

Sberbank of Russia

Condensed Interim Consolidated Financial Statements and
Review Report

30 June 2010

Condensed Interim Consolidated Financial Statements and Review Report

CONTENTS

Review Report

Condensed Interim Consolidated Financial Statements

| | |
|--|---|
| Condensed Interim Consolidated Statement of Financial Position | 1 |
| Condensed Interim Consolidated Income Statement | 2 |
| Condensed Interim Consolidated Statement of Comprehensive Income | 3 |
| Condensed Interim Consolidated Statement of Changes in Equity..... | 4 |
| Condensed Interim Consolidated Statement of Cash Flows | 5 |

Selected Notes to the Condensed Interim Consolidated Financial Statements

| | | |
|----|---|----|
| 1 | Introduction..... | 6 |
| 2 | Operating Environment of the Group..... | 6 |
| 3 | Basis of Preparation..... | 7 |
| 4 | Accounting Policies, Critical Accounting Estimates and Judgements and Adoption of New or Revised Standards and Interpretations..... | 7 |
| 5 | Trading Securities | 8 |
| 6 | Securities Designated at Fair Value through Profit or Loss..... | 9 |
| 7 | Loans and Advances to Customers | 9 |
| 8 | Securities Pledged under Repurchase Agreements | 18 |
| 9 | Investment Securities Available for Sale..... | 18 |
| 10 | Investment Securities Held to Maturity..... | 19 |
| 11 | Due to Individuals and Corporate Customers..... | 19 |
| 12 | Subordinated debt..... | 20 |
| 13 | Interest Income and Expense | 21 |
| 14 | Fee and Commission Income and Expense..... | 22 |
| 15 | Net Gains Arising from Trading in Foreign Currencies, Operations with Foreign Currency Derivatives and Foreign Exchange Translation Gains | 22 |
| 16 | Operating Expenses | 23 |
| 17 | Earnings per Share..... | 23 |
| 18 | Dividends | 23 |
| 19 | Segment Analysis..... | 24 |
| 20 | Financial Risk Management | 31 |
| 21 | Credit Related Commitments | 35 |
| 22 | Related Party Transactions | 36 |
| 23 | Operations with State-Controlled Entities and Government Bodies | 37 |
| 24 | Principal Subsidiaries | 39 |
| 25 | Capital Adequacy Ratio..... | 41 |
| 26 | Subsequent events | 41 |

Report on Review of Condensed Interim Consolidated Financial Statements

To the Shareholders and Supervisory Board of Sberbank -

Introduction

We have reviewed the accompanying condensed interim consolidated statement of financial position of Sberbank (the "Bank") and its subsidiaries (together "the Group") as at 30 June 2010 and the related condensed interim consolidated statements of income and comprehensive income for the three- and six-month periods then ended, condensed interim consolidated statements of changes in equity and of cash flows for the six-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.


CJSC Ernst & Young Vneshaudit

24 August 2010

Condensed Interim Consolidated Statement of Financial Position

| <i>In millions of Russian Roubles</i> | Note | 30 June 2010 (Unaudited) | 31 December 2009 |
|---|------|--------------------------------|---------------------|
| ASSETS | | | |
| Cash and cash equivalents | | 543 640 | 725 521 |
| Mandatory cash balances with the Bank of Russia | | 45 993 | 40 572 |
| Trading securities | 5 | 84 273 | 91 022 |
| Securities designated at fair value through profit or loss | 6 | 108 466 | 124 439 |
| Due from other banks | | 29 053 | 10 219 |
| Loans and advances to customers | 7 | 4 759 073 | 4 864 031 |
| Securities pledged under repurchase agreements | 8 | 53 796 | 2 699 |
| Investment securities available for sale | 9 | 1 335 689 | 845 975 |
| Investment securities held to maturity | 10 | 205 850 | - |
| Deferred income tax asset | | 10 223 | - |
| Premises and equipment | | 261 448 | 249 881 |
| Other assets | | 141 886 | 150 707 |
| TOTAL ASSETS | | 7 579 390 | 7 105 066 |
| LIABILITIES | | | |
| Due to other banks | | 137 473 | 53 947 |
| Due to individuals | 11 | 4 175 612 | 3 787 312 |
| Due to corporate customers | 11 | 1 680 360 | 1 651 559 |
| Debt securities in issue | | 162 007 | 124 599 |
| Other borrowed funds | | 117 459 | 115 213 |
| Deferred income tax liability | | 14 471 | 4 598 |
| Other liabilities | | 109 057 | 69 841 |
| Subordinated debt | 12 | 316 095 | 519 061 |
| TOTAL LIABILITIES | | 6 712 534 | 6 326 130 |
| EQUITY | | | |
| Share capital | | 87 742 | 87 742 |
| Share premium | | 232 553 | 232 553 |
| Revaluation reserve for premises | | 54 553 | 55 540 |
| Fair value reserve for investment securities available for sale | | 22 340 | (598) |
| Foreign currency translation reserve | | (572) | (1 009) |
| Retained earnings | | 466 933 | 403 934 |
| Total equity attributable to shareholders of the Bank | | 863 549 | 778 162 |
| Non-controlling interest | | 3 307 | 774 |
| TOTAL EQUITY | | 866 856 | 778 936 |
| TOTAL LIABILITIES AND EQUITY | | 7 579 390 | 7 105 066 |

