

Sberbank
(Savings Bank of the Russian Federation)

Condensed Interim Consolidated Financial
Statements and Review Report

30 June 2009

Condensed Interim Consolidated Financial Statements and Review Report

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Report on Review of Interim Condensed 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 30 June 2009 and the related condensed interim consolidated statements of income and comprehensive income for the three- and six- months periods then ended, condensed interim consolidated statements of changes in equity and of cash flows for the six- months 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 interim condensed 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.

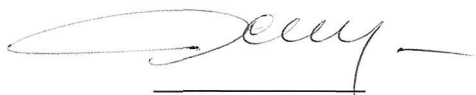


31 August 2009

Condensed Interim Consolidated Income Statement

<i>In millions of Russian Roubles</i>	Note	Six months ended 30 June		Three months ended 30 June	
		2009 (Unaudited)	2008 (Unaudited)	2009 (Unaudited)	2008 (Unaudited)
Interest income	9	403 244	278 089	208 126	141 115
Interest expense	9	(158 729)	(109 744)	(79 093)	(56 989)
Net interest income		244 515	168 345	129 033	84 126
Provision for loan impairment		(191 557)	(17 278)	(100 802)	(9 730)
Net interest income after provision for loan impairment		52 958	151 067	28 231	74 396
Fee and commission income	10	47 876	39 499	24 783	21 099
Fee and commission expense	10	(2 054)	(1 684)	(1 026)	(907)
Net gains/ (losses) arising from trading securities		3 746	(1 348)	4 059	197
Net gains/ (losses) arising from securities designated at fair value through profit or loss		691	(359)	5 290	766
Net gains/ (losses) arising from investment securities available for sale		188	1 088	(324)	1
Impairment of investment securities available for sale		(1 411)	-	(1 411)	-
Net gains arising from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation gains	11	9 260	2 961	733	2 805
Net gains/ (losses) arising from operations with precious metals and precious metals derivatives		306	2 442	610	(231)
Other operating income		6 656	2 410	3 338	1 662
Operating income		118 216	196 076	64 283	99 788
Administrative and operating expenses		(109 722)	(108 600)	(56 593)	(53 047)
Other operating expenses		(1 435)	-	(990)	-
Profit before tax		7 059	87 476	6 700	46 741
Income tax expense		(1 049)	(20 464)	(1 273)	(10 841)
Profit for the reporting period		6 010	67 012	5 427	35 900
Earnings per ordinary share, basic and diluted (expressed in RR per share)	13	0.25	3.07	0.22	1.63

Approved for issue and signed on behalf of the Board on 31 August 2009.



Herman Gref
Chairman of the Board and CEO



Andrey Kruzhalov
Chief Accountant

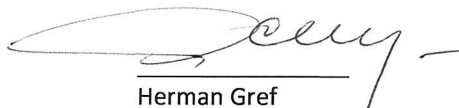
Condensed Interim Consolidated Statement of Comprehensive Income

<i>In millions of Russian Roubles</i>	Note	Six months ended 30 June		Three months ended 30 June	
		2009 (Unaudited)	2008 (Unaudited)	2009 (Unaudited)	2008 (Unaudited)
Profit for the reporting period recognised in the income statement		6 010	67 012	5 427	35 900
Components of other comprehensive income:					
Net gains / (losses) on investment securities available for sale		7 232	(1 822)	18 857	111
Net foreign currency translation losses		(847)	-	(658)	-
Deferred income tax relating to components of other comprehensive income		(1 446)	437	(3 771)	(27)
Total components of other comprehensive income for the reporting period, net of tax	12	4 939	(1 385)	14 428	84
Total comprehensive income for the reporting period		10 949	65 627	19 855	35 984

Condensed Interim Consolidated Statement of Financial Position

<i>In millions of Russian Roubles</i>	Note	30 June 2009 (Unaudited)	31 December 2008
Assets			
Cash and cash equivalents		534 081	803 749
Mandatory cash balances with the Bank of Russia		15 884	7 643
Trading securities		86 993	78 603
Securities designated at fair value through profit or loss		101 307	130 503
Due from other banks		3 098	2 756
Loans and advances to customers	5	5 099 425	5 077 882
Securities pledged under repurchase agreements		2 097	-
Investment securities available for sale		364 491	284 572
Premises and equipment		252 446	251 478
Other assets		121 302	99 296
Total assets		6 581 124	6 736 482
Liabilities			
Due to other banks		57 998	302 539
Due to individuals	6	3 327 518	3 112 102
Due to legal entities	6	1 514 775	1 683 130
Debt securities in issue		128 628	138 902
Other borrowed funds	7	164 163	159 080
Deferred income tax liability		10 006	10 516
Other liabilities		74 897	43 830
Subordinated debt	8	553 020	536 221
Total liabilities		5 831 005	5 986 320
Equity			
Share capital		87 742	87 742
Share premium		232 493	232 493
Revaluation reserve for premises		73 739	74 981
Fair value reserve for investment securities available for sale		(27 399)	(33 185)
Foreign currency translation reserve		(746)	101
Retained earnings		384 290	388 030
Total equity		750 119	750 162
Total liabilities and equity		6 581 124	6 736 482

Approved for issue and signed on behalf of the Board on 31 August 2009.



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>	Note	Share capital	Share premium	Revaluation reserve for premises	Fair value reserve for investment securities available for sale	Foreign currency translation reserve	Retained earnings	Total equity
Balance as at 1 January 2008		87 742	232 493	14 815	733	-	301 414	637 197
Changes in equity for the six months ended 30 June 2008								
Dividends declared	14	-	-	-	-	-	(11 659)	(11 659)
Depreciation of revalued premises, net of tax (Unaudited)		-	-	(266)	-	-	266	-
Total comprehensive income recognised for the six months ended 30 June 2008 (Unaudited)		-	-	-	(1 385)	-	67 012	65 627
Balance as at 30 June 2008 (Unaudited)		87 742	232 493	14 549	(652)	-	357 033	691 165
Balance as at 1 January 2009		87 742	232 493	74 981	(33 185)	101	388 030	750 162
Changes in equity for the six months ended 30 June 2009								
Dividends declared	14	-	-	-	-	-	(10 992)	(10 992)
Depreciation of revalued premises, net of tax (Unaudited)		-	-	(1 242)	-	-	1 242	-
Total comprehensive income recognised for the six months ended 30 June 2009 (Unaudited)		-	-	-	5 786	(847)	6 010	10 949
Balance as at 30 June 2009 (Unaudited)		87 742	232 493	73 739	(27 399)	(746)	384 290	750 119

The notes set out on pages 6 to 36 form an integral part of these condensed interim consolidated financial statements.

