loan or receivable may be limited or no longer fully relevant to current circumstances. This may be the case when a borrower is in financial difficulties and there is little available historical data relating to similar borrowers. In such cases, the Bank uses its experience and judgement to estimate the amount of any impairment loss.

All impairment losses in respect of loans and receivables are recognized in the income statement and are only reversed if a subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

When a loan is uncollectible, it is written off against the related allowance for loan impairment. The Bank writes off a loan balance (and any related allowances for loan losses) when the Bank's management determines that the loans are uncollectible and when all necessary steps to collect the loan are completed.

Financial assets carried at cost

Financial assets carried at cost include unquoted equity instruments included in available-for-sale assets that are not carried at fair value because their fair value can not be reliably measured. If there is objective evidence that such investments are impaired, the impairment loss is calculated as the difference between the carrying amount of the investment and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset.

All impairment losses in respect of these investments are recognized in the income statement and can not be reversed.

Non financial assets

Other non financial assets, other than deferred taxes, are assessed at each reporting date for any indications of impairment. The recoverable amount of non financial assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs. An impairment loss is recognised when the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

All impairment losses in respect of non financial assets are recognized in the income statement and reversed only if there has been a change in the estimates used to determine the recoverable amount. Any impairment loss reversed is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

PROVISIONS

A provision is recognised in the balance sheet when the Bank has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Future operating costs are not provided for.

SHARE CAPITAL

Preference share capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a decrease in equity.

Dividends

The ability of the Bank to declare and pay dividends is subject to the rules and regulations of the Russian legislation.

Dividends in relation to ordinary shares are reflected as an appropriation of retained earnings in the period when they are declared.

TAXATION

Income tax comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.
Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit and temporary differences related to investments in subsidiaries and associates where the parent is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences, unused tax losses and credits can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

INCOME AND EXPENSE RECOGNITION

Interest income and expenses are recognized in the income statement as they accrue, taking into account the effective interest rate.

Other fees, commissions and other income and expense items are recognised when the corresponding service has been provided.

COMPARATIVE INFORMATION

Comparative information has been reclassified to conform to changes in presentation in the current year.

NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

A number of new Standards, amendments to Standards and Interpretations are not yet effective as at 31 December 2008, and have not been applied in preparing these financial statements. Of these pronouncements, potentially the following will have an impact on the Bank's financial statements. The Bank plans to adopt this pronouncement when it becomes effective. The Bank has not yet analysed the likely impact of this revised Standard on its financial statements.

- Revised IAS 1 "Presentation of Financial Statements" (2007) which becomes mandatory for the Bank's 2009 financial statements is expected to have a significant impact on the presentation of the 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.

4. NET INTEREST INCOME

RUR'000

	2008	2007
Interest income		
Placements with banks and other financial institutions	8 706	9 915
Interest expense		
Deposits and balances from banks and other financial institutions	(301)	(1 463)
Net interest income	**8 405**	**8 452**

5. FEE AND COMMISSION INCOME

RUR'000

	2008	2007
Money transfer transactions	2 240 332	1 331 796
Cash operations	1 078	397
Other	18	96
	2 241 428	**1 332 289**

6. FEE AND COMMISSION EXPENSE

RUR'000

	2008	2007
Money transfer transactions	1 441 839	977 206
Cash operations	15 527	23 879
Other	18	307
	1 457 384	**1 001 392**

7. NET FOREIGN EXCHANGE GAIN

RUR'000

	2008	2007
Gain on spot and forward foreign exchange transactions	194 847	60 811
(Loss)/gain from revaluation of financial assets and liabilities	(10 287)	3 085
	184 560	**63 896**

8. IMPAIRMENT ALLOWANCE

RUR'000

	2008	2007
Placements with banks and other financial institutions	15 405	3 856
Other assets	4 015	6 384
	19 420	**10 240**

