

Sberbank
(Savings Bank of the Russian Federation)

Condensed Interim Consolidated Financial
Statements and Review Report

31 March 2010

Condensed Interim Consolidated Financial Statements and Review Report

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Report on Review of Condensed Interim Consolidated Financial Statements

To the Shareholders and Supervisory Board of Sberbank (Savings Bank of the Russian Federation) -

Introduction

We have reviewed the accompanying condensed interim consolidated statement of financial position of Sberbank (Savings Bank of the Russian Federation) (the "Bank") and its subsidiaries (together "the Group") as at 31 March 2010 and the related condensed interim consolidated statements of income and comprehensive income for the three-month period then ended, condensed interim consolidated statements of changes in equity and of cash flows for the three-month period then ended and explanatory notes. Management of the Bank is responsible for the preparation and presentation of these condensed interim consolidated financial statements in accordance with International Financial Reporting Standard IAS 34, *Interim Financial Reporting* ("IAS 34"). Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young Vneshaudit

31 May 2010

Condensed Interim Consolidated Income Statement

<i>In millions of Russian Roubles</i>	Note	Three months ended 31 March	
		2010 (Unaudited)	2009 (Unaudited)
Interest income	8	207 829	195 118
Interest expense	8	(78 675)	(79 636)
Net interest income		129 154	115 482
Provision charge for loan impairment	5	(54 340)	(90 755)
Net interest income after provision charge for loan impairment		74 814	24 727
Fee and commission income	9	26 801	23 093
Fee and commission expense	9	(1 210)	(1 028)
Net gains/ (losses) arising from trading securities		4 412	(313)
Net gains/ (losses) arising from securities designated at fair value through profit or loss		7 288	(4 599)
Net (losses)/ gains arising from investment securities available for sale		(165)	512
Net gains arising from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation gains	10	2 115	8 527
Net gains/ (losses) arising from operations with precious metals and precious metals derivatives		781	(304)
Provision for other assets impairment		(1 327)	(445)
Other operating income		1 988	3 318
Operating income		115 497	53 488
Operating expenses		(61 391)	(53 129)
Profit before tax		54 106	359
Income tax expense		(10 611)	224
Profit for the reporting period		43 495	583
Attributable to:			
- shareholders of the Bank		43 441	583
- non-controlling interest		54	-
Earnings per ordinary share for profit attributable to the shareholders of the Bank, basic and diluted (expressed in RR per share)	11	2.01	0.03

Approved for issue and signed on behalf of the Board on 31 May 2010.



Herman Gref
Chairman of the Board and CEO



Andrey Kruzhalov
Chief Accountant

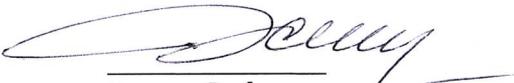
Condensed Interim Consolidated Statement of Comprehensive Income

<i>In millions of Russian Roubles</i>	Three months ended 31 March	
	2010 (Unaudited)	2009 (Unaudited)
Profit for the reporting period recognised in the income statement	43 495	583
Components of other comprehensive income:		
Investment securities available for sale:		
- Net gains / (losses) on revaluation of investment securities available for sale	34 246	(11 113)
- Accumulated losses/ (gains) transferred to Income statement upon disposal of securities	165	(512)
Net foreign currency translation losses	(820)	(189)
Deferred income tax relating to components of other comprehensive income:		
- Investment securities available for sale	(6 876)	2 325
Total components of other comprehensive income/ (loss) for the reporting period, net of tax	26 715	(9 489)
Total comprehensive income for the reporting period	70 210	(8 906)
Attributable to:		
- shareholders of the Bank	70 201	(8 906)
- non-controlling interest	9	-

Condensed Interim Consolidated Statement of Financial Position

<i>In millions of Russian Roubles</i>	Note	31 March 2010 (Unaudited)	31 December 2009
ASSETS			
Cash and cash equivalents		532 133	725 521
Mandatory cash balances with the Bank of Russia		43 458	40 572
Trading securities		108 846	91 022
Securities designated at fair value through profit or loss		121 505	124 439
Due from other banks		21 911	10 219
Loans and advances to customers	5	4 743 189	4 864 031
Securities pledged under repurchase agreements		9 454	2 699
Investment securities available for sale		1 348 559	845 975
Investment securities held to maturity		1 276	-
Deferred income tax asset		7 501	-
Premises and equipment		248 240	249 881
Other assets		114 808	150 707
TOTAL ASSETS		7 300 880	7 105 066
LIABILITIES			
Due to other banks		70 041	53 947
Due to individuals	6	3 887 630	3 787 312
Due to corporate customers	6	1 615 165	1 651 559
Debt securities in issue		146 337	124 599
Other borrowed funds		111 840	115 213
Deferred income tax liability		12 162	4 598
Other liabilities		91 817	69 841
Subordinated debt	7	514 548	519 061
TOTAL LIABILITIES		6 449 540	6 326 130
EQUITY			
Share capital		87 742	87 742
Share premium		232 553	232 553
Revaluation reserve for premises		55 042	55 540
Fair value reserve for investment securities available for sale		26 937	(598)
Foreign currency translation reserve		(1 784)	(1 009)
Retained earnings		447 873	403 934
Total equity attributable to shareholders of the Bank		848 363	778 162
Non-controlling interest		2 977	774
TOTAL EQUITY		851 340	778 936
TOTAL LIABILITIES AND EQUITY		7 300 880	7 105 066

Approved for issue and signed on behalf of the Board on 31 May 2010.



Herman Gref
Chairman of the Board and CEO



Andrey Kruzhalov
Chief Accountant

Condensed Interim Consolidated Statement of Changes in Equity

<i>In millions of Russian Roubles</i>	Attributable to shareholders of the Bank						Total	Non-controlling interest	Total equity
	Share capital	Share premium	Revaluation reserve for premises	Fair value reserve for investment securities available for sale	Foreign currency translation reserve	Retained earnings			
Balance as at 1 January 2009	87 742	232 493	74 981	(33 185)	101	388 030	750 162	-	750 162
Changes in equity for three months ended 31 March 2009									
Depreciation of revalued premises, net of tax (Unaudited)	-	-	(624)	-	-	624	-	-	-
Total comprehensive income recognised for three months ended 31 March 2009 (Unaudited)	-	-	-	(9 300)	(189)	583	(8 906)	-	(8 906)
Balance as at 31 March 2009 (Unaudited)	87 742	232 493	74 357	(42 485)	(88)	389 237	741 256	-	741 256
Balance as at 1 January 2010	87 742	232 553	55 540	(598)	(1 009)	403 934	778 162	774	778 936
Changes in equity for three months ended 31 March 2010									
Depreciation of revalued premises, net of tax (Unaudited)	-	-	(498)	-	-	498	-	-	-
Acquisition of a single-asset company (Note 17)	-	-	-	-	-	-	-	2 194	2 194
Total comprehensive income recognised for three months ended 31 March 2010 (Unaudited)	-	-	-	27 535	(775)	43 441	70 201	9	70 210
Balance as at 31 March 2010 (Unaudited)	87 742	232 553	55 042	26 937	(1 784)	447 873	848 363	2 977	851 340

Condensed Interim Consolidated Statement of Cash Flows

<i>In millions of Russian Roubles</i>	Three months ended 31 March	
	2010 (Unaudited)	2009 (Unaudited)
Cash flows from operating activities		
Interest received	208 068	187 619
Interest paid	(53 694)	(62 940)
Fees and commissions received	26 848	23 328
Fees and commissions paid	(1 210)	(1 028)
Net (losses incurred)/ gains received from trading securities	(272)	73
Net gains received from securities designated at fair value through profit or loss	3 072	391
Net losses incurred from trading in foreign currencies and from operations with foreign currency derivatives	(17 173)	(20 159)
Net gains received from operations with precious metals and precious metals derivatives	456	676
Other operating income received	1 587	2 036
Operating expenses paid	(35 940)	(32 257)
Income tax paid	(11 195)	(6 198)
Cash flows from operating activities before changes in operating assets and liabilities	120 547	91 541
Changes in operating assets and liabilities		
Net increase in mandatory cash balances with the Bank of Russia	(2 886)	(322)
Net (increase)/ decrease in trading securities	(13 718)	4 572
Net (increase)/ decrease in securities designated at fair value through profit or loss	(3 592)	6 990
Net increase in due from other banks	(11 778)	(31 932)
Net decrease/ (increase) in loans and advances to customers	56 782	(96 042)
Net decrease in other assets	37 807	7 140
Net increase in due to other banks	16 238	22 758
Net increase in due to individuals	116 305	17 092
Net decrease in due to corporate customers	(25 445)	(153 325)
Net increase/ (decrease) in debt securities in issue	21 961	(21 073)
Net increase in other liabilities	10 090	3 966
Net cash from/ (used in) operating activities	322 311	(148 635)
Cash flows from investing activities		
Purchase of investment securities available for sale	(483 297)	(21 799)
Proceeds from disposal and redemption of investment securities available for sale	6 513	820
Purchase of investment securities held to maturity	(1 276)	-
Acquisition of premises and equipment	(7 380)	(4 870)
Proceeds from disposal of premises and equipment including insurance payments	75	30
Investments in associates	-	(2 685)
Dividend income received	1	2
Net cash used in investing activities	(485 364)	(28 502)
Cash flows from financing activities		
Redemption of other borrowed funds	(461)	(4 753)
Repayment of interest on other borrowed funds	(942)	(1 667)
Redemption of subordinated debt	(14 227)	(1 981)
Repayment of interest on subordinated debt	(9 767)	(1 119)
Dividends paid	(3)	(6)
Net cash used in financing activities	(25 400)	(9 526)
Effect of exchange rate changes on cash and cash equivalents	(4 935)	52 098
Net decrease in cash and cash equivalents	(193 388)	(134 565)
Cash and cash equivalents at the beginning of the reporting period	725 521	803 749
Cash and cash equivalents as at the end of the reporting period	532 133	669 184

Selected Notes to the Condensed Interim Consolidated Financial Statements – 31 March 2010

1 Introduction

These condensed interim consolidated financial statements have been prepared in accordance with IAS 34 “Interim Financial Reporting” for the three months ended 31 March 2010 for Sberbank (Savings Bank of the Russian Federation) (the “Bank”) and its subsidiaries (together referred to as the “Group” or “Sberbank Group”). Principal subsidiaries include foreign commercial banks and other Russian and foreign companies controlled by the Group. A list of principal subsidiaries included in these condensed interim consolidated financial statements is disclosed in Note 17.