Condensed Interim Consolidated Statement of Cash Flows

<i>In millions of Russian Roubles</i>	Note	Six months ended 30 June 2009 (Unaudited)	Six months ended 30 June 2008 (Unaudited)
Cash flows from operating activities			
Interest received		396 875	284 636
Interest paid		(131 174)	(100 891)
Fees and commissions received		48 069	39 573
Fees and commissions paid		(2 054)	(1 684)
Net gains received from trading securities		718	786
Net gains received from securities designated at fair value through profit or loss		669	855
Net (losses incurred)/ gains received from trading in foreign currencies and from operations with foreign currency derivatives		(16 250)	7 150
Net gains received from operations with precious metals and precious metals derivatives		914	1 725
Other operating income received		5 114	2 283
Administrative and other operating expenses paid		(76 561)	(82 542)
Income tax paid		(2 687)	(27 317)
Cash flows from operating activities before changes in operating assets and liabilities		223 633	124 574
Changes in operating assets and liabilities			
Net increase in mandatory cash balances with the Bank of Russia		(8 241)	(31 705)
Net (increase)/ decrease in trading securities		(3 339)	94 314
Net decrease in securities designated at fair value through profit or loss		29 225	19 272
Net decrease in due from other banks		1 143	1 026
Net increase in loans and advances to customers		(154 936)	(737 114)
Net increase in other assets		(8 398)	(3 050)
Net decrease in due to other banks		(246 902)	(15 662)
Net increase in due to individuals		180 087	256 099
Net (decrease)/ increase in due to legal entities		(218 024)	338 261
Net (decrease)/ increase in debt securities in issue		(10 565)	30 168
Net increase in other liabilities		3 504	14 886
Net cash (used in)/ from operating activities		(212 813)	91 069
Cash flows from investing activities			
Purchase of investment securities available for sale		(79 203)	(127 030)
Proceeds from disposal and redemption of investment securities available for sale		8 818	36 750
Acquisition of premises and equipment		(13 454)	(14 978)
Proceeds from disposal of premises and equipment including insurance payments		967	91
Dividend income received		65	127
Net cash used in investing activities		(82 807)	(105 040)
Cash flows from financing activities			
Other borrowed funds received		-	67
Redemption of other borrowed funds		(5 079)	(10 289)
Repayment of interest on other borrowed funds		(4 435)	(2 740)
Redemption of subordinated debt		(4 192)	-
Repayment of interest on subordinated debt		(1 119)	(772)
Dividends paid	14	(10)	(27)
Net cash used in financing activities		(14 835)	(13 761)
Effect of exchange rate changes on cash and cash equivalents		40 787	1 560
Net decrease in cash and cash equivalents		(269 668)	(26 172)
Cash and cash equivalents at the beginning of the reporting period		803 749	242 231
Cash and cash equivalents as at the end of the reporting period		534 081	216 059

The notes set out on pages 6 to 36 form an integral part of these condensed interim consolidated financial statements.

1 Introduction

These condensed interim consolidated financial statements have been prepared in accordance with IAS 34 “Interim Financial Reporting” (“IAS 34”) for the six months ended 30 June 2009 for Sberbank (Savings Bank of the Russian Federation) (the “Bank”) and its subsidiaries (together referred to as the “Group” or “Sberbank (Savings Bank of the Russian Federation) Group”).

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 30 June 2009 (31 December 2008: 60.3% of ordinary shares or 57.6% of the issued and outstanding shares).

As at 30 June 2009 the Supervisory Board of the Bank is headed by the Chairman of the Bank of Russia. The Supervisory Board also included representatives from the Bank’s other shareholders. Two Deputy Chairmen of the Bank of Russia are Deputy Chairmen of the Supervisory Board.

Principal activity. The Group’s principal business activity is corporate and retail banking operations within the Russian Federation. The Bank has operated under a full banking license issued by the Bank of Russia since 1991.

The Bank has 17 (31 December 2008: 17) regional head offices, 710 (31 December 2008: 734) branches and 19 492 (31 December 2008: 19 675) sub-branches within the Russian Federation as at 30 June 2009. The average number of the Bank’s employees during the six-months period ended 30 June 2009 was 257 832 (year ended 31 December 2008: 259 999).

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

2 Operating Environment of the Group

The Group principally operates within the Russian Federation.

Russian Federation. The Russian economy is vulnerable to market downturns and economic slowdowns elsewhere in the world. The ongoing global financial crisis has resulted in capital markets instability, significant deterioration of liquidity in the banking sector, and tighter credit conditions within Russia. While 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, there continues to be 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.

The tax, currency and customs legislation within the Russian Federation is subject to varying interpretations and frequent changes. Furthermore, the need for further developments in the bankruptcy laws, the absence of formalised procedures for the registration and enforcement of collateral, and other legal and fiscal impediments contribute to the challenges faced by banks currently operating in the Russian Federation. The future economic direction of the Russian Federation is largely dependent upon the effectiveness of economic, financial and monetary measures undertaken by the Government of the Russian Federation, together with tax, legal, regulatory, and political developments.

2 Operating Environment of the Group (Continued)

Recent volatility in global and Russian financial markets. While the Group does not have any exposure to the US sub-prime market, the ongoing global financial crisis which commenced in the middle of 2007 has resulted in, among other things, a lower level of capital market funding, lower liquidity levels across the Russian banking sector, and higher interbank lending rates. The uncertainties in the global financial market have also led to bank failures and bank rescues in the United States of America, Western Europe and other countries including Russia. Such circumstances could affect the ability of the Group to obtain new borrowings and re-finance its existing borrowings at terms and conditions similar to those applied to earlier transactions. The borrowers of the Group may also be affected by the lower liquidity situation which could in turn impact their ability to repay their outstanding loans. Deteriorating operating conditions for borrowers may also have an impact on Management's cash flow forecasts and assessment of the impairment of financial and non-financial assets. To the extent that information is available, Management has reflected revised estimates of expected future cash flows in their impairment assessments.

Management is unable to reliably estimate the effects on the Group's financial position of any deterioration in the liquidity of the financial markets and the increased volatility in the currency and equity markets. Management 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 and should be read in conjunction with the annual consolidated financial statements of the Group for the year ended 31 December 2008.

These condensed interim consolidated financial statements are presented in millions of Russian Roubles ("RR millions").

At 30 June 2009 the principal rate of exchange used for translating foreign currency monetary balances was USD 1 = RR 31.2904 (31 December 2008: USD 1 = RR 29.3804).

4 Accounting Policies and Critical Accounting Estimates and Judgements

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 2008, except for the changes introduced due to implementation of new and/or revised standards and interpretations as disclosed further.

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 2008. Management has not identified new areas of judgement. Critical estimates, as disclosed in the most recent annual financial statements, have not resulted in a material adjustment to the Group's assets, income or profit during the interim period ended 30 June 2009.