9. GENERAL ADMINISTRATIVE EXPENSES

RUR'000

	2008 год	2007 год
Employee compensation	303 931	154 171
Rent	160 028	84 926
Advertising and marketing	142 738	78 754
Payroll related taxes	61 011	32 390
Security	52 052	21 185
Communications and information services	37 511	24 118
Depreciation of property and equipment and intangible assets	21 395	5 577
Materials	19 524	9 299
Repairs and maintenance	14 011	9 692
Professional services	7 905	3 569
Consulting and information expenses	6 797	2 807
Travel expenses	4 909	3 597
Software maintenance	4 680	2 222
Insurance	4 336	744
Transport	3 460	1 012
Taxes other than on income	3 140	30 946
Other operating expenses	7 145	8 377
	854 573	**473 386**

10. INCOME TAX (EXPENSE)/BENEFIT

RUR'000

	2008	2007
Current tax expense		
Current tax	(37 237)	-
Deferred tax benefit		
Effect of temporary differences and tax losses utilised	(3 425)	5 542
Total income tax (expense)/benefit recognized in the income statement	**(40 662)**	**5 542**

The Bank's applicable tax rate for current tax is 24% (2007: 24%). In November 2008 the Government of the Russian Federation made a decision to decrease the income tax rate from 24% to 20% starting from 1 January 2009. Thus, as at 31 December 2008 the deferred tax rate is 20% (31 December 2007: 24%).

Reconciliation of effective tax rate

	2008	%	2007	%
Income/(loss) before taxes	(104 778)		(78 325)	
Income tax (expense)/benefit at the applicable tax rate	25 147	24%	18 798	24%
Non-deductible costs	(15 016)	14.3%	(13 256)	16.9%
Change in the tax rate	(499)	0.5%	-	-
	(40 662)	**38.8%**	**5 542**	**7.1%**

11. DUE FROM THE CENTRAL BANK OF THE RUSSIAN FEDERATION

RUR'000

	2008	2007
Nostro accounts	90 913	51 998
Minimum reserve deposit	991	12 155
	91 904	**64 153**

The minimum reserve deposit is a mandatory non-interest bearing deposit calculated in accordance with regulations issued by the CBR and whose withdrawability is restricted. The nostro account represents the balances with the CBR related to settlement activity and was available for withdrawal at year end.

12. PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

RUR'000

	2008	2007
Not impaired or past due		
Nostro accounts		
OECD banks	211 615	39 389
30 largest Russian banks	144 634	171 794
Other foreign banks	54 434	115 904
Other Russian banks	34 742	68 844
Russian subsidiaries of foreign banks	2 560	-
Total nostro accounts	**447 985**	**395 931**
Loans and deposits		
30 largest Russian banks	150 014	80 062
Other Russian banks		135 026
Total loans and deposits	**150 014**	**215 088**

RUR'000

	2008	2007
Impaired or overdue		
Nostro accounts		
Other Russian banks	19 012	20 891
Other foreign banks	168	6 590
OECD banks	81	4 064
Impairment allowance	(19 261)	(3 856)
Net impaired nostro accounts	**-**	**27 689**
	597 999	**638 708**

As at 31 December 2008 impaired or overdue placements with banks and other financial institution comprise placements with banks and other financial institutions overdue more than 90 days of RUR 19 261 thousand (31 December 2007: RUR 31 545 thousand).

Concentration of placements with banks and other financial institutions

As at 31 December 2008 and 2007 the Bank had 3 counterparties, whose balances individually exceeded 10% of total placements with banks and other financial institutions. The gross values of these balances as at 31 December 2008 and 2007 were RUR 475 416 thousand and RUR 326 098 thousand, respectively.

Analysis of movements in the impairment allowance

RUR'000

	2008	2007
Balance at the beginning of the year	3 856	-
Net charge for the year	15 405	3 856
Balance at the end of the year	**19 261**	**3 856**

The Bank has estimated Nostro accounts impairment based on an analysis of the future cash flows and its past loss experience.

RUR'000

13. AVAILABLE-FOR-SALE ASSETS

	2008	2007
Promissory note	274	252
	274	**252**

Available-for-sale assets comprise the promissory note issued by AKB "FORA-BANK" on demand but not earlier than 1 January 2010. This promissory note is pledged under lease commitments.

