Bank of Moscow

Group of Joint Stock Commercial Bank
Bank of Moscow
(Open Joint Stock Company)

Interim Consolidated Financial Statements
for the Six Months Ended 30 June 2009
together with
Independent Auditor's Review Report

Moscow

2009

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BDO Unicon
Auditors and Consultants

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Auditors and Consultants

Closed joint-stock company

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Review Report on Interim Consolidated Financial Statements

To the Shareholders and the Board of Directors of Joint Stock Commercial Bank – Bank of Moscow (Open Joint Stock Company)

Introduction

We have reviewed the accompanying interim consolidated balance sheet of the Group of Joint Stock Commercial Bank – Bank of Moscow (Open Joint Stock Company) as at 30 June 2009, the interim consolidated statement of income, interim consolidated statement of cash flows and interim consolidated statement of changes in equity for the six months then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim consolidated financial statements in accordance with International Financial Reporting Standards. Our responsibility is to express an opinion on these interim consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review is primarily limited of making inquiries of personnel of the Group of Joint Stock Commercial Bank – Bank of Moscow (Open Joint Stock Company) and performing analytical procedures in relation to financial data, therefore a review provides less assurance than audit. We have not performed an audit, accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements do not present fairly, in all material respects, the financial position of the Group of Joint Stock Commercial Bank – Bank of Moscow (Open Joint Stock Company) as at 30 June 2009, and its financial performance and its cash flows for the six months then ended in accordance with International Financial Reporting Standards.

Alexander Verenkov
FCCA
Partner

14 September 2009

BDO Unicon
Moscow, Russian Federation

Statement of Management's Responsibilities for the Preparation and Approval of Interim Consolidated Financial Statements for the Six Months Ended 30 June 2009

The following statement, which should be read in conjunction with the independent auditor's responsibilities stated in the independent auditor's review report, is made with a view to distinguishing the respective responsibilities of management and those of the independent auditor in relation to the interim consolidated financial statements of Joint Stock Commercial Bank – Bank of Moscow and its subsidiaries (the Group).

Management is responsible for the preparation of the interim consolidated financial statements that present fairly the financial position of the Group as at 30 June 2009, the results of its operations and cash flows for the six months then ended, in accordance with International Financial Reporting Standards (IFRS).

In preparing the interim consolidated financial statements, management is responsible for:

- Selecting suitable accounting principles and applying them consistently;
- Making judgments and estimates that are reasonable and prudent;
- Stating whether IFRS have been followed, subject to any material departures disclosed and explained in the interim consolidated financial statements; and
- Preparing the interim consolidated financial statements on a going concern basis, unless it is inappropriate to presume that the Group will continue in business for the foreseeable future.

Management is also responsible for:

- Designing, implementing and maintaining an effective and sound system of internal controls throughout the Group;
- Maintaining proper accounting records that disclose, with reasonable accuracy at any time, the financial position of the Group, and which enable them to ensure that the interim consolidated financial statements of the Group comply with IFRS;
- Maintaining statutory accounting records in compliance with legislation and accounting standards of the Russian Federation; and
- Taking such steps as are reasonably available to them to safeguard the assets of the Group; and detecting and preventing fraud and other irregularities.

On behalf of the Group's management the interim consolidated financial statements for the six months ended 30 June 2009 were authorized for issue on 14 September 2009 by:

D.V. Akulinin
First Executive Vice-President

L.N. Davydova
Chief Accountant

Bank of Moscow OJSC
14 September 2009

(in thousands of Russian Roubles)

	Note	30 June 2009	31 December 2008
Assets			
Cash and cash equivalents	5	92 377 131	133 268 662
Mandatory cash balances with central banks		1 994 953	1 162 092
Financial assets at fair value through profit or loss	6	49 801 175	35 411 892
Due from other banks	7	111 890 618	74 337 103
Loans to customers	8	525 257 773	516 563 769
Financial assets available for sale	9	13 124 363	10 644 540
Investments held to maturity	10	993 304	959 716
Investments in associates and non-consolidated subsidiaries	11	3 757 711	3 965 609
Premises and equipment and intangible assets		18 997 351	19 255 617
Other assets	12	5 397 860	5 334 292
Current tax assets		368 869	467 521
Deferred tax assets		10 786	14 544
Total assets		**823 971 894**	**801 385 357**
Liabilities			
Due to other banks	13	175 812 888	214 923 626
Customer accounts	14	482 122 490	406 540 962
Financial liabilities at fair value through profit or loss	6	1 512 239	10 922 808
Debt securities issued	15	92 559 416	91 715 230
Other liabilities	16	2 202 862	7 970 954
Current tax liabilities		7 360	28 013
Deferred tax liabilities		1 600 361	1 633 346
Total liabilities		**755 817 616**	**733 734 939**
Equity			
Share capital	18	16 212 704	16 212 704
Share premium		16 191 261	16 191 261
Fair value reserve for financial assets available for sale		(6 172)	2 478
Revaluation reserve for premises and equipment		5 351 783	5 371 156
Accumulated exchange differences		9 542	149 419
Retained earnings		30 047 975	29 397 886
Equity attributable to the shareholders of the parent Bank		**67 807 093**	**67 324 904**
Minority interest	17	**347 185**	**325 514**
Total equity		**68 154 278**	**67 650 418**
Total liabilities and equity		**823 971 894**	**801 385 357**

D.V. Akulinin
First Executive Vice-President

14 September 2009

L.N. Davydova
Chief Accountant

Group of Joint Stock Commercial Bank - Bank of Moscow (Open Joint Stock Company)
Interim Consolidated Statement of Income for the Six Months Ended 30 June 2009
(in thousands of Russian Roubles)

	Note	For the six months ended 30 June 2009	For the six months ended 30 June 2008
Interest income	19	40 690 879	26 526 905
Interest expense	19	(27 184 932)	(13 987 418)
Net interest income		**13 505 947**	**12 539 487**
Provision for impairment of due from other banks and loans to customers	7, 8	(11 410 544)	(2 569 909)
Net interest income after provision for impairment of due from other banks and loans to customers		**2 095 403**	**9 969 578**
Gains less losses arising from financial assets at fair value through profit or loss		2 954 393	(874 735)
Gains less losses arising from financial liabilities at fair value through profit or loss		(496 813)	(90 377)
Gains less losses arising from financial assets available for sale		(2 841)	59 784
Gains less losses from dealing in foreign currencies and precious metals		1 248 083	2 072 187
Gains less losses from revaluation of foreign currency and precious metals		(1 355 680)	(1 482 790)
Fee and commission income	20	4 497 052	3 847 875
Fee and commission expense	20	(701 537)	(687 955)
Dividends received		3 206	11 892
Provision for impairment of financial assets available for sale	9	(130 059)	(9 662)
Provision for impairment of other assets	12	(279 396)	(299)
Provision for impairment of investments held to maturity	10	(3 792)	-
Net income		**7 828 019**	**12 815 498**
General and administrative expenses	21	(7 108 457)	(6 595 611)
Contributions to the Deposit Insurance Fund		(300 046)	(314 704)
Other operating income less expenses		894 322	600 429
Operating income		**1 313 838**	**6 505 612**
Share in net profit of associates	11	(204 054)	42 803
Net share in other movements in equity of non-consolidated subsidiaries		(3 883)	(6 839)
Net loss / (gain) on acquisition and sale of subsidiaries and associates	24	(8 613)	42 122
Profit before taxation		**1 097 288**	**6 583 698**
Income tax expense		(441 933)	(1 340 463)
Net profit		**655 355**	**5 243 235**
Net profit for the six months attributable to the shareholders of the parent Bank		650 089	5 221 583
Net profit attributable to minority interest	17	5 266	21 652
Basic earnings per share (EPS) (RUR per share)	**22**	**4.73**	**40.17**

D.V. Akulinin
First Executive Vice-President

L.N. Davydova
Chief Accountant

14 September 2009

The notes set out on pages 11 to 58 are an integral part of these interim consolidated financial statements.

(in thousands of Russian Roubles)

	For the six months ended 30 June 2009	For the six months ended 30 June 2008
Cash flows from operating activities		
Interest received	38 118 546	24 196 289
Interest paid	(29 498 811)	(11 882 836)
Gains less losses arising from financial assets at fair value through profit or loss	919 421	(938 676)
Gains less losses from dealing in foreign currencies and precious metals	1 248 083	2 072 187
Fees and commissions received	3 877 539	3 847 875
Fees and commissions paid	(701 537)	(687 955)
General and administrative expenses paid, other net operating income received less expenses, contributions to the Deposit Insurance Fund	(5 945 991)	(5 924 046)
Income tax paid	(391 014)	(1 715 561)
Cash flows from operating activities before changes in operating assets and liabilities	**7 626 236**	**8 967 277**
Net (increase)/decrease in operating assets		
Mandatory cash balances with central banks	(832 861)	(4 366 434)
Financial assets at fair value through profit or loss	(12 245 363)	4 845 116
Due from other banks	(41 054 426)	(38 359 701)
Loans to customers	(21 463 091)	(79 896 202)
Other assets	278 107	(1 159 679)
Net increase/(decrease) in operating liabilities		
Due to other banks	(42 543 354)	30 188 126
Customer accounts	78 714 698	33 419 726
Financial liabilities at fair value through profit or loss	-	535 700
Debt securities issued (excluding eurobonds)	(554 661)	10 876 970
Other liabilities	(5 915 179)	(195 693)
Net cash flows from operating activities	**(37 989 894)**	**(35 144 794)**
Cash flows from investing activities		
Acquisition of subsidiaries and associates	(256 093)	(11 902)
Disposal of associates (Note 24)	5	-
Acquisition of financial assets available for sale (Note 9)	(3 295 238)	(1 634 719)
Redemption of financial assets available for sale (Note 9)	506 113	-
Proceeds from sale of financial assets available for sale (Note 9)	218 669	411 049
Acquisition of investments held to maturity (Note 10)	231 164	-
Redemption of investments held to maturity (Note 10)	(402 273)	-
Increase in cash and cash equivalents on acquisition of the subsidiary bank	-	109 910
Purchase of premises and equipment	(406 984)	(486 944)
Proceeds from sale of premises and equipment	421	646
Dividends received	3 206	11 892
Net cash flows from investing activities	**(3 401 010)**	**(1 600 068)**

(in thousands of Russian Roubles)

	For the six months ended 30 June 2009	For the six months ended 30 June 2008
Cash flows from financing activities		
Eurobonds issued by the Bank	-	3 560 019
Dividends paid (Note 23)	(25)	-
Net cash flows from financing activities	**(25)**	**3 560 019**
Effect of exchange rate changes on cash and cash equivalents	499 398	(77 156)
Net change in cash and cash equivalents	**(40 891 531)**	**(33 261 999)**
Cash and cash equivalents at 31 December (Note 5)	**133 268 662**	**63 920 118**
Cash and cash equivalents at 30 June (Note 5)	**92 377 131**	**30 658 119**

D.V. Akulinin
First Executive Vice-President

14 September 2009

L.N. Davydova
Chief Accountant

(in thousands of Russian Roubles)

	Note	Equity attributable to the shareholders of the parent Bank						Minority interest	Total equity
		Share capital	Share premium	Fair value reserve for financial assets available for sale	Revaluation reserve for premises and equipment	Accumulated exchange differences	Retained earnings		
Balance as at 31 December 2008		16 212 704	16 191 261	2 478	5 371 156	149 419	29 397 886	325 514	67 650 418
Revaluation at fair value of financial assets available for sale	9	-	-	(9 481)	-	-	-	-	(9 481)
Deferred tax on fair value reserve for financial assets available for sale		-	-	831	-	-	-	-	831
Exchange differences		-	-	-	(19 373)	(139 877)	-	8 727	(150 523)
Net profit for the six months ended 30 June 2009		-	-	-	-	-	650 089	5 266	655 355
Change in minority interest due to acquisition of subsidiaries	17	-	-	-	-	-	-	7 678	7 678
Balance as at 30 June 2009		16 212 704	16 191 261	(6 172)	5 351 783	9 542	30 047 975	347 185	68 154 278

D.V. Akulinin
First Executive Vice-President

14 September 2009

L.N. Davydova
Chief Accountant

The notes set out on pages 11 to 58 are an integral part of these interim consolidated financial statements.

Group of Joint Stock Commercial Bank - Bank of Moscow (Open Joint Stock Company)
Interim Consolidated Statement of Changes in Equity for the Six Months Ended 30 June 2008
(in thousands of Russian Roubles)

		Equity attributable to the shareholders of the parent Bank								
	Note	Share capital	Share premium	Treasury shares	Fair value reserve for financial assets available for sale	Revaluation reserve for premises and equipment	Accumulated exchange differences	Retained earnings	Minority interest	Total equity
Balance as at 31 December 2007		15 476 839	8 642 176	(11 483)	5 710	314 317	(113 986)	22 852 385	1 429 045	48 595 003
Revaluation at fair value of financial assets available for sale	9	-	-	-	(4 769)	-	-	-	-	(4 769)
Depreciation of revaluation reserve for premises and equipment		-	-	-	-	(1 521)	-	2 002	-	481
Revaluation of premises and equipment less deferred taxation		-	-	-	-	201	-	-	-	201
Exchange differences arising from translation of investments in foreign subsidiary banks		-	-	-	-	-	(12 880)	-	-	(12 880)
Disposal of treasury shares		-	-	11 483	-	-	-	-	-	11 483
Net profit for the six months ended 30 June 2008		-	-	-	-	-	-	5 221 583	21 652	5 243 235
Dividends declared for the year 2007	23	-	-	-	-	-	-	(232 420)	-	(232 420)
Transfer from non-consolidated subsidiaries to consolidated subsidiaries		-	-	-	-	-	-	1 805	-	1 805
Change in minority interest on acquisition of subsidiaries	17	-	-	-	-	-	-	-	94 211	94 211
Balance as at 30 June 2008		15 476 839	8 642 176	-	941	312 997	(126 866)	27 845 355	1 544 908	53 696 350

D.V. Akulinin
First Executive Vice-President

14 September 2009

L.N. Davydova
Chief Accountant

The notes set out on pages 11 to 58 are an integral part of these interim consolidated financial statements.

1. Principal Activities of the Group

These interim consolidated financial statements comprise the financial statements of Joint-Stock Commercial Bank – Bank of Moscow (open joint stock company) (hereinafter the "Bank" or the "Bank of Moscow") and its subsidiaries. The Bank and its subsidiaries are jointly referred to as the "Group" or "Group of the Bank of Moscow". The list of subsidiaries and associates included in these interim consolidated financial statements is disclosed in Note 3.

The Bank of Moscow is a joint stock commercial bank registered in the Russian Federation. The Bank of Moscow was set up in March 1995 through reorganisation of Moscow Settlement Bank registered in the Russian Federation in 1994.

The Bank operates under General Banking License No. 2748 issued by the Central Bank of the Russian Federation (hereinafter the Central Bank of RF or the Bank of Russia) on 14 October 2004. The Bank also holds licenses of the professional securities market participant and a license for trading in precious metals.

The principal activities of the Bank and its subsidiaries are corporate and retail banking services, brokerage transactions and investment services on the territory of the Russian Federation and abroad.

Provision of services to individuals makes up a considerable portion of the Bank's operations. The Bank is the third largest Russian bank by the volume of customer accounts attracted from individuals.

The Government of the City of Moscow directly and indirectly (through OJSC Capital Insurance Group) owns the Bank being its principal shareholder.

The Bank is registered at the following address: 8/15, section 3, Rozhdestvenka Str., Moscow, Russian Federation.

As at 30 June 2009, the Bank had 396 divisions on the territory of the Russian Federation and 7 subsidiary banks (as at 31 December 2008: 395 divisions on the territory of the Russian Federation and 7 subsidiary banks): in the Russian Federation (Moscow) – OJSC Mosvodokanalbank, Group's interest of 65.87%; (Bryansk) - Commercial Joint Stock Bank Bezhitsa-Bank (OJSC), Group's interest of 76.8%; in the Republic of Belarus (Minsk) – OJSC Bank Moscow-Minsk, Group's interest of 100.0%; in the Republic of Latvia (Riga) – JSC Latvian Businessbank (AS Latvijas Biznesa Banka), Group's interest of 99.87%; in the Republic of Estonia (Tallinn) – Estonian Credit Bank (Eesti Krediidipank), Group's interest of 89.16%; in the Republic of Ukraine (Kiev) – BM Bank LLC, Group's interest of 100.0%, in the Republic of Serbia (Belgrade) – JSC Bank of Moscow – Belgrade, Group's interest of 100.0%.

The Bank's head office is located in Moscow. The Bank's 135 offices and sub-offices are located in all administrative districts of Moscow and in large towns of Moscow region. The Bank is the financial agent of the Government of the City of Moscow for investment programs and is the authorised dealer for bonds issues of the City of Moscow. The Bank is an active participant of a number of Moscow financial and industrial programs. It provides services to most municipal and commercial organisations, which participate in the implementation of Moscow Government programs.

