

BANK VOZROZHDENIE

**International Financial Reporting Standards
Interim Quarterly Financial Statements
(unaudited)**

31 March 2010

CONTENTS

Statement of financial position	1
Statement of comprehensive income	2
Statement of changes in equity	3
Statement of cash flows	4

Notes to the financial statements

1	Principles of accounting policies, critical accounting estimates and judgements	5
2	Cash and cash equivalents	5
3	Trading securities	5
4	Due from other banks	5
5	Loans and advances to customers	6
6	Investment securities available for sale	12
7	Investment securities held to maturity	12
8	Other financial assets	12
9	Other assets	13
10	Due to other banks	13
11	Customer accounts	13
12	Debt securities in issue	14
13	Interest income and expense	14
14	Fee and commission income and expense	15
15	Administrative and other operating expenses	15
16	Segment analysis	16
17	Financial risk management	19

Bank Vozrozhdenie
IFRS Interim Quarterly Statements
Statement of financial position as at March 31, 2010

(in millions of Russian Rubles)

1USD = 29,3638 Russian Ruble as at 31 March 2010

1USD = 30,2442 Russian Ruble as at 31 December 2009

March 31, 2010 **December 31, 2009**
(unaudited)

ASSETS

Cash and cash equivalents	35 758	34 101
Mandatory cash balances with the Central Bank of the Russian Federation	996	868
Trading securities held to maturity	9 828	9 756
Due from other banks	6 956	6 363
Loans and advances to customers	85 387	85 205
Investment securities available for sale	1 165	1 312
Investment securities held to maturity	146	-
Premises, equipment and intangible assets	3 079	3 102
Other financial assets	1 088	1 236
Other assets	3 814	3 660

TOTAL ASSETS	148 217	145 603
---------------------	----------------	----------------

LIABILITIES

Due to other banks	1 983	4 368
Customer accounts	119 256	113 129
Debt securities in issue	4 601	6 364
Subordinated loans	4 474	4 578
Other financial liabilities	1 132	576
Other liabilities	376	302

TOTAL LIABILITIES	131 822	129 317
--------------------------	----------------	----------------

SHAREHOLDERS' EQUITY

Share capital	250	250
Share premium	7 306	7 306
Retained earnings	8 757	8 660
Other reserves/Funds	82	70

TOTAL SHAREHOLDERS' EQUITY	16 395	16 286
-----------------------------------	---------------	---------------

TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	148 217	145 603
---	----------------	----------------

Bank Vozrozhdenie
IFRS Interim Quarterly Statements
Statement of Comprehensive Income as at March 31, 2010

(in millions of Russian Rubles) 1USD = 29,3638 Russian Ruble as at 31 March 2010 1USD = 34,0134 Russian Ruble as at 31 March 2009	3M 2010 (unaudited)	3M 2009 (unaudited)
Interest income	3 641	4 565
Interest expense	(2 183)	(2 230)
Net interest income	1 458	2 335
Provision/Recovery of provision for loan impairment	(625)	(1 646)
Net interest income after provision for loan impairment	833	689
Fee and commission income	900	940
Fee and commission expense	(73)	(62)
(Losses less gains)/ Gains less losses arising from trading securities	(27)	131
Income from trading in foreign currencies	537	1 491
Expenses from trading in foreign currencies	(482)	(1 333)
Foreign exchange translation losses less gains	3	78
Gains less losses from disposals of investment securities available for sale	-	18
Dividend income	-	-
Other operating income	28	19
Administrative and other operating expenses	(1 531)	(1 390)
Profit before tax	188	581
Income tax expense	(91)	(195)
PROFIT FOR THE YEAR	97	386
Other comprehensive income:		
Available-for-sale investments:		
Gains less losses arising during the year	10	(8)
Income tax recorded directly in other comprehensive income	2	4
Other comprehensive income for the year	12	(4)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	109	382
Earnings per share for profit attributable to the equity holders of the Bank, basic and diluted (expressed in RUB per share)		
Ordinary shares	4	15
Preference shares with fixed dividend amount	4	15

Bank Vozrozhdenie
IFRS Interim Quarterly Statements
Statement of Changes in Equity for the period ended on March 31, 2010

	Share capital	Share premium	Other reserves/funds	Retained earnings	Total equity
Balance at December 31, 2008	250	7 306	52	7 457	15 065
Total comprehensive income for 2009	-	-	18	1 217	1 235
Dividends declared	-	-	-	(14)	(14)
Balance at December 31, 2009	250	7 306	70	8 660	16 286
Total comprehensive income for 2010	-	-	12	97	109
Dividends declared	-	-	-	-	-
Balance at March 31, 2010	250	7 306	82	8 757	16 395

