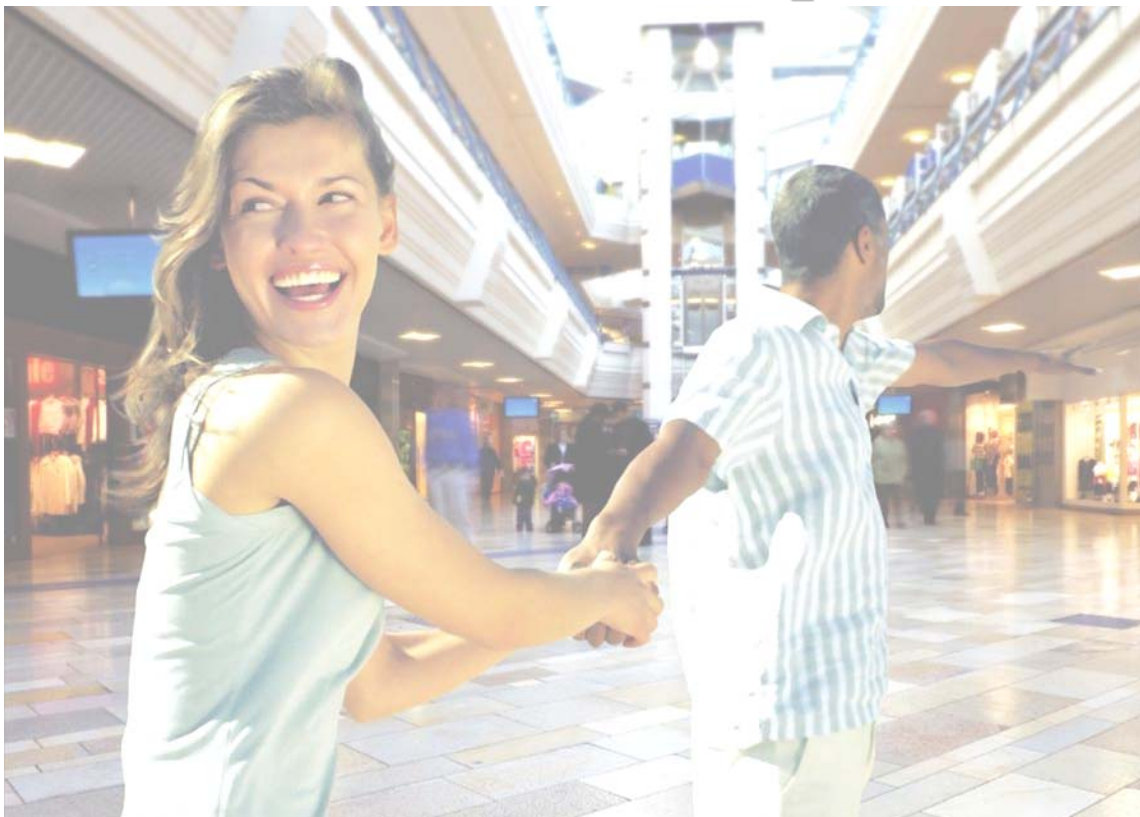


**Ренессанс**  
Кредит



**КБ «РЕНЕССАНС КАПИТАЛ» (ООО)**

**(торговая марка «Ренессанс Кредит»)**

**НЕКОНВЕРТИРУЕМЫЕ ПРОЦЕНТНЫЕ ДОКУМЕНТАРНЫЕ ОБЛИГАЦИИ  
НА ПРЕДЪЯВИТЕЛЯ СЕРИИ 02 С ОБЯЗАТЕЛЬНЫМ  
ЦЕНТРАЛИЗОВАННЫМ ХРАНЕНИЕМ**

**3 000 000 000 рублей**

(Три миллиарда рублей)

**ИНВЕСТИЦИОННЫЙ МЕМОРАНДУМ**

**ОРГАНИЗАТОР ВЫПУСКА**

**Ренессанс**  
Капитал

**Март 2008 г.**

*Настоящий Инвестиционный меморандум предоставляется исключительно в информационных целях и не является составной частью документов, подлежащих предоставлению в регистрирующие или иные государственные органы Российской Федерации или какого-либо иностранного государства в связи с регистрацией ценных бумаг, описанных в настоящем документе. При ознакомлении с Инвестиционным меморандумом каждому потенциальному инвестору рекомендуется также ознакомиться с Решением о выпуске и Проспектом Облигаций, зарегистрированными решением Банка России от 23 августа 2007 года с присвоением выпускам Облигаций государственных регистрационных номеров 40203354В и 40303354В.*

*Настоящий Инвестиционный меморандум является информационным документом, позволяющим потенциальным инвесторам получить информацию об эмитенте сверх минимального объема, раскрытие которого обязательно в соответствии с требованиями российского законодательства при выпуске облигаций.*

*Ни одно лицо не уполномочено предоставлять в связи с продажей Облигаций какую-либо информацию или делать какие-либо иные заявления, за исключением информации и заявлений, содержащихся в Решении о выпуске, Проспекте Облигаций и настоящем Инвестиционном меморандуме. Если такая информация была предоставлена или такое заявление было сделано, то на них не следует опираться как на информацию или заявления, санкционированные Эмитентом или Организатором.*

*Эмитент принимает на себя ответственность за информацию, содержащуюся в Инвестиционном меморандуме, помимо приведенных данных из публично известных источников в разделе 4 и подтверждает, что эта информация является полной и достоверной во всех существенных фактах и не вводит в заблуждение потенциальных инвесторов. Мнения и намерения Эмитента, выраженные в настоящем документе, являются добросовестными мнениями и намерениями Эмитента.*

*Настоящий Инвестиционный меморандум не является предложением о продаже или покупке, а также приглашением делать предложения о продаже или покупке Облигаций или любых иных ценных бумаг какому-либо лицу в России или любой иной стране. Ни один из российских или иностранных органов, регулирующих деятельность на рынке ценных бумаг, не давал никаких специальных рекомендаций по поводу приобретения Облигаций. Кроме того, вышеуказанные органы не рассматривали настоящий документ, не подтверждали и не определяли полноту или достоверность приведенной в нем информации.*

*Инвестиции в Облигации связаны с определенной степенью риска. До принятия инвестиционных решений потенциальным приобретателям Облигаций рекомендуется тщательно изучить факторы риска, описание которых приведено в п. 3.5. Проспекта Облигаций. Каждый из этих факторов может оказать существенное неблагоприятное воздействие на коммерческую деятельность и финансовое положение Эмитента, что, в свою очередь, может оказать существенное неблагоприятное воздействие на способность его обслуживать свои платежные обязательства по Облигациям.*

*Заявления, относящиеся к Организатору, опираются на информацию, предоставленную Эмитентом, исключительно для использования в Инвестиционном меморандуме. Ни вручение Инвестиционного меморандума, ни продажа Облигаций ни при каких обстоятельствах не подразумевают отсутствия возможности неблагоприятных изменений в состоянии дел Эмитента после даты выпуска Инвестиционного меморандума либо после даты внесения последних изменений и/или дополнений в Инвестиционный меморандум, равно как и то, что любая информация, предоставленная в связи с продажей Облигаций, является верной на какую-либо дату, следующую за датой предоставления такой информации или за датой, указанной в документах, содержащих такую информацию, если эта дата отличается от даты предоставления информации.*

*Организатор не проверял информацию, содержащуюся в Инвестиционном меморандуме, и не делает никаких заверений, прямых или косвенных, и не принимают на себя никакой ответственности в отношении точности или полноты какой-либо информации, содержащейся в Инвестиционном меморандуме. Целью Инвестиционного меморандума и любой прилагаемой к нему финансовой документации не является создание основы для проведения кредитной или иной оценки, и эти документы не следует рассматривать как рекомендацию Организатора по приобретению Облигаций. Любое лицо, получившее настоящий Инвестиционный меморандум, подтверждает, что такое лицо не полагалось на Организатора относительно полноты и точности Инвестиционного меморандума при принятии решения о приобретении Облигаций. Каждое такое лицо должно самостоятельно определить для себя значимость информации, содержащейся в Инвестиционном меморандуме, и при покупке Облигаций должно опираться на исследования и иные проверки, которые сочтет необходимым провести.*

*Размещение и обращение Облигаций будет осуществляться исключительно на территории Российской Федерации в соответствии с условиями Решения о выпуске и Проспекта Облигаций. Облигации не регистрировались и не будут регистрироваться иначе, чем по законодательству Российской Федерации, регулирующему функционирование рынка данного вида ценных бумаг. Облигации не могут размещаться, обращаться, предлагаться к покупке или продаже, прямо или опосредованно, и настоящий Инвестиционный меморандум не может распространяться в какой-либо иной стране, за исключением случаев, прямо предусмотренных законодательством такой страны, что должно определяться каждым потенциальным инвестором самостоятельно на свой страх и риск, при этом Эмитент, Организатор и его консультанты не несут никакой ответственности за любое такое незаконное размещение, обращение, предложение или распространение.*

## ПАРАМЕТРЫ ВЫПУСКА ОБЛИГАЦИЙ

### Основные условия выпуска облигаций КБ «Ренессанс Капитал»(ООО) серии 02

<b>Эмитент</b>	КБ «Ренессанс Капитал» (ООО)
<b>Поручитель</b>	ООО «Ренессанс Капитал – Международные услуги»
<b>Форма выпуска</b>	Неконвертируемые процентные документарные облигации на предъявителя с обязательным централизованным хранением
<b>Серии</b>	02
<b>Государственный регистрационный номер</b>	40203354В от 23 августа 2007 г.
<b>Номинальный объем</b>	3 000 000 000 (Три миллиарда) рублей
<b>Номинал одной облигации</b>	1 000 (Одна тысяча) рублей
<b>Срок обращения</b>	4 года (1 448 дней)
<b>Срок до оферты</b>	1 год
<b>Купонный период</b>	6 месяцев (181 день)
<b>Количество купонов</b>	8
<b>Ставка купона</b>	Ставка 1-го купона определяется по итогам конкурса в дату начала размещения выпуска; ставка 2-го купона равна ставке 1-го; Процентная ставка по последующим купонам определяется Эмитентом не позднее, чем за 10 рабочих дней до даты выплаты последнего известного купона
<b>Приобретение облигаций по требованию владельцев с возможностью досрочного погашения (оферта)</b>	Эмитент обязан обеспечить право владельцев Облигаций требовать от Эмитента приобретения Облигаций в течение последних 5 рабочих дней 2-го купонного периода («Период предъявления») Исполнение оферты: биржевое Дата приобретения: 5-й рабочий день с даты окончания Периода предъявления Цена приобретения: 100% от номинала плюс НКД на дату приобретения Агент по приобретению облигаций: ООО «Ренессанс Брокер»
<b>Способ размещения</b>	Открытая подписка на ФБ ММВБ, конкурс по определению процентной ставки 1-го купона
<b>Цена размещения</b>	100% от номинала
<b>Торговая площадка</b>	ФБ ММВБ
<b>Депозитарий, платежный агент</b>	НДЦ
<b>Организатор выпуска</b>	Ренессанс Капитал
<b>Андеррайтер</b>	ООО «Ренессанс Брокер»

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## 1. ОБЩАЯ ИНФОРМАЦИЯ О БАНКЕ

КБ «Ренессанс Капитал» (ООО), торговая марка «Ренессанс Кредит» (далее «Банк» или «Ренессанс Кредит») – быстро растущий коммерческий банк, специализирующийся на предоставлении услуг потребительского кредитования физическим лицам. Банк был приобретен владельцами финансовой группы «Ренессанс» в 2003 году в ответ на высокие темпы роста и потенциал рынка потребительского кредитования. За три года, прошедшие с момента выдачи первого кредита, была создана уникальная масштабируемая бизнес-модель, портфель кредитов Банка достиг 38 млрд рублей (по данным отчетности МСФО на 31.12.2007). Сегодня Банк предоставляет клиентам 4 основных вида продуктов: целевые кредиты, нецелевые кредиты, автокредиты и кредитные карты. За годы работы Банк установил партнерские взаимоотношения со многими ведущими розничными сетями, такими как ИКЕА, Эльдорато, М-Видео, Техносила, Реал, MediaMarkt, Вестер, Связной и др.

### Текущие изменения.

С момента выпуска прошлого информационного меморандума Банка к размещению рублевых облигаций КБ «Ренессанс Капитал» (ООО) серии 01 в феврале 2007 года (см.: <http://investors.rencredit.ru/investor.html>) произошел ряд изменений, связанных с текущей деятельностью Банка.

Так, по данным отчетности по МСФО, чистый (за вычетом резерва под обесценение) кредитный портфель Банка по итогам 2007 года увеличился более чем в 3 раза: с 12,2 млрд рублей по состоянию на конец 2006 года до 38,4 млрд рублей.

Процент проблемных кредитов по итогам 2007 года составляет 3,2% (3,3% на 31.12.2006).\*

По итогам 2007 года общее число клиентов Банка более чем удвоилось: на текущий момент общее число активных клиентов составляет более 1,7 миллиона (против 700 тыс. по состоянию на конец 2006 года).

В мае 2007 года рейтинговое агентство Moody's повысило рейтинг Банка с B2 (прогноз стабильный) до B1 (прогноз стабильный). Рейтинговые агентства Fitch и S&P впервые присвоили Банку рейтинги на уровне В- (прогноз стабильный) в феврале и июле 2007 года соответственно.

На сегодняшний день Банк занимает четвертое место по объему выданных кредитов среди банков, специализирующихся на потребительском кредитовании.

Таблица 1.1

**Рэнкинг специализированных банков потребительского кредитования по состоянию на 01.01.2008 г. (по российским стандартам)**

Банк	Всего активы, млн руб.	Портфель потреб. кредитов (ПК), млн руб.	Резервы на возможные потери, млн руб.	Чистый портфель ПК, млн руб.	Просроченные кредиты / Портфель ПК	Чистые активы, млн руб.	Чистый портфель ПК / Активы
1 Русский Стандарт	228,350	133,973	31,779	102,194	19.7%	228,350	44.8%
2 ХКФ Банк	73,709	51,326	9,065	42,261	18.0%	73,709	57.3%
3 Русфинанс	50,391	43,933	2,278	41,655	2.5%	50,391	82.7%
4 Ренессанс Кредит	46,570	39,380	2,910	36,470	7.6%	46,570	78.3%
5 Восточный Экспресс	35,733	20,029	1,586	18,443	7.1%	35,733	51.6%

Источник: Банк России, расчеты Ренессанс Кредит

\* Далее, если не указано иное, приведены данные в соответствии с отчетностью Банка по МСФО

Существенно улучшилось качество обслуживания клиентов. Так, время ожидания клиентом ответа на телефонной линии сократилось за год с в среднем с 4 минут в до 1 минуты 20 секунд, процент «потерянных» звонков за этот период сократился с 47% до 20%. С 1 октября 2007 года начал функционировать Единый контакт-центр, главной задачей которого является упрощение процессов взаимодействия клиента с Банком, что позволит существенно повысить качество клиентского обслуживания.

В июле 2007 года Банк осуществил запуск нового брэнда – «Ренессанс Кредит», наиболее полно отражающего специфику деятельности Банка и его место в структуре Группы «Ренессанс».

Произошел ряд изменений в составе высшего руководства Банка. Команда топ-менеджеров была усилена девятью высококвалифицированными специалистами:

*Марек Форисиак*, Главный управляющий директор Банка и Группы «Ренессанс Кредит». Г-н Форисиак имеет более чем 18-тилетний опыт работы в потребительском кредитовании в США и Польше в таких финансовых институтах как JP Morgan Chase, AIG и Chemical Bank.

*Александр Морозов*, Исполнительный вице-президент, Главный финансовый директор Банка «Ренессанс Кредит», Россия. Г-н Морозов имеет 15-тилетний опыт работы в банковской сфере. До прихода в «Ренессанс Кредит» Александр работал в должности Генерального Управляющего в «Международном Московском Банке».

*Сергей Королев*, Старший вице-президент, Директор Правового департамента. Возглавил юридическую дирекцию Банка в сентябре 2007 года. До этого г-н Королев был Директором Юридического Департамента и Комплаенс-контроля в GE Money Bank, а также работал в юридических департаментах Райффайзенбанка, компании Arthur Andersen, компании Sotomayor Corporation, CIS.

*Всеволод Иванов*, Первый вице-президент Банка «Ренессанс Кредит», Россия. Г-н Иванов отвечает за развитие бизнес-стратегии и новых каналов дистрибуции, а также курирует направления по прямому и непрямому кредитованию и кредитным картам. До этого г-н Иванов работал в компанию «Росгосстрах», «Лаборатории Касперского», торговой сети «Перекресток», компании IBS.

*Елена Елизарова*, Старший вице-президент, Директор департамента маркетинга и работы с клиентами. Г-жа Елизарова курирует направления маркетинга, обслуживания клиентов, PR и внутренних коммуникаций. Елена имеет 13-тилетний опыт в сфере клиентского обслуживания. До прихода в «Ренессанс Кредит» г-жа Елизарова работала в компании «ВымпелКом», «Совам Телепорт», «Голден Телеком».

*Жанна Щенникова*, Вице-президент, Главный операционный директор. Г-жа Щенникова имеет 15-летний опыт работы в банковском секторе. Ранее работала в Банке «Русский стандарт», компании «Тройка-Диалог», банке «МЕНАТЕП», «Тверьуниверсалбанк».

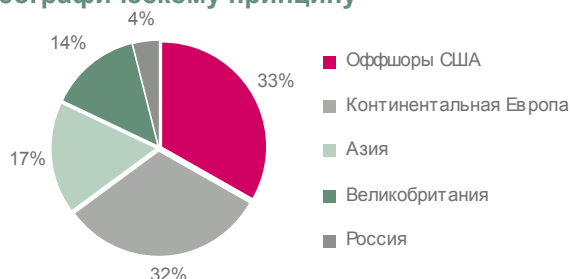
*Екатерина Ширяева*, Директор по персоналу. Ранее г-жа Ширяева руководила Департаментом по обучению развитию компании «Эрнст энд Янг» в СНГ, работала в компании «Филип Моррис».

*Герман Тицендорф*, Старший вице-президент, Директор по информационным технологиям. До прихода в «Ренессанс Кредит» г-н Тицендорф работал в Райффайзенбанке как в России, так и в Австрии, компании Deloitte & Touche ERS.

*Стефан Гуглиери*, Главный управляющий директор Банка «Ренессанс Кредит», Украина. Имеет 15-тилетний опыт работы в банковской сфере и потребительском кредитовании. Ранее г-н Гуглиери возглавлял Laser-Cofinoga (Польша), являлся создателем Sygma Bank Polska, работал в LaSer-Cofinoga's Credifin Banco (Португалия), Fimat Group (дочерней компании Société Générale), Alcatel Group.

В июне 2007 года Банк разместил еврооблигации на сумму 300 млн долл. со сроком погашения в 2010 году с купонной ставкой 9,5% годовых. Общий спрос на еврооблигации Банка составил 430 млн долл., в результате чего было принято решение увеличить объем выпуска с заявленных 250 млн долл. до 300 млн долл. На момент размещения выпуск являлся крупнейшим дебютным выпуском еврооблигаций, размещенным частным российским банком.

**Рисунок 1.1**  
**Дистрибуция еврооблигаций по географическому принципу**



**Рисунок 1.2**  
**Дистрибуция еврооблигаций по типу инвесторов**



В декабре 2007 года Банк разместил 3 выпуска кредитных нот (CLN) на общую сумму 50 млн долл. со сроком погашения в декабре 2008 года и июне 2009 года и ставкой купона 12% годовых.

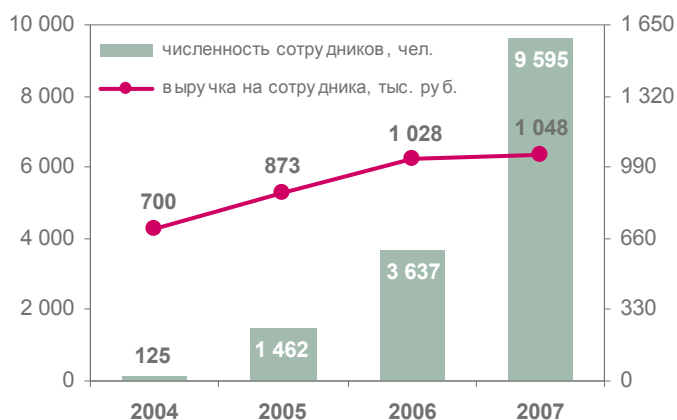
**Таблица 2.2**  
**Основные финансовые показатели Банка, млн рублей**

	2004	2005	2006	2007
Активы	910.7	6,668.7	14,169.6	45,525.6
Кредитный портфель	397.5	4,518.7	12,159.9	38,423.6
Собственный капитал	551.3	1,862.1	2,554.9	7,623.5
Процентные доходы	78.0	591.4	1,906.4	5,390.8
Процентные расходы	(2.9)	(85.4)	(589.9)	(1,856.0)
Чистый процентный доход	75.0	506.1	1,316.5	3,534.8
Комиссионные доходы	0.1	61.6	545.6	2,865.5
Чистая прибыль (убытки)	(84.1)	(302.9)	(499.1)	245.7
Кредитный портфель как % от активов	43.6%	67.8%	85.8%	84.4%
Собственный капитал как % от активов	60.5%	27.9%	18.0%	16.7%

Источник: Банк

По мере развития Банка, открытия новых отделений, представительств и пунктов продаж растет численность персонала. По итогам 2006 года число сотрудников выросло в 2.5 раза и составило 3.6 тысяч человек. По итогам 2007 года численность персонала увеличилась еще в 2.6 раза – до 9.6 тысяч человек. При этом выручка на одного сотрудника выросла с 873 тыс. рублей в 2005 года до 1 028 тыс. рублей в 2006 года и до 1 048 тыс. рублей по итогам 2007 года.

