

***BANK VOZROZHDENIE***

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

***30 June 2011***

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**Bank Vozrozhdenie**  
**IFRS Interim Quarterly Statements**  
**Statement of financial position as at June 30, 2011**

(in millions of Russian Rubles)

1USD = 28,0758 Russian Ruble as at 30 June 2011

1USD = 30,4769 Russian Ruble as at 31 December 2010

	<b>June 30, 2011</b>	<b>December 31, 2010</b>
	<b>(unaudited)</b>	
<b>ASSETS</b>		
Cash and cash equivalents	28 428	32 151
Mandatory cash balances with the Central Bank of the Russian Federation	1 933	1 072
Trading securities held to maturity	11 878	12 182
Due from other banks	320	5 860
Loans and advances to customers	120 659	104 046
Investment securities available for sale	2 153	2 043
Investment securities held to maturity	178	-
Premises, equipment and intangible assets	3 141	3 132
Other financial assets	1 086	1 644
Other assets	4 488	4 028
<b>TOTAL ASSETS</b>	<b>174 264</b>	<b>166 158</b>
<b>LIABILITIES</b>		
Due to other banks	7 865	7 772
Customer accounts	135 288	130 334
Debt securities in issue	7 959	5 794
Subordinated loans	3 912	4 293
Other financial liabilities	1 059	611
Other liabilities	615	494
<b>TOTAL LIABILITIES</b>	<b>156 698</b>	<b>149 298</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital	250	250
Share premium	7 306	7 306
Retained earnings	9 925	9 227
Other reserves/Funds	85	77
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>17 566</b>	<b>16 860</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>174 264</b>	<b>166 158</b>

**Bank Vozrozhdenie**  
**IFRS Interim Quarterly Statements**  
**Statement of Comprehensive Income as at June 30, 2011**

	6M ended 30 June		3M ended 30 June	
	2011 (unaudited)	2010 (unaudited)	2011 (unaudited)	2010 (unaudited)
(in millions of Russian Rubles)				
1USD = 28,0758 Russian Ruble as at 30 June 2011				
1USD = 31,1954 Russian Ruble as at 30 June 2010				
Interest income	6 674	7 094	3 528	3 453
Interest expense	(3 453)	(4 257)	(1 671)	(2 074)
<b>Net interest income</b>	<b>3 221</b>	<b>2 837</b>	<b>1 857</b>	<b>1 379</b>
Provision/Recovery of provision for loan impairment	(926)	(1 292)	(576)	(667)
<b>Net interest income after provision for loan impairment</b>	<b>2 295</b>	<b>1 545</b>	<b>1 281</b>	<b>712</b>
Fee and commission income	2 382	1 957	1 290	1 057
Fee and commission expense	(184)	(155)	(98)	(82)
(Losses less gains)/ Gains less losses arising from trading securities	2	(32)	(41)	(5)
Income from trading in foreign currencies	1 611	1 281	781	744
Expenses from trading in foreign currencies	(1 409)	(1 142)	(683)	(660)
Foreign exchange translation gains less losses	(57)	10	(19)	7
Gains less losses from disposals of investment securities available for sale	3	-	3	-
Impairment of investment securities available for sale	-	(16)	-	(16)
Provision for impairment of other assets	2	-	(3)	-
Dividend income	-	-	-	-
Other operating income	135	71	75	43
Administrative and other operating expenses	(3 889)	(3 210)	(2 091)	(1 679)
<b>Profit before tax</b>	<b>891</b>	<b>309</b>	<b>495</b>	<b>121</b>
Income tax expense	(179)	(91)	(100)	-
<b>PROFIT FOR THE REPORTING PERIOD</b>	<b>712</b>	<b>218</b>	<b>395</b>	<b>121</b>
<b>Other comprehensive income:</b>				
Available-for-sale investments:				
Gains less losses arising during the year	(2)	(16)	8	(26)
Income tax recorded directly in other comprehensive income	10	(8)	-	(10)
<b>Other comprehensive income for the year</b>	<b>8</b>	<b>(24)</b>	<b>8</b>	<b>(36)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>720</b>	<b>194</b>	<b>403</b>	<b>85</b>
<b>Earnings per share for profit attributable to the equity holders of the Bank, basic and diluted</b> (expressed in RUB per share)				
Ordinary shares	28	9	7	5
Preference shares with fixed dividend amount	30	11	7	7

**Bank Vozrozhdenie**  
**IFRS Interim Quarterly Statements**  
**Statement of Changes in Equity for the period ended on June 30, 2011**

	Share capital	Share premium	Other reserves/funds	Retained earnings	Total equity
<b>Balance at December 31, 2009</b>	<b>250</b>	<b>7 306</b>	<b>70</b>	<b>8 660</b>	<b>16 286</b>
Total comprehensive income for 2010	-	-	7	581	588
Dividends declared	-	-	-	(14)	(14)
<b>Balance at December 31, 2010</b>	<b>250</b>	<b>7 306</b>	<b>77</b>	<b>9 227</b>	<b>16 860</b>
Total comprehensive income for 2011	-	-	8	712	720
Dividends declared	-	-	-	(14)	(14)
<b>Balance at June 30, 2011</b>	<b>250</b>	<b>7 306</b>	<b>85</b>	<b>9 925</b>	<b>17 566</b>