The Bank is an open joint stock commercial bank which was established in 1841 and operated in various forms since then. The Bank was incorporated and is domiciled in the Russian Federation. The Bank’s principal shareholder, the Central Bank of the Russian Federation (“Bank of Russia”), owns 60.3% of ordinary shares or 57.6% of the issued and outstanding shares as at 31 March 2010 (31 December 2009: 60.3% of ordinary shares or 57.6% of the issued and outstanding shares).

As at 31 March 2010 the Supervisory Board of the Bank is headed by the Chairman of the Bank of Russia. The Supervisory Board also includes representatives from the Bank’s other shareholders and independent directors. Two Deputy Chairmen of the Bank of Russia are Deputy Chairmen of the Supervisory Board.

The Bank has operated under a full banking license issued by the Bank of Russia since 1991. In addition, the Bank holds licenses required for trading and holding securities and engaging in other securities-related activities, including acting as a broker, a dealer, a custodian, and providing asset management. The Bank is regulated and supervised by the Bank of Russia and the Federal Service for Financial Markets. The Group’s foreign banks operate under the bank regulatory regimes of their respective countries.

The Group’s principal business activity is corporate and retail banking operations. This includes deposit taking and commercial lending in freely convertible currencies, local currencies of countries where the Group is present and in Russian Roubles, support of clients’ export/ import transactions, foreign exchange, securities trading, and trading in derivative financial instruments. The Group’s operations are conducted in both Russian and international markets. As at 31 March 2010 the Group conducts its business in Russia through Sberbank with its network of 18 (31 December 2009: 18) regional head offices, 599 (31 December 2009: 602) branches and 19 105 (31 December 2009: 19 103) sub-branches, and through principal subsidiaries located in Russia such as CJSC Sberbank Leasing and LLC Sberbank Capital. The Group operates outside Russia through 3 bank subsidiaries, located in the Ukraine, Belarus and Kazakhstan and representative office in Germany.

The average number of the Group’s employees during the three months ended 31 March 2010 was 251 214 (the year ended 31 December 2009: 260 805).

Registered address and place of business. The Bank’s registered address is: Vavilova str., 19, Moscow, Russian Federation.

Presentation currency. These condensed interim consolidated financial statements are presented in millions of Russian Roubles (“RR millions”) unless otherwise stated.

At 31 March 2010 the principal rate of exchange used for translating foreign currency monetary balances was USD 1 = RR 29.3638 (31 December 2009: USD 1 = RR 30.2442).

Selected Notes to the Condensed Interim Consolidated Financial Statements – 31 March 2010

2 Operating Environment of the Group

The Group principally operates within the Russian Federation.

The Russian Federation continues economic reforms and development of its legal, tax and regulatory frameworks. 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.

The Russian economy is vulnerable to market downturns and economic slowdowns elsewhere in the world. The global financial crisis commencing in 2008 has resulted in capital markets instability, significant deterioration of liquidity in the banking sector, and tighter credit conditions within Russia. In response the Russian Government has introduced a range of stabilization measures aimed at providing liquidity and supporting refinancing of foreign debt for Russian banks and companies.

In the first quarter 2010 there continues to be instability and uncertainty regarding the access to capital and cost of capital for the Group and its counterparties, which could affect the Group's financial position, results of operations and business prospects.

Increased unemployment in Russia, reduced corporate liquidity and profitability, and increased corporate and personal insolvencies, have affected the Group's borrowers' ability to repay the amounts due to the Group. In addition, changes in economic conditions have resulted in deterioration in the value of collateral held against loans and other obligations. To the extent that information is available, the Group has reflected revised estimates of expected future cash flows in its impairment assessment.

Management of the Group believes it is taking all the necessary measures to support the sustainability and growth of the Group's business in the current circumstances.

3 Basis of Preparation

These condensed interim consolidated financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" and should be read in conjunction with the annual consolidated financial statements of the Group for the year ended 31 December 2009.

These condensed interim consolidated financial statements do not contain all the explanatory notes as required for a full set of consolidated financial statements.

4 Accounting Policies, Critical Accounting Estimates and Judgements and Adoption of New or Revised Standards and Interpretations

The accounting policies and methods of computation applied in the preparation of these condensed interim consolidated financial statements are consistent with those disclosed in the annual consolidated financial statements of the Group for the year ended 31 December 2009, except for the changes introduced due to implementation of new and/or revised standards and interpretations as of 1 January 2010, noted below:

Selected Notes to the Condensed Interim Consolidated Financial Statements – 31 March 2010

4 Accounting Policies, Critical Accounting Estimates and Judgements and Adoption of New or Revised Standards and Interpretations (Continued)

Improvements to International Financial Reporting Standards. In April 2009 the IASB issued the second omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. Most of the amendments are effective for annual periods beginning on or after 1 January 2010. There are separate transitional provisions for each standard. Amendments included in April 2009 “Improvements to IFRS” had no impact on the accounting policies, financial position or performance of the Group, except the following amendments resulting in changes to accounting policies, as described below.

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations: clarifies that the disclosures required in respect of non-current assets and disposal groups classified as held for sale or discontinued operations are only those set out in IFRS 5. The disclosure requirements of other IFRSs only apply if specifically required for such non-current assets or discontinued operations.
- IFRS 8 Operating Segment Information: clarifies that segment assets and liabilities need only be reported when those assets and liabilities are included in measures that are used by the chief operating decision maker. As the Group’s chief operating decision maker does review segment assets and liabilities, the Group continues to disclose this information.
- IAS 7 Statement of Cash Flows: Explicitly states that only expenditure that results in recognising an asset can be classified as a cash flow from investing activities.
- IAS 36 Impairment of Assets: The amendment clarifies that the largest unit permitted for allocating goodwill, acquired in a business combination, is the operating segment as defined in IFRS 8 before aggregation for reporting purposes. The amendment had no impact on the Group as the annual impairment test is performed before aggregation.

The following new or revised standards and interpretations effective from 2010 did not have any impact on the accounting policies, financial position or performance of the Group:

- Amendment to IAS 39 “Financial Instruments: recognition and measurement” - Eligible Hedged Items
- Amendment to IFRS 2 “Share-based Payment” - Group Cash-settled Share-based Payment Transactions
- IFRIC 17 “Distribution of Non-Cash Assets to Owners”

Judgements made by Management in the process of applying the accounting policies were consistent with the judgements disclosed in the annual consolidated financial statements for the year ended 31 December 2009. Management has not identified new areas of judgement. Critical estimates, as disclosed in the most recent annual consolidated financial statements, have not resulted in a material adjustment to the Group’s assets, income or profit during the interim period ended 31 March 2010.

Income tax expense is recognised in these condensed interim consolidated financial statements based on management’s best estimates of the effective annual income tax rate expected for the full financial year. Costs that occur unevenly during the financial year are anticipated or deferred in the interim report only if it would also be appropriate to anticipate or defer such costs at the end of the financial year.

Selected Notes to the Condensed Interim Consolidated Financial Statements – 31 March 2010

5 Loans and Advances to Customers

The tables below show credit quality of the Group's loan portfolio by loan classes as at 31 March 2010 and 31 December 2009.

For the purposes of these condensed interim consolidated financial statements a loan is considered past due when the borrower fails to make any payment due under the loan agreement at the reporting date. In this case a past due amount is recognised as the aggregate amount of all amounts due from borrower under the loan agreement including accrued interest and commissions.

31 March 2010:

(Unaudited)

In millions of Russian Roubles

	Not past due loans	Past due loans	Total
Commercial loans to legal entities	1 988 085	213 681	2 201 766
Specialised loans to legal entities	1 706 242	306 859	2 013 101
Consumer and other loans to individuals	509 269	39 274	548 543
Mortgage loans to individuals	483 918	32 747	516 665
Car loans to individuals	89 711	4 064	93 775
Total loans and advances to customers before provision for loan impairment	4 777 225	596 625	5 373 850
Less: Provision for loan impairment	(224 351)	(406 310)	(630 661)
Total loans and advances to customers net of provision for loan impairment	4 552 874	190 315	4 743 189

31 December 2009:

In millions of Russian Roubles

	Not past due loans	Past due loans	Total
Commercial loans to legal entities	2 025 522	180 800	2 206 322
Specialised loans to legal entities	1 760 286	299 698	2 059 984
Consumer and other loans to individuals	526 373	37 991	564 364
Mortgage loans to individuals	482 445	30 342	512 787
Car loans to individuals	96 649	3 739	100 388
Total loans and advances to customers before provision for loan impairment	4 891 275	552 570	5 443 845
Less: Provision for loan impairment	(190 956)	(388 858)	(579 814)
Total loans and advances to customers net of provision for loan impairment	4 700 319	163 712	4 864 031

Commercial lending to legal entities comprises corporate loans, loans to individual entrepreneurs, federal bodies and municipal authorities of the Russian Federation. Loans are granted for current needs (working capital financing, acquisition of movable and immovable property, portfolio investments, expansion and consolidation of business, etc.). Loans are provided for periods up to 5 years depending on the borrowers' risk assessment. Commercial lending also includes overdraft lending and lending for export-import transactions. The repayment source is cash flow from current production and financial activities of the borrower.

