

COMMERCIAL BANK “LOCKO-BANK”

Consolidated Financial Statements

For the year ended 31 December 2004

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Participants, Officers and Auditors as at 31 December 2004

Participants	% Ownership	% Votes
LLC "KAMMOS"	16.595%	16.595%
LLC "Corporation Jupiter-Invest"	26.465%	26.465%
LLC "Corporation "SADKO"	23.470%	23.470%
LLC "REALTY-INVEST"	23.470%	23.470%
OJSC "Asfaltobetonnny zavod № 1"	10.00%	10.00%
	<u>100.00</u>	<u>100.00</u>

Board of Directors of the Bank

Stanislav I. Boguslavsky
Victor Yu. Davydik
Vladimir Yu. Davydik
Andrey V. Kulikov

Executive Board

Victor Yu. Davydik	Chairman
Nina N. Guseva	Chief Accountant
Dmitriy V. Krukov	First Deputy Chairman
Victoria O. Konstantinova	Deputy Chairman
Andrei M. Lushin	Deputy Chairman
Andrey V. Nekrasov	Deputy Chairman
Yaroslav R. Shteinberg	Deputy Chairman
Andrey D. Spivakov	Deputy Chairman

Auditors

KPMG Limited, Moscow



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Independent Auditors' Report

To the Board of Directors of CB "LOCKO-Bank" (LLC)

We have audited the accompanying consolidated balance sheet of CB "LOCKO-Bank" (LLC) and its subsidiary (the "Group") as of 31 December 2004 and the related consolidated statements of income, changes in equity and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Group's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as of 31 December 2004, and the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards.


A handwritten signature in blue ink that reads "KPMG Limited". The signature is written in a cursive, flowing style.

KPMG Limited
15 March 2005


CB "LOCKO-bank" (LLC)
Consolidated Income Statement
for the year ended 31 December 2004

	Notes	2004 RUR'000	2003 RUR'000
Interest income	4	597,225	603,652
Interest expense	4	(201,992)	(195,903)
Net interest income		395,233	407,749
Fee and commission income	5	150,880	91,521
Fee and commission expense	6	(38,905)	(25,058)
Net fee and commission income		111,975	66,463
Net securities trading (loss)/income	7	(28,370)	30,876
Net foreign exchange loss	8	(120,227)	(85,972)
Net gain on non-trading financial instruments	9	-	7,256
Other income		9,706	5,935
Operating income		368,317	432,307
Impairment losses	10	(35,947)	(1,188)
General administrative expenses	11	(230,846)	(198,326)
Operating expenses		(266,793)	(199,514)
Income before taxes		101,524	232,793
Income tax expense	12	(28,818)	(71,131)
Net income after taxes		72,706	161,662
Minority interest		(2,325)	735
Net income		70,381	162,397

The consolidated financial statements as set out on pages 5 to 42 were approved by the Board of Management of the Bank on 15 March 2005.


Chairman
Viktor Yu. Davydik




Chief Accountant
Nina N. Guseva

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

CB "LOCKO-bank" (LLC)
Consolidated Balance Sheet
as at 31 December 2004

	Notes	2004 RUR'000	2003 RUR'000
ASSETS			
Cash		137,792	174,938
Due from the Central Bank of the Russian Federation	13	655,381	872,792
Placements with banks and other financial institutions	14	867,833	617,911
Financial instruments held for trading	15	673,432	636,315
Loans to customers	16	3,613,197	3,329,018
Net investment in leases	17	96,178	74,423
Investments	18	15,505	5,390
Investments in associates	19	15	24
Other assets	20	182,914	29,202
Property, equipment and intangible assets	21	105,107	88,712
Total Assets		6,347,354	5,828,725
LIABILITIES AND EQUITY			
Financial instruments held for trading	15	-	4,153
Deposits and balances from banks and other financial Institutions	22	843,118	954,509
Amounts payable under repurchase agreements	23	133,777	-
Current accounts and deposits from customers	24	2,285,770	2,018,530
Certificates of deposit and promissory notes		887,133	1,016,129
Bonds issued		-	268,302
Other liabilities	25	71,570	63,296
Deferred tax liability	26	138,281	138,807
Total Liabilities		4,359,649	4,463,726
Minority interest		-	(2,325)
Equity			
Partners' Contributions	27	1,400,000	850,000
Partners' Contributions hyperinflation adjustment	27	781,047	781,047
Accumulated losses including hyperinflation adjustment		(193,342)	(263,723)
Total Equity		1,987,705	1,367,324
Total Liabilities and Equity		6,347,354	5,828,725
Commitments and Contingencies	29,30,31		

The consolidated balance sheet is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements.

CB "LOCKO-bank" (LLC)
Consolidated Statement of Cash Flows
for the year ended 31 December 2004

	Notes	2004 RUR'000	2003 RUR'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest and fee and commission receipts		727,790	708,689
Interest and fee and commission payments		(246,136)	(205,935)
Net receipts/(payments) from securities trading		(26,981)	22,370
Net payments from foreign exchange		(57,336)	(2,171)
Net receipts from disposal of non-trading financial instruments		-	7,256
Other income		9,706	5,935
General and administrative expenses		(223,046)	(192,746)
(Increase)/decrease in operating assets			
Minimum reserve deposit with the Central Bank of the Russian Federation		98,973	(70,702)
Placements with banks and other financial institutions		(262,157)	(29,396)
Financial instruments held for trading		(39,568)	(569,243)
Loans to customers		(426,464)	(1,107,639)
Net investment in leases		(27,839)	(76,206)
Investments		(9,747)	75,791
Other assets		(155,808)	(20,324)
Increase/(decrease) in operating liabilities			
Deposits and balances from banks and other financial institutions		(67,834)	251,326
Amounts payable under repurchase agreements		133,749	-
Current accounts and deposits from customers		286,815	1,101,997
Certificates of deposit, promissory notes and bonds		(372,411)	596,022
Other liabilities		12,401	3,244
Net cash provided from operating activities before taxes paid		(645,893)	498,268
Taxes paid		(30,283)	(12,741)
Cash flows from operations		(676,176)	485,527
CASH FLOWS FROM INVESTING ACTIVITIES			
Net sales of investments		10	-
Net purchases of property and equipment		(24,190)	(12,561)
Cash flows from investing activities		(24,180)	(12,561)
CASH FLOWS FROM FINANCING ACTIVITIES			
Partners' Contributions		550,000	-
Cash flows from financing activities		550,000	-
Net increase/(decrease) in cash and cash equivalents		(150,356)	472,966
Effect of changes in exchange rates on cash and cash equivalents		(5,228)	(7,482)
Cash and cash equivalents at the beginning of the year		890,964	425,480
Cash and cash equivalents at the end of the year	34	735,380	890,964