	Share capital	Share premium	Other reserves/funds	Retained earnings	Total equity
<b>Balance at December 31, 2008</b>	<b>250</b>	<b>7 306</b>	<b>52</b>	<b>7 457</b>	<b>15 065</b>
Total comprehensive income for 2009	-	-	18	1 217	1 235
Dividends declared	-	-	-	(14)	(14)
<b>Balance at December 31, 2009</b>	<b>250</b>	<b>7 306</b>	<b>70</b>	<b>8 660</b>	<b>16 286</b>
Total comprehensive income for 2010	-	-	(24)	218	194
Dividends declared	-	-	-	(14)	(14)
<b>Balance at June 30, 2010</b>	<b>250</b>	<b>7 306</b>	<b>46</b>	<b>8 864</b>	<b>16 466</b>

**Bank Vozrozhdenie**  
**IFRS Interim Quarterly Statements**  
**Statement of Cash Flows for the period ended on June 30, 2011**

<i>(in millions of Russian Rubles)</i>	<b>6M 2011</b> <b>(unaudited)</b>	<b>6M 2010</b> <b>(unaudited)</b>
<b>Cash flows from operating activities</b>		
Interest received	7 027	6 408
Interest paid	(3 279)	(3 938)
Fees and commissions received	2 357	1 992
Fees and commissions paid	(184)	(155)
Net income received from trading securities	(38)	30
Net income received from trading in foreign currencies	202	137
Other operating income received	91	56
Administrative and other operating expenses paid	(3 382)	(2 884)
Income tax paid	(391)	(314)
<b>Cash flows from operating activities before changes in operating assets and liabilities</b>	<b>2 403</b>	<b>1 332</b>
<b>Changes in operating assets and liabilities</b>		
Net increase in mandatory cash balances with the Central Bank of the Russian Federation	(861)	(126)
Net decrease /( increase) in trading securities	121	(6 635)
Net decrease in due from other banks	5 512	6 057
Net increase in loans and advances to customers	(19 063)	(7 300)
Net decrease in other financial assets	554	142
Net decrease in other assets	8	7
Net increase/ (decrease) in due to other banks	248	(2 485)
Net increase in customer accounts	6 155	5 484
Net increase/(decrease) in debt securities in issue	2 105	(2 611)
Net increase in other financial liabilities	450	1 378
Net decrease in other liabilities	(124)	(75)
<b>Net cash used in operating activities</b>	<b>(2 492)</b>	<b>(4 832)</b>
<b>Cash flows from investing activities</b>		
Acquisition of investment securities available for sale	(283)	(823)
Proceeds from disposal of investment securities available for sale	158	155
Acquisition of investment securities held to maturity	(176)	(303)
Acquisition of fixed and intangible assets	(258)	(305)
Proceeds from disposal of fixed and intangible assets	-	1
Proceeds from disposal of investment property	181	-
Proceeds from disposal of long term assets available for sale	14	9
<b>Net cash used in investing activities</b>	<b>(364)</b>	<b>(1 266)</b>
Cash flows from financing activities		
Repayment of subordinated loans	(226)	(94)
Dividends paid	(14)	(14)
<b>Net cash used in financing activities</b>	<b>(240)</b>	<b>(108)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(627)</b>	<b>(752)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(3 723)</b>	<b>(6 958)</b>
Cash and cash equivalents at the beginning of the year	32 151	34 101
<b>Cash and cash equivalents at the end of the financial period</b>	<b>28 428</b>	<b>27 143</b>

## 1 Introduction

These interim financial statements of Bank Vozrozhdenie has been prepared in accordance with International Financial Reporting (IAS) 34 "Interim financial statements" (the IFRS (IAS) 34) for six months ended June 30, 2011.

**Presentation currency:** these financial statements are presented in millions of Russian Roubles ("RR millions") The official CBRF exchange rate was applied for reevaluation of balances on FX accounts, which is as of June 30, 2011 comprised RR28.0758, as of December 31, 2010 - RR30.4769 , and as of June 30, 2010 – RR31.1954 per one USD and relatively RR40.3870, RR40.3331 and RR38.1863 per one EUR.

## 2 Principles of accounting policies, critical accounting estimates and judgments

This interim financial statement is to be considered along with Bank's annual financial statements for the year ended December 31, 2010.

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

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 the year ended December 31, 2010.

Judgments made by the Bank's management applying accounting policy comply with the judgments described in the Bank's annual Financial Statement for 2010. 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, 2010 the Bank's assets, revenues and income for six months ended June 30, 2011 didn't change materially.

## 3 Cash and cash equivalents

<i>(in millions of Russian Rubles)</i>	<b>2011</b>	<b>2010</b>
Cash on hand	6 686	10 792
Correspondent accounts and overnight placements with other banks		
- Russian Federation	6 159	202
- other countries	11 713	15 823
Cash balances with the CBRF (other than mandatory reserve deposits)	3 870	5 334
<b>Total cash and cash equivalents</b>	<b>28 428</b>	<b>32 151</b>

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

## 4 Trading securities

<i>Trading securities (in millions of Russian Rubles)</i>	<b>2011</b>	<b>2010</b>
CBRF bonds	5 092	4 588
Corporate Bonds	3 069	1 869
Corporate Erobonds	1 831	431
Municipal Bonds	1 567	1 126
Federal loan bonds (OFZ)	298	269
State Internal loan Bonds (OVGVZ)	-	3 898
<b>Total debt securities</b>	<b>11 857</b>	<b>12 181</b>
Corporate shares	21	1
<b>Total trading securities</b>	<b>11 878</b>	<b>12 182</b>

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

**4 Trading securities (continued)**

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.