	Share capital	Share premium	Other reserves/funds	Retained earnings	Total equity
Balance at December 31, 2007	250	7 306	-	4 334	11 890
Total comprehensive income for 2008	-	-	52	3 137	3 189
Dividends declared	-	-	-	(14)	(14)
Balance at December 31, 2008	250	7 306	52	7 457	15 065
Total comprehensive income for 2009	-	-	(4)	386	382
Dividends declared	-	-	-	-	-
Balance at March 31, 2009	250	7 306	48	7 843	15 447

Bank Vozrozhdenie
IFRS Interim Quarterly Statements
Statement of Cash Flows for the period ended on March 31, 2010

<i>(in millions of Russian Rubles)</i>	3M 2010 (unaudited)	3M 2009 (unaudited)
Cash flows from operating activities		
Interest received	3 195	4 424
Interest paid	(2 052)	(1 867)
Fees and commissions received	913	920
Fees and commissions paid	(73)	(62)
Net income/(loss) received from trading securities	6	4
Net income received from trading in foreign currencies	52	204
Other operating income received	27	19
Administrative and other operating expenses paid	(1 409)	(1 239)
Income tax paid	(108)	(106)
Cash flows from operating activities before changes in operating assets and liabilities	551	2 297
Changes in operating assets and liabilities		
Net increase in mandatory cash balances with the Central Bank of the Russian Federation	(128)	(13)
Net (increase)/decrease in trading securities	(93)	613
Net (increase)/decrease in due from other banks	(600)	1 811
Net (increase)/decrease in loans and advances to customers	(826)	1 590
Net decrease in other financial assets	137	87
Net increase in other assets	(60)	(126)
Net decrease in due to other banks	(2 298)	(2 696)
Net increase/(decrease) in customer accounts	7 262	(3 677)
Net decrease in debt securities in issue	(1 619)	(627)
Net increase in other financial liabilities	552	403
Net (decrease)/increase in other liabilities	(7)	36
Net cash from/(used in) investing activities	2 871	(302)
Cash flows from investing activities		
Proceeds from disposal of investment securities available for sale	155	1 705
Acquisition of investment securities held to maturity	(146)	-
Acquisition of fixed and intangible assets	(97)	(89)
Proceeds from disposal of fixed and intangible assets	1	-
Proceeds from disposal of long term assets available for sale	5	-
Net cash (used in)/from financing activities	(82)	1 616
Cash received from financing activities		
Repayment of syndicated loans	-	(1 754)
Net cash used in financing activities	-	(1 754)
Effect of exchange rate changes on cash and cash equivalents	(1 132)	2 257
Net increase in cash and cash equivalents	1 657	1 817
Cash and cash equivalents at the beginning of the year	34 101	28 490
Cash and cash equivalents at the end of the financial period	35 758	30 307

1 Principles of accounting policies, critical accounting estimates and judgments

Principles and methods of accounting policy applied in this interim financial statement comply with the principles and methods applied and described in the Bank's annual Financial Statement for 2009.

Judgments made by Bank's management applying accounting policy comply with the judgments described in the Bank's annual Financial Statement for 2009. The Bank's Management didn't apply any new estimates and judgments. As a result of applying estimates and judgments described in the Bank's financial statements for the year ended December 31, 2009 the Bank's assets, revenues and income for three months ended March 31, 2010 didn't change materially.

This interim financial statement doesn't contain all notes which are obligatory to disclosure in a full version of financial statement.

2 Cash and cash equivalents

<i>(in millions of Russian Rubles)</i>	2010	2009
Cash on hand	6 342	9 642
Correspondent accounts and overnight placements with other banks		
- Russian Federation	9 409	633
- other countries	15 545	16 125
Cash balances with the CBRF (other than mandatory reserve deposits)	4 462	7 701
Total cash and cash equivalents	35 758	34 101

Cash and cash equivalents are not impaired and are not collateralized.

3 Trading securities

<i>(in millions of Russian Rubles)</i>	2010	2009
CBRF bonds	4 227	3 429
Corporate bonds	4 172	3 571
State Internal loan Bonds (OVGVZ)	606	308
Corporate Eurobonds	558	701
Municipal Bonds	258	1 584
Russian Federation Eurobonds	-	162
Total debt securities	9 821	9 755
Corporate shares	7	1
Total trading securities	9 828	9 756

The entire trading securities portfolio includes trading securities quoted on the market.

Trading securities are carried at fair value which also reflects any credit risk related write-downs. As trading securities are carried at their fair values based on observable market data, the Bank does not analyze or monitor impairment indicators. Trading securities are used by Bank Basically for managing liquidity risk.

The Bank is licensed by the Federal Commission on the Securities Markets for trading in securities.