14. PROPERTY AND EQUIPMENT

RUR'000

	Equipment	Fixtures and fittings	Motor vehicles	Computer software	Construction in progress	Total
Cost						
At 1 January 2008	14 870	55 902	8 319	5 701	6 663	91 455
Additions	14 316	73 771	3 101	3 102	1 281	95 571
Disposals	(402)	(2 889)	-	-	(4 119)	(7 410)
At 31 December 2008	**28 784**	**126 784**	**11 420**	**8 803**	**3 825**	**179 616**
Accumulated depreciation and amortization						
At 1 January 2008	(1 768)	(2 635)	(523)	(623)	-	(5 549)
Depreciation and amortization charge	(4 164)	(14 266)	(1 638)	(1 327)	-	(21 395)
Disposals	124	236	-	-	-	360
At 31 December 2008	**(5 808)**	**(16 665)**	**(2 161)**	**(1 950)**	**-**	**(26 584)**
Carrying value						
At 31 December 2008	**22 976**	**110 119**	**9 259**	**6 853**	**3 825**	**153 032**
At 31 December 2007	13 102	53 267	7 796	5 078	6 663	85 906
Cost						
At 1 January 2007	850	266	-	-	4 669	5 758
Additions	14 020	56 241	8 319	5 701	1 994	86 275
Disposals	-	(605)	-	-	-	(605)
At 31 December 2007	**14 870**	**55 902**	**8 319**	**5 701**	**6 663**	**91 455**
Accumulated depreciation and amortization						
At 1 January 2007	-	-	-	-	-	-
Depreciation and amortization charge	(1 768)	(2 663)	(523)	(623)	-	(5 577)
Disposals	-	28	-	-	-	28
At 31 December 2007	**(1 768)**	**(2 635)**	**(523)**	**(623)**	**-**	**(5 549)**
Carrying value						
At 31 December 2007	**13 102**	**53 267**	**7 796**	**5 078**	**6 663**	**85 906**

15. OTHER ASSETS

RUR'000

	2008	2007
Settlements with suppliers	39 567	33 337
Settlement with other debtors	6 982	5 315
Tax prepayment other than on income	415	-
Income tax prepayment	-	7 973
Impairment allowance	(10 399)	(6 384)
	36 565	40 241

Analysis of movements in the impairment allowance

RUR'000

	2008	2007
Balance at the beginning of the year	6 384	-
Net charge for the year	4 015	6 384
Balance at the end of the year	**10 399**	**6 384**

As at 31 December 2008, included in other assets are receivables of RUR 10 399 thousand (31 December 2007: RUR 1 177 thousand) overdue for more than 90 days but less than one year.

16. DEPOSITS AND BALANCES FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

RUR'000

	2008	2007
Vostro accounts	576 946	715 589
Term deposits	-	25 173
	576 946	**740 762**

Concentration of deposits and balances from banks and other financial institutions
As at 31 December 2008 the Bank had no counterparties, whose balances individually exceeded 10% of total deposits and balances from banks and other financial institutions. As at 31 December 2007 the Bank had 1 counterparty, whose balances exceeded 10% of total deposits and balances from banks and other financial institutions. The gross value of these balances as of 31 December 2007 was RUR 74 877 thousand.

17. OTHER LIABILITIES

RUR'000

	2008	2007
Unsettled money transfers	42 921	21 911
Income tax payable	12 378	-
Settlements with suppliers	9 075	8 311
Settlements with employees	8 931	867
Taxes other than on income payable	759	3 790
	74 064	34 879

18. DEFERRED TAX ASSETS

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes give rise to net deferred tax assets as of 31 December 2008 and 2007. These deferred tax assets have been recognised in these financial statements. The future tax benefits will only be realised if profits will be available against which the unused tax losses can be utilised and there are no changes to the law and regulations that adversely affect the Bank's ability to claim the deductions in future periods.
These deductible temporary differences, which have no expiry dates, are listed below at their tax effected accumulated values:

	Assets		Liabilities		Net	
RUR'000	2008	2007	2008	2007	2008	2007
Tax losses carried forward	-	5 023	-	-	-	5 023
Other liabilities	2 496	898	-	-	2 496	898
Total deferred tax assets	**2 496**	**5 921**	**-**	**-**	**2 496**	**5 921**

The tax rate applicable for deferred taxes is 20% (2007: 24%).
The above deductible temporary differences do not expire under current tax legislation. All temporary differences were recognized during the year in the income statement.