As at 30 June 2009, the Bank of Moscow regional network comprised 48 branches, 16 operating offices and 184 sub-branches located on the territory of the Russian Federation (as at 31 December 2008: 50 branches, 12 operating offices and 194 sub-branches). The subsidiary bank OJSC Mosvodokanalbank has 3 sub-branches on the territory of the Russian Federation (as at 31 December 2008: 3 sub-branches). The subsidiary bank – Commercial Joint Stock Bank Bezhitsa-Bank (OJSC) – has 2 branches on the territory of the Russian Federation (as at 31 December 2008: 2 branches). The subsidiary bank – OJSC Bank Moscow-Minsk – has 5 branches and 38 sub-branches located on the territory of the Republic of Belarus (as at 31 December 2008: 5 branches and 38 sub-branches). The subsidiary bank – BM Bank LLC – has 46 sub-branches on the territory of the Republic of Ukraine (as at 31 December 2008: 43 sub-branches). The subsidiary bank – JSC Latvian Businessbank (AS Latvijas Biznesa Banka) has 1 sub-branch located on the territory of the Republic of Latvia (as at 31 December 2008: 1 sub-branch). Estonian Credit Bank (Eesti Krediidipank) has 9 branches and 14 sub-branches located on the territory of the Republic of Estonia (as at 31 December 2008: 10 branches and 14 sub-branches).

As at 30 June 2009 the average number of the Group employees was 10 628 (as at 31 December 2008: 11 233).

Due to growing manifestations of crisis in the Russian economy, on 4 February 2009 the international rating agency Fitch Ratings downgraded the long-term foreign currency and local currency issuer default ratings (IDR) from "BBB+" to "BBB", the short-term IDR from "F2" to "F3", and Russia's country ceiling rating from "A-" to "BBB+". Long-term IDR outlook was reaffirmed as negative.

Concurrently, the long-term issuer default ratings (IDR) of 14 Russian banks, including Bank of Moscow, were downgraded. Long-term foreign currency issuer default rating (IDR) of the Bank of Moscow was downgraded to "BBB-", negative outlook. Short-term IDR was reaffirmed at "F3" and support rating at "2".

On 24 February 2009, Moody's Investors Service downgraded long-term local currency deposit ratings, and foreign currency and local currency debt ratings of 9 Russian credit organisations with state interest (Savings Bank of the Russian Federation, VTB, Gazprombank, Vnesheconombank, Bank of Moscow, Rosselkhozbank and The Agency for Housing Mortgage Lending) to Russia's country ceiling. Moody's Investors Service confirmed the Bank of Moscow long-term foreign currency deposit rating at "Baa1", short-term foreign currency deposit rating at "P-2" and bank financial strength rating at "D", with negative outlook for all ratings.

(in thousands of Russian Roubles)

On 20 April 2009 Fitch Ratings confirmed for Bank of Moscow the long-term foreign currency IDR at "BBB-" with negative outlook. The other ratings were also reaffirmed: senior unsecured debt at "BBB-", short-term foreign currency IDR at "F3", individual rating at "D" and support rating at "2".

2. Operating Environment of the Group

General

Over the last two decades the Russian Federation has undergone substantial political, economic and social changes. Though since 2002 the Russian economy has been recognised to be the market economy and a number of main reforms aimed at establishment of banking, judicial, tax and legislative systems have been implemented the business and legislative framework do not possess the same level of stability as in the countries with more developed economy.

In 2004 the Bank joined the Mandatory Deposit Insurance System. The activities of the Mandatory Deposit Insurance System are provided for by federal laws and regulations. It is managed by the state corporation Deposit Insurance Agency. The limit of coverage of the Bank's liabilities to private customers is up to RUR 700 thousand per each depositor in the event of bankruptcy or withdrawal of the license for banking operations by the Central Bank of Russia.

Currently, the economy of the Russian Federation continues to display characteristics of an emerging market. These characteristics include:

- relatively high inflation rates during a number of years;
- low level of liquidity on capital markets.

Inflation

Russia continues to experience relatively high levels of inflation. The inflation indices for the last five years and six months of 2009 are given in the table below:

Period ended	Inflation for the period
30 June 2009	7.4%
31 December 2008	13.3%
31 December 2007	11.9%
31 December 2006	9.0%
31 December 2005	10.9%
31 December 2004	11.7%

Currency transactions and currency control

Foreign currencies, in particular the US dollar and euro, play a significant role in measuring economic parameters of many business transactions in Russia.

The table below shows the exchange rates of USD and EUR relative to RUR:

Date	USD	EUR
30 June 2009	31.2904	43.8191
31 December 2008	29.3804	41.4411
31 December 2007	24.5462	35.9332
31 December 2006	26.3311	34.6965
31 December 2005	28.7825	34.1850
31 December 2004	27.7487	37.8104

Financial market transactions

Economic conditions in the Russian Federation continue to limit the volume of activity in the financial markets. Market quotations may not reflect the values of financial instruments, which would be determined in an active market on transactions on an arm's-length basis between knowledgeable and willing counterparties. Management has therefore used the best available information to adjust market quotations to reflect their best estimate of fair values, where considered necessary.

In the context of the international financial crisis, substantial reduction of Russia's international reserves, the outflow of foreign capital from the country and declining oil prices, the rating agency Moody's revised its sovereign ratings and Fitch Ratings and Standard & Poor's downgraded their sovereign rating as follows: Moody's – "Baa1" with stable outlook on 12 December 2008, Fitch Ratings – "BBB" with negative outlook on 4 February 2009, Standard & Poor's – "BBB" with negative outlook on 8 December 2008.

On 4 August 2009 Fitch Ratings reaffirmed the long-term issuer default rating (foreign and local currency) of the Russian Federation at "BBB" with negative outlook, the short-term foreign currency IDR at "F3" and Russia's country ceiling at "BBB+".

The international financial crisis has resulted, among other things, in the global liquidity crisis which led to contraction of the international and domestic capital markets, lower liquidity levels across the Russian banking sector and very high uncertainty in the domestic and foreign equity markets. The uncertainties in the global financial market have also led to bank failures and bank rescues in the United States of America, Western Europe, Russia and other countries. Currently, it is impossible to fully assess the influence of the ongoing crisis or avoid its impact.

The large-scale economic crisis forced the Russian government and CBR to enhance resolving the issues that had been accumulating in the Russian economy, financial and tax systems for a number of years. On 7 November 2008, the government approved an anti-crisis plan. The plan identifies 55 tasks covering the major sectors of the Russian economy from banks to agribusiness, real estate and small business.

In the second half of 2008, the Government took steps to buy out shares on the equity market and allocated funds to refinance the debts on foreign loans of large Russian enterprises and banks maturing in 2009. Support of the real sector includes price preferences granted to Russian companies under state and municipal procurement programs, expanded subsidising of interest rates on loans for technological modernisation of production and the started program of state guarantees for loans to enterprises. These guarantees will be issued in addition to the collateral that the enterprises provide or will provide to the banks. A state program is being developed to help those individuals with mortgage loans, who have lost their jobs or a substantial part of income as a result of the crisis.

Since 1 January 2009, the tax system was changed in favour of business: corporate income tax rate was cut from 24% to 20% and tax prepayment procedure was cancelled. Income tax rates for small businesses using simplified taxation procedures were reduced from 15% to 5% of the profit amount.

The CBR has lowered mandatory reserve requirements, expanded the list of assets accepted as collateral on CBR loans and provides loans to commercial banks through collateral-free auctions, lowered the refinancing rate from 13% to 10.5% per annum, signed agreements on partial compensation of losses incurred on the interbank market with a number of major Russian banks, including the Bank of Moscow, to encourage the operations on the interbank market and continues mild depreciation of the Russian rouble.

The government anti-crisis program is not moving ahead as fast as it was planned. On 6 April 2009, Russian Prime Minister Vladimir Putin presented the annual report in the State Duma summarizing the government performance in 2008. It was pointed out that the major achievement of the undertaken anti-crisis measures was avoidance of the worst economic scenario. The crisis effect was mitigated, and the economy proved its ability to survive and develop in a new, less favourable environment. The Russian government succeeded in preventing uncontrollable devaluation. Depreciation of the national currency was smooth, facilitating adaptation of the economy and population to the new conditions.

The excessive powers that the Ministry of the Interior had over business activities have been removed. On 1 July 2009 the restrictions are to be imposed on inspections of enterprises. For establishment of new business in the broadest range of activities notification requirements instead of permits will be introduced and the list of goods and services subject to mandatory certification will be cut.

The updated version of Government anti-crisis program was published on the official site of the Prime Minister, identifying the following priority tasks of the Russian government:

1. The state will meet its obligations to the Russian citizens in full. The households who suffered most severely during the world crisis will receive support from the state. Special attention will be paid to sustaining labour potential. The Russian government intends to expand government involvement in the area of employment, unemployment struggle and staff retraining programs development.

2. The Russian government will not commit the taxpayers' money to support non-effective production companies. At the same time the enterprises that improved their efficiency and labour productivity in the recent years and invested in production development and creation of new products, can expect assistance from the state in resolving the most crucial problems caused by the crisis.

3. Domestic demand should become the basis for economy recovery and subsequent growth. In the conditions of the crisis domestic demand from the state (state investments and purchases) will play an important role. However, with further stabilization private demand (demand for housing, consumer goods and locally-made products) will be playing more significant role and the Russian government will take all the necessary measures to build it up.

4. Transition from the "oil-driven" growth to the innovation model. The government will support the essential innovation processes, including enhancement of energy intensiveness of the economy. Investments in human capital: education and health care will be the key budget expenditure items.

5. The Russian government will continue to cut administrative barriers for business being one of corruption reasons. A new set of measures will be offered facilitating successful development of small businesses in the conditions of the crisis.

6. Support of the financial system, including the banking and insurance systems and the stock market, to assure the flow of sufficient investment resources into the economy. Special focus will be placed on time efficiency of decision-making and implementation.

7. Adequate macroeconomic policy of the Russian government and CBR aimed at supporting the macroeconomic stability and creation of new conditions and leverage for household savings growth, boosting the investment appeal of the economy and building a qualitatively new model of economic growth .

At present investors have re-evaluated their exposure to risks. The volume of financing has reduced considerably resulting in increased volatility. Such circumstances could affect the ability of the Group to obtain new borrowings and re-finance its existing loans and borrowings at terms and conditions similar to those applied to earlier transactions.

Borrowers and debtors of the Group may also be affected by the financial crisis, which could in turn impact their ability to meet their financial obligations to the Group. To the extent that information is available, management has adequately reflected revised estimates of expected future cash flows in their impairment assessments. These interim consolidated financial statements do not include adjustments associated with the impact of further deterioration in the liquidity of the financial markets and the increased volatility in the currency and equity markets on the Group's financial position.

The accompanying interim consolidated financial statements reflect the Group management's assessment of the impact of the Russian business environment on the operations and the financial position of the Group. The future economic development of the Russian Federation is largely dependent upon the effectiveness of measures undertaken by the Government and other factors including regulatory and political developments, which are beyond the Group's control. The Group's management cannot predict the impact of the above factors on the financial position of the Bank and the Group. The accompanying interim consolidated financial statements do not include the adjustments associated with this risk.

3. Basis of Presentation

General principles

These interim consolidated financial statements are prepared in accordance with IFRS 34 "Interim Financial Reporting". They do not include all of the information required by IFRS for a complete set of annual financial statements. Operating results for the six-month period ended 30 June 2009 are not necessarily indicative of the results that may be expected for the year ended 31 December 2009. The Group maintains its accounting records in accordance with the applicable legislation of the Russian Federation. These interim consolidated financial statements have been prepared on the basis of these accounting records and adjusted as necessary in order to comply, in all material respects, with IFRS. The Group subsidiaries and banks domiciled outside of the Russian Federation independently prepare their financial statements in accordance with IFRS, which are subsequently consolidated into the Group's interim consolidated financial statements.

These interim consolidated financial statements are presented in Russian Roubles being the Group's functional and presentation currency.

The preparation of the interim consolidated financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities as at the date of the interim consolidated financial statements, and the reported amounts of income and expenses during the reporting period. Issues that require best estimate and are most significant for the interim consolidated financial statements are disclosed in Notes 3 and 4.

Subsidiaries

Subsidiary undertakings, i.e. those entities in which the Group owns over one half of the voting shares or is otherwise able to exercise control over the operations, including special purpose entities (SPE), are consolidated. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. Intercompany transactions, balances and unrealised gains on transactions between the Group companies are eliminated; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

Acquisition of subsidiaries

The purchase method of accounting is used to account for acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and costs incurred or liabilities assumed at the date of exchange, plus costs directly attributable to the acquisition. The date of exchange is the date of acquisition, if the business combination of the companies is made by one transaction; and the date of each share purchase if the business combination of the companies occurs in stages by successive share purchases. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at the fair values at the date of acquisition, irrespective of the extent of any minority interest.

(in thousands of Russian Roubles)

The excess of the cost of the acquisition over the Group's share in the net fair value of the identifiable assets, liabilities and contingent liabilities is recorded as goodwill. If the cost of the acquisition is less than the Group's share in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary acquired, the difference is recognised directly in the interim consolidated statement of income.

Minority interest

Minority interest is the share of the subsidiary that is not owned by the Group. Minority interest at the reporting date is minority's portion of the net fair values of the identifiable assets, liabilities and contingent liabilities of the subsidiary at the date of the acquisition and post-acquisition changes in the equity of the subsidiary. Minority interest is recorded within equity.

Losses allocated to minority interest do not exceed the minority interest in the equity of the subsidiary and are allocated to the Group unless there is a binding obligation of the minority to fund the losses.

Below are the consolidated Group's subsidiaries as at 30 June 2009:

Name	Location	Business activity	Percentage of ownership, %	Year of acquisition
CJSC Imagine	Russia	Financial services	100.00	1996
CJSC Altruist	Russia	Financial services	100.00	1996
CJSC Press Magnate	Russia	Publishing	100.00	1996
CJSC Vechernyaya Moskva	Russia	Publishing	100.00	1997
BM Holding LTD	Switzerland	Financial services	100.00	1998
OJSC Bank Moscow-Minsk	Belarus	Banking services	100.00	2000
CJSC Bank of Moscow management company	Russia	Financial services	100.00	2002
LLC BM Bank	Ukraine	Banking services	100.00	2005
CJSC Stroiportinvest	Russia	Financial services	100.00	2006
BoM Finance Ltd.	British Virgin Islands	Financial services	100.00	2007
BoM Asset Management Ltd.	Cyprus	Financial services	100.00	2007
Crossplanet Ltd.	Cyprus	Financial services	100.00	2007
LLC Mos-Broker	Russia	Brokerage, dealer and depository services	100.00	2008
CJSC Lespromprocessing	Russia	Financial services	100.00	2008
CJSC Spetsstroy-2	Russia	Construction	100.00	2008
JSC Bank Moscow – Belgrade	Serbia	Banking services	100.00	2008
CJSC DOSSOM	Russia	Catering	100.00	2001
AS Latvijas Biznesa Banka	Latvia	Banking services	99.87	2002
CJSC Financial Assistant	Russia	Financial services	99.67	2006
LLC Selkhozstroi	Russia	Machine-building and equipment	99.00	2006
LLC PO Montazh	Russia	Machine-building and equipment	99.00	2006
AS Eesti Krediidipank	Estonia	Banking services	89.16	2005
AS Martinoza	Estonia	Real estate management	89.16	2005
AS Krediidipanga Liising	Estonia	Leasing	89.16	2005
OJSC Bezhitsa-Bank	Russia	Banking services	76.80	2008
OJSC Mosvodokanalbank	Russia	Banking services	65.87	1997
CJSC Concern Vechernyaya Moskva	Russia	Publishing	57.00	1997
OJSC International Asset Management Company	Russia	Financial services	50.00	2003
SIA LBB ĪPAŠUMI	Latvia	Real estate	48.94	2008

(in thousands of Russian Roubles)

Below are the consolidated Group's subsidiaries as at 31 December 2008:

Name	Country of registration	Business activity	Percentage of ownership	Year of acquisition
CJSC Imagine	Russia	Financial services	100.00	1996
CJSC Altruist	Russia	Financial services	100.00	1996
CJSC Press Magnate	Russia	Publishing	100.00	1996
CJSC Vechernyaya Moskva	Russia	Publishing	100.00	1997
BM Holding LTD	Switzerland	Financial services	100.00	1998
OJSC Bank Moscow-Minsk	Belarus	Banking services	100.00	2000
CJSC Bank of Moscow management company	Russia	Financial services	100.00	2002
LLC BM Bank	Ukraine	Banking services	100.00	2005
CJSC Stroiportinvest	Russia	Financial services	100.00	2006
BoM Finance Ltd.	British Virgin Islands	Financial services	100.00	2007
BoM Asset Management Ltd.	Cyprus	Financial services	100.00	2007
Crossplanet Ltd.	Cyprus	Financial services	100.00	2007
LLC Mos-Broker	Russia	Brokerage, dealer, depository services	100.00	2008
CJSC Lespromprocessing	Russia	Financial services	100.00	2008
CJSC Spetsstroy-2	Russia	Construction	100.00	2008
JSC Bank Moscow – Belgrade	Serbia	Banking services	100.00	2008
CJSC DOSSOM	Russia	Catering	100.00	2001
AS Latvijas Biznesa Banka	Latvia	Banking services	99.87	2002
CJSC Financial Assistant	Russia	Financial services	99.67	2006
LLC Selkhozstroi	Russia	Machine-building and equipment	99.00	2006
LLC PO Montazh	Russia	Machine-building and equipment	99.00	2006
AS Eesti Krediidipank	Estonia	Banking services	89.04	2005
AS Martinoza	Estonia	Real estate management	89.04	2005
AS Krediidipanga Liising	Estonia	Leasing	89.04	2005
OJSC Mosvodokanalbank	Russia	Banking services	65.87	1997
OJSC Bezhitsa-Bank	Russia	Banking services	59.83	2008
CJSC Concern Vechernyaya Moskva	Russia	Publishing	57.00	1997
OJSC International Asset Management Company	Russia	Financial services	50.00	2003

Kuznetski Capital S.A. founded in 2004 for special purposes as SPE (eurobonds issue) and registered in Luxemburg was also included in these interim consolidated financial statements.