4 Due from Other Banks

<i>(in millions of Russian Rubles)</i>	2010	2009
--	------	------

Bank Vozrozhdenie
Notes to the interim Financial Statement according to IFRS as at March 31, 2010

Deposits with CBRF	6 702	4 000
Short-term placements with other banks	3	2 104
Insurance deposits with non-resident banks	251	259
Total due from other banks	6 956	6 363

The Bank has a significant concentration of credit risk with the CBRF. In total, credit risk exposure to the CBRF is estimated to have amounted to RR 16,387 million (2009: RR15,998 million), comprising cash and cash equivalents, mandatory reserve deposits with the CBRF and other amounts due from other banks and trading securities. As at March 31, 2010 the Bank's had no attracted deposits from the CBRF (2009: RR 2,306 million).

5 Loans and Advances to Customers

<i>(in millions of Russian Rubles)</i>	2010	2009
Corporate loans – large	20 855	25 657
Corporate loans – medium	43 165	38 683
Corporate loans – small	17 694	16 194
Mortgage loans	7 638	7 914
Other loans to individuals	6 075	6 196
Total loans and advances to customers (before impairment)	95 427	94 644
Less: Provision for loan impairment	(10 040)	(9 439)
Total loans and advances to customers	85 387	85 205

In accordance with the annually approved Credit policy loans are divided into corporate and retail. Taking into consideration the Bank's customer policy requirements for 2010 the corporate portion of borrowers is further divided on the basis of total amount owned by the customer into the following categories: large – in excess of RR 750 million, medium – from RR 100 million to RR 750 million, small less than RR 100 million (2009: large – in excess of RR 750 million, medium – from RR 100 million to RR 750 million, small less than RR 100 million). Retail loans are divided into categories by product: mortgage loans and other loans to individuals including customer loans, car loans and bank card loans.

Movements in the provision for loan impairment during 3M 2010 are as follows:

<i>(in millions of Russian Rubles)</i>	Corporate loans – large	Corporate loans – medium	Corporate loans – small	Mortgage loans	Other loans to individuals	Total
Provision for loan impairment at December 31, 2009	1 631	4 129	2 660	449	570	9 439
Provision for loan impairment during the year	(101)	452	254	7	13	625
Amounts written off during the year as uncollectible	-	-	(23)	-	(1)	(24)
Provision for loan impairment at March 31, 2010	1 530	4 581	2 891	456	582	10 040

5 Loans and advances to customers (continued)

Movements in the provision for loan impairment during 2009 are as follows:

<i>(in millions of Russian Rubles)</i>	Corporate loans – large	Corporate loans – medium	Corporate loans – small	Mortgage loans	Other loans to individuals	Total
Provision for loan impairment at December 31, 2008	732	1 700	1 722	192	411	4 757
Provision for loan impairment during the year	899	2 429	1 003	257	164	4 752
Amounts written off during the year as uncollectible	-	-	(65)	-	(5)	(70)
Provision for loan impairment at December 31, 2009	1 631	4 129	2 660	449	570	9 439

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

<i>(in millions of Russian Rubles)</i>	2010		2009	
	Amount	%	Amount	%
Manufacturing	22 579	24	19 507	21
Trade	19 824	21	20 198	21
Individuals	13 713	14	14 110	15
State and public organizations	8 037	8	11 862	13
Construction	7 953	8	7 830	8
Transport	6 546	7	5 068	5
Agricultural	3 723	4	3 823	4
Finance	2 724	3	6 087	6
Other	10 328	11	6 159	7
Total Loans and advances to customers (Before provisions for loan impairment)	95 427	100	94 644	100

State and public organizations exclude government owned profit oriented businesses.

At March 31, 2010 the Bank had 16 borrowers with aggregated loan amounts equal or above RUB 750 million. The total aggregate amount of these loans was RUB 20 855 million or 21.9% of the gross loan portfolio.

At December 31, 2009 the bank had 17 borrowers with aggregated loan amounts equal or above RUB 500 million. The total aggregate amount of these loans was RUB 25 657 million or 27.1% of the gross loan portfolio.

5 Loans and advances to customers (continued)

Analysis by credit quality of loans outstanding at March 31, 2010 is as follows:

<i>(in millions of Russian Rubles)</i>	Corporate loans – large	Corporate loans – medium	Corporate loans – small	Mortgage loans	Other loans to individuals	Total
<i>Neither past due nor impaired:</i>						
- Large borrowers with credit history over two years	10 467	-	-	-	-	10 467
- Large new borrowers	8 417	-	-	-	-	8 417
- Loans to medium size entities	-	1 312	-	-	-	1 312
- Loans assessed on a portfolio basis	-	36 219	14 367	6 944	5 394	62 924
- Loans renegotiated in 2010	1 121	325	210	42	54	1 752
Total neither past due nor impaired	20 005	37 856	14 577	6 986	5 448	84 872
<i>Past due but not impaired</i>						
- less than 30 days overdue	-	595	171	302	100	1 168
- 30 to 90 days overdue	-	300	-	32	32	364
- 90 to 180 days overdue	-	-	-	41	-	41
- 180 to 360 days overdue	-	-	-	83	-	83
- over 360 days overdue	-	-	-	-	-	-
Total past due but not impaired	-	895	171	458	132	1 656
<i>Loans collectively determined to be impaired (gross)</i>						
- less than 30 days overdue	-	-	107	-	16	123
- 30 to 90 days overdue	-	-	98	-	19	117
- 90 to 180 days overdue	-	576	714	-	50	1 340
- 180 to 360 days overdue	-	289	1 794	-	143	2 226
Total loans collectively determined to be impaired (gross)	-	865	2 713	-	228	3 806
<i>Loans individually determined to be impaired (gross)</i>						
- less than 30 days overdue	-	1 681	-	-	-	1 681
- 30 to 90 days overdue	-	100	-	-	-	100
- 90 to 180 days overdue	-	198	-	-	30	228
- 180 to 360 days overdue	850	981	44	-	54	1 929
- over 360 days overdue	-	589	189	194	183	1 155
Total loans individually determined to be impaired (gross)	850	3 549	233	194	267	5 093
Less impairment provisions	(1530)	(4 581)	(2 891)	(456)	(582)	(10 040)
Total loans and advances to customers	19 325	38 584	14 803	7 182	5 493	85 387

5 Loans and advances to customers (continued)

Analysis by credit quality of loans outstanding at December 31, 2009 is as follows:

<i>(in millions of Russian Rubles)</i>	Corporate loans – large	Corporate loans – medium	Corporate loans – small	Mortgage loans	Other loans to individuals	Total
<i>Neither past due nor impaired:</i>						
- Large borrowers with credit history over two years	15 201	-	-	-	-	15 201
- Large new borrowers	7 536	-	-	-	-	7 536
- Loans to medium size entities	-	1 148	-	-	-	1 148
- Loans assessed on a portfolio basis	-	31 501	12 500	7 391	5 463	56 855
- Loans renegotiated in 2010	2 070	1 732	641	37	62	4 542
Total neither past due nor impaired	24 807	34 381	13 141	7 428	5 525	85 282
<i>Past due but not impaired</i>						
- less than 30 days overdue	-	-	55	136	153	344
- 30 to 90 days overdue	-	300	-	56	33	389
- 90 to 180 days overdue	-	-	-	39	-	39
- 180 to 360 days overdue	-	-	-	108	-	108
- over 360 days overdue	-	-	-	-	-	-
Total past due but not impaired	-	300	55	339	186	880
<i>Loans collectively determined to be impaired (gross)</i>						
- less than 30 days overdue	-	-	188	-	23	211
- 30 to 90 days overdue	-	197	391	-	31	619
- 90 to 180 days overdue	-	425	751	-	81	1 257
- 180 to 360 days overdue	-	248	1 433	-	101	1 782
Total loans collectively determined to be impaired (gross)	-	870	2 763	-	236	3 869
<i>Loans individually determined to be impaired (gross)</i>						
- less than 30 days overdue	-	1 536	-	-	-	1 536
- 30 to 90 days overdue	-	26	-	-	-	26
- 90 to 180 days overdue	850	424	-	-	30	1 304
- 180 to 360 days overdue	-	811	94	-	59	964
- over 360 days overdue	-	335	141	147	160	783
Total loans individually determined to be impaired (gross)	850	3 132	235	147	249	4 613
Less impairment provisions	(1 631)	(4 129)	(2 660)	(449)	(570)	(9 439)
Total loans and advances to customers	24 026	34 554	13 534	7 465	5 626	85 205

5 Loans and advances to customers (continued)

The primary factors that the Bank considers in determining whether a loan is impaired are its overdue status and reliability of related collateral, if any.

The Bank applied the portfolio provisioning methodology prescribed by IAS 39, Financial Instruments: Recognition and Measurement, and booked portfolio provisions for impairment losses that were incurred but have not been specifically identified with any individual loan at the end of the reporting period. The Bank's policy is to classify each loan as 'neither past due nor impaired' until specific objective evidence of impairment of the loan is identified. The impairment provisions may exceed the total gross amount of individually impaired loans as a result of this policy and the portfolio impairment methodology.

The fair value of collateral in respect of loans past due but not impaired and in respect of loans collectively and individually determined to be impaired at 31 March 2010 was as follows:

<i>(in millions of Russian Rubles)</i>	Corporate loans – large	Corporate loans – medium	Corporate loans – small	Mortgage loans	Other loans to individuals	Total
<i>Fair value of collateral - loans past due but not impaired</i>						
- residential real estate	-	-	-	689	89	778
- production real estate	-	231	82	-	-	313
- equipment and inventories	-	583	19	-	-	602
- motor vehicles	-	-	-	-	56	56
- third parties' guarantees	-	1 838	167	2	72	2 079
- other assets (other types of property, rights)	-	-	-	251	-	251
<i>Fair value of collateral - collectively impaired loans</i>						
- production real estate	-	137	632	-	-	769
- equipment and inventories	-	221	1 361	-	-	1 582
- state guarantees and guarantees of the RF constituents	-	-	108	-	-	108
- third parties' guarantees	-	-	-	-	153	153
- other assets (other types of property, rights)	-	8	18	-	153	179
<i>Fair value of collateral - individually impaired loans</i>						
- residential real estate	-	-	-	301	38	339
- production real estate	172	2 498	-	-	-	2 670
- equipment and inventories	216	1 051	75	-	-	1 342
- motor vehicles	-	-	-	-	119	119
- third parties' guarantees	-	-	-	-	173	173
- other assets (other types of property, rights)	-	109	-	8	-	117
Total	388	6 676	2 462	1 251	853	11 630

5 Loans and advances to customers (continued)

The fair value of collateral in respect of loans past due but not impaired and in respect of loans collectively and individually determined to be impaired at 31 December 2009 was as follows:

<i>(in millions of Russian Rubles)</i>	Corporate loans – large	Corporate loans – medium	Corporate loans – small	Mortgage loans	Other loans to individuals	Total
<i>Fair value of collateral - loans past due but not impaired</i>						
- residential real estate	-	-	-	545	185	730
- production real estate	-	104	36	-	-	140
- equipment and inventories	-	145	-	-	-	145
- motor vehicles	-	-	-	-	32	32
- third parties' guarantees	-	280	50	-	59	389
- other assets (other types of property, rights)	-	-	-	99	-	99
<i>Fair value of collateral - collectively impaired loans</i>						
- production real estate	-	245	640	-	-	885
- equipment and inventories	-	239	1 432	-	-	1 671
- state guarantees and guarantees of the RF constituents	-	-	108	-	-	108
- third parties' guarantees	-	-	-	-	168	168
- other assets (other types of property, rights)	-	9	18	-	-	27
<i>Fair value of collateral - individually impaired loans</i>						
- residential real estate	-	-	-	219	44	263
- production real estate	172	1 977	-	-	-	2 149
- equipment and inventories	216	1 043	75	-	-	1 334
- motor vehicles	-	-	-	-	91	91
- third parties' guarantees	-	-	-	-	166	166
- other assets (other types of property, rights)	-	109	-	4	-	113
Total	388	4 151	2 359	867	745	8 510

Neither past due nor impaired, but renegotiated loans represent the carrying amount of loans that would otherwise be past due or impaired whose terms have been renegotiated. Past due but not impaired loans represent collateralised loans where the discounted fair value of collateral covers the overdue interest and principal repayments. The amount reported as past due but not impaired is the whole balance of such loans, not only the individual instalments that are past due.

6 Securities Available for Sale

<i>(in millions of Russian Rubles)</i>	2010	2009
Corporate Eurobonds	553	701
Corporate bonds	121	115
Total debt securities	674	816
Corporate shares	491	496
Total investment securities available for sale	1 165	1 312

The movements in investment securities available for sale are as follows:

<i>(in millions of Russian Rubles)</i>	2010	2009
Carrying amount at 1 January	1 312	2 364
Fair value gains less losses	10	26
Interest income accrued	15	11
Interest income received	2	22
Purchases	-	786
Disposals of investment securities available for sale	(153)	(1 916)
Other	(21)	19
Carrying amount at March 31/December 31	1 165	1 312

7 Investment securities held to maturity

<i>(in millions of Russian Rubles)</i>	2010	2009
Corporate promissory notes	146	-
Total investment securities held to maturity	146	-

Corporate promissory notes are the promissory notes of one Russian large company nominated in Russian rubles. These promissory notes have maturity date on July 2010 and discount rate/income of 7.0%.

8 Other Financial Assets

<i>(in millions of Russian Rubles)</i>	2010	2009
Credit and debit cards receivables	280	418
Receivables and advance payments	606	399
Settlements with currency and stock exchanges	148	368
Other	54	51
Total other financial assets	1 088	1 236

Other financial assets are not impaired and are not collateralized.

9 Other Assets

<i>(in millions of Russian Rubles)</i>	2010	2009
Inventories	2 484	2 355
Investment properties	603	609
Non-current assets held for sale	531	536
Deferred income tax asset	153	52
Other	43	108
Total other assets	3 814	3 660

Inventories represent real estate assets, equipment, motor vehicles and inventory acquired by the Bank in settlement of overdue loans. The assets do not meet the definition of investment property and non-current assets held for sale and are classified as inventories in accordance with IAS 2, Inventories. The assets were initially recognised at cost when acquired. All of the above assets are expected to be realised within more than twelve months after the year-end. A decision on the use of the repossessed property is taken by the Bank's Management Board or the Board of Directors.

The Bank measures the investment property using the cost model less accumulated depreciation and provision for impairment, if necessary.

The portfolio of assets held for sale consists of residential and commercial real estate acquired by the Bank as repossessed collateral in the settlements of overdue loans. The Bank actively markets these assets and expects to dispose of these assets by December 2010.