19. SHARE CAPITAL

Issued capital and share premium

The authorised, issued and outstanding share capital comprises 208 999 ordinary shares (2007: 208 999). All shares have a nominal value of RUR 1 000.
The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at annual and general meetings of the Bank.

20. RISK MANAGEMENT

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

Risk management policies and procedures

The Bank's risk management policies aim to identify, analyse and manage the risks faced by the Bank, 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 Board of Directors of the Bank 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 Bank is responsible for monitoring and implementation of risk mitigation measures and making sure that the Bank operates within the established risk parameters. The Head of the Risk Department of the Bank is responsible for the overall risk management and compliance 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 President of the Bank and indirectly to the Board of Directors.

The Asset and Liability Management Committee (ALCO) has been created within the Bank, which will formulate recommendations on attracting and placing funds while taking into account the necessary attraction timetables and currencies, and ensure the management of the Bank's structure of assets and liabilities, taking into consideration factors of yield, risk and liquidity.

Both external and internal risk factors are identified and managed throughout the Bank's organisational structure. Apart from the standard credit and market risk analysis, the Risk 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 Bank's income or the value of its portfolios. Market risks comprise currency risk, interest rate risk and other 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 ALCO, chaired by the President of Bank. Market risk limits are approved by the ALCO based on recommendations of the Risk Department's Market Risk Management Division.

The management of interest rate risk by monitoring interest rate gap is supplemented by monitoring the sensitivity of the Bank's net interest margin to various standard and non-standard interest rate movements scenarios.

Interest rate risk

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

The Bank 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.

An analysis of sensitivity of the Bank's net income/(loss) for the year and equity to interest rate repricing risk based on a simplified scenario of a 500 (2007: 100) basis points (bp) symmetrical fall or rise in all yield curves and positions of interest bearing assets and liabilities existing as at 31 December 2008 and 31 December 2007 is as follows:

2008, RUR'000	Net Income	Equity
500 bp parallel rise	5 544	5 544
500 bp parallel fall	(5 544)	(5 544)

2007, RUR'000	Net loss	Equity
100 bp parallel rise	1 443	1 443
100 bp parallel fall	(1 443)	(1 443)

Currency risk

The Bank 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. For further information on the Bank's exposure to currency risk at year end refer to Note 27.
An analysis of sensitivity of the Bank's net income/(loss) for the year and equity to interest rate repricing risk based on positions existing as at 31 December 2008 and 2007 and a simplified scenario of a 10% (2007: 5%) change in USD and Euro to Russian Rouble exchange rates is as follows:

2008, RUR'000	Net Income	Equity
10% appreciation of USD against RUR	(16)	(16)
10% depreciation of USD against RUR	16	16
10% appreciation of EUR against RUR	2 652	2 652
10% depreciation of EUR against RUR	(2 652)	(2 652)

2007, RUR'000	Net loss	Equity
5% appreciation of USD against RUR	122	122
5% depreciation of USD against RUR	(122)	(122)
5% appreciation of EUR against RUR	(49)	(49)
5% depreciation of EUR against RUR	49	49

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 Bank. The Bank 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 Bank's credit risk. The Bank's credit policy is reviewed and approved by the Management Board.

The main focus area for the placement of the Bank's free funds is inter-bank lending. In order to reduce its credit risk, the Bank places funds on the inter-bank lending market, with a bank-counterparty providing security in the form of a deposit of liquid securities or foreign currency. The Bank regularly monitors the condition of its inter-bank loans, and evaluates its counterparties' ability to pay. In addition to the analysis of individual clients, the Risk Department assesses the interbank loan portfolio as a whole with respect to the concentration of loans and market risks.

Liquidity risk

Liquidity risk is the risk that the Bank 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 Bank. 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 Bank 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 Bank's liquidity policy is reviewed and approved by the Management Board.