Approved for issue and signed on behalf of the Board on 24 August 2010.



Herman Gref
Chairman of the Board and CEO

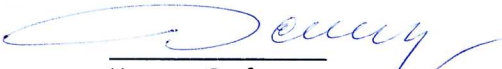


Andrey Kruzhalov
Chief Accountant


Condensed Interim Consolidated Income Statement

| <i>(Unaudited)</i> In millions of Russian Roubles | Note | Six months ended 30 June | | Three months ended 30 June | |
|---|------|--------------------------|----------------|----------------------------|----------------|
| | | 2010 | 2009 | 2010 | 2009 |
| Interest income | 13 | 399 737 | 403 244 | 191 908 | 208 126 |
| Interest expense | 13 | (155 738) | (158 729) | (77 063) | (79 093) |
| Net interest income | | 243 999 | 244 515 | 114 845 | 129 033 |
| Provision charge for loan impairment | 7 | (110 324) | (191 557) | (55 984) | (100 802) |
| Net interest income after provision charge for loan impairment | | 133 675 | 52 958 | 58 861 | 28 231 |
| Fee and commission income | 14 | 59 600 | 47 876 | 32 799 | 24 783 |
| Fee and commission expense | 14 | (2 777) | (2 054) | (1 567) | (1 026) |
| Net gains/ (losses) arising from trading securities | | 3 219 | 3 746 | (1 193) | 4 059 |
| Net gains arising from securities designated at fair value through profit or loss | | 7 905 | 691 | 617 | 5 290 |
| Net (losses)/ gains arising from investment securities available for sale | | (1 847) | 188 | (1 682) | (324) |
| 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 | 15 | 7 105 | 9 260 | 4 990 | 733 |
| Net (losses)/ gains arising from operations with precious metals and precious metals derivatives | | (399) | 306 | (1 180) | 610 |
| Provision charge for other assets impairment | | (2 553) | (1 435) | (1 226) | (990) |
| Other operating income | | 5 009 | 6 656 | 3 021 | 3 338 |
| Operating income | | 208 937 | 116 781 | 93 440 | 63 293 |
| Operating expenses | 16 | (128 355) | (109 722) | (66 964) | (56 593) |
| Profit before tax | | 80 582 | 7 059 | 26 476 | 6 700 |
| Income tax expense | | (16 265) | (1 049) | (5 654) | (1 273) |
| Profit for the reporting period | | 64 317 | 6 010 | 20 822 | 5 427 |
| Attributable to: | | | | | |
| - shareholders of the Bank | | 64 189 | 6 010 | 20 748 | 5 427 |
| - non-controlling interest | | 128 | - | 74 | - |
| Earnings per ordinary share for profit attributable to the shareholders of the Bank, basic and diluted (expressed in RR per share) | 17 | 2.95 | 0.25 | 0.94 | 0.22 |

Approved for issue and signed on behalf of the Board on 24 August 2010.