10 Due to Other Banks

<i>(in millions of Russian Rubles)</i>	2010	2009
Short-term placements of the CBRF	-	2 306
Placements of other banks	1 722	1 758
Correspondent accounts of other banks	261	304
Total due to other banks	1 983	4 368

In January 2010 the Bank prepaid a short-term placement of the CBRF in the amount of RR 2 306 million with maturity date in October 2010 and contractual interest rate of 10.0%

11 Customer Accounts

<i>(in millions of Russian Rubles)</i>	2010	2009
State and public organisations		
- Current/settlement accounts	295	319
- Term deposits	1 550	-
Other legal entities		
- Current/settlement accounts	24 480	24 253
- Term deposits	21 214	19 993
Individuals		
- Current/demand accounts	12 574	14 088
- Term deposits	59 143	54 476
Total customer accounts	119 256	113 129

11 Customer Accounts (continued)

State and public organisations exclude government owned profit orientated businesses.

Economic sector concentrations within customer accounts are as follows:

<i>(in millions of Russian Rubles)</i>	2010		2009	
	Amount	%	Amount	%
Individuals	71 717	59	68 564	60
Finance	15 447	13	12 167	11
Trade	12 563	11	11 428	10
Manufacturing	4 759	4	5 382	5
Construction	3 749	3	5 385	5
Transport and communications	3 214	3	4 414	4
State and public organisations	1 845	2	319	-
Agriculture	1 268	1	810	1
Other	4 694	4	4 660	4
Total customer accounts	119 256	100	113 129	100

12 Debt Securities in Issue

<i>(in millions of Russian Rubles)</i>	2010	2009
Bonds	-	3 087
Promissory notes	4 430	3 055
Deposit certificates	171	222
Total debt securities in issue	4 601	6 364

13 Interest Income and Expense

<i>(in millions of Russian Rubles)</i>	3M 2010 (unaudited)	3M 2009 (unaudited)
Interest income		
Loans and advances to customers - legal entities	2 764	3 508
Loans and advances to customers - individuals	515	724
Trading securities	239	210
Correspondent accounts and due from other banks	105	96
Investment securities available for sale	18	27
Total interest income	3 641	4 565
Interest expense		
Term deposits of individuals	1 428	969
Term deposits of legal entities	493	401
Due to other banks	33	575
Debt securities in issue	129	115
Subordinated loans	93	116
Syndicated loans	-	43
Current/settlement accounts of legal entities	7	11
Total interest expense	2 183	2 230
Net interest income	1 458	2 335

14 Fee and Commission Income and Expense

<i>(in millions of Russian Rubles)</i>	3M 2010 (unaudited)	3M 2009 (unaudited)
Fee and commission income		
Cash transactions	217	231
Settlement transactions	222	263
Credit/debit cards and cheques settlements	192	164
Payroll projects	117	124
Cash collection	49	41
Guarantees issued	40	39
Other	63	78
Total fee and commission income	900	940
Fee and commission expense		
Credit/debit cards and cheques settlements	52	43
Settlement transactions	4	8
Settlements with currency and stock exchanges	6	4
Cash transactions	3	2
Other	8	5
Total fee and commission expense	73	62
Net fee and commission income	827	878

15 Administrative and Other Operating Expenses

<i>(in millions of Russian Rubles)</i>	3M 2010 (unaudited)	3M 2009 (unaudited)
Staff costs	871	814
Administrative expenses	162	147
Depreciation of premises, equipment and amortisation of intangible assets	122	99
Other costs related to premises, equipment and intangible assets	103	91
Taxes other than on income	37	30
Contributions to the State Deposit Insurance Agency	68	53
Rent	60	65
Other	108	91
Total administrative and other operating expenses	1 531	1 390

Included in staff costs are statutory social security and pension contributions (unified social tax) of RR 171 million (2009: RR 157 million).

16 Segment Analysis

Operating segment is a distinguishable component of the Bank that is engaged in providing products or services (business segment) with the purpose to generate income, whose operating results are regularly reviewed by the Bank's Management Board based on management accounts prepared in accordance with Russian accounting rules in terms of each operating segment. The functions of the chief operating decision maker (CODM) are performed by the Management Board of the Bank. Operating management and performance of an operating segment are the responsibility of the Deputy Chairman of the Management Board of the Bank supervising the corresponding business line.

Transactions between the operating segments are on normal commercial terms and conditions. Funds are ordinarily reallocated between operating segments, resulting in funding cost transfers disclosed in interest income and expense. Interest rates for these funds are differentiated depending on the attraction terms and are based on market indicators.

Segment assets and liabilities include operating assets and liabilities representing a major part of the Bank's assets and liabilities, as well as funds reallocated between operating segments, but excluding taxation. Internal charges and transfer pricing adjustments have been reflected in the performance of each operating segment. Segment performance is based on profitability and cost-effectiveness of operating assets.

