UNISTREAM COMMERCIAL BANK (JSC)

Financial Statements

for the year ended 31 December 2009

Contents

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Independent Auditors' Report

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

We have audited the accompanying financial statements of UNISTREAM COMMERCIAL BANK (JSC) ("the Bank"), which comprise the statement of financial position as at 31 December 2009, and the statement of comprehensive income, statement of changes in 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 2009, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

ZAO KPMG

ZAO KPMG
11 June 2010

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 Cooperative ("KPMG International"), a Swiss entity.

	Notes	2009 RUR'000	2008 RUR'000
Interest income	4	8 596	8 706
Interest expense	4	(47)	(301)
Net interest income		**8 549**	**8 405**
Fee and commission income	5	2 093 332	2 241 428
Fee and commission expense	6	(1 300 251)	(1 472 832)
Net fee and commission income		**793 081**	**768 596**
Net foreign exchange income	7	200 082	200 008
Net gain on available-for-sale assets		25	22
Other operating (expenses) income		(3 955)	1 740
Operating income		**997 782**	**978 771**
Impairment recovery (losses)	8	1 881	(19 420)
General administrative expenses	9	(976 925)	(854 573)
Profit before taxes		**22 738**	**104 778**
Profit tax expense	10	(9 868)	(40 662)
Net profit		**12 870**	**64 116**
Total comprehensive income		**12 870**	**64 116**

The financial statements as set out on pages 4 to 33 were approved by the Management Board on 11 June 2010.

Acting Chairman of the Management Board
Kavun O.V.

Acting Chief Accountant
Mosina M.A

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

	Notes	2009 RUR'000	2008 RUR'000
ASSETS			
Cash		278 498	283 769
Due from the Central Bank of the Russian Federation	11	219 950	91 904
Placements with banks and other financial institutions	12	968 856	597 999
Available-for-sale assets	13	299	274
Property, equipment and intangible assets	14	160 010	153 032
Deferred tax assets	18	1 999	2 496
Other assets	15	23 543	36 565
Total assets		**1 653 155**	**1 166 039**
LIABILITIES			
Deposits and balances from banks and other financial institutions	16	1 059 109	576 946
Other liabilities	17	75 812	74 064
Total liabilities		**1 134 921**	**651 010**
EQUITY			
Share capital	19	208 999	208 999
Share premium		315 950	315 950
Accumulated losses		(6 715)	(9 920)
Total equity		**518 234**	**515 029**
Total liabilities and equity		**1 653 155**	**1 166 039**

The statement of financial position is to be read in conjunction with the notes to, and forming part of, the financial statements.

	Notes	2009 RUR'000	2008 RUR'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest receipts		8 501	8 714
Interest payments		(43)	(301)
Fee and commission receipts		2 093 332	2 241 428
Fee and commission payments		(1 300 251)	(1 472 832)
Net receipts (payments) from foreign exchange		216 547	210 295
Other income received		4 506	1 253
General administrative expenses paid		(935 196)	(829 249)
(Increase) decrease in operating assets			
Due from the Central Bank of the Russian Federation (excluding cash and cash equivalents)		(4 831)	11 164
Placements with banks and other financial institutions		(92 878)	77 284
Other assets		26 163	(3 269)
Increase (decrease) in operating liabilities			
Deposits and balances from banks and other financial institutions		511 436	(168 717)
Other liabilities		(3 995)	17 545
Net cash provided from operating activities before profit tax paid		**523 291**	**93 315**
Profit tax paid		(21 626)	(17 301)
Cash flows from operations		**501 665**	**76 014**
CASH FLOWS FROM INVESTING ACTIVITIES			
Net purchases of property and equipment		(47 131)	(88 161)
Cash flows used in investing activities		**(47 131)**	**(88 161)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(9 665)	-
Cash flows used in financing activities		**(9 665)**	-
Net increase (decrease) in cash and cash equivalents		**444 869**	**(12 147)**
Effect of changes in exchange rates on cash and cash equivalents		(44 042)	(4 554)
Cash and cash equivalents as at the beginning of the year		822 601	839 302
Cash and cash equivalents as at the end of the year	25	**1 223 428**	**822 601**