Specialised lending to legal entities includes investment and construction project financing and also developers' financing. As a rule, loan terms are linked to payback periods of investment and construction projects, contract execution periods and exceed the terms of commercial loans to legal entities. The principal and interest may be repaid from cash flows generated by the investment project at the stage of its commercial operation.

Selected Notes to the Condensed Interim Consolidated Financial Statements – 31 March 2010

5 Loans and Advances to Customers (Continued)

Consumer and other individual loans comprise loans to individuals other than housing acquisition, construction and repairment of real estate as well as car loans. These loans include loans for current needs and overdrafts.

Mortgage loans to individuals include loans for acquisition, construction and reconstruction of real estate. These loans are mostly long-term and are collateralized by real estate.

Car loans to individuals include loans for purchasing a car or other vehicle. Car loans are provided for periods of up to 5 years.

The table below shows the analysis of loans and provisions for loan impairment as at 31 March 2010:

<i>(Unaudited)</i> <i>In millions of Russian Roubles</i>	Gross loans	Provision for impairment	Net loans	Provision for impairment to gross loans (%)
Commercial loans to legal entities				
Collectively assessed				
Not past due	1 882 520	(66 458)	1 816 062	3.5%
Loans up to 30 days overdue	19 738	(5 440)	14 298	27.6%
Loans 31 to 60 days overdue	12 129	(6 087)	6 042	50.2%
Loans 61 to 90 days overdue	9 072	(5 334)	3 738	58.8%
Loans 91 up to 180 days overdue	21 535	(13 981)	7 554	64.9%
Loans over 180 days overdue	107 199	(76 638)	30 561	71.5%
Individually impaired				
Not past due	105 565	(50 989)	54 576	48.3%
Loans up to 30 days overdue	8 343	(7 798)	545	93.5%
Loans 31 to 60 days overdue	59	(23)	36	39.0%
Loans 61 to 90 days overdue	3 107	(3 052)	55	98.2%
Loans 91 up to 180 days overdue	2 114	(2 074)	40	98.1%
Loans over 180 days overdue	30 385	(27 959)	2 426	92.0%
Total commercial loans to legal entities	2 201 766	(265 833)	1 935 933	12.1%
Specialised loans to legal entities				
Collectively assessed				
Not past due	1 674 404	(69 392)	1 605 012	4.1%
Loans up to 30 days overdue	25 579	(6 287)	19 292	24.6%
Loans 31 to 60 days overdue	14 037	(6 662)	7 375	47.5%
Loans 61 to 90 days overdue	3 073	(1 935)	1 138	63.0%
Loans 91 up to 180 days overdue	16 208	(10 134)	6 074	62.5%
Loans over 180 days overdue	61 035	(38 156)	22 879	62.5%
Individually impaired				
Not past due	31 838	(22 888)	8 950	71.9%
Loans up to 30 days overdue	649	(245)	404	37.8%
Loans 31 to 60 days overdue	258	(20)	238	7.8%
Loans 61 to 90 days overdue	109	(6)	103	5.5%
Loans 91 up to 180 days overdue	7 474	(6 532)	942	87.4%
Loans over 180 days overdue	178 437	(130 771)	47 666	73.3%
Total specialised loans to legal entities	2 013 101	(293 028)	1 720 073	14.6%
Total loans to legal entities	4 214 867	(558 861)	3 656 006	13.3%

Selected Notes to the Condensed Interim Consolidated Financial Statements – 31 March 2010

5 Loans and Advances to Customers (Continued)

<i>(Unaudited)</i> <i>In millions of Russian Roubles</i>	Gross loans	Provision for impairment	Net loans	Provision for impairment to gross loans (%)
Consumer and other loans to individuals				
Collectively assessed				
Not past due	509 269	(8 635)	500 634	1.7%
Loans up to 30 days overdue	5 828	(553)	5 275	9.5%
Loans 31 to 60 days overdue	2 676	(478)	2 198	17.9%
Loans 61 to 90 days overdue	1 578	(436)	1 142	27.6%
Loans 91 up to 180 days overdue	2 823	(1 326)	1 497	47.0%
Loans over 180 days overdue	26 369	(26 369)	-	100.0%
Total consumer and other loans to individuals	548 543	(37 797)	510 746	6.9%
Mortgage loans to individuals				
Collectively assessed				
Not past due	483 918	(4 473)	479 445	0.9%
Loans up to 30 days overdue	4 576	(742)	3 834	16.2%
Loans 31 to 60 days overdue	2 838	(810)	2 028	28.5%
Loans 61 to 90 days overdue	2 088	(1 050)	1 038	50.3%
Loans 91 up to 180 days overdue	3 252	(2 695)	557	82.9%
Loans over 180 days overdue	19 993	(19 993)	-	100.0%
Total mortgage loans to individuals	516 665	(29 763)	486 902	5.8%
Car loans to individuals				
Collectively assessed				
Not past due	89 711	(1 516)	88 195	1.7%
Loans up to 30 days overdue	802	(117)	685	14.6%
Loans 31 to 60 days overdue	414	(107)	307	25.8%
Loans 61 to 90 days overdue	290	(112)	178	38.6%
Loans 91 up to 180 days overdue	512	(342)	170	66.8%
Loans over 180 days overdue	2 046	(2 046)	-	100.0%
Total car loans to individuals	93 775	(4 240)	89 535	4.5%
Total loans to individuals	1 158 983	(71 800)	1 087 183	6.2%
Total loans and advances to customers as at 31 March 2010	5 373 850	(630 661)	4 743 189	11.7%

Selected Notes to the Condensed Interim Consolidated Financial Statements – 31 March 2010

5 Loans and Advances to Customers (Continued)

The table below shows the analysis of loans and provisions for loan impairment as at 31 December 2009:

<i>In millions of Russian Roubles</i>	Gross loans	Provision for impairment	Net loans	Provision for impairment to gross loans (%)
Commercial loans to legal entities				
Collectively assessed				
Not past due	1 968 452	(68 724)	1 899 728	3.5%
Loans up to 30 days overdue	13 910	(4 863)	9 047	35.0%
Loans 31 to 60 days overdue	7 159	(3 472)	3 687	48.5%
Loans 61 to 90 days overdue	7 597	(3 897)	3 700	51.3%
Loans 91 up to 180 days overdue	20 011	(12 757)	7 254	63.7%
Loans over 180 days overdue	95 717	(69 741)	25 976	72.9%
Individually impaired				
Not past due	57 070	(27 562)	29 508	48.3%
Loans up to 30 days overdue	47	-	47	0.0%
Loans 31 to 60 days overdue	425	(344)	81	80.9%
Loans 61 to 90 days overdue	1 684	(1 676)	8	99.5%
Loans 91 up to 180 days overdue	8 291	(5 166)	3 125	62.3%
Loans over 180 days overdue	25 959	(23 286)	2 673	89.7%
Total commercial loans to legal entities	2 206 322	(221 488)	1 984 834	10.0%
Specialised loans to legal entities				
Collectively assessed				
Not past due	1 731 758	(67 328)	1 664 430	3.9%
Loans up to 30 days overdue	16 027	(4 395)	11 632	27.4%
Loans 31 to 60 days overdue	16 021	(4 395)	11 626	27.4%
Loans 61 to 90 days overdue	8 133	(4 500)	3 633	55.3%
Loans 91 up to 180 days overdue	6 569	(3 481)	3 088	53.0%
Loans over 180 days overdue	65 381	(47 809)	17 572	73.1%
Individually impaired				
Not past due	28 528	(12 356)	16 172	43.3%
Loans up to 30 days overdue	2 052	(1 138)	914	55.5%
Loans 31 to 60 days overdue	218	(133)	85	61.0%
Loans 61 to 90 days overdue	2 638	(2 464)	174	93.4%
Loans 91 up to 180 days overdue	22 691	(10 960)	11 731	48.3%
Loans over 180 days overdue	159 968	(128 100)	31 868	80.1%
Total specialised loans to legal entities	2 059 984	(287 059)	1 772 925	13.9%
Total loans to legal entities	4 266 306	(508 547)	3 757 759	11.9%

Selected Notes to the Condensed Interim Consolidated Financial Statements – 31 March 2010

5 Loans and Advances to Customers (Continued)

<i>In millions of Russian Roubles</i>	Gross loans	Provision for impairment	Net loans	Provision for impairment to gross loans (%)
<i>Consumer and other loans to individuals</i>				
Collectively assessed				
Not past due	526 373	(8 926)	517 447	1.7%
Loans up to 30 days overdue	4 761	(488)	4 273	10.2%
Loans 31 to 60 days overdue	2 339	(476)	1 863	20.4%
Loans 61 to 90 days overdue	1 506	(446)	1 060	29.6%
Loans 91 up to 180 days overdue	2 923	(1 440)	1 483	49.3%
Loans over 180 days overdue	26 462	(26 462)	-	100.0%
Total consumer and other loans to individuals	564 364	(38 238)	526 126	6.8%
<i>Mortgage loans to individuals</i>				
Collectively assessed				
Not past due	482 445	(4 418)	478 027	0.9%
Loans up to 30 days overdue	4 014	(725)	3 289	18.1%
Loans 31 to 60 days overdue	2 373	(803)	1 570	33.8%
Loans 61 to 90 days overdue	1 574	(776)	798	49.3%
Loans 91 up to 180 days overdue	2 866	(2 538)	328	88.6%
Loans over 180 days overdue	19 515	(19 515)	-	100.0%
Total mortgage loans to individuals	512 787	(28 775)	484 012	5.6%
<i>Car loans to individuals</i>				
Collectively assessed				
Not past due	96 649	(1 642)	95 007	1.7%
Loans up to 30 days overdue	718	(120)	598	16.7%
Loans 31 to 60 days overdue	397	(120)	277	30.2%
Loans 61 to 90 days overdue	245	(108)	137	44.1%
Loans 91 up to 180 days overdue	436	(321)	115	73.6%
Loans over 180 days overdue	1 943	(1 943)	-	100.0%
Total car loans to individuals	100 388	(4 254)	96 134	4.2%
Total loans to individuals	1 177 539	(71 267)	1 106 272	6.1%
Total loans and advances to customers as at 31 December 2009	5 443 845	(579 814)	4 864 031	10.7%

Selected Notes to the Condensed Interim Consolidated Financial Statements – 31 March 2010

5 Loans and Advances to Customers (Continued)

As defined by the Group for the purposes of internal credit risk assessment, loans fall into the “non-performing category” when principal and/or interest payment becomes more than 90 days overdue.