**Рисунок 1.3**  
**Динамика численности сотрудников, чел.**



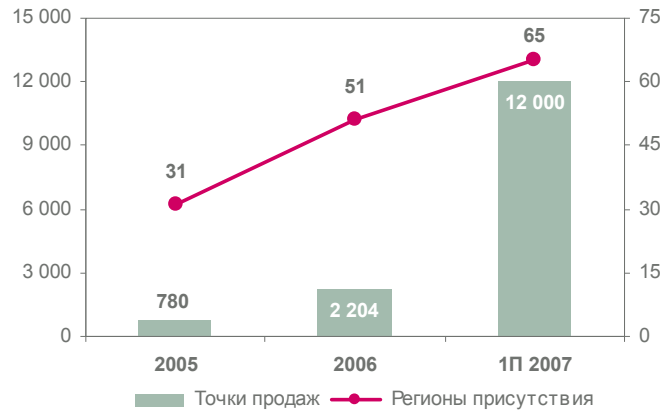
Источник: Банк

**Региональная экспансия**

Банк проводит политику активной региональной экспансии. За период с 2005 года количество регионов, в которых оперирует Банк, удвоилось и на конец 2007 года региональная сеть охватывала 65 субъектов РФ. Количество точек продаж выросло в 5,5 раз по сравнению с 2006 годом: сегодня на территории России функционирует около 12 000 пунктов выдачи кредитов Банка.

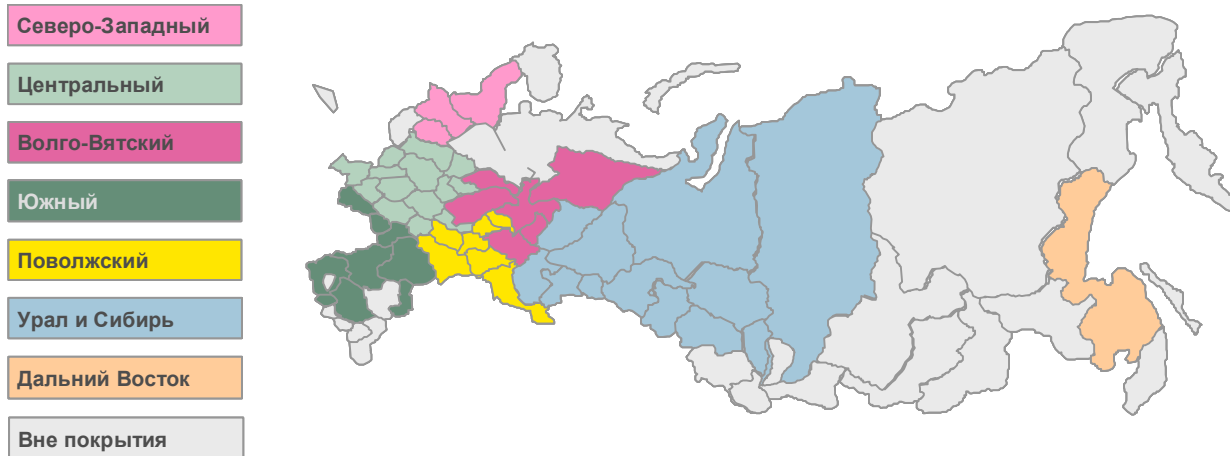
В 2007 года были открыты представительства в Костроме, Брянске, Чебоксарах, Нальчике, Улан-Удэ, Иркутске, Калининграде, Сыктывкаре, Чите, Йошкар-Оле, Барнауле, Владивостоке и Черкесске.

Рисунок 1.4  
Динамика регионального развития



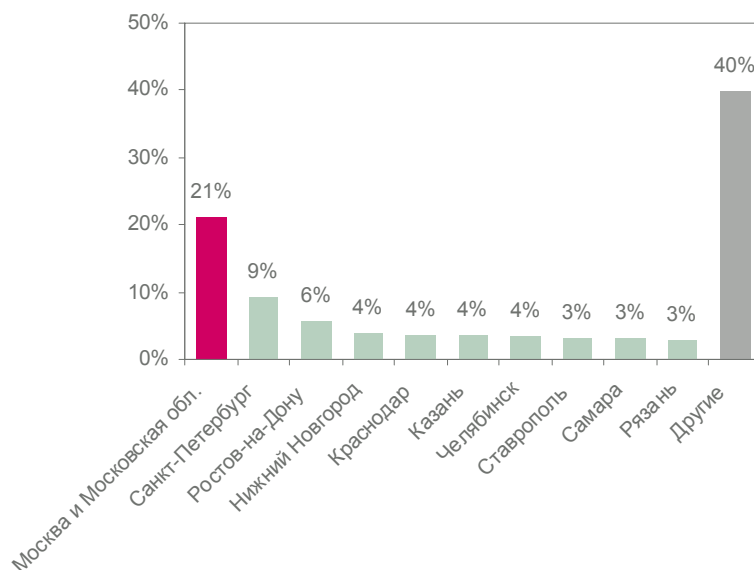
Источник: Банк

Рисунок 1.5  
Карта покрытия регионов, 2007 год



Источник: Банк

Рисунок 1.6  
Региональная диверсификация по количеству выданных кредитов, 2007 год



Источник: Банк

### ***Поддержка со стороны владельцев бизнеса***

По итогам 2007 года для реализации стратегии развития владельцами бизнеса было инвестировано в капитал Банка около 4,8 млрд рублей. До конца текущего года планируются дополнительные инвестиции порядка 1 млрд рублей.

### ***Стратегия развития Банка до 2010 года***

Стратегия развития Банка нацелена на достижение позиции одного из лидеров потребительского кредитования в России:

- К 2010 году Банк планирует войти в пятерку ведущих банков по размерам выданных потребительских кредитов в России;
- Поддержание одной из лучших систем управления рисками в отрасли, основанной на постоянном мониторинге портфеля и позволяющей динамично изменять процедуры управления рисками;
- Поддержание одной из лучших на рынке IT-платформ с легко масштабируемой инфраструктурой;
- Создание сильного бренда путем внедрения четкого позиционирования и имиджа в глазах клиента, увеличение узнаваемости бренда в 10 раз к 2010 году;
- Продолжение построения устойчивых взаимоотношений с существующими партнерами, расширение партнерской и региональной сети;
- Диверсификация каналов продаж;
- Поддержание качества портфеля на высоком уровне за счет совершенствования системы риск-менеджмента и диверсификация портфеля по типам кредитов;
- Поддержание высокой капитализации и дальнейшая диверсификация источников финансирования;
- Создание сервисно-ориентированной архитектуры (SOA);
- Поддержание на высоком уровне и дальнейшее улучшение системы финансового контроля, аудита и корпоративного управления;
- Увеличение прозрачности и открытости для клиентов и инвесторов Банка в точках продаж, СМИ.

## 2. РИСК-МЕНЕДЖМЕНТ

Одним из важнейших факторов успеха в сфере потребительского кредитования является обеспечение правильного соотношения риска и прибыли. Департамент управления рисками Ренессанс Кредита играет в Банке существенно большую роль, чем стандартное подразделение по управлению рисками в коммерческом банке. В функции Департамента входит не только оценка, контроль и управление рисками, но и управление качеством основного актива Банка, формирование политик предоставления кредитов и эффективных механизмов оптимизации соотношения риск / доходность кредитного портфеля. Такой подход к управлению рисками является одним из главных конкурентных преимуществ Ренессанс Кредита.

Помимо высокого уровня профессиональной подготовки сотрудников Департамента, Банк уделяет особое внимание внедрению и использованию передовых систем управления рисками. Все кредитные решения Банка при розничном кредитовании принимаются с использованием одной из наиболее распространенных в мире специализированных систем (Capstone). Ренессанс Кредит первым в Восточной Европе начал использовать эту гибкую в настройках автоматизированную систему. Она позволяет реализовывать различные стратегии сегментирования клиентской базы для управления рисками, использовать ряд скоринговых моделей и имеет модуль поддержки взыскания просроченных кредитов, разработанный специально для Банка. Также, в процессе принятия решений используется ряд систем, позволяющих минимизировать уровень мошенничества при кредитовании, учитывать доступную Банку кредитную историю заемщиков и др.

В основе оценки рисков в Банке лежит кластерный анализ. На первом этапе кластерного анализа по данным существующей клиентской базы формируются группы заемщиков с общими поведенческими характеристиками и устанавливаются критерии, по которым новых заемщиков относят к тому или иному кластеру. На втором этапе Банк анализирует поведение заемщиков и кредитные потери во всех кластерах и определяет политику и параметры кредитования для каждого из них. Политика и параметры кредитования вводятся в систему и используются для принятия кредитных решений.

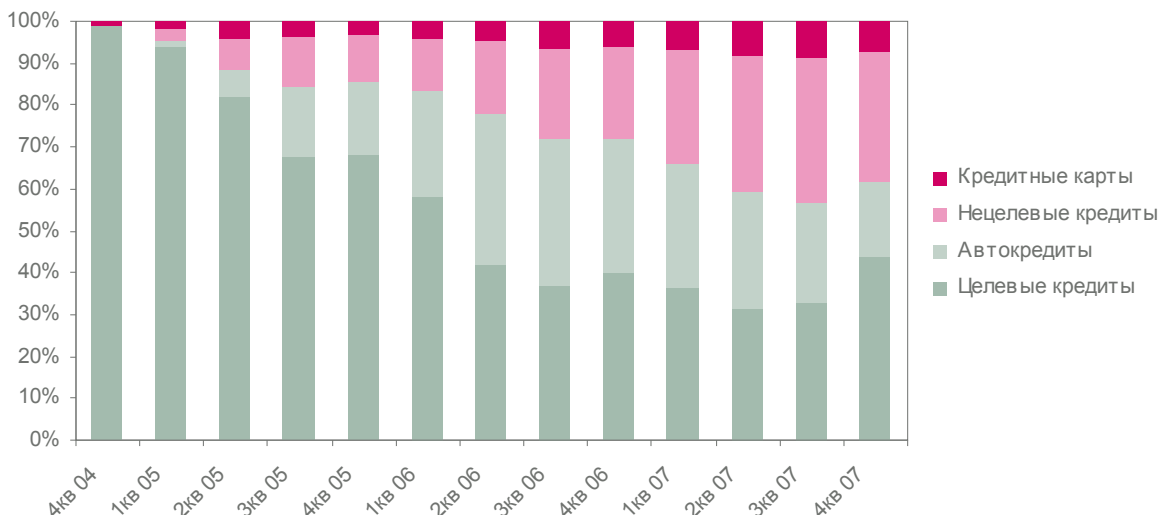
Важную роль в потребительском кредитовании играет взыскание просроченных кредитов. В зависимости от класса риска (на основании кластерных характеристик заемщика) и суммы кредита, система выбирает стратегию взыскания – настойчивую, умеренную или мягкую, каждая из которых делится на две стадии: раннюю (кредит просрочен менее чем на 90 дней) и позднюю (кредит просрочен более чем на 90 дней). На ранней стадии взыскания кредита заемщику направляют напоминания через SMS, по телефону и по почте, добиваясь обещания заплатить, и информируют его о последствиях в случае неуплаты (несколько телефонных звонков и писем в течение первых 90 дней с момента неуплаты). Если эти меры не приносят успеха, взыскание просроченного кредита переходит во вторую стадию, на которой либо привлекаются сторонние коллекторские агентства, либо Банк подает на заемщика в суд. Иногда задействуются оба варианта одновременно. Кредит остается на балансе Банка до тех пор, пока не будет погашен или списан.

По результатам за декабрь 2007 года эффективность взыскания Банком просроченных кредитов составляет около 90.7% от всех кредитов, платежи по которым были просрочены более чем на 15 дней.

### 3. ОБЗОР ОСНОВНЫХ ПРОДУКТОВ БАНКА

Сегодня Банк предлагает четыре основных кредитных продукта: целевые кредиты, автокредиты, нецелевые кредиты и кредитные карты.

Рисунок 3.1  
Разбивка кредитного портфеля по видам кредитов



Источник: Банк

#### 3.1. Целевые кредиты

Целевые кредиты были первыми кредитными продуктами Банка (Банк начал предоставлять их в марте 2004 года) и до сегодняшнего дня остаются одним из наиболее значимых продуктов: их доля в кредитном портфеле Банка по состоянию на 31 декабря 2007 года составляет 44%, то есть на сегодняшний день они являются самым значимым кредитным продуктом Банка. Средняя сумма целевого кредита составляет 14,2 тыс.рублей, средний срок – 11 месяцев, средний первоначальный взнос – 10.5%. Целевые кредиты предоставляются без обеспечения.

Рисунок 3.2  
Динамика выдачи целевых кредитов, млн рублей



Источник: Банк

Целевые кредиты выдаются в розничных магазинах бытовой техники и электроники и в мебельных магазинах. Решение о предоставлении кредита принимается Банком непосредственно

в магазине в течение 15-20 минут на основании заявления и паспорта заемщика. Целевые кредиты выдаются на срок от 3-х до 48-х месяцев в объеме от 3 000 до 150 000 рублей.

Основными партнерами Банка по выдаче целевых кредитов являются крупные розничные сети, такие как Эльдorado, М-Видео, Техносила, Реал, Эксперт, Вестер, MediaMarkt и IKEA.

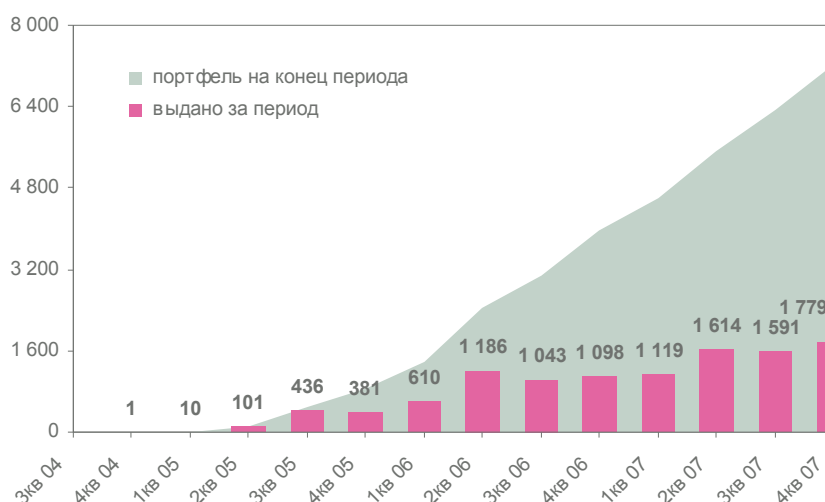
На конец 2007 года средняя эффективная ставка по целевым кредитам составляла около 19.4%.

### 3.2. Автокредиты

Банк начал предоставлять автокредиты в конце 2004 года. В настоящий момент их доля в кредитном портфеле Банка составляет 18%. Средняя сумма автокредита равна 250 тыс. рублей, средний срок – 44 месяца, средний первоначальный взнос – 15%. Все кредиты обеспечиваются залогом приобретаемого автомобиля.

Рисунок 3.3

Динамика выдачи автокредитов, млн рублей



Источник: Банк

Банк предлагает два вида кредитов на покупку автомобиля (как новых, так и подержанных): экспресс-кредит и стандартный кредит, которые оформляются непосредственно в салонах – партнерах Банка.

Автокредиты выдаются физическим лицам старше 21 года, являющимися резидентами региона, в котором выдается кредит.

Для получения экспресс-кредита необходимы паспорт и водительское удостоверение. Решение о выдаче кредита принимается в течение часа, максимальная сумма кредита – 750 тыс. рублей.

Для оформления стандартного кредита помимо паспорта и водительского удостоверения требуются копия трудовой книжки и справка о доходах. Решение о выдаче кредита принимается в течение одного дня с момента предоставления полного пакета документов, максимальная сумма кредита – 1,5 млн рублей.

Приобретаемый автомобиль оформляется в залог в обеспечение исполнения заемщиком обязательств по кредиту и страхуется в страховой компании. Договор страхования заключается на 1 год с обязательством дальнейшей пролонгации до момента погашения кредита. Выгодоприобретателем по рискам «Угон/хищение» и «Полная гибель» транспортного средства является Банк.

Максимальный срок, на который предоставляется кредит, составляет 60 месяцев как для стандартного, так и для экспресс-кредита.

В число основных партнеров Банка в предоставлении автокредитов входят автосалоны Автоград, Автокей, Автомир, Гермес Лада, ИНКОМ-АВТО, Ростокино Лада, Элекс-Полюс, Автотрейд, ТТС, Питер-Лада, группа компаний СОК, Самара-Лада. В общей сложности Ренессанс Кредит сотрудничает более чем с 1,500 авто салонов в 63 городах страны.

На конец 2007 года средняя эффективная ставка по автокредитам составляла 18,1%.

### 3.3. Нецелевые кредиты

Банк начал выдавать нецелевые кредиты в конце 2004 года. Принятие решений о предоставлении нецелевого кредита автоматизировано, как и в случае с целевыми кредитами, и заемщику не обязательно быть уже существующим клиентом банка. Однако большинство продаж нецелевых кредитов осуществляется с использованием технологии cross-sell, когда существующему заемщику, как правило, предварительно получившему и выплатившему целевой кредит, предлагается еще и нецелевой кредит с предустановленным лимитом.

На сегодняшний день Банк предлагает шесть основных кредитных продуктов. Это четыре кредитных продукта под марками "Стандарт", "Премиум", "Кредит без комиссий" и "Простое решение" – для тех, кто уже является клиентами Банка, и два кредитных продукта под марками "Кредит на все" и "Прайм" – для тех, кто ранее не являлся клиентом Банка. Кредиты отличаются ставками, сроками, размером и формой выдачи.

Кредиты категории **"Стандарт"** выдаются под ставку 12% при безналичном расчете и под ставку 14% при выдаче наличными. Максимальный размер кредита – 300 тыс. рублей, максимальный срок – 3 года, ежемесячная комиссия за обслуживание счета составляет 1,2% от суммы остатка по основному долгу. Эффективная ставка по такому кредиту составляет 43,4% при безналичном расчете и 46% при выдаче кредита наличными.

Процентная ставка по кредиту **"Премиум"** составляет 10% вне зависимости от формы выдачи. Максимальный размер кредита – 300 тыс. рублей, максимальный срок – 3 года. Ежемесячная комиссия за обслуживание счета составляет 1% от суммы остатка по основному долгу. При аналогичном максимальном сроке и размере эффективная ставка по этому типу кредитов ниже, чем по "Стандарту" и составляет 35,4%.

Процентная ставка по **"Кредиту без комиссий"** составляет 25% вне зависимости от формы выдачи. Максимальный размер кредита – 300 тыс. рублей, максимальный срок – 3 года. Ежемесячная комиссия за обслуживание счета отсутствует. Эффективная ставка по этому типу кредитов составляет 27,9%.

Кредиты категории **"Простое решение"** выдаются под ставку 15%. Размер кредита не превышает 150 тыс. рублей, а максимальный срок – 3 года. Ежемесячная комиссия за обслуживание счета составляет 1,5% от суммы остатка по основному долгу. Эффективная ставка составляет 55%.

**"Кредит на все"** (от 12 до 150 тыс. рублей, сроком до 3-х лет) выдается заемщикам старше 21 года с гражданством РФ и регистрацией по месту жительства в городе оформления кредита. Процентная ставка по кредиту составляет 15% годовых при безналичном расчете и 17% годовых при выдаче кредита наличными, эффективная ставка – 46,8% и 49,4% соответственно. Ежемесячная комиссия за обслуживание счета составляет 1,2% от суммы кредита.

Кредиты категории **"Прайм"** (от 12 до 300 тыс. рублей, сроком до 3-х лет) предлагаются клиентам Московских офисов Банка, которые получают зарплату на зарплатную пластиковую карту. Процентная ставка по кредиту составляет 15% годовых. Ежемесячная комиссия за обслуживание счета составляет 0,7% от суммы кредита. Эффективная ставка составляет 33,9% годовых.

Нецелевые кредиты выдаются без обеспечения; на их долю приходится 30% кредитного портфеля банка. На конец 2007 года средняя эффективная ставка по нецелевым кредитам составляла 37,4%.

Рисунок 3.4  
Динамика выдачи нецелевых кредитов, млн рублей



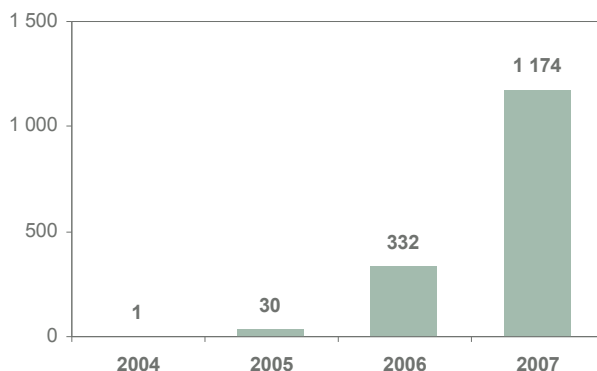
Источник: Банк

### 3.4. Кредитные карты

С ноября 2005 года Банк предлагает своим клиентам кредитные карты Master Card. Помимо прямых продаж, при продаже данного продукта используются два подхода: повышение уровня продукта (up-sell – предоставление карты с лучшими условиями, например, кредитная карта «Премиум») и перекрестные продажи (cross-sell – кредитные карты предлагаются получателям потребительских кредитов, соблюдающим условия погашения этих кредитов). На сегодняшний день средний кредитный лимит по эмитированным кредитным картам составляет 31,5 тыс. рублей. Средний размер задолженности составляет 18,7 тыс. рублей.

По состоянию на конец полугодия 2007 года, Банком эмитировано около 1,200 тысяч кредитных карт.

Рисунок 3.5  
Динамика числа эмитированных Банком карт, тыс. шт.