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

CB "LOCKO-bank" (LLC)
Consolidated Statement of Changes in Equity
for the year ended 31 December 2004

	Partners' Contributions excluding hyperinflation adjustment	Partners' Contributions hyperinflation adjustment	Accumulated losses including hyperinflation adjustment	Total
	RUR'000	RUR'000	RUR'000	RUR'000
Balance at 1 January 2003	850,000	781,047	(426,120)	1,204,927
Net income for the year	-	-	162,397	162,397
Balance at 31 December 2003	850,000	781,047	(263,723)	1,367,324
Net income for the year	-	-	70,381	70,381
Partners' Contributions	550,000	-	-	550,000
Balance at 31 December 2004	1,400,000	781,047	(193,342)	1,987,705

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

1 Background

Principal activities

The major operating companies of the “Locko-Bank” Group (collectively the “Group”) are the parent company, “Locko-bank”, and its 100% subsidiary LLC “OFLK”.

- Commercial bank “Locko-bank” was established in the Russian Federation as a Partnership and was granted its general banking license in 1994. The principal activities of the Bank are deposit taking and customer accounts maintenance, lending, cash and settlement operations and operations with securities and foreign exchange. The activities of the Bank are regulated by the Central Bank of the Russian Federation (“the CBR”). The majority of the Bank’s assets and liabilities are located in the Russian Federation. The average number of persons employed by the Bank during the year was 285 (2003: 246).
- Limited liability company “OFLK” was established in the Russian Federation as a Partnership in March, 2002 and started performing active business operations in 2003. Its principal activity is providing finance leasing. The average number of persons employed during the year was 6 (2003: 8).

Russian business environment

The Russian Federation has been experiencing political and economic change which has affected, and may continue to affect, the activities of enterprises operating in this environment. Consequently, operations in the Russian Federation involve risks, which do not typically exist in other markets. The accompanying financial statements reflect management’s assessment of the impact of the Russian business environment on the operations and the financial position of the Group. The future business environment may differ from management’s assessment.

2 Basis of preparation

Statement of compliance

The Group maintains its accounting records in accordance with the legislative requirements of the Russian Federation. The accompanying financial statements have been prepared from those accounting records and adjusted as necessary to comply with the requirements of International Financial Reporting Standards (“IFRS”) promulgated by the International Accounting Standards Board (“IASB”).

2 Basis of preparation (continued)

Measurement and Presentation Currency

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

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

Basis of consolidation

Subsidiaries are those enterprises controlled by the Bank. Control exists when the Bank has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases.

Intra-group balances and transactions, and any unrealised gains arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates are eliminated to the extent of the Bank's interest in the enterprise. Unrealised gains resulting from transactions with associates are eliminated against the investment in the associate. Unrealised losses are eliminated in the same way as unrealised gains except that they are only eliminated to the extent that there is no evidence of impairment.

Going concern

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realisation of assets and the satisfaction of liabilities in the normal course of business. The recoverability of the Group's assets, as well as the future operation of the Group, may be significantly affected by the current and future economic environment (refer note 1). The accompanying financial statements do not include any adjustments should the Group be unable to continue as a going concern.

3 Significant accounting policies

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

Foreign currency transactions

Transactions in foreign currencies are translated to the appropriate measurement currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the measurement currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated to the measurement currency at the foreign exchange rate ruling at the date of the transaction.

Inflation accounting

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

Cash and cash equivalents

The Group considers cash and nostro accounts with the CBR to be cash and cash equivalents. The minimum reserve deposit with the CBR is not considered to be a cash equivalent due to restrictions on its withdrawability.

Financial instruments

Classification

Trading instruments are those that the Group principally holds for the purpose of short-term profit taking. These include investments and derivative contracts that are not designated and effective hedging instruments, and liabilities from short sales of financial instruments. All trading derivatives in a net receivable position (positive fair value), as well as options purchased, are reported as an asset. All trading derivatives in a net payable position (negative fair value), as well as options written, are reported as a liability.

Originated loans and receivables are loans and receivables created by the Group providing money to a debtor other than those created with the intention of short-term profit taking. Originated loans and receivables comprise loans and advances to banks and customers other than purchased loans.

Held-to-maturity assets are financial assets with fixed or determinable payments and fixed maturity that the Group has the intent and ability to hold to maturity.

Available-for-sale assets are financial assets that are not held for trading purposes, originated by the Group, or held to maturity.

3 Significant accounting policies (continued)

Financial instruments (continued)

Recognition

The Group recognises financial instruments held for trading and available-for-sale assets on the date it commits to purchase the assets. Held-to-maturity assets and originated loans and receivables are recognised on the day they are transferred to or originated by the Group.

Measurement

Financial instruments are measured initially at cost, including transaction costs.

Subsequent to initial recognition all trading and all available-for-sale instruments are measured at fair value, except that any instrument that does not have a quoted market price in an active market and whose fair value cannot be reliably measured is stated at cost, including transaction costs, less impairment losses.