As at 31 March 2010 the outstanding non-performing loans were as follows:

(Unaudited)

<i>In millions of Russian Roubles</i>	Gross loans	Provision for impairment	Net loans	Provision for impairment to gross loans (%)
Commercial loans to legal entities	161 233	(120 652)	40 581	74.8%
Specialised loans to legal entities	263 154	(185 593)	77 561	70.5%
Consumer and other loans to individuals	29 192	(27 695)	1 497	94.9%
Mortgage loans to individuals	23 245	(22 688)	557	97.6%
Car loans to individuals	2 558	(2 388)	170	93.4%
Total non-performing loans and advances to customers as at 31 March 2010	479 382	(359 016)	120 366	74.9%

As at 31 December 2009 the outstanding non-performing loans were as follows:

<i>In millions of Russian Roubles</i>	Gross loans	Provision for impairment	Net loans	Provision for impairment to gross loans (%)
Commercial loans to legal entities	149 911	(110 941)	38 970	74.0%
Specialised loans to legal entities	260 100	(191 542)	68 558	73.6%
Consumer and other loans to individuals	29 385	(27 902)	1 483	95.0%
Mortgage loans to individuals	22 381	(22 053)	328	98.5%
Car loans to individuals	2 379	(2 264)	115	95.2%
Total non-performing loans and advances to customers as at 31 December 2009	464 156	(354 702)	109 454	76.4%

Provisions for Loan Impairment. The analysis of changes in provisions for credit portfolio impairment for the three months ended 31 March 2010 is presented in the table below:

(Unaudited)

<i>In millions of Russian Roubles</i>	Loans to legal entities	Loans to individuals	Total
Provision for loan impairment as at 1 January 2010	508 547	71 267	579 814
Provision charge for loan impairment during the reporting period	53 498	842	54 340
Loans and advances to customers written off during the reporting period as uncollectible	(3 184)	(309)	(3 493)
Provision for loan impairment as at 31 March 2010	558 861	71 800	630 661

Selected Notes to the Condensed Interim Consolidated Financial Statements – 31 March 2010

5 Loans and Advances to Customers (Continued)

The analysis of changes in provisions for credit portfolio impairment for the three months ended 31 March 2009 is presented in the table below:

(Unaudited)

<i>In millions of Russian Roubles</i>	Loans to legal entities	Loans to individuals	Total
Provision for loan impairment as at 1 January 2009	158 013	44 272	202 285
Provision charge for loan impairment during the reporting period	80 165	10 590	90 755
Loans and advances to customers written off during the reporting period as uncollectible	(1 581)	(516)	(2 097)
Provision for loan impairment as at 31 March 2009	236 597	54 346	290 943

Investment in finance lease

Included in commercial loans to legal entities are net investment in finance lease. The analysis of net investment in finance lease at 31 March 2010 and at 31 December 2009 is as follows:

<i>In millions of Russian Roubles</i>	31 March 2010 (Unaudited)	31 December 2009
Gross investment in finance lease	48 137	49 965
Unearned future finance income on finance lease	(12 907)	(14 380)
Net investment in finance lease before provision for impairment	35 230	35 585
Less provision for impairment	(1 049)	(1 119)
Net investment in finance lease after provision for impairment	34 181	34 466

The contractual maturity analysis of net investment in finance lease at 31 March 2010 is as follows:

<i>In millions of Russian Roubles</i>	Net investment in finance lease before provision for impairment	Provision for impairment	Net investment in finance lease after provision for impairment
Not later than 1 year	6 994	(171)	6 823
Later than 1 year but not later than 5 years	25 110	(788)	24 322
Later than 5 years	3 126	(90)	3 036
Total as at 31 March 2010	35 230	(1 049)	34 181

The contractual maturity analysis of net investment in finance lease at 31 December 2009 is as follows:

<i>In millions of Russian Roubles</i>	Net investment in finance lease before provision for impairment	Provision for impairment	Net investment in finance lease after provision for impairment
Not later than 1 year	10 371	(577)	9 794
Later than 1 year but not later than 5 years	22 615	(498)	22 117
Later than 5 years	2 599	(44)	2 555
Total as at 31 December 2009	35 585	(1 119)	34 466

Selected Notes to the Condensed Interim Consolidated Financial Statements – 31 March 2010

5 Loans and Advances to Customers (Continued)

The analysis of minimal finance lease receivables as at 31 March 2010 and 31 December 2009 per contractual maturity is as follows:

<i>In millions of Russian Roubles</i>	31 March 2010 (Unaudited)	31 December 2009
Not later than 1 year	4 572	13 890
Later than 1 year but not later than 5 years	32 522	32 234
Later than 5 years	11 043	3 841
Total	48 137	49 965

Economic sector risk concentration. Economic sector risk concentrations within the customer loan portfolio as at 31 March 2010 and 31 December 2009 are as follows:

<i>In millions of Russian Roubles</i>	31 March 2010 (Unaudited)		31 December 2009	
	Amount	%	Amount	%
Individuals	1 158 983	21.6	1 177 539	21.7
Trade	974 406	18.1	960 385	17.7
Services	716 392	13.3	748 240	13.7
Food and agriculture	499 414	9.3	511 658	9.4
Construction	405 295	7.5	408 307	7.5
Machine building	331 318	6.2	347 222	6.4
Metallurgy	263 371	4.9	273 814	5.0
Chemical industry	187 555	3.5	186 790	3.4
Energy	163 313	3.0	172 623	3.2
Telecommunications	157 948	2.9	164 934	3.0
Oil and gas	153 683	2.9	157 078	2.9
Transport, aviation, space industry	121 811	2.3	109 211	2.0
Government and municipal bodies	101 359	1.9	94 004	1.7
Timber industry	48 709	0.9	43 955	0.8
Other	90 293	1.7	88 085	1.6
Total loans and advances to customers before provision for loan impairment	5 373 850	100.0	5 443 845	100.0

At 31 March 2010 the Group had 20 largest borrowers with aggregated loan amounts above RR 28 000 million (31 December 2009: 20 largest borrowers with loan amounts above RR 23 000 million). The total aggregate amount of these loans was RR 1 166 434 million or 21.7% of the total gross loan portfolio (31 December 2009: RR 1 240 189 million or 22.8%).

Selected Notes to the Condensed Interim Consolidated Financial Statements – 31 March 2010

6 Due to Individuals and Corporate Customers

<i>In millions of Russian Roubles</i>	31 March 2010 (Unaudited)	31 December 2009
Individuals:		
- Current/demand accounts	482 439	540 455
- Term deposits	3 405 191	3 246 857
Total due to individuals	3 887 630	3 787 312
State and public organisations:		
- Current/settlement accounts	109 042	104 004
- Term deposits	55 634	32 900
Total due to state and public organisations	164 676	136 904
Other corporate customers:		
- Current/settlement accounts	916 154	861 028
- Term deposits	534 335	653 627
Total due to other corporate customers	1 450 489	1 514 655
Total due to corporate customers	1 615 165	1 651 559
Total due to individuals and corporate customers	5 502 795	5 438 871

Economic sector concentrations within customer accounts are as follows:

<i>In millions of Russian Roubles</i>	31 March 2010 (Unaudited)		31 December 2009	
	Amount	%	Amount	%
Individuals	3 887 630	70.6	3 787 312	69.6
Oil and gas	250 795	4.6	233 772	4.3
Services	236 511	4.4	248 421	4.6
Trade	201 399	3.7	241 233	4.5
Municipal bodies and state organisations	140 649	2.6	54 014	1.0
Energy	112 628	2.0	135 648	2.5
Machine building	105 550	1.9	102 209	1.9
Construction	104 133	1.9	153 049	2.8
Food and agriculture	62 598	1.1	73 195	1.3
Metallurgy	60 414	1.1	51 935	1.0
Chemical	41 108	0.7	51 589	0.9
Other	299 380	5.4	306 494	5.6
Total due to individuals and corporate customers	5 502 795	100.0	5 438 871	100.0

As at 31 March 2010 included in term deposits of other corporate customers are deposits in the amount of RR 7 819 million (31 December 2009: RR 2 174 million) received under sale and repurchase agreements with legal entities. Fair value of securities collateralised under these agreements amounted to RR 8 652 million and was included in securities pledged under repurchase agreements (31 December 2009: RR 2 560 million).

At 31 March 2010 included in Due to corporate customers are deposits of RR 74 553 million (31 December 2009: RR 82 068 million) held as collateral for irrevocable commitments under import letters of credit. Refer to Note 14.

At 31 March 2010 the Group had 20 largest customers with balances above RR 6 600 million (31 December 2009: 20 customers with balances above RR 7 500 million). The aggregate balance of these customers was RR 536 636 million (31 December 2009: RR 456 986 million) or 9.8% (31 December 2009: 8.4%) of total due to individuals and corporate customers.