Where the companies do not have a significant influence on the interim consolidated financial statements of the Group, they are not consolidated. The investments in the share capitals of these companies are recorded within investments in associates and non-consolidated subsidiaries in the interim consolidated balance sheet.

Following is a list of the companies, which were not included into the interim consolidated financial statements as at 30 June 2009:

Name	Country of registration	Business activity	Percentage of ownership,%	Year of acquisition
Private security company Yaroslavna, LLC	Russia	Security	99.83	1999
CJSC Monolit	Russia	Wholesale trading	99.00	2007
CJSC Stolichnaya Neftyanaya Kompania	Russia	Production	75.00	2005
LLC VM-Open City	Russia	Publishing	57.00	2008
Editorial office of MK-Boulevard magazine, LLC	Russia	Publishing	50.00	2002

(in thousands of Russian Roubles)

Following is a list of the companies, which were not included into the interim consolidated financial statements as at 31 December 2008:

Name	Country of registration	Business activity	Percentage of ownership,%	Year of acquisition
Private security company Yaroslavna, LLC	Russia	Security	99.83	1999
CJSC Monolit	Russia	Wholesale trading	99.00	2007
CJSC Stolichnaya Neftyanaya Kompania	Russia	Production	75.00	2005
LLC VM-Open City	Russia	Publishing	57.00	2008
Editorial office of MK-Boulevard magazine, LLC	Russia	Publishing	50.00	2002

Associates

Associates are entities in which the Group directly or indirectly owns between 20% and 50% of the voting rights, or is otherwise able to exercise significant influence (for example, through representation in management bodies), but which it does not control. Investments in associates are accounted for under the equity method and are initially recognised at cost. Subsequent changes in the carrying value reflect the post-acquisition changes in the Group's share of net assets of the associate. The Group's share of its associates' profits or losses is recognised in the interim consolidated statement of income, and its share of movements in reserves is recognised in equity. However, when the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless the Group is obliged to make further payments on behalf of the associate.

Below is the list of the Group's associates as at 30 June 2009:

Name	Country of registration	Business activity	Percentage of ownership, %	Year of acquisition
Äigrumäe Kinnisvara AS	Estonia	Financial services	44.49	2007
CJSC Automated Banking Technologies	Russia	Information technologies	25.82	2006
O.J.S.C. Metropolitan Insurance group	Russia	Insurance	24.92	2007
JSCB Russian National Commercial Bank	Russia	Banking services	20.00	1999
LLC Pension Reserve	Russia	Financial services	19.00	2008

Below is the list of the Group's associates as at 31 December 2008:

Name	Country of registration	Business activity	Percentage of ownership,%	Year of acquisition
City Centre for Data Processing (EIRTS), LLC	Russia	Maintenance of software and hardware	49.50	2005
SIA LBB ĪPAŠUMI	Latvia	Real estate business	48.94	2008
Äigrumäe Kinnisvara AS	Estonia	Financial services	44.43	2007
CJSC Automated Banking Technologies	Russia	Information technologies	25.82	2006
O.J.S.C. Metropolitan Insurance group	Russia	Insurance	24.92	2007
JSCB Russian National Commercial Bank	Russia	Banking services	20.00	1999
LLC Pension Reserve	Russia	Financial services	19.00	2008

Standards applied

In general, the accounting policies adopted are consistent with those of the previous financial year.

IFRS and IFRIC interpretations not yet effective

The Group has not applied the following IFRSs and Interpretations of the International Financial Reporting Interpretations Committee (IFRIC) that have been issued but are not yet effective:

- IFRS 8 "Operating Segments" (effective for annual periods beginning on or after 1 January 2009);
- IAS 23 "Borrowing Costs" (amended in March 2007; effective for annual periods beginning on or after 1 January 2009);
- IFRIC 12 "Service Concession Arrangements" (effective for annual periods beginning on 1 January 2009);
- IFRIC 13 "Customer Loyalty Programmes" (effective for annual periods beginning on 1 July 2008 or after this date);

(in thousands of Russian Roubles)

- IFRIC 15 "Agreements for the Construction of Real Estate" (effective for annual periods beginning on 1 January 2009);
- IFRIC 16 "Hedging of a Net Investments in a Foreign Operation (effective for annual periods beginning on 1 October 2008).
- IFRIC 17 "Distributions of Non-cash Assets to Owners" (effective for annual periods beginning on 1 July 2009);
- IFRIC 18 "Transfers of Assets from Customers" (effective for assets, received from clients since 1 July 2009).

4. Summary of Significant Accounting Policies

The accompanying interim consolidated financial statements were prepared in accordance with the significant accounting policies applied in preparation of the Group's consolidated financial statements for the year ended 31 December 2008.

As at 30 June 2009, the official exchange rates applied for restatement of account balances denominated in foreign currencies were as follows:

- RUR 31.2904 per USD 1 (at 31 December 2008: RUR 29.3804);
- RUR 43.8191 per EUR 1 (at 31 December 2008: RUR 41.4411);
- RUR 11.0528 per BYR 1 000 (at 31 December 2008: RUR 13.3487);
- RUR 62.7261 per LVL 1 (at 31 December 2008: RUR 58.8366);
- RUR 27.9389 per EEK 10 (at 31 December 2008: RUR 26.5623);
- RUR 40.7427 per UAH 10 (at 31 December 2008: RUR 38.5570);
- RUR 46.4454 per RSD 100 (at 31 December 2008: RUR 47.2939).

The income tax expense in the reporting period comprises the amount calculated using the estimated effective income tax rate and the amount of deferred tax. It means that the income tax expense in the six-month period is accrued by using the tax rate which would be applied to the expected total income for the year. The income tax is recognised in full in the interim consolidated statement of income except to the extent that it relates to items recognised directly in equity.

5. Cash and Cash Equivalents

	30 June 2009	31 December 2008
Cash on hand	14 991 339	21 440 842
Precious metals	972 296	309 196
Cash balances with central banks (other than mandatory reserve deposits)	55 360 961	64 717 807
Correspondent accounts and overnight deposits with other banks:		
- the Russian Federation;	5 444 265	7 352 194
- other countries	15 608 270	39 448 623
Total cash and cash equivalents	**92 377 131**	**133 268 662**

(in thousands of Russian Roubles)

6. Financial Assets and Liabilities at Fair Value through Profit or Loss

Financial assets at fair value through profit or loss reflected in the interim consolidated balance sheet include trading securities and derivative financial instruments. As at the balance sheet date the Group does not have other types of financial instruments classified into this category.

	30 June 2009	31 December 2008
Rouble-denominated securities		
Corporate bonds	23 593 423	20 854 269
Corporate eurobonds	6 335 853	7 927 429
Equity securities	2 657 148	937 686
Bonds of RF subjects and local authorities	1 884 141	1 529 399
Corporate promissory notes	205 205	194 216
Russian Federation bonds (OFZ)	-	61 211
	34 675 770	**31 504 210**
US dollar denominated securities		
Eurobonds of the Russian Federation	6 172 737	590 521
Corporate eurobonds	2 101 125	695 204
Equity securities	337 331	242 256
	8 611 193	**1 527 981**
EUR denominated securities		
Corporate eurobonds	4 378 915	563 720
Bonds of foreign governments	1 371 473	806 399
Equity securities	800	749
	5 751 188	**1 370 868**
Securities denominated in other currencies		
Equity securities	439 277	253 941
	439 277	**253 941**
Derivative financial instruments in US dollars	269 806	158 497
Derivative financial instruments in other currencies	29 357	-
Derivative financial instruments in EUR	22 725	130 478
Derivative financial instruments in Russian Roubles	1 859	465 917
	323 747	**754 892**
Total financial assets at fair value through profit or loss	**49 801 175**	**35 411 892**

Corporate bonds are represented by Rouble denominated interest-bearing securities issued by large Russian companies and credit institutions quoted on the Moscow Interbank Currency Exchange (MICEX). As at 30 June 2009, these bonds in the Group's portfolio have maturities from 17 November 2009 to 15 November 2018, coupon rates ranging from 7.25% to 18.9% per annum and yield to maturity ranging from 2.58% to 396.04% per annum, depending on the issue.

As at 30 June 2009, corporate bonds include mortgage-backed bonds of OJSC "The Agency for Housing Mortgage Lending" and BJSC "Moscow Mortgage Agency" with the fair value of RUR 4 662 154 thousand, maturing from 23 February 2012 to 15 November 2018, with coupon rates ranging from 7.95% to 10.3% per annum and yield to maturity ranging from 5.05% to 24.96% per annum. Out of which, the bonds secured by state guarantees of the City of Moscow amount to RUR 842 977 thousand and have a maturity date of 20 September 2012, coupon rate of 10% per annum and yield to maturity of 5.05% per annum.

Corporate eurobonds are represented by interest-bearing securities denominated in RUR, USD and EUR issued by large Russian companies and credit institutions and quoted on international markets. As at 30 June 2009, corporate eurobonds in the Group's portfolio have maturity dates from 30 September 2009 to 16 August 2037, coupon rates ranging from 5.06% to 10.5% per annum and yield to maturity ranging from 4.88% to 36.52% per annum, depending on the issue.

Equity securities are represented by shares of large Russian companies quoted on the MICEX and Russian Trading System, and depository receipts for shares of large Russian entities quoted on the London and New York Stock Exchanges.

(in thousands of Russian Roubles)

Bonds of RF subjects and local authorities represent Rouble-denominated interest-bearing securities quoted on the MICEX. As at 30 June 2009, these bonds in the Group's portfolio have maturities from 24 September 2009 to 14 June 2017, coupon rates ranging from 7.0% to 19.05% per annum and yield to maturity from 3.47% to 17.01% per annum, depending on the issue.

Corporate promissory notes are Rouble-denominated notes of large Russian credit institutions. As at 30 June 2009, promissory notes in the Group's portfolio have maturities from 9 July 2009 to 4 December 2009 and yield to maturity ranging from 10.59% to 13.61% per annum.

Eurobonds of the Russian Federation are US dollar denominated securities issued by the Ministry of Finance of the Russian Federation and quoted on international markets. As at 30 June 2009, eurobonds in the Group's portfolio have maturities on 24 June 2028 and 31 March 2030, the coupon rates of 7.5% per annum and 12.75% per annum, and yields to maturity of 2.90% per annum and 5.0% per annum, accordingly.

Bonds of foreign governments are represented by bonds of Germany, the Netherlands and Austria.

Trading securities are stated at fair value determined on the basis of observable market quotations.

The credit quality analysis of trading debt securities as at 30 June 2009 and 31 December 2008 has shown that all above-stated trading debt securities in the total amount of RUR 46 042 872 thousand (as at 31 December 2008: RUR 33 222 368 thousand) are current.

The Group recognizes an impairment loss in case of objective evidence of impairment, such as delays in coupon payments or principal repayment in the interim consolidated statement of income as gains less losses arising from financial assets at fair value through profit or loss.

As at 30 June 2009 the following corporate bonds were recognized as impaired and reflected in the interim consolidated balance sheet at fair value equal to zero:

	Nominal value	**Fair value**
OJSC Moscow Region Mortgage Agency	355 000	-
LLC Sevkabel-Finance	29 825	-
OJSC Voljskaya Textile Company	60 620	-
Total impaired corporate bonds	**445 445**	**-**

There are no renegotiated balances, representing the carrying value of trading debt securities with revised conditions that were otherwise past due.

(in thousands of Russian Roubles)

Below, there is information on outstanding transactions in derivative financial instruments. Amounts relating to these transactions are shown on a gross basis, before offsetting by each counterparty, and are short-term in nature.

	30 June 2009			31 December 2008		
	Contract amount	Fair value Asset	Fair value Liability	Contract amount	Fair value Asset	Fair value Liability
Forward transactions		**123 259**	**865 764**		**326 008**	**153 660**
Foreign currency						
Sale	6 449 383	52 083	26 733	9 395 395	280 825	91 498
Purchase	25 479 604	-	836 330	1 355 668	9 091	13 114
Securities						
Sale	435 411	2 264	2 539	35 400	2 614	-
Purchase	2 760 103	68 912	162	3 346 624	33 478	49 048
Options		**-**	**-**		**162 051**	**162 051**
Foreign currency						
Sale	-	-	-	162 051	-	162 051
Purchase	-	-	-	162 051	162 051	-
Futures		**-**	**-**		**130 478**	-
Foreign currency						
Sale	-	-	-	1 653 311	130 478	-
Swap transactions		**200 488**	**646 475**		**136 355**	**860 025**
Currency and interest rate swaps	15 523 959	200 488	646 475	16 395 144	136 355	860 025
Total derivative financial instruments		**323 747**	**1 512 239**		**754 892**	**1 175 736**
Fair value of securities sold under reverse repo agreements						
Bonds of foreign governments			-			5 058 144
Eurobonds of the Russian Federation			-			3 535 402
Corporate eurobonds			-			728 053
Bonds of RF subjects and local authorities			-			425 473
Total financial liabilities at fair value through profit or loss			**1 512 239**			**10 922 808**

The table below shows credit quality analysis of financial assets at fair value through profit or loss less derivative financial instruments in accordance with international agencies' ratings as at 30 June 2009:

	Investment rating	Speculative rating	No rating assigned	Total
Corporate bonds	17 129 187	4 793 195	1 671 041	23 593 423
Corporate eurobonds	4 090 519	723 018	8 002 356	12 815 893
Eurobonds of the Russian Federation	6 172 737	-	-	6 172 737
Equity securities	2 104 835	839 412	490 309	3 434 556
Bonds of RF subjects and local authorities	1 574 199	309 942	-	1 884 141
Bonds of foreign governments	1 371 473	-	-	1 371 473
Corporate promissory notes	87 767	117 438	-	205 205
Total financial assets at fair value through profit or loss less derivative financial instruments	**32 530 717**	**6 783 005**	**10 163 706**	**49 477 428**

(in thousands of Russian Roubles)

7. Due from other Banks

	30 June 2009	31 December 2008
Loans and deposits with other banks	96 080 926	65 137 565
Deposits with central banks	11 050 895	524 272
Reverse repo agreements with other banks	4 786 246	8 676 997
Overdue placements with other banks	1 265	1 415
Less: provision for impairment of due from other banks	(28 714)	(3 146)
Total due from other banks	**111 890 618**	**74 337 103**

As at 30 June 2009, the Group had deposit and account balances above 10% of the Group's capital with 6 banks-counterparties (as at 31 December 2008: 5 banks-counterparties). The aggregate amount of these funds was RUR 52 660 379 thousand (as at 31 December 2008: RUR 37 325 032 thousand) or 47% of due from other banks (as at 31 December 2008: 50.2%).

As at 30 June 2009, securities acquired from banks under reverse repo agreements comprise corporate bonds with the fair value of RUR 785 255 thousand (as at 31 December 2008: RUR 260 543 thousand), bonds of RF subjects with the fair value of RUR 1 997 126 thousand (as at 31 December 2008: RUR 497 585 thousand), eurobonds of the Russian Federation with the fair value of RUR 27 970 thousand (as at 31 December 2008: RUR 2 131 045 thousand), debt securities issued by the RF Ministry of Finance with the fair value of RUR 299 986 thousand (as at 31 December 2008: none), corporate eurobonds with the fair value of RUR 3 167 thousand (as at 31 December 2008: none), bonds of foreign governments with the fair value of RUR 1 416 468 thousand (as at 31 December 2008: RUR 5 484 515 thousand).