The Bank's procedure for managing liquidity consists of: analyzing cash flows, broken down according to major currencies, and calculating the necessary level of asset liquidity in connection with these cash flows; maintaining a diversified structure of sources of financing; managing the concentration and structure of borrowed funds; developing plans for attracting financing using borrowed funds; servicing the portfolio of highly liquid assets that can be easily sold as a protective measure in the event of a shortfall of cash liquidity; working out contingency plans for maintaining liquidity and the required level of financing; and ensuring control over the compliance of balance sheet indicators of the Bank's liquidity with established legal standards.

The Treasury Department receives information from the business units on the structure of the liquidity of their financial assets and liabilities, and of their planned receipts and anticipated write-offs. The Treasury then forms a corresponding payment calendar of liquid assets in order to provide the necessary liquidity level for the Bank as a whole.

The Treasury Department conducts daily monitoring of its payment position, and determines the Bank's current needs for liquid funds. When it is impossible to meet the Bank's needs for liquid funds, a Treasury employee promptly informs management in order to make a decision. Within the Bank, a system of measures for anti-crisis liquidity management has been developed. A decision on conducting anti-crisis liquidity management is taken by the Bank's management, with notification of the unit leaders and the Board of Directors. The transition to the Bank's normal liquidity management procedures takes place when the following results and conditions are achieved: liquidity standards are being observed by the Bank, with the absence of any serious threat of their violation, as confirmed by fact and forecast; the profitability of the Bank's economic activity has been restored, as confirmed by fact and forecast; the condition of financial markets is assessed as stable, and the markets' liquidity and the range of price and exchange rate fluctuations is at an acceptable level.

Decisions on the Bank's liquidity management are made by the ALCO and implemented by the Treasury Department.

The Bank also calculates mandatory liquidity ratios on a daily basis in accordance with the requirement of the CBR. The Bank was in compliance with these ratios during the years ended 31 December 2008 and 31 December 2007.

The following tables show the undiscounted cash flows on the Bank's financial liabilities on the basis of their earliest possible contractual maturity. The total gross amounts outflow disclosed in the tables are the contractual, undiscounted cash flows on the financial liabilities. The Bank's expected cash flows on these financial liabilities may vary significantly from this analysis.

The position of the Bank as at 31 December 2008 was as follows: *RUR'000*

	Demand and less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	More than 1 year	Total gross amount outflow	Carrying amount
Deposits and balances from banks and other financial institutions	576 946	-	-	-	-	576 946	576 946
Other liabilities	74 064	-	-	-	-	74 064	74 064
Total	**651 010**	**-**	**-**	**-**	**-**	**651 010**	**651 010**

The position of the Bank as at 31 December 2007 was as follows: *RUR'000*

	Demand and less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	More than 1 year	Total gross amount outflow	Carrying amount
Deposits and balances from banks and other financial institutions	740 788	-	-	-	-	740 788	740 762
Other liabilities	34 879	-	-	-	-	34 879	34 879
Total	**775 667**	**-**	**-**	**-**	**-**	**775 667**	**775 641**

For further information on the Bank's exposure to liquidity risk at year end refer to Note 26.

21. CAPITAL MANAGEMENT

The CBR 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 CBR banks have to maintain a ratio of capital to risk weighted assets ("statutory capital ratio") above the prescribed minimum level. As at 31 December 2008, this minimum level is 10%. The Bank was in compliance with the statutory capital ratio during the years ended 31 December 2008 and 31 December 2007.

22. OPERATING LEASES

Leases as lessee

The Bank leases a number of premises for cash desks and the Bank's offices under operating lease. All agreements for rent of premises for cash desks and the Bank's offices are signed for the period of 11 months. All operating leases liabilities can be cancelled unilaterally.

During the reporting year RUR 160 028 thousand was recognized in the income statement as a rent expense (2007: RUR 84 926 thousand).

23. CONTINGENCIES

Insurance

The insurance industry in the Russian Federation is in a developing state and many forms of insurance protection common in other parts of the world are not yet generally available. The Bank does not have full coverage for its premises and equipment, business interruption, or third party liability in respect of property or environmental damage arising from accidents on the Bank's property or relating to the Bank's operations. Until the Bank obtains adequate insurance coverage, there is a risk that the loss or destruction of certain assets could have a material adverse effect on the Bank's operations and financial position.