All non-trading financial liabilities, originated loans and receivables and held-to-maturity assets are measured at amortised cost less impairment losses. Amortised cost is calculated on the effective interest rate method. Premiums and discounts, including initial transaction costs, are included in the carrying amount of the related instrument and amortised based on the effective interest rate of the instrument.

Fair value measurement principles

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

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

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

Gains and losses on subsequent measurement

Gains and losses arising from a change in the fair value of all trading instruments and available-for-sale securities are recognised in the income statement.

3 Significant accounting policies (continued)

Financial instruments (continued)

Derecognition

A financial asset is derecognised when the Group loses control over contractual rights that comprise that asset. This occurs when the rights are realised, expire or are surrendered. A financial liability is derecognised when it is extinguished.

Available-for-sale assets and assets held for trading that are sold or redeemed at maturity are derecognised and, in case of sale, corresponding receivables from the buyer for the payment are recognised as of the date the Bank commits to sell the asset. The Group uses the specific identification method to determine the gain or loss on derecognition.

Held-to-maturity instruments and originated loans and receivables are derecognised on the day they are transferred by the Group.

Repurchase and reverse repurchase agreements

Securities sold under agreements to repurchase are retained within the trading or available-for-sale securities portfolios and accounted for accordingly. Liability accounts are used to record the obligation to repurchase. The difference between the sale and repurchase price represents interest expense and is recognised in the income statement over the term of the repurchase agreement.

Securities held under reverse repurchase agreements are recorded as receivables. The difference between the purchase and sale price represents interest income and is recognised in the income statement over the term of the reverse repurchase agreement. The receivables due under reverse repurchase agreements have been shown net of provision for impairment.

Investments in associates

Associates are those enterprises in which the Bank has significant influence, but not control, over the financial and operation policies. The consolidated financial statements include the Bank's share of the total recognized gains and losses of associates on an equity accounted basis, from the date that significant influence effectively commences until the date that significant influence effectively ceases. When the Bank's share of losses exceed the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Bank has incurred obligations in respect of the associate.

Offsetting

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

3 Significant accounting policies (continued)

Property and equipment

Owned assets

Items of property and equipment are stated at cost less accumulated depreciation and impairment losses. The cost for self-constructed assets includes the cost of materials, direct labour and an appropriate proportion of production overheads.

Where an item of property and equipment comprises major components having different useful lives, they are accounted for as separate items of property and equipment.

Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Equipment acquired by way of finance lease is stated at an amount equal to the lower of its fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses.

Operating leases, the terms of which the Group does not assume substantially all the risks and rewards of ownership, are expensed.

Depreciation

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

Buildings	40 years
Office furniture and equipment	5 to 10 years
Vehicles	3 to 8 years
Intangible assets	1 to 7 years

Impairment

The carrying amounts of the Group's assets, other than deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

Calculation of recoverable amount

The recoverable amount of the Group's investments in held-to-maturity securities and receivables is calculated as the present value of expected future cash flows, discounted at the original effective interest rate inherent in the asset. The recoverable amount of the Group's trading investments and investments available-for-sale is their fair value.

3 Significant accounting policies (continued)

Impairment (continued)

Calculation of recoverable amount (continued)

The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss in respect of a held-to-maturity security or receivable is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Interest bearing borrowings

Interest-bearing borrowings are recognised initially at cost, net of any transaction costs incurred. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings.

When borrowings are repurchased or settled before maturity, any difference between the amount repaid and the carrying amount is recognised immediately in the income statement.

Provisions

A provision is recognised in the balance sheet when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Dividends

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

Dividends are reflected as an appropriation of retained earnings as and when declared.

3 Significant accounting policies (continued)

Taxation

Income tax comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

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

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

Interest income and expenses

Interest income and expense are recognised in the income statement as they accrue, taking into account the effective yield of the asset/liability or an applicable floating rate. Interest income and expense include the amortisation of any discount or premium or other differences between the initial carrying amount of an interest bearing instrument and its amount at maturity calculated on an effective interest rate basis.

Fee and commission income

Fee and commission income is recognised when the corresponding service is provided.

Dividend income

Dividend income from investments in companies where the Group does not have control or significant influence is recognised in the income statement on the date that the dividend is declared.

4 Net interest income

	2004	2003
	RUR '000	RUR '000
Interest income		
Loans to customers	490,004	559,437
Securities	53,330	20,411
Net investment in leases	37,114	6,281
Placements with banks and other financial institutions	16,623	17,461
Amounts receivable under reverse repurchase agreements	154	62
	597,225	603,652
Interest expense		
Current accounts and deposits from customers	71,483	35,659
Certificates of deposit and promissory notes	68,806	67,815
Deposits and balances from banks and other financial institutions	31,734	49,200
Bonds issued	29,579	42,981
Amounts payable under repurchase agreements	390	248
	201,992	195,903

5 Fee and commission income

	2004	2003
	RUR '000	RUR '000
Trade finance and guarantees	52,182	34,518
Settlement fees	48,553	13,966
Foreign exchange fees	26,944	26,718
Cash transactions	18,862	13,585
Other	4,339	2,734
	150,880	91,521

6 Fee and commission expense

	2004	2003
	RUR '000	RUR '000
Trade finance and guarantees	31,567	17,226
Settlement fees	3,505	3,113
Cash transactions	2,264	3,305
Brokerage fees	1,568	802
Other	1	612
	38,905	25,058

7 Net securities trading (loss)/income

	2004	2003
	RUR '000	RUR '000
Debt instruments	(28,370)	30,876
	(28,370)	30,876

8 Net foreign exchange loss

	2004	2003
	RUR '000	RUR '000
Loss from revaluation of financial assets and liabilities	(62,891)	(80,796)
Loss on spot transactions and derivatives	(57,336)	(5,176)
	(120,227)	(85,972)