Selected Notes to the Condensed Interim Consolidated Financial Statements – 31 March 2010

7 Subordinated debt

<i>In millions of Russian Roubles</i>	31 March 2010 (Unaudited)	31 December 2009
Subordinated debt received by the Group from the Bank of Russia	514 343	504 346
Subordinated debt received by the Group on international financial markets	-	14 504
Subordinated debt received by subsidiaries	205	211
Total subordinated debt	514 548	519 061

In February 2005 the Group received a subordinated loan. This transaction was structured by UBS Luxembourg S.A. as an issue of an aggregate principal amount of USD 1 000 million Loan Participation Notes at contractual interest rate of 6.2% p.a. and maturity in February 2015, which were issued for the sole purpose of financing a ten-year subordinated loan to the Group. As at 31 December 2009 this subordinated debt was accounted for at amortised cost of RR 14 504 million and the effective interest rate on the loan was 6.4% p.a. In 2009 the Group bought back some of these Loan Participation Notes, recognised at an amortised cost of RR 16 879 million. In February 2010 the Group repaid the remaining part of subordinated loan in full.

8 Interest Income and Expense

<i>In millions of Russian Roubles</i>	Three months ended 31 March	
	2010 (Unaudited)	2009 (Unaudited)
Interest income		
Interest income on financial assets carried at amortised cost and on financial assets available for sale:		
- Loans and advances to customers	180 731	181 863
- Debt investment securities available for sale	19 994	6 999
- Due from other banks	2 495	1 999
- Debt investment securities held to maturity	48	-
- Correspondent accounts with other banks	40	595
	203 308	191 456
Interest income on financial assets carried at fair value through profit or loss:		
- Debt trading securities	2 723	1 606
- Debt securities designated at fair value through profit or loss	1 798	2 056
	4 521	3 662
Total interest income	207 829	195 118
Interest expense		
Term deposits of individuals	(53 468)	(42 823)
Subordinated debt	(9 774)	(10 175)
Term deposits of legal entities	(8 670)	(12 309)
Current/settlement accounts of legal entities	(2 358)	(3 132)
Debt securities in issue	(2 115)	(2 025)
Other borrowed funds	(1 159)	(1 791)
Term placements of other banks	(536)	(6 993)
Current/demand accounts of individuals	(494)	(278)
Correspondent accounts of other banks	(101)	(110)
Total interest expense	(78 675)	(79 636)
Net interest income	129 154	115 482

Selected Notes to the Condensed Interim Consolidated Financial Statements – 31 March 2010

9 Fee and Commission Income and Expense

<i>In millions of Russian Roubles</i>	Three months ended 31 March	
	2010 (Unaudited)	2009 (Unaudited)
Fee and commission income		
Cash and settlements transactions with individuals	8 634	7 386
Cash and settlements transactions with legal entities	8 566	7 656
Plastic cards operations	4 759	3 731
Agent commissions on selling insurance contracts	1 238	12
Operations with foreign currency	1 231	2 478
Cash collection	920	868
Guarantees issued	762	576
Transactions with securities	321	38
Other	370	348
Total fee and commission income	26 801	23 093
Fee and commission expense		
Settlement transactions	(1 016)	(757)
Cash collection	(35)	(39)
Operations with foreign currency	(17)	(82)
Other	(142)	(150)
Total fee and commission expense	(1 210)	(1 028)
Net fee and commission income	25 591	22 065

10 Net Gains Arising from Trading in Foreign Currencies, Operations with Foreign Currency Derivatives and Foreign Exchange Translation Gains

<i>In millions of Russian Roubles</i>	Three months ended 31 March	
	2010 (Unaudited)	2009 (Unaudited)
Net gains arising from trading in foreign currencies	335	5 170
Net foreign exchange translation gains	9 316	25 129
Net losses from operations with foreign currency derivatives	(7 536)	(21 772)
Total net gains arising from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation gains	2 115	8 527

Operations of trading in foreign currencies and foreign currency derivatives include both operations with clients and the Group's proprietary operations for liquidity management. The Group's proprietary operations are mostly represented by currency swap transactions.

Selected Notes to the Condensed Interim Consolidated Financial Statements – 31 March 2010

11 Earnings per Share

Basic earnings per share is calculated by dividing the profit attributable to shareholders of the Bank by the weighted average number of ordinary shares in issue during the period, excluding treasury shares. The Bank has no dilutive potential ordinary shares; therefore the diluted earnings per share equals the basic earnings per share.

<i>In millions of Russian Roubles</i>	Three months ended 31 March	
	2010 (Unaudited)	2009 (Unaudited)
Profit for the reporting period attributable to the shareholders of the Bank	43 441	583
Profit attributable to the ordinary shareholders of the Bank	43 441	583
Weighted average number of ordinary shares in issue (millions)	21 587	21 585
Earnings per ordinary share, basic and diluted (expressed in RR per share)	2.01	0.03

12 Segment Analysis

For the purposes of management the Group is divided into operating segments of activity – central head office, 18 regional head offices and subsidiaries – which are defined on the basis of organizational structure of the Group and geographical areas. The principal activity of all operating segments is banking operations. For the purposes of presentation in these consolidated financial statements the operating segments are aggregated in the following reportable segments:

- **Moscow;**

this segment includes the following:

- Central head office of the Group,
- Regional head office of Moscow,
- Subsidiaries of the Group located in the region.

- **Central and Northern regions of European part of Russia;**

this segment includes the following:

Regional head offices:

- Severny – Yaroslavl,
- Severo-Zapadny – Saint-Petersburg,
- Tsentralno-Chernozemny – Voronezh,
- Srednerussky – Moscow;

Subsidiaries of the Group located in the region.

- **Volga region and South of European part of Russia;**

this segment includes the following:

Regional head offices:

- Volgo-Vyatsky – Nizhniy Novgorod,
- Povolzhsky – Samara,
- Severo-Kavkazsky – Stavropol,
- Yugo-Zapadny – Rostov-on-Don,

Subsidiaries of the Group located in the region.

Selected Notes to the Condensed Interim Consolidated Financial Statements – 31 March 2010

12 Segment Analysis (Continued)

- **Ural, Siberia and Far East of Russia;**

this segment includes the following:

Regional head offices:

- Zapadno-Uralsky – Perm,
- Uralsky – Ekaterinburg,
- Sibirsky – Novosibirsk,
- Altaisky – Barnaul,
- Zapadno-Sibirsky – Tumen,
- Severo-Vostochny – Magadan,
- Dalnevostochny – Khabarovsk,
- Vostochno-Sibirsky – Krasnoyarsk,
- Baikalsky – Irkutsk,

Subsidiaries of the Group located in the region.

- **Other countries**

this segment includes the following:

- Subsidiaries located in Ukraine,
- Subsidiaries located in Kazakhstan,
- Subsidiaries located in Belarus.

The Management of the Group analyses operating results of every segment of activity for the purposes of making decision about allocation of resources and assessment of segments' business results. The segments' reporting and operating results which are provided to the Management of the Group for analysis are prepared under Russian accounting standards, except the segments' reporting of the subsidiaries which is prepared under International Financial Reporting Standards.

Intersegment operations are performed on the basis of internal transfer pricing rates which are established, approved and regularly revised by the Management of the Group.

The subsidiaries' activity is controlled by the Group integrally.

Segment reporting of the Group's assets and liabilities as at 31 March 2010 is as follows:

<i>In millions of Russian Roubles</i>	Moscow	Central and Northern regions of European part of Russia	Volga region and South of European part of Russia	Ural, Siberia and Far East of Russia	Other countries	Total
TOTAL ASSETS	3 634 477	1 223 998	1 015 760	1 372 355	116 944	7 363 534
TOTAL LIABILITIES	2 555 507	1 471 223	1 020 981	1 294 945	86 712	6 429 368

Selected Notes to the Condensed Interim Consolidated Financial Statements – 31 March 2010

12 Segment Analysis (Continued)

Segment reporting of the Group's assets and liabilities as at 31 December 2009 is as follows:

<i>In millions of Russian Roubles</i>	Moscow	Central and Northern regions of European part of Russia	Volga region and South of European part of Russia	Ural, Siberia and Far East of Russia	Other countries	Total
TOTAL ASSETS	3 339 279	1 269 638	1 037 696	1 438 970	110 590	7 196 173
TOTAL LIABILITIES	2 497 326	1 455 172	1 024 070	1 276 215	85 934	6 338 717

Reconciliation of assets and liabilities as per the reportable segments with the Group's assets and liabilities under IFRS as of 31 March 2010 and 31 December 2009 is as follows:

<i>In millions of Russian Roubles</i>	Total assets		Total liabilities	
	31 March 2010 (Unaudited)	31 December 2009	31 March 2010 (Unaudited)	31 December 2009
Total amount per reportable segment	7 363 534	7 196 173	6 429 368	6 338 717
Adjustment of provisions for impairment	29 924	23 660	(22 483)	(25 441)
Additional interest accrued on loans	9 388	6 510	-	-
Deferred commission income on loans	(31 200)	(30 696)	-	-
Deferred commission income on guarantees	-	-	590	796
Accounting for derivatives at fair value	4 585	619	3 018	10 576
Adjustment of depreciation and cost or fair value of premises and equipment including effect of deferred tax	(65 310)	(64 013)	-	-
Staff expenses accrued related to the reporting period (bonuses, annual leave, pension liabilities)	177	155	23 590	12 383
Adjustment of amortised cost and partial repurchase of other borrowed funds and subordinated debt	(7 882)	(24 324)	(7 987)	(24 866)
Adjustment of income tax	-	(668)	23 444	12 924
Other adjustments	(2 336)	(2 350)	-	1 041
The Group's total amount under IFRS	7 300 880	7 105 066	6 449 540	6 326 130

Selected Notes to the Condensed Interim Consolidated Financial Statements – 31 March 2010

12 Segment Analysis (Continued)

Segment reporting of the Group's income and expenses for the three months ended 31 March 2010 is as follows:

<i>In millions of Russian Roubles</i>	Moscow	Central and Northern regions of European part of Russia	Volga region and South of European part of Russia	Ural, Siberia and Far East of Russia	Other countries	Total
Interest income	75 736	38 298	32 736	45 969	3 650	196 389
Interest expense	(31 722)	(17 655)	(12 613)	(15 191)	(1 551)	(78 732)
Inter-segment income and (expense)	(8 588)	7 219	1 698	(329)	-	-
Fee and commission income	7 508	9 515	7 533	10 473	749	35 778
Fee and commission expense	(917)	(36)	(76)	(72)	(109)	(1 210)
Net gains/ (losses) arising from securities	4 323	-	-	-	(38)	4 285
Net (losses)/ gains arising from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation gains/ (losses)	(10 205)	404	287	288	485	(8 741)
Net gains arising from operations with precious metals	95	109	100	143	-	447
Other net operating gains/ (losses)	3 624	(129)	(610)	(324)	(157)	2 404
Operating income before provision charge for loan impairment	39 854	37 725	29 055	40 957	3 029	150 620
Provision charge for loan impairment	(20 558)	(15 686)	(9 487)	(9 520)	(584)	(55 835)
Operating income	19 296	22 039	19 568	31 437	2 445	94 785
Operating expenses	(13 623)	(10 951)	(9 674)	(13 474)	(1 373)	(49 095)
Profit before tax (Segment result)	5 673	11 088	9 894	17 963	1 072	45 690
Other disclosures						
Capital expenditure incurred (additions of fixed assets)	1 134	1 420	1 333	1 741	708	6 336
Depreciation of premises and equipment	874	1 255	1 185	1 777	523	5 614

Selected Notes to the Condensed Interim Consolidated Financial Statements – 31 March 2010

12 Segment Analysis (Continued)

Segment reporting of the Group's income and expenses for the three months ended 31 March 2009 is as follows:

<i>In millions of Russian Roubles</i>	Moscow	Central and Northern regions of European part of Russia	Volga region and South of European part of Russia	Ural, Siberia and Far East of Russia	Other countries	Total
Interest income	67 547	36 564	32 184	46 409	1 377	184 081
Interest expense	(42 615)	(14 002)	(9 999)	(12 911)	(546)	(80 073)
Inter-segment income and (expense)	9 016	1 278	(3 471)	(6 741)	(82)	-
Fee and commission income	7 432	8 290	6 539	8 803	228	31 292
Fee and commission expense	(809)	-	(47)	(23)	(22)	(901)
Net gains/ (losses) arising from securities	70	(1)	-	-	9	78
Net (losses)/ gains arising from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation gains	(661)	2 466	1 969	1 709	60	5 543
Net (losses)/ gains arising from operations with precious metals	(534)	364	300	483	-	613
Other net operating (losses)/ gains	(8 593)	362	59	308	34	(7 830)
Operating income before provision charge for loan impairment	30 853	35 321	27 534	38 037	1 058	132 803
Provision charge for loan impairment	(55 291)	(6 408)	(5 760)	(15 410)	(3 031)	(85 900)
Operating (loss)/ income	(24 438)	28 913	21 774	22 627	(1 973)	46 903
Operating expenses	(10 724)	(10 409)	(8 960)	(12 345)	(561)	(42 999)
Profit/ (loss) before tax (Segment result)	(35 162)	18 504	12 814	10 282	(2 534)	3 904
Other disclosures						
Capital expenditure incurred (additions of fixed assets)	769	928	868	1 184	357	4 106
Depreciation of premises and equipment	801	1 201	1 027	1 672	30	4 731

Selected Notes to the Condensed Interim Consolidated Financial Statements – 31 March 2010

12 Segment Analysis (Continued)

Reconciliation of profit before tax for the reportable segments with the Group's income statement profit before tax under IFRS for the three months ended 31 March 2010 and for the three months ended 31 March 2009 is as follows:

<i>In millions of Russian Roubles</i>	Three months ended 31 March	
	2010 (Unaudited)	2009 (Unaudited)
Total amount per reportable segment	45 690	3 904
Adjustment of provisions	31	4 547
Staff expenses accrued related to the reporting period (bonuses, annual leave, pension liabilities)	(11 185)	(6 294)
Differences arising on securities' classification	7 603	(5 823)
Accounting for derivatives at fair value	11 524	2 824
Additional interest accrued on loans	2 878	2 297
Deferred commission income on guaranties	(298)	(654)
Adjustment of depreciation and cost of premises and equipment	(1 343)	(1 689)
Other adjustments	(794)	1 247
The Group's total amount under IFRS	54 106	359

The differences shown above arise from classification variances as well as different accounting policies.

Adjustment of provisions is related to the difference between estimation methodology applied in statutory accounting records used as a basis for management reporting for provisioning for loan impairment and estimation methodology used for IFRS reporting.

Differences arising on securities' classification relate to gains/(losses) on revaluation of securities designated at fair value through profit or loss in IFRS reporting but classified as available for sale in statutory accounting records used as a basis for management reporting.

13 Financial Risk Management

The risk management function within the Group is carried out in respect of major types of risks: credit, market, liquidity risk and operational risk. Market risk includes interest rate risk, equity risk and currency risk. The Group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and limits. The operational risk management functions are intended to ensure proper functioning of internal policies and procedures to minimise operational risk.

The Group's risk management policies and procedures are consistent with those disclosed in the annual consolidated financial statements of the Group for the year ended 31 December 2009.

Below are disclosed the Group's exposure to foreign currency exchange risk and liquidity position of the Group's assets and liabilities per remaining expected maturity.

Currency Risk. Currency risk results from fluctuations in the prevailing foreign currency exchange rates. The Group is exposed to foreign exchange risk on open positions (mainly US dollar/RUB and EUR/RUB exchange rate fluctuations).

Selected Notes to the Condensed Interim Consolidated Financial Statements – 31 March 2010

13 Financial Risk Management (Continued)

The table below summarises the Group's exposure to foreign currency exchange rate risk in respect of monetary assets, liabilities and notional position on currency and precious metals derivatives as at 31 March 2010:

(Unaudited)

<i>In millions of Russian Roubles</i>	Russian Roubles	USD	Euro	Other	Total
Assets					
Cash and cash equivalents	340 864	51 308	106 113	33 848	532 133
Mandatory cash balances with the Bank of Russia	43 458	-	-	-	43 458
Debt trading securities	78 562	26 496	324	-	105 382
Debt securities designated at fair value through profit or loss	96 810	-	3 997	-	100 807
Due from other banks	20 446	52	7	1 406	21 911
Loans and advances to customers	3 883 975	707 713	114 001	37 500	4 743 189
Debt securities pledged under repurchase agreements	-	273	-	-	273
Debt investment securities available for sale	1 135 246	130 626	39 591	15 930	1 321 393
Debt investment securities held to maturity	1 276	-	-	-	1 276
Other financial assets (less fair value of derivatives)	26 467	6 009	1 197	6 023	39 696
Total monetary assets	5 627 104	922 477	265 230	94 707	6 909 518
Liabilities					
Due to other banks	59 823	3 910	1 181	5 127	70 041
Due to individuals	3 302 488	240 123	283 088	61 931	3 887 630
Due to corporate customers	1 038 679	368 489	170 545	37 452	1 615 165
Debt securities in issue	139 545	1 804	2 552	2 436	146 337
Other borrowed funds	-	105 582	6 254	4	111 840
Other financial liabilities (less fair value of derivatives)	28 225	2 071	317	402	31 015
Subordinated debt	514 343	205	-	-	514 548
Total monetary liabilities	5 083 103	722 184	463 937	107 352	6 376 576
Net monetary assets/ (liabilities)	544 001	200 293	(198 707)	(12 645)	532 942
Notional position on currency and precious metals forward and futures contracts	78 202	(277 168)	186 325	14 849	2 208
Credit related commitments (Note 14)	364 355	346 545	112 410	26 758	850 069

Selected Notes to the Condensed Interim Consolidated Financial Statements – 31 March 2010

13 Financial Risk Management (Continued)

The table below summarises the Group's risk exposure to foreign currency exchange rate risk in respect of monetary assets, liabilities and notional position on currency and precious metals derivatives as at 31 December 2009:

<i>In millions of Russian Roubles</i>	Russian Roubles	USD	Euro	Other	Total
Assets					
Cash and cash equivalents	585 295	63 753	50 270	26 203	725 521
Mandatory cash balances with the Bank of Russia	40 572	-	-	-	40 572
Debt trading securities	61 716	26 357	1 074	-	89 147
Debt securities designated at fair value through profit or loss	100 640	-	4 644	-	105 284
Due from other banks	7 014	125	-	3 080	10 219
Loans and advances to customers	4 021 182	695 047	111 750	36 052	4 864 031
Debt securities pledged under repurchase agreements	-	583	-	-	583
Debt investment securities available for sale	662 264	113 643	42 074	10 188	828 169
Other financial assets (less fair value of derivatives)	53 893	4 395	1 306	359	59 953
Total monetary assets	5 532 576	903 903	211 118	75 882	6 723 479
Liabilities					
Due to other banks	40 601	6 151	2 080	5 115	53 947
Due to individuals	3 152 717	253 309	318 294	62 992	3 787 312
Due to corporate customers	1 137 729	335 422	139 555	38 853	1 651 559
Debt securities in issue	117 408	3 131	2 733	1 327	124 599
Other borrowed funds	-	108 686	6 522	5	115 213
Other financial liabilities (less fair value of derivatives)	25 819	250	198	125	26 392
Subordinated debt	504 346	14 715	-	-	519 061
Total monetary liabilities	4 978 620	721 664	469 382	108 417	6 278 083
Net monetary assets/ (liabilities)	553 956	182 239	(258 264)	(32 535)	445 396
Notional position on currency and precious metals forward and futures contracts	34 289	(302 897)	242 940	16 203	(9 465)
Credit related commitments (Note 14)	430 229	383 716	117 288	25 409	956 642

Selected Notes to the Condensed Interim Consolidated Financial Statements – 31 March 2010

13 Financial Risk Management (Continued)

Liquidity Risk. Liquidity risk is defined as the risk when the maturity of assets and liabilities does not match. The Group is exposed to daily calls on its available cash resources from overnight deposits, current accounts, maturing deposits, loan draw downs, guarantees and from margin and other calls on cash settled derivative instruments.