Источник: Банк

Рисунок 3.6

## Динамика выдачи кредитов по кредитным картам, млн рублей



Источник: Банк

По кредитной карте Банком предоставляется револьверный (бессрочный) кредит. Максимальный размер кредитной линии составляет 200,000 рублей по массовой кредитной карте (стандартной и моментальной), 175,000 рублей по ко-брендовым кредитным картам (в настоящее время выпускаются с сетью IKEA) и 300,000 рублей – по премиальной кредитной карте.

Стандартная кредитная карта представляет собой стандартный продукт, выдается, в основном, текущим клиентам Банка, которые имеют ранее выданный потребительский кредит, и зарекомендовали себя добросовестными заемщиками. Моментальная кредитная карта выдается в точках продаж Банка, в присутствии клиента, в течение 15-20 минут; данная карта не является именной; средний первоначальный лимит по карте составляет 20,000 рублей, который впоследствии может быть увеличен до 200,000 рублей. Премиальная кредитная карта предоставляется клиентам с уровнем дохода выше среднего, которые уже пользовались продуктами Банка и зарекомендовали себя добросовестными заемщиками.

Процентная ставка по кредитным картам составляет:

- для стандартной массовой карты: 23,78% при совершении покупок и 35,87% при снятии наличных при выдаче карты текущим клиентам Банка;
- для премиальной кредитной карты - 23,78% в обоих случаях;
- для новых клиентов, оформляющих моментальную карту: 49% в обоих случаях.

По всем типам выдаваемых кредитных карт льготный период составляет 50 дней, отсутствуют ежемесячная комиссия за обслуживание счета и комиссия за годовое обслуживание, комиссия за снятие наличных составляет 3% от суммы операции, но не менее 170 или 200 рублей.

Валовая маржа по массовой карте достигает 50-60%, по премиальной 20-30%. На конец 2007 года средняя эффективная ставка по кредитным картам в целом составляла 54,3%.

При оформлении всех кредитных продуктов Банк предоставляет заемщику возможность оформить страховые полисы по программам страхования жизни и трудоспособности, программам, связанным с предоставлением автокредитов, а также имущества в части страхования предмета залога.

Банк имеет ряд партнерских соглашений с крупнейшими российскими страховыми компаниями по совместной реализации страховых программ. Среди партнеров Банка такие страховые компании как Ренессанс Страхование, Гута-Страхование, Росгосстрах, Уралсиб, Росно, Ингосстрах и другие.

## 4. ОБЗОР ФИНАНСОВЫХ РЕЗУЛЬТАТОВ БАНКА

Банк ежегодно готовит отчетность по стандартам МСФО, аудируемую Ernst&Young, а также на ежемесячной основе готовит управленческую отчетность по стандартам МСФО.

### 4.1. Отчет о прибылях и убытках

В 2006 году валовой процентный доход Банка вырос в 3.2 раза по сравнению с результатами 2005 года и составил 1,9 млрд рублей (591 млн рублей по состоянию на 31.12.2005). По итогам 2007 года этот показатель увеличился еще в 2.8 раз и составил 5,4 млрд рублей.

По итогам 2006 года чистый процентный доход увеличился в 2.7 раза относительно результатов 2005 года и составил 1,3 млрд рублей (506 млн рублей по состоянию на 31.12.2005). В 2007 году этот показатель также увеличился в 2.7 раза и составил по итогам года 3,5 млрд рублей.

Комиссионный доход Банка в 2006 году возрос в 8,8 раза по отношению к 2005 году (546 и 62 млн рублей соответственно). По итогам 2007 года этот показатель составил 2,9 млрд рублей, превысив результат 2006 года в 5,3 раза. Соотношение комиссионных и процентных доходов составило по итогам 2007 года 1 : 1.9 (для сравнения – аналогичный показатель по итогам 2006 года составил 1 : 3.5).

По итогам 2007 года Ренессанс Кредит впервые продемонстрировал положительную рентабельность: прибыль Банка до налога на прибыль составила 412 млн рублей (против убытка в 610 млн рублей в 2006 году), чистая прибыль составила 246 млн рублей (-499 млн рублей в 2006 году).

Таблица 4.1

Отчет о прибылях и убытках Банка, млн рублей

	31.12.04	31.12.05	31.12.06	31.12.07
Процентный доход	78.0	591.4	1,906.4	5,390.8
Процентный расход	(2.9)	(85.4)	(589.9)	(1,856.0)
<b>Чистый процентный доход</b>	<b>75.0</b>	<b>506.1</b>	<b>1,316.5</b>	<b>3,534.8</b>
Резерв под обесценение кредитов	(53.8)	(350.8)	(1,153.5)	(3,245.8)
<b>Чистый процентный доход после резерва под обесценение кредитов</b>	<b>21.2</b>	<b>155.3</b>	<b>163.0</b>	<b>289.0</b>
Комиссионные доходы	0.1	61.6	545.6	2,865.5
Комиссионные расходы	(0.1)	(13.5)	(72.9)	(317.4)
<b>Чистые комиссионные доходы</b>	<b>0.0</b>	<b>48.1</b>	<b>472.7</b>	<b>2,548.2</b>
Прочие непроцентные доходы	9.4	39.5	169.0	1,132.1
в т.ч. штрафы и пени за просроченные платежи по кредитам	0.0	35.3	162.4	967.4
Прочие непроцентные расходы	(139.0)	(636.2)	(1,414.2)	(3,557.2)
в т.ч. заработная плата и прочие расходы, связанные с персоналом	(97.3)	(409.5)	(751.2)	(1,813.3)
общехозяйственные, административные и операционные расходы	(31.9)	(149.9)	(495.0)	(1,284.6)
<b>Прибыль (убыток) до налога на прибыль</b>	<b>(108.3)</b>	<b>(393.2)</b>	<b>(609.6)</b>	<b>412.1</b>
Налог на прибыль	24.1	90.4	110.5	(166.3)
<b>Чистая прибыль (убыток)</b>	<b>(84.1)</b>	<b>(302.9)</b>	<b>(499.1)</b>	<b>245.7</b>

Источник: Банк

## 4.2. АКТИВЫ

Таблица 4.2  
Анализ активов Банка, млн рублей

	31.12.04	31.12.05	31.12.06	31.12.07
Денежные средства и их эквиваленты	339.5	1,646.3	771.2	4,906.9
Средства в кредитных организациях	8.7	82.0	309.8	610.6
Ценные бумаги для продажи	75.9	77.7	0.0	0.0
Кредиты клиентам	397.5	4,518.7	12,159.9	38,423.6
Основные средства	43.0	140.3	374.8	931.4
Нематериальные активы	10.3	42.0	187.9	336.5
Отложенный налоговый актив	0.0	116.6	226.2	59.9
Прочие активы	35.8	44.9	139.8	256.7
<b>Итого активы</b>	<b>910.7</b>	<b>6,668.7</b>	<b>14,169.6</b>	<b>45,525.6</b>

### Структура активов, %

Денежные средства и их эквиваленты	37.3%	24.7%	5.4%	10.8%
Средства в кредитных организациях	1.0%	1.2%	2.2%	1.3%
Ценные бумаги для продажи	8.3%	1.2%	0.0%	0.0%
Кредиты клиентам	43.6%	67.8%	85.8%	84.4%
Основные средства	4.7%	2.1%	2.6%	2.0%
Нематериальные активы	1.1%	0.6%	1.3%	0.7%
Отложенный налоговый актив	0.0%	1.7%	1.6%	0.1%
Прочие активы	3.9%	0.7%	1.0%	0.6%
<b>Итого</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

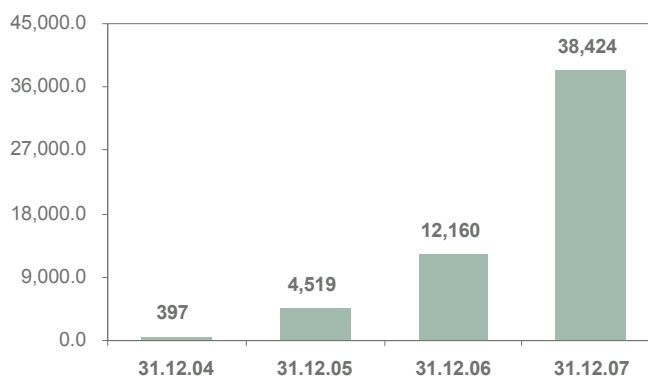
Источник: Банк

По итогам 2007 года Банк продемонстрировал высокие темпы роста: совокупные активы Банка увеличилась в 3.2 раза до 45,5 млрд рублей (против 14,2 млрд рублей по состоянию на начало года).

С момента организации Банка, основная доля активов приходится на кредиты физическим лицам, что подтверждает профиль Ренессанс Кредита как банка потребительского кредитования (доля кредитов физическим лицам в кредитном портфеле составляет 100% по состоянию на 31.12.2007). По результатам деятельности Банка за 2006 год, кредиты клиентам составили 12,2 млрд рублей (85,8% активов), что почти в три раза больше, чем в 2005 году (4,5 млрд рублей соответственно). На конец 2007 года объем выданных кредитов достиг 38,4 млрд рублей (84,4% активов Банка), т.е. рост кредитного портфеля относительно 2006 года составил 3.2 раза.

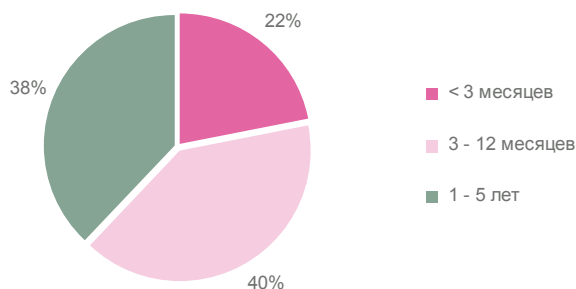
Рисунок 4.1

### Рост кредитного портфеля, 2004-2007, млн рублей



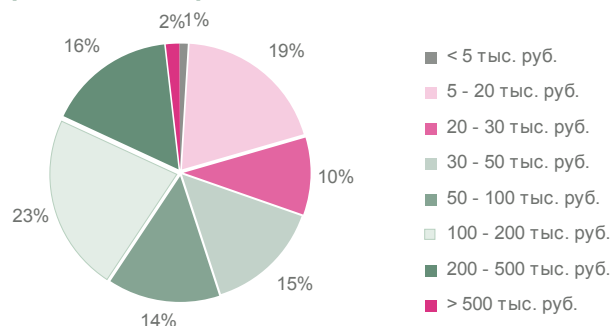
Источник: Банк

Рисунок 4.2  
Разбивка кредитного портфеля по сроку до погашения, декабрь 2007 года



Источник: Банк

Рисунок 4.3  
Разбивка кредитного портфеля по сумме кредита, декабрь 2007 года



Источник: Банк

Процент проблемных кредитов практически не изменился по итогам 2007 года и по состоянию на конец декабря составлял 3,2% (3,3% на конец декабря 2006 года). Такой уровень NPL находится на уровне меньше уровня многих сопоставимых банков, оперирующих в сегменте потребительского кредитования и раскрывающих уровень своей просроченной задолженности. NPL на контролируемом уровне отражает высокую диверсификацию портфеля и хорошее качество используемой системы риск-менеджмента.

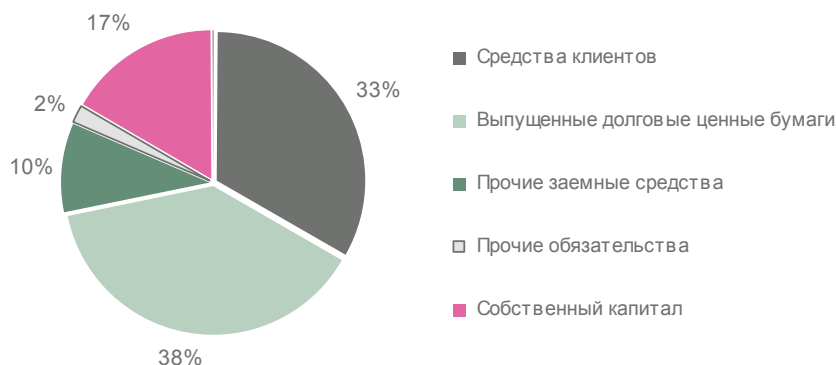
### 4.3. Пассивы

Таблица 4.3  
Анализ пассивов Банка, млн рублей

	31.12.04	31.12.05	31.12.06	31.12.07
<b>Обязательства</b>				
Средства кредитных организаций	0.0	0.0	350.0	123.1
Средства клиентов	339.7	584.5	3,037.3	15,085.0
Выпущенные долговые ценные бумаги	0.0	1,925.2	7,119.1	17,470.2
Прочие заемные средства	0.0	2,177.0	845.3	4,412.4
Прочие обязательства	19.7	119.9	263.1	811.5
<b>Итого обязательства</b>	<b>359.4</b>	<b>4,806.6</b>	<b>11,614.7</b>	<b>37,902.1</b>
<b>Капитал</b>				
Уставный капитал	501.0	501.0	501.0	501.0
Дополнительный оплаченный капитал	107.9	1,724.7	2,913.4	7,736.2
Накопленный дефицит	(57.6)	(363.5)	(859.5)	(613.8)
<b>Итого капитал</b>	<b>551.3</b>	<b>1,862.1</b>	<b>2,554.9</b>	<b>7,623.5</b>
<b>Итого обязательства и капитал</b>	<b>910.7</b>	<b>6,668.7</b>	<b>14,169.6</b>	<b>45,525.6</b>
<b>Структура пассивов, %</b>				
Средства кредитных организаций	0.0%	0.0%	2.5%	0.3%
Средства клиентов	37.3%	8.8%	21.4%	33.1%
Выпущенные долговые ценные бумаги	0.0%	28.9%	50.2%	38.4%
Прочие заемные средства	0.0%	32.6%	6.0%	9.7%
Прочие обязательства	2.2%	1.8%	1.9%	1.8%
Собственный капитал	60.5%	27.9%	18.0%	16.7%
<b>Итого</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Источник: Банк

Рисунок 4.6

**Разбивка пассивов Банка по методам финансирования, декабрь 2007 года**

Источник: Банк

Основными статьями пассивов Банка по состоянию на 31.12.2007 года являются средства клиентов (33% валюты баланса) и выпущенные долговые ценные бумаги (38%).

Средства клиентов представлены срочными депозитами (55%) и текущими счетами (45%). 2 млрд рублей или 13% приходится на средства клиентов – частных лиц. Порядка 43% всех средств клиентов по состоянию на конец 2007 года (6,6 млрд рублей в абсолютном выражении, из которых 2,3 млрд рублей представлено срочными депозитами и 4,3 млрд рублей – текущими счетами) было обеспечено компаниями, являющимися связанными сторонами Банка.

Заемные средства, привлеченные Банком на рынке долгового капитала, составляли по состоянию на 31.12.2007 года 17,5 млрд рублей. На тот момент в обращении находились 3 выпуска кредитных нот (CLN), из которых два номинированы в рублях (5,95 млрд рублей) и один – в долларах США (30 млн долл.), рублевый облигационный займ номинальным объемом 2 млрд рублей, а также выпуск еврооблигаций объемом 300 млн долл.

**Присутствие на рынках долгового капитала**

Банк является активным заемщиком как на внутреннем, так и на внешнем долговых рынках.

В июле 2006 года Ренессанс Кредит успешно разместил дебютный выпуск кредитных нот (CLN), номинированных в рублях, объемом 3,5 млрд рублей со сроком погашения в июле 2007 года по ставке 10,5% годовых. Займ был своевременно погашен.

В ноябре 2006 года и апреле 2007 года Банк осуществил частные размещения рублевых кредитных нот объемом 2,66 млрд рублей и 3,29 млрд рублей соответственно со сроками обращения 1,5 года по ставке 10,5% годовых.

В марте 2007 года Ренессанс Кредит впервые вышел на внутренний рынок долгового капитала и успешно разместил 3-хлетние облигации объемом 2 млрд рублей со ставкой купона 10,45% годовых и полуторагодовой офертой.

В июне 2007 года Банк разместил дебютный трехлетний выпуск еврооблигаций объемом 300 млн долл. по ставке 9,5% годовых.

В декабре 2007 года Банк разместил 3 выпуска кредитных нот (CLN) на общую сумму 50 млн долл. со сроком погашения в декабре 2008 года и июне 2009 года и ставкой купона 12% годовых. (По состоянию на 31.12. 2007 года однако в отчетности отражен всего один выпуск объемом 30 млн долл., поскольку по двум другим зачисление средств прошло уже после отчетной даты).

Средства от размещений направлены на увеличение кредитного портфеля, расширение географического присутствия на территории РФ, внедрение новых IT-платформ для обслуживания клиентов.

Существенный объем заимствований позволяет Банку проводить политику обширной региональной экспансии и быстро наращивать кредитный портфель.

Отношение собственного капитала к активам на конец декабря составило 16,7%. Высокая капитализация Банка объясняется решением акционеров поддерживать капитализацию банка на надлежащем уровне и заблаговременно инвестировать в него средства. Планируемый уровень

достаточности капитала по стандартам МСФО и РСБУ – минимум 12%, что дает возможность дальнейшего увеличения портфеля кредитов без необходимости срочного вливания в капитал Банка со стороны акционеров. Банк обладает высоким уровнем капитализации, достаточным для поддержания текущего уровня роста. Банк планирует, что сможет поддерживать достаточность собственного капитала за счет нераспределенной прибыли.

## **5. ПРИЛОЖЕНИЯ**

### **5.1. Финансовая отчетность за 2007 год с аудиторским заключением**

**Commercial bank “Renaissance Capital”  
(Limited liability company)**

Financial Statements

*Year ended December 31, 2007*

*Together with Independent Auditors’ Report*

Commercial bank “Renaissance Capital”  
(Limited liability company)

Financial Statements

Year ended December 31, 2007

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Independent Auditors’ Report

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## Independent Auditors' Report

To the Participant and Board of Directors of  
Commercial bank "Renaissance Capital" (Limited liability company) –

We have audited the accompanying financial statements of Commercial bank "Renaissance Capital" (Limited liability company) (the "Bank"), which comprise the balance sheet as of December 31, 2007, and the income statement, statement of changes in net assets attributable to the participant and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Bank as of December 31, 2007, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.



March 19, 2008

Commercial bank "Renaissance Capital" (Limited liability company)

Balance Sheet

As of December 31, 2007

(Thousands of Russian Rubles)

	Notes	December, 31 2007	December, 31 2006
<b>Assets</b>			
Cash and cash equivalents	5	4,906,887	771,181
Amounts due from credit institutions	6	610,607	309,836
Loans to customers	7	38,423,609	12,159,925
Property and equipment	9	931,421	374,844
Intangible assets	10	336,493	187,877
Deferred tax asset	8	59,860	226,186
Other assets	11	256,707	139,795
<b>Total assets</b>		<b>45,525,584</b>	<b>14,169,644</b>
<b>Liabilities</b>			
Amounts due to credit institutions	12	123,101	349,951
Amounts due to customers	13	15,084,990	3,037,311
Debt securities issued	14	17,470,156	7,119,115
Other borrowed funds	15	4,412,363	845,305
Other liabilities	11	811,502	263,057
<b>Liabilities excluding net assets attributable to participant</b>		<b>37,902,112</b>	<b>11,614,739</b>
<b>Net assets attributable to the participant</b>			
Charter capital	16	501,000	501,000
Additional paid-in capital	16	7,736,226	2,913,400
Accumulated deficit		(613,754)	(859,495)
<b>Total net assets attributable to the participant</b>		<b>7,623,472</b>	<b>2,554,905</b>
<b>Total liabilities including net assets attributable to the participant</b>		<b>45,525,584</b>	<b>14,169,644</b>

Signed and authorized for release on behalf of the Management Board of the Bank

A.V. Levchenko

L.B. Maryina

March 19, 2008



Chairman of the Management Board

Chief Accountant

*The accompanying notes on pages 5 to 56 are an integral part of these financial statements.*

Commercial bank “Renaissance Capital” (Limited liability company)

Income Statement

For the year ended December 31, 2007

(Thousands of Russian Rubles)

	Note	2007	2006
Loans to customers		5,352,963	1,869,563
Amounts due from credit institutions		37,799	28,613
Available-for-sale securities		-	8,267
<b>Interest income</b>		<b>5,390,762</b>	<b>1,906,443</b>
Debt securities issued		(1,325,505)	(366,415)
Amounts due to customers		(273,696)	(59,575)
Other borrowed funds		(164,983)	(153,250)
Amounts due to credit institutions		(91,812)	(10,659)
<b>Interest expense</b>		<b>(1,855,996)</b>	<b>(589,899)</b>
<b>Net interest income</b>		<b>3,534,766</b>	<b>1,316,544</b>
Allowance for loan impairment	7	(3,245,779)	(1,153,531)
<b>Net interest income after allowance for loan impairment</b>		<b>288,987</b>	<b>163,013</b>
Fee and commission income		2,865,532	545,557
Fee and commission expense		(317,357)	(72,899)
<b>Net fee and commission income</b>	18	<b>2,548,175</b>	<b>472,658</b>
Fines and penalties for overdue payments on loans		967,406	162,359
Loss from early extinguishment of debt securities issued	14	(2,287)	-
Gains less losses from available-for-sale securities	19	-	(665)
Gains less losses from foreign currencies:			
- translation differences		437,336	92,699
- dealing		(306,735)	(93,844)
Other income		36,390	8,402
<b>Other non-interest income</b>		<b>1,132,110</b>	<b>168,951</b>
Compensation and benefits	20	(1,813,332)	(751,164)
General administrative and operating expenses	20	(1,284,557)	(495,011)
Depreciation and amortisation	9,10	(234,351)	(86,266)
Provisions for undrawn loan commitments	21	-	4,925
Taxes other than income taxes		(224,965)	(86,697)
<b>Other non interest expense</b>		<b>(3,557,205)</b>	<b>(1,414,213)</b>
<b>Profit / (loss) before income tax</b>		<b>412,067</b>	<b>(609,591)</b>
Income tax (charge) / benefit	8	(166,326)	110,526
<b>Net profit / (loss) for the year before transactions with participant</b>		<b>245,741</b>	<b>(499,065)</b>

The accompanying notes on pages 5 to 56 are an integral part of these financial statements.