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

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 – 30 June 2009
4 Accounting Policies and Critical Accounting Estimates and Judgements (Continued)

Reclassifications. Where necessary, corresponding figures have been adjusted to conform to the presentation of the current period amounts. The effect of reclassifications on the condensed interim consolidated income statement and on the condensed interim consolidated statement of cash flows for the six months ended 30 June 2008 and on the condensed interim consolidated income statement for the three months ended 30 June 2008 is as follows:

<i>(Unaudited)</i> <i>In millions of Russian Roubles</i>	As previously reported	Reclassification	As reclassified as at 30 June 2009
Condensed interim consolidated income statement for the six months ended 30 June 2008			
Foreign exchange translation losses net of gains	(3 947)	3 947	-
Gains less losses arising from trading in foreign currencies	3 369	(3 369)	-
Gains less losses arising from operations with foreign currencies and securities derivatives	3 539	(3 539)	-
Net gains arising from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation gains	-	2 961	2 961
Condensed interim consolidated income statement for the three months ended 30 June 2008			
Foreign exchange translation losses net of gains	(2)	2	-
Gains less losses arising from trading in foreign currencies	1 380	(1 380)	-
Gains less losses arising from operations with foreign currencies and securities derivatives	2 681	(2 681)	-
Net gains/ (losses) arising from operations with precious metals and precious metals derivatives	(1 485)	1 254	(231)
Net gains arising from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation gains	-	2 805	2 805
Condensed interim consolidated statement of cash flows for the six months ended 30 June 2008			
Income received from foreign currencies and securities derivatives	3 781	(3 781)	-
Income received from trading in foreign currencies	3 369	(3 369)	-
Net (losses incurred)/ gains received from trading in foreign currencies and from operations with foreign currency derivatives	-	7 150	7 150

Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 June 2009
5 Loans and Advances to Customers

The tables below show the Group's loan portfolio credit quality by loan classes as at 30 June 2009 and 31 December 2008.

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

30 June 2009:

(Unaudited)

<i>In millions of Russian Roubles</i>	Not past due loans	Overdue loans	Total
Commercial loans to legal entities	2 084 234	212 907	2 297 141
Specialised loans to legal entities	1 704 476	305 768	2 010 244
Loans to individuals - consumer and other loans	540 182	44 327	584 509
Mortgage loans to individuals	465 401	28 083	493 484
Car loans to individuals	98 320	3 816	102 136
Total loans and advances to customers before provision for loan impairment	4 892 613	594 901	5 487 514
Less: Provision for loan impairment	(129 944)	(258 145)	(388 089)
Total loans and advances to customers net of provision for loan impairment	4 762 669	336 756	5 099 425

31 December 2008:

<i>In millions of Russian Roubles</i>	Not past due loans	Overdue loans	Total
Commercial loans to legal entities	2 056 385	78 989	2 135 374
Specialised loans to legal entities	1 776 579	107 352	1 883 931
Loans to individuals - consumer and other loans	627 343	32 407	659 750
Mortgage loans to individuals	482 504	15 371	497 875
Car loans to individuals	101 330	1 907	103 237
Total loans and advances to customers before provision for loan impairment	5 044 141	236 026	5 280 167
Less: Provision for loan impairment	(101 868)	(100 417)	(202 285)
Total loans and advances to customers net of provision for loan impairment	4 942 273	135 609	5 077 882

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.

Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 June 2009
5 Loans and Advances to Customers (Continued)

Specialised lending to legal entities includes investment and construction project financing, contract financing and also developers' financing. As a rule, the 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 by cash flows generated by the investment project at the stage of its commercial operation.

Consumer and other individual loans comprise loans to individuals other than housing acquisition, construction and repairment of real estate. 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.

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

The table below shows the analysis of loans and provisions for loan impairment as at 30 June 2009:

<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	2 073 623	(57 683)	2 015 940	2.8%
Loans up to 30 days overdue	71 719	(4 190)	67 529	5.8%
Loans over 30 days overdue	81 668	(34 118)	47 550	41.8%
Individually impaired				
Not past due	10 611	(6 154)	4 457	58.0%
Loans up to 30 days overdue	10 316	(8 915)	1 401	86.4%
Loans 31 to 60 days overdue	1 431	(321)	1 110	22.4%
Loans 61 to 90 days overdue	3 281	(1 122)	2 159	34.2%
Loans 91 up to 180 days overdue	32 545	(30 271)	2 274	93.0%
Loans over 180 days overdue	11 947	(9 347)	2 600	78.2%
Total commercial loans to legal entities	2 297 141	(152 121)	2 145 020	6.6%
Specialised loans to legal entities				
Collectively assessed				
Not past due	1 696 902	(55 548)	1 641 354	3.3%
Loans up to 30 days overdue	71 511	(5 243)	66 268	7.3%
Loans over 30 days overdue	60 938	(24 479)	36 459	40.2%
Individually impaired				
Not past due	7 574	(4 184)	3 390	55.2%
Loans up to 30 days overdue	4 148	(3 333)	815	80.4%
Loans 31 to 60 days overdue	814	(729)	85	89.6%
Loans 61 to 90 days overdue	3 266	(1 506)	1 760	46.1%
Loans 91 up to 180 days overdue	119 987	(64 851)	55 136	54.0%
Loans over 180 days overdue	45 104	(18 017)	27 087	39.9%
Total specialised loans to legal entities	2 010 244	(177 890)	1 832 354	8.8%
Total loans to legal entities	4 307 385	(330 011)	3 977 374	7.7%

Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 June 2009
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 (%)
Loans to individuals - consumer and other loans				
Collectively assessed				
Not past due	540 182	(4 184)	535 998	0.8%
Loans up to 30 days overdue	7 472	(204)	7 268	2.7%
Loans 31 to 60 days overdue	3 734	(1 289)	2 445	34.5%
Loans 61 to 90 days overdue	2 684	(1 363)	1 321	50.8%
Loans 91 up to 180 days overdue	7 382	(4 525)	2 857	61.3%
Loans over 180 days overdue	23 055	(23 055)	-	100.0%
Total consumer and other loans to individuals	584 509	(34 620)	549 889	5.9%
Mortgage loans to individuals				
Collectively assessed				
Not past due	465 401	(1 622)	463 779	0.3%
Loans up to 30 days overdue	5 355	(22)	5 333	0.4%
Loans 31 to 60 days overdue	2 741	(1 267)	1 474	46.2%
Loans 61 to 90 days overdue	2 251	(1 350)	901	60.0%
Loans 91 up to 180 days overdue	4 905	(3 575)	1 330	72.9%
Loans over 180 days overdue	12 831	(12 831)	-	100.0%
Total mortgage loans to individuals	493 484	(20 667)	472 817	4.2%
Car loans to individuals				
Collectively assessed				
Not past due	98 320	(569)	97 751	0.6%
Loans up to 30 days overdue	926	(5)	921	0.5%
Loans 31 to 60 days overdue	534	(230)	304	43.1%
Loans 61 to 90 days overdue	429	(257)	172	59.9%
Loans 91 up to 180 days overdue	787	(590)	197	75.0%
Loans over 180 days overdue	1 140	(1 140)	-	100.0%
Total car loans to individuals	102 136	(2 791)	99 345	2.7%
Total loans to individuals	1 180 129	(58 078)	1 122 051	4.9%
Total loans and advances to customers as at 30 June 2009	5 487 514	(388 089)	5 099 425	7.1%

Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 June 2009
5 Loans and Advances to Customers (Continued)

The table below shows the analysis of loans and provisions for loan impairment as at 31 December 2008:

<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	2 046 571	(43 763)	2 002 808	2.1%
Loans up to 30 days overdue	13 260	(1 180)	12 080	8.9%
Loans over 30 days overdue	48 871	(23 433)	25 438	47.9%
Individually impaired				
Not past due	9 814	(3 858)	5 956	39.3%
Loans up to 30 days overdue	5 458	(3 459)	1 999	63.4%
Loans 31 to 60 days overdue	4 046	(2 618)	1 428	64.7%
Loans 61 to 90 days overdue	1 632	(839)	793	51.4%
Loans 91 up to 180 days overdue	4 196	(2 505)	1 691	59.7%
Loans over 180 days overdue	1 526	(1 053)	473	69.0%
Total commercial loans to legal entities	2 135 374	(82 708)	2 052 666	3.9%
Specialised loans to legal entities				
Collectively assessed				
Not past due	1 774 978	(46 004)	1 728 974	2.6%
Loans up to 30 days overdue	26 390	(2 177)	24 213	8.2%
Loans over 30 days overdue	28 701	(12 152)	16 549	42.3%
Individually impaired				
Not past due	1 601	(682)	919	42.6%
Loans up to 30 days overdue	18 480	(2 926)	15 554	15.8%
Loans 31 to 60 days overdue	27 565	(6 878)	20 687	25.0%
Loans 61 to 90 days overdue	901	(562)	339	62.4%
Loans 91 up to 180 days overdue	512	(127)	385	24.8%
Loans over 180 days overdue	4 803	(3 797)	1 006	79.1%
Total specialised loans to legal entities	1 883 931	(75 305)	1 808 626	4.0%
Total loans to legal entities	4 019 305	(158 013)	3 861 292	3.9%

Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 June 2009
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 (%)
Loans to individuals - consumer and other loans				
Collectively assessed				
Not past due	627 343	(5 406)	621 937	0.9%
Loans up to 30 days overdue	4 772	(48)	4 724	1.0%
Loans 31 to 60 days overdue	2 283	(742)	1 541	32.5%
Loans 61 to 90 days overdue	1 301	(627)	674	48.2%
Loans 91 up to 180 days overdue	2 281	(1 484)	797	65.1%
Loans over 180 days overdue	21 770	(21 770)	-	100.0%
Total consumer and other loans to individuals	659 750	(30 077)	629 673	4.6%
Mortgage loans to individuals				
Collectively assessed				
Not past due	482 504	(1 568)	480 936	0.3%
Loans up to 30 days overdue	2 650	(17)	2 633	0.6%
Loans 31 to 60 days overdue	1 710	(766)	944	44.8%
Loans 61 to 90 days overdue	804	(491)	313	61.1%
Loans 91 up to 180 days overdue	1 700	(1 262)	438	74.2%
Loans over 180 days overdue	8 507	(8 507)	-	100.0%
Total mortgage loans to individuals	497 875	(12 611)	485 264	2.5%
Car loans to individuals				
Collectively assessed				
Not past due	101 330	(587)	100 743	0.6%
Loans up to 30 days overdue	584	(3)	581	0.5%
Loans 31 to 60 days overdue	299	(120)	179	40.1%
Loans 61 to 90 days overdue	149	(85)	64	57.0%
Loans 91 up to 180 days overdue	320	(234)	86	73.1%
Loans over 180 days overdue	555	(555)	-	100.0%
Total car loans to individuals	103 237	(1 584)	101 653	1.5%
Total loans to individuals	1 260 862	(44 272)	1 216 590	3.5%
Total loans and advances to customers as at 31 December 2008	5 280 167	(202 285)	5 077 882	3.8%

Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 June 2009
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 30 June 2009 the outstanding non-performing loans were as follows:

<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	113 223	(67 794)	45 429	59.9%
Specialised loans to legal entities	188 322	(100 236)	88 086	53.2%
Loans to individuals - consumer and other loans	30 437	(27 580)	2 857	90.6%
Mortgage loans to individuals	17 736	(16 406)	1 330	92.5%
Car loans to individuals	1 927	(1 730)	197	89.8%
Total non-performing loans and advances to customers as at 30 June 2009	351 645	(213 746)	137 899	60.8%

As at 31 December 2008 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	40 662	(17 453)	23 209	42.9%
Specialised loans to legal entities	18 883	(9 320)	9 563	49.4%
Loans to individuals - consumer and other loans	24 051	(23 254)	797	96.7%
Mortgage loans to individuals	10 207	(9 769)	438	95.7%
Car loans to individuals	875	(789)	86	90.2%
Total non-performing loans and advances to customers as at December 2008	94 678	(60 585)	34 093	64.0%

Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 June 2009
5 Loans and Advances to Customers (Continued)

Provisions for Loan Impairment. The analysis of changes in provisions for credit portfolio impairment for the six months ended 30 June 2009 is presented in the table below:

<i>(Unaudited)</i> <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 for loan impairment during the period	176 288	15 269	191 557
Loans and advances to customers written off during the period as uncollectible	(4 290)	(1 463)	(5 753)
Provision for loan impairment as at 30 June 2009	330 011	58 078	388 089

The analysis of changes in provisions for credit portfolio impairment for the three months ended 30 June 2009 is presented in the table below:

<i>(Unaudited)</i> <i>In millions of Russian Roubles</i>	Loans to legal entities	Loans to individuals	Total
Provision for loan impairment as at 1 April 2009	236 597	54 346	290 943
Provision for loan impairment during the period	96 123	4 679	100 802
Loans and advances to customers written off during the period as uncollectible	(2 709)	(947)	(3 656)
Provision for loan impairment as at 30 June 2009	330 011	58 078	388 089

The analysis of changes in provisions for credit portfolio impairment for the six months ended 30 June 2008 is presented in the table below:

<i>(Unaudited)</i> <i>In millions of Russian Roubles</i>	Loans to legal entities	Loans to individuals	Total
Provision for loan impairment as at 1 January 2008	77 904	33 584	111 488
Provision for loan impairment during the period	12 956	4 322	17 278
Loans and advances to customers written off during the period as uncollectible	(1 685)	(530)	(2 215)
Provision for loan impairment as at 30 June 2008	89 175	37 376	126 551

Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 June 2009
5 Loans and Advances to Customers (Continued)

The analysis of changes in provisions for credit portfolio impairment for the three months ended 30 June 2008 is presented in the table below:

<i>(Unaudited)</i> <i>In millions of Russian Roubles</i>	Loans to legal entities	Loans to individuals	Total
Provision for loan impairment as at 1 April 2008	82 334	35 583	117 917
Provision for loan impairment during the period	7 657	2 073	9 730
Loans and advances to customers written off during the period as uncollectible	(816)	(280)	(1 096)
Provision for loan impairment as at 30 June 2008	89 175	37 376	126 551

At 30 June 2009 the Group had 20 corporate borrowers with aggregated loan amounts above RR 27 400 million (31 December 2008: 20 borrowers with loan amounts above RR 25 900 million). The total aggregate amount of these loans was RR 1 347 243 million or 24.6% of the total gross loan portfolio (31 December 2008: RR 1 179 644 million or 22.3%).

6 Due to Individuals and Legal Entities

<i>In millions of Russian Roubles</i>	30 June 2009 (Unaudited)	31 December 2008
Individuals:		
- Current/demand accounts	410 449	395 090
- Term deposits	2 917 069	2 717 012
Total due to individuals	3 327 518	3 112 102
State and public organisations:		
- Current/settlement accounts	92 410	160 540
- Term deposits	53 115	58 914
Total due to state and public organisations	145 525	219 454
Other legal entities:		
- Current/settlement accounts	785 120	850 621
- Term deposits	584 130	613 055
Total due to other legal entities	1 369 250	1 463 676
Total due to legal entities	1 514 775	1 683 130
Total due to individuals and legal entities	4 842 293	4 795 232

As at 30 June 2009 in term deposits of other legal entities are included deposits in the amount of RR 1 647 million (31 December 2008: nil) received under sale and repurchase agreements with legal entities. The fair value of securities sold under these agreements in the amount of RR 2 063 million is included in Securities pledged under repurchase agreements in the condensed interim consolidated statement of financial position of the Group.

Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 June 2009

7 Other Borrowed Funds

<i>In millions of Russian Roubles</i>	30 June 2009 (Unaudited)	31 December 2008
Long-term loans received	158 757	153 531
Term borrowings	5 406	5 549
Total other borrowed funds	164 163	159 080

During the six months ended 30 June 2009 the Group repurchased the part of its long-term loans, received under loan participation notes (MTN) issuance programme, recognised at amortised cost of RR 4 950 million. The transaction was organised as a buying-out of loan participation notes issued for the sole purpose of financing loans to the Group, from the market. As a result of this transaction the Group has received a net gain in the amount of RR 615 million included in other operating income.

8 Subordinated Debt

<i>In millions of Russian Roubles</i>	30 June 2009 (Unaudited)	31 December 2008
Subordinated debt received by the Group from the Bank of Russia	524 122	504 634
Subordinated debt received by the Group on international financial markets	27 061	30 012
Subordinated debt received by subsidiaries	1 837	1 575
Total subordinated debt	553 020	536 221

During the six months ended 30 June 2009 the Group repurchased the part of its subordinated loan recognised at amortised cost of RR 5 054 million. The transaction was organised as a buying-out of loan participation notes issued by UBS Luxembourg S.A. for the sole purpose of financing a ten-year subordinated loan to the Group, from the market. As a result of this transaction the Group has received a net gain in the amount of RR 862 million included in other operating income.

Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 June 2009
9 Interest Income and Expense

<i>In millions of Russian Roubles</i>	Six months ended 30 June		Three months ended 30 June	
	2009	2008	2009	2008
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Interest income				
Loans and advances to customers	377 036	260 396	195 173	132 746
Debt investment securities available for sale	14 991	1 920	7 992	1 259
Debt securities designated at fair value through profit or loss	3 874	7 591	1 818	3 597
Due from other banks	3 841	1 601	1 413	740
Debt trading securities	3 284	6 186	1 678	2 517
Correspondent accounts with other banks	218	395	52	256
Total interest income	403 244	278 089	208 126	141 115
Interest expense				
Term deposits of individuals	88 274	74 840	45 451	37 873
Term deposits of legal entities	25 545	17 468	13 236	10 330
Subordinated debt	20 937	747	10 762	331
Term placements of other banks	9 943	1 368	2 950	633
Current/settlement accounts of legal entities	5 892	6 528	2 760	3 437
Debt securities in issue	4 368	4 714	2 343	2 592
Other borrowed funds	2 953	2 528	1 162	1 081
Current/demand accounts of individuals	589	1 164	311	539
Correspondent accounts of other banks	228	387	118	173
Total interest expense	158 729	109 744	79 093	56 989
Net interest income	244 515	168 345	129 033	84 126

Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 June 2009
10 Fee and Commission Income and Expense

<i>In millions of Russian Roubles</i>	Six months ended 30 June		Three months ended 30 June	
	2009	2008	2009	2008
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Fee and commission income				
Cash and settlements transactions with legal entities	16 499	14 490	8 843	7 841
Cash and settlements transactions with individuals	15 750	13 813	8 364	7 315
Plastic cards operations	7 903	6 315	4 172	3 413
Operations with foreign currency	4 100	2 178	1 622	1167
Cash collection	1 861	1 647	993	877
Guarantees issued	766	445	190	155
Transactions with securities	346	311	308	168
Other	651	300	291	163
Total fee and commission income	47 876	39 499	24 783	21 099
Fee and commission expense				
Settlement transactions	1 624	1 440	867	791
Operations with foreign currency	127	67	45	25
Cash collection	74	50	35	28
Other	229	127	79	63
Total fee and commission expense	2 054	1 684	1 026	907
Net fee and commission income	45 822	37 815	23 757	20 192

11 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>	Six months ended 30 June		Three months ended 30 June	
	2009	2008	2009	2008
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Net gains arising from trading in foreign currencies	7 478	3 369	2 308	1 380
Net foreign exchange translation gains/ (losses)	16 778	(3 947)	(8 351)	(2)
Net (losses)/ gains from operations with foreign currency derivatives	(14 996)	3 539	6 776	1 427
Total net gains arising from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation gains	9 260	2 961	733	2 805

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 represented by swap transactions.

Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 June 2009
12 Disclosure of Components of Other Comprehensive Income

<i>In millions of Russian Roubles</i>	Six months ended 30 June		Three months ended 30 June	
	2009 (Unaudited)	2008 (Unaudited)	2009 (Unaudited)	2008 (Unaudited)
Investment securities available for sale:				
- Gains / (losses) on revaluation of securities	6 009	(734)	17 122	112
- Impairment of investment securities available for sale transferred to Income Statement	1 411	-	1 411	-
- Accumulated losses / (gains) reclassified to profit or loss upon disposal of securities	(188)	(1 088)	324	(1)
Foreign currency translation losses, net of gains	(847)	-	(658)	-
Other comprehensive income for the reporting period before tax	6 385	(1 822)	18 199	111
Deferred income tax relating to components of other comprehensive income:				
- Investment securities available for sale	(1 446)	437	(3 771)	(27)
Other comprehensive income for the reporting period, net of tax	4 939	(1 385)	14 428	84

13 Earnings per Share

Basic earnings per share are calculated by dividing the profit attributable to equity holders 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 equal the basic earnings per share.

<i>In millions of Russian Roubles</i>	Six months ended 30 June		Three months ended 30 June	
	2009 (Unaudited)	2008 (Unaudited)	2009 (Unaudited)	2008 (Unaudited)
Profit for the reporting period	6 010	67 012	5 427	35 900
Less: preference dividends	(630)	(650)	(630)	(650)
Profit attributable to the Bank's ordinary shareholders	5 380	66 362	4 797	35 250
Weighted average number of ordinary shares in issue (millions)	21 585	21 585	21 585	21 585
Basic and diluted earnings per ordinary share (expressed in RR per share)	0.25	3.07	0.22	1.63

Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 June 2009
14 Dividends

<i>In millions of Russian Roubles</i>	Six months ended 30 June 2009 (Unaudited)		Six months ended 30 June 2008 (Unaudited)	
	Ordinary	Preference	Ordinary	Preference
Dividends payable at 1 January	113	29	100	23
Dividends declared during the six months ended 30 June	10 362	630	11 009	650
Dividends paid during the six months ended 30 June	(8)	(2)	(25)	(2)
Dividends payable as at 30 June	10 467	657	11 084	671
Dividends per share declared during the reporting period (RR per share)	0.48	0.63	0.51	0.65

All dividends were declared and paid in Russian Roubles.

15 Segment Analysis

For the purposes of management, the Group is divided on operating segments of activity – central head office, Moscow branches, 17 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 condensed interim 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,
- Moscow branches,
- 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.