9 Net gain on non-trading financial instruments

	2004	2003
	RUR '000	RUR '000
Net gain on disposal	-	7,256
	-	7,256

10 Impairment losses

	2004	2003
	RUR '000	RUR '000
Impairment losses		
Placements with banks and other financial institutions	-	542
Loans to customers	39,982	2,593
Net investment in leases	1,271	-
	41,253	3,135
Reversals of impairment losses		
Placements with banks and other financial institutions	(4,932)	-
Investments	(368)	(1,933)
Investments in associates	(6)	(14)
	(5,306)	(1,947)
Net impairment losses	35,947	1,188

11 General administrative expenses

	2004	2003
	RUR '000	RUR '000
Employee compensation	104,463	106,385
Advertising and marketing	50,779	38,345
Revenue based taxes	18,911	18,556
Communications and information services	12,166	10,699
Repairs and maintenance	12,092	1,083
Occupancy	7,970	3,568
Depreciation and amortization	7,692	5,580
Professional services	3,888	2,930
Security	2,436	2,158
Office supplies	1,886	1,650
Charity and sponsorship	300	-
Other	8,263	7,372
	230,846	198,326

12 Income tax expense

	2004	2003
	RUR '000	RUR '000
Current tax expense		
Current year	29,344	12,741
Deferred tax expense		
Origination and reversal of temporary differences	(526)	58,390
Total income tax expense in the income statement	28,818	71,131

The Group's applicable tax rate for current and deferred tax is 24% (2003: 24%).

12 Income tax expense (continued)

Reconciliation of effective tax rate:

	2004		2003	
	RUR '000	%	RUR '000	%
Income before tax	101,524		232,793	
Income tax at the applicable tax rate	24,366	24	55,869	24
Non-deductible costs/(non-taxable income)	5,413	5	15,688	7
Income taxed at lower tax rates	(961)	(1)	(426)	0
	<u>28,818</u>	<u>28</u>	<u>71,131</u>	<u>31</u>

13 Due from the Central Bank of the Russian Federation

	2004	2003
	RUR '000	RUR '000
Minimum reserve deposit	57,793	156,766
Nostro accounts	597,588	716,026
	<u>655,381</u>	<u>872,792</u>

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

14 Placements with banks and other financial institutions

	2004	2003
	RUR '000	RUR '000
Nostro accounts	437,564	390,971
Loans and deposits	434,615	236,218
	<u>872,179</u>	<u>627,189</u>
Provision for impairment	(4,346)	(9,278)
	<u>867,833</u>	<u>617,911</u>

14 Placements with banks and other financial institutions (continued)

Concentration of placements with banks and other financial institutions

As at 31 December 2004 and 2003, term deposits and balances with banks and other financial institutions, which individually comprised more than 10% of placements with banks and other financial institutions were as follows:

	2004	2003
	RUR '000	RUR '000
Deutsche Bank Trust Americas Company	344,694	80,053
CB Admiralteiskiy	-	281,182
	344,694	361,235

Analysis of movements in the provision for impairment

	2004	2003
	RUR '000	RUR '000
Balance at the beginning of the year	9,278	8,736
Net (recovery)/charge for the year	(4,932)	542
Balance at the end of the year	4,346	9,278

15 Financial instruments held for trading

	2004	2003
	RUR '000	RUR '000
Financial assets held for trading		
Debt and other fixed-income instruments		
Russian Government GKO/OFZ	497,883	150,726
Corporate bonds	84,978	187,581
Promissory notes	77,909	292,848
Regional bonds	10,371	4,012
Foreign currency contracts	2,291	1,148
	673,432	636,315
Financial liabilities held for trading		
Foreign currency contracts	-	(4,153)
	-	(4,153)

Gains and losses arising on derivative financial instruments and changes in fair value of other trading instruments are recognised in net securities trading income/(loss) or net foreign exchange income/(loss), as appropriate.

Foreign currency contracts

The table below summarises, by major currency, the contractual amounts of the Group's forward exchange contracts outstanding at 31 December 2004 with details of the contracted exchange rates and remaining periods to maturity. Foreign currency amounts presented below are translated at rates ruling at the balance sheet date. The resultant unrealised gains and losses on these unmatured contracts, along with the amounts payable and receivable on the matured but unsettled contracts, have been recognised in the income statement and in financial instruments held for trading, as appropriate.

15 Financial instruments held for trading (continued)

	Notional amount		Weighted average contracted exchange rates	
	2004	2003	2004	2003
Buy USD sell RUR				
Less than three months	-	374,072	-	29,37
Sell USD buy RUR				
Less than three months	874,084	650,944	27,82	29,27
Sell Euros buy USD				
Less than three months	-	3,682	-	1,25
Buy Euros sell USD				
Less than three months	-	3,682	-	1,24
Buy USD sell CHF				
Less than three months	-	23,595	-	1,25

16 Loans to customers

Industry and geographical analysis of the loan portfolio

Loans and advances to customers are issued primarily to customers located within the Russian Federation, who operate in the following economic sectors:

	2004 RUR '000	2003 RUR '000
Retail customers	203,660	240,562
Commercial customers		
Trade	1,902,381	1,785,380
Manufacturing	579,078	703,045
Oil refining	-	39,726
Real estate	63,822	256,797
Construction	392,070	239,530
Other	136,379	129,489
Small business	502,284	60,984
Provision for impairment	(166,477)	(126,495)
	3,613,197	3,329,018

16 Loans to customers (continued)

Significant credit exposures

As at 31 December 2004 and 2003, loans to customers, which individually comprised more than 10% of gross loans to customers, were as follows:

	2004	2003
	RUR '000	RUR '000
Nutrinvest group	-	387,477
	<u>-</u>	<u>387,477</u>

Contractually overdue loans

Information in relation to contractually overdue loans as at 31 December 2004 and 2003, is summarised as follows:

	2004	2003
	RUR '000	RUR '000
Gross loans with contractually overdue principal	37,222	-
Provision for impairment	(14,699)	-
Net contractually overdue loans recorded in the balance sheet	<u>22,523</u>	<u>-</u>

Analysis of movements in the provision for impairment

	2004	2003
	RUR '000	RUR '000
Balance at the beginning of the year	126,495	123,902
Net charge for the year	39,982	2,593
Balance at the end of the year	<u>166,477</u>	<u>126,495</u>

Loan maturities

The maturity of the Group's loan portfolio is presented in note 37, which shows the remaining period from the reporting date to the contractual maturity of the loans comprising the loan portfolio.