Commercial bank “Renaissance Capital” (Limited liability company)  
Statement of Changes in Net Assets Attributable to the Participant  
For the year ended December 31, 2007  
(Thousands of Russian Rubles)

	Charter capital	Additional paid-in capital	Accumulated deficit	Net change in available-for- sale securities, net of tax	Net assets attributable to the participant
<b>December 31, 2005</b>	<b>501,000</b>	<b>1,724,650</b>	<b>(360,430)</b>	<b>(3,079)</b>	<b>1,862,141</b>
Contributions from the participant (Note 16)	-	1,188,750	-	-	1,188,750
Net loss for the year before transactions with participant	-	-	(499,065)	-	(499,065)
Net change in available-for-sale securities, net of tax (Note 19)	-	-	-	3,079	3,079
<b>December 31, 2006</b>	<b>501,000</b>	<b>2,913,400</b>	<b>(859,495)</b>	<b>-</b>	<b>2,554,905</b>
Contributions from the participant (Note 16)	-	4,822,826	-	-	4,822,826
Net profit for the year before transactions with participant	-	-	245,741	-	245,741
<b>December 31, 2007</b>	<b>501,000</b>	<b>7,736,226</b>	<b>(613,754)</b>	<b>-</b>	<b>7,623,472</b>

*The accompanying notes on pages 5 to 56 are an integral part of these financial statements.*

Commercial bank “Renaissance Capital” (Limited liability company)

Statement of Cash Flows

For the year ended December 31, 2007

(Thousands of Russian Rubles)

	Note	2007	2006
<b>Cash flows from operating activities</b>			
<b>Net profit / (loss) for the year before transactions with participant</b>		<b>245,741</b>	<b>(499,065)</b>
<i>Adjustments for</i>			
Depreciation and amortization	9,10	234,351	86,266
Provision for undrawn loan commitments	21	-	(4,925)
Allowance for loan impairment	7	3,245,779	1,153,531
Accrued coupon on available-for-sale securities		-	95
Accrued interest on amounts with credit institutions		(4,780)	5,359
Accrued interest expenses on amounts due to customers		7,826	24,377
Accrued interest on loans to customers		(833,872)	(390,535)
Accrued interest expenses on debt securities issued		55,410	161,215
Accrued interest expenses on other borrowed funds		51,507	(6,835)
Accrued expenses		259,163	92,704
Deferred tax charge / (benefit)	8	166,326	(110,526)
Accrued gains less losses under term deals		1,906	-
Gains less losses from foreign currencies		(437,336)	(92,699)
<b>Operating gain before change in operating assets and liabilities</b>		<b>2,992,021</b>	<b>418,962</b>
<i>(Increase)/decrease in operating assets:</i>			
Loans to customers		(28,675,636)	(8,404,468)
Amounts due from credit institutions		(308,957)	(233,517)
Other assets		(103,579)	(54,705)
<i>Increase/(decrease) in operating liabilities:</i>			
Amounts due to credit institutions		(193,469)	348,688
Amounts due to customers		12,187,537	2,450,102
Other liabilities		254,117	16,243
<b>Net cash used in operating activities</b>		<b>(13,847,966)</b>	<b>(5,458,695)</b>
<b>Cash flows from investing activities</b>			
Purchase of property and equipment	9	(687,910)	(304,778)
Purchase of intangible assets	10	(231,688)	(162,935)
Disposal of property and equipment	9	1,420	1,059
Disposal of intangible assets	10	-	31
Proceeds from disposal of available-for-sale securities		-	81,025
<b>Net cash used in investing activities</b>		<b>(918,178)</b>	<b>(385,598)</b>
<b>Cash flows from financing activities</b>			
Contributions from the participant	16	4,822,826	1,188,750
Proceeds from debt securities issued		15,507,999	6,950,000
Redemption of debt securities issued		(4,822,000)	(1,871,481)
Proceeds from other borrowed funds		3,849,339	-
Redemption of other borrowed funds		(315,000)	(1,225,700)
<b>Net cash provided by financing activities</b>		<b>19,043,164</b>	<b>5,041,569</b>
Effect of currency exchange rates on cash and cash equivalents		(141,314)	(72,444)
<b>Net change in cash and cash equivalents</b>		<b>4,135,706</b>	<b>(875,168)</b>
<b>Cash and cash equivalents at the beginning of year</b>	5	<b>771,181</b>	<b>1,646,349</b>
<b>Cash and cash equivalents at the end of year</b>	5	<b>4,906,887</b>	<b>771,181</b>
<b>Supplemental information:</b>			
Interest income received		3,880,638	1,434,494
Interest expense paid		(1,874,248)	(439,572)

The accompanying notes on pages 5 to 56 are an integral part of these financial statements.

# Commercial bank “Renaissance Capital” (Limited liability company)

## Notes to the Financial Statements

Year ended December 31, 2007

*(Thousands of Russian Rubles)*

### **1. Principal Activities**

Commercial bank “Renaissance Capital” (Limited liability company) (the “Bank”) was formed on November 24, 2000 under the laws of the Russian Federation. In March 2004 the Bank obtained approval from the Central Bank of Russia (“CBR”) to change its name from Commercial bank “Kaznachey” (Ltd.) to Commercial bank “Renaissance Capital” (Limited liability company).

The Bank operates under banking licenses number 3354 issued by the CBR on March 30, 2004 allowing the Bank to provide banking services to corporate clientele and individuals. The Bank also possesses license of equity market participant (trust operations) number 077-10123-001000 issued by Federal Service for the Securities Market on April 24, 2007.

Starting on December 23, 2004 the Bank is a member of the obligatory deposit insurance system. The system operates under the Federal laws and regulations and is governed by State Corporation “Agency for Deposits Insurance”. Insurance covers Bank’s liabilities to individual depositors for the amount up to RUR 400 for each individual in case of business failure and revocation of the CBR banking license.

In February 2007 the Bank received the credit rating Fitch B- stable, and in August 2007 - the credit rating Rus-Rating BB- stable. In May 2007 Moody’s changed the Bank’s credit rating from B2 stable (assigned in December 2006) to B1 stable. In May 2007 Standard & Poor’s awarded the Bank the long-term contractor credit rating at B-/Stable and the short-term rating at C, as well as a national rating at ruBBB.

In July 2007 the Bank registered its trade mark “Renaissance Credit”.

The Bank is a 100% subsidiary of OOO “Kaznachey-Financeinvest” (the “Company”), a limited liability company, registered under the laws of the Russian Federation on November 16, 1993.

In December 2003 ownership structure of the Company was changed and it became a part of “Renaissance Capital Consumer Finance Group” (the “Group”) – a financial group comprising a number of companies registered in the Netherlands, the Netherlands Antilles, and the Russian Federation, with Renaissance Capital International Services Limited being the holding company registered under the laws of Bermuda on June 26, 2003. The parent company of the Group is Appleby Trust (Bermuda) Limited. The Group is ultimately indirectly controlled by shareholders of Renaissance Holdings Management Limited (“RHML”). RHML is 100% owned by the management and employees of the RHML Group. Within the shareholder group, three holders each own more than 5% of the common stock of the RHML. The aggregate shareholding of these three shareholders is 85%. RHML does not have an ultimate controlling party in accordance with the International Accounting Standard 24 (“IAS 24”) “Related Party Disclosures”.

Commercial bank “Renaissance Capital” (Limited liability company)

Notes to the Financial Statements (continued)

Year ended December 31, 2007

(Thousands of Russian Rubles)

**1. Principal Activities (continued)**

The Bank extends consumer loans through points of sale, branches and cash offices, issues auto loans, general purpose loans, mortgage loans and credit cards. The Bank’s registered office is Kozhevniceskaya street 14, Moscow, Russia. As of December 31, 2007 the Bank had 60 representative offices in the Russian Federation (December 31, 2006: 47).

The Bank had 9,595 employees as of December 31, 2007 (December 31, 2006: 3,637).

**2. Basis of Preparation**

**General**

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

The Bank is required to maintain its records and prepare its financial statements for regulatory purposes in Russian Rubles in accordance with Russian accounting and banking legislation and related instructions (“RAL”). These financial statements are based on the Bank’s RAL books and records, as adjusted and reclassified in order to comply with IFRS. The reconciliation between RAL and IFRS is presented later in this note.

The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

These financial statements are presented in thousands of Russian Rubles (“RUR”), unless otherwise indicated. The functional and presentation currency of the Bank is the Russian Ruble.

**Changes in accounting policies**

During the year, the Bank has adopted the following new and amended IFRS. Adoption of these standards did not have any effect on the financial performance or position of the Bank. The principal effects of these changes are as follows:

*IFRS 7 “Financial Instruments: Disclosures”*

This standard requires disclosures that enable users of the financial statements to evaluate the significance of the Bank’s financial instruments and the nature and extent of risks arising from those financial instruments. The new disclosures are included throughout the financial statements.

*Amendment to IAS 1 “Presentation of Financial Statements”*

This amendment requires the Bank to make new disclosures to enable users of the financial statements to evaluate the Bank’s objectives, policies and processes for managing net assets. These new disclosures are shown in Note 28.

Commercial bank “Renaissance Capital” (Limited liability company)

Notes to the Financial Statements (continued)

Year ended December 31, 2007

*(Thousands of Russian Rubles)*

**2. Basis of Preparation (continued)**

**Future changes in accounting policies**

*Standards and interpretations issued but not yet effective*

*IAS 23 “Borrowing Costs”*

A revised IAS 23 Borrowing costs was issued in March 2007, and becomes effective for financial years beginning on or after 1 January 2009. The standard has been revised to require capitalisation of borrowing costs when such costs relate to a qualifying asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. In accordance with the transitional requirements in the Standard, the Bank will adopt this as a prospective change. Accordingly, borrowing costs will be capitalised on qualifying assets with a commencement date after 1 January 2009. No changes will be made for borrowing costs incurred to this date that have been expensed, if any.

*IFRIC 12 “Service Concession Arrangements”*

IFRIC Interpretation 12 was issued in November 2006 and becomes effective for annual periods beginning on or after 1 January 2008. This Interpretation applies to service concession operators and explains how to account for the obligations undertaken and rights received in service concession arrangements. This Interpretation will have no impact on the Bank.

*IFRIC 13 “Customer Loyalty Programmes”*

IFRIC Interpretation 13 was issued in June 2007 and becomes effective for annual periods beginning on or after 1 July 2008. This Interpretation requires customer loyalty award credits to be accounted for as a separate component of the sales transaction in which they are granted and therefore part of the fair value of the consideration received is allocated to the award credits and deferred over the period that the award credits are fulfilled. The Bank expects that this interpretation will have no impact on the Bank’s financial statements as no such schemes currently exist.

*IFRIC 14 “IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction”*

IFRIC Interpretation 14 was issued in July 2007 and becomes effective for annual periods beginning on or after 1 January 2008. This Interpretation provides guidance on how to assess the limit on the amount of surplus in a defined benefit scheme that can be recognized as an asset under IAS 19 Employee Benefits. The Bank expects that this Interpretation will have no impact on the financial position or performance of the Bank.

Commercial bank “Renaissance Capital” (Limited liability company)

Notes to the Financial Statements (continued)

Year ended December 31, 2007

(Thousands of Russian Rubles)

**2. Basis of Preparation (continued)**

**Future changes in accounting policies (continued)**

*IFRS 2 Share-based Payments – Vesting Conditions and Cancellations*

This amendment to IFRS 2 Share-based payments was published in January 2008 and becomes effective for financial years beginning on or after 1 January 2009. The Standard restricts the definition of “vesting condition” to a condition that includes an explicit or implicit requirement to provide services. Any other conditions are non-vesting conditions, which have to be taken into account to determine the fair value of the equity instruments granted. In the case that the award does not vest as the result of a failure to meet a non-vesting condition that is within the control of either the entity or the counterparty, this must be accounted for as a cancellation. The Bank has not entered into share-based payment schemes with non-vesting conditions attached and, therefore, does not expect significant implications on its accounting for share-based payments.

*IFRS 3R Business Combinations and IAS 27R Consolidated and Separate Financial Statements*

The revised standards were issued in January 2008 and become effective for financial years beginning on or after 1 July 2009. IFRS 3R introduces a number of changes in the accounting for business combinations that will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. IAS 27R requires that a change in the ownership interest of a subsidiary is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes introduced by IFRS 3R and IAS 27R must be applied prospectively and will affect future acquisitions and transactions with minority interests.

*IAS 1 Revised Presentation of Financial Statements*

The revised IAS 1 Presentation of Financial Statements was issued in September 2007, and becomes effective for financial years beginning on or after 1 January 2009. The Standard separates owner and non-owner changes in equity. The statement of changes in equity will include only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, the Standard introduces the statement of comprehensive income: it presents all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. The Bank is still evaluating whether it will have one or two statements.

*Amendments to IAS 32 and IAS 1 Puttable Financial Instruments*

Amendments to IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation were issued in February 2008, and become effective for annual periods beginning on or after 1 January 2009. The amendments require puttable instruments that represent a residual interest in an entity to be classified as equity, provided they satisfy certain conditions. The amendments will result in participants’ interests being classified as equity and not liabilities, and will be applied retrospectively.

Commercial bank “Renaissance Capital” (Limited liability company)

Notes to the Financial Statements (continued)

Year ended December 31, 2007

(Thousands of Russian Rubles)

**2. Basis of Preparation (continued)**

**Reconciliation of RAL and IFRS net assets attributable to the participant and net profit / (loss)**

Net assets attributable to the participant and net profit / (loss) are reconciled between RAL and IFRS as follows:

	2007		2006	
	Net assets attributable to the participant	Profit / (loss) for the year	Net assets attributable to the participant	Profit / (loss) for the year
<b>Russian Accounting Legislation</b>	5,502,323	3,995,134	1,699,058	307,246
RAL accruals which have effect on net assets attributable to the participant	552,659	-	360,790	-
<b>Total RAL net assets without RAL accruals</b>	<b>6,054,982</b>	<b>3,995,134</b>	<b>2,059,848</b>	<b>307,246</b>
Recognition of debt free financing as additional paid-in capital	-	(4,822,826)	-	(1,188,750)
Capitalization of VAT and low value items on property and equipment	270,813	153,628	117,185	70,332
Effect of accrued interest income and interest expense	523,970	267,950	256,020	183,164
Effect of accrued expenses	(438,041)	(17,063)	(420,978)	(277,943)
Provisions for impairment	(537,672)	(435,782)	(101,890)	(116,615)
Inventory write-off to expenses	(19,183)	2,632	(21,815)	(15,416)
Adjustment to effective interest yield of loans	1,562,125	1,152,098	410,027	436,287
Deferred tax recognized in the income statement	59,860	(166,326)	226,186	110,526
Other	146,618	116,296	30,322	(7,896)
<b>International Financial Reporting Standards</b>	<b>7,623,472</b>	<b>245,741</b>	<b>2,554,905</b>	<b>(499,065)</b>

**3. Summary of Accounting Policies**

**Financial assets**

*Initial recognition*

Financial assets in the scope of IAS 39 are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Bank determines the classification of its financial assets upon initial recognition.

*Date of recognition*

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Bank commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Commercial bank “Renaissance Capital” (Limited liability company)

Notes to the Financial Statements (continued)

Year ended December 31, 2007

*(Thousands of Russian Rubles)*

**3. Summary of Accounting Policies (continued)**

**Financial assets (continued)**

*Financial assets at fair value through profit or loss*

Financial assets classified as held for trading are included in the category ‘financial assets at fair value through profit or loss’. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated and effective hedging instruments. Gains or losses on financial assets held for trading are recognised in the income statement.

*Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not classified as trading securities or designated as investment securities available-for-sale. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

*Available-for-sale financial securities*

Available-for-sale financial securities are those non-derivative financial assets that are designated as available-for-sale or are not classified in any of the two preceding categories or in held-to-maturity investments. After initial recognition available-for sale financial securities are measured at fair value with gains or losses being recognised as a separate component of net assets attributable to the participant until the investment is derecognised or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in net assets attributable to the participant is included in the income statement. However, interest calculated using the effective interest method is recognised in the income statement.

The fair value for financial instruments traded in active market at the balance sheet date is based on their quoted market price or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For all other financial instruments not listed in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include net present value techniques, comparison to similar instruments for which market observable prices exist, options pricing models and other relevant valuation models.

Commercial bank “Renaissance Capital” (Limited liability company)

Notes to the Financial Statements (continued)

Year ended December 31, 2007

*(Thousands of Russian Rubles)*

**3. Summary of Accounting Policies (continued)**

**Financial assets (continued)**

*Offsetting*

Financial assets and liabilities are offset and the net amount is 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 to realise the asset and settle the liability simultaneously.

**Cash and cash equivalents**

Cash and cash equivalents consist of cash on hand, amounts due from the CBR, excluding obligatory reserves, and amounts due from credit institutions that mature within ninety days of the date of origination and are free from contractual encumbrances.

**Derivative financial instruments**

In the normal course of business, the Bank enters into various derivative financial instruments futures, forwards, swaps and options in the foreign exchange and capital markets. Such financial instruments are held for trading and are recorded at fair value. The fair values are estimated based on quoted market prices or pricing models that take into account the current market and contractual prices of the underlying instruments and other factors. Derivatives are carried as assets when their fair value is positive and as liabilities when it is negative. Gains and losses resulting from these instruments are included in the income statement as gains less losses from trading securities or gains less losses from foreign currencies dealing, depending on the nature of the instrument.

**Borrowings**

Issued financial instruments or their components are classified as liabilities, where the substance of the contractual arrangement results in the Bank having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity instruments. Such instruments include amounts due to credit institutions, amounts due to customers, debt securities issued, and other borrowed funds and are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the income statement when the borrowings are derecognised as well as through the amortisation process.

If the Bank purchases its own debt, it is removed from the balance sheet and the difference between the carrying amount of the liability and the consideration paid is recognised in the income statement.

Commercial bank “Renaissance Capital” (Limited liability company)

Notes to the Financial Statements (continued)

Year ended December 31, 2007

*(Thousands of Russian Rubles)*

**3. Summary of Accounting Policies (continued)**

**Taxation**

The current income tax expense is calculated in accordance with the regulations of the Russian Federation.

Deferred tax assets and liabilities are calculated in respect of temporary differences using the liability method. Deferred income taxes are provided for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes, except where the deferred income tax arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

A deferred tax asset is recorded only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Russia also has various operating taxes that are assessed on the Bank’s activities. These taxes are included as a component of expenses in the income statement.

**Impairment of financial assets**

The Bank assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred ‘loss event’) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

*Assets carried at amortized cost*

If there is objective evidence that an impairment loss on financial assets has been incurred, the amount of loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred), discounted at the original effective interest rate of the financial asset. The carrying amount of the asset is reduced through use of an allowance account. The amount of the impairment loss is recognised in the income statement.

Commercial bank “Renaissance Capital” (Limited liability company)

Notes to the Financial Statements (continued)

Year ended December 31, 2007

*(Thousands of Russian Rubles)*

**3. Summary of Accounting Policies (continued)**

**Impairment of financial assets (continued)**

The Bank first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Bank determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

For the purposes of a collective evaluation of impairment financial assets are grouped on the basis of similar credit risk characteristics that are indicative of the debtors' ability to pay all amounts due according to the contractual terms (i.e. on the basis of the Bank's credit risk grading process that considers loan type, geographical location, collateral type, past-due status and other relevant factors).

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the group and historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove effects of conditions in the historical period that do not exist currently.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the income statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

When an asset is uncollectible, it is written off against the related allowance for loan impairment. Such assets are written off after all necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the charge for impairment of financial assets in the income statement.

*Available-for-sale financial assets*

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the income statement, is transferred from net assets attributable to the participant to the income statement. Reversals in respect of equity instruments classified as available-for-sale are not recognised in the income statement. Reversals of impairment losses on debt instruments are reversed through the income statement if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

Commercial bank “Renaissance Capital” (Limited liability company)

Notes to the Financial Statements (continued)

Year ended December 31, 2007

*(Thousands of Russian Rubles)*

**3. Summary of Accounting Policies (continued)**

**Property and equipment**

Property and equipment are carried at cost less accumulated depreciation and any accumulated impairment. Such cost includes the cost of replacing part of equipment when that cost is incurred if the recognition criteria are met.

Depreciation of assets under construction and those not placed in service commences from the date the assets are placed into service. Depreciation is calculated on a straight-line basis over the following estimated useful lives:

	<u>Years</u>
Furniture and fixtures	2-5
Computers and office equipment	3-5

The assets’ residual values, useful lives and methods are reviewed, and adjusted as appropriate, at each financial year-end.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Costs related to repairs and renewals are charged when incurred and included in general administrative and operating expenses, unless they qualify for capitalization.

**Intangible assets**

Intangible assets include computer software.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic lives, but not exceeding period of 5 years, and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Amortisation periods and methods for intangible assets with finite useful lives are reviewed at least at each financial year-end.

Costs associated with maintaining computer software programmes are recorded as an expense as incurred. Software development costs (relating to the design and testing of new or substantially improved software) are recognised as intangible assets only when the Bank can demonstrate the technical feasibility of completing the software so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete and the ability to measure reliably the expenditure during the development. Other software development costs are recognised as an expense as incurred.

Commercial bank “Renaissance Capital” (Limited liability company)

Notes to the Financial Statements (continued)

Year ended December 31, 2007

*(Thousands of Russian Rubles)*

**3. Summary of Accounting Policies (continued)**

**Operating leases**

Leases of assets under which the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under an operating lease are recognized as expenses on a straight-line basis over the lease term and included in general administrative and operating expenses.