15 Segment Analysis (Continued)

- **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.

- **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.

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.

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.

Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 June 2009
15 Segment Analysis (Continued)

Segment reporting of the Group's assets and liabilities as at 30 June 2009 is as follows:

<i>(Unaudited)</i> <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	2 886 245	1 234 838	1 039 639	1 422 003	40 275	6 623 000
Total liabilities	2 435 931	1 283 107	895 494	1 180 303	34 898	5 829 733

Segment reporting of the Group's assets and liabilities as at 31 December 2008 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	2 965 059	1 252 290	1 040 410	1 451 556	42 370	6 751 685
Total liabilities	2 767 683	1 224 758	853 000	1 100 816	29 910	5 976 167

Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 June 2009
15 Segment Analysis (Continued)

Segment reporting of the Group's income and expenses for the six months ended 30 June 2009 is as follows:

<i>(Unaudited)</i> <i>In millions of Russian</i> <i>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	138 357	76 338	67 168	94 936	2 749	379 548
Interest expense	(80 199)	(29 325)	(21 215)	(27 382)	(991)	(159 112)
Inter-segment income and expense	14 124	5 365	(6 316)	(12 970)	(203)	-
Fee and commission income	15 194	17 142	13 928	18 995	492	65 751
Fee and commission expense	(1 578)	(80)	(168)	(158)	(53)	(2 037)
Net gains arising from securities	322	-	-	-	59	381
Net (losses)/ gains arising from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation gains	(7 627)	3 032	2 476	2 029	1 657	1 567
Net (losses)/ gains arising from operations with precious metals	(756)	492	425	681	-	842
Other net operating (losses)/ gains	(12 987)	2 305	407	2 761	1 300	(6 214)
Operating income before provision for loan impairment	64 850	75 269	56 705	78 892	5 010	280 726
Provision for loan impairment	(67 881)	(22 799)	(18 249)	(41 396)	(4 253)	(154 578)
Operating income/ (expense)	(3 031)	52 470	38 456	37 496	757	126 148
Administrative and other operating expenses	(24 841)	(22 954)	(22 135)	(27 980)	(1 542)	(99 452)
Profit/ (loss) before tax (Segment result)	(27 872)	29 516	16 321	9 516	(785)	26 696

Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 June 2009
15 Segment Analysis (Continued)

Segment reporting of the Group's income and expenses for the three months ended 30 June 2009 is as follows:

<i>(Unaudited)</i> <i>In millions of Russian</i> <i>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	70 810	39 774	34 984	48 527	1 372	195 467
Interest expense	(37 584)	(15 323)	(11 216)	(14 471)	(445)	(79 039)
Inter-segment income and expense	5 108	4 087	(2 845)	(6 229)	(121)	-
Fee and commission income	7 762	8 852	7 389	10 192	264	34 459
Fee and commission expense	(766)	(83)	(121)	(135)	(31)	(1 136)
Net gains arising from securities	252	1	-	-	50	303
Net (losses)/ gains arising from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation gains	(6 966)	566	507	320	1 597	(3 976)
Net (losses)/ gains arising from operations with precious metals	(222)	128	125	198	-	229
Other net operating (losses)/ gains	(4 394)	1 943	348	2 453	1 266	1 616
Operating income before provision for loan impairment	34 000	39 945	29 171	40 855	3 952	147 923
Provision for loan impairment	(12 590)	(16 391)	(12 489)	(25 986)	(1 222)	(68 678)
Operating income	21 410	23 554	16 682	14 869	2 730	79 245
Administrative and other operating expenses	(14 117)	(12 545)	(13 175)	(15 635)	(981)	(56 453)
Profit/ (loss) before tax (Segment result)	7 293	11 009	3 507	(766)	1 749	22 792

Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 June 2009
15 Segment Analysis (Continued)

Segment reporting of the Group's income and expenses for the six months ended 30 June 2008 is as follows:

<i>(Unaudited)</i> <i>In millions of Russian</i> <i>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	90 034	55 091	46 717	66 993	1 335	260 170
Interest expense	(46 588)	(23 504)	(17 279)	(21 891)	(400)	(109 662)
Inter-segment income and expense	768	3 310	(10)	(4 015)	(53)	-
Fee and commission income	12 701	15 620	12 968	17 841	304	59 434
Fee and commission expense	(1 276)	(80)	(150)	(147)	(32)	(1 685)
Net (losses)/ gains arising from securities	(1 474)	103	-	(63)	-	(1 434)
Net gains arising from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation gains	836	1 083	704	513	70	3 206
Net gains arising from operations with precious metals	349	434	346	469	-	1 598
Other net operating (losses)/ gains	(1 041)	1 013	582	448	26	1 028
Operating income before provision for loan impairment	54 309	53 070	43 878	60 148	1 250	212 655
Provision for loan impairment	(8 643)	(3 628)	(1 341)	(2 131)	(303)	(16 046)
Operating income	45 666	49 442	42 537	58 017	947	196 609
Administrative and other operating expenses	(26 806)	(25 045)	(21 555)	(30 010)	(446)	(103 862)
Profit before tax (Segment result)	18 860	24 397	20 982	28 007	501	92 747

Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 June 2009
15 Segment Analysis (Continued)

Segment reporting of the Group's income and expenses for the three months ended 30 June 2008 is as follows:

<i>(Unaudited)</i> <i>In millions of Russian</i> <i>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	44 904	30 659	25 098	35 322	766	136 749
Interest expense	(24 479)	(11 959)	(8 978)	(11 313)	(204)	(56 933)
Inter-segment income and expense	3 857	(83)	(566)	(3 182)	(26)	-
Fee and commission income	6 290	8 383	7 195	9 999	158	32 025
Fee and commission expense	(678)	(76)	(110)	(121)	(17)	(1 002)
Net gains/ (losses) arising from securities	577	120	-	(63)	-	634
Net gains arising from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation gains	271	528	299	252	39	1 389
Net (losses)/ gains arising from operations with precious metals	(1 661)	130	109	152	-	(1 270)
Other net operating gains	1 129	710	257	129	6	2 231
Operating income before provision for loan impairment	30 210	28 412	23 304	31 175	722	113 823
Provision for loan impairment	(7 252)	(2 795)	(248)	(1 532)	(178)	(12 005)
Operating income	22 958	25 617	23 056	29 643	544	101 818
Administrative and other operating expenses	(13 069)	(14 320)	(11 786)	(15 645)	(247)	(55 067)
Profit before tax (Segment result)	9 889	11 297	11 270	13 998	297	46 751

Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 June 2009
15 Segment Analysis (Continued)

Reconciliation of profit for the reportable segments before tax with the Group's profit before tax under IFRS for the six months ended 30 June 2009, three months ended 30 June 2009, six months ended 30 June 2008 and three months ended 30 June 2008 is as follows:

<i>In millions of Russian Roubles</i>	Six months ended 30 June		Three months ended 30 June	
	2009	2008	2009	2008
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Total profit of reportable segments before tax	26 696	92 747	22 792	46 751
Adjustment of provisions	(26 400)	(327)	(30 959)	2 766
Staff expenses accrued related to the reporting period (bonuses, annual leave, pension liabilities)	(7 492)	(1 702)	(1 198)	(324)
Differences arising on securities' classification	4 022	(36)	9 845	257
Accounting of derivatives at fair value	7 552	409	4 728	2 844
Additional interest accrued on loans	6 380	1 716	4 083	232
Adjustment of depreciation and cost of premises and equipment	(1 243)	(428)	446	(138)
Accounting of financial result related to repurchasing of a part of the Group's long-term loans	1 477	-	110	-
Other adjustments	(3 933)	(4 903)	(3 147)	(5 647)
The Group's profit before tax under IFRS	7 059	87 476	6 700	46 741

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 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.