	Share capital RUR'000	Share premium RUR'000	Accumulated losses RUR'000	Total equity RUR'000
Balance as at 31 December 2007	**208 999**	**315 950**	**(74 036)**	**450 913**
Total comprehensive income				
Net profit	-	-	64 116	64 116
Total comprehensive income	-	-	**64 116**	**64 116**
Balance as at 31 December 2008	**208 999**	**315 950**	**(9 920)**	**515 029**
Total comprehensive income				
Net profit	-	-	12 870	12 870
Total comprehensive income	-	-	**12 870**	**12 870**
Dividends paid for 2008	-	-	(9 665)	(9 665)
Balance as at 31 December 2009	**208 999**	**315 950**	**(6 715)**	**518 234**

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

1 Background

Principal activities

UNISTREAM COMMERCIAL BANK (JSC) (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 20, Verhnyaya Maslovka str., bldg. 2, 127083, Moscow. The average number of people employed by the Bank during the reporting year is 863 (2008: 800).

Shareholders

	2009	2008
	Ownership, %	**Ownership, %**
Zakaryan G.T.	37.00	36.96
Piskov G.I.	37.00	36.96
AURORA RUSSIA LIMITED	26.00	26.00
"UNIASTRUM BANK" (LLC)	-	0.08
	100.00	**100.00**

Russian business environment

The Russian Federation is 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 are prepared in accordance with International Financial Reporting Standards ("IFRS").

Basis of measurement

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

Functional and presentation currency

The functional currency of the Bank is the Russian Rouble ("RUR") as, being the national currency of the Russian Federation, it reflects the economic substance of the majority of underlying events and circumstances relevant to the Bank.

The RUR is also the presentation currency for the purposes of these financial statements.

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

3 Significant accounting policies

The following significant accounting policies are consistently applied in the preparation of the financial statements. Changes in accounting policies are described at the end of this note.

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currency of the Bank at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period. Foreign currency differences arising on translation are recognised in profit or loss, except for differences arising on the translation of available-for-sale equity instruments or qualifying cash flow hedges, which are recognised in other comprehensive income.

Cash and cash equivalents

The Bank includes cash, nostro accounts with the CBR and nostro accounts with banks and other financial institutions in cash and cash equivalents. The mandatory 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 as at fair value through profit or loss.

The Bank may designate 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
- upon initial recognition designates as at fair value through profit or loss
- upon initial recognition designates as available-for-sale or,
- 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 the initial recognition. Derivative financial instruments and financial instruments designated as at fair value through profit or loss upon initial recognition are not reclassified out of at fair value through profit or loss category. Financial assets that would have met the definition of loan and receivables may be reclassified out of the fair value through profit or loss or available-for-sale category if the entity has an intention and ability to hold it for the foreseeble future or until maturity. Other financial instruments may be reclassified out of at fair value through profit or loss category only in rare circumstances. Rare circumstances arise from a single event that is unusual and highly unlikely to recur in the near term.

Recognition

Financial assets and liabilities are recognized in the statement of financial position 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 that are measured at amortized cost using the effective interest method
- held-to-maturity investments that are measured at amortized cost using the effective interest method
- 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 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 profit or loss. 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 reporting date without any deduction for transaction costs. Where a quoted market price is not available, fair value is determined using valuation techniques with a maximum use of market inputs. Such valuation techniques include reference to recent arm's length market transactions, current market prices of substantially similar instruments, discounted cash flow and option pricing models and other techniques commonly used by market participants to price the instrument.

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 reporting date for an instrument with similar terms and conditions. Where pricing models are used, inputs are based on market related measures at the reporting 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 reporting date taking into account current market conditions and the current creditworthiness of the counterparties and own credit risk.

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 profit or loss

- a gain or loss on an available-for-sale asset is recognized as other comprehensive income in equity (except for impairment losses and foreign exchange gains and losses on debt financial instruments available-for-sale) until the asset is derecognized, at which time the cumulative gain or loss previously recognised in equity is recognized in profit or loss. Interest in relation to an available-for-sale asset is recognized as earned in profit or loss using the effective interest method.