The CODM evaluates performance of each segment based on profit before tax.

The table below represents the segment information of interest-bearing assets and interest-bearing liabilities per reportable segments for 3 months ended 31 March 2010 and 31 December 2009.

For the purpose of preparation of the management accounts the amount of assets and liabilities is calculated as average balances for the respective accounting period. Total assets and liabilities do not include the subsequent events.

<i>(in millions of Russian Rubles)</i>	Corporate business	Retail business	Bank cards transactions	Financial business	Liquidity	Other	Total
31 March 2010							
Total assets of reportable segments	81 410	11 762	2 383	42 966	-	-	138 521
Total liabilities of reportable segments	51 350	54 576	13 280	4 476	-	1 495	125 177
31 December 2009							
Total assets of reportable segments	78 788	14 490	2 774	34 645	-	403	131 100
Total liabilities of reportable segments	41 820	44 928	11 358	19 317	-	-	117 423

16 Segment Analysis (continued)

The table below represents the information of income and expenses per reportable segments for 3 months ended 31 March 2010. The Bank's management considers operating income before provision for loan impairment as a key measurement of reportable segments results.

<i>(in millions of Russian Rubles)</i>	Corporate business	Retail business	Bank cards transactions	Financial business	Liquidity	Other	Total
2010							
- Interest income	2 698	399	101	322	-	3	3 523
- Non-interest income	638	168	298	24	-	17	1 145
- Transfer income	953	1 506	95	127	278	35	2 994
Total revenues	4 289	2 073	494	473	278	55	7 662
- Interest expense	(639)	(1 412)	(15)	(79)	-	(34)	(2 179)
- Non-interest expense	(21)	-	(46)	(13)	-	(5)	(85)
- Transfer expense	(2 372)	(373)	(75)	(174)	-	-	(2 994)
Total expenses	(3 032)	(1 785)	(136)	(266)	-	(39)	(5 258)
Operating income before provision for loan impairment	1 257	288	358	207	278	16	2 404
Provision for loan impairment	(602)	(42)	(3)	-	-	-	(647)
Operating income	655	246	355	207	278	16	1 757
Administrative and other operating expenses	(584)	(572)	(264)	(22)	-	(7)	(1 449)
Profit/(loss) before tax (Segment result)	71	(326)	91	185	278	9	308

16 Segment Analysis (continued)

The reconciliation of assets, liabilities, income and expenses of the Bank's reportable segments for 3 months ended 31 March 2010.

Reconciliation of reportable segment assets

<i>(in millions of Russian Rubles)</i>	2010	2009
Total reportable segment assets	138 521	131 100
Assets unallocated between operating segments	13 751	17 670
Interest claim	1 159	773
Differences in financial statements format *	(4 722)	(3 589)
Deviation due to recording of reportable segment assets without regard to the events after the end of the reporting period	-	-
Differences in fair valuation of securities	80	70
Adjustment of provisions for loan impairment based on the incurred loss model	(682)	(594)
Recognition of commission income from lending using the effective interest method	(147)	(138)
Fair valuation of instruments with non-market rates	(5)	(2)
Recognition of financial instruments using the effective interest method	263	314
Provision for impairment of inventories	(1)	(1)
Total assets	148 217	145 603

Reconciliation of reportable segment liabilities

<i>(in millions of Russian Rubles)</i>	2010	2009
Total reportable segment liabilities	125 177	117 423
Liabilities unallocated between operating segments	1 508	878
Liabilities on interest payment	2 590	2 347
Differences in financial statements format *	2 578	8 711
Deviation due to recording of reportable segment liabilities without regard to the events after the end of the reporting period	-	(6)
Recognition of liabilities at amortised cost	(31)	(36)
Total liabilities	131 822	129 317

* Differences in financial statements format arise from presentation of assets and liabilities of reportable segments calculated as average balances for the reporting period for the purpose of management account preparation.

16 Segment Analysis (continued)

Reconciliation of income and expense before tax of the reportable segments

<i>(in millions of Russian Rubles)</i>	2010
Total reportable segment result	308
Recognition of commission income from lending using the effective interest method	(8)
Recognition of other fees and commissions by reference to completion of the specific transaction	(4)
Recognition of interest income/expense using the effective interest method	(5)
Differences in fair valuation of trading securities	6
Fair valuation of instruments with non-market rates	(3)
Adjustment of provisions for loan impairment based on the incurred loss model	22
Accrued Bank's liabilities on unused vacation payments	(68)
Capitalised software implementation costs	5
Differences in depreciation charge on premises and equipment	(13)
Recognition of financial instruments using the effective interest method	(50)
Provision for impairment of inventories	-
Other	(2)
Profit before tax	188

Reconciliation of other material items of income or expenses

Reconciliation of other material items of income or expenses for 3 months ended 31 March 2010 is as follows:

<i>(in millions of Russian Rubles)</i>	Total amount for all reportable segments	Valuation at amortised cost	Fair valuation	Provision for loan impairment	Deferred expenses	Differences in depreciation charge	Reclassification of management reporting items	As reported under IFRS
Material income or expenses for 3 months ended 31 March 2010								
Interest income	3 523	(90)					208	3 641
Non-interest income	1 145	24	6				(175)	1 000
Interest expense	(2 179)	(4)						(2 183)
Non-interest expense	(85)						(28)	(113)
Provision for loan impairment	(647)			22				(625)
Administrative and other operating expenses	(1 449)				(68)	(8)	(7)	(1 532)

17 Financial Risk Management

The risk management function within the Bank is carried out in respect of financial risks, operational risks and legal risks. Financial risk comprises market risk (including currency risk, interest rate risk and other price risk), credit risk, liquidity risk and geographical risk. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits. The operational and legal risk management functions are intended to ensure proper functioning of internal policies and procedures to minimise operational and legal risks.

Bank Vozrozhdenie**Notes to the interim Financial Statement according to IFRS as at March 31, 2010**

Policy and methods of financial risk management accepted by the Bank comply with the policy and methods described and applied in the Bank's annual financial report for the year ended December 31, 2009.

The tables below summarize the Bank's exposure to currency risk and Bank's liquidity position taking into account expected contractual time left before redemption of assets and liabilities.

Currency risk. The Bank is exposed to currency risk due to the fact that its assets and liabilities are denominated in different currencies as well as due to existence of open currency positions resulting from foreign currency transactions.

The table below summarises the Bank's exposure to currency risk at 31 March 2010:

<i>(in millions of Russian Rubles)</i>	RR	USD	Euro	Other	Total
Monetary financial assets					
Cash and cash equivalents	18 970	7 081	9 683	24	35 758
Mandatory cash balances with the CBRF	996	-	-	-	996
Trading securities	9 263	261	297	-	9 821
Due from other banks	6 702	251	3	-	6 956
Loans and advances to customers	74 674	9 579	1 134	-	85 387
Investment securities available for sale	121	553	-	-	674
Investment securities held to maturity	146	-	-	-	146
Other financial assets	899	93	90	-	1 082
Total monetary financial assets	111 771	17 818	11 207	24	140 820
Monetary financial liabilities					
Due to other banks	327	1 098	558	-	1 983
Customer accounts	94 657	14 093	10 505	1	119 256
Debt securities in issue	3 972	493	139	-	4 601
Subordinated loans	1 532	2 942	-	-	4 474
Other financial liabilities	1 118	14	-	-	1 132
Total monetary financial liabilities	101 606	18 640	11 199	1	131 446
Net balance sheet position	10 165	(822)	8	23	9 374
Credit related commitment	11 537	145	1 238	-	12 920

17 Financial Risk Management (continued)

The above analysis includes only monetary assets and liabilities. Investments in equities and non-monetary assets are not considered to give rise to any material currency risk.

Liquidity risk. Liquidity risk is defined as the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Bank is exposed to daily calls on its available cash resources from overnight deposits, current accounts, maturing deposits, loan draw downs, guarantees and from margin and other calls on cash settled derivative instruments.

The analyses of Bank's liquidity risk as at March 31, 2010 is as follows:

<i>(in millions of Russian Rubles)</i>	Demand and less than 1 month	From 1 to 6 months	From 6 to 12 months	Over 12 months	Total
Assets					
Cash and cash equivalents	35 758	-	-	-	35 758
Mandatory cash balances with the CBRF	367	256	239	134	996
Trading securities	9 828	-	-	-	9 828
Due from other banks	6 702	-	1	253	6 956
Loans and advances to customers	7 741	27 817	24 992	24 837	85 387
Investment securities available for sale	491	-	553	121	1 165
Investment securities held to maturity	-	146	-	-	146
Other financial assets	1 088	-	-	-	1 088
Total financial assets	61 975	28 219	25 785	25 345	141 324
Liabilities					
Due to other banks	294	454	116	1 119	1 983
Customer accounts	44 822	30 102	27 950	16 382	119 256
Debt securities in issue	910	1 738	1 732	221	4 601
Subordinated loans	-	96	32	4 346	4 474
Other financial liabilities	1 132	-	-	-	1 132
Total financial liabilities	47 158	32 390	29 830	22 068	131 446
Net liquidity gap based on expected maturities at 31 March 2010	14 817	(4 171)	(4 045)	3 277	9 878
Cumulative liquidity gap at 31 March 2010	14 817	10 646	6 601	9 878	

The above analysis is based on expected maturities. The entire portfolio of trading securities is therefore classified within demand and less than one month based on management's assessment of the portfolio's realisability.

The expected maturity of investment securities available for sale is based on offer agreement date.