Litigation

Management is unaware of any significant actual, pending or threatened claims against the Bank.

Taxation contingencies

The taxation system in the Russian Federation is relatively new and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are often unclear, contradictory and subject to varying interpretation by different tax authorities. Taxes are subject to review and investigation by a number of authorities, which have the authority to impose severe fines, penalties and interest charges. A tax year remains open for review by the tax authorities during the three subsequent calendar years; however, under certain circumstances a tax year may remain open longer. Recent events within the Russian Federation suggest that the tax authorities are taking a more assertive position in their interpretation and enforcement of tax legislation.

These circumstances may create tax risks in the Russian Federation that are substantially more significant than in other countries. Management believes that it has provided adequately for tax liabilities based on its interpretations of applicable Russian tax legislation, official pronouncements and court decisions. However, the interpretations of the relevant authorities could differ and the effect on the financial position of the Bank, if the authorities were successful in enforcing their interpretations, could be significant.

24. RELATED PARTY TRANSACTIONS

Transactions with the members of the Board of Directors and the Management Board

Total remuneration included in employee compensation (refer Note 9) is as follows:

RUR'000

	2008	2007
Members of the Management Board	8 406	6 142
Member of the Board of Directors	1 141	801
	9 547	**6 943**

Transactions with other related parties

Other related parties as at 31 December 2008 and 31 December 2007 are parties under common control with the Bank: “UNIASTRUM BANK” (LLC), CJSC “Unibank”, UNISTREAM UK Limited and Unistream Cyprus Limited. The outstanding balances and the related average interest rates as of 31 December 2008 and 2007 and related income statement amounts of transactions for the year ended 31 December 2008 and 2007 with other related parties are as follows:

	2008 RUR’000	Average interest rate	2008 RUR’000	Average interest rate
Balance Sheet				
ASSETS				
Placements with banks and other financial institutions				
Nostro accounts	166 564	0.0%	167 611	0.0%
LIABILITIES				
Deposits and balances from banks and other financial institutions				
Term deposits	29 645	0.0%	-	-
Income Statement				
Interest income	604	-	-	-
Interest expense	50	-	734	-
Fee and commission income	438 458	-	234 023	-
Fee and commission expense	(438 458)	-	(234 023)	-

25. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows are composed of the following items:

RUR’000

	2008	2007
Cash	283 769	391 373
Placements with banks and other financial institutions – nostro accounts	447 919	395 931
Due from the Central Bank of the Russian Federation– nostro account	90 913	51 998
	822 601	**839 302**

26. MATURITY ANALYSIS

The following table shows assets and liabilities by remaining contractual maturity dates as at 31 December 2008.

RUR'000

	Less than 1 month	1 to 6 months	6 to 12 months	More than 1 year	No maturity	Total
ASSETS						
Cash	283 769	-	-	-	-	283 769
Due from the Central Bank of the Russian Federation	90 913	-	-	-	991	91 904
Placements with banks and other financial institutions	597 999	-	-	-	-	597 999
Available-for-sale assets	-	-	-	274	-	274
Property and equipment	-	-	-	-	153 032	153 032
Other assets	36 565	-	-	-	-	36 565
Deferred tax assets	-	-	-	-	2 496	2 496
Total assets	**1 009 246**	**-**	**-**	**274**	**156 519**	**1 166 039**
LIABILITIES						
Deposits and balances from banks and other financial institutions	576 946	-	-	-	-	576 946
Other liabilities	74 064	-	-	-	-	74 064
Total liabilities	**651 010**	**-**	**-**	**-**	**-**	**651 010**
Net position as at 31 December 2008	**358 236**	**-**	**-**	**274**	**156 519**	**515 029**

The following table shows assets and liabilities by remaining contractual maturity dates as at 31 December 2007.