17 Net investment in leases

	2004	2003
	RUR '000	RUR '000
Gross lease receivable	133,567	99,649
Unearned income	(36,118)	(25,226)
Provision for impairment	(1,271)	-
Net investment in leases	96,178	74,423

Analysis of movements in the provision for impairment

	2004	2003
	RUR '000	RUR '000
Balance at the beginning of the year	-	-
Net charge for the year	1,271	-
Balance at the end of the year	1,271	-

The contractual maturity of the net investment in leases is:

	Gross lease receivable	Unearned income	Provision for impairment	Net investment in leases
	RUR'000	RUR'000	RUR'000	RUR'000
Less than one year	65,347	(22,700)	(293)	42,354
One year to five years	68,220	(13,418)	(978)	53,824
	133,567	(36,118)	(1,271)	96,178

The industry breakdown of net investment in leases as at 31 December 2004 and 2003 is as follows:

	2004	2003
	RUR'000	RUR'000
Manufacturing	43,645	30,658
Trading	40,839	1,428
Agriculture	8,450	15,844
Transport	745	1,416
Food processing	609	1,244
Consulting	-	22,128
Other	1,890	1,705
	96,178	74,423

18 Investments

	2004	2003
	RUR '000	RUR '000
Available-for-sale		
<i>Equity instruments – unlisted</i>		
Equity securities – cost	16,484	6,825
Less provision for impairment	(979)	(1,435)
	15,505	5,390

Analysis of movements in the provision for impairment

	2004	2003
	RUR '000	RUR '000
Balance at the beginning of the year	1,435	3,368
Net recovery for the year	(368)	(1,933)
Write-off	(88)	-
Balance at the end of the year	979	1,435

Investment without a determinable fair value

The Group holds a 19,5% investment in LLC “ISK Euro-polis”, that is carried at its cost of RUR 16,484 thousand. There is no market for this investment and there have not been any recent transactions that provide evidence of the current fair value. In addition, discounted cash flow techniques yield a wide range of fair values due to the uncertainty regarding future cash flows based on the high risk nature of the industry. As such discounted cash flow techniques do not provide a reliable measure of fair value.

19 Investments in associates

	2004	2003
	RUR '000	RUR '000
Investments in associated companies	15	30
Provision for impairment	-	(6)
	15	24

19 Investments in associates (continued)

Associates are comprised of:

Name	Country of Incorporation	Main Activity	% Controlled		2004	2003
			2004	2003	Carrying Value RUR '000	Carrying Value RUR '000
CJSC Oostankino	Russia	Telecommunication	-	49%	-	12
CJSC Udar	Russia	Security	50%	50%	15	12
					15	24

Due to the limited size and activities of the above listed associated company this investment has not been accounted for using the equity method of accounting.

Analysis of movements in the provision for impairment

	2004 RUR '000	2003 RUR '000
Balance at the beginning of the year	6	20
Net recovery for the year	(6)	(14)
Balance at the end of the year	-	6

20 Other assets

	2004 RUR '000	2003 RUR '000
Prepayment for construction of office space	140,000	-
Advances	25,569	1,097
VAT receivable	8,519	15,155
Accrued commissions	2,776	-
Materials and supplies	2,309	866
Settlement with clients on foreign exchange contracts	-	5,367
Deferred expenses	-	3,813
Other	3,741	2,904
	182,914	29,202

In December 2004, the Group made a prepayment in respect of the construction of additional office space, which is expected to be completed in second quarter 2006.

21 Property, equipment and intangible assets

RUR'000	Buildings	Office furniture and equipment	Vehicles	Intangible assets	Total
Cost					
At 1 January 2004	66,775	31,560	4,544	2,842	105,721
Additions	53	8,815	1,246	14,169	24,283
Disposals	-	(249)	-	-	(249)
At 31 December 2004	<u>66,828</u>	<u>40,126</u>	<u>5,790</u>	<u>17,011</u>	<u>129,755</u>
Depreciation					
At 1 January 2004	(4,399)	(9,667)	(378)	(2,565)	(17,009)
Depreciation charge	(1,671)	(4,344)	(705)	(972)	(7,692)
Disposals	-	53	-	-	53
At 31 December 2004	<u>(6,070)</u>	<u>(13,958)</u>	<u>(1,083)</u>	<u>(3,537)</u>	<u>(24,648)</u>
Carrying value					
At 31 December 2004	<u>60,758</u>	<u>26,168</u>	<u>4,707</u>	<u>13,474</u>	<u>105,107</u>
At 31 December 2003	<u>62,376</u>	<u>21,893</u>	<u>4,166</u>	<u>277</u>	<u>88,712</u>

22 Deposits and balances from banks and other financial institutions

	2004 RUR '000	2003 RUR '000
Vostro accounts	3,188	281,000
Term deposits	839,930	673,509
	<u>843,118</u>	<u>954,509</u>

22 Deposits and balances from banks and other financial institutions (continued)

Concentration of deposits and balances from banks and other financial institutions

As at 31 December 2004 and 2003, deposits and balances from banks and other financial institutions, which individually comprised more than 10% of deposits and balances from banks and other financial institutions, were as follows:

	2004	2003
	RUR '000	RUR '000
Credit Lyonnais SA	111,482	-
OJSC Mezhprombank	100,020	-
† Sudostroitelnyi bank	-	281,182
	211,502	281,182

23 Amounts payable under repurchase agreements

	2004	2003
	RUR '000	RUR '000
Amounts due to banks and other financial institutions	133,777	-
	133,777	-

Securities pledged

As of 31 December 2004 and 2003, the Group had pledged the following securities as collateral for amounts owed under repurchase agreements:

	Fair value	Fair value
	2004	2003
	RUR '000	RUR '000
GKO/OFZ	92,374	-
Corporate bonds	56,178	-
	148,552	-

24 Current accounts and deposits from customers

	2004	2003
	RUR '000	RUR '000
Current accounts and demand deposits	1,166,697	1,176,211
Term deposits	1,119,073	842,319
	2,285,770	2,018,530

As at 31 December 2004 and 2003, the Bank had no exposures exceeding 10% of total current accounts and deposits from customers.