**Provisions**

Provisions are recognized when the Bank has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

**Retirement and other benefit obligations**

The Bank does not have any pension arrangements separate from the State pension system of the Russian Federation, which requires current contributions by the employer calculated as a percentage of current gross salary payments; such expense is charged in the period the related salaries are earned. In addition, the Bank has no post-retirement benefits or other significant compensated benefits requiring accrual.

**Derecognition of financial assets and liabilities**

*Financial assets*

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the Bank has transferred its rights to receive cash flows from the asset, or retained the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a ‘pass-through’ arrangement; and
- the Bank either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Bank has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Bank’s continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Bank could be required to repay.

Commercial bank “Renaissance Capital” (Limited liability company)

Notes to the Financial Statements (continued)

Year ended December 31, 2007

*(Thousands of Russian Rubles)*

**3. Summary of Accounting Policies (continued)**

**Derecognition of financial assets and liabilities (continued)**

Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Bank’s continuing involvement is the amount of the transferred asset that the Bank may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Bank’s continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

*Financial liabilities*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

**Financial guarantees**

In the ordinary course of business, the Bank gives financial guarantees, consisting of letters of credit, guarantees and acceptances. Financial guarantees are initially recognised in the financial statements at fair value, in ‘Other liabilities’, being the premium received. Subsequent to initial recognition, the Bank’s liability under each guarantee is measured at the higher of the amortised premium and the best estimate of expenditure required to settle any financial obligation arising as a result of the guarantee.

Any increase in the liability relating to financial guarantees is taken to the income statement. The premium received is recognised in the income statement on a straight-line basis over the life of the guarantee.

**Contingencies**

Contingent liabilities are not recognised in the balance sheet but are disclosed unless the possibility of any outflow in settlement is remote. A contingent asset is not recognised in the balance sheet but disclosed when an inflow of economic benefits is probable.

Commercial bank “Renaissance Capital” (Limited liability company)

Notes to the Financial Statements (continued)

Year ended December 31, 2007

*(Thousands of Russian Rubles)*

**3. Summary of Accounting Policies (continued)**

**Income and expense recognition**

Interest income and expense are recognized on an accrual basis calculated using the effective interest method. Effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. Loan origination fees and loan maintenance fees for loans issued to customers are deferred (together with related transaction costs) and recognized as an adjustment to the effective yield of the loans. Fees, including insurance agent’s fees, commissions and other income and expense items are generally recorded on an accrual basis when the service has been provided. Portfolio and other management advisory and service fees are recorded based on the applicable service contracts.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument. Transaction costs include fees and commissions paid to and received from retailers and bonuses paid to point-of-sale staff (acting as selling agents) in respect of loans issued to customers. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs.

**Foreign currency translation**

The financial statements are presented in Russian Rubles, which is the Bank’s functional and presentation currency. Transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated to the functional currency, converted at the rate of exchange ruling at the balance sheet date. Gains and losses resulting from the translation of foreign currency transactions are recognised in the income statement as gains less losses from foreign currencies - translation differences. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Differences between the contractual exchange rate of a transaction in a foreign currency and the Central Bank exchange rate on the date of the transaction are included in gains less losses from dealing in foreign currencies. The official CBR exchange rate at December 31, 2007 and 2006, were 24.5462 Rubles and 26.3311 Rubles to 1 USD, respectively.

Commercial bank “Renaissance Capital” (Limited liability company)

Notes to the Financial Statements (continued)

Year ended December 31, 2007

*(Thousands of Russian Rubles)*

**4. Significant Accounting Estimates**

**Estimation uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

*Allowance for impairment of loans and receivables*

The Bank regularly reviews its loans and receivables to assess impairment. The Bank uses its experienced judgement to estimate the amount of any impairment loss in cases where a borrower is in financial difficulties and there are few available sources of historical data relating to similar borrowers. Similarly, the Bank estimates changes in future cash flows based on the observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the group of loans and receivables. The Bank uses its experienced judgement to adjust observable data for a group of loans or receivables to reflect current circumstances.

The allowances for impairment of financial assets in these financial statements have been determined on the basis of current economic and political conditions. The Bank is not in a position to predict what changes in conditions will take place in the Russian Federation and what effect such changes might have on the adequacy of the allowances for impairment of financial assets in future periods.

*Deferred tax asset*

As of December 31, 2007 the Bank has recognized a deferred tax asset in the amount of RUR 340,341 (December 31, 2006: RUR 266,297). The Bank’s management believes that within a reasonable period the Bank will derive positive financial results that will enable it to utilize its deferred tax benefit based on management’s forecasts for 2008.

Commercial bank “Renaissance Capital” (Limited liability company)

Notes to the Financial Statements (continued)

Year ended December 31, 2007

(Thousands of Russian Rubles)

**5. Cash and Cash Equivalents**

As of December 31, cash and cash equivalents comprise:

	<b>2007</b>	<b>2006</b>
Current accounts with credit institutions	3,906,888	447,711
Current accounts with the CBR (other than obligatory reserves)	798,217	258,835
Cash on hand	196,782	58,454
Funds on brokerage account	5,000	5,655
Guarantee deposit with MICEX	-	526
<b>Cash and cash equivalents</b>	<b>4,906,887</b>	<b>771,181</b>

There was a high concentration of current accounts with credit institutions as of December 31, 2007: 67% of funds were placed in USD and EUR-denominated account with JP Morgan Chase Bank N.A., New York, NY and 23% of funds were placed in USD-denominated account with LLC “Bank Renaissance Capital” (Ukraine) (a related party). (December 31, 2006: 60% of funds were placed with VTB Bank (Deutschland) AG (earlier known as Ost-West Handelsbank AG) and 28% of funds were placed with JP Morgan Chase Bank N.A., New York, NY).

**6. Amounts Due from Credit Institutions**

As of December 31, amounts due from credit institutions comprise:

	<b>2007</b>	<b>2006</b>
Obligatory reserve with the CBR	481,898	200,691
Deposits granted to non-resident banks	128,709	109,145
<b>Amounts due from credit institutions</b>	<b>610,607</b>	<b>309,836</b>

Obligatory reserves with the CBR represent mandatory reserve deposits which were not available to finance the Bank’s day to day operations and hence were not considered as part of cash and cash equivalents. Credit institutions were required to maintain a non-interest earning cash deposit (obligatory reserve) with the CBR, the amount of which depended on the level of funds attracted by the credit institution.

There was a high concentration of deposits granted to non-resident banks as of December 31, 2007: 59% of funds were placed as a non-interest bearing guarantee deposit with HSBC Bank PLC related to settlements with MasterCard and 38% of funds were placed as USD-denominated deposit, bearing effective interest of 9.8% per annum maturing in 2008, with LLC “Bank Renaissance Capital” (Ukraine) (a related party) (December 31, 2006: 85% of funds were placed with Raiffeisen Aval Ukraine and 13% of funds were placed as a non-interest bearing guarantee deposit with HSBC Bank PLC related to settlements with MasterCard).

Commercial bank “Renaissance Capital” (Limited liability company)

Notes to the Financial Statements (continued)

Year ended December 31, 2007

(Thousands of Russian Rubles)

**7. Loans to Customers**

The Bank provides six main types of consumer loans, being installment loans (i.e. consumer loans extended through points of sale), auto loans, general purpose loans, loans on credit cards, mortgage loans, and employee loans. Analysis of the loan portfolio by types of loans follows:

	<b>2007</b>		<b>2006</b>	
	<b>Outstanding balance</b>	<b>Structure, %</b>	<b>Outstanding balance</b>	<b>Structure, %</b>
Installment loans	17,583,418	43.7%	5,013,472	39.7%
General purposes loans	12,234,064	30.4%	2,748,512	21.7%
Auto loans	7,226,456	18.0%	3,981,097	31.5%
Credit cards	3,015,752	7.5%	746,479	5.9%
Mortgage	119,625	0.3%	96,085	0.8%
Employees loans	59,649	0.1%	48,801	0.4%
<b>Gross loan portfolio</b>	<b>40,238,964</b>	<b>100.0%</b>	<b>12,634,446</b>	<b>100.0%</b>
Less: Allowance for loan impairment (Note 7)	(1,815,355)		(474,521)	
<b>Net loan portfolio</b>	<b>38,423,609</b>		<b>12,159,925</b>	

Loan portfolio in the amount of RUR 282,128 is pledged under the obtained credit facility (December 31, 2006: nil) (Note 15, Note 25).

As of December 31, 2007 the Bank provided to related parties RUR-denominated loans for the total amount of RUR 4,991, bearing average effective interest of 12.9% per annum maturing in 2008-2010. As of December 31, 2006 the Bank provided to related parties RUR-denominated loans for the total amount of RUR 10,880, bearing average effective interest of 11.3% per annum maturing in 2007-2009.

The average effective interest rates for different types of loans are presented below:

	<b>2007</b>	<b>2006</b>
Installment loans	19.4%	31.1%
General purposes loans	37.4%	39.0%
Auto loans	18.1%	19.3%
Credit cards	54.3%	48.7%
Mortgage	17.9%	16.1%
Employees loans	16.0%	16.0%

Commercial bank “Renaissance Capital” (Limited liability company)

Notes to the Financial Statements (continued)

Year ended December 31, 2007

(Thousands of Russian Rubles)

**7. Loans to Customers (continued)**

**Analysis of collateral**

Mortgage loans are secured by underlying housing real estate. Auto loans are secured by underlying car. Installment loans, general purpose loans, credit cards and employee loans are not secured.

The Bank collects precise information on the value of collateral only on origination. The Bank estimates that the fair value of the collateral for overdue mortgage loans is not less than 110% of the mortgage balance. Management believes that it is impracticable to estimate fair value of collateral held in respect of other loans to individuals because fair value information is not readily available.

It is the Bank’s policy to dispose of repossessed collateral in an ordinary fashion. The proceeds are used to reduce or repay the outstanding claim. In general the Bank does not occupy repossessed properties for business use. As of December 31, 2007 and 2006 the Bank did not have material amounts of repossessed collateral.

**Allowance for impairment of loans to customers**

A reconciliation of the allowance for impairment of loans to customers by class is as follows:

	2007						TOTAL
	Installment loans	General purpose	Autoloans	Credit cards	Mortgage Loans	Employees	
<b>Opening balance, January 1</b>	268,135	106,568	67,622	31,235	961	-	<b>474,521</b>
Charge	1,680,555	754,648	469,988	340,331	197	60	<b>3,245,779</b>
Write-offs	(981,192)	(405,658)	(344,440)	(172,447)	(1,148)	(60)	<b>(1,904,945)</b>
<b>Closing balance, December 31</b>	<b>967,498</b>	<b>455,558</b>	<b>193,170</b>	<b>199,119</b>	<b>10</b>	-	<b>1,815,355</b>

	2006						TOTAL
	Installment loans	General purpose	Autoloans	Credit cards	Mortgage Loans	Employees	
<b>Opening balance, January 1</b>	237,888	40,851	15,819	11,691	-	-	<b>306,249</b>
Charge	619,374	267,339	217,073	48,784	961	-	<b>1,153,531</b>
Write-offs	(589,127)	(201,622)	(165,270)	(29,240)	-	-	<b>(985,259)</b>
<b>Closing balance, December 31</b>	<b>268,135</b>	<b>106,568</b>	<b>67,622</b>	<b>31,235</b>	<b>961</b>	-	<b>474,521</b>

Allowances for impairment of assets are deducted from the related assets. In accordance with the Russian legislation, loans may only be written off with the approval of the Management Board and, in certain cases, with the respective decision of the Court.

As of December 31, 2007 and 2006 there were no loans that were individually determined to be impaired.

Commercial bank “Renaissance Capital” (Limited liability company)

Notes to the Financial Statements (continued)

Year ended December 31, 2007

(Thousands of Russian Rubles)

**8. Taxation**

The corporate income tax charge comprises:

	<b>2007</b>	<b>2006</b>
Deferred tax benefits - origination and reversal of temporary differences	166,326	(109,554)
Less: deferred tax recognised directly in net assets attributable to the participant (Note 19)	-	(972)
<b>Income tax charge / (benefit)</b>	<b>166,326</b>	<b>(110,526)</b>

The Bank is liable to profits tax in Russia on its taxable profit and capital gains other than profits on certain types of securities at a rate of 24%. Pursuant to Russian profits tax law interest income on certain types of securities is subject to profits tax at a rate of 15%, 9% or 0%.

Tax assets consist of the following:

	<b>2007</b>	<b>2006</b>
Current tax assets (Note 11)	11,537	9,722
Deferred tax asset	59,860	226,186
<b>Tax assets</b>	<b>71,397</b>	<b>235,908</b>

The effective income tax rate differs from the statutory income tax rates. A reconciliation of the income tax expense based on statutory rates with actual is as follows:

	<b>2007</b>	<b>2006</b>
Profit / (loss) before tax	412,067	(609,591)
Statutory tax rate	24%	24%
Theoretical income tax (charge) / benefit at the statutory rate	(98,896)	146,302
Non-deductible expenditure	(56,232)	(11,614)
Change in unrecognised deferred tax asset	(11,198)	(24,657)
Other items	-	495
<b>Income tax (charge) / benefit</b>	<b>(166,326)</b>	<b>110,526</b>

Commercial bank “Renaissance Capital” (Limited liability company)

Notes to the Financial Statements (continued)

Year ended December 31, 2007

(Thousands of Russian Rubles)

**8. Taxation (continued)**

Deferred tax assets and liabilities as of December 31 and their movements for the respective years comprise:

	Origination and reversal of temporary differences			Origination and reversal of temporary differences		
		Directly in net assets attributable to the participant			Directly in net assets attributable to the participant	
	2005	In the income statement	2006	In the income statement	2007	
<b>Tax effect of deductible temporary differences:</b>						
Loans to customers and allowance for loan losses	15,485	(13,475)	-	2,010	(2,010)	-
Tax losses carried forward	84,828	160,713	-	245,541	(28,770)	-
Other liabilities	23,822	11,919	-	35,741	99,212	-
Property and equipment and intangible assets	3,796	3,866	-	7,662	16,810	-
Securities	972	-	(972)	-	-	-
<b>Gross deferred tax asset</b>	<b>128,903</b>	<b>163,023</b>	<b>(972)</b>	<b>290,954</b>	<b>85,242</b>	<b>-</b>
Unrecognised deferred tax asset	-	(24,657)	-	(24,657)	(11,198)	-
<b>Deferred tax asset</b>	<b>128,903</b>	<b>138,366</b>	<b>(972)</b>	<b>266,297</b>	<b>74,044</b>	<b>-</b>
<b>Tax effect of taxable temporary differences:</b>						
Loans to customers and allowance for loan losses	-	-	-	-	(148,530)	-
Property and equipment and intangible assets	(10,813)	(25,916)	-	(36,729)	(58,695)	-
Other	(1,458)	(1,924)	-	(3,382)	(33,145)	-
<b>Deferred tax liability</b>	<b>(12,271)</b>	<b>(27,840)</b>	<b>-</b>	<b>(40,111)</b>	<b>(240,370)</b>	<b>-</b>
<b>Deferred tax asset, net</b>	<b>116,632</b>	<b>110,526</b>	<b>(972)</b>	<b>226,186</b>	<b>(166,326)</b>	<b>-</b>

As of December 31, 2007 and 2006 the Bank has approximately RUR 903,212 and RUR 1,023,087 of tax losses available for relief against future profits, respectively. These tax losses can be carried forward for 10 years from the end of the year in which the respective loss was incurred.

Commercial bank “Renaissance Capital” (Limited liability company)

Notes to the Financial Statements (continued)

Year ended December 31, 2007

(Thousands of Russian Rubles)

**9. Property and Equipment**

The movements in property and equipment were as follows:

	<b>Furniture and fixtures</b>	<b>Computers and office equipment</b>	<b>Total</b>
<b>Cost</b>			
<b>December 31, 2006</b>	<b>99,837</b>	<b>369,615</b>	<b>469,452</b>
Additions	152,013	591,950	743,963
Disposals	(1,311)	(143)	(1,454)
<b>December 31, 2007</b>	<b>250,539</b>	<b>961,422</b>	<b>1,211,961</b>
<b>Accumulated depreciation</b>			
<b>December 31, 2006</b>	<b>10,382</b>	<b>84,226</b>	<b>94,608</b>
Charge	30,474	155,492	185,966
Disposals	-	(34)	(34)
<b>December 31, 2007</b>	<b>40,856</b>	<b>239,684</b>	<b>280,540</b>
<b>Net book value</b>			
<b>December 31, 2006</b>	<b>89,455</b>	<b>285,389</b>	<b>374,844</b>
<b>December 31, 2007</b>	<b>209,683</b>	<b>721,738</b>	<b>931,421</b>
	<b>Furniture and fixtures</b>	<b>Computers and office equipment</b>	<b>Total</b>
<b>Cost</b>			
<b>December 31, 2005</b>	<b>9,671</b>	<b>156,093</b>	<b>165,764</b>
Additions	90,487	214,291	304,778
Disposals	(321)	(769)	(1,090)
<b>December 31, 2006</b>	<b>99,837</b>	<b>369,615</b>	<b>469,452</b>
<b>Accumulated depreciation</b>			
<b>December 31, 2005</b>	<b>971</b>	<b>24,467</b>	<b>25,438</b>
Charge	9,412	59,789	69,201
Disposals	(1)	(30)	(31)
<b>December 31, 2006</b>	<b>10,382</b>	<b>84,226</b>	<b>94,608</b>
<b>Net book value:</b>			
<b>December 31, 2005</b>	<b>8,700</b>	<b>131,626</b>	<b>140,326</b>
<b>December 31, 2006</b>	<b>89,455</b>	<b>285,389</b>	<b>374,844</b>

Commercial bank “Renaissance Capital” (Limited liability company)

Notes to the Financial Statements (continued)

Year ended December 31, 2007

(Thousands of Russian Rubles)

**10. Intangible Assets**

The movements in computer software were as follows:

	<u>2007</u>	<u>2006</u>
<b>Cost</b>		
<b>January, 1</b>	<b>213,445</b>	<b>50,541</b>
Additions	197,001	162,935
Disposals	-	(31)
<b>December, 31</b>	<b>410,446</b>	<b>213,445</b>
<b>Accumulated depreciation</b>		
<b>January, 1</b>	<b>25,568</b>	<b>8,503</b>
Charge	48,385	17,065
Disposals	-	-
<b>December, 31</b>	<b>73,953</b>	<b>25,568</b>
<b>Net book value</b>		
<b>December, 31</b>	<b>336,493</b>	<b>187,877</b>

During 2007 the Bank purchased computer software of RUR 21,366 from a related party, first payments under the agreements were performed in January 2008 (Note 11).

**11. Other Assets and Other Liabilities**

As of December 31, other assets comprise:

	<u>2007</u>	<u>2006</u>
Settlements with suppliers, customers and contractors	84,743	42,667
Receivables under insurance agency contracts	47,537	40,204
Forward deals	45,321	-
Prepayments	43,144	42,880
Current tax assets (Note 8)	11,537	9,722
Credit card deferred acquisition expenses	8,779	3,278
Other	15,646	1,044
<b>Other assets</b>	<b>256,707</b>	<b>139,795</b>

As of December 31, other liabilities comprise:

	<u>2007</u>	<u>2006</u>
Settlements with employees under payroll	244,654	92,942
Accrued expenses	174,133	37,140
Accrued retailer fees	160,528	62,804
Operating taxes payable	145,388	56,749
Forward deals	47,228	-
Settlements	39,571	13,422
<b>Other liabilities</b>	<b>811,502</b>	<b>263,057</b>

As of December 31, 2007 settlements include RUR 21,366 payable to related party (December 31, 2006: nil) (Note 10, 25).

Commercial bank “Renaissance Capital” (Limited liability company)

Notes to the Financial Statements (continued)

Year ended December 31, 2007

(Thousands of Russian Rubles)

**11. Other Assets and Other Liabilities (continued)**

**Derivative financial instruments**

The Bank enters into derivative financial instruments for risk mitigation purposes. All derivative financial deals are intended to lower balance sheet open currency position in USD. The table below shows the fair values of derivative financial instruments, recorded as assets or liabilities, together with their notional amounts. The notional amount, recorded gross, is the amount of a derivative’s underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at the year end and are not indicative of the credit risk.

	2007			2006		
	Notional principal	Fair value assets	Fair value liabilities	Notional principal	Fair value assets	Fair value liabilities
Foreign Exchange Forwards - foreign	7,630,800	16,713	(38,100)	-	-	-
Foreign Exchange Forwards - domestic	6,314,444	28,608	(9,128)	-	-	-
<b>Derivative financial instruments</b>	<b>13,945,244</b>	<b>45,321</b>	<b>(47,228)</b>	-	-	-

Forwards are contractual agreements to buy or sell a specified financial instrument at a specific price and date in the future. Forwards are customised contracts transacted in the over-the-counter market.

As of December 31, 2007 Foreign Exchange Forwards – foreign were concluded between the Bank and Renaissance Securities (Cyprus) Limited (a related party). As of December 31, 2007 Foreign Exchange Forwards – domestic were concluded with a Russian bank. All forward deals are recorded at fair value estimated based on quoted market prices.

**12. Amounts Due to Credit Institutions**

As of December 31, amounts due to credit institutions comprise:

	2007	2006
Deposits received from Russian banks	123,101	349,951
<b>Amounts due to credit institutions</b>	<b>123,101</b>	<b>349,951</b>

There was a high concentration of amounts due to credit institutions as of December 31, 2007: 100% of funds were received from OAO MDM Bank (December 31, 2006: 77% and 23% of funds were received from OAO MDM Bank and OAO Khanti-Mansiyskiy Bank, respectively).