Movements in the provision for impairment of due from other banks are as follows:

	For the six months ended 30 June 2009	For the six months ended 30 June 2008
Provision for impairment of due from other banks as at 1 January	**3 146**	**28 476**
(Recovery of provision)/provision for impairment of due from other banks during the six months	25 967	(5 033)
Exchange difference	(399)	135
Provision for impairment of due from other banks as at 30 June	**28 714**	**23 578**

The credit quality analysis of due from other banks as at 30 June 2009 and as at 31 December 2008 has shown that the above classes of due from other banks in the total amount of RUR 111 918 067 thousand are current (as at 31 December 2008: RUR 74 338 834 thousand). Due from other banks in the amount of RUR 1 265 thousand (as at 31 December 2008: RUR 1 415 thousand) are more than 1 year overdue.

There are no revised balances representing the carrying amount of due from other banks with renegotiated terms whose payment would otherwise be overdue.

Due from other banks except for "reverse repo" transactions are not collateralised.

The Group provided a number of loans to related parties. The relevant information on related party transactions is disclosed in Note 29.

(in thousands of Russian Roubles)

8. Loans to Customers

	30 June 2009	31 December 2008
Corporate loans	391 714 540	349 322 311
Loans to small and medium business	42 992 553	46 519 103
Loans to government and municipal authorities	12 784 663	16 077 139
Reverse repo agreements	136 884	4 465 770
Less: provision for impairment of loans to legal entities	(14 033 785)	(6 432 960)
Total loans to legal entities	**433 594 855**	**409 951 363**
Consumer loans	51 704 125	57 144 119
Mortgage loans	28 747 521	30 937 434
Car loans	13 135 334	15 714 246
Credit cards	6 337 847	5 759 444
Scoring loans	1 832 728	3 424 996
Overdrafts	108 657	88 805
Less: provision for impairment of loans to individuals	(10 203 294)	(6 456 638)
Total loans to individuals	**91 662 918**	**106 612 406**
Total loans to customers	**525 257 773**	**516 563 769**

As at 30 June 2009, accrued interest on impaired loans amounted to RUR 550 361 thousand (as at 31 December 2008: RUR 197 674 thousand).

As at 30 June 2009, the Group had 10 borrowers (as at 31 December 2008: 7 borrowers) with the total amount over 10% of the Group's capital. The aggregate amount of these loans was RUR 102 607 868 thousand (as at 31 December 2008: RUR 65 170 327 thousand) or 19.5% of loans to customers (as at 31 December 2008: RUR 12.6%).

As at 30 June 2009, securities acquired under reverse repo agreements comprise corporate bonds with the fair value of RUR 62 339 thousand (as at 31 December 2008: RUR 8 190 thousand), bonds of RF subjects with the fair value of RUR 84 589 thousand (as at 31 December 2008: RUR 461 982 thousand), equity securities with the fair value of RUR 11 255 thousand (as at 31 December 2008: none). As at 31 December 2008, securities purchased from customers under reverse repo agreements also comprised eurobonds of the Russian Federation with the fair value of RUR 2 323 318 thousand and corporate eurobonds with the fair value of RUR 1 910 134 thousand.

There are no revised balances representing the carrying amount of loans to customers with renegotiated terms whose payment would otherwise be overdue.

Movements in the provision for impairment of loans to legal entities during the six months of the year 2009 are as follows:

	Corporate loans	Loans to small and medium business	Loans to government and municipal authorities	Total
Provision for impairment of loans to legal entities as at 1 January	**3 574 918**	**2 857 426**	**616**	**6 432 960**
(Recovery of provision)/provision for impairment during the six months	5 581 679	2 063 767	(83)	7 645 363
Exchange difference	(5 259)	(31 279)	-	(36 538)
Loans written off during the six months as uncollectible	-	(8 000)	-	(8 000)
Provision for impairment of loans to legal entities as at 30 June	**9 151 338**	**4 881 914**	**533**	**14 033 785**

(in thousands of Russian Roubles)

Movements in the provision for impairment of loans to individuals for the six months of the year 2009 are as follows:

	Consumer loans	Mortgage loans	Car loans	Scoring loans	Credit cards	Over-drafts	Total
Provision for impairment of loans to individuals as at 1 January	**3 772 292**	**136 349**	**900 092**	**860 822**	**773 344**	**13 739**	**6 456 638**
(Recovery of provision)/Provision for impairment during the six months	2 434 234	497 061	410 525	(54 812)	450 079	2 127	3 739 214
Exchange difference	2 305	3 077	454	536	1 043	27	7 442
Provision for impairment of loans to individuals as at 30 June	**6 208 831**	**636 487**	**1 311 071**	**806 546**	**1 224 466**	**15 893**	**10 203 294**

Movements in the provision for impairment of loans to legal entities during the six months of the year 2008 are as follows:

	Corporate loans	Loans to small and medium business	Loans to government and municipal authorities	Total
Provision for impairment of loans to legal entities as at 1 January	**1 651 104**	**722 296**	**1 600**	**2 375 000**
(Recovery of provision)/provision for impairment during the six months	138 865	477 144	(1 600)	614 409
Provision of the acquired subsidiary	94 430	2 867	-	97 297
Exchange difference	288	512	-	800
Loans written off during the six months as uncollectible	(682)	-	-	(682)
Provision for impairment of loans to legal entities as at 30 June	**1 884 005**	**1 202 819**	**-**	**3 086 824**

Movements in the provision for impairment of loans to individuals during the six months of the year 2008 are as follows:

	Consumer loans	Mortgage loans	Car loans	Scoring loans	Credit cards	Over-drafts	Total
Provision for impairment of loans to individuals as at 1 January	**840 243**	**26 391**	**368 298**	**662 103**	**244 175**	**8 908**	**2 150 118**
Provision for impairment during the six months	1 388 043	107 914	157 194	25 314	278 862	3 206	1 960 533
Provision of the acquired subsidiary	398	-	-	-	-	-	398
Exchange difference	880	196	-	-	-	-	1 076
Provision for impairment of loans to individuals as at 30 June	**2 229 564**	**134 501**	**525 492**	**687 417**	**523 037**	**12 114**	**4 112 125**

Composition of the Group's loan portfolio by type of the borrower's ownership structure is as follows:

Type of ownership	**30 June 2009**		**31 December 2008**	
	Amount	**%**	**Amount**	**%**
Loans to non-state entities and organisations	364 887 189	66.4	346 833 731	65.5
Loans to individuals	101 866 212	18.5	113 069 044	21.4
Loans to enterprises in federal ownership	50 477 682	9.2	42 885 855	8.1
Loans to enterprises owned by the Government of the City of Moscow	14 861 494	2.7	7 644 086	1.4
Loans to RF subjects	12 784 663	2.3	16 077 139	3.0
Loans to enterprises in regional (municipal) ownership (other than the Government of the City of Moscow)	4 617 612	0.9	2 943 512	0.6
Total loans to customers (gross)	**549 494 852**	**100.0**	**529 453 367**	**100.0**

(in thousands of Russian Roubles)

Economic sector concentrations within the Group's loan portfolio are as follows:

	30 June 2009		31 December 2008	
	Amount	%	Amount	%
Financial and other services	110 665 890	20.1	111 806 273	21.1
Individuals	101 866 212	18.5	113 069 044	21.4
Construction	88 237 060	16.1	71 272 928	13.5
Manufacturing	84 650 898	15.4	62 399 134	11.8
Trade	49 823 232	9.1	54 525 477	10.3
Fuel and energy sector	27 406 406	5.0	22 656 903	4.3
Transport and communications	22 077 759	4.0	28 260 557	5.3
Metallurgy	17 232 247	3.1	16 996 257	3.2
State agencies	12 784 663	2.3	16 077 139	3.0
Food industry	12 659 810	2.3	12 243 655	2.3
Agriculture and fishing	1 924 223	0.4	2 180 390	0.4
Other	20 166 452	3.7	17 965 610	3.4
Total loans to customers (gross)	**549 494 852**	**100.0**	**529 453 367**	**100.0**

The table below contains information on the collateral as at 30 June 2009:

	Guarantees and sureties	Property	Securities	Total
Corporate loans	413 646 392	276 074 812	74 872 695	764 593 899
Loans to small and medium business	85 620 693	81 656 670	6 367 730	173 645 093
Reverse repo agreements	-	-	149 250	149 250
Total collateral against loans to legal entities	**499 267 085**	**357 731 482**	**81 389 675**	**938 388 242**
Consumer loans	11 421 332	2 665 827	13 343	14 100 502
Mortgage loans	19 845 136	32 197 835	6 116 491	58 159 462
Car loans	9 503 652	22 374 969	450	31 879 071
Total collateral against loans to individuals	**40 770 120**	**57 238 631**	**6 130 284**	**104 139 035**
Total collateral against loans to customers	**540 037 205**	**414 970 113**	**87 519 959**	**1 042 527 277**

The table below contains information on the collateral as at 31 December 2008:

	Guarantees and sureties	Property	Securities	Total
Corporate loans	425 908 330	216 372 059	74 261 610	716 541 999
Loans to small and medium business	81 192 031	84 698 833	1 786 813	167 677 677
Reverse repo agreements	-	-	4 703 624	4 703 624
Total collateral against loans to legal entities	**507 100 361**	**301 070 892**	**80 752 047**	**888 923 300**
Consumer loans	11 858 001	2 602 420	66 690	14 527 111
Mortgage loans	14 149 343	34 963 101	2 135 664	51 248 108
Car loans	10 430 989	24 962 854	313	35 394 156
Total collateral against loans to individuals	**36 438 333**	**62 528 375**	**2 202 667**	**101 169 375**
Total collateral against loans to customers	**543 538 694**	**363 599 267**	**82 954 714**	**990 092 675**

The fair value of collateral may differ from the carrying amount.

(in thousands of Russian Roubles)

The credit quality analysis of loans to customers as at 30 June 2009 is shown below:

	Loans without overdue payments		Impaired loans with overdue payments	Total
	Current	Partially impaired		
Corporate loans	173 244 767	213 390 125	5 079 648	391 714 540
Loans to small and medium business	12 914 414	26 222 153	3 855 986	42 992 553
Loans to government and municipal authorities	12 731 333	53 330	-	12 784 663
Reverse repo agreements	136 884	-	-	136 884
Less: provision for impairment of loans to legal entities	-	(7 337 361)	(6 696 424)	(14 033 785)
Total loans to legal entities	**199 027 398**	**232 328 247**	**2 239 210**	**433 594 855**
Consumer loans	373 894	40 987 028	10 343 203	51 704 125
Mortgage loans	25 780 948	442 194	2 524 379	28 747 521
Car loans	10 415 344	352 586	2 367 404	13 135 334
Credit cards	191 925	4 041 688	2 104 234	6 337 847
Scoring loans	44 535	873 756	914 437	1 832 728
Overdrafts	72 365	14 781	21 511	108 657
Less: provision for impairment of loans to individuals	-	(274 599)	(9 928 695)	(10 203 294)
Total loans to individuals	**36 879 011**	**46 437 434**	**8 346 473**	**91 662 918**
Total loans to customers	**235 906 409**	**278 765 681**	**10 585 683**	**525 257 773**

Below is analysis of impaired loans to customers as at 30 June 2009:

	Current	Overdue			Total
		Less than 1 month	From 1 to 6 months	More than 6 months	
Corporate loans	214 988 818	860 246	2 078 580	542 129	218 469 773
Loans to small and medium business	27 675 771	254 189	1 075 448	1 072 731	30 078 139
Loans to government and municipal authorities	53 330	-	-	-	53 330
Less: provision for impairment of loans to legal entities	(9 035 886)	(1 012 010)	(2 704 291)	(1 281 598)	(14 033 785)
Total impaired loans to legal entities	**233 682 033**	**102 425**	**449 737**	**333 262**	**234 567 457**
Consumer loans	47 036 200	46 441	267 121	3 980 469	51 330 231
Mortgage loans	2 677 975	2 651	98 505	187 442	2 966 573
Car loans	1 710 094	14 938	85 997	908 961	2 719 990
Credit cards	5 132 341	40 780	176 633	796 168	6 145 922
Scoring loans	1 081 758	8 417	53 908	644 110	1 788 193
Overdrafts	15 653	2 447	3 745	14 447	36 292
Less: provision for impairment of loans to individuals	(3 464 516)	(4 412)	(286 577)	(6 447 789)	(10 203 294)
Total impaired loans to individuals	**54 189 505**	**111 262**	**399 332**	**83 808**	**54 783 907**
Total impaired loans to customers	**287 871 538**	**213 687**	**849 069**	**417 070**	**289 351 364**

(in thousands of Russian Roubles)

The credit quality analysis of loans to customers as at 31 December 2008 is shown below:

	Loans without overdue payments		**Impaired loans with overdue payments**	**Total**
	Current	**Partially impaired**		
Corporate loans	223 340 553	125 630 345	351 413	349 322 311
Loans to small and medium business	24 715 732	20 518 400	1 284 971	46 519 103
Loans to government and municipal authorities	16 015 539	61 600	-	16 077 139
Reverse repo agreements	4 465 770	-	-	4 465 770
Less: provision for impairment of loans to legal entities	-	(4 943 397)	(1 489 563)	(6 432 960)
Total loans to legal entities	**268 537 594**	**141 266 948**	**146 821**	**409 951 363**
Consumer loans	449 890	43 391 863	13 302 366	57 144 119
Mortgage loans	29 743 725	-	1 193 709	30 937 434
Car loans	14 025 998	-	1 688 248	15 714 246
Credit cards	16 827	4 355 624	1 386 993	5 759 444
Scoring loans	76 017	2 377 424	971 555	3 424 996
Overdrafts	70 610	-	18 195	88 805
Less: provision for impairment of loans to individuals	-	(364 133)	(6 092 505)	(6 456 638)
Total loans to individuals	**44 383 067**	**49 760 778**	**12 468 561**	**106 612 406**
Total loans to customers	**312 920 661**	**191 027 726**	**12 615 382**	**516 563 769**

The analysis of impaired loans to customers as at 31 December 2008 is shown below:

	Current	**Overdue**			**Total**
		Less than 1 month	**From 1 to 6 months**	**Over six months**	
Corporate loans	125 653 345	90 467	126 353	111 593	125 981 758
Loans to small and medium business	20 889 355	386 348	239 038	288 630	21 803 371
Loans to government and municipal authorities	61 600	-	-	-	61 600
Less: provision for impairment of loans to legal entities	(5 337 352)	(444 880)	(281 365)	(369 363)	(6 432 960)
Total impaired loans to legal entities	**141 266 948**	**31 935**	**84 026**	**30 860**	**141 413 769**
Consumer loans	53 932 393	125 377	336 288	2 300 171	56 694 229
Mortgage loans	1 085 905	10 767	38 490	58 547	1 193 709
Car loans	1 001 834	10 672	52 084	623 658	1 688 248
Credit cards	5 173 142	29 692	111 274	428 509	5 742 617
Scoring loans	2 728 414	12 536	58 681	549 348	3 348 979
Overdrafts	863	2 475	3 624	11 233	18 195
Less: provision for impairment of loans to individuals	(2 265 502)	(9 290)	(229 125)	(3 952 721)	(6 456 638)
Total impaired loans to individuals	**61 657 049**	**182 229**	**371 316**	**18 745**	**62 229 339**
Total impaired loans to customers	**202 923 997**	**214 164**	**455 342**	**49 605**	**203 643 108**

The Group provided a number of loans to related parties. The relevant information on related party transactions is disclosed in Note 29.

(in thousands of Russian Roubles)

9. Financial Assets Available for Sale

	30 June 2009	31 December 2008
Equity securities	13 230 838	10 002 586
Corporate debt securities	147 289	229 493
Bonds of foreign governments	-	506 113
Corporate eurobonds	-	29 828
Less: provision for impairment of financial assets available for sale	(253 764)	(123 480)
Total financial assets available for sale	**13 124 363**	**10 644 540**

Equity securities mainly represent shares and equity holdings of Moscow enterprises: OJSC Serp & Molot, CJSC Investlesprom, JSC Insurance Group, OJSC Pushkinskaya Ploshchad Polygraphic Company, CJSC Mikoyan, as well as shares of JSCB Zarechiye and JSCB Bank of Khakasia.

Corporate debt securities are represented by interest-bearing securities issued by major companies and credit institutions of Russia and Ukraine with maturity ranging from 6 July 2009 to 1 August 2013, the coupon rate ranging from 10.0% to 25.0% per annum and yield to maturity from 13.7% to 20.51% per annum.