25 Other liabilities

	2004	2003
	RUR '000	RUR '000
Income and other taxes payable	52,079	53,034
Advances from lessees	8,262	-
Accrued commissions	4,166	-
Deferred income	224	6,882
Other	6,839	3,380
	71,570	63,296

26 Deferred tax asset and liability

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes give rise to net deferred tax liabilities as of 31 December 2004 and 2003. Deferred tax assets and liabilities are attributable to the following items:

26 Deferred tax asset and liability (continued)

RUR'000	Assets		Liabilities		Net	
	2004	2003	2004	2003	2004	2003
Financial instruments held for trading	(1,456)	(998)	3,184	2,281	1,728	1,283
Placements with banks and other financial institutions	(1,042)	-	-	6,330	(1,042)	6,330
Loans to customers	(2,733)	(1,805)	132,468	125,355	129,735	123,550
Net investment in leases	(1,227)	(956)	-	1,116	(1,227)	160
Investments	(23)	(345)	-	-	(23)	(345)
Investments in associates	-	-	1	-	1	-
Other assets	(270)	-	-	915	(270)	915
Property, equipment and intangible assets	(2,679)	(1,791)	12,459	8,879	9,780	7,088
Amounts payable under repurchase agreements	(7)	-	-	-	(7)	-
Current accounts and deposits from customers	(205)	-	-	-	(205)	-
Certificates of deposit and promissory notes	-	-	81	-	81	-
Other liabilities	(270)	(174)	-	-	(270)	(174)
Net tax (assets)/liabilities	(9,912)	(6,069)	148,193	144,876	138,281	138,807

The rate of tax applicable for deferred taxes was 24% (2003: 24%).

Movement in temporary differences during the year

RUR'000	Balance	Recognised in	Balance
	1 January 2004	income	31 December 2004
Financial instruments held for trading	1,283	445	1,728
Placements with banks and other financial institutions	6,330	(7,372)	(1,042)
Loans to customers	123,550	6,185	129,735
Net investment in leases	160	(1,387)	(1,227)
Investments	(345)	322	(23)
Investments in associates	-	1	1
Other assets	915	(1,185)	(270)
Property, equipment and intangible assets	7,088	2,692	9,780
Amounts payable under repurchase agreements	-	(7)	(7)
Current accounts and deposits from customers	-	(205)	(205)
Certificates of deposit and promissory notes	-	81	81
Other liabilities	(174)	(96)	(270)
	138,807	(526)	138,281

27 Partners' Contributions and hyperinflation adjustment

Partners' Contributions

	31 December 2004
	RUR'000
Authorised, paid and registered	850,000
Authorised, paid and not registered	550,000
	<hr/>
	1,400,000
	<hr/>

As at 31 December 2004 the CBR had not formally registered the partners' contributions paid in 2004. The contributions were formally registered on 26 January 2005.

Under Russian legislation Partners' funds are withdrawable by the partners. As of 31 December 2004, management of the Bank had not been advised of an intention by any of the partners to withdraw their contributions.

For the purposes of the financial statements, the rouble value of Partners' Contributions has been restated to rouble values current as of 31 December 2002 (refer to the inflation accounting policy described in note 3). The portion of the recalculated partners' contributions relating to the restatement to rouble values as at that date is included within the item "Partners' Contributions hyperinflation adjustment" in the balance sheet. The balance of Partners' Contributions shown in the balance sheet represents the Bank's contributed capital in accordance with Russian legislation.

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

28 Risk management

Management of risk is fundamental to the business of banking and is an essential element of the Group's operations. The major risks faced by the Group are those related to credit exposures, liquidity and movements in interest rates and foreign exchange rates. These risks are managed in the following manner:

Credit risk

Credit risk is the risk of financial loss occurring as a result of default by a borrower or counterparty on their obligation to the Group. The Group has developed policies and procedures for the management of credit exposures, including guidelines to limit portfolio concentration and the establishment of a Credit Committee, which actively monitors the Group's credit risk. The Group's credit policy is reviewed and approved by the Management Board.

28 Risk management (continued)

Interest rate risk

Interest rate risk is measured by the extent to which changes in market interest rates impact on margins and net interest income. To the extent the term structure of interest bearing assets differs from that of liabilities, net interest income will increase or decrease as a result of movements in interest rates.

Interest rate risk is managed by increasing or decreasing positions within limits specified by the Group’s management. These limits restrict the potential effect of movements in interest rates on current earnings and on the value of interest sensitive assets and liabilities. The Group’s interest rate policy is reviewed and approved by the Management Board. See note 36 “Average effective interest rates”.

Liquidity risk

The Group maintains liquidity management with the objective of ensuring that funds will be available at all times to honour all cash flow obligations as they become due. The Group’s liquidity policy is reviewed and approved by the Management Board. See note 37 “Maturity analysis”.

Foreign exchange rate risk

The Group has assets and liabilities denominated in several foreign currencies. Foreign currencies risk arises when the actual or forecasted assets in a foreign currency are either greater or less than the liabilities in that currency. The Group’s foreign currency policy is reviewed and approved by the Management Board. See note 38 “Currency analysis”.