For the purposes of more appropriate disclosure of liquidity risk analysis, change in presentation of gap analysis is introduced in these financial statements. Following principles underlying gap analysis presentation and the Group liquidity risk management are based on the mix of CBR initiatives and the Bank's practice:

- Cash and cash equivalents represent highly liquid assets and classified as “on demand and less than 30 days”
- Trading securities, securities designated at fair value through profit or loss and highly liquid portion of investment securities available for sale are considered to be liquid assets as these securities could be easily converted into cash within short period of time. Such financial instruments are disclosed in gap analysis table as “on demand and less than 30 days”
- Investment securities available for sale which are less liquid are disclosed according to remaining contractual maturity (for debt instruments) or as “no stated maturity” (for equities)
- Investment securities held to maturity are classified based on the remaining contractual maturity or offer date which is earlier
- Loans and advances to customers, due from other banks, other assets, debt securities in issue, due to other banks, other borrowed funds are included into gap analysis table based on remaining contractual maturity
- Customer deposits diversification by number and type of depositors and the past experience of the Group indicate that such accounts and deposits provide a long-term and stable source of funding, and as a result they are allocated per expected time of funds outflow in the gap analysis table on the basis of statistical data accumulated by the Group during the previous periods and assumptions on “permanent” part of current account balance

Selected Notes to the Condensed Interim Consolidated Financial Statements – 31 March 2010

13 Financial Risk Management (Continued)

The liquidity position of the Group's assets and liabilities as at 31 March 2010 is set out below:

<i>(Unaudited)</i> <i>In millions of Russian Roubles</i>	On demand and less than 1 month	From 1 to 6 months	From 6 to 12 months	From 1 to 3 years	More than 3 years	No stated maturity	Total
Assets							
Cash and cash equivalents	532 133	-	-	-	-	-	532 133
Mandatory cash balances with the Bank of Russia	10 257	4 937	7 292	18 152	2 820	-	43 458
Trading securities	108 846	-	-	-	-	-	108 846
Securities designated at fair value through profit or loss	121 505	-	-	-	-	-	121 505
Due from other banks	9 968	9 836	103	1 176	828	-	21 911
Loans and advances to customers	269 986	675 381	926 697	1 537 742	1 333 383	-	4 743 189
Securities pledged under repurchase agreements	1 611	-	-	-	273	7 570	9 454
Investment securities available for sale	1 336 145	-	9	170	732	11 503	1 348 559
Investment securities held to maturity	-	-	-	1 276	-	-	1 276
Deferred income tax asset	-	-	-	-	-	7 501	7 501
Premises and equipment	-	-	-	-	-	248 240	248 240
Other assets	45 828	11 314	9 138	866	22 285	25 377	114 808
Total assets	2 436 279	701 468	943 239	1 559 382	1 360 321	300 191	7 300 880
Liabilities							
Due to other banks	67 432	1 067	49	342	1 151	-	70 041
Due to individuals	293 917	591 070	910 578	1 738 409	353 656	-	3 887 630
Due to corporate customers	1 021 070	37 507	14 785	541 604	199	-	1 615 165
Debt securities in issue	46 049	55 714	33 173	10 287	1 114	-	146 337
Other borrowed funds	65	1 425	22 708	59 467	28 175	-	111 840
Deferred income tax liability	-	-	-	-	-	12 162	12 162
Other liabilities	32 328	39 465	3 316	6 015	2 316	8 377	91 817
Subordinated debt	4	-	-	-	514 544	-	514 548
Total liabilities	1 460 865	726 248	984 609	2 356 124	901 155	20 539	6 449 540
Net liquidity surplus/(gap)	975 414	(24 780)	(41 370)	(796 742)	459 166	279 652	851 340
Cumulative liquidity surplus at 31 March 2010	975 414	950 634	909 264	112 522	571 688	851 340	-

Selected Notes to the Condensed Interim Consolidated Financial Statements – 31 March 2010

13 Financial Risk Management (Continued)

The liquidity position of the Group's assets and liabilities as at 31 December 2009 is set out below:

<i>In millions of Russian Roubles</i>	On demand and less than 1 month	From 1 to 6 months	From 6 to 12 months	From 1 to 3 years	More than 3 years	No stated maturity	Total
Assets							
Cash and cash equivalents	725 521	-	-	-	-	-	725 521
Mandatory cash balances with the Bank of Russia	10 669	4 175	5 343	17 977	2 408	-	40 572
Trading securities	91 022	-	-	-	-	-	91 022
Securities designated at fair value through profit or loss	124 439	-	-	-	-	-	124 439
Due from other banks	4 065	3 706	68	1 693	687	-	10 219
Loans and advances to customers	205 924	730 974	968 615	1 539 964	1 418 554	-	4 864 031
Securities pledged under repurchase agreements	-	-	-	-	583	2 116	2 699
Investment securities available for sale	835 937	-	-	64	-	9 974	845 975
Premises and equipment	-	-	-	-	-	249 881	249 881
Other assets	72 525	8 949	2 912	1 167	21 289	43 865	150 707
Total assets	2 070 102	747 804	976 938	1 560 865	1 443 521	305 836	7 105 066
Liabilities							
Due to other banks	49 570	574	2 177	281	1 345	-	53 947
Due to individuals	356 084	513 251	697 007	1 901 545	319 425	-	3 787 312
Due to corporate customers	1 088 570	52 884	19 588	490 270	247	-	1 651 559
Debt securities in issue	35 603	43 841	38 910	6 245	-	-	124 599
Other borrowed funds	88	395	1 308	83 762	29 660	-	115 213
Deferred income tax liability	-	-	-	-	-	4 598	4 598
Other liabilities	32 060	9 414	7 067	1 392	2 215	17 693	69 841
Subordinated debt	-	14 504	-	-	504 557	-	519 061
Total liabilities	1 561 975	634 863	766 057	2 483 495	857 449	22 291	6 326 130
Net liquidity surplus/(gap)	508 127	112 941	210 881	(922 630)	586 072	283 545	778 936
Cumulative liquidity surplus/ (gap) at 31 December 2009	508 127	621 068	831 949	(90 681)	495 391	778 936	-

Selected Notes to the Condensed Interim Consolidated Financial Statements – 31 March 2010

14 Credit Related Commitments

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

Commitments to extend credit represent unused portions of authorisations to extend credit. With respect to credit risk on commitments to extend credit, the Group is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments since most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Group monitors the term to maturity of credit related commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments. Outstanding credit related commitments are as follows:

<i>In millions of Russian Roubles</i>	31 March 2010 (Unaudited)	31 December 2009
Commitments to extend credit	334 147	328 013
Export letters of credit	218 895	264 196
Import letters of credit and letters of credit for domestic settlements	110 615	118 463
Undrawn credit lines	95 355	108 448
Guarantees issued	91 057	137 522
Total credit related commitments	850 069	956 642

At 31 March 2010 included in Due to corporate customers are deposits of RR 74 553 million (31 December 2009: RR 82 068 million) held as collateral for irrevocable commitments under import letters of credit. Refer to Note 6.

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

15 Related Party Transactions

For the purposes of these condensed interim consolidated financial statements, parties are considered to be related if one party has the ability to control the other party, is under common control, or can 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 Group's principal shareholder is the Bank of Russia (refer to Note 1). Disclosures are made in Note 16 for transactions with state-controlled entities and government bodies.

Selected Notes to the Condensed Interim Consolidated Financial Statements – 31 March 2010

15 Related Party Transactions (Continued)

As at 31 March 2010 and 31 December 2009, the outstanding balances with the Bank of Russia were as follows:

<i>In millions of Russian Roubles</i>	Note	31 March 2010 (Unaudited)	31 December 2009
Assets			
Cash and cash equivalents		153 916	345 035
Mandatory cash balances with the Bank of Russia		43 458	40 572
Bonds of the Bank of Russia		554 613	221 080
Other assets		-	45
Liabilities			
Subordinated debt	7	514 343	504 346

The income and expense items with the Bank of Russia for the three months ended 31 March 2010 and the three months ended 31 March 2009 were as follows:

<i>In millions of Russian Roubles</i>	Three months ended 31 March 2010 (Unaudited)	2009 (Unaudited)
Interest income	7 201	-
Interest expense	(343)	(6 007)
Interest expense on subordinated debt	(9 532)	(9 598)
Net losses arising from investment securities available for sale	(324)	-
Other operating expenses	(150)	(133)

For the three months ended 31 March 2010, remuneration of the members of the key management personnel comprised salaries and bonuses totalling RR 77 million (the three months ended 31 March 2009: RR 111 million).

16 Operations with State-Controlled Entities and Government Bodies

The Government of the Russian Federation does not provide to the general public or entities under its ownership/control a complete list of the entities, which are owned or controlled directly or indirectly by the State. Under these circumstances the Management of the Group disclosed only information that its current internal management and accounting systems allow to present in relation to operations with state-controlled entities and where the Management believes such entities could be considered as state-controlled based on its best knowledge. These condensed interim consolidated financial statements disclose operations with government bodies and entities, in which the government directly owns more than 50% of the share capital. In relation to state-controlled entities, Management analysed the Group's transactions with its largest customers and extracted balances and results of operations in relation to the following groups of entities which were included in the tables below: 1) 100% State subsidiaries and government bodies and 2) largest entities where the State controls over 50% of its share capital. All transactions with government bodies and state-controlled entities are entered into in the normal course of business and priced at market rates.