For financial assets and liabilities carried at amortized cost, a gain or loss is recognized in profit or loss 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 statement of financial position 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 profit or loss 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

Intangible assets

Intangible assets that 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 profit or loss 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 and other receivables (“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 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 Bank, or economic conditions that correlate with defaults in the Bank.

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 profit or loss 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 uncollectable, it is written off against the related loan impairment allowance. The Bank writes off a loan balance (and any related loan impairment allowances) when 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 profit or loss and can not be reversed.

Available-for-sale assets

Impairment losses on available-for-sale assets are recognised by transferring the cumulative loss that has been recognised in other comprehensive income to profit or loss as a reclassification adjustment. The cumulative loss that is reclassified from other comprehensive income to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in profit or loss. Changes in impairment provisions attributable to time value are reflected as a component of interest income.

For an investment in an equity security available-for-sale, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

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 goodwill is estimated at each reporting date. 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 profit or loss 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 statement of financial position 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.

A provision for restructuring is recognised when the Bank has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating costs are not provided for.

Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

Repurchase of 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 profit or loss except to the extent that it relates to items of other comprehensive income or transactions with shareholders recognised directly in equity, in which case it is recognised within other comprehensive income or directly within 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 reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided for all 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 reporting 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 expense are recognised in profit or loss using the effective interest method.

Loan origination fees, loan servicing fees and other fees that are considered to be integral to the overall profitability of a loan, together with the related transaction costs, are deferred and amortized to interest income over the estimated life of the financial instrument using the effective interest method.

Other fees, commissions and other income and expense items are recognised in profit or loss when the corresponding service is provided.

Dividend income is recognised in profit or loss on the date that the dividend is declared.

Changes in accounting policies

Starting from 1 January 2009 the Bank adopted the revised version of IAS 1 *Presentation of Financial Statements* (effective for annual periods beginning on or after 1 January 2009). As a result the income statement is replaced by a statement of comprehensive income that also includes all non-owner changes in equity, such as the revaluation of available-for-sale assets. The balance sheet is renamed to the statement of financial position and the cash flow statement is renamed to the statement of cash flows. According to the revised IAS 1, a statement of financial position at the beginning of the earliest comparative period is presented whenever the entity restates comparatives due to reclassifications, changes in accounting policies, or corrections of errors.

Various *Improvements to IFRSs* have been dealt with on a standard-by-standard basis.

Changes in presentation

The presentation of certain statement of comprehensive income captions relating to “Fee and commission expense” and “Net foreign exchange income” was changed as at 31 December 2008 to better present the nature of the underlying transactions. For consistency of presentation, prior year figures are reclassified. The effect of this change in presentation is as follows:

	Note	As adjusted RUR’000	Effect of reclassification RUR’000	As previously reported RUR’000
Fee and commission expense	6	(1 472 832)	(15 448)	(1 457 384)
Net foreign exchange income	7	200 008	15 448	184 560

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 2009, and are not applied in preparing these financial statements. Of these pronouncements, potentially the following will have an impact on the Bank’s operations. The Bank plans to adopt these pronouncements when they become effective. The Bank has not yet analysed the likely impact of these pronouncements on its financial statements.

- Revised IAS 24 *Related Party Disclosures* (2009) (effective for annual periods beginning on or after 1 January 2011) introduces an exemption from the basic disclosure requirements in relation to related party disclosures and outstanding balances, including commitments, for government-related entities. Additionally, the standard has been revised to simplify some of the presentation guidance that was previously non-reciprocal. The revised standard is to be applied retrospectively.
- IFRS 9 *Financial Instruments* will be effective for annual periods beginning on or after 1 January 2013. The new standard is to be issued in several phases and is intended to replace IAS 39 *Financial Instruments: Recognition and Measurement* once the project is completed by the end of 2010. The first phase of IFRS 9 was issued in November 2009 and relates to the recognition and measurement of financial assets. The Bank recognises that the new standard introduces many changes to the accounting for financial instruments and is likely to have a significant impact on the Bank’s financial statements. The impact of these changes will be analysed during the course of the project as further phases of the standard are issued.