29 Commitments

At any time the Group has outstanding commitments to extend credit. These commitments take the form of approved loans and credit card limits and overdraft facilities.

The Group provides financial guarantees and letters of credit to guarantee the performance of customers to third parties. These agreements have fixed limits and generally extend for a period of up to five years. The Group also provides guarantees by acting as settlement agent in securities borrowing and lending transactions.

The contractual amounts of commitments are set out in the following table by category. The amounts reflected in the table for commitments assume that amounts are fully advanced. The amounts reflected in the table for guarantees and letters of credit represent the maximum accounting loss that would be recognised at the balance sheet date if counterparties failed completely to perform as contracted.

29 Commitments (continued)

	2004	2003
	RUR '000	RUR '000
Contracted amount		
Loan and credit line commitments	258,516	1,030,347
Credit card commitments	59,749	16,735
Undrawn overdraft facilities	36,985	1,455
Guarantees and letters of credit	105,259	287,972

The total outstanding contractual commitments to extend credit indicated above does not necessarily represent future cash requirements, as many of these commitments will expire or terminate without being funded.

30 Operating leases

Leases as lessee

Non-cancelable operating lease rentals are payable as follows:

	2004	2003
	RUR '000	RUR '000
Less than one year	7,320	2,190

The Group leases a number of premises and equipment under operating lease. The leases typically run for an initial period up to one year, with an option to renew the lease after that date. None of the leases includes contingent rentals.

During the current year RUR 7,970 thousand was recognised as an expense in the income statement in respect of operating leases (2003: RUR 3,568 thousand).

31 Contingencies

Insurance

The insurance industry in the Russian Federation is in a developing state and many forms of insurance protection common in other parts of the world are not yet generally available. The Group has full coverage for its premises and equipment. The Group does not have coverage for other assets or risks related to its activity. Until the Group obtains adequate insurance coverage, there is a risk that the loss or destruction of certain assets could have a material adverse effect on the Bank's operations and financial position.

31 Contingencies (continued)

Litigation

Group management is unaware of any significant actual, pending or threatened claims against the Group.

Taxation contingencies

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

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

32 Custody activities

The Group provides custody services to its customers, whereby it holds securities on behalf of customers and receives fee income for providing these services. These securities are not assets of the Group and are not recognised in the consolidated balance sheet.

33 Related party transactions

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

The outstanding balances and average interest rates as of 31 December 2004 and 2003 with Directors and members of the Management Board are as follows:

	2004 RUR '000	Average Interest Rate	2003 RUR '000	Average Interest Rate
Balance Sheet				
Loans to directors and members of the Management Board	19,802	10%	21,653	10%
Customer accounts of directors and senior management	18,009	10%	105,752	4%

Amounts included in the income statement in relation to transactions with directors and members of the Management Board are as follows:

	2004 RUR '000	2003 RUR '000
Income statement		
Interest income	1,762	2,300
Commission income	307	-
Interest expense	(1,050)	(534)

Transactions with other related parties

The outstanding balances and the related average interest rates as of 31 December 2004 and 2003 with other related parties are as follows:

	2004 RUR '000	Average Interest Rate	2003 RUR '000	Average Interest Rate
Balance Sheet				
Assets				
Loans to participants	59,380	10%	61,010	17%
Loans to other related parties	268,892	9%	130,763	17%
Liabilities				
Current accounts and deposits from customers	151,546	3%	48,406	0%
Promissory notes	17,550	3%	21,875	4%

33 Related party transactions (continued)

Transactions with other related parties (continued)

Amounts included in the income statement in relation to other related party transactions are as follows:

	2004	2003
	RUR '000	RUR '000
Income statement		
Interest income	21,045	11,190
Interest expense	4,516	575
Commission income	15,161	-

34 Cash and cash equivalents

Cash and cash equivalents at the end of the financial year as shown in the statement of cash flow is composed of the following items:

	2004	2003
	RUR '000	RUR '000
Cash	137,792	174,938
Due from the Central Bank – nostro accounts	597,588	716,026
	735,380	890,964

35 Fair value of financial instruments

The Group has performed an assessment of its financial instruments, as required by IAS 32 Financial Instruments: Disclosure and Presentation, to determine whether it is practicable within the constraints of timeliness and cost to determine their fair values with sufficient reliability.

Based on this assessment the Group has concluded that due to the lack of liquidity and published “indicator interest rates” in the Russian markets, it is not possible to determine the fair value of the majority of its financial assets and financial liabilities.

The financial assets and financial liabilities that the Group does believe it is able to estimate fair values for include cash, due from the Central Bank of Russia, financial instruments held for trading and non-Russian, placements with banks and financial institutions and deposits and balances from banks and other financial institutions. The Group estimates the fair value of these assets to be not materially different from their carrying values.

35 Fair value of financial instruments (continued)

This estimate of fair value is intended to approximate the amount at which the above listed assets could be exchanged in a current transaction between willing parties. However given the uncertainties and the use of subjective judgment, the fair value should not be interpreted as being realisable in an immediate sale of the assets or settlement of liabilities.

36 Average effective interest rates

The table below displays the Group's interest bearing assets and liabilities as at 31 December 2004 and 2003 and their corresponding average effective interest rates as at that date. These interest rates are an approximation of the yields to maturity of these assets and liabilities.