Movements in financial assets available for sale are as follows:

	Note	For the six months ended 30 June 2009	For the six months ended 30 June 2008
Financial assets available for sale as at 1 January (gross)		**10 768 020**	**3 781 700**
Gains less losses from revaluation at fair value		(9 481)	(4 769)
Accrued interest income	19	41 633	4 151
Interest received		(13 819)	(31 850)
Acquisitions		3 295 238	1 634 719
Sale		(218 669)	(411 049)
Redemption		(506 113)	-
Transfer to associates		-	(2 909 957)
Exchange difference		21 318	18 113
Financial assets available for sale as at 30 June (gross)		**13 378 127**	**2 081 058**

Movements in the provision for impairment of financial assets available for sale are as follows:

	For the six months ended 30 June 2009	For the six months ended 30 June 2008
Provision for impairment of financial assets available for sale as at 1 January	**123 480**	**10 519**
Provision for impairment of financial assets available for sale	130 059	9 662
Exchange difference	225	50
Provision for impairment of financial assets available for sale as at 30 June	**253 764**	**20 231**

(in thousands of Russian Roubles)

Below is analysis of assets reclassified into assets available for sale as at 30 June 2009. Reclassification was made by subsidiary banks of the Group - AS Latvijas Biznesa Banka and AS Eesti Krediidipank:

	Financial assets	
	At fair value through profit or loss	Available for sale
	Equity securities	Equity securities
Reclassified assets as if there were no reclassification		
Carrying value	10 601	-
Fair value	8 343	-
Expenses from movements in the fair value of assets which would be recognized in the interim consolidated statement of income	(2 258)	-
Reclassified assets as at the reporting date after reclassification		
Carrying value	-	10 601
Fair value	-	8 343
Expenses recognized in the interim consolidated statement of equity	-	(2 258)

Below is the credit quality analysis of financial assets available for sale in accordance with international agencies' ratings as at 30 June 2009:

	Investment rating	Speculative rating	No rating assigned	Total
Equity securities	376	-	13 230 462	13 230 838
Corporate bonds	-	67 655	79 634	147 289
Financial assets available for sale (gross)	**376**	**67 655**	**13 310 096**	**13 378 127**

10. Investments Held to Maturity

	30 June 2009	31 December 2008
Corporate eurobonds	328 320	398 712
Corporate bonds	308 976	282 989
Bonds of foreign governments	231 255	33 836
Russian Federation bonds	66 305	-
Bonds of RF subjects and local authorities	63 729	51 849
Corporate promissory notes	-	193 814
Less: provision for impairment of investments held to maturity	(5 281)	(1 484)
Total investments held to maturity	**993 304**	**959 716**

Corporate eurobonds are represented by interest-bearing securities denominated in USD and EUR issued by major Russian and Ukrainian companies and large Russian, Latvian and Kazakh credit institutions quoted on international markets. As at 30 June 2009, corporate eurobonds in the Group's portfolio have maturity dates from 6 July 2009 to 5 March 2014, coupon rates ranging from 4.9% to 10.5% per annum in the first six months of 2009 and yield to maturity ranging from 6.65% to 10.19% per annum, depending on the issue.

Corporate bonds are represented by interest-bearing securities denominated in Russian Roubles issued by large Russian companies and credit institutions, quoted on the Moscow Interbank Currency Exchange (MICEX). As at 30 June 2009, these bonds in the Group's portfolio have maturities from 16 July 2009 to 15 March 2040, coupon rates ranging from 6.79% to 18.0% per annum in the first six months of 2009 and yield to maturity ranging from 8.1% to 110.55% per annum, depending on the issue.

As at 30 June 2009, corporate bonds include mortgage-backed bonds of OJSC "The Agency for Housing Mortgage Lending", with the fair value of RUR 16 985 thousand, maturing from 15 June 2018 to 15 November 2018, coupon rates ranging from 7.63% to 8.05% per annum and yield to maturity ranging from 14.73% to 14.93% per annum.

(in thousands of Russian Roubles)

Bonds of foreign governments are represented by interest-bearing securities denominated in LVL, freely tradable on the Riga Stock Exchange, and Serbian Dinars (RSD). As at 30 June 2009, these bonds in the Group's portfolio have maturities from 21 July 2009 to 14 February 2013, coupon rates ranging from 5.13% to 16.50% per annum and yield to maturity ranging from 5.14% to 15.85% per annum.

Russian Federation bonds are represented by interest-bearing securities denominated in Russian Roubles issued by the Ministry of Finance of the Russian Federation and quoted on the Moscow Interbank Currency Exchange (MICEX). As at 30 June 2009, Russian Federation bonds in the Group's portfolio have maturities from 20 January 2010 to 19 January 2011, coupon rates ranging from 6.10% to 7.40% per annum in the first six months of 2009 and yield to maturity ranging from 7.02% to 7.46% per annum, depending on the issue.

Bonds of RF subjects and local authorities represent Rouble-denominated interest-bearing securities quoted on the MICEX. As at 30 June 2009, these bonds in the Group's portfolio have maturities from 4 November 2009 to 20 December 2012, coupon rates ranging from 7.5% to 9.0% per annum and yield to maturity ranging from 8.82% to 26.30% per annum, depending on the issue.

The table below contains information about movements in investments held to maturity:

	Note	For the six months ended 30 June 2009
Carrying value as at 1 January (gross)		**961 200**
Accrued interest income	19	51 143
Interest received		(31 156)
Reclassified from financial assets at fair value through profit or loss		157 915
Acquisitions		231 164
Redemption		(402 273)
Exchange difference		30 592
Carrying value as at 30 June (gross)		**998 585**

As at 30 June 2008 there were no investments held to maturity.

(in thousands of Russian Roubles)

Below is the analysis of assets reclassified into assets held to maturity as at 30 June 2009. Reclassification was performed by the subsidiary banks of the Group - AS Latvijas Biznesa Banka, AS Eesti Krediidipank and OJSC Mosvodokanalbank:

	Financial assets and investments								
	At fair value through profit or loss				Available for sale	Held to maturity			
	Corporate eurobonds	Corporate bonds	Russian Federation bonds	Bonds of RF subjects and local authorities	Corporate eurobonds	Corporate eurobonds	Corporate bonds	Russian Federation bonds	Bonds of RF subjects and local authorities
Reclassified assets as if there were no reclassification									
Carrying value	280 335	308 976	66 305	63 729	47 985	-	-	-	-
Fair value	181 002	294 830	62 940	62 702	42 591	-	-	-	-
Expenses from movements in the fair value of assets which would be recognized in the interim consolidated statement of income	(99 333)	(14 146)	(3 365)	(1 027)	-	-	-	-	-
Income/expenses from movements in the fair value of assets which would be recognized in interim consolidated statement of changes in equity	-	-	-	-	(5 394)	-	-	-	-
Reclassified assets as at the reporting date after reclassification									
Carrying value	-	-	-	-	-	328 320	308 976	66 305	63 729
Fair value	-	-	-	-	-	223 593	294 830	62 940	62 702
Income recognized in the interim consolidated statement of income	-	-	-	-	-	16 372	-	-	-
Income recognized in interim consolidated statement of changes in equity	-	-	-	-	-	376	-	-	-

(in thousands of Russian Roubles)

Movements in the provision for impairment of investments held to maturity are shown below:

	For the six months ended 30 June 2009
Provision for impairment of investments held to maturity as at 1 January	**1 484**
Provision for impairment of investments held to maturity	3 792
Exchange difference	5
Provision for impairment of investments held to maturity as at 30 June	**5 281**

Below is the credit quality analysis of issuers of investments held to maturity as at 30 June 2009 in accordance with international agencies' ratings:

	Investment rating	Speculative rating	No rating assigned	Total
Corporate eurobonds	144 155	184 165	-	328 320
Corporate bonds	81 895	107 287	119 794	308 976
Bonds of foreign governments	-	231 255	-	231 255
Russian Federation bonds	66 305	-	-	66 305
Bonds of RF subjects and local authorities	11 939	35 669	16 121	63 729
Total investments held to maturity (gross)	**304 294**	**558 376**	**135 915**	**998 585**

11. Investments in Associates and Non-Consolidated Subsidiaries

	30 June 2009	31 December 2008
Investments in associates	3 746 150	3 950 186
Investments in non-consolidated subsidiaries	11 561	15 423
Total investments in associates and non-consolidated subsidiaries	**3 757 711**	**3 965 609**

Movements in the carrying value of investments in associates are as follows:

	For the six months ended 30 June 2009	For the six months ended 30 June 2008
Carrying value as at 1 January	**3 950 186**	**236 792**
Share in net profit of the associates	(204 054)	42 803
Transfer from associates to consolidated subsidiaries	(57)	-
Transfer from financial assets available for sale	-	2 909 957
Acquisition of associates	-	8 459
Exchange difference	75	(2)
Carrying value as at 30 June	**3 746 150**	**3 198 009**

(in thousands of Russian Roubles)

Below is the list of investments in associates:

Name	30 June 2009 Amount of investment	30 June 2009 Percentage of ownership, %	31 December 2008 Amount of investment	31 December 2008 Percentage of ownership, %
O.J.S.C. Metropolitan Insurance group	3 529 783	24.9	3 762 365	24.9
JSCB Russian National Commercial Bank	176 448	20.0	145 309	20.0
LLC Pension Reserve	23 608	19.0	27 410	19.0
CJSC Automated Banking Technologies	15 640	20.0	13 811	20.0
Āigrumäe Kinnisvara AS	671	44.5	1 234	44.5
SIA LBB ĪPAŠUMI*	-	-	57	49.0
City Centre for Data Processing (EIRTS), LLC **	-	-	-	49.5
Total investments in associates	**3 746 150**		**3 950 186**	

* In the reporting period the company was transferred to consolidated subsidiaries.

** The company was sold in the reporting period. Information on disposal of the associate is disclosed in Note 24.

Below is the list of investments in non-consolidated subsidiaries:

Name	30 June 2009 Amount of investment	30 June 2009 Percentage of ownership, %	31 December 2008 Amount of investment	31 December 2008 Percentage of ownership, %
Private security company Yaroslavna, LLC	11 553	75.3	15 414	75.3
LLC VM – Open City	8	100.0	9	100.0
Editorial office of MK-Boulevard magazine, LLC	-	50.0	-	50.0
CJSC Monolit	-	99.0	-	99.0
CJSC Stolichnaya Neftyanaya Kompania	-	75.0	-	75.0
Total investments in non-consolidated subsidiaries	**11 561**		**15 423**	

Financial statements of the above subsidiaries were not included in the Group's interim consolidated financial statements, as they would not have a material effect on the interim consolidated financial statements (less than 0.1% of total assets and net profit of the Group for the six months of the year 2009).

12. Other Assets

	30 June 2009	31 December 2008
Receivables	3 280 160	3 080 772
Property transferred to the Group as loan repayment	703 698	138 566
Prepayments	587 781	540 908
Prepaid expenses	362 917	390 385
Insurance claims	350 954	897 817
Plastic card receivables	167 342	191 900
Taxes receivable (other than income tax)	31 932	35 711
Other	438 307	424 271
Less: provision for impairment of other assets	(525 231)	(366 038)
Total other assets	**5 397 860**	**5 334 292**

Property transferred to the Group as loan repayment represents real estate received by the Group in settlement of overdue loans. The Group intends to realize these assets in the foreseeable future. The assets are not classified as held for sale in accordance with IFRS 5, as the Group has not started active marketing of these assets to sell them. These assets were recognized at fair value on acquisition.

The insurance claims of the Group are claims filed to the Deposit Insurance Agency to compensate payments made to the individual depositors of the banks with a recalled license.

(in thousands of Russian Roubles)

The table below shows the analysis of changes in the provision for impairment of other assets:

	For the six months ended 30 June 2009	For the six months ended 30 June 2008
Provision for impairment of other assets as at 1 January	**366 038**	**2 750**
Provision for impairment of other assets	279 396	299
Assets written off against provision	(118 645)	-
Exchange differences	(1 558)	68
Provision for impairment of other assets as at 30 June	**525 231**	**3 117**

Receivables are not secured by collateral.

The credit quality analysis of other financial assets as at 30 June 2009 is shown below:

	Current	Overdue				Total
		Less than 1 month	From 1 to 6 months	From 6 to 12 months	More than 1 year	
Receivables	2 295 488	133 385	65 177	677 767	108 343	3 280 160
Insurance claims	350 954	-	-	-	-	350 954
Plastic card receivables	167 342	-	-	-	-	167 342
Less: provision for impairment of other financial assets	(82)	(2 062)	(21 061)	(338 924)	(108 203)	(470 332)
Total other financial assets	**2 813 702**	**131 323**	**44 116**	**338 843**	**140**	**3 328 124**

The credit quality analysis of other financial assets as at 31 December 2008 is shown below:

	Current	Overdue				Total
		Less than 1 month	From 1 to 6 months	From 6 to 12 months	More than 1 year	
Receivables	2 413 725	119 163	23 194	447 829	76 861	3 080 772
Insurance claims	897 817	-	-	-	-	897 817
Plastic card receivables	191 900	-	-	-	-	191 900
Less: provision for impairment of other financial assets	(30 065)	-	(5 775)	(223 915)	(76 741)	(336 496)
Total other financial assets	**3 473 377**	**119 163**	**17 419**	**223 914**	**120**	**3 833 993**

As at 30 June 2009 provision in the total amount RUR 54 899 thousands was made for prepayments (31 December 2008: RUR 29 542 thousand).

13. Due to Other Banks

	30 June 2009	31 December 2008
Term deposits and loans of other banks	75 042 826	86 112 317
Loans and deposits of CBR	59 443 761	79 407 816
Syndicated loans of foreign banks	35 239 807	39 814 178
Subordinated loan	3 267 724	2 978 659
Correspondent accounts of other banks	2 818 770	3 306 431
Repo agreements with other banks	-	3 304 225
Total due to other banks	**175 812 888**	**214 923 626**

As at 30 June 2009, the Group raised funds over 10% of the Group's capital from two banks (as at 31 December 2008: three banks). The aggregate amount of these funds was RUR 115 228 523 thousand (as at 31 December 2008: RUR 159 278 857 thousand) or 65.5% of due to other banks (as at 31 December 2008: 74.1%).

(in thousands of Russian Roubles)

As at 30 June 2009, the Group raised syndicated loans from foreign banks:

Description	Interest rate	Payment schedule	Date of origination	Maturity date	Nominal value, '000	Carrying amount, RUR'000
I	LIBOR+1.5%	quarterly	20.01.2009	20.07.2011	$30 000	916 384
II	LIBOR+0.65%	semi-annually	13.05.2008	13.11.2009	$220 000	6 836 191
III	LIBOR+0.55%	semi-annually	23.11.2007	24.05.2010	$600 000	18 736 643
IV	LIBOR+0.55%	semi-annually	19.03.2007	19.03.2010	$105 000	3 293 076
Total syndicated loans in USD					**$955 000**	**29 782 294**
I	EURIBOR +1.5%	quarterly	20.01.2009	20.07.2011	€105 000	4 491 095
II	EURIBOR +0.7%	quarterly	04.10.2008	23.09.2009	€22 000	966 418
Total syndicated loans in EUR					**€127 000**	**5 457 513**
Total syndicated loans						**35 239 807**

In 2008 the Group raised a loan from Sumitomo Mitsui Banking Corporation Europe LTD in the amount of JPY 5 500 000 thousand, maturing on 11 July 2011. As at 30 June 2009, the outstanding loan balance was JPY 1 088 950 thousand (or RUR 356 904 thousand).

In 2008 the Group raised a loan from ING Bank, Amsterdam, in the amount of USD 25 300 thousand (or RUR 791 647 thousand) maturing on 25 June 2010.

In 2007 the Group raised a loan from Sumitomo Mitsui Banking Corporation Europe LTD in the amount of JPY 3 900 000 thousand (or RUR 1 278 229 thousand), maturing on 18 December 2012.

In 2007 the Group raised a loan from Commerzbank in the amount of 61 150 thousand Swiss francs (or RUR 1 758 968 thousand) maturing in the year 2012.

On 21 December 2006 the Group raised a subordinated loan from ABN Amro Bank in the amount of USD 100 000 thousand (or RUR 3 129 040 thousand) maturing on 21 December 2016.

14. Customer Accounts

	30 June 2009	31 December 2008
Federal and regional budgets and funds		
– Current/settlement accounts	23 682 400	22 312 864
– Term deposits	119 277 382	71 881 514
State-owned organisations		
– Current/settlement accounts	20 805 212	20 882 630
– Term deposits	36 962 374	5 898 151
Other legal entities		
– Current/settlement accounts	73 999 650	83 096 031
– Term deposits	42 953 443	51 262 070
Individuals		
– Current/demand accounts	27 920 993	29 812 259
– Term deposits	136 521 036	121 395 443
Total customer accounts	**482 122 490**	**406 540 962**

According to the Russian Civil Code, the Bank is obliged to repay deposits to individual depositors at short notice. If a fixed-term deposit is withdrawn by the depositor ahead of term, interest is payable at the rate applied to demand deposits.

As at 30 June 2009, the Group raised funds over 10% of the Group's capital from 5 clients (as at 31 December 2008: 2 clients). The aggregate amount of these funds was RUR 185 472 412 thousand (as at 31 December 2008: RUR 113 205 500 thousand) or 38.5% of customer accounts (as at 31 December 2008: 27.8%).