Various *Improvements to IFRSs* which result in accounting changes for presentation, recognition or measurement purposes, will come into effect not earlier than 1 January 2010.

4 Net interest income

	2009 RUR'000	2008 RUR'000
Interest income		
Placements with banks and other financial institutions	8 596	8 706
Interest expense		
Deposits and balances from banks and other financial institutions	(47)	(301)
	8 549	**8 405**

5 Fee and commission income

	2009 RUR'000	2008 RUR'000
Money transfer transactions	2 092 286	2 240 332
Cash operations	1 046	1 078
Other	-	18
	2 093 332	**2 241 428**

6 Fee and commission expense

	2009 RUR'000	2008 RUR'000
Money transfer transactions	1 277 706	1 457 287
Cash operations	22 545	15 527
Other	-	18
	1 300 251	**1 472 832**

7 Net foreign exchange income

	2009 RUR'000	2008 RUR'000
Income on spot and forward foreign exchange transactions	216 547	210 295
Loss from revaluation of financial assets and liabilities	(16 465)	(10 287)
	200 082	**200 008**

8 Impairment recovery (losses)

	2009 RUR'000	2008 RUR'000
Placements with banks and other financial institutions	(1 858)	(15 405)
Other assets	3 739	(4 015)
	1 881	**(19 420)**

9 General administrative expenses

	2009 RUR'000	2008 RUR'000
Employee compensation	340 592	303 931
Advertising and marketing	182 158	142 738
Rent	181 559	160 028
Payroll related taxes	68 991	61 011
Security	60 778	52 052
Communications and information services	41 571	44 308
Depreciation and amortization	31 717	21 395
Software maintenance	14 701	4 680
Repairs and maintenance	10 414	14 011
Materials	9 228	19 524
Taxes other than profit tax	6 979	3 140
Transport	5 572	3 460
Professional services	4 660	7 905
Insurance	3 855	4 336
Travel expenses	3 683	4 909
Other operating expenses	10 467	7 145
	976 925	**854 573**

10 Profit tax expense

	2009 RUR'000	2008 RUR'000
Current tax expense		
Current year	(9 371)	(37 237)
Deferred tax expense		
Origination and reversal of temporary differences	(497)	(3 425)
Total profit tax expense	**(9 868)**	**(40 662)**

The applicable tax rate for current tax in 2009 is 20% (2008: 24%). In 2009 the Bank applied a 20% deferred tax rate (2008: 20%).

Reconciliation of effective tax rate:

	2009 RUR'000	%	2008 RUR'000	%
Profit before tax	22 738		104 778	
Profit tax at the applicable tax rate	(4 548)	20%	(25 147)	24%
Non-deductible costs	(5 320)	23.4%	(15 016)	14.3%
Change in tax rate	-	-	(499)	0.5%
	(9 868)	**43.4%**	**(40 662)**	**38.8%**

11 Due from the Central Bank of the Russian Federation

	2009 RUR'000	2008 RUR'000
Mandatory reserve deposit	5 822	991
Nostro accounts	214 128	90 913
	219 950	**91 904**

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

12 Placements with banks and other financial institutions

	2009 RUR'000	2008 RUR'000
Nostro accounts		
OECD banks	533 112	211 615
30 largest Russian banks	162 571	144 634
Other Russian banks	52 986	37 302
Other foreign banks	50 083	54 434
Total nostro accounts	**798 752**	**447 985**
Loans and deposits		
30 largest Russian banks	100 096	150 014
Other Russian banks	70 008	-
Total loans and deposits	**170 104**	**150 014**
Total placements with banks and other financial institutions	**968 856**	**597 999**
Impaired or overdue		
Other Russian banks	18 355	19 012
OECD banks	2 126	81
Other foreign banks	-	168
Impairment allowance	(20 481)	(19 261)
Net placements with banks and other financial institutions	**968 856**	**597 999**

As at 31 December 2009 and 2008 overdue or impaired placements with banks and other financial institutions comprise placements with banks overdue less than 90 days of RUR 2 126 thousand and RUR 19 261 thousand, respectively, and placements with banks and other financial institutions overdue for more than 360 days of RUR 18 355 thousand and nil, respectively.