Commercial bank “Renaissance Capital” (Limited liability company)

Notes to the Financial Statements (continued)

Year ended December 31, 2007

(Thousands of Russian Rubles)

**13. Amounts Due to Customers**

As of December 31, amounts due to customers include the following:

	<b>2007</b>	<b>2006</b>
Time deposits	8,351,388	2,147,751
Current accounts	6,733,602	889,560
<b>Amounts due to customers</b>	<b>15,084,990</b>	<b>3,037,311</b>

As of December 31, 2007 the Bank received from related parties RUR-denominated, USD-denominated and EUR-denominated time deposits for the total amount of RUR 1,389,644, RUR 893,478 and RUR 36,516, respectively, bearing average effective interest of 8.5%, 10.1% and 6.5% per annum, respectively, maturing in 2008 (Note 25).

As of December 31, 2006 the Bank received from two related parties RUR-denominated and USD-denominated term deposits for the total amount of RUR 1,718,720 and RUR 429,031, respectively, bearing average effective interest of 10.5% and 9.5% per annum, respectively, maturing in 2007 (Note 25).

As of December 31, 2007 current accounts due to customers of RUR 4,340,168 were due to related party customers (December 31, 2006: RUR 140,951) (Note 25).

As of December 31, amounts due to customers include accounts with the following types of customers:

	<b>2007</b>	<b>2006</b>
Private enterprises	13,060,769	2,388,969
Individuals	2,024,221	648,342
<b>Amounts due to customers</b>	<b>15,084,990</b>	<b>3,037,311</b>

As of December 31, an analysis of customer accounts by sector is as follows:

	<b>2007</b>	<b>2006</b>
Financial services	7,074,249	2,288,336
Oil & Gas	5,009,871	-
Individuals	2,024,221	648,342
Mass Media	500,767	-
Trade	379,232	85,340
Insurance	96,635	15,228
Manufacturing	15	-
Other	-	65
<b>Amounts due to customers</b>	<b>15,084,990</b>	<b>3,037,311</b>

Commercial bank “Renaissance Capital” (Limited liability company)

Notes to the Financial Statements (continued)

Year ended December 31, 2007

(Thousands of Russian Rubles)

**14. Debt Securities Issued**

	<b>Interest rate</b>	<b>Maturity</b>	<b>2007</b>	<b>2006</b>
Loan participation notes				
- RCF Ltd.	9.5%	June 2010	7,305,281	-
- Ensorte Enterprises Ltd. (2007 issue)	10.5%	October 2008	3,360,648	-
- Ensorte Enterprises Ltd. (2006 issue)	10.5%	May 2008	2,153,629	2,680,259
- E.M.I.S. Finance B.V.	12.0%	December 2008 - June 2009	738,534	-
- Reachcom Public Ltd.	10.5%	July 2007	-	4,438,856
			<b>13,558,092</b>	<b>7,119,115</b>
Documentary interest-bearing non-convertible bonds	10.45%	March 2010	2,055,511	-
Promissory notes issued	12.0%	January - March 2008	1,856,553	-
<b>Debt securities issued</b>			<b>17,470,156</b>	<b>7,119,115</b>

**Loan participation notes**

***RCF Ltd.***

In June 2007 the Bank obtained financing in the amount of USD 300,000 thousand through the issue of loan participation notes (being a Series 1 under USD 1,500,000 thousand Programme for issuance of loan participation notes at the Dublin Stock Exchange), which was organized through a special purpose entity Renaissance Consumer Funding Ltd. by two non-resident financial institutions.

***Ensorte Enterprises Ltd.***

In April 2007 the Bank obtained financing in the amount of RUR 3,290,000 through the issue of loan participation notes, which was organized through a special purpose entity Ensorte Enterprises Limited by one non-resident bank. The guarantor of this issue is Renaissance Capital International Services Limited (a related party). The Russian Ruble denominated loan participation notes were settled through Euroclear in U.S. Dollars.

In November 2006 the Bank obtained financing in the amount of RUR 2,660,000 through the issue of loan participation notes, which was organized through a special purpose entity Ensorte Enterprises Limited by one non-resident bank. The guarantor of this issue is Renaissance Capital International Services Limited (a related party). The Russian Ruble denominated credit loan participation notes were settled through Euroclear in U.S. Dollars.

In April 2007 the Bank repurchased part of these notes with a nominal value of RUR 532,000 plus accrued interest at 10.5% per annum. The Bank has recognised an insignificant effect from the extinguishment of that debt.

***E.M.I.S. Finance B.V.***

In December 2007 the Bank obtained financing in the amount of USD 30,000 thousand through several issues of loan participation notes, which were organized through a special purpose entity E.M.I.S. Finance B.V.

Commercial bank “Renaissance Capital” (Limited liability company)

Notes to the Financial Statements (continued)

Year ended December 31, 2007

*(Thousands of Russian Rubles)*

**14. Debt Securities Issued (continued)**

**Loan participation notes (continued)**

***Reachcom Public Ltd.***

In July and December 2006 the Bank obtained financing in the amount of RUR 3,500,000 and RUR 790,000, respectively, through the issue of loan participation notes, which was organized through a special purpose entity Reachcom Public Limited (a related party) by two non-resident banks. The guarantor of this issue is Renaissance Capital International Services Limited (a related party). The Russian Rouble denominated loan participation notes were settled through Euroclear in U.S. Dollars.

In April 2007 the Bank repurchased part of these notes with a nominal value of RUR 625,000 plus accrued interest at 10.5% per annum. The Bank has recognised a loss of RUR 2,287 from extinguishment of that debt.

In July 2007 the Bank repaid in full its loan participation notes of RUR 3,855,831, including accrued interest of RUR 190,831.

**Documentary interest-bearing non-convertible bonds**

In November 2006, CBR registered the Bank’s issue #40103354B of 2,000,000 rouble-denominated documentary interest-bearing non-convertible bonds with par value of RUR 1 each. The bonds were placed under open subscription on March 6, 2007. The bonds mature in March 2010, and the principal is repaid at maturity. Bondholders may present bonds for repurchase at par plus accrued coupon when the Bank changes coupon interest rate, and in the event of certain payment terms not being followed by the Bank. The first put option may be exercised in September 2008 at par plus accrued coupon. Interest is payable semi-annually, the interest rate for the first, second and third coupon payments was fixed at 10.45% per annum during the initial subscription auction held on March 6, 2007. The interest rate for the three subsequent payments will be assigned by the issuer at its sole discretion.

The guarantor of the issue is Renaissance Capital - International services Ltd (a related party). The Bank recognized commissions of RUR 15,130 (out of which RUR 14,750 was paid to a related party) in respect of issue of the above documentary interest-bearing non-convertible bonds. The commission paid was included into transaction costs and recognized as an adjustment to the effective yield of these bonds.

In August 2007, CBR registered the Bank’s issues #40203354B and #40303354B of 3,000,000 and 4,000,000 rouble-denominated documentary interest bearing non-convertible bonds with par value of RUR 1 each. The bonds are to be placed under open subscription within one year of the registration.

Commercial bank “Renaissance Capital” (Limited liability company)

Notes to the Financial Statements (continued)

Year ended December 31, 2007

(Thousands of Russian Rubles)

**14. Debt Securities Issued (continued)**

**Promissory notes issued**

As of December 31, 2007 promissory notes are represented by discount promissory notes denominated in US Dollars having nominal value of RUR 1,888,040. The promissory notes were issued to foreign entity (a related party).

**15. Other Borrowed Funds**

As of December 31, other borrowed funds include the following:

	<b>Interest rate</b>	<b>Maturity</b>	<b>2007</b>	<b>2006</b>
Ensorte Enterprises Ltd.	12.0%	November 2008	2,976,201	-
Syndicated loan	floating	February 2008	617,798	-
European Bank for Reconstruction and Development	floating	February 2009	536,236	845,305
IRRUS S.a.r.l. Luxembourg	12.5%	June 2008	282,128	-
<b>Other borrowed funds</b>			<b>4,412,363</b>	<b>845,305</b>

Other borrowed funds represent loans from non-resident financial institutions with the purpose to finance lending operations of the Bank.

***Ensorte Enterprises Ltd.***

In November 2007 the Bank obtained loan from Ensorte Enterprises Limited in the amount of USD 120,000 thousand with fixed interest rate of 12% per annum.

***Syndicated loan***

In February 2007 the Bank obtained syndicated loan arranged by Raiffeisen Zentralbank Österreich Aktiengesellschaft, CJSC “Raiffeisenbank Austria”, Standard Bank Plc and CJSC “Standard Bank” denominated in US Dollars with floating interest rate of Libor(3m) plus 3.9% and the mandatory costs (specific fees in addition to interest rate) (the effective interest rate comprised 8.6% per annum - as of December 31, 2007).

***European Bank for Reconstruction and Development***

As of December 31, 2007 and December 31, 2006 other borrowed funds include loan from European Bank for Reconstruction and Development denominated in Russian Rubles with floating interest rate of MosPrime3 rate plus 3.75% (the effective interest rate comprised 10.4% per annum - as of December 31, 2007, and 9.6% per annum - as of December 31, 2006).

***IRRUS S.a.r.l. Luxembourg***

In December 2007 the Bank obtained a loan under credit facility agreement with IRRUS S.a.r.l. Luxembourg (a related party) denominated in EUR with fixed interest rate of 12.5% (Note 7, Note 25).

Commercial bank “Renaissance Capital” (Limited liability company)

Notes to the Financial Statements (continued)

Year ended December 31, 2007

*(Thousands of Russian Rubles)*

**16. Net Assets Attributable to the Participant**

The Bank was founded as a limited liability company with a sole participant. As of December 31, 2007 and 2006 charter capital totalled RUR 501,000. Charter capital was formed by contribution of RUR 30,000 in December 2000 and RUR 471,000 in July 2001.

During 2007 the Bank’s participant transferred funds to the Bank in the amount of RUR 4,822,826 in form of debt free financing (during 2006: RUR 1,188,750).

On November 21, 2007 the Bank and its sole participant signed the agreement for transferring funds by several tranches to the Bank totalling RUR 3,000,000 in the form of debt free financing till December 31, 2008. Out of these funds RUR 1,410,326 were received in 2007.

In accordance with the Russian legislation, participants in limited liability companies may unilaterally withdraw from the company. In such cases the company will be obliged to pay the withdrawing participant’s share of net assets of the company, determined on the basis of statutory accounting reports for the year of withdrawal, in cash or, subject to consent of the participant, by in-kind transfer of assets. The payment should be made no later than six months after the end of the year of the withdrawal.

**17. Commitments and Contingencies**

**Operating environment**

Whilst there have been improvements in the Russian economic situation, such as an increase in gross domestic product and a reduced rate of inflation, Russia continues economic reforms and development of its legal, tax and regulatory frameworks as required by a market economy. The future stability of the Russian economy is largely dependent upon these reforms and developments and the effectiveness of economic, financial and monetary measures undertaken by the government.

**Legal**

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

Commercial bank “Renaissance Capital” (Limited liability company)

Notes to the Financial Statements (continued)

Year ended December 31, 2007

(Thousands of Russian Rubles)

**17. Commitments and Contingencies (continued)**

**Taxation**

Russian tax, currency and customs legislation is subject to varying interpretations, and changes, which can occur frequently and at short notice. Management's interpretation of such legislation as applied to the transactions and activity of the Bank may be challenged by the relevant regional and federal authorities. Trends within the Russian Federation suggest that the tax authorities are taking a more assertive position in its interpretation of the legislation and assessments and it is possible that transactions and activities that have not been challenged in the past may be challenged in the future, and if successful, additional taxes, penalties and interest may be assessed. Fiscal periods remain open to review by the authorities in respect of taxes for three calendar years preceding the year of review. Under certain circumstances reviews may cover longer periods.

The Bank determined its tax liabilities arising from intercompany transactions using actual transaction prices. It is possible with the evolution of the interpretation of the transfer pricing rules in the Russian Federation and the changes in the approach of the Russian tax authorities, that such transfer prices could potentially be challenged in the future.

Based upon management's understanding of the tax regulations, management believes its interpretation of the relevant tax legislation is reasonable and will be sustainable. Moreover management believes that the Bank has accrued all applicable taxes. However, the interpretations of the relevant authorities could differ and if the authorities were successful in enforcing their interpretation additional taxes and related fines and penalties may be assessed, the effect of which cannot be practicably estimated, but could be significant to the financial condition of the Bank. Therefore, filing positions taken by the Management, if successfully challenged by virtue of varying interpretations of tax law by the tax authorities, might have an effect on the amount of loss carried forward available to the Bank.

**Commitments and contingent liabilities**

As of December 31, the Bank's financial commitments and contingencies comprised the following:

	<u>2007</u>	<u>2006</u>
Undrawn loan commitments	6,939,934	1,784,538
Guaranties issued	110,458	-
<b>Financial commitments and contingencies</b>	<b><u>7,050,392</u></b>	<b><u>1,784,538</u></b>

**Operating lease commitments**

The Bank entered into commercial leases for rent of non-residential premises under non-cancellable operating lease agreements. These leases have on average life between 1 and 5 years with a renewal option included in the contracts.

Commercial bank “Renaissance Capital” (Limited liability company)

Notes to the Financial Statements (continued)

Year ended December 31, 2007

(Thousands of Russian Rubles)

**17. Commitments and Contingencies (continued)**

**Operating lease commitments (continued)**

As of December 31, the Bank’s operating lease commitments comprised the following:

	<u>2007</u>	<u>2006</u>
Not later than 1 year	165,330	50,837
Later than 1 year but not later than 5 years	204,843	66,793
<b>Lease commitments</b>	<b><u>370,173</u></b>	<b><u>117,630</u></b>

The Bank has recognized RUR 197,997 lease expenses for 2007 (2006: RUR 97,171).

**Insurance**

The Bank has not currently obtained insurance coverage related to liabilities arising from errors or omissions. Liability insurance is generally not available in Russia at present.

**Trust Activities**

The Bank provides trust services to individuals and legal entities, whereby it holds and manages assets or invests funds received in various financial instruments at the direction of the customer. The Bank receives fee income for providing these services. Trust assets are not assets of the Bank and are not recognised in the balance sheet. The Bank is not exposed to any credit risk relating to such placements, as it does not guarantee these investments. The Bank may only be liable for losses or actions aimed at appropriation of the clients’ funds if such funds or securities are not returned to the client due to gross negligence or wilful misconduct by the Bank. The maximum potential financial risk of the Bank at any given moment is equal to the volume of the clients’ funds plus/minus any unrealized gains / losses on the assets under the Bank’s management. As of December 31, 2007 the total assets held by the Bank on behalf of customers were RUR 1,563,654 (December 31, 2006: nil).

Commercial bank “Renaissance Capital” (Limited liability company)

Notes to the Financial Statements (continued)

Year ended December 31, 2007

(Thousands of Russian Rubles)

**18. Net Fee and Commission Income**

For the year ended December 31, net fee and commission income comprise:

	<b>2007</b>	<b>2006</b>
Insurance agent’s fees	2,583,751	475,261
Commissions for transactions with credit cards	208,985	51,861
Commission for credit related services	39,320	2,755
Commission on settlements transactions	27,999	14,779
Trust and other fiduciary activities	2,536	-
Other	2,941	901
<b>Fee and commission income</b>	<b>2,865,532</b>	<b>545,557</b>
Fixed fees paid to retailers	(128,633)	(37,725)
Commission fees paid to insurance companies	(108,771)	(9,899)
Credit cards commission fee	(69,580)	(22,197)
Settlements operations	(7,437)	(1,789)
Other	(2,936)	(1,289)
<b>Fee and commission expense</b>	<b>(317,357)</b>	<b>(72,899)</b>
<b>Net fee and commission income</b>	<b>2,548,175</b>	<b>472,658</b>

**19. Gains less Losses from Available-For-Sale Securities**

Gains less losses from available-for-sale securities comprise:

	<b>2007</b>	<b>2006</b>
Realized gains less losses from transactions with securities	-	(665)
<b>Gains less losses from available-for-sale securities</b>	<b>-</b>	<b>(665)</b>

Unrealized gain on available-for-sale securities for 2005 of RUR 4,051 (net of deferred income tax of RUR 972 (Note 8)) was reclassified to above realized gains less losses from transactions with securities for 2006 upon sale of the securities.

Commercial bank “Renaissance Capital” (Limited liability company)

Notes to the Financial Statements (continued)

Year ended December 31, 2007

(Thousands of Russian Rubles)

**20. Compensation and Benefits, General Administrative and Operating Expenses**

Compensation and benefits, general administrative and operating expenses comprise:

	<b>2007</b>	<b>2006</b>
Salaries and bonuses	1,544,736	642,770
Social security costs	256,463	103,672
Other staff related expenses	12,133	4,722
<b>Compensation and benefits</b>	<b>1,813,332</b>	<b>751,164</b>
Premises expenses	256,987	132,677
Marketing and advertising	185,519	82,096
Information technology	158,010	54,019
Communications and market data	161,764	66,847
Legal services related to collecting bad debts	157,267	24,354
Office supplies	141,160	17,557
Travel and entertainment	77,440	30,191
Training and education	47,317	7,099
Professional services	44,617	18,677
Recruitment	35,719	20,758
Postage	15,085	37,501
Membership fees	1,912	2,321
Other	1,760	914
<b>General administrative and operating expenses</b>	<b>1,284,557</b>	<b>495,011</b>

**21 Provisions for Undrawn Loan Commitments**

The movements in provisions for undrawn loan commitments on issued credit cards were as follows:

	<b>2007</b>	<b>2006</b>
<b>Opening balance, January 1</b>	-	4,925
(Reversal) / Charge	-	(4,925)
<b>Closing balance, December 31</b>	-	-

Provisions for undrawn loan commitments on issued credit cards are recorded in other liabilities.

Commercial bank “Renaissance Capital” (Limited liability company)

Notes to the Financial Statements (continued)

Year ended December 31, 2007

*(Thousands of Russian Rubles)*

## **22. Risk Management**

### **Introduction**

Risk is inherent in the Bank’s activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk policies, limits and other controls. This process of risk management is critical to the Bank’s continuing profitability and each individual within the Bank is accountable for the risk exposures relating to his or her responsibilities. The Bank is exposed to credit risk, liquidity risk and market risk. It is also subject to operational risks.

The independent risk control process does not include business risks such as changes in the environment and industry. They are monitored through the Bank’s strategic planning process.

#### *Risk management structure*

The Board of Directors is ultimately responsible for high-level risk monitoring and management; however, there are separate independent bodies responsible for identifying, managing and monitoring risks.

#### *Board of Directors*

The Board of Directors is responsible for the overall risk management approach and for approving the risk strategies and principles.

#### *Management board*

The Management Board has the responsibility to monitor the overall risk process within the Bank. The Management Board, inter alia, approves Bank’s liquidity assessment and management policy, overall credit risk policy, limits, general principles of market risk management, establishes open currency position, liquidity assessment and management procedures, liquidity requirements, minimum necessary levels of liquid assets and maturity mismatch limits.

#### *Credit committee*

The Credit Committee has the overall responsibility for the development of the risk strategy and implementing principles, frameworks, policies and limits. The Credit Committee monitors Bank’s credit risks exposure. The Credit Committee advises the Management Board on the approval of the terms of Bank’s standard credit products, individual credit transactions, credit risk categories, provisioning principles, decisions on the loan origination and write-off policies.

Commercial bank “Renaissance Capital” (Limited liability company)

Notes to the Financial Statements (continued)

Year ended December 31, 2007

*(Thousands of Russian Rubles)*

**22. Risk Management (continued)**

**Introduction (continued)**

*Assets and liabilities management committee*

The Assets and Liabilities Management Committee advises the Management Board on the approval of Bank’s policy with respect to capital adequacy and market risks, including market limits, Bank’s assets and liabilities structure, Bank’s medium-term and long-term liquidity risk management policy, interest rate policy and charges with respect to individual credit products.

*Risk management department*

The Risk Management Department is responsible for overall risk management including monitoring, identification, assessment and maintenance of due quality of Bank’s loan portfolio.

*The internal control department*

The Internal Control Department assesses the adequacy of, and compliance with the regulations of the CBR, internal procedures and professional standards at all levels throughout the Bank. Risk management processes throughout the Bank are audited annually by the internal audit function, which examines both the adequacy of the procedures and the Bank’s compliance with the procedures.

*Treasury department*

The Treasury Department is responsible for managing Bank’s liquidity, interest rate and currency risks.

*Risk measurement and reporting systems*

The Bank’s risks are measured using a method which reflects both the expected loss likely to arise in normal circumstances and unexpected losses, which are an estimate of the ultimate actual loss based on statistical models and depending on risk type. The models make use of probabilities derived from historical experience, adjusted to reflect the economic environment. The Bank also runs worse case scenarios that would arise if the extreme events which are unlikely to occur do, in fact, occur. In addition the Bank monitors and measures the overall risk bearing capacity in relation to the aggregate risk exposure across all risks types and activities.

Information compiled from all the Bank’s activities is examined and processed in order to analyse, control and identify early risks. This information is presented and explained to the Management Board and the head of each business division. The report includes aggregate credit exposure, special credit metrics, targets and forecasts, and risk profile changes.

Commercial bank “Renaissance Capital” (Limited liability company)

Notes to the Financial Statements (continued)

Year ended December 31, 2007

*(Thousands of Russian Rubles)*

**22. Risk Management (continued)**

**Introduction (continued)**

The Bank has implemented a management reporting system that requires the preparation, by the departments of the Bank responsible for the implementation of the Bank’s risk management system, of the following reports and calculations:

- on a daily basis—sales report, treasury report and operating expenses report;
- on a weekly basis—consumer business report, balance sheet and profit and loss statements analysis, liquidity report, interest rate risk and calculation and key risk indicators report; and
- on a monthly basis—IFRS financial statements, an operational risk report and a report on asset quality describing the status of the Bank’s loan portfolio. The Board of Directors receives a comprehensive asset quality and risk report which is designed to provide all the necessary information to assess and conclude on the risks of the Bank.