**5 Due from Other Banks**

<i>(in millions of Russian Rubles)</i>	<b>2011</b>	<b>2010</b>
Deposits with CBRF	-	4 500
Short-term placements with other banks	2	1 055
Insurance deposits with non-resident banks	318	305
<b>Total due from other banks</b>	<b>320</b>	<b>5 860</b>

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 10,895 million (2010: RR15,494 million), comprising cash and cash equivalents, mandatory reserve deposits with the CBRF and trading securities.

**6 Loans and Advances to Customers**

<i>(in millions of Russian Rubles)</i>	<b>2011</b>	<b>2010</b>
Corporate loans – large	35 109	31 715
Corporate loans – medium	55 595	48 206
Corporate loans – small	21 896	18 705
Mortgage loans	12 138	9 806
Other loans to individuals	7 991	6 804
<b>Total loans and advances to customers (before provision for loan impairment)</b>	<b>132 729</b>	<b>115 236</b>
Less: Provision for loan impairment	(12 070)	(11 190)
<b>Total loans and advances to customers</b>	<b>120 659</b>	<b>104 046</b>

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 2011 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 (2010: 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.

**6 Loans and advances to customers (continued)**

Movements in the provision for loan impairment during 6M 2011 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
<b>Provision for loan impairment at January 1, 2011</b>	2 014	5 086	3 026	480	584	11 190
Charges to/ (release of) provision for loan impairment during the year	441	490	(18)	(4)	17	926
Amounts written off during the year as uncollectible	-	-	(44)	-	(2)	(46)
<b>Provision for loan impairment at June 30, 2011</b>	<b>2 455</b>	<b>5 576</b>	<b>2 964</b>	<b>476</b>	<b>599</b>	<b>12 070</b>

Movements in the provision for loan impairment during 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
<b>Provision for loan impairment at January 1, 2010</b>	1 631	4 129	2 660	449	570	9 439
Provision for loan impairment during the year	383	957	476	31	25	1 872
Amounts written off during the year as uncollectible	-	-	(110)	-	(11)	(121)
<b>Provision for loan impairment at December 31, 2010</b>	<b>2 014</b>	<b>5 086</b>	<b>3 026</b>	<b>480</b>	<b>584</b>	<b>11 190</b>

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

<i>(in millions of Russian Rubles)</i>	2011		2010	
	Amount	%	Amount	%
Manufacturing	33 524	25	28 261	24
Trade	31 541	24	27 118	24
Individuals	20 130	15	16 610	14
Construction	10 795	8	10 251	9
Finance	7 559	6	2 916	3
Real estate	7 268	6	5 267	4
Agriculture	5 776	4	4 406	4
State and public organizations	5 504	4	8 097	7
Transport and communications	3 473	3	6 849	6
Other	7 159	5	5 461	5
<b>Total Loans and advances to customers (Before provisions for loan impairment)</b>	<b>132 729</b>	<b>100</b>	<b>115 236</b>	<b>100</b>

State and public organizations exclude government owned profit oriented businesses.

At June 30, 2011 the Bank had 26 borrowers with aggregated loan amounts equal or above RUB 750 million. The total aggregate amount of these loans was RUB 35 109 million or 26.5% of the gross loan portfolio.

At December 31, 2010 the bank had 23 borrowers with aggregated loan amounts equal or above RUB 750 million. The total aggregate amount of these loans was RUB 31 715 million or 27.5% of the gross loan portfolio.

**Bank Vozrozhdenie**  
**Notes to the interim Financial Statement according to IFRS as at June 30, 2011**

**6 Loans and advances to customers (continued)**

Analysis by credit quality of loans outstanding at June 30, 2011 is as follows:

<i>(in millions of Russian Rubles)</i>	<b>Corporate loans – large</b>	<b>Corporate loans – medium</b>	<b>Corporate loans – small</b>	<b>Mortgage loans</b>	<b>Other loans to individuals</b>	<b>Total</b>
<i>Neither past due nor impaired:</i>						
- Large borrowers with credit history over two years	15 773	-	-	-	-	15 773
- Large new borrowers	17 710	-	-	-	-	17 710
- Loans assessed on a portfolio basis	-	50 415	19 051	11 428	7 322	88 216
<b>Total neither past due nor impaired</b>	<b>33 483</b>	<b>50 415</b>	<b>19 051</b>	<b>11 428</b>	<b>7 322</b>	<b>121 699</b>
<i>Past due but not impaired</i>						
- less than 30 days overdue	-	19	93	432	163	707
- 30 to 90 days overdue	-	-	-	12	9	21
- 90 to 180 days overdue	-	-	-	22	6	28
- 180 to 360 days overdue	-	-	-	38	9	47
<b>Total past due but not impaired</b>	<b>-</b>	<b>19</b>	<b>93</b>	<b>504</b>	<b>187</b>	<b>803</b>
<i>Loans collectively determined to be impaired (gross)</i>						
- less than 30 days overdue	-	91	54	-	-	145
- 30 to 90 days overdue	-	294	15	-	15	324
- 90 to 180 days overdue	-	43	108	-	12	163
- 180 to 360 days overdue	-	471	108	-	16	595
- over 360 days overdue	-	2 341	2 248	-	187	4 776
<b>Total loans collectively determined to be impaired (gross)</b>	<b>-</b>	<b>3 240</b>	<b>2 533</b>	<b>-</b>	<b>230</b>	<b>6 003</b>
<i>Loans individually determined to be impaired (gross)</i>						
- less than 30 days overdue	776	541	-	-	-	1 317
- 30 to 90 days overdue	-	-	-	-	19	19
- 90 to 180 days overdue	-	-	-	-	8	8
- 180 to 360 days overdue	-	-	-	-	11	11
- over 360 days overdue	850	1 380	219	206	214	2 869
<b>Total loans individually determined to be impaired (gross)</b>	<b>1 626</b>	<b>1 921</b>	<b>219</b>	<b>206</b>	<b>252</b>	<b>4 224</b>
Less impairment provisions	(2 455)	(5 576)	(2 964)	(476)	(599)	(12 070)
<b>Total loans and advances to customers less provision</b>	<b>32 654</b>	<b>50 019</b>	<b>18 932</b>	<b>11 662</b>	<b>7 392</b>	<b>120 659</b>