Concentration of placements with banks and other financial institutions

As at 31 December 2009 and 2008 the Bank has 4 and 3 banks, respectively, whose balances exceed 10% of total placements with banks and other financial institutions. The gross value of these balances as of 31 December 2009 and 2008 are RUR 791 668 thousand and RUR 475 416 thousand, respectively.

Analysis of movements in the impairment allowance

	2009 RUR'000	2008 RUR'000
Balance at the beginning of the year	19 261	3 856
Net charge for the year	1 858	15 405
Write-offs	(638)	-
Balance at the end of the year	**20 481**	**19 261**

13 Available-for-sale assets

	2009 RUR'000	2008 RUR'000
Promissory note	299	274
	299	**274**

Available-for-sale assets comprise a 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, equipment and intangible assets

RUR'000	Equipment	Fixtures and fittings	Motor vehicles	Computer software	Construction in progress	Total
Cost						
At 1 January 2009	28 784	126 784	11 420	8 803	3 825	179 616
Additions	8 726	32 851	2 907	681	2 414	47 579
Disposals	(388)	(9 753)	(633)	-	-	(10 774)
Transfers	-	2 256	-	-	(2 256)	-
At 31 December 2009	**37 122**	**152 138**	**13 694**	**9 484**	**3 983**	**216 421**
Depreciation and amortization						
At 1 January 2009	(5 808)	(16 665)	(2 161)	(1 950)	-	(26 584)
Depreciation and amortization charge	(6 647)	(20 951)	(2 264)	(1 855)	-	(31 717)
Disposals	184	1 509	197	-	-	1 890
At 31 December 2009	**(12 271)**	**(36 107)**	**(4 228)**	**(3 805)**	**-**	**(56 411)**
Carrying value						
At 31 December 2009	**24 851**	**116 031**	**9 466**	**5 679**	**3 983**	**160 010**

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	69 652	3 101	3 102	1 281	91 452
Disposals	(402)	(2 889)	-	-	-	(3 291)
Transfers	-	4 119	-	-	(4 119)	-
At 31 December 2008	**28 784**	**126 784**	**11 420**	**8 803**	**3 825**	**179 616**
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**

15 Other assets

	2009 RUR'000	2008 RUR'000
Settlements with other debtors and suppliers	20 192	39 567
Settlements with employees	6 586	6 982
Profit tax prepayment	1 564	-
Tax receivable other than profit tax	1 449	415
Impairment allowance	(6 248)	(10 399)
	23 543	**36 565**

Analysis of movements in the impairment allowance

	2009 RUR'000	2008 RUR'000
Balance at the beginning of the year	10 399	6 384
Net (recovery) charge for the year	(3 739)	4 015
Write-offs	(412)	-
Balance at the end of the year	**6 248**	**10 399**

As at 31 December 2009 and 2008, included in other assets are receivables overdue for more than 90 days but less than one year of RUR 4 590 thousand and RUR 10 399 thousand, respectively.

16 Deposits and balances from banks and other financial institutions

	2009 RUR'000	2008 RUR'000
Vostro accounts	1 024 394	576 946
Term deposits	34 715	-
	1 059 109	**576 946**

Concentration of deposits and balances from banks and other financial institutions

As at 31 December 2009 and 2008 the Bank has 1 and no banks, respectively, whose balances exceed 10% of total deposits and balances from banks and other financial institutions. The gross value of these balances as of 31 December 2009 is RUR 252 234 thousand.

17 Other liabilities

	2009 RUR'000	2008 RUR'000
Unsettled money transfers	56 542	42 921
Settlements with suppliers	11 478	9 075
Settlements with employees	5 427	8 931
Profit tax payable	1 687	12 378
Taxes payable other than profit tax	678	759
	75 812	**74 064**

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 2009 and 2008. These deferred tax assets are 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	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**
Other liabilities	1 999	2 496	-	-	1 999	2 496
Total deferred tax assets	**1 999**	**2 496**	**-**	**-**	**1 999**	**2 496**

The tax rate applicable for deferred taxes is 20%.