Selected Notes to the Condensed Interim Consolidated Financial Statements – 31 March 2010

16 Operations with State-Controlled Entities and Government Bodies (Continued)

As at 31 March 2010 and 31 December 2009, the outstanding balances with state-controlled entities and government bodies were as follows:

	31 March 2010 (Unaudited)		31 December 2009	
	100% owned State subsidiaries and government bodies	Entities where the State controls over 50% of share capital	100% owned State subsidiaries and government bodies	Entities where the State controls over 50% of share capital
<i>In millions of Russian Roubles</i>				
Cash and cash equivalents	-	4 344	-	1 747
Trading securities	84 942	6 698	72 642	6 876
Securities designated at fair value through profit or loss	96 128	4 934	98 131	5 383
Due from other banks	7 079	7 662	4 073	2 516
Gross amount of loans and advances to customers	213 929	181 844	247 522	197 813
Impairment for loans and advances to customers	(6 246)	(5 705)	(4 675)	(4 402)
Securities pledged under repurchase agreements	-	2 980	-	31
Investment securities available for sale	531 885	68 009	416 665	65 883
Due to other banks	2 012	14 824	-	205
Due to corporate customers	188 772	188 450	152 369	90 693

Income and expense items with State subsidiaries and government bodies for the three months periods ended 31 March 2010 and 31 March 2009 were as follows:

	Three months ended 31 March 2010 (Unaudited)		Three months ended 31 March 2009	
	100% owned State subsidiaries and government bodies	Entities where the State controls over 50% of share capital	100% owned State subsidiaries and government bodies	Entities where the State controls over 50% of share capital
<i>In millions of Russian Roubles</i>				
Interest income on loans	8 459	4 941	10 974	6 375
Interest income on securities	13 980	1 604	8 477	526
Interest expense	(819)	(458)	(3 000)	(271)
Provision for loan impairment	(1 571)	(1 303)	(1 486)	(1 327)
Net gains/ (losses) arising from trading securities	4 361	(393)	(681)	147
Net gains/ (losses) arising from securities designated at fair value through profit or loss	4 704	(389)	(5 056)	446
Net gains arising from investment securities available for sale	1 970	1 703	2	1
Fee and commission income	998	221	946	353

Transactions with the State also include taxes. Income tax expense attributable to operations taxable in the Russian Federation amounted to RR 10 314 million for the three months ended 31 March 2010 (RR 146 million for the three months ended 31 March 2009).

Selected Notes to the Condensed Interim Consolidated Financial Statements – 31 March 2010

17 Principal Subsidiaries

The table below provides detail on consolidated principal subsidiaries of the Bank as at 31 March 2010:

Name	Nature of business	Percentage of voting rights	Percentage of ownership	Country of registration
Subsidiaries:				
OJSC Belpromstroy Bank (OAO BPS Bank)	banking	93.95%	93.95%	Belarus
SB JSC Sberbank	banking	100.00%	100.00%	Kazakhstan
JSC Sberbank of Russia	banking	100.00%	100.00%	Ukraine
CJSC Sberbank Leasing	leasing	100.00%	100.00%	Russia
LLC Sberbank Capital	services	100.00%	100.00%	Russia
OJSC Holding company GVSU Center	construction	100.00%	100.00%	Russia
CJSC NK Dulisma	oil company	100.00%	100.00%	Russia
LLC Khrustalnye Bashni	construction	50.01%	50.01%	Russia

In December 2009 the Bank acquired a 93.3% share of the share capital of OJSC BPS Bank, which was previously controlled by Government of Republic of Belarus. The acquisition of OJSC BPS Bank was driven by the Group's strategy for international development according to which the CIS markets are recognized as priority markets for the Group. The purchase consideration comprised RR 8 474 million. OJSC BPS Bank is engaged in commercial banking operations with corporate customers, individuals and banks and operates in the Republic of Belarus through 7 branches and 28 sub-branches. Fair value of net assets of OJSC BPS Bank amounted to RR 9 811 million at the acquisition date. During the three months ended 31 March 2010 the Group acquired an additional 0.65% share in the OJSC BPS Bank.

SB JSC Sberbank is a 100% subsidiary bank of the Bank, operating in Kazakhstan. It was acquired in July 2006 in several tranches. The acquisition of SB JSC Sberbank was driven by the Group's strategy to develop the volume of its operations on the CIS markets. SB JSC Sberbank is engaged in commercial banking and operates in Kazakhstan through 12 branches and 81 sub-branches.

JSC Sberbank of Russia is a 100% subsidiary bank, operating in Ukraine. It was acquired in December 2007 also driven by the Bank's strategy to develop the volume of its operations on the CIS markets. JSC Sberbank of Russia is engaged in commercial banking operations with corporate customers, individuals and banks and operates in Ukraine through 42 sub-branches.

CJSC Sberbank Leasing is a 100% subsidiary of the Bank which was incorporated in September 1993. The company is involved in finance/ operating lease business which the Group considers to be one of the important financial business activities in the market.

LLC Sberbank Capital is a 100% Russian subsidiary of the Bank incorporated in September 2008. The company's principal activities include investment business, real estate development and asset management operations in the Russian Federation and abroad.

In December 2009 under the settlement of the loan the Group repossessed a 97% share in Russian construction company OJSC Holding company GVSU Center, a diversified holding company providing full range of construction activities. During the three months ended 31 March 2010 the Group repossessed the remaining 3% share in the company making it 100%. The Group plans to develop the business of the subsidiary and have further plans to dispose of it in the foreseeable future.

In August 2009 under the settlement of the loan to the Group's borrower the Group repossessed a 100% share in oil company CJSC NK Dulisma, operating in Russia. The Group plans to develop the business of the subsidiary and have further plans to dispose of it in the foreseeable future.

In January 2010 under the settlement of the loan the Group repossessed a 50.01% share in a single-asset company – LLC Khrustalnye Bashni. The asset of the company is represented by undergoing construction of business centre in Moscow.

The share of all the subsidiaries of the Bank in the consolidated assets of the Group as at 31 March 2010 was 3.5%.

Selected Notes to the Condensed Interim Consolidated Financial Statements – 31 March 2010

18 Capital Adequacy Ratio

The Group's objectives when managing capital are (i) to comply with the regulatory capital requirements set by the Bank of Russia and (ii) to safeguard the Group's ability to continue as a going concern.

According to requirements set by the Bank of Russia statutory capital ratio has to be maintained above the minimum level of 10%. As at 31 March 2010 the regulatory capital adequacy ratio was 21.70% (31 December 2009: 21.54%). Compliance with capital adequacy ratios set by the Bank of Russia is monitored monthly with reports outlining the calculation.

The Group also monitors capital adequacy ratio based on Basel Accord to make sure it maintains a level of at least 8%. As at 31 March 2010 and 31 December 2009, Capital Adequacy Ratios calculated by the Group in accordance with the International Convergence of Capital Measurement and Capital Standards (July 1988, updated to November 2005) and Amendment to the Capital Accord to incorporate market risks (updated November 2005), commonly known as Basel 1 requirements, were as follows:

<i>In millions of Russian Roubles</i>	31 March 2010 (Unaudited)	31 December 2009
Tier 1 capital		
Share capital	87 742	87 742
Share premium	232 553	232 553
Retained earnings	447 873	403 934
Total Tier 1 capital	768 168	724 229
Tier 2 capital		
Revaluation reserve for premises	55 042	55 540
Fair value reserve for investment securities available for sale	14 815	(329)
Foreign currency translation reserve	(1 784)	(1 009)
Subordinated capital	384 084	362 115
Total Tier 2 capital	452 157	416 317
Total capital	1 220 325	1 140 546
Risk weighted assets (RWA)		
Credit risk	6 207 269	6 005 088
Market risk	253 338	298 725
Total risk weighted assets (RWA)	6 460 607	6 303 813
Core capital adequacy ratio (Total Tier 1 capital to Total RWA)	11.9%	11.5%
Total capital adequacy ratio (Total capital to Total RWA)	18.9%	18.1%

Selected Notes to the Condensed Interim Consolidated Financial Statements – 31 March 2010

19 Subsequent events

In April 2010 the Group purchased 2% share in Russian oil company “OAO Russneft”.

In April 2010 under the settlement of the loan to its borrower the Group repossessed a 93.4% share in OJSC “Pavlovskaya Keramika” and a 93.4% share in LLC “Pavlovo-Posadskoe Gornodobyvauchee Obiedinenie”. These companies are involved in production and sale of construction materials. At the date when these condensed interim consolidated financial statements were authorized for issue, the Management of the Group could not make an estimate of the financial effect of the transaction.

In April 2010 under the settlement of the loan to its borrower the Group repossessed a 60.0% share in CJSC “GOTEK Group Management Company” which is involved in production of packing materials. At the date when these condensed interim consolidated financial statements were authorized for issue, the Management of the Group could not make an estimate of the financial effect of the transaction.

In May 2010 the Group paid back part of subordinated loan received by the Group from the Bank of Russia in the amount of RR 200 000 million. The whole amount of subordinated loan received by the Group in December 2008 was RR 500 000 million and was structured in three tranches. The remaining part of the loan matures in December 2019 and has a contractual fixed interest rate of 8.0% p.a.

In May 2010 under the settlement of the loan to its borrower the Group repossessed a 51.0% share in “Vester Retail N.V.”, a holding company of a retail trading group operating mainly in Russia. At the date when these condensed interim consolidated financial statements were authorized for issue, the Management of the Group could not make an estimate of the financial effect of the transaction.