**Bank Vozrozhdenie**  
**Notes to the interim Financial Statement according to IFRS as at June 30, 2011**

**6 Loans and advances to customers (continued)**

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

<i>(in millions of Russian Rubles)</i>	<b>Corporate loans – large</b>	<b>Corporate loans – medium</b>	<b>Corporate loans – small</b>	<b>Mortgage loans</b>	<b>Other loans to individuals</b>	<b>Total</b>
<i>Neither past due nor impaired:</i>						
- Large borrowers with credit history over two years	17 805	-	-	-	-	17 805
- Large new borrowers	10 974	-	-	-	-	10 974
- Loans to medium size entities	-	3 042	-	-	-	3 042
- Loans assessed on a portfolio basis	-	39 792	15 960	9 327	6 258	71 337
<b>Total neither past due nor impaired</b>	<b>28 779</b>	<b>42 834</b>	<b>15 960</b>	<b>9 327</b>	<b>6 258</b>	<b>103 158</b>
<i>Past due but not impaired</i>						
- less than 30 days overdue	-	200	29	169	55	453
- 30 to 90 days overdue	-	2	-	34	6	42
- 90 to 180 days overdue	-	223	-	20	8	251
- 180 to 360 days overdue	-	-	-	17	5	22
<b>Total past due but not impaired</b>	<b>-</b>	<b>425</b>	<b>29</b>	<b>240</b>	<b>74</b>	<b>768</b>
<i>Loans collectively determined to be impaired (gross)</i>						
- 30 to 90 days overdue	-	-	56	-	23	211
- 90 to 180 days overdue	-	-	26	-	31	619
- 180 to 360 days overdue	-	100	68	-	81	1 257
- over 360 days overdue	-	870	2 347	-	101	1 782
<b>Total loans collectively determined to be impaired (gross)</b>	<b>-</b>	<b>970</b>	<b>2 497</b>	<b>-</b>	<b>227</b>	<b>3 694</b>
<i>Loans individually determined to be impaired (gross)</i>						
- less than 30 days overdue	2 086	914	-	-	-	3 000
- 30 to 90 days overdue	-	-	-	-	8	8
- 90 to 180 days overdue	-	16	-	-	6	22
- 180 to 360 days overdue	-	1 180	86	-	13	1 279
- over 360 days overdue	850	1 867	133	239	218	3 307
<b>Total loans individually determined to be impaired (gross)</b>	<b>2 936</b>	<b>3 977</b>	<b>219</b>	<b>239</b>	<b>245</b>	<b>7 616</b>
Less impairment provisions	(2 014)	(5 086)	(3 026)	(480)	(584)	(11 190)
<b>Total loans and advances to customers</b>	<b>29 701</b>	<b>43 120</b>	<b>15 679</b>	<b>9 326</b>	<b>6 220</b>	<b>104 046</b>

**6 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. Since 2011 the Bank changed level of essentiality for assessment of loans on individual basis, that caused increase of loans collectively determined to be impaired.

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. 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.

The value of collateral at June 30, 2011 was as follows:

<i>(in millions of Russian Rubles)</i>	<b>Corporate loans – large</b>	<b>Corporate loans – medium</b>	<b>Corporate loans – small</b>	<b>Mortgage loans</b>	<b>Other loans to individuals</b>	<b>Total</b>
<i>Unsecured loans</i>	8 837	7 621	2 139	31	2 097	20 725
Secured loans:						
- residential real estate	-	-	-	9 475	1 187	10 662
- other real estate	16 689	23 793	9 102	-	-	49 584
- equipment and inventories, motor vehicles	4 095	10 868	6 848	-	520	22 331
- securities (shares, promissory notes)	-	-	20	1	10	31
- cash deposits	-	-	11	-	23	34
- state guarantees and guarantees of the RF constituents	714	1 493	571	-	-	2 778
- third parties' guarantees	3 260	7 953	3 110	88	2 809	17 220
- other assets (other types of property, rights)	1 514	3 867	95	2 543	1 345	9 364
<b>Total loans and advances to customers (before provisions for loan impairment)</b>	<b>35 109</b>	<b>55 595</b>	<b>21 896</b>	<b>12 138</b>	<b>7 991</b>	<b>132 729</b>

**Bank Vozrozhdenie**  
**Notes to the interim Financial Statement according to IFRS as at June 30, 2011**

**6 Loans and advances to customers (continued)**

The value of collateral at December 31, 2010 was as follows:

<i>(in millions of Russian Rubles)</i>	<b>Corporate loans – large</b>	<b>Corporate loans – medium</b>	<b>Corporate loans – small</b>	<b>Mortgage loans</b>	<b>Other loans to individuals</b>	<b>Total</b>
<i>Unsecured loans</i>	5 613	7 404	2 046	707	1 140	16 910
<i>Secured loans:</i>						
- residential real estate	-	-	-	8 999	1 399	10 398
- production real estate	13 928	24 127	8 273	-	-	46 328
- equipment and inventories, motor vehicles	3 978	8 791	6 001	-	483	19 253
- securities (shares, promissory notes)	-	-	22	1	10	33
- cash deposits	-	116	17	-	51	184
- state guarantees and guarantees of the RF constituents	-	1 571	507	-	-	2 078
- third parties' guarantees	5 061	3 266	1 694	97	2 458	12 576
- other assets (other types of property, rights)	3 135	2 931	145	2	1 263	7 476
<b>Total loans and advances to customers (before provisions for loan impairment)</b>	<b>31 715</b>	<b>48 206</b>	<b>18 705</b>	<b>9 806</b>	<b>6 804</b>	<b>115 236</b>

**7 Securities Available for Sale**

<i>(in millions of Russian Rubles)</i>	<b>2011</b>	<b>2010</b>
Municipal bonds	1 181	1 171
Corporate Eurobonds	334	197
Corporate bonds	-	111
RF Eurobonds	189	122
<b>Total debt securities</b>	<b>1 704</b>	<b>1 601</b>
Corporate shares	449	442
<b>Total investment securities available for sale</b>	<b>2 153</b>	<b>2 043</b>

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

<i>(in millions of Russian Rubles)</i>	<b>2011</b>	<b>2010</b>
<b>Carrying amount at 1 January</b>	<b>2 043</b>	<b>1 312</b>
Fair value gains less losses	(2)	(5)
Interest income accrued	8	4
Interest income received	-	55
Purchases	283	1 589
Disposals of investment securities available for sale	(158)	(876)
Writing off of investment securities available for sale	-	(30)
Other	(21)	(6)
<b>Carrying amount at June 30/December 31</b>	<b>2 153</b>	<b>2 043</b>

**Bank Vozrozhdenie**  
**Notes to the interim Financial Statement according to IFRS as at June 30, 2011**

**8 Investment securities held to maturity**

<i>(in millions of Russian Rubles)</i>	<b>2011</b>	<b>2010</b>
Corporate promissory notes	178	-
<b>Total investment securities held to maturity</b>	<b>178</b>	<b>-</b>

Corporate promissory notes are the promissory notes of one Russian large company nominated in Russian rubles. These promissory notes have maturity date on September 2011 and discount rate of 5.0%.

**9 Other Assets**

<i>(in millions of Russian Rubles)</i>	<b>2011</b>	<b>2010</b>
Inventories	2 954	2 827
Deferred income tax asset	785	566
Investment properties	706	601
Non-current assets held for sale	107	114
Other	46	42
<b>Total other assets (before provisions)</b>	<b>4 598</b>	<b>4 150</b>
Less provisions on impairment of other assets	(110)	(122)
<b>Total other assets</b>	<b>4 488</b>	<b>4 028</b>

**10 Due to Other Banks**

<i>(in millions of Russian Rubles)</i>	<b>2011</b>	<b>2010</b>
Placements of other banks	7 306	6 936
Correspondent accounts of other banks	559	836
<b>Total due to other banks</b>	<b>7 865</b>	<b>7 772</b>

**11 Customer Accounts**

<i>(in millions of Russian Rubles)</i>	<b>2011</b>	<b>2010</b>
<b>State and public organisations</b>		
- Current/settlement accounts	385	245
- Term deposits	4 282	1 501
<b>Other legal entities</b>		
- Current/settlement accounts	29 143	28 201
- Term deposits	15 644	15 136
<b>Individuals</b>		
- Current/demand accounts	16 660	16 539
- Term deposits	69 174	68 712
<b>Total customer accounts</b>	<b>135 288</b>	<b>130 334</b>

**Bank Vozrozhdenie**  
**Notes to the interim Financial Statement according to IFRS as at June 30, 2011**

**11 Customer Accounts (continued)**

State and public organizations exclude government owned profit orientated businesses.

Economic sector concentrations within customer accounts are as follows:

<i>(in millions of Russian Rubles)</i>	2011		2010	
	Amount	%	Amount	%
Individuals	85 834	64	85 251	65
Trade	15 028	11	10 341	8
Finance	10 001	7	12 594	10
Manufacturing	6 343	5	6 129	5
Construction	5 482	4	3 335	3
State and public organisations	4 667	3	1 746	1
Transport and communications	4 538	3	3 663	3
Agriculture	785	1	1 358	1
Other	2 610	2	5 917	4
<b>Total customer accounts</b>	<b>135 288</b>	<b>100</b>	<b>130 334</b>	<b>100</b>

**12 Debt Securities in Issue**

<i>(in millions of Russian Rubles)</i>	2011	2010
Promissory notes	7 759	5 534
Deposit certificates	200	260
<b>Total debt securities in issue</b>	<b>7 959</b>	<b>5 794</b>

**13 Subordinated loans**

Subordinated loans represent long-term deposits of the Bank's customers, which mature from 2013 to 2018 and bear contractual interest rate from 5.8% to 11.2% (2010: from 2.3% to 9.2%). The contractual interest rates are regularly revised in accordance with the terms of the subordinated loans agreements №7 and №8. The debt ranks after all other creditor's claims in case of liquidation. The details of subordinated loans attracted by the Bank are disclosed in the table below:

	Start date	Maturity date	Currency	2011		2010	
				Contractual interest rate, %	Nominal value, RR million	Contractual interest rate, %	Nominal value, RR million
Subordinated loan 1	May 2000	April 2011	USD	-	-	2,25	241
Subordinated loan 2	June 2005	June 2013	USD	5,75	281	5,75	305
Subordinated loan 3	December 2005	December 2013	USD	8,0	197	8,0	214
Subordinated loan 4	March 2006	March 2014	USD	6,5	141	6,5	153
Subordinated loan 5	May 2006	May 2014	USD	6,5	84	6,5	91
Subordinated loan 6	June 2006	June 2014	USD	6,5	141	6,5	153
Subordinated loan 7	December 2006	December 2013	RR	8,25	1 040	7,75	1 000
Subordinated loan 8	April 2007	April 2014	RR	8,25	520	7,75	500
Subordinated loan 9	July 2008	August 2018	USD	11,21	1 450	9,21	1 545
Subordinated loan 10	August 2010	August 2018	USD	8,0	84	8,0	91
<b>Total subordinated loans</b>					<b>3 938</b>		<b>4 293</b>

Subordinated loans №3, 10 were received by the Bank from a related party.

**Bank Vozrozhdenie**  
**Notes to the interim Financial Statement according to IFRS as at June 30, 2011**

**14 Interest Income and Expense**

<i>(in millions of Russian Rubles)</i>	<b>6M 2011 (unaudited)</b>	<b>6M 2010 (unaudited)</b>
<b>Interest income</b>		
Loans and advances to customers - legal entities	4 887	5 405
Loans and advances to customers - individuals	1 339	1 035
Trading securities	279	426
Correspondent accounts and due from other banks	142	183
Investment securities available for sale	24	40
Investment securities held to maturity	3	5
<b>Total interest income</b>	<b>6 674</b>	<b>7 094</b>
<b>Interest expense</b>		
Term deposits of individuals	2 300	2 891
Term deposits of legal entities	584	916
Debt securities in issue	210	205
Subordinated loans	164	177
Due to other banks	171	53
Current/settlement accounts of legal entities	24	15
<b>Total interest expense</b>	<b>3 453</b>	<b>4 257</b>
<b>Net interest income</b>	<b>3 221</b>	<b>2 837</b>

**15 Fee and Commission Income and Expense**

<i>(in millions of Russian Rubles)</i>	<b>6M 2011 (unaudited)</b>	<b>6M 2010 (unaudited)</b>
<b>Fee and commission income</b>		
Settlement transactions	639	503
Credit/debit cards and cheques settlements	528	409
Cash transactions	526	468
Payroll projects	246	250
Guarantees issued	126	83
Cash collection	117	107
Other	200	137
<b>Total fee and commission income</b>	<b>2 382</b>	<b>1 957</b>
<b>Fee and commission expense</b>		
Credit/debit cards and cheques settlements	147	110
Settlement transactions	11	9
Settlements with currency and stock exchanges	9	10
Cash transactions	5	6
Guarantees received	4	-
Other	8	20
<b>Total fee and commission expense</b>	<b>184</b>	<b>155</b>
<b>Net fee and commission income</b>	<b>2 198</b>	<b>1 802</b>

## 16 Administrative and Other Operating Expenses

<i>(in millions of Russian Rubles)</i>	<b>6M 2011 (unaudited)</b>	<b>6M 2010 (unaudited)</b>
Staff costs	2 334	1 764
Administrative expenses	307	310
Depreciation of premises, equipment and intangible assets	247	246
Other costs related to premises, equipment and intangible assets	253	245
Contributions to the State Deposit Insurance Agency	167	140
Rent	146	127
Taxes other than income tax	131	104
Other	304	274
<b>Total administrative and other operating expenses</b>	<b>3 889</b>	<b>3 210</b>

Included in staff costs are statutory social security and pension contributions (unified social tax) of RR 506 million (2010: RR 319 million).

## 17 Segment analyses

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 6 months ended 30 June 2011 and 31 December 2010.

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.

**Bank Vozrozhdenie**  
**Notes to the interim Financial Statement according to IFRS as at June 30, 2011**

**17 Segment Analysis (continued)**

<i>(in millions of Russian Rubles)</i>	<b>Corporate business</b>	<b>Retail business</b>	<b>Bank cards transactions</b>	<b>Financial business</b>	<b>Liquidity</b>	<b>Other</b>	<b>Total</b>
<b>30 June 2011</b>							
<b>Total assets of reportable segments</b>	<b>103 823</b>	<b>15 815</b>	<b>2 405</b>	<b>42 247</b>	<b>-</b>	<b>-</b>	<b>164 290</b>
<b>Total liabilities of reportable segments</b>	<b>60 409</b>	<b>68 074</b>	<b>15 642</b>	<b>4 740</b>	<b>-</b>	<b>1 432</b>	<b>150 297</b>
<b>31 December 2010</b>							
<b>Total assets of reportable segments</b>	<b>86 386</b>	<b>12 580</b>	<b>2 436</b>	<b>42 392</b>	<b>-</b>	<b>-</b>	<b>143 794</b>
<b>Total liabilities of reportable segments</b>	<b>50 269</b>	<b>60 491</b>	<b>14 227</b>	<b>3 174</b>	<b>-</b>	<b>1 519</b>	<b>129 680</b>