*Excessive risk concentration*

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions, or specific credit product with a certain risk profile dominates in the Bank’s loan portfolio. Concentrations indicate the relative sensitivity of the Bank’s performance to developments affecting a particular credit product or industry or geographical location.

In order to avoid excessive concentrations of risks, the Bank’s policies and procedures include specific guidelines to focus on maintaining a diversified loan portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

*Risk mitigation*

As part of its overall risk management, the Bank uses derivatives and other instruments to manage exposures resulting from changes in interest rates, foreign currencies and exposures arising from forecast transactions.

The Bank uses collateral to reduce its credit risks.

Commercial bank “Renaissance Capital” (Limited liability company)

Notes to the Financial Statements (continued)

Year ended December 31, 2007

*(Thousands of Russian Rubles)*

**22. Risk Management (continued)**

**Credit risk**

The Bank is exposed to credit risk, which is the risk that a borrower or counterparty will be unable to pay amounts in full when due. Credit risk arises mainly in the context of the Bank’s consumer finance activities and interbank operations.

The general principles of the Bank’s credit policy are outlined in its risk management policy, credit policy, regulations on risk management and supporting policies. The credit policy outlines credit risk control and monitoring procedures and the Bank’s risk management systems.

Credit risk arising in the context of the Bank’s consumer lending activities is managed by the Risk Management Department. The Risk Management Department is responsible for approving the risk profile of new consumer finance products and developing and validating the models used by the scoring system for assessing a borrower’s probability of default under a loan.

Credit limits with respect to consumer loan applications are established either automatically by the Bank’s scoring system or advised by the Credit Committee. The Bank manages its overall credit risks by placing limits on the maximum amount of each loan product, on maximum amount of loans extended to the related borrowers and on loans extended to the borrowers related to the Bank.

The credit risk assessment starts when a loan application is made. The scoring system uses proprietary models which take into account the acceptance level to risk level ratio.

The Bank makes most of credit risk evaluation on a portfolio basis provided that individual loans are not of significant size and have not been considered individually impaired. It is the Bank’s policy to maintain accurate and consistent risk assessment across the credit portfolio. This facilitates focused management of the applicable risks and the comparison of credit exposures across all lines of business, geographic location and products. The risk assessment system is supported by a variety of financial analytics, combined with processed market information to provide the main inputs for the measurement of loan portfolio and counterparty risk. All internal risk assessments are tailored to the various categories and are derived in accordance with the Bank’s risk policy. The attributable risk ratios are assessed and updated regularly.

For auto loans and mortgage loans the Bank uses collateral to mitigate its credit risks.

The Bank has also established a credit quality review process to provide early identification of possible changes in the quality of interbank portfolio and creditworthiness of counterparties. Counterparty limits are established by the use of a credit risk classification system, which assigns each counterparty a risk rating. Risk ratings are subject to regular revision. The credit quality review process allows the Bank to assess the potential loss as a result of the risks to which it is exposed and take corrective action.

Commercial bank “Renaissance Capital” (Limited liability company)

Notes to the Financial Statements (continued)

Year ended December 31, 2007

(Thousands of Russian Rubles)

**22. Risk Management (continued)**

**Credit risk (continued)**

*Derivative financial instruments*

Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values, as recorded in the balance sheet.

*Credit-related commitments risks*

With respect to undrawn loan commitments the Bank is potentially exposed to loss in an amount equal to the total amount of such commitments. However, the likely amount of loss is less than that, since most commitments are contingent upon certain conditions set out in the loan agreements.

The maximum credit risk exposure, ignoring the fair value of any collateral, in the event other parties fail to meet their obligations under financial instruments is equal to the carrying value of financial assets as presented in these financial statements and the disclosed financial commitments.

The table below shows the maximum exposure to credit risk for the components of the balance sheet, including derivatives. The maximum exposure is shown gross, before the effect of mitigation through the use of master netting and collateral agreements.

		<b>Gross maximum exposure</b>	<b>Gross maximum exposure</b>
	<b>Notes</b>	<b>2007</b>	<b>2006</b>
Loans to customers	7	38,423,609	12,159,925
Cash and cash equivalents (excluding cash on hand)	5	4,710,105	712,727
Amounts due from credit institutions	6	610,607	309,836
Other assets		245,170	130,073
		<b>43,989,491</b>	<b>13,312,561</b>
Financial commitments and contingencies	17	7,050,392	1,784,538
<b>Total credit risk exposure</b>		<b>51,039,883</b>	<b>15,097,099</b>

Where financial instruments are recorded at fair value, the amounts shown above represent the current credit risk exposure but not the maximum risk exposure that could arise in the future as a result of changes in values.

See “Analysis of collateral” in Note 7 “Loans to Customers” for the details of types of collateral held and used to mitigate credit risk.

Commercial bank “Renaissance Capital” (Limited liability company)

Notes to the Financial Statements (continued)

Year ended December 31, 2007

(Thousands of Russian Rubles)

**22. Risk Management (continued)**

**Credit risk (continued)**

*Credit quality per class of financial assets*

The credit quality of financial assets is managed predominantly but not exclusively by the Bank’s internal credit ratings. The table below shows the credit quality by class of asset for loan-related balance sheet lines, based on the Bank’s credit rating system.

	Notes	Neither past due or individually impaired		Past due or individually impaired	Total
		High grade	Sub-standard grade		
		2007			
<b>Amounts due from credit institutions</b>	6	610,607	-	-	<b>610,607</b>
<b>Loans to customers</b>	7				
Instalment loans		15,618,722	466,840	1,497,856	<b>17,583,418</b>
General purpose loans		8,972,387	560,320	2,701,357	<b>12,234,064</b>
Auto loans		5,822,538	161,150	1,242,768	<b>7,226,456</b>
Credit Cards		2,194,080	200,728	620,944	<b>3,015,752</b>
Mortgage		92,593	3,427	23,605	<b>119,625</b>
Employees loans		57,899	-	1,750	<b>59,649</b>
		<u>32,758,219</u>	<u>1,392,465</u>	<u>6,088,280</u>	<u><b>40,238,964</b></u>
<b>Total</b>		<b><u>33,368,826</u></b>	<b><u>1,392,465</u></b>	<b><u>6,088,280</u></b>	<b><u>40,849,571</u></b>

	Notes	Neither past due or individually impaired		Past due or individually impaired	Total
		High grade	Sub-standard grade		
		2006			
<b>Amounts due from credit institutions</b>	6	309,836	-	-	<b>309,836</b>
<b>Loans to customers</b>	7				
Instalment loans		3,858,484	213,774	941,214	<b>5,013,472</b>
General purpose loans		1,713,493	152,075	882,944	<b>2,748,512</b>
Auto loans		2,939,513	124,648	916,936	<b>3,981,097</b>
Credit Cards		432,526	72,588	241,365	<b>746,479</b>
Mortgage		91,847	-	4,238	<b>96,085</b>
Employees loans		48,801	-	-	<b>48,801</b>
		<u>9,084,664</u>	<u>563,085</u>	<u>2,986,697</u>	<u><b>12,634,446</b></u>
<b>Total</b>		<b><u>9,394,500</u></b>	<b><u>563,085</u></b>	<b><u>2,986,697</u></b>	<b><u>12,944,282</u></b>

High grade loans to customers include loans with very low risk of default.

Sub-standard grade loans to customers include loans that are potentially weaker than high grade loans. Sub-standard grade loans are protected by current net worth and paying capacity of the borrower, or the collateral pledged. Loans classified as sub-standard are characterized by the possibility that the lender will sustain some loss if the deficiencies are not corrected. Some loss of interest is anticipated, but loss of principal is considered unlikely.

An analysis of past due loans, by age, is provided below. None of the past due loans are considered to be individually impaired.

Commercial bank “Renaissance Capital” (Limited liability company)

Notes to the Financial Statements (continued)

Year ended December 31, 2007

(Thousands of Russian Rubles)

**22. Risk Management (continued)**

**Credit risk (continued)**

*Aging analysis of past due but not individually impaired loans per class of financial assets*

The following table provides information on aging analysis of past due but not individually impaired loans per class of financial assets:

	2007						TOTAL
	Installment loans	General purpose	Autoloans	Credit cards	Mortgage Loans	Employees	
Overdue 1 – 60 days	876,256	1,621,194	950,314	313,340	15,445	561	<b>3,777,109</b>
Overdue 61 – 120 days	267,290	503,015	123,117	137,646	1,273	3	<b>1,032,344</b>
Overdue 121 – 180 days	186,977	333,772	76,372	100,246	-	156	<b>697,524</b>
Overdue 181 – 240 days	167,333	243,376	66,787	69,711	-	1,030	<b>548,237</b>
Overdue 241 – 270 days	-	-	26,179	-	6,887	-	<b>33,066</b>
<b>Total past due but not individually impaired loans</b>	<b>1,497,856</b>	<b>2,701,357</b>	<b>1,242,769</b>	<b>620,943</b>	<b>23,605</b>	<b>1,750</b>	<b>6,088,280</b>

	2006						TOTAL
	Installment loans	General purpose	Autoloans	Credit cards	Mortgage Loans	Employees	
Overdue 1 – 60 days	584,684	435,934	604,213	155,641	2,488	-	<b>1,782,960</b>
Overdue 61 – 120 days	152,848	197,017	99,526	47,378	1,750	-	<b>498,519</b>
Overdue 121 – 180 days	111,988	162,440	98,577	16,315	-	-	<b>389,320</b>
Overdue 181 – 240 days	91,694	87,553	78,254	22,031	-	-	<b>279,532</b>
Overdue 241 – 270 days	-	-	36,366	-	-	-	<b>36,366</b>
<b>Total past due but not individually impaired loans</b>	<b>941,214</b>	<b>882,944</b>	<b>916,936</b>	<b>241,365</b>	<b>4,238</b>	<b>-</b>	<b>2,986,697</b>

See Note 7 for more detailed information with respect to the allowance for impairment of loans to customers.

*Impairment assessment*

The allowance for loan impairment is established if there is objective evidence that the Bank will not be able to collect the amounts due according to the original contractual terms. The amount of the allowance is the difference between the carrying amount and estimated recoverable amount calculated as the present value of expected cash flows, including amounts recoverable from collateral, discounted at the instrument’s original effective interest rate. The allowance for loan impairment covers losses where there is objective evidence that probable losses are present in components of the loan portfolio at the balance sheet date. The Bank addresses impairment assessment in two areas: individually assessed allowances and collectively assessed allowances. These have been estimated based upon historical patterns of losses in each component (with respect to consumer finance products, which are collectively assessed) and the risk groups assigned to the borrowers (for counterparties, which are individually assessed).

Commercial bank “Renaissance Capital” (Limited liability company)

Notes to the Financial Statements (continued)

Year ended December 31, 2007

*(Thousands of Russian Rubles)*

**22. Risk Management (continued)**

**Credit risk (continued)**

*Individually assessed allowances*

The Bank determines the allowances appropriate for each individually significant loan on an individual basis. Items considered when determining allowance amounts include the sustainability of the counterparty’s business plan, its ability to improve performance once a financial difficulty has arisen, projected receipts and the expected dividend payout should bankruptcy ensue, the availability of other financial support and the realisable value of collateral, and the timing of the expected cash flows. The impairment losses are evaluated at each reporting date, unless unforeseen circumstances require more careful attention.

*Collectively assessed allowances*

The Bank assesses the appropriateness of the collectively assessed allowance for credit losses on a monthly basis. In particular, with respect to consumer finance products, the Bank makes provisions on a portfolio basis, provided that individual loans are not of significant size and have not been considered individually impaired. In evaluating appropriate levels of reserve for consumer credit portfolios, the Bank sub-divides all loans into what it perceives as homogeneous portfolios. The main purpose is to put products that have similar characteristics into one portfolio. A homogeneous portfolio is defined by its expected profit and loss measure. Revenue is determined through portfolio characteristics such as rates, term of the loan, maximum credit line, size of a down payment, and presence and size of collateral. Loss is determined through the expected write-off rate. Homogeneous portfolios can be grouped according to different partnerships, distribution channel, and regions of operation if expected profit and loss is sufficiently different due to variability in loan characteristics. Allowances are evaluated on each reporting date with each portfolio receiving a separate review.

The Bank has been able to base provisions on its own statistical models taking into account long-term average losses that are expected due to the non-repayment of contracted amounts. These models are taking account of likely future developments of the portfolio based on past statistical information, including business cycle/seasoning effects, etc. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove effects of conditions in the historical period that do not exist currently. The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Bank to reduce any differences between loss estimates and actual loss experience and also to ensure alignment with the Bank’s overall policy.

Commercial bank “Renaissance Capital” (Limited liability company)

Notes to the Financial Statements (continued)

Year ended December 31, 2007

(Thousands of Russian Rubles)

**22. Risk Management (continued)**

**Credit risk (continued)**

*Write-off policy*

All loans that are 240 (for unsecured loans) and 270 (for secured loans) days past due or more are considered written-off as the probability of collecting the outstanding amounts is very low at that point. Such loans including all accrued interest should be written-off from balance sheet.

For loans less than 1% of the Bank’s statutory capital, the decision is taken on a portfolio basis. The Bank monthly identifies for each portfolio, the loans and amounts that satisfy the write-off criteria. The write off is approved monthly by Risk Management Department and Finance Department. The amount written off is subsequently reviewed by members of the Credit Committee.

If the loan size is more than 1% of the Bank’s statutory capital the decision is made by Management Board or Participant accompanied with legal acts and other documents required.

However, Bank’s collection team continues to manage the collection efforts in an attempt to collect for future recoveries.

**Geographical concentration**

The following table shows the geographical concentration of Bank’s monetary assets and liabilities as of December 31, 2007 and 2006:

	2007				2006			
	Russia	OECD	CIS and other foreign countries	Total	Russia	OECD	CIS and other foreign countries	Total
<b>Assets:</b>								
Cash and cash equivalents	1,355,576	2,644,828	906,483	<b>4,906,887</b>	379,650	391,531	-	<b>771,181</b>
Amounts due from credit institutions	481,897	79,380	49,330	<b>610,607</b>	200,691	16,777	92,368	<b>309,836</b>
Loans to customers	38,423,609	-	-	<b>38,423,609</b>	12,159,925	-	-	<b>12,159,925</b>
Other assets	239,994	-	16,713	<b>256,707</b>	139,784	11	-	<b>139,795</b>
	<b>40,501,076</b>	<b>2,724,208</b>	<b>972,526</b>	<b>44,197,810</b>	<b>12,880,050</b>	<b>408,319</b>	<b>92,368</b>	<b>13,380,737</b>
<b>Liabilities:</b>								
Amounts due to credit institutions	123,101	-	-	<b>123,101</b>	349,951	-	-	<b>349,951</b>
Amounts due to customers	10,698,255	2,469,274	1,917,461	<b>15,084,990</b>	3,035,928	1,383	-	<b>3,037,311</b>
Debt securities issued	3,043,340	11,195,985	3,230,831	<b>17,470,156</b>	-	6,226,921	892,194	<b>7,119,115</b>
Other borrowed funds	172,983	4,239,380	-	<b>4,412,363</b>	-	845,305	-	<b>845,305</b>
Other liabilities	773,402	-	38,100	<b>811,502</b>	263,057	-	-	<b>263,057</b>
	<b>14,811,081</b>	<b>17,904,639</b>	<b>5,186,392</b>	<b>37,902,112</b>	<b>3,648,936</b>	<b>7,073,609</b>	<b>892,194</b>	<b>11,614,739</b>
<b>Net balance sheet position</b>	<b>25,689,995</b>	<b>(15,180,431)</b>	<b>(4,213,866)</b>	<b>6,295,698</b>	<b>9,231,114</b>	<b>(6,665,290)</b>	<b>(799,826)</b>	<b>1,765,998</b>
<b>Net off balance sheet position</b>	<b>7,310,107</b>	-	<b>110,458</b>	<b>7,420,565</b>	<b>1,902,168</b>	-	-	<b>1,902,168</b>

Commercial bank “Renaissance Capital” (Limited liability company)

Notes to the Financial Statements (continued)

Year ended December 31, 2007

(Thousands of Russian Rubles)

**22. Risk Management (continued)**

**Liquidity risk and funding management**

The Bank is also exposed to liquidity risk, arising out of mismatches between the maturities of the Bank’s assets and liabilities which may result in the Bank being unable to meet its obligations in a timely manner.

Assets and Liabilities Management Committee is the body responsible for development and implementation of the liquidity management policy, advising on liquidity management actions, including approval of minimum safety margins applied to liquidity ratios established by regulations of the CBR, effective liquidity management and control over liquidity and implementation of relevant decisions made by the Management Board.

The Treasury Department controls instant and current liquidity of the Bank on the basis of information on inflow/withdrawal of funds accumulated in the operating banking day system and information on forthcoming inflow/withdrawal of funds predicted by the Asset Liability Management Department. Excess/deficit of liquidity is determined by the gap between the times of payment of claims and discharge of obligations. It involves evaluation of realistic times of asset realisation and discharge of obligations.

The Bank also has committed lines of credit that it can assess to meet liquidity needs. In addition, the Bank maintains a cash deposit (obligatory reserve) with the CBR, the amount of which depends on the level of customer funds attracted.

The liquidity position is assessed and managed by the Bank based on certain liquidity ratios established by the CBR. As at 31 December, these ratios were as follows:

	<u>2007, %</u>	<u>2006, %</u>
N2 “Instant Liquidity Ratio” (assets receivable or realisable within one day / liabilities repayable on demand)	62.6%	88.4%
N3 “Current Liquidity Ratio” (assets receivable or realisable within 30 days / liabilities repayable within 30 days)	75.4%	130.6%
N4 “Long-Term Liquidity Ratio” (assets receivable in more than one year / sum of capital and liabilities repayable in more than one year)	87.7%	79.6%

*Analysis of financial liabilities by remaining contractual maturities*

The table below summarises the maturity profile of the Bank’s financial liabilities at 31 December 2007 and 2006 based on contractual undiscounted repayment obligations. See note 24 “Maturity analysis of assets and liabilities” for the remaining (contractual) maturities of these liabilities. Repayments which are subject to notice are treated as if notice were to be given immediately. However, the Bank expects that many customers will not request repayment on the earliest date the Bank could be required to pay and the table does not reflect the expected cash flows indicated by the Bank’s deposit retention history.

Commercial bank “Renaissance Capital” (Limited liability company)

Notes to the Financial Statements (continued)

Year ended December 31, 2007

(Thousands of Russian Rubles)

**22. Risk Management (continued)**

**Liquidity risk and funding management (continued)**

Financial liabilities	On demand	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	No stated maturity	Total
<b>As at 31 December 2007</b>								
Amounts due to credit institutions	-	-	124,748	-	-	-	-	124,748
Amounts due to customers	4,264,589	3,285,905	2,428,824	5,387,598	-	-	-	15,366,916
Debt securities issued	-	630,131	1,362,122	7,014,892	11,246,558	-	-	20,253,703
Other borrowed funds	-	-	746,881	3,943,834	107,872	-	-	4,798,587
Other liabilities	13,355	60,704	568,768	167,453	1,222	-	-	811,502
<b>Total undiscounted financial liabilities</b>	<b>4,277,944</b>	<b>3,976,740</b>	<b>5,231,344</b>	<b>16,513,777</b>	<b>11,355,652</b>	-	-	<b>41,355,457</b>
<b>Financial commitments and contingencies</b>	<b>124,472</b>	<b>598,714</b>	<b>916,679</b>	<b>2,759,952</b>	<b>2,638,744</b>	<b>11,832</b>	-	<b>7,050,392</b>

Financial liabilities	On demand	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	No stated maturity	Total
<b>As at 31 December 2006</b>								
Amounts due to credit institutions	-	271,477	80,269	-	-	-	-	351,746
Amounts due to customers	889,560	-	1,272,922	935,797	-	-	-	3,098,278
Debt securities issued	-	193,896	-	4,789,613	2,799,267	-	-	7,782,777
Other borrowed funds	-	-	20,419	363,458	558,691	-	-	942,568
Other liabilities	494	25,320	180,308	-	11,711	-	45,224	263,057
<b>Total undiscounted financial liabilities</b>	<b>890,054</b>	<b>490,693</b>	<b>1,553,918</b>	<b>6,088,868</b>	<b>3,369,670</b>	-	<b>45,224</b>	<b>12,438,426</b>
<b>Financial commitments and contingencies</b>	<b>45,961</b>	<b>150,829</b>	<b>279,578</b>	<b>734,596</b>	<b>564,974</b>	<b>8,601</b>	-	<b>1,784,538</b>

Net assets attributable to the participant are repayable no later than six months after the end of the year when participant makes a decision to unilaterally withdraw from the company (Note 16).

The Bank expects that not all of the contingent liabilities or commitments will be drawn before expiry of the commitments.

The Bank has received significant funds from Renaissance Group. Any significant withdrawal of these funds would have an adverse impact on the operations of the Bank. Management believes that this level of funding will remain with the Bank for the foreseeable future and that in the event of withdrawal of funds, the Bank would be given sufficient notice so as to realise its liquid assets to enable repayment.

The maturity analysis does not reflect the historical stability of current accounts. Their liquidation has historically taken place over a longer period than indicated in the tables above. These balances are included in on demand amounts in the tables above.

Included in due to customers are term deposits of individuals. In accordance with the Russian legislation, the Bank is obliged to repay such deposits upon demand of a depositor (see Note 13).

Commercial bank “Renaissance Capital” (Limited liability company)

Notes to the Financial Statements (continued)

Year ended December 31, 2007

*(Thousands of Russian Rubles)*

**22. Risk Management (continued)**

**Market risk**

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchanges, and equity prices. The Bank classifies exposures to market risk into either trading or non-trading portfolios. Except for the concentrations within foreign currency, the Bank has no significant concentration of market risk.