Information on the funds raised from related parties is disclosed in Note 29.

(in thousands of Russian Roubles)

15. Debt Securities Issued

	30 June 2009	31 December 2008
Eurobonds	65 470 893	63 952 625
Bonds	21 242 477	20 566 469
Promissory notes	5 846 046	7 196 136
Total debt securities issued	**92 559 416**	**91 715 230**

As at 30 June 2009, eurobonds comprised:

Description	Interest rate	Date of issue	Maturity date	Nominal value, '000	Carrying amount, RUR'000	Market price, %
I tranche	8%, semi-annually	28.09.2004	28.09.2009	$250 000	7 168 250	101.09
II tranche	7.375%, semi-annually	26.05.2005	26.11.2010	$300 000	9 179 508	101.00
III tranche, subordinated	7.5%, semi-annually during the first 5 years, then the rate equals US Treasury plus 4.567%	25.11.2005	25.11.2015	$300 000	9 431 628	80.08
IV tranche	7.335%, semi-annually	12.05.2006	13.05.2013	$500 000	15 754 678	88.79
VI tranche, subordinated	6.807%, semi-annually during the first 5 years, then the rate equals US Treasury plus 5.25%	10.05.2007	10.05.2017	$400 000	12 576 534	72.23
VII tranche	6.253%, annually	04.03.2008	04.03.2011	CHF 250 000	6 855 839	96.95
Total foreign currency eurobonds					**60 966 437**	
V tranche	7.25%, semi-annually	25.11.2006	25.11.2009	RUR 5 000 000	4 504 456	97.00
Total eurobonds					**65 470 893**	

As at 31 December 2008, eurobonds comprised:

Description	Interest rate	Date of issue	Maturity date	Nominal value, '000	Carrying amount, RUR'000	Market price, %
I tranche	8%, semi-annually	28.09.2004	28.09.2009	$250 000	7 487 864	95.54
II tranche	7.375%, semi-annually	26.05.2005	26.11.2010	$300 000	8 706 896	85.25
III tranche, subordinated	7.5%, semi-annually during the first 5 years, then the rate equals US Treasury plus 4.567%	25.11.2005	25.11.2015	$300 000	8 849 691	40.11
IV tranche	7.335%, semi-annually	12.05.2006	13.05.2013	$500 000	14 786 120	62.32
VI tranche, subordinated	6.807%, semi-annually during the first 5 years, then the rate equals US Treasury plus 5.25%	10.05.2007	10.05.2017	$400 000	11 805 818	37.61
VII tranche	6.253%, annually	04.03.2008	04.03.2011	CHF 250 000	7 289 318	76.00
Total foreign currency eurobonds					**58 925 707**	
V tranche	7.25%, semi-annually	25.11.2006	25.11.2009	RUR 5 000 000	5 026 918	75.48
Total eurobonds					**63 952 625**	

(in thousands of Russian Roubles)

As at 30 June 2009, the bonds comprised:

Type/code of state registration	Interest rate	Date of issue	Maturity date	Nominal value, '000	Carrying amount, RUR'000	Market price, %
5-200-02-0247	20%, monthly	25.03.2009	19.03.2010	BYR 100 000	554 619	-
B	19%, quarterly	26.11.2007	16.11.2010	UAH 110	458	-
Total bonds in foreign currency					**555 077**	
40202748B	11.75%, semi-annually	08.02.2008	01.02.2013	RUR 10 000 000	10 462 186	100.00
40102748B	9.25%, semi-annually	01.08.2008	29.07.2011	RUR 10 000 000	10 225 214	100.00
Total bonds in RUR					**20 687 400**	
Total bonds					**21 242 477**	

As at 31 December 2008, the bonds comprised:

Type/code of state registration	Interest rate	Date of issue	Maturity date	Nominal value, '000	Carrying amount, RUR'000	Market price, %
A*	14.5%, quarterly	25.06.2007	21.06.2010	UAH 7 005	27 118	-
B	19%, quarterly	26.11.2007	16.11.2010	UAH 110	432	-
Total bonds in foreign currency					**27 550**	
40202748B	7.85%, semi-annually	08.02.2008	01.02.2013	RUR 10 000 000	10 228 668	100.59
40102748B	9.25%, semi-annually	01.08.2008	29.07.2011	RUR 10 000 000	10 310 251	99.99
Total bonds in RUR					**20 538 919**	
Total bonds					**20 566 469**	

* In 2009 bonds were presented for redemption under the terms of the offer.

16. Other Liabilities

	30 June 2009	31 December 2008
Payables	1 456 948	7 135 007
Remuneration to employees payable	266 091	273 746
Taxes payable other than income tax	161 249	90 086
Settlements relating to plastic cards	99 962	194 598
Deferred income	14 638	37 892
Dividends payable	47	72
Other	203 927	239 553
Total other liabilities	**2 202 862**	**7 970 954**

17. Minority Interest

Movements in minority interest of the Group are as follows:

	For the six months ended 30 June 2009	For the six months ended 30 June 2008
Minority interest as at 1 January	**325 514**	**1 429 045**
Share in net profit	5 266	21 652
Acquisition of subsidiaries	7 678	94 211
Exchange difference	8 727	-
Minority interest as at 30 June	**347 185**	**1 544 908**

(in thousands of Russian Roubles)

18. Share Capital

Authorised, issued and fully paid share capital comprises:

	30 June 2009		31 December 2008	
	Number of shares	Nominal value, RUR'000	Number of shares	Nominal value, RUR'000
Ordinary shares	137 359 580	13 735 958	137 359 580	13 735 958
Restatement of share capital prior to 31 December 2002 under IAS 29	-	2 476 746	-	2 476 746
Total share capital	**137 359 580**	**16 212 704**	**137 359 580**	**16 212 704**

The nominal value of each ordinary share is 100 roubles. Each share gives the right of one vote.

The Government of the City of Moscow directly and indirectly (through O.J.S.C. Metropolitan Insurance group) owns the Bank, being its principal shareholder.

The share capital structure is as follows:

	30 June 2009	31 December 2008
Government of the City of Moscow	44.00%	44.00%
OJSC Moscow Insurance Company	7.80%	5.81%
O.J.S.C. Metropolitan Insurance group	5.60%	7.59%
LLC NPO Farmatsevtika*	4.26%	4.26%
LLC Stroyelektromontazh*	4.23%	4.23%
LLC GAZDORSTROY *	4.20%	4.20%
LLC KHIMPROMEXPORT *	3.98%	3.98%
LLC Centrotransport *	3.64%	3.64%
LLC Plastoinstrument*	3.52%	3.52%
Other shareholders with less than 5% in the share capital	18.77%	18.77%
Total share capital	**100.00%**	**100.00%**

* As at 30 June 2009, the ultimate beneficiaries in the proportion of 80/20 are Mr. A.F. Borodin, President of the Bank, and Mr. L.F. Alaluev, Deputy Chairman of the Board of Directors.

19. Interest Income and Expense

	For the six months ended 30 June 2009	For the six months ended 30 June 2008
Interest income		
Loans to customers	36 715 079	21 916 264
Financial assets at fair value through profit or loss	2 414 469	2 850 155
Due from other banks	1 468 555	1 756 335
Investments held to maturity	51 143	-
Financial assets available for sale	41 633	4 151
Total interest income	**40 690 879**	**26 526 905**
Interest expense		
Current accounts and term deposits of customers	16 253 240	9 164 746
Term deposits of banks	7 169 214	2 602 329
Debt securities issued	3 762 478	2 220 343
Total interest expense	**27 184 932**	**13 987 418**
Net interest income	**13 505 947**	**12 539 487**

(in thousands of Russian Roubles)

20. Fee and Commission Income and Expense

	For the six months ended 30 June 2009	For the six months ended 30 June 2008
Fee and commission income		
Commission on settlement and cash transactions	2 801 074	2 075 679
Commission on operations with plastic cards	928 742	698 387
Commission on guarantees issued	523 629	329 981
Commission on cash collection	103 700	92 964
Commissions under fiduciary activities	48 011	127 641
Commission on transactions with securities	44 666	117 452
Other	47 230	405 771
Total fee and commission income	**4 497 052**	**3 847 875**
Fee and commission expense		
Commission on operations with plastic cards	256 600	223 550
Commission on cash collection	248 198	257 079
Commission on settlement and cash transactions	87 037	98 022
Commission on guarantees received	41 787	100
Commission on transactions with securities	27 435	15 871
Other	40 480	93 333
Total fee and commission expense	**701 537**	**687 955**
Net fee and commission income	**3 795 515**	**3 159 920**

21. General and Administrative Expenses

	For the six months ended 30 June 2009	For the six months ended 30 June 2008
Staff costs	3 890 507	3 494 440
Rent	997 814	783 262
Taxes other than income tax	507 994	456 485
Professional services (security, communications and other)	455 435	374 667
Depreciation and amortization	421 103	385 840
Expenses related to premises and equipment	319 423	278 279
Administrative expenses	290 514	320 979
Advertising and marketing	122 792	268 687
Charity	18 411	30 638
Other	84 464	202 334
Total general and administrative expenses	**7 108 457**	**6 595 611**

Staff costs include remuneration to employees and unified social tax.

22. Earnings per Share

Basic earnings per share are calculated by dividing the profit attributable to ordinary shareholders by the weighted average number of ordinary shares during the six months less the average number of ordinary shares bought out by the Group from its shareholders.

The Group has no potentially dilutive ordinary shares. Therefore, diluted earnings per share equal basic earnings per share.

	For the six months ended 30 June 2009	For the six months ended 30 June 2008
Net profit attributable to shareholders of the parent Bank (in thousands of roubles)	**650 089**	**5 221 583**
Weighted average number of ordinary shares in issue (in thousands)	137 360	130 001
Basic earnings per share (RUR per share)	**4.73**	**40.17**

23. Dividends

	For the six months ended 30 June 2009	For the six months ended 30 June 2008
Dividends payable as at 1 January	72	33
Dividends for the year 2007 declared during the six months	-	232 420
Dividends paid during the six months	(25)	-
Dividends payable as at 30 June	47	232 453
Dividends per share declared during the six months ended 30 June	-	1.79

Dividends declared for the year 2007 include dividends attributable to the shareholders of the parent Bank in the amount of RUR 232 420 thousand.

There are no dividends declared for the year 2008.

(in thousands of Russian Roubles)

24. Acquisitions and Disposals

Acquisition of subsidiary banks

AS Eesti Krediidipank

On 28 February 2009 the Group acquired 0.12% in the share capital of AS Eesti Krediidipank increasing its shareholding to 89.16%.

The fair value of assets and liabilities of AS Eesti Krediidipank and the excess of the Group's share in the net fair value of identifiable assets and liabilities acquired over the cost of acquisition are shown in the table below:

	At the date of acquisition 28 February 2009
Cash and cash equivalents	956 027
Due from other banks	6 370 896
Financial assets at fair value through profit or loss	1 337 236
Financial assets available for sale	44 930
Loans to customers	7 079 038
Premises and equipment	448 703
Investments in associates and subsidiaries	1 304
Other assets	202 076
Due to other banks	(1 718 836)
Financial liabilities at fair value through profit or loss	(403 993)
Customer accounts	(12 934 445)
Other liabilities	(310 886)
Total net assets	**1 072 050**
Acquired share in the net assets	**1 286**
The excess of the Group's share in the net fair value of the net assets acquired over the cost of acquisition	**(386)**
Consideration paid (gross)	**900**

The excess of the Group's share in the net fair values of identifiable assets and liabilities of AS Eesti Krediidipank over the cost of acquisition in the amount of RUR 386 thousand was recorded within net loss / (gain) on acquisition and disposal of subsidiaries and associates of the interim consolidated statement of income at the time of acquisition.

Commercial joint stock bank Bezhitsa-bank (OJSC)

On 24 June 2009 the Group acquired 1 820 000 ordinary registered non-documentary shares through payment of additional share issue with the nominal value of RUR 50 or 16.97% in the share capital of commercial joint stock bank Bezhitsa-bank (OJSC) increasing its shareholding to 76.8%.

(in thousands of Russian Roubles)

The fair value of assets and liabilities of commercial joint stock bank Bezhitsa-bank (OJSC) and the excess of the cost of acquisition over the Group's share in the net fair value of identifiable assets and liabilities acquired are shown in the table below:

	At the date of acquisition 24 June 2009
Cash and cash equivalents	166 552
Mandatory reserve deposits with central banks	1 441
Due from other banks	261 052
Loans to customers	589 061
Other assets	14 453
Premises and equipment	444
Due to other banks	-
Customer accounts	(436 185)
Debt securities issued	(21 753)
Other liabilities	(11 160)
Total net assets	**563 905**
Acquired share in the net assets	**94 068**
Share in net assets increase from additional share issue	**153 548**
The excess of the cost of acquisition over the Group's share in the fair value of the net assets acquired	**9 004**
Consideration paid (gross)	**256 620**

The excess of the cost of acquisition over the Group's share in the fair values of identifiable assets and liabilities of commercial joint stock bank Bezhitsa-bank (OJSC) in the amount of RUR 9 004 thousand was impaired and recorded within net loss / (gain) on acquisition and disposal of subsidiaries and associates of the interim consolidated statement of income at the time of acquisition.

Disposal of associates

City Centre for Data Processing (EIRTS), LLC

On 20 May 2009 the Group sold its shareholding of City Centre for Data Processing (EIRTS), LLC (49.5% of share capital). The Group recorded gain on disposal of City Centre for Data Processing (EIRTS), LLC in the amount of RUR 5 thousand within net loss /(gain) on acquisition and disposal of subsidiaries and associates.

Disposed assets and liabilities and the financial result from disposal are as follows:

	At the date of sale 20 May 2009
Receivables	1
Other liabilities	(4)
Total net assets	**(3)**
Group's share in the net assets	**-**
The excess of sale proceeds over the share in the fair values of the net assets disposed	**5**
Proceeds from sale	**5**

25. Segment Reporting

The Group uses information on business segments as its primary format for reporting segment information. Over 95% of the Group's banking business is concentrated on the territory of the Russian Federation at the location of the parent company of the Group – the Bank of Moscow. Based on this, the Group considers unreasonable to segment this business by geographic principle.

The Group's main business segments are as follows:

Treasury business – this business segment includes trading in financial instruments, transactions with securities and derivatives, including REPO deals, foreign currency transactions, raising and origination of loans on interbank loan markets, interest rate arbitrage on SWAP transactions. Besides, the treasury function includes the Group's short-term asset management and the Group's open positions in foreign currencies, i.e. currency risk management.

Corporate business – this business segment includes services associated with servicing settlement and current accounts of legal entities, acceptance of deposits from corporate clients, extension of credit lines in the form of overdrafts, issuance of loans and other types of financing, rendering of investment banking services, trade financing of corporate clients, rendering of structured financing, merging and acquisition consulting services.

Retail business – this segment covers rendering of banking services to individuals - opening and maintaining accounts, acceptance of deposits from individuals, fiduciary services, accumulation of investments, servicing debit and credit cards, consumer and mortgage lending.

The Group transactions not included in the above business segments are disclosed separately.

Transactions between business segments are conducted on an arm's length basis. In the ordinary course of business the Group's financial resources are reallocated between business segments. As a result, intersegment allocations are reflected within assets/liabilities of a business segment and the cost of reallocated financial resources is included in the business segment income/expenses.