The table below represents the information of income and expenses per reportable segments for 6 months ended 30 June 2011. 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>	<b>Corporate business</b>	<b>Retail business</b>	<b>Bank cards transactions</b>	<b>Financial business</b>	<b>Liquidity</b>	<b>Other</b>	<b>Total</b>
<b>2011</b>							
- Interest income	4 882	1 111	193	417	-	1	6 604
- Non-interest income	1 586	420	736	87	-	38	2 867
- Transfer income	1 480	2 754	124	115	871	66	5 410
<b>Total revenues</b>	<b>7 948</b>	<b>4 285</b>	<b>1 053</b>	<b>619</b>	<b>871</b>	<b>105</b>	<b>14 881</b>
- Interest expense	(989)	(2 277)	(23)	(93)	-	(79)	(3 461)
- Non-interest expense	(74)	-	(123)	(17)	-	(13)	(227)
- Transfer expense	(4 332)	(764)	(92)	(222)	-	-	(5 410)
<b>Total expenses</b>	<b>(5 395)</b>	<b>(3 041)</b>	<b>(238)</b>	<b>(332)</b>	<b>-</b>	<b>(92)</b>	<b>(9 098)</b>
<b>Operating income before provision for loan impairment</b>	<b>2 553</b>	<b>1 244</b>	<b>815</b>	<b>287</b>	<b>871</b>	<b>13</b>	<b>5 783</b>
Provision for loan impairment	(1 222)	(5)	(3)	-	-	-	(1 230)
<b>Operating income</b>	<b>1 331</b>	<b>1 239</b>	<b>812</b>	<b>287</b>	<b>871</b>	<b>13</b>	<b>4 553</b>
Administrative and other operating expenses	(1 402)	(1 402)	(655)	(30)	-	(31)	(3 520)
<b>Profit/(loss) before tax (Segment result)</b>	<b>(71)</b>	<b>(163)</b>	<b>157</b>	<b>257</b>	<b>871</b>	<b>(18)</b>	<b>1 033</b>

**Bank Vozrozhdenie**  
**Notes to the interim Financial Statement according to IFRS as at June 30, 2011**

**17 Segment Analysis (continued)**

The reconciliation of assets, liabilities, income and expenses of the Bank's reportable segments for 9 months ended 30 June 2011.

**Reconciliation of reportable segment assets**

<i>(in millions of Russian Rubles)</i>	<b>June 30, 2011 (unaudited)</b>	<b>December 31, 2010</b>
<b>Total reportable segment assets</b>	<b>164 290</b>	<b>143 794</b>
Assets unallocated between operating segments	15 401	19 707
Interest claim	1 037	1 351
Differences in financial statements format *	(5 698)	2 080
Deviation due to recording of reportable segment assets without regard to the events after the end of the reporting period	-	(39)
Differences in fair valuation of securities	73	19
Adjustment of provisions for loan impairment based on the incurred loss model	(707)	(735)
Recognition of commission income from lending using the effective interest method	(187)	(220)
Fair valuation of instruments with non-market rates	(1)	(1)
Recognition of financial instruments using the effective interest method	175	324
Provision for impairment of inventories	(119)	(122)
<b>Total assets</b>	<b>174 264</b>	<b>166 158</b>

**Reconciliation of reportable segment liabilities**

<i>(in millions of Russian Rubles)</i>	<b>June 30, 2011 (unaudited)</b>	<b>December 31, 2010</b>
<b>Total reportable segment liabilities</b>	<b>150 297</b>	<b>129 680</b>
Liabilities unallocated between operating segments	1 675	1 105
Liabilities on interest payment	2 340	2 068
Differences in financial statements format *	2 412	16 473
Deviation due to recording of reportable segment liabilities without regard to the events after the end of the reporting period	-	(5)
Recognition of liabilities at amortised cost	(26)	(23)
<b>Total liabilities</b>	<b>156 698</b>	<b>149 298</b>

\* 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.

**17 Segment Analysis (continued)**

**Reconciliation of income and expense before tax of the reportable segments**

Reconciliation of profit before tax and other material income or expenses (interest income and expense, non-interest income and expense, provision for loan impairment, administrative and other operating expenses) for the reportable segments with the statement on comprehensive income under IFRS for 6 months ended 30 June 2011:

<i>(in millions of Russian Rubles)</i>	<b>Before tax profit</b>	<b>Interest income</b>	<b>Non-interest income</b>	<b>Interest expense</b>	<b>Non interest income</b>	<b>Provision for loan impairment</b>	<b>Administrative and other operating expenses</b>
<b>Total reportable segment result</b>	<b>1 033</b>	<b>6 604</b>	<b>2 867</b>	<b>(3 461)</b>	<b>(227)</b>	<b>(1 230)</b>	<b>(3 520)</b>
Recognition of commission income from lending using the effective interest method	32	29	3	-	-	-	-
Recognition of other fees and commissions by reference to completion of the specific transaction	21	-	21	-	-	-	-
Recognition of interest income/expense using the effective interest method	3	-	(5)	8	-	-	-
Differences in fair valuation of trading securities	33	(75)	108	-	-	-	-
Fair valuation of instruments with non-market rates	-	-	-	-	-	-	-
Adjustment of provisions for loan impairment based on the incurred loss model	245	-	(62)	-	-	307	-
Accrued Bank's liabilities on unused vacation payments, and other	(274)	-	-	-	-	-	(274)
Differences in depreciation charge on fixed assets,	(54)	-	-	-	-	-	(54)
Recognition of financial instruments using the effective interest method	(148)	(148)	-	-	-	-	-
Reclassification of management accounts items	-	264	(215)	-	(14)	(3)	(32)
Provision for impairment of inventories	2	-	-	-	-	-	2
Other	(2)	-	7	-	-	-	(9)
<b>Profit before tax</b>	<b>891</b>	<b>6 674</b>	<b>2 724</b>	<b>(3 453)</b>	<b>(241)</b>	<b>(926)</b>	<b>(3 887)</b>

The abovementioned discrepancies arise from differences in assessment of assets and liabilities as well as in recording income and expenses under IFRS.