All temporary differences are recognized during the year in profit or loss.

19 Share capital

Issued capital and share premium

The authorised, issued and outstanding share capital comprises 208 999 ordinary shares (2008: 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.

Dividends

During the year ended 31 December 2009 the Bank declared and paid dividends of RUR 9 665 thousand. During the year ended 31 December 2008 the Bank did not declare dividends.

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, credit risk and liquidity risk.

Risk management policies and procedures

The 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 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 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 Risk Department 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 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 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 income or the value of portfolios. Market risk comprises currency risk, interest rate risk and other price risks. 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, which is chaired by the President of the 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 the interest rate gap is supplemented by monitoring the sensitivity of 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 income or the value 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.

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.

An analysis of sensitivity of profit or loss and equity to changes in interest rate repricing risk based on a simplified scenario of a 500 basis point (bp) symmetrical fall or rise in all yield curves and positions of interest bearing assets and liabilities existing as at 31 December 2009 and 2008 is as follows:

	2009		2008	
	Profit RUR'000	Equity RUR'000	Profit RUR'000	Equity RUR'000
500 bp parallel rise	5 190	5 190	5 544	5 544
500 bp parallel fall	(5 190)	(5 190)	(5 544)	(5 544)

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 exposure to currency risk at year end refer to note 27.

An analysis of sensitivity of profit or loss and equity to changes in the foreign currency exchange rates based on positions existing as at 31 December 2009 and 2008 and a simplified scenario of a 10% change in USD and Euro to Russian Rouble exchange rates is as follows:

	2009		2008	
	Profit RUR'000	Equity RUR'000	Profit RUR'000	Equity RUR'000
10% appreciation of USD against RUR	2 923	2 923	(16)	(16)
10% depreciation of USD against RUR	(2 923)	(2 923)	16	16
10% appreciation of EUR against RUR	(371)	(371)	2 652	2 652
10% depreciation of EUR against RUR	371	371	(2 652)	(2 652)

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 policies and procedures for the management of credit exposures, including guidelines to limit portfolio concentration and the establishment of a Credit Committee, which actively monitors credit risk. The credit policy is reviewed and approved by the Management Board.

The main focus area for the placement of 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 liquidity management. 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 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 with regulatory requirements.

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 Department 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 Department employee promptly informs management. 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 management, with notification of the unit leaders and the Board of Directors. The transition to normal liquidity management procedures takes place when the following results and conditions are achieved: regulatory requirements 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 economic activity has been restored, as confirmed by fact and forecast; the condition of financial markets is assessed as stable, and market liquidity and the range of price and exchange rate fluctuations is at an acceptable level.

Decisions on 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 requirements of the CBR.

The mandatory liquidity ratios are as follows:

- current liquidity ratio (N3) is the ratio of liquid assets to liabilities maturing within 30 calendar days
- long-term liquidity ratio (N4) is the ratio of assets maturing after one year to the sum of capital and liabilities maturing after one year.

As at 31 December 2009 and 2008, these ratios are as follows:

	2009, %	**2008, %**
N3 “Current Liquidity Ratio” (minimum 50%)	128.9	153.6
N4 “Long-Term Liquidity Ratio” (maximum 120%)	0.0	0.1

The Bank is in compliance with these ratios during the years ended 31 December 2009 and 2008.

The following tables show the undiscounted cash flows on financial assets and liabilities on the basis of their earliest possible contractual maturity. The total gross inflow and outflow amounts disclosed in the tables is the contractual, undiscounted cash flow on the financial asset, liability or commitment.