	2004		2003	
	Value	Average	Value	
	RUR '000	Effective	RUR '000	
		Interest		
		Rate		
		Rate		
Interest Bearing Assets				
<i>Due from the Central Bank of the Russian Federation</i>	655,381	0%	872,792	0%
<i>Placements with banks and other financial institutions</i>				
<i>Nostro accounts</i>				
- RUR	6,896	0%	206,623	0%
- USD	391,512	0%	173,408	0%
- other currencies	39,156	0%	10,940	1%
<i>Loans and deposits</i>				
- RUR	169,711	4%	231,104	3%
- USD	245,999	5%	5,114	1%
- other currencies	18,905	2%	-	-
<i>Financial instruments held for trading</i>				
- RUR	615,004	7%	544,599	21%
- USD	56,137	10%	90,568	2%
<i>Loans to customers</i>				
- RUR	1,804,732	14%	1,326,853	20%
- USD	1,769,342	14%	1,917,478	15%
- other currencies	205,600	11%	211,182	10%

36 Average effective interest rates (continued)

Net investment in leases

- RUR	-	-	1,416	33%
- USD	97,449	29%	57,163	27%
- other currencies	-	-	15,844	21%

Interest Bearing Liabilities

Deposits and balances from banks and other financial institutions

Vostro accounts

- RUR	322	0%	72,387	0%
- USD	2,036	0%	207,815	0%
- other currencies	830	0%	798	0%

Term deposits

- RUR	254,012	4%	142,631	2%
- USD	390,930	7%	333,144	5%
- other currencies	194,988	6%	197,734	7%

Amounts payable under repurchase agreements

- RUR	90,118	5%	-	-
- USD	43,659	5%	-	-

Current accounts and deposits from customers

Current accounts and demand deposits

- RUR	970,100	0%	903,681	0%
- USD	187,732	0%	268,642	0%
- other currencies	8,865	0%	3,888	0%

Term deposits

- RUR	435,383	12%	78,658	6%
- USD	601,777	9%	705,103	8%
- other currencies	81,913	7%	58,558	0%

Certificates of deposit and promissory notes

- RUR	743,186	10%	895,476	9%
- USD	143,947	4%	120,653	2%

Bonds

- RUR	-	-	268,302	18%
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37 Maturity analysis

The following table shows banking assets and liabilities by remaining contractual maturity dates as at 31 December 2004, with the exception of financial instruments held for trading, which are shown in the category "Less than 1 month" based on the fact that Management believe that all of these trading securities could be liquidated within one month in the normal course of business.

As at 31 December 2004 the contractual maturities of financial instruments held for trading were as follows:

	RUR'000
Less than 1 month	150,843
1 to 3 months	32,516
3 months to 1 year	175,989
1 year to 5 years	314,084
More than 5 years	-
No maturity	-
	<hr/> 673,432 <hr/>

37 Maturity analysis (continued)

	Less than 1 month RUR '000	1 to 3 months RUR '000	3 months to 1 year RUR '000	1 year to 5 years RUR '000	More than 5 years RUR '000	No maturity RUR '000	Total RUR '000
Assets							
Cash	137,792	-	-	-	-	-	137,792
Due from the Central Bank of the Russian Federation	626,467	7,964	18,910	2,040	-	-	655,381
Placements with banks and other financial institutions	867,553	-	280	-	-	-	867,833
Financial instruments held for trading	673,432	-	-	-	-	-	673,432
Loans to customers	220,598	796,940	2,331,598	264,061	-	-	3,613,197
Net investment in leases	3,669	7,923	30,762	53,824	-	-	96,178
Investments	-	-	-	-	-	15,505	15,505
Investments in associates	-	-	-	-	-	15	15
Other assets	6,526	26,151	5,098	145,139	-	-	182,914
Property, equipment and intangible assets	-	-	-	-	-	105,107	105,107
Total assets	2,536,037	838,978	2,386,648	465,064	-	120,627	6,347,354
Liabilities							
Deposits and balances from banks and other financial institutions	411,578	195,415	236,125	-	-	-	843,118
Amounts payable under repurchase agreements	133,777	-	-	-	-	-	133,777
Current accounts and deposits from customers	1,208,906	129,947	832,410	114,507	-	-	2,285,770
Certificates of deposit and promissory notes	337,764	318,054	231,315	-	-	-	887,133
Other liabilities	68,598	2,765	207	-	-	-	71,570
Deferred tax liability	539	9,780	97,954	20,251	-	9,757	138,281
Total liabilities	2,161,162	655,961	1,398,011	134,758	-	9,757	4,359,649
Net position as at 31 December 2004	374,875	183,017	988,637	330,306	-	110,870	1,987,705
Net position as at 31 December 2003	(327,263)	18,153	1,303,026	289,745	(6,045)	87,383	1,364,999

38 Currency analysis

The following table shows the currency structure of assets and liabilities at 31 December 2004:

	RUR	Other currencies	Total
	RUR '000	RUR '000	RUR '000
Assets			
Cash	27,680	110,112	137,792
Due from the Central Bank of the Russian Federation	655,381	-	655,381
Placements with banks and other financial institutions	174,922	692,911	867,833
Financial instruments held for trading	615,004	58,428	673,432
Loans to customers	1,721,972	1,891,225	3,613,197
Net investment in leases	-	96,178	96,178
Investments	15,505	-	15,505
Investments in associates	15	-	15
Other assets	182,914	-	182,914
Property, equipment and intangible assets	105,107	-	105,107
Total assets	3,498,500	2,848,854	6,347,354
Liabilities			
Deposits and balances from banks and other financial institutions	254,334	588,784	843,118
Amounts payable under repurchase agreements	90,118	43,659	133,777
Current accounts and deposits from customers	1,405,483	880,287	2,285,770
Certificates of deposit and promissory notes	743,186	143,947	887,133
Other liabilities	66,146	5,424	71,570
Deferred tax liability	138,281	-	138,281
Total liabilities	2,697,548	1,662,101	4,359,649
Net on balance sheet position as of 31 December 2004	800,952	1,186,753	1,987,705
Net off balance sheet position as of 31 December 2004	874,084	(874,084)	-
Net on and off balance sheet positions as of 31 December 2004	1,675,036	312,669	1,987,705
Net on and off balance sheet positions as of 31 December 2003	990,192	371,804	1,361,996

Other currencies mainly comprise US dollars.