RUR'000

	Less than 1 month	1 to 6 months	6 to 12 months	More than 1 year	No maturity	Total
ASSETS						
Cash	391 373	-	-	-	-	391 373
Due from the Central Bank of the Russian Federation	51 998	-	-	-	12 155	64 153
Placements with banks and other financial institutions	638 708	-	-	-	-	638 708
Available-for-sale assets	-	-	-	252	-	252
Property and equipment	-	-	-	-	85 906	85 906
Other assets	40 241	-	-	-	-	40 241
Deferred tax assets	-		-	-	5 921	5 921
Total assets	**1 122 320**	**-**	**-**	**252**	**103 982**	**1 226 554**
LIABILITIES						
Deposits and balances from banks and other financial institutions	740 762	-	-	-	-	740 762
Other liabilities	34 879	-	-	-	-	34 879
Total liabilities	**775 641**	**-**	**-**	**-**	**-**	**775 641**
Net position as at 31 December 2007	**346 679**	**-**	**-**	**252**	**103 982**	**450 913**

27. CURRENCY ANALYSIS

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

RUR'000

	RUR	USD	EUR	Other currencies	Total
ASSETS					
Cash	164 602	98 190	20 977	-	283 769
Due from the Central Bank of the Russian Federation	91 904	-	-	-	91 904
Placements with banks and other financial institutions	250 007	232 082	104 123	11 787	597 999
Available-for-sale assets	274	-	-	-	274
Property and equipment	153 032	-	-	-	153 032
Other assets	32 283	3 848	434	-	36 565
Deferred tax assets	2 496	-	-	-	2 496
Total assets	**694 598**	**334 120**	**125 534**	**11 787**	**1 166 039**
LIABILITIES					
Deposits and balances from banks and other financial institutions	173 333	316 426	87 162	25	576 946
Other liabilities	52 678	17 906	3 480	-	74 064
Total liabilities	**226 011**	**334 332**	**90 642**	**25**	**651 010**
Net position as at 31 December 2008	468 587	(212)	34 892	11 762	515 029

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

RUR'000

	RUR	USD	EUR	Other currencies	Total
ASSETS					
Cash	176 785	197 153	17 435	-	391 373
Due from the Central Bank of the Russian Federation	64 153	-	-	-	64 153
Placements with banks and other financial institutions	253 171	312 228	69 102	4 207	638 708
Available-for-sale assets	252	-	-	-	252
Property and equipment	85 906	-	-	-	85 906
Other assets	37 945	898	536	862	40 241
Deferred tax assets	5 921	-	-	-	5 921
Total assets	**624 133**	**510 279**	**87 073**	**5 069**	**1 226 554**
LIABILITIES					
Deposits and balances from banks and other financial institutions	155 669	497 914	87 141	38	740 762
Other liabilities	24 514	9 155	1 210	-	34 879
Total liabilities	**180 183**	**507 069**	**88 351**	**38**	**775 641**
Net position as at 31 December 2007	**443 950**	**3 210**	**(1 278)**	**5 031**	**450 913**

28. AVERAGE EFFECTIVE INTEREST RATES

The table below displays the Bank's interest bearing assets and liabilities as at 31 December 2008 and 2007 and their corresponding average effective interest rates as at that date. These interest rates are an approximation of the yields to maturity of these assets and liabilities.