The liquidity position as at 31 December 2009 is 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 inflow/ (outflow)**	**Carrying amount**
ASSETS							
Cash	278 498	-	-	-	-	278 498	278 498
Due from the Central Bank of the Russian Federation	219 950	-	-	-	-	219 950	219 950
Placements with banks and other financial institutions	969 103	-	-	-	-	969 103	968 856
Available-for-sale assets	299	-	-	-	-	299	299
Total assets	**1 467 850**	**-**	**-**	**-**	**-**	**1 467 850**	**1 467 603**
LIABILTIES							
Deposits and balances from banks and other financial institutions	(1 059 116)	-	-	-	-	(1 059 116)	(1 059 109)
Total liabilities	**(1 059 116)**	**-**	**-**	**-**	**-**	**(1 059 116)**	**(1 059 109)**
Net position	**408 734**	**-**	**-**	**-**	**-**	**408 734**	**408 494**

The liquidity position as at 31 December 2008 is 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 inflow/ (outflow)	Carrying amount
LIABILITIES							
Deposits and balances from banks and other financial institutions	(576 946)	-	-	-	-	(576 946)	(576 946)
Total	**(576 946)**	**-**	**-**	**-**	**-**	**(576 946)**	**(576 946)**

For further information on the 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 2009, this minimum level is 10%. The Bank is in compliance with the statutory capital ratio during the years ended 31 December 2009 and 2008.

22 Operating leases

Leases as lessee

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

During 2009 and 2008 RUR 181 559 thousand and RUR 160 028 thousand, respectively, is recognised as an expense in profit or loss in respect of operating leases.

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 Bank's property or relating to 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 operations and financial position.

Litigation

In the ordinary course of business, the Bank is subject to legal actions and complaints. Management believes that the ultimate liability, if any, arising from such actions or complaints will not have a material adverse effect on the financial condition or the results of future operations.

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 who 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 to note 9):

	2009 RUR'000	2008 RUR'000
Members of the Board of Directors	1 644	1 141
Members of the Management Board	10 197	8 406
	11 841	**9 547**

Transactions with other related parties

Other related parties as at 31 December 2009 and 2008 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 2009 and 2008 and related statement of comprehensive income amounts of transactions for the years ended 31 December 2009 and 2008 with other related parties are as follows:

	2009 RUR'000	Average interest rate	2008 RUR'000	Average interest rate
Statement of financial position				
ASSETS				
Placements with banks and other financial institutions				
Nostro accounts	204 103	0.00%	166 564	0.00%
LIABILITIES				
Deposits and balances from banks and other financial institutions				
Vostro accounts	69 702	0.00%	-	-
Term deposits	-	-	29 645	0.00%

	2009 RUR'000	Average interest rate	2008 RUR'000	Average interest rate
Statement of comprehensive income				
Interest income	-	-	604	-
Interest expense	-	-	50	-
Fee and commission income	333 065	-	438 458	-
Fee and commission expense	(333 065)	-	(438 458)	-

25 Cash and cash equivalents

Cash and cash equivalents as of 31 December 2009 and 2008 as shown in the statement of cash flows are composed of the following items:

	2009 RUR'000	2008 RUR'000
Cash	278 498	283 769
Placements with banks – nostro accounts	730 802	447 919
Due from the Central Bank of the Russian Federation – nostro accounts	214 128	90 913
	1 223 428	**822 601**

26 Maturity analysis

The following table shows assets and liabilities by remaining contractual maturity dates as at 31 December 2009.

ASSETS	Less than 1 month RUR'000	1 to 6 months RUR'000	6 to 12 tmonths RUR'000	More than 1 year RUR'000	No maturity RUR'000	Total RUR'000
Cash	278 498	-	-	-	-	278 498
Due from the Central Bank of the Russian Federation	219 950	-	-	-	-	219 950
Placements with banks and other financial institutions	968 856	-	-	-	-	968 856
Available-for-sale assets	299	-	-	-	-	299
Property, equipment and intangible assets	-	-	-	-	160 010	160 010
Deferred tax asset	-	-	-	-	1 999	1 999
Other assets	18 187	1 683	3 673	-	-	23 543
Total assets	**1 485 413**	**1 683**	**3 673**	**-**	**162 009**	**1 653 155**
LIABILITIES						
Deposits and balances from banks and other financial institutions	1 059 109	-	-	-	-	1 059 109
Other liabilities	73 526	2 286	-	-	-	75 812
Total liabilities	**1 132 635**	**2 286**	**-**	**-**	**-**	**1 134 921**
Net position as at 31 December 2009	**352 778**	**(603)**	**3 673**	**-**	**162 009**	**518 234**