(in thousands of Russian Roubles)

Segment information on main business segments of the Group for the six months ended 30 June 2009 is given in the table below:

	Treasury business	Corporate business	Retail business	Non-banking organisations	Non-allocated	Total
Assets						
Assets on demand, maturing in less than 1 month and part of assets with no stated maturity						
Cash and cash equivalents	3 109 250	74 238 195	14 991 283	38 403	-	92 377 131
Financial assets at fair value through profit or loss	37 280 737	12 487 740	-	32 698	-	49 801 175
Due from other banks	111 086 293	-	-	258 979	-	111 345 272
Other assets	-	-	167 342	1 587 651	3 642 867	5 397 860
Total assets on demand, maturing in less than 1 month and part of assets with no stated maturity	**151 476 280**	**86 725 935**	**15 158 625**	**1 917 731**	**3 642 867**	**258 921 438**
Assets maturing in more than 1 month and part of assets with no stated maturity						
Mandatory cash balances with central banks	-	1 314 505	680 448	-	-	1 994 953
Due from other banks	545 346	-	-	-	-	545 346
Loans to customers	-	434 985 024	90 108 783	163 966	-	525 257 773
Financial assets available for sale	-	107 329	-	169 549	12 847 485	13 124 363
Investments held to maturity	-	993 304	-	-	-	993 304
Investments in associates and non-consolidated subsidiaries	-	-	-	3 556 984	200 727	3 757 711
Premises and equipment, and intangible assets	-	-	-	5 893 266	13 104 085	18 997 351
Current tax assets	-	-	-	22 339	346 530	368 869
Deferred tax assets	-	-	-	-	10 786	10 786
Total assets maturing in more than 1 month and part of assets with no stated maturity	**545 346**	**437 400 162**	**90 789 231**	**9 806 104**	**26 509 613**	**565 050 456**
Total assets	**152 021 626**	**524 126 097**	**105 947 856**	**11 723 835**	**30 152 480**	**823 971 894**

(in thousands of Russian Roubles)

	Treasury business	Corporate business	Retail business	Non-banking organisations	Non-allocated	Total
Liabilities						
Liabilities on demand, maturing in less than 1 month and part of liabilities with no stated maturity						
Due to other banks	8 243 015	-	327 292	-	-	8 570 307
Customer accounts	-	118 487 262	27 920 993	-	-	146 408 255
Financial liabilities at fair value through profit or loss	875 413	-	636 826	-	-	1 512 239
Other liabilities	-	-	99 962	696 204	-	796 166
Total liabilities on demand, maturing in less than 1 month and part of liabilities with no stated maturity	**9 118 428**	**118 487 262**	**28 985 073**	**696 204**	**-**	**157 286 967**
Liabilities maturing in more than 1 month and part of liabilities with no stated maturity						
Due to other banks	30 657 967	125 731 630	10 852 984	-	-	167 242 581
Customer accounts	-	199 185 897	136 521 036	7 302	-	335 714 235
Debt securities issued	-	83 023 517	7 221 858	2 314 041	-	92 559 416
Other liabilities	-	-	-	-	1 406 696	1 406 696
Current tax liabilities	-	-	-	-	7 360	7 360
Deferred tax liabilities	-	-	-	141 085	1 459 276	1 600 361
Total liabilities maturing in more than 1 month and part of liabilities with no stated maturity	**30 657 967**	**407 941 044**	**154 595 878**	**2 462 428**	**2 873 332**	**598 530 649**
Total liabilities	**39 776 395**	**526 428 306**	**183 580 951**	**3 158 632**	**2 873 332**	**755 817 616**
Surplus/(deficit) of funds on demand, maturing in less than 1 month and part of liabilities with no stated maturity	**(142 357 852)**	**31 761 327**	**13 826 448**	**(1 221 527)**	**(3 642 867)**	**(101 634 471)**
(Transferred)/received funds on demand, maturing in less than 1 month and part of liabilities with no stated maturity to/from other business segments	142 357 852	(113 372 779)	(28 985 073)	-	-	-
Surplus/(deficit) of funds maturing in more than 1 month and part of liabilities with no stated maturity	**30 112 621**	**(29 459 118)**	**63 806 647**	**(7 343 676)**	**(23 636 281)**	**33 480 193**
(Transferred)/received funds maturing in more than 1 month and part of liabilities with no stated maturity to/from other business segments	-	48 648 022	(48 648 022)	-	-	-
Equity financing	(30 112 621)	62 422 548	-	8 565 203	27 279 148	68 154 278
Net uncovered deficit/unallocated surplus on financing	-	-	-	-	-	-

(in thousands of Russian Roubles)

Segment information on main business segments of the Group for the year ended 31 December 2008 is given in the table below:

	Treasury business	Corporate business	Retail business	Non-banking organisations	Non-allocated	Total
Assets						
Assets on demand, maturing in less than 1 month and part of assets with no stated maturity						
Cash and cash equivalents	1 939 924	109 880 874	21 440 745	7 119	-	133 268 662
Financial assets at fair value through profit or loss	19 960 154	14 106 360	-	1 345 378	-	35 411 892
Due from other banks	67 327 801	-	-	-	-	67 327 801
Other assets	-	-	191 900	1 854 134	3 288 258	5 334 292
Total assets on demand, maturing in less than 1 month and part of assets with no stated maturity	**89 227 879**	**123 987 234**	**21 632 645**	**3 206 631**	**3 288 258**	**241 342 647**
Assets maturing in more than 1 month and part of assets with no stated maturity						
Mandatory cash balances with central banks	-	729 700	432 392	-	-	1 162 092
Due from other banks	558 814	6 450 488	-	-	-	7 009 302
Loans to customers	-	411 235 447	105 174 840	153 482	-	516 563 769
Financial assets available for sale	506 113	259 321	-	5 929 437	3 949 669	10 644 540
Investments held to maturity	-	959 716	-	-	-	959 716
Investments in associates and non-consolidated subsidiaries	-	-	-	3 791 599	174 010	3 965 609
Premises and equipment, and intangible assets	-	-	-	5 779 054	13 476 563	19 255 617
Current tax assets	-	-	-	12 271	455 250	467 521
Deferred tax assets	-	-	-	-	14 544	14 544
Total assets maturing in more than 1 month and part of assets with no stated maturity	**1 064 927**	**419 634 672**	**105 607 232**	**15 665 843**	**18 070 036**	**560 042 710**
Total assets	**90 292 806**	**543 621 906**	**127 239 877**	**18 872 474**	**21 358 294**	**801 385 357**

(in thousands of Russian Roubles)

	Treasury business	Corporate business	Retail business	Non-banking organisations	Non-allocated	Total
Liabilities						
Liabilities on demand, maturing in less than 1 month and part of liabilities with no stated maturity						
Due to other banks	11 872 892	-	599 070	-	-	12 471 962
Customer accounts	-	126 291 525	29 812 259	-	-	156 103 784
Financial liabilities at fair value through profit or loss	10 062 783	-	860 025	-	-	10 922 808
Other liabilities	-	-	194 598	6 556 459	-	6 751 057
Total liabilities on demand, maturing in less than 1 month and part of liabilities with no stated maturity	**21 935 675**	**126 291 525**	**31 465 952**	**6 556 459**	**-**	**186 249 611**
Liabilities maturing in more than 1 month and part of liabilities with no stated maturity						
Due to other banks	-	190 361 491	12 090 173	-	-	202 451 664
Customer accounts	-	128 884 765	121 395 443	156 970	-	250 437 178
Debt securities issued	-	82 200 900	7 289 318	2 225 012	-	91 715 230
Other liabilities	-	-	-	-	1 219 897	1 219 897
Current tax liabilities	-	-	-	53	27 960	28 013
Deferred tax liabilities	-	-	-	141 085	1 492 261	1 633 346
Total liabilities maturing in more than 1 month and part of liabilities with no stated maturity	**-**	**401 447 156**	**140 774 934**	**2 523 120**	**2 740 118**	**547 485 328**
Total liabilities	**21 935 675**	**527 738 681**	**172 240 886**	**9 079 579**	**2 740 118**	**733 734 939**
Surplus/(deficit) of funds on demand, maturing in less than 1 month and part of liabilities with no stated maturity	**(67 292 204)**	**2 304 291**	**9 833 307**	**3 349 828**	**(3 288 258)**	**(55 093 036)**
(Transferred)/received funds on demand, maturing in less than 1 month and part of liabilities with no stated maturity to/from other business segments	67 292 204	(35 826 252)	(31 465 952)	-	-	-
Surplus/(deficit) of funds maturing in more than 1 month and part of liabilities with no stated maturity	**(1 064 927)**	**(18 187 516)**	**35 167 702**	**(13 142 723)**	**(15 329 918)**	**(12 557 382)**
(Transferred)/received funds maturing in more than 1 month and part of liabilities with no stated maturity to/from other business segments	-	13 535 057	(13 535 057)	-	-	-
Equity financing	1 064 927	38 174 420	-	9 792 895	18 618 176	67 650 418
Net uncovered deficit/unallocated surplus on financing	-	-	-	-	-	-

(in thousands of Russian Roubles)

The table below shows a breakdown of the interim consolidated statement of income of the Group by business segments for the six months ended 30 June 2009:

	Treasury business	Corporate business	Retail business	Non-banking organisations	Non-allocated	Total
Interest income	3 403 482	30 532 853	6 649 715	104 829	-	40 690 879
Interest expense	(4 427 469)	(16 924 408)	(5 775 510)	(57 545)	-	(27 184 932)
Gains less losses arising from financial assets at fair value through profit or loss	2 885 407	-	-	68 986	-	2 954 393
Gains less losses arising from financial liabilities at fair value through profit or loss	(496 813)	-	-	-	-	(496 813)
Gains less losses arising from financial assets available for sale	(2 656)	-	-	(185)	-	(2 841)
Gains less losses from dealing in foreign currency and precious metals and revaluation of foreign currency and precious metals	(641 837)	-	528 786	5 454	-	(107 597)
Net operating result on banking assets and liabilities	**720 114**	**13 608 445**	**1 402 991**	**121 539**	**-**	**15 853 089**
Income/(expense) on re-allocation of funds on demand, maturing in less than 1 month and with no stated maturity	(21 380)	15 215	6 165	-	-	-
Income/(expense) on re-allocation of funds maturing in more than 1 month and with no stated maturity	-	(2 215 741)	2 215 741	-	-	-
Net operating result on banking assets and liabilities after intersegment re-allocations	**698 734**	**11 407 919**	**3 624 897**	**121 539**	**-**	**15 853 089**
Fee and commission income	44 630	2 888 611	1 523 304	40 507	-	4 497 052
Fee and commission expense	(27 328)	(417 146)	(256 600)	(463)	-	(701 537)
Provisions for impairment of due from other banks and loans to customers	(25 967)	(7 639 341)	(3 739 214)	(6 022)	-	(11 410 544)
General and administrative expenses	(257 709)	(2 126 309)	(2 361 626)	(200 746)	(2 162 067)	(7 108 457)
Other income/(expense)	-	66 685	315 846	(210 769)	(204 077)	(32 315)
Profit before taxation	**432 360**	**4 180 419**	**(893 393)**	**(255 954)**	**(2 366 144)**	**1 097 288**
Income tax expense	-	-	-	(17 302)	(424 631)	(441 933)
Profit after taxation	**432 360**	**4 180 419**	**(893 393)**	**(273 256)**	**(2 790 775)**	**655 355**
Minority interest	-	-	-	-	(5 266)	(5 266)
Net profit	**432 360**	**4 180 419**	**(893 393)**	**(273 256)**	**(2 796 041)**	**650 089**

(in thousands of Russian Roubles)

The table below shows a breakdown of the interim consolidated statement of income of the Group by business segments for the six months ended 30 June 2008:

	Treasury business	Corporate business	Retail business	Non-banking organisations	Non-allocated	Total
Interest income	3 603 411	16 351 380	6 548 108	24 006	-	26 526 905
Interest expense	(792 953)	(9 089 574)	(4 034 802)	(70 089)	-	(13 987 418)
Gains less losses arising from financial assets at fair value through profit or loss	(961 206)	-	-	86 471	-	(874 735)
Gains less losses arising from financial liabilities at fair value through profit or loss	(90 377)	-	-	-	-	(90 377)
Gains less losses arising from financial assets available for sale	29 749	-	-	30 035	-	59 784
Gains less losses from dealing in foreign currency and precious metals and revaluation of foreign currency and precious metals	386 956	-	204 576	(2 135)	-	589 397
Net operating result on banking assets and liabilities	**2 175 580**	**7 261 806**	**2 717 882**	**68 288**	**-**	**12 223 556**
Income/(expense) on re-allocation of funds on demand, maturing in less than 1 month and with no stated maturity	(501 279)	308 057	193 222	-	-	-
Income/(expense) on re-allocation of funds maturing in more than 1 month and with no stated maturity	-	(413 736)	413 736	-	-	-
Net operating result on banking assets and liabilities after intersegment re-allocations	**1 674 301**	**7 156 127**	**3 324 840**	**68 288**	**-**	**12 223 556**
Fee and commission income	117 414	2 379 576	1 245 560	105 325	-	3 847 875
Fee and commission expense	(15 814)	(448 089)	(223 550)	(502)	-	(687 955)
Provisions for impairment of due from other banks and loans to customers	5 033	(603 983)	(1 953 191)	(17 768)	-	(2 569 909)
General and administrative expenses	(246 457)	(2 033 271)	(2 258 434)	(190 292)	(1 867 157)	(6 595 611)
Other income/(expense)	-	35 013	(43 887)	113 021	261 595	365 742
Profit before taxation	**1 534 477**	**6 485 373**	**91 338**	**78 072**	**(1 605 562)**	**6 583 698**
Income tax expense	-	-	-	(12 273)	(1 328 190)	(1 340 463)
Profit after taxation	**1 534 477**	**6 485 373**	**91 338**	**65 799**	**(2 933 752)**	**5 243 235**
Minority interest	-	-	-	-	(21 652)	(21 652)
Net profit	**1 534 477**	**6 485 373**	**91 338**	**65 799**	**(2 955 404)**	**5 221 583**

(in thousands of Russian Roubles)

26. Contingent Liabilities

Insurance. The insurance market in the Russian Federation is still in the phase of development, so many forms of insurance protection applied in other countries are not available in the Russian Federation yet. The Group has not obtained full insurance coverage for premises and equipment, against discontinuance of operations or third party liability with respect to property or ecological damage arsing due to malfunction of banking equipment or in connection with the main operations of the Group.

However, the Group obtained insurance coverage for the most significant property items: premises, motor vehicles, ATM and other items against damage due to accidents and unlawful actions of third parties.

Legal issues. In the ordinary course of business, the Group 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 of the Group.

Taxation legislation. The tax system of the Russian Federation is characterised by a large number of taxes and frequently changed regulations that may have the retroactive effect and often contain ambiguous and contradictory statements. Often, differing opinions exist among various regulatory bodies in respect of the same regulation. Accuracy of tax computations is subject to review and investigation by a number of fiscal authorities, who are enabled by law to impose severe fines, penalties and interest charges. These facts create tax risks in the Russian Federation, which are substantially more significant than typically found in other countries.

As at 30 June 2009, the management believes that its interpretation of the respective legislation is appropriate, and the Group's tax, currency and customs positions will be sustained by controlling bodies.

Operating lease commitments. Where the Group is the lessee, the future minimum lease payments under non-cancellable operating leases are as follows:

	30 June 2009	31 December 2008
Less than 1 year	770 675	705 481
From 1 to 5 years	287 580	201 424
Later than 5 years	50 065	48 308
Total operating lease commitments	**1 108 320**	**955 213**

Credit related commitments. The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees, which represent irrevocable assurances that the Group will make payments in the event that a customer cannot meet its obligations to the third parties, carry the same credit risk as loans. Documentary letters of credit, which are written undertakings by the Group on behalf of a customer authorising a third party to draw drafts on the Group up to a stipulated amount under specific terms and conditions, are collateralised by the underlying shipments of goods to which they relate or cash deposits and therefore carry less risk than a direct borrowing.

Commitments to extend credit at a specific rate of interest during a fixed period of time are accounted for as derivative financial instruments unless these commitments do not extend beyond the period expected to be needed to perform appropriate underwriting.

Credit related commitments of the Group are as follows:

	30 June 2009	31 December 2008
Guarantees issued	47 074 514	48 105 954
Commitments to extend credit	17 870 418	23 737 226
Letters of credit	8 839 420	8 840 935
Total credit related commitments	**73 784 352**	**80 684 115**

Commitments to extend credit represent unused portions of authorisations to extend credit. With respect to credit risk on commitments to extend credit, the Group is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments since most commitments to extend credit are contingent upon customers maintaining specific credit standards.

The Group monitors the term to maturity of credit related commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

The total outstanding contractual amount of guarantees, letters of credit and undrawn credit lines does not necessarily represent future cash requirements as these financial instruments may expire or terminate without being funded.

(in thousands of Russian Roubles)

The Group's management estimates possibility of losses in connection with credit related commitments as immaterial. As at 30 June 2009 and 31 December 2008, the Group did not set up provisions for the related losses.

27. Fair Value of Financial Instruments

The fair value is defined as the amount at which the instrument could be exchanged in a current transaction between independent knowledgeable willing parties on arm's length conditions, other than in forced or liquidation sale. Quoted prices in active markets provide the best evidence of the financial instrument's fair value. As no readily available market exists for major part of the Group's financial instruments, judgment is necessary in arriving at fair value, based on current economic conditions and the specific risks attributable to the instrument. The estimates presented herein are not necessarily indicative of the amounts the Group could realise in a market exchange from the sale of its full holdings of a particular instrument.

Below is the estimated fair value of the Group's financial instruments as at 30 June 2009 and 31 December 2008:

	30 June 2009		31 December 2008	
	Carrying value	**Fair value**	**Carrying value**	**Fair value**
Financial assets				
Cash and cash equivalents	92 377 131	92 377 131	133 268 662	133 268 662
Financial assets at fair value through profit or loss	49 801 175	49 801 175	35 411 892	35 411 892
Due from other banks	111 890 618	111 890 618	74 337 103	74 337 103
Loans to customers	525 257 773	525 257 773	516 563 769	516 563 769
Financial assets available for sale	13 124 363	13 124 363	10 644 540	10 644 540
Investments held to maturity	993 304	875 517	959 716	834 518
Financial liabilities				
Due to other banks	175 812 888	175 812 888	214 923 626	214 923 626
Customer accounts	482 122 490	482 122 490	406 540 962	406 540 962
Financial liabilities at fair value through profit or loss	1 512 239	1 512 239	10 922 808	10 922 808
Debt securities issued	92 559 416	87 869 393	91 715 230	70 820 496

Financial instruments carried at fair value. Cash and cash equivalents, financial assets at fair value through profit or loss and financial assets available for sale are carried in the interim consolidated balance sheet at their fair value (Notes 5, 6, 9). Some financial assets available for sale have no independent market quotations. The fair value of these assets was determined by the Group based on the results of recent sale of equity interests in the investees to unrelated third parties, analysis of other information, such as discounted cash flows and financial information about investees, as well as using other valuation methods.