As part of its overall risk management, the Bank uses derivatives to manage exposures resulting from changes in rates and exposures arising from transactions with foreign currencies.

**Market risk – trading**

The principal objective of the Bank’s market risk management is to limit and reduce possible losses on open market positions that may be incurred by the Bank due to adverse changes in currency exchange rates and interest rates. Limits on potential losses are established by the Management Board. The Treasury Department and the Risk Management Department monitor compliance with such limits. The Bank also manages its market risk through sub-limits for types of exposures to various types of securities and position limits for issuers, terms and individual instruments. Limits on securities are approved by the Management Board based on analysis performed by the Risk Management Department.

The Bank is not materially involved in trading operations due to nature of its core business. The Bank’s derivative operations are driven by one major factor: the need of the Bank to hedge its own risks, principally using foreign currency forwards, options and swaps.

**Market risk – non - trading**

*Interest rate risk*

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Bank is exposed to interest rate risk, principally as a result of lending at fixed interest rates in amounts and for periods that differ from those of its term borrowings at fixed interest rates. Interest margins on assets and liabilities having different maturities may decrease as a result of changes in market interest rates. The primary goal of the Bank’s interest rate risk management is to secure a stable positive margin between the interest income earned from its consumer lending activities and its cost of financing.

Management of interest rate risk and locking in interest margins is a key area for the Bank. The majority of the Bank’s assets and liabilities have fixed interest rates. The Bank manages its interest rate risk by setting limits and maintaining a margin (net interest income as a percentage of average total assets) sufficient to cover operational expenses and risk premium. The Bank’s interest rate risk is managed by the Treasury Department and limits are monitored on weekly basis.

Commercial bank “Renaissance Capital” (Limited liability company)

Notes to the Financial Statements (continued)

Year ended December 31, 2007

(Thousands of Russian Rubles)

**22. Risk Management (continued)**

**Market risk – non - trading (continued)**

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Bank’s income statement.

The sensitivity of the income statement is the effect of the assumed changes in interest rates on the net interest income for one year, based on the floating rate financial assets and financial liabilities held during the reporting year. The sensitivity of the income statement shows by what amount net interest income would have changed had the relevant reference rate (MosPrime, LIBOR) been different from its actual level at every repricing date during the reporting year.

Currency	Increase in basis points	Sensitivity of net interest income
	<i>2007</i>	
RUR	100	7,189
USD	75	4,088

Currency	Decrease in basis points	Sensitivity of net interest income
	<i>2007</i>	
RUR	150	(10,784)
USD	125	(6,814)

Currency	Increase in basis points	Sensitivity of net interest income
	<i>2006</i>	
RUR	100	8,377
USD	100	-

Currency	Decrease in basis points	Sensitivity of net interest income
	<i>2006</i>	
RUR	100	(8,377)
USD	100	-

Commercial bank “Renaissance Capital” (Limited liability company)

Notes to the Financial Statements (continued)

Year ended December 31, 2007

(Thousands of Russian Rubles)

**22. Risk Management (continued)**

**Market risk – non - trading (continued)**

*Currency risk*

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Bank is exposed to fluctuations in prevailing foreign currency exchange rates on its total financial position and cash flows.

Under the CBR regulations, the open currency position is limited to 10% of the Bank’s own statutory capital and may not exceed 20% of the Bank’s own statutory capital in aggregate for all currencies. The Bank carries out management of currency risk by using the open currency position limits. Using assumed trend and volatility of Russian Rouble rate to foreign currencies, the Bank minimises its exposure to material foreign exchange losses. Limits are determined for every currency and for totality of positions with the purpose of restriction of currency risk level. Exposure and open currency positions are managed and monitored on a daily basis. The Bank does not have speculative limits in foreign exchange operations.

The tables below indicate the currencies to which the Bank had significant exposure at 31 December 2007 and 2006 on its monetary assets and liabilities. The analysis calculates the effect of a reasonably possible movement of the currency rate against the Rouble, with all other variables held constant on the income statement (due to the fair value of currency sensitive non-trading monetary assets and liabilities). The effect on equity does not differ from the effect on the income statement. A negative amount in the table reflects a potential net reduction in income statement or equity, while a positive amount reflects a net potential increase.

Currency	Change in currency rate in %	Effect on profit before tax	Change in currency rate in %	Effect on profit before tax
	2007		2006	
USD	4.2%	(5,222)	3.7%	(305)
USD	-5.8%	7,212	-5.3%	437
EUR	3.2%	(1,200)	3.9%	181
EUR	-5.4%	2,025	-6.1%	(283)

*Early repayment risk*

Early repayment risk is the risk that the Bank will suffer from decrease in profitability because its customers repay loans earlier than expected. However the Bank is not sensitive to this risk as early repaid consumer loans are not significant in total volume of loans granted. Also in respect of certain types of loan products the Bank charges early repayment fee provided such loans are repaid within three months following their origination. The Bank doesn’t actively provide mortgage loans and doesn’t have significant credit exposure to borrowers or group of related borrowers due to nature of consumer lending activity which also mitigates early repayment risk.

Commercial bank “Renaissance Capital” (Limited liability company)

Notes to the Financial Statements (continued)

Year ended December 31, 2007

(Thousands of Russian Rubles)

**22. Risk Management (continued)**

**Operational risk**

The Bank defines operational risk as the risk of losses resulting from inadequate or failed internal processes, people and systems or from external events. This definition includes legal risk, but excludes strategic and reputation risk. The Bank monitors its operational risk profile and material exposures to operational losses on a regular basis. An effective monitoring process is essential for adequately managing operational risk. Regular monitoring activities help in detecting and correcting deficiencies in policies, business processes and procedures. Promptly detecting and addressing these deficiencies is aimed to reduce the likelihood, frequency and materiality of a loss event.

The Bank maintains operational risk management policies and internal controls which are built into the new products development process that the Bank follows. The Bank cannot expect to eliminate all operational risks, but through a control framework and by monitoring and responding to potential risks, the Bank is able to manage the risks. Controls include segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, including the use of internal audit. The Bank’s system of regular reporting of information to senior management supports its risk management.

**23. Fair Values of Financial Instruments**

Set out below is a comparison by class of the carrying amounts and fair values of the Bank’s financial instruments that are carried in the financial statements. The table does not include the fair values of non-financial assets and non-financial liabilities.

	Carrying value 2007	Fair value 2007	Unrecognised gain/(loss) 2007	Carrying value 2006	Fair value 2006	Unrecognised gain/(loss) 2006
<b>Financial assets</b>						
Cash and cash equivalents	4,906,887	4,906,887	-	771,181	771,181	-
Amounts due from credit institutions	610,607	610,607	-	309,836	309,836	-
Loans to customers	38,423,609	38,264,379	(159,230)	12,159,925	12,159,925	-
Other assets	256,707	256,707	-	139,795	139,795	-
<b>Financial liabilities</b>						
Amounts due to credit institutions	123,101	123,101	-	349,951	349,951	-
Amounts due to customers	15,084,990	15,084,990	-	3,037,311	3,037,311	-
Debt securities issued	17,470,156	16,852,575	617,581	7,119,115	7,119,115	-
Other borrowed funds	4,412,363	4,412,363	-	845,305	845,305	-
Other liabilities	811,502	811,502	-	263,057	263,057	-
<b>Total unrecognised change in unrealised fair value</b>			<b>458,352</b>			<b>-</b>

Commercial bank “Renaissance Capital” (Limited liability company)

Notes to the Financial Statements (continued)

Year ended December 31, 2007

*(Thousands of Russian Rubles)*

**23. Fair Values of Financial Instruments (continued)**

The following describes the methodologies and assumptions used to determine fair values for those financial instruments which are not already recorded at fair value in the financial statements.

*Assets for which fair value approximates carrying value*

For financial assets and financial liabilities that are liquid or having a short term maturity (less than three months) it is assumed that the carrying amounts approximate to their fair value. This assumption is also applied to demand deposits, savings accounts without a specific maturity and variable rate financial instruments.

*Fixed rate financial instruments*

The fair value of fixed rate financial assets and liabilities carried at amortised cost are estimated by comparing market interest rates when they were first recognised with current market rates offered for similar financial instruments. The estimated fair value of fixed interest bearing deposits is based on discounted cash flows using prevailing money-market interest rates for debts with similar credit risk and maturity. For quoted debt issued the fair values are calculated based on quoted market prices. For those notes issued where quoted market prices are not available, a discounted cash flow model is used based on a current interest rate yield curve appropriate for the remaining term to maturity.

Commercial bank “Renaissance Capital” (Limited liability company)

Notes to the Financial Statements (continued)

Year ended December 31, 2007

(Thousands of Russian Rubles)

**24. Maturity Analysis**

The following tables provide an analysis of banking assets and liabilities grouped on the basis of the remaining period from the balance sheet date to the contractual maturity date. See Note 22 “Risk management” for the Bank’s contractual undiscounted repayment obligations.

	2007									
	On demand	Less than 1 month	1 to 3 months	3 months to 1 year	Subtotal less than 12 months	1 to 5 years	More than 5 years	Subtotal over 12 months	No stated maturity	Total
<b>Assets:</b>										
Cash and cash equivalents	4,906,887	-	-	-	4,906,887	-	-	-	-	4,906,887
Amounts due from credit institutions	-	-	49,329	-	49,329	-	-	-	561,278	610,607
Loans to customers	689,150	2,703,277	5,075,279	15,280,737	23,748,443	14,609,659	65,507	14,675,166	-	38,423,609
Property and equipment	-	-	-	-	-	-	-	-	931,421	931,421
Intangible assets	-	-	-	-	-	-	-	-	336,493	336,493
Deferred tax asset	-	-	-	-	-	-	-	-	59,860	59,860
Other assets	-	84,195	113,381	51,482	249,058	7,649	-	7,649	-	256,707
	<b>5,596,037</b>	<b>2,787,472</b>	<b>5,237,989</b>	<b>15,332,219</b>	<b>28,953,717</b>	<b>14,617,308</b>	<b>65,507</b>	<b>14,682,815</b>	<b>1,889,052</b>	<b>45,525,584</b>
<b>Liabilities:</b>										
Amounts due to credit institutions	-	-	123,101	-	123,101	-	-	-	-	123,101
Amounts due to customers	4,264,589	3,271,908	2,415,304	5,133,189	15,084,990	-	-	-	-	15,084,990
Debt securities issued	-	627,581	1,331,289	6,563,995	8,522,865	8,947,291	-	8,947,291	-	17,470,156
Other borrowed funds	-	-	735,783	3,579,688	4,315,471	96,892	-	96,892	-	4,412,363
Other liabilities	13,355	60,704	568,768	167,453	810,280	1,222	-	1,222	-	811,502
	<b>4,277,944</b>	<b>3,960,193</b>	<b>5,174,245</b>	<b>15,444,325</b>	<b>28,856,707</b>	<b>9,045,405</b>	<b>-</b>	<b>9,045,405</b>	<b>-</b>	<b>37,902,112</b>
<b>Net balance sheet position</b>	<b>1,318,093</b>	<b>(1,172,721)</b>	<b>63,744</b>	<b>(112,106)</b>	<b>97,010</b>	<b>5,571,903</b>	<b>65,507</b>	<b>5,637,410</b>	<b>1,889,052</b>	<b>7,623,472</b>
<i>Accumulated gap</i>	<i>1,318,093</i>	<i>145,372</i>	<i>209,116</i>	<i>97,010</i>	<i>-</i>	<i>5,668,913</i>	<i>5,734,420</i>	<i>-</i>	<i>7,623,472</i>	<i>-</i>

Commercial bank “Renaissance Capital” (Limited liability company)

Notes to the Financial Statements (continued)

Year ended December 31, 2007

(Thousands of Russian Rubles)

**24. Maturity Analysis (continued)**

	2006									
	On demand	Less than 1 month	1 to 3 months	3 months to 1 year	Subtotal less than 12 months	1 to 5 years	More than 5 years	Subtotal over 12 months	No stated maturity	Total
<b>Assets:</b>										
Cash and cash equivalents	771,181	-	-	-	771,181	-	-	-	-	771,181
Amounts due from credit institutions	95,044	-	-	-	95,044	-	-	-	214,792	309,836
Loans to customers	579,215	158,567	377,858	4,681,730	5,797,370	6,264,784	97,771	6,362,555	-	12,159,925
Property and equipment	-	-	-	-	-	-	-	-	374,844	374,844
Intangible assets	-	-	-	-	-	-	-	-	187,877	187,877
Deferred tax asset	-	-	-	-	-	-	-	-	226,186	226,186
Other assets	2,691	69,239	32,284	17,405	121,619	14,938	-	14,938	3,238	139,795
	<b>1,448,131</b>	<b>227,806</b>	<b>410,142</b>	<b>4,699,135</b>	<b>6,785,214</b>	<b>6,279,722</b>	<b>97,771</b>	<b>6,377,493</b>	<b>1,006,937</b>	<b>14,169,644</b>
<b>Liabilities:</b>										
Amounts due to credit institutions	-	270,564	79,387	-	349,951	-	-	-	-	349,951
Amounts due to customers	889,560	-	2,052,351	95,400	3,037,311	-	-	-	-	3,037,311
Debt securities issued	-	-	-	4,438,856	4,438,856	2,680,259	-	2,680,259	-	7,119,115
Other borrowed funds	-	-	-	-	-	845,305	-	845,305	-	845,305
Other liabilities	495	25,320	180,309	-	206,124	11,711	-	11,711	45,222	263,057
	<b>890,055</b>	<b>295,884</b>	<b>2,312,047</b>	<b>4,534,256</b>	<b>8,032,242</b>	<b>3,537,275</b>	<b>-</b>	<b>3,537,275</b>	<b>45,222</b>	<b>11,614,739</b>
<b>Net balance sheet position</b>	<b>558,076</b>	<b>(68,078)</b>	<b>(1,901,905)</b>	<b>164,879</b>	<b>(1,247,028)</b>	<b>2,742,447</b>	<b>97,771</b>	<b>2,840,218</b>	<b>961,715</b>	<b>2,554,905</b>
<i>Accumulated gap</i>	<i>558,076</i>	<i>489,998</i>	<i>(1,411,907)</i>	<i>(1,247,028)</i>	<i>-</i>	<i>1,495,419</i>	<i>1,593,190</i>	<i>-</i>	<i>2,554,905</i>	<i>-</i>

Net assets attributable to the participant are repayable no later than six months after the end of the year when participant makes a decision to unilaterally withdraw from the company (Note 16). However, in the Russian marketplace, many short-term credits are granted with the expectation of renewing the loans at maturity. As such, the ultimate maturity of assets may be different from the analysis presented above. In addition, the maturity gap analysis does not reflect the historical stability of current accounts. Their liquidation has historically taken place over a longer period than indicated in the tables above. These balances are included in amounts due on demand in the tables above.

Commercial bank “Renaissance Capital” (Limited liability company)

Notes to the Financial Statements (continued)

Year ended December 31, 2007

(Thousands of Russian Rubles)

**25. Related Party Transactions**

In accordance with IAS 24 “Related Party Disclosures”, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

The volumes of related party transactions, outstanding balances as of December 31, 2007 and 2006 and related income and expense for the years ended December 31, 2007 and 2006 comprised:

	2007		2006	
	Key management personnel	Entities under common control	Key management personnel	Entities under common control
Cash and cash equivalents – opening	-	-	-	7,104
Cash and cash equivalents placed	-	4,782,229	-	1,017,482
Cash and cash equivalents withdrawn	-	(3,875,746)	-	(1,024,586)
Cash and cash equivalents – closing	-	<b>906,483</b>	-	-
Amounts due from credit institutions - opening	-	-	-	-
Placed on amounts due from credit institutions	-	207,290	-	-
Withdrawn from amounts due from credit institutions	-	(157,960)	-	-
Amounts due from credit institutions	-	<b>49,330</b>	-	-
Loans to customers – opening	10,880	-	2,057	-
Loans to customers issued	4,015	39,896	13,075	761,166
Loans to customers repaid	(9,904)	(39,896)	(4,252)	(761,166)
Loans to customers – closing	<b>4,991</b>	-	<b>10,880</b>	-
Less: Allowance for impairment	-	-	-	-
Loans to customers – closing, net	<b>4,991</b>	-	<b>10,880</b>	-
Other assets - opening	-	150	-	150
Other assets issued	160	32,791	-	14,276
Other assets repaid	(160)	(16,078)	-	(14,276)
Other assets - closing	-	<b>16,863</b>	-	<b>150</b>
Amounts due to customers - opening	672	2,288,030	20	284,119
Placed on customer accounts	35,672	43,727,804	31,057	10,438,502
Withdrawn from customer accounts	(35,976)	(39,356,396)	(30,405)	(8,434,591)
Amounts due to customers - closing	<b>368</b>	<b>6,659,438</b>	<b>672</b>	<b>2,288,030</b>
Debt securities issued - opening	-	-	-	1,008,315
Debt securities issued during the period	-	1,856,553	-	277,282
Debt securities repaid during the period	-	-	-	(1,285,597)
Debt securities issued - closing	-	<b>1,856,553</b>	-	-
Other borrowed funds - opening	-	-	-	-
Placed on other borrowed funds	-	282,128	-	-
Withdrawn from other borrowed funds	-	-	-	-
Other borrowed funds - closing	-	<b>282,128</b>	-	-
Other liabilities - opening	-	-	-	-
Other liabilities issued	-	59,466	-	-
Other liabilities repaid	-	-	-	-
Other liabilities - closing	-	<b>59,466</b>	-	-
Interest income	1,015	3,006	544	3,311
Interest expense	-	(237,641)	-	(149,841)
Commitments and guarantees received	-	5,514,277	-	7,119,115
Gains less losses from foreign currencies (dealing)	-	(92,128)	-	-
General administrative and operating expense	-	(16,078)	-	(14,276)

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Notes to the Financial Statements (continued)

Year ended December 31, 2007

(Thousands of Russian Rubles)

**25. Related Party Transactions (continued)**

In August 2007 the Bank signed with a related party the following agreements: the credit facility agreement to borrow funds and two agreements to provide collateral against drawings to be received by the Bank. According to the terms of those agreements the Bank will have to pledge certain part of its loan portfolio upon drawing funds from the lender, and the value of pledged assets will at all times be equal to the percentage of total loan book funded by the facility. As of December 31, 2007 the drawings in the amount of EUR 7,800 thousand were obtained by the Bank under the above credit facility agreement (Note 7, Note 15).

More details on the related party transactions are provided in Notes 5, 6, 7, 11, 13, 14 and 15.

For the year ended December 31, 2007 and 2006 compensation of key management personnel comprised the following:

	<u>2007</u>	<u>2006</u>
Salaries and other short-term benefits	109,375	31,290
Social security costs related to pension system	795	454
<b>Total key management compensation</b>	<b>110,170</b>	<b>31,744</b>

**26. Subsequent Events**

On February 5, 2008 and February 6, 2008 the Bank issued two discount promissory notes with aggregate nominal amount of USD 53,410 thousand to Renaissance Securities (Cyprus) Ltd. (related party), bearing effective interest rate of 10.8% p.a. and maturing on February 5, 2011.

On January 10, 2008 and February 1, 2008 the Bank obtained financing in the aggregate amount of USD 20,000 thousand through two issues of loan participation notes, organized through a special purpose entity EMIS Finance B.V. The notes bear interest rate of 12.0% p.a. and mature on January 10, 2009 and February 1, 2009, respectively.

The Bank obtained licenses of equity market participant (brokerage, dealer and depository activity) which were issued by Federal Service for the Securities Market on January 29, 2008

**27. Segment Reporting**

According to IAS 14 “Segment reporting”, the Bank is required to disclose its industry and geographical segments. The Bank’s operations are highly integrated and constitute a single industry segment, retail banking. Assets and liabilities of the Bank are primarily concentrated in the Russian Federation and its revenues and net income are primarily received from the operations within the territory of the Russian Federation.

Commercial bank “Renaissance Capital” (Limited liability company)

Notes to the Financial Statements (continued)

Year ended December 31, 2007

(Thousands of Russian Rubles)

**28. Capital Management**

The Bank maintains an actively managed capital base to cover risks inherent in the business. The adequacy of the Bank’s capital is monitored using, among other measures, the ratios established by the Basel Capital Accord 1988 and the ratios established by the CBR in supervising the Bank.

During the past year, the Bank had complied in full with all its externally imposed capital requirements.

The primary objectives of the Bank’s capital management are to ensure that the Bank complies with externally imposed capital requirements and that the Bank maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholders’ value.

The Bank manages its capital structure and makes adjustments to it in the light of changes in economic conditions, growth of business and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Bank may raise fresh capital, return capital to shareholders or issue capital securities. No changes were made in the objectives, policies and processes from the previous years.

The CBR requires banks to maintain a capital adequacy ratio of not less than 10% of risk-weighted assets, computed based on RAL. As of December 31, 2007 and 2006, the Bank’s statutory capital adequacy ratio on this basis exceeded the statutory minimum.

The Bank calculates on a regular basis the ratio of net assets attributable to the participant (“Net Assets”) to risk-weighted assets calculated as defined by the Basel Accord Guidelines issued in 1988, with subsequent amendments including the amendment to incorporate market risks. The core part of Net Assets of the Bank is represented by net assets attributable to the participant. The supplementary part of Net Assets of the Bank is zero.

The following table sets forth the principal components of Bank's Net Assets as of December 31, 2007 and December 31, 2006:

	<b>As at 31 December</b>	
	<b>2007</b>	<b>2006</b>
Risk-weighted assets	44,428,214	14,140,650
Core part of Net Assets	7,623,472	2,554,905
<b>Total Net Assets</b>	<b>7,623,472</b>	<b>2,554,905</b>
Core part of Net Assets ratio	<b>17.2%</b>	<b>18.1%</b>
Ratio of Net Assets Attributable to the Participant to Risk Weighted Assets	<b>17.2%</b>	<b>18.1%</b>