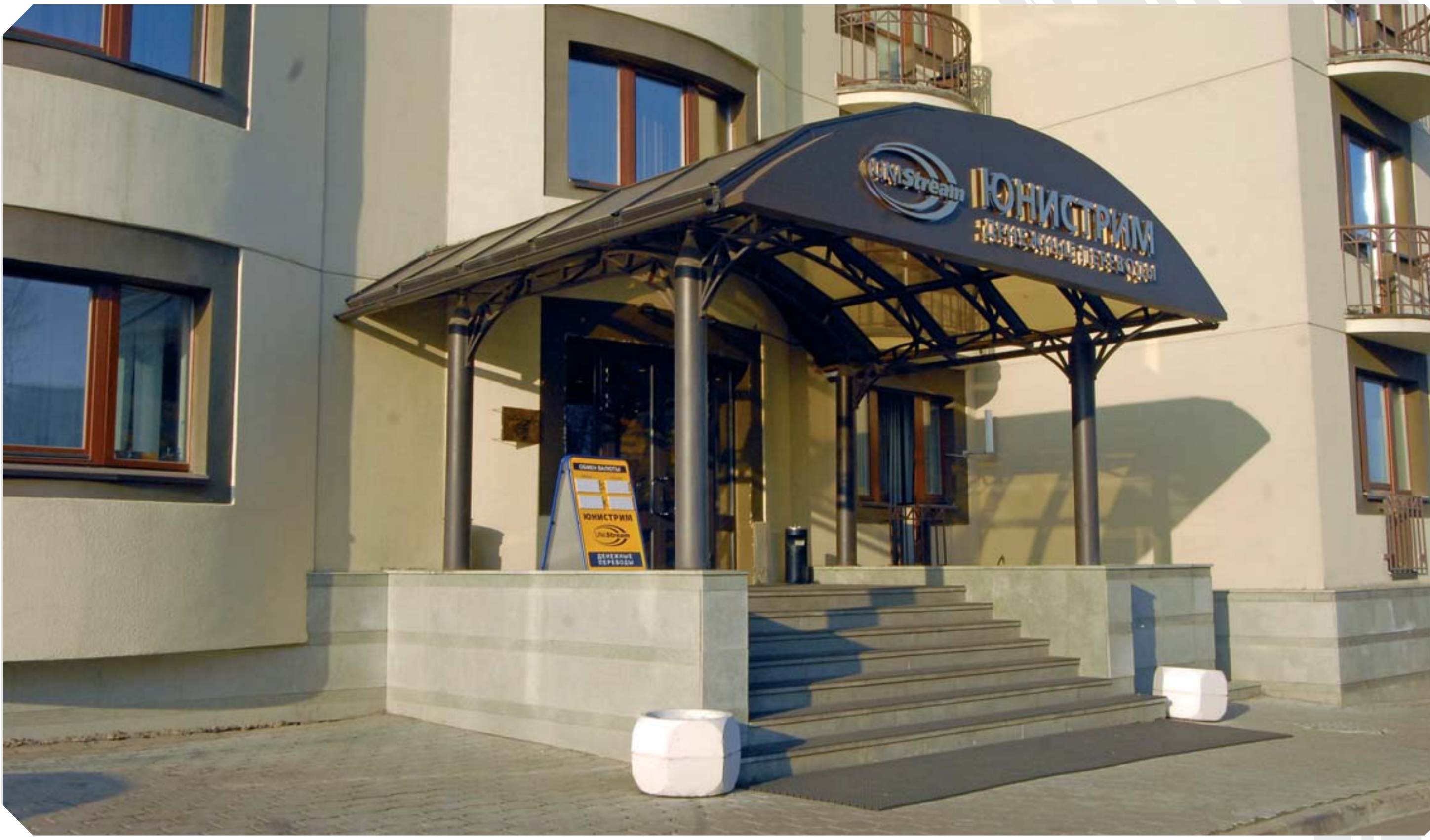
	Balance RUR'000	2008 Average effective interest rate	Balance RUR'000	2007 Average effective interest rate
Interest bearing assets				
Placement with banks and other financial institutions				
Nostro accounts				
- USD	232 082	0.2%	312 228	0%
- EUR	104 123	0.07%	69 102	0%
- RUR	99 993	0%	38 083	0%
- other currencies	11 787	0%	4 207	0%
Loans and deposits				0%
- RUR	150 014	7%	215 088	3.34%
Interest bearing liabilities				
Deposits and balances from banks and other financial institutions				
Term deposits				
- USD	-	-	-	-
- EUR	-	-	25 173	4.20%

29. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Bank estimated the fair value of its financial assets and liabilities in accordance with the requirements of IFRS 7 "Financial Instruments: Disclosures".

The estimated fair value of all financial assets and liabilities are calculated using discounted cash flow techniques based on estimated future cash flows and discount rates for similar instruments at the balance sheet date. Based on the assessment made, the Bank's management has concluded that fair values of financial instruments are not materially different from their current values.

The estimates of fair value are intended to approximate the amount for which a financial instrument could be exchanged between knowledgeable, willing parties in an arm's length transaction. However, given the uncertainties and the use of subjective judgment, the fair value should not be interpreted as being realisable in an immediate sale of the assets or settlement of liabilities.



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