Due from other banks. The estimated fair value of fixed interest-bearing placements is based on discounted cash flows using prevailing money market interest rates for instruments with similar credit risk and maturity. In the opinion of the Group, the fair values of due from other banks as at 30 June 2009 and 31 December 2008 do not materially differ from respective carrying amounts (Note 7). This is primarily due to the fact that it is practice to renegotiate interest rates to reflect current market conditions. So, interest on most balances is accrued at rates approximating market interest rates..

Loans to customers. Loans to customers are reported net of impairment provisions. The estimated fair value of loans to customers represent the discounted amount of estimated future cash flows expected to be received. To determine fair value, expected cash flows are discounted at current market rates. The Group believes that fair values of loans to customers as at 30 June 2009 and 31 December 2008 do not materially differ from respective carrying amounts (Note 8). This is primarily due to the fact that it is practice to renegotiate interest rates to reflect current market conditions. So, interest on most balances is accrued at rates approximating market interest rates.

Investments held to maturity. The fair value of investments held to maturity is based on market quotations.

Borrowings. The estimated fair value of borrowings with no stated maturity is the amount repayable on demand. The estimated fair value of fixed interest bearing deposits and other borrowings without quoted market price is based on discounted cash flows using interest rates for new debts with similar remaining maturity. The Group believes that fair values of borrowings as at 30 June 2009 and 31 December 2008 do not materially differ from respective carrying amounts (Notes 13, 14). This is primarily due to the fact that it is practice to renegotiate interest rates to reflect current market conditions. So, interest on most balances is accrued at rates approximating market interest rates.

Debt securities issued. The fair value of debt securities issued is based on market quotations. The fair value of instruments without quoted market prices is determined using the discounted cash flows model, which is based on the current yield curve for the remaining maturity (Note 15).

(in thousands of Russian Roubles)

28. Reconciliation of Categories of Financial Instruments to Balance Sheet

In accordance with IAS 39 "Financial Instruments: Recognition and Measurement" the Group classifies its financial assets in the following categories: 1) financial assets at fair value through profit or loss; 2) investments held to maturity; 3) loans and receivables; 4) financial assets available for sale.

The table below shows reconciliation of categories of financial assets to the interim consolidated balance sheet as at 30 June 2009:

	Financial assets at fair value through profit or loss	Investments held to maturity	Loans and receivables	Financial assets available for sale	Total
Cash and cash equivalents	**92 377 131**	-	-	-	**92 377 131**
Financial assets at fair value through profit or loss	**49 801 175**	-	-	-	**49 801 175**
- Corporate bonds	23 593 423	-	-	-	23 593 423
- Corporate eurobonds	12 815 893	-	-	-	12 815 893
- Eurobonds of the Russian Federation	6 172 737	-	-	-	6 172 737
- Equity securities	3 434 556	-	-	-	3 434 556
- Bonds of RF subjects and local authorities	1 884 141		-	-	1 884 141
- Bonds of foreign governments	1 371 473	-	-	-	1 371 473
- Derivative financial instruments	323 747	-	-	-	323 747
- Corporate promissory notes	205 205	-	-	-	205 205
Due from other banks	-	-	**111 890 618**	-	**111 890 618**
- Loans and deposits with other banks	-	-	96 053 477	-	96 053 477
-Deposits with central banks	-	-	11 050 895	-	11 050 895
- Reverse repo agreements with other banks	-	-	4 786 246	-	4 786 246
Loans to customers	-	-	**525 257 773**	-	**525 257 773**
- Corporate loans	-	-	382 563 202	-	382 563 202
- Loans to small and medium business	-	-	38 110 639	-	38 110 639
- Loans to government and municipal authorities	-	-	12 784 130	-	12 784 130
- Reverse repo agreements	-	-	136 884	-	136 884
- Consumer loans	-	-	45 495 294	-	45 495 294
- Mortgage loans	-	-	28 111 034	-	28 111 034
- Car loans	-	-	11 824 263	-	11 824 263
- Credit cards	-	-	5 113 381	-	5 113 381
- Scoring loans	-	-	1 026 182	-	1 026 182
- Overdrafts	-	-	92 764	-	92 764
Financial assets available for sale	-	-	-	**13 124 363**	**13 124 363**
- Equity securities	-	-	-	12 981 169	12 981 169
- Corporate bonds	-	-	-	143 194	143 194
Investments held to maturity	-	**993 304**	-	-	**993 304**
- Corporate eurobonds	-	323 039	-	-	323 039
- Corporate bonds	-	308 976	-	-	308 976
- Bonds of foreign governments	-	231 255	-	-	231 255
- Russian Federation bonds	-	66 305	-	-	66 305
- Bonds of RF subjects and local authorities	-	63 729	-	-	63 729
Other financial assets	-	-	**3 328 124**	-	**3 328 124**
- Receivables	-	-	2 809 828	-	2 809 828
- Insurance claims	-	-	350 954	-	350 954
- Plastic cards receivables	-	-	167 342	-	167 342
Total financial assets	**142 178 306**	**993 304**	**640 476 515**	**13 124 363**	**796 772 488**
Non-financial assets					27 199 406
Total assets					**823 971 894**

(in thousands of Russian Roubles)

The table below shows reconciliation of categories of financial assets to the consolidated balance sheet as at 31 December 2008:

	Financial assets at fair value through profit or loss	Investments held to maturity	Loans and receivables	Financial assets available for sale	Total
Cash and cash equivalents	**133 268 662**	**-**	**-**	**-**	**133 268 662**
Financial assets at fair value through profit or loss	**35 411 892**	**-**	**-**	**-**	**35 411 892**
- Corporate bonds	20 854 269	-	-	-	20 854 269
- Corporate eurobonds	9 186 353	-	-	-	9 186 353
- Bonds of RF subjects and local authorities	1 529 399	-	-		1 529 399
- Equity securities	1 434 632	-	-	-	1 434 632
- Bonds of foreign governments	806 399	-	-	-	806 399
- Derivative financial instruments	754 892	-	-	-	754 892
- Eurobonds of the Russian Federation	590 521	-	-	-	590 521
- Corporate promissory notes	194 216	-	-	-	194 216
- Russian Federation bonds (OFZ)	61 211	-	-	-	61 211
Due from other banks	**-**	**-**	**74 337 103**	**-**	**74 337 103**
- Loans and deposits with other banks	-	-	65 135 834	-	65 135 834
- Reverse repo agreements with other banks	-	-	8 676 997	-	8 676 997
- Deposits with central banks	-	-	524 272	-	524 272
Loans to customers	**-**	**-**	**516 563 769**	**-**	**516 563 769**
- Corporate loans	-	-	345 747 393	-	345 747 393
- Loans to small and medium business	-	-	43 661 677	-	43 661 677
- Loans to government and municipal authorities	-	-	16 076 523	-	16 076 523
- Reverse repo agreements	-	-	4 465 770	-	4 465 770
- Consumer loans	-	-	53 371 827	-	53 371 827
- Mortgage loans	-	-	30 801 085	-	30 801 085
- Car loans	-	-	14 814 154	-	14 814 154
- Credit cards	-	-	4 986 100	-	4 986 100
- Scoring loans	-	-	2 564 174	-	2 564 174
- Overdrafts	-	-	75 066	-	75 066
Financial assets available for sale	**-**		**-**	**10 644 540**	**10 644 540**
-Equity securities	-		-	9 882 986	9 882 986
-Bonds of foreign governments	-		-	506 113	506 113
- Corporate bonds	-		-	225 613	225 613
- Corporate eurobonds	-		-	29 828	29 828
Investments held to maturity	**-**	**959 716**	**-**	**-**	**959 716**
- Corporate eurobonds	-	398 712	-	-	398 712
- Corporate bonds	-	282 989	-	-	282 989
- Corporate promissory notes	-	192 330		-	192 330
- Bonds of RF subjects and local authorities	-	51 849	-	-	51 849
- Bonds of foreign governments	-	33 836	-	-	33 836
Other financial assets	**-**	**-**	**3 833 993**	**-**	**3 833 993**
- Receivables	-	-	2 744 276	-	2 744 276
- Insurance claims	-	-	897 817	-	897 817
- Plastic cards receivables	-	-	191 900	-	191 900
Total financial assets	**168 680 554**	**959 716**	**594 734 865**	**10 644 540**	**775 019 675**
Non-financial assets					26 365 682
Total assets					**801 385 357**

All financial liabilities of the Group, with the exception of derivative financial instruments, are carried at amortised cost. Derivative financial instruments are classified at fair value through profit or loss.

29. Related Party Transactions

In the normal course of business the Group enters into transactions with its main shareholders, directors and other related parties. For the purposes of these interim consolidated financial statements, parties are considered to be related if one party has the ability to control or exercise significant influence over the other party in making financial or operational decisions as defined by IAS 24 "Related Party Disclosures". In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form. These transactions include settlements, issuance of loans, deposit taking, guarantees, trade finance and foreign currency transactions. According to the Group's policy, the terms of related party transactions are equivalent to those that prevail in arm's length transactions.

(in thousands of Russian Roubles)

The outstanding balances at the end of the reporting period and asset transactions with related parties for the six months of 2009 and 2008 are as follows:

	Shareholders		Directors and key management personnel		Associates	
	For the six months ended 30 June 2009	For the six months ended 30 June 2008	For the six months ended 30 June 2009	For the six months ended 30 June 2008	For the six months ended 30 June 2009	For the six months ended 30 June 2008
Financial assets at fair value through profit or loss						
Financial assets at fair value through profit or loss as at 1 January	262 363	812 205	-	-	4 784 408	4 105 820
Financial assets at fair value through profit or loss acquired during the reporting period	-	35 896 433	-	-	25 566 354	4 711 829
Financial assets at fair value through profit or loss sold and repaid during the reporting period	(262 363)	(35 607 902)	-	-	(24 179 329)	(4 688 223)
Financial assets at fair value through profit or loss as at 30 June	**-**	**1 100 736**	**-**	**-**	**6 171 433**	**4 129 426**
Due from other banks						
Due from other banks as at 1 January	-	-	-	-	500 000	633 717
Due from other banks placed during the reporting period	-	-	-	-	1 812 994	4 355 651
Due from other banks repaid during the reporting period	-	-	-	-	(1 812 994)	(4 467 904)
Due from other banks as at 30 June	**-**	**-**	**-**	**-**	**500 000**	**521 464**
Provisions for impairment of due from other banks						
Provision for impairment of due from other banks as at 1 January	-	-	-	-	-	5 000
Recovery of provision for impairment of due from other banks during the reporting period	-	-	-	-	-	(5 000)
Provision for impairment of due from other banks as at 30 June	**-**	**-**	**-**	**-**	**-**	**-**
Due from other banks as at 1 January (less provision for impairment)	**-**	**-**	**-**	**-**	**500 000**	**628 717**
Due from other banks as at 30 June (less provision for impairment)	**-**	**-**	**-**	**-**	**500 000**	**521 464**
Loans to customers						
Loans to customers as at 1 January (gross)	-	-	312 246	440 770	7 644 086	4 138 342
Loans to customers issued during the reporting period	4 869 642	-	234 097	190 983	13 205 296	11 983 156
Loans to customers repaid during the reporting period	(301 502)	-	(152 413)	(281 827)	(4 997 388)	(13 357 609)
Loans to customers as at 30 June (gross)	**4 568 140**	**-**	**393 930**	**349 926**	**15 851 994**	**2 763 889**
Provision for impairment of loans to customers						
Provision for impairment of loans to customers as at 1 January	-	-	3 123	4 408	92 584	85 117

(in thousands of Russian Roubles)

	Shareholders		Directors and key management personnel		Associates	
	For the six months ended 30 June 2009	For the six months ended 30 June 2008	For the six months ended 30 June 2009	For the six months ended 30 June 2008	For the six months ended 30 June 2009	For the six months ended 30 June 2008
Provision for impairment of loans to customers during the reporting period	47 242	-	816	-	640 225	-
Recovery of provision for impairment of loans to customers during the reporting period	(6 793)	-	-	(913)	(9 287)	(3 660)
Provision for impairment of loans to customers as at 30 June	**40 449**	**-**	**3 939**	**3 495**	**723 522**	**81 457**
Loans to customers as at 1 January (less provision for impairment)	**-**	**-**	**309 123**	**436 362**	**7 551 502**	**4 053 225**
Loans to customers as at 30 June (less provision for impairment)	**4 527 691**	**-**	**389 991**	**346 431**	**15 128 472**	**2 682 432**
Interest received on loans to customers and due from other banks	**156 326**	**-**	**13 520**	**10 029**	**946 115**	**296 933**

(in thousands of Russian Roubles)

The outstanding balances and liability transactions with related parties for the six months of 2009 and 2008 are as follows:

	Shareholders		Directors and key management personnel		Associates	
	For the six months ended 30 June 2009	For the six months ended 30 June 2008	For the six months ended 30 June 2009	For the six months ended 30 June 2008	For the six months ended 30 June 2009	For the six months ended 30 June 2008
Due to other banks						
Due to other banks as at 1 January	-	-	-	-	51 101	23 759
Due to other banks received during the reporting period	-	-	-	-	8 709 738	7 353 694
Due to other banks repaid during the reporting period	-	-	-	-	(8 735 021)	(7 241 648)
Due to other banks as at 30 June	**-**	**-**	**-**	**-**	**25 818**	**135 805**
Customer accounts						
Customer accounts as at 1 January	91 722 002	91 869 476	522 599	442 178	18 041 503	20 845 817
Customer accounts received during the reporting period	278 953 886	161 411 847	1 808 073	1 411 758	424 694 076	300 278 954
Customer accounts repaid during the reporting period	(229 355 789)	(134 765 474)	(1 336 831)	(1 337 962)	(408 078 355)	(304 023 458)
Customer accounts as at 30 June	**141 320 099**	**118 515 849**	**993 841**	**515 974**	**34 657 224**	**17 101 313**
Interest expense on deposits	**5 862 689**	**3 957 366**	**35 868**	**21 209**	**165 500**	**14 604**
Fee and commission income for the reporting period	**13 138**	**1 705**	**-**	**-**	**360 956**	**241 606**
Guarantees and sureties issued by the Group at the end of the reporting period	**2 049 521**	**1 536 453**	**-**	**-**	**3 681 500**	**-**
Guarantees and sureties received by the Group at the end of the reporting period	**-**	**-**	**-**	**-**	**30 686 910**	**-**
Import letters of credit at the end of the reporting period	**-**	**-**	**-**	**-**	**360 615**	**373 119**

Operations with the Moscow Government structural divisions account for a substantial share of related party transactions.

Remuneration to members of the Executive Board as at 30 June 2009 amounted to RUR 297 963 thousand (as at 30 June 2008: RUR 171 903 thousand).

(in thousands of Russian Roubles)

30. Capital Adequacy

The Central Bank of the Russian Federation requires banks and banking groups to maintain a capital adequacy ratio of more than 10% of risk weighted assets.

As at 30 June 2009 and 31 December 2008, the capital adequacy ratio of the Group calculated in accordance with the Basle Accord dated 1988 exceeded the recommended minimum of 8%:

	30 June 2009	31 December 2008
Core capital (Tier 1 capital)	62 451 940	61 801 851
Secondary capital (Tier 2 capital)	32 923 331	29 111 279
Total equity (capital)	**95 375 271**	**90 913 130**
Risk-weighted assets	**608 712 876**	**653 621 043**
Capital adequacy ratio	**15.7%**	**13.9%**
Core capital adequacy ratio	**10.3%**	**9.5%**
Minimum capital adequacy ratio	8.0%	8.0%

31. Events after the Balance Sheet Date

On 28 July 2009 the CBR registered the 13th issue of the Bank of Moscow shares. 21 008 403 ordinary voting shares with the nominal value of RUR 100 were placed at: RUR 952 per share under the preemptive rights offer and RUR 952 under open subscription, totalling RUR 20 000 000 thousand, including share premium of RUR 17 899 159 thousand. Based on the results of additional issue of the Bank of Moscow shares, total interest in the share capital of the Bank controlled by Moscow Government equalled 63.39% (the Moscow Government held 48.11% of the Bank shares directly and 15.28% through OJSC Stolichnaya Insurance Group).