**18 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.

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, 2010.

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.

**Bank Vozrozhdenie****Notes to the interim Financial Statement according to IFRS as at June 30, 2011**

**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 30 June 2011:

<i>(in millions of Russian Rubles)</i>	<b>RR</b>	<b>USD</b>	<b>Euro</b>	<b>Other</b>	<b>Total</b>
<b>Monetary financial assets</b>					
Cash and cash equivalents	15 855	5 991	6 556	26	28 428
Mandatory cash balances with the CBRF	1 933	-	-	-	1 933
Trading securities	8 869	1 395	1 593	-	11 857
Due from other banks	-	318	2	-	320
Loans and advances to customers	107 526	10 265	2 868	-	120 659
Investment securities available for sale	-	395	1 309	-	1 704
Investment securities held to maturity	178	-	-	-	178
Other financial assets	834	176	45	-	1 055
<b>Total monetary financial assets</b>	<b>135 195</b>	<b>18 540</b>	<b>12 373</b>	<b>26</b>	<b>166 134</b>
<b>Monetary financial liabilities</b>					
Due to other banks	3 659	1 906	2 300	-	7 865
Customer accounts	110 329	14 789	10 162	8	135 288
Debt securities in issue	7 865	38	56	-	7 959
Subordinated loans	1 560	2 352	-	-	3 912
Other financial liabilities	1 036	22	1	-	1 059
<b>Total monetary financial liabilities</b>	<b>124 449</b>	<b>19 107</b>	<b>12 519</b>	<b>8</b>	<b>156 083</b>
<b>Net balance sheet position</b>	<b>10 746</b>	<b>(567)</b>	<b>(146)</b>	<b>18</b>	<b>10 051</b>
<b>Credit related commitment</b>	<b>20 613</b>	<b>2 464</b>	<b>1 391</b>	<b>-</b>	<b>24 468</b>

**18 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.

The Bank had credit facilities confirmed by the correspondent banks as at June 30, 2011.

**Liquidity risk.** Liquidity risk is defined as the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities due to discrepancies between terms of climes on active operations and maturity of 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 June 30, 2011 is as follows:

<i>(in millions of Russian Rubles)</i>	<b>Demand and less than 1 month</b>	<b>From 1 to 6 months</b>	<b>From 6 to 12 months</b>	<b>Over 12 months</b>	<b>Total</b>
<b>Assets</b>					
Cash and cash equivalents	28 428	-	-	-	28 428
Mandatory cash balances with the CBRF	744	432	292	465	1 933
Trading securities	11 878	-	-	-	11 878
Due from other banks	-	1	1	318	320
Loans and advances to customers	8 760	38 157	30 541	43 201	120 659
Investment securities available for sale	449	1 269	120	315	2 153
Investment securities held to maturity	-	178	-	-	178
Other financial assets	1 055	-	-	-	1 055
<b>Total financial assets</b>	<b>51 314</b>	<b>40 037</b>	<b>30 954</b>	<b>44 299</b>	<b>166 604</b>
<b>Liabilities</b>					
Due to other banks	670	332	383	6 480	7 865
Customer accounts	53 367	28 070	19 412	34 439	135 288
Debt securities in issue	1 785	3 932	2 229	13	7 959
Subordinated loans	-	107	-	3 805	3 912
Other financial liabilities	1 059	-	-	-	1 059
<b>Total financial liabilities</b>	<b>56 881</b>	<b>32 441</b>	<b>22 024</b>	<b>44 737</b>	<b>156 083</b>
<b>Net liquidity gap based on expected maturities at 30 June 2011</b>	<b>(5 567)</b>	<b>7 596</b>	<b>8 930</b>	<b>(438)</b>	<b>10 521</b>
<b>Cumulative liquidity gap at 30 June 2011</b>	<b>(5 567)</b>	<b>2 029</b>	<b>10 959</b>	<b>10 521</b>	

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.

**19 Contingencies and Commitments**

**Credit related commitments.** The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit, which represent irrevocable assurances that the Bank will make payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans. Documentary and commercial letters of credit, which are written undertakings by the Bank on behalf of a customer authorising a third party to draw drafts on the Bank 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.

**19 Contingencies and Commitments (continued)**

Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Bank 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 Bank 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. Outstanding credit related commitments are as follows:

<i>(in millions of Russian Rubles)</i>	<b>2011</b>	<b>2010</b>
Unused limits on overdraft loans	11 053	10 497
Guarantees issued	8 598	8 987
Undrawn credit facilities	3 529	1 561
Import letters of credit	762	70
Letters of credit for payments in the Russian Federation	526	935
<b>Total credit related commitments</b>	<b>24 468</b>	<b>22 050</b>

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