16 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 2008.

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.

Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 June 2009
16 Financial Risk Management (Continued)

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).

The table below summarises the Group's exposure to foreign currency exchange rate risk in respect of monetary assets, liabilities and off-balance sheet notional position as at 30 June 2009:

<i>(Unaudited)</i> In millions of Russian Roubles	Russian Roubles	USD	Euro	Other	Total
Assets					
Cash and cash equivalents	227 769	34 932	231 403	39 977	534 081
Mandatory cash balances with the Bank of Russia	15 884	-	-	-	15 884
Debt trading securities	60 908	24 763	39	-	85 710
Debt securities designated at fair value through profit or loss	99 353	-	-	-	99 353
Due from other banks	3 076	20	-	2	3 098
Loans and advances to customers	4 227 327	758 208	97 199	16 691	5 099 425
Securities pledged under repurchase agreements	133	-	-	-	133
Debt investment securities available for sale	266 746	77 658	9 742	2 976	357 122
Other financial assets (less fair value of derivatives)	23 570	20 595	1 376	443	45 984
Total monetary assets	4 924 766	916 176	339 759	60 089	6 240 790
Liabilities					
Due to other banks	40 585	11 404	3 578	2 431	57 998
Due to individuals	2 705 861	261 549	308 201	51 907	3 327 518
Due to legal entities	979 570	355 581	155 257	24 367	1 514 775
Debt securities in issue	115 768	7 224	4 468	1 168	128 628
Other borrowed funds	-	161 924	2 239	-	164 163
Other financial liabilities (less fair value of derivatives)	35 586	4 699	314	312	40 911
Subordinated debt	524 120	27 524	102	1 274	553 020
Total monetary liabilities	4 401 490	829 905	474 159	81 459	5 787 013
Net balance sheet position	523 276	86 271	(134 400)	(21 370)	453 777
Off-balance sheet notional position on currency and precious metals derivatives	5 027	(125 756)	127 537	(837)	5 971
Credit related commitments	399 511	369 113	95 227	24 328	888 179

Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 June 2009
16 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 off-balance sheet notional position as at 31 December 2008:

<i>In millions of Russian Roubles</i>	Russian Roubles	USD	Euro	Other	Total
Assets					
Cash and cash equivalents	327 805	245 377	215 549	15 018	803 749
Mandatory cash balances with the Bank of Russia	7 643	-	-	-	7 643
Debt trading securities	58 511	19 305	-	-	77 816
Debt securities designated at fair value through profit or loss	129 180	-	-	-	129 180
Due from other banks	2 287	428	41	-	2 756
Loans and advances to customers	4 274 439	691 100	87 103	25 240	5 077 882
Debt investment securities available for sale	236 756	34 108	377	2 453	273 694
Other financial assets (less fair value of derivatives)	33 898	516	687	13	35 114
Total monetary assets	5 070 519	990 834	303 757	42 724	6 407 834
Liabilities					
Due to other banks	273 793	11 484	14 747	2 515	302 539
Due to individuals	2 586 989	223 697	256 779	44 637	3 112 102
Due to legal entities	1 133 345	374 968	156 764	18 053	1 683 130
Debt securities in issue	137 783	661	458	-	138 902
Other borrowed funds	-	156 496	2 584	-	159 080
Other financial liabilities (less fair value of derivatives)	11 991	4 665	1 110	143	17 909
Subordinated debt	504 633	30 222	-	1 366	536 221
Total monetary liabilities	4 648 534	802 193	432 442	66 714	5 949 883
Net balance sheet position	421 985	188 641	(128 685)	(23 990)	457 951
Off-balance sheet notional position on currency and precious metals derivatives	71 746	(221 627)	137 189	11 117	(1 575)
Credit related commitments	316 056	376 000	92 160	21 942	806 158

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.

Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 June 2009
16 Financial Risk Management (Continued)

The liquidity position as per remaining expected maturity of the Group's assets and liabilities as at 30 June 2009 is set out below:

<i>(Unaudited)</i> In millions of Russian Roubles	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	534 081	-	-	-	-	-	534 081
Mandatory cash balances with the Bank of Russia	1 964	2 972	1 573	2 974	6 401	-	15 884
Trading securities	86 993	-	-	-	-	-	86 993
Securities designated at fair value through profit or loss	101 307	-	-	-	-	-	101 307
Due from other banks	-	3 098	-	-	-	-	3 098
Loans and advances to customers	299 026	924 012	1 029 941	1 488 523	1 355 016	2 907	5 099 425
Securities pledged under repurchase agreements	20	113	-	-	-	1 964	2 097
Investment securities available for sale	7 551	9 040	41 792	83 738	214 332	8 038	364 491
Premises and equipment	-	-	-	-	-	252 446	252 446
Other assets	39 819	5 328	16 172	19 930	3 702	36 351	121 302
Total assets	1 070 761	944 563	1 089 478	1 595 165	1 579 451	301 706	6 581 124
Liabilities							
Due to other banks	53 580	4 133	29	85	171	-	57 998
Due to individuals	51 595	236 680	261 182	834 342	1 943 719	-	3 327 518
Due to legal entities	556 084	667 553	221 166	69 948	24	-	1 514 775
Debt securities in issue	43 104	68 311	9 700	7 513	-	-	128 628
Other borrowed funds	50	47 139	587	83 480	32 907	-	164 163
Deferred income tax liability	-	-	-	-	-	10 006	10 006
Other liabilities	48 363	17 040	512	866	2 252	5 864	74 897
Subordinated debt	-	-	-	-	553 020	-	553 020
Total liabilities	752 776	1 040 856	493 176	996 234	2 532 093	15 870	5 831 005
Net liquidity surplus/(gap)	317 985	(96 293)	596 302	598 931	(952 642)	285 836	750 119
Cumulative liquidity surplus at 30 June 2009	317 985	221 692	817 994	1 416 925	464 283	750 119	-

Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 June 2009
16 Financial Risk Management (Continued)

The liquidity position as per remaining expected maturity of the Group's assets and liabilities as at 31 December 2008 is set out below:

<i>In millions of Russian Roubles</i>	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	803 749	-	-	-	-	-	803 749
Mandatory cash balances with the Bank of Russia	855	1 604	788	1 532	2 864	-	7 643
Trading securities	78 603	-	-	-	-	-	78 603
Securities designated at fair value through profit or loss	130 503	-	-	-	-	-	130 503
Due from other banks	2 058	698	-	-	-	-	2 756
Loans and advances to customers	275 743	973 510	1 038 260	1 432 780	1 357 589	-	5 077 882
Investment securities available for sale	75	7 426	8 892	52 061	205 241	10 877	284 572
Premises and equipment	-	-	-	-	-	251 478	251 478
Other assets	64 714	15 497	2 044	8 370	586	8 085	99 296
Total assets	1 356 300	998 735	1 049 984	1 494 743	1 566 280	270 440	6 736 482
Liabilities							
Due to other banks	302 068	122	8	177	164	-	302 539
Due to individuals	65 853	223 189	246 610	784 904	1 791 546	-	3 112 102
Due to legal entities	475 141	782 598	249 900	175 425	66	-	1 683 130
Debt securities in issue	32 116	52 208	23 569	31 001	8	-	138 902
Other borrowed funds	-	21	44 453	81 307	33 299	-	159 080
Deferred income tax liability	-	-	-	-	-	10 516	10 516
Other liabilities	27 162	8 555	177	136	262	7 538	43 830
Subordinated debt	-	-	-	-	536 221	-	536 221
Total liabilities	902 340	1 066 693	564 717	1 072 950	2 361 566	18 054	5 986 320
Net liquidity surplus/(gap)	453 960	(67 958)	485 267	421 793	(795 286)	252 386	750 162
Cumulative liquidity surplus at 31 December 2008	453 960	386 002	871 269	1 293 062	497 776	750 162	-

A substantial part of the Group's customer accounts is represented by current accounts and deposits on demand. Management believes that diversification of these funds 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 remaining expected maturity in the tables above on the basis of statistical data accumulated by the Group during the previous periods.

Trading securities and securities designated at fair value through profit or loss are classified as on demand or less than 1 month as they could be disposed within 1 month period.

Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 June 2009
17 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 18 for transactions with state-controlled entities and government bodies.

As at 30 June 2009 and 31 December 2008, the outstanding balances with the Bank of Russia were as follows:

<i>In millions of Russian Roubles</i>	Note	30 June 2009 (Unaudited)	31 December 2008
Assets			
Cash and cash equivalents		112 962	82 028
Mandatory cash balances with the Bank of Russia		15 884	7 643
Other assets		40	-
Liabilities			
Due to other banks		-	233 317
Subordinated debt	8	524 122	504 634

The income and expense items with the Bank of Russia for the six months ended 30 June 2009, three months ended 30 June 2009, six months ended 30 June 2008 and three months ended 30 June 2008 were as follows:

<i>In millions of Russian Roubles</i>	Six months ended 30 June		Three months ended 30 June	
	2009 (Unaudited)	2008 (Unaudited)	2009 (Unaudited)	2008 (Unaudited)
Interest income	419	1 114	419	151
Interest expense	(7 891)	(376)	(1 814)	(101)
Interest expense on subordinated debt	(19 829)	-	(10 231)	-
Net gains arising from trading securities	-	96	-	-
Net losses arising from investment securities available for sale	-	(43)	-	-
Other operating expenses	(357)	(337)	(224)	(203)

For the six months period ended 30 June 2009, remuneration of the members of the key management personnel comprised salaries and bonuses totalling RR 191 million (the six months period ended 30 June 2008: RR 429 million). For the three months period ended 30 June 2009, remuneration of the members of the key management personnel comprised salaries and bonuses totalling RR 80 million (the three months period ended 30 June 2008: RR 220 million).

18 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.

As at 30 June 2009 and 31 December 2008, the outstanding balances with state-controlled entities and government bodies were as follows:

	30 June 2009		31 December 2008	
	(Unaudited)			
	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	1	888	1	2 149
Trading securities	67 949	10 836	65 160	4 500
Securities designated at fair value through profit or loss	93 642	1 997	122 055	1 607
Due from other banks	3 036	-	-	-
Gross amount of loans and advances to customers	329 941	287 099	286 180	155 033
Impairment for loans and advances to customers	(6 617)	(11 286)	(4 232)	(2 220)
Securities pledged under repurchase agreements	113	-	-	-
Investment securities available for sale	271 423	23 979	230 158	9 806
Due to other banks	10 000	1 200	-	8 203
Due to legal entities	156 107	63 052	222 682	40 423

Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 June 2009
18 Operations with State-Controlled Entities and Government Bodies (Continued)

Income and expense items with State subsidiaries and government bodies for the six months periods ended 30 June 2009 and 30 June 2008 were as follows:

	Six months ended 30 June 2009		Six months ended 30 June 2008	
	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>(Unaudited)</i>				
<i>In millions of Russian Roubles</i>				
Interest income	39 068	16 601	23 767	4 988
Interest expense	(5 609)	(1 290)	(3 563)	(870)
Provision for loan impairment	(2 385)	(9 066)	(308)	78
Net gains/ (losses) arising from trading securities	2 087	463	(1 349)	(25)
Net (losses)/ gains arising from securities designated at fair value through profit or loss	(1 047)	679	(821)	481
Net gains arising from investment securities available for sale	19	-	-	288
Fee and commission income	1 821	634	1 218	221

Income and expense items with State subsidiaries and government bodies for the three months periods ended 30 June 2009 and 30 June 2008 were as follows:

	Three months ended 30 June 2009		Three months ended 30 June 2008	
	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>(Unaudited)</i>				
<i>In millions of Russian Roubles</i>				
Interest income	19 617	9 700	11 842	2 369
Interest expense	(2 609)	(1 019)	(2 671)	(527)
Provision for loan impairment	(899)	(7 739)	(172)	89
Net gains arising from trading securities	2 768	316	183	1
Net gains arising from securities designated at fair value through profit or loss	4 009	233	3	553
Net gains/ (losses) arising from investment securities available for sale	17	(1)	-	18
Fee and commission income	875	281	599	116

Transactions with the State also include taxes. Income tax expense attributable to operations taxable in the Russian Federation amounted to RR 1 516 million for the six months period ended 30 June 2009 and RR 1 370 million for the three months period ended 30 June 2009 (RR 20 403 million for the six months period ended 30 June 2008 and RR 10 804 million for the three months period ended 30 June 2008).

Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 June 2009
19 Capital Adequacy Ratio

As at 30 June 2009 and 31 December 2008, 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 requirements, were as follows:

<i>In millions of Russian Roubles</i>	30 June 2009 (Unaudited)	31 December 2008
Tier 1 capital		
Share capital	87 742	87 742
Share premium	232 493	232 493
Retained earnings	384 290	388 030
Total Tier 1 capital	704 525	708 265
Tier 2 capital		
Revaluation reserve for premises	73 739	74 981
Fair value reserve for investment securities available for sale	(27 399)	(33 185)
Foreign currency translation reserve	(746)	101
Subordinated capital	352 263	354 133
Total Tier 2 capital	397 857	396 030
Total capital	1 102 382	1 104 295
Risk weighted assets (RWA)		
Credit risk	5 837 720	5 689 866
Market risk	161 021	152 588
Total risk weighted assets (RWA)	5 998 741	5 842 454
Core capital adequacy ratio (Total Tier 1 capital to Total RWA)	11.7%	12.1%
Total capital adequacy ratio (Total capital to Total RWA)	18.4%	18.9%

20 Subsequent Events

In August 2009 under the settlement of the loan to the Group's borrower, Russian oil company "OOO Urals Energy", the Group repossessed 100% share in oil company "ZAO NK Dulisma".