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

ASSETS	Less than 1 month RUR'000	1 to 6 months RUR'000	6 to 12 tmonths RUR'000	More than 1 year RUR'000	No maturity RUR'000	Total RUR'000
Cash	283 769	-	-	-	-	283 769
Due from the Central Bank of the Russian Federation	91 904	-	-	-	-	91 904
Placements with banks and other financial institutions	597 999	-	-	-	-	597 999
Available-for-sale assets	-	-	-	274	-	274
Property, equipment and intangible assets	-	-	-	-	153 032	153 032
Deferred tax asset	-	-	-	-	2 496	2 496
Other assets	36 565	-	-	-	-	36 565
Total assets	**1 010 237**	**-**	**-**	**274**	**155 528**	**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	**359 227**	**-**	**-**	**274**	**155 528**	**515 029**

Due to the fact that substantially all the financial instruments are fixed rated contracts, these remaining contractual maturity dates also represent the contractual interest rate repricing dates.

The amounts in this table represent the carrying amounts of the assets and liabilities as at the reporting date and do not include future interest payments.

27 Currency analysis

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

	RUR RUR'000	USD RUR'000	EUR RUR'000	Other currencies RUR'000	Total RUR'000
ASSETS					
Cash	128 828	116 205	33 465	-	278 498
Due from the Central Bank of the Russian Federation	219 950	-	-	-	219 950
Placements with banks and other financial institutions	280 101	565 571	105 913	17 271	968 856
Available-for-sale assets	299	-	-	-	299
Property, equipment and intangible assets	160 010	-	-	-	160 010
Deferred tax asset	1 999	-	-	-	1 999
Other assets	22 688	578	277	-	23 543
Total assets	**813 875**	**682 354**	**139 655**	**17 271**	**1 653 155**
LIABILITIES					
Deposits and balances from banks and other financial institutions	264 491	651 595	141 068	1 955	1 059 109
Other liabilities	57 197	15 391	3 224	-	75 812
Total liabilities	**321 688**	**666 986**	**144 292**	**1 955**	**1 134 921**
Net balance sheet position as of 31 December 2009	**492 187**	**15 368**	**(4 637)**	**15 316**	**518 234**
Net off balance sheet position as of 31 December 2009	**(21 161)**	**21 171**	**-**	**-**	**10**
Net position as of 31 December 2009	**471 026**	**36 539**	**(4 637)**	**15 316**	**518 244**

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

	RUR RUR'000	USD RUR'000	EUR RUR'000	Other currencies RUR'000	Total RUR'000
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, equipment and intangible assets	153 032	-	-	-	153 032
Deferred tax asset	2 496	-	-	-	2 496
Other assets	32 283	3 848	434	-	36 565
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 of 31 December 2008	**468 587**	**(212)**	**34 892**	**11 762**	**515 029**

28 Average effective interest rates

The table below displays the interest bearing assets and liabilities as at 31 December 2009 and 2008 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	2009 Average effective interest rate	Balance RUR'000	2008 Average effective interest rate
Interest bearing assets				
Placements with banks and other financial institutions				
Nostro accounts				
- USD	565 571	0.08%	232 082	0.20%
- EUR	105 913	0.51%	104 123	0.07%
- RUR	109 997	0.00%	99 993	0.00%
- other currencies	17 271	0.71%	11 787	0.00%
Loans and deposits				
- RUR	170 104	4.59%	150 014	7.00%
Interest bearing liabilities				
Deposits and balances from banks and other financial institutions				
Term deposits				
- EUR	34 715	0.65%	-	-

29 Fair value of financial instruments

The Bank estimates 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 reporting date.

Based on the assessment made, management concluded that fair values of financial instruments are not materially different from their carrying 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.

30 Events after reporting date

On 15 December 2009 management made a decision to optimize its network. In this process, 129 cash-desks are planned be closed in 2010.