Herman Gref
Chairman of the Board and CEO



Andrey Kruzhalov
Chief Accountant

Condensed Interim Consolidated Statement of Comprehensive Income

| <i>(Unaudited)</i> | Six months ended 30 June | | Three months ended 30 June | |
|--|---------------------------------|---------------|-----------------------------------|---------------|
| <i>In millions of Russian Roubles</i> | 2010 | 2009 | 2010 | 2009 |
| Profit for the reporting period recognised in the income statement | 64 317 | 6 010 | 20 822 | 5 427 |
| Components of other comprehensive income: | | | | |
| Investment securities available for sale: | | | | |
| - Net gains / (losses) on revaluation of investment securities available for sale | 26 828 | 6 009 | (7 418) | 17 122 |
| - Impairment of investment securities available for sale transferred to Income statement | - | 1 411 | - | 1 411 |
| - Accumulated losses/ (gains) transferred to Income statement upon disposal of securities | 1 847 | (188) | 1 682 | 324 |
| Net foreign currency translation gains/(losses) | 453 | (847) | 1 273 | (658) |
| Deferred income tax relating to components of other comprehensive income: | | | | |
| - Investment securities available for sale | (5 737) | (1 446) | 1 139 | (3 771) |
| Total components of other comprehensive income/ (loss) for the reporting period, net of tax | 23 391 | 4 939 | (3 324) | 14 428 |
| Total comprehensive income for the reporting period | 87 708 | 10 949 | 17 498 | 19 855 |
| Attributable to: | | | | |
| - shareholders of the Bank | 87 564 | 10 949 | 17 363 | 19 855 |
| - non-controlling interest | 144 | - | 135 | - |

Condensed Interim Consolidated Statement of Changes in Equity

| <i>In millions of Russian Roubles</i> | Note | 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 the six months ended 30 June 2009 (Unaudited) | | | | | | | | | | |
| Dividends declared | 18 | - | - | - | - | - | (10 992) | (10 992) | - | (10 992) |
| Amortisation of revaluation reserve for premises, net of tax | | - | - | (1 242) | - | - | 1 242 | - | - | - |
| Total comprehensive income recognised for the six months ended 30 June 2009 | | - | - | - | 5 786 | (847) | 6 010 | 10 949 | - | 10 949 |
| Balance as at 30 June 2009 (Unaudited) | | 87 742 | 232 493 | 73 739 | (27 399) | (746) | 384 290 | 750 119 | - | 750 119 |
| 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 the six months ended 30 June 2010 (Unaudited) | | | | | | | | | | |
| Dividends declared | 18 | - | - | - | - | - | (2 177) | (2 177) | - | (2 177) |
| Amortisation of revaluation reserve for premises, net of tax | | - | - | (987) | - | - | 987 | - | - | - |
| Acquisition of subsidiaries and single-asset company | 24 | - | - | - | - | - | - | - | 2 389 | 2 389 |
| Total comprehensive income recognised for the six months ended 30 June 2010 | | - | - | - | 22 938 | 437 | 64 189 | 87 564 | 144 | 87 708 |
| Balance as at 30 June 2010 (Unaudited) | | 87 742 | 232 553 | 54 553 | 22 340 | (572) | 466 933 | 863 549 | 3 307 | 866 856 |

Condensed Interim Consolidated Statement of Cash Flows

| <i>(Unaudited)</i> <i>In millions of Russian Roubles</i> | Note | Six months ended 30 June | |
|--|------|--------------------------|------------------|
| | | 2010 | 2009 |
| Cash flows from operating activities | | | |
| Interest received | | 410 673 | 396 875 |
| Interest paid | | (128 601) | (131 174) |
| Fees and commissions received | | 60 425 | 48 069 |
| Fees and commissions paid | | (2 777) | (2 054) |
| Net (losses incurred)/ gains received from trading securities | | (28) | 718 |
| Net gains received from securities designated at fair value through profit or loss | | 3 718 | 669 |
| Net losses incurred from trading in foreign currencies and from operations with foreign currency derivatives | | (32 740) | (16 250) |
| Net (losses incurred) /gains received from operations with precious metals and precious metals derivatives | | (140) | 914 |
| Other operating income received | | 3 665 | 5 114 |
| Operating expenses paid | | (102 166) | (76 561) |
| Income tax paid | | (40 326) | (2 687) |
| Cash flows from operating activities before changes in operating assets and liabilities | | 171 703 | 223 633 |
| Changes in operating assets and liabilities | | | |
| Net increase in mandatory cash balances with the Bank of Russia | | (5 421) | (8 241) |
| Net decrease / (increase) in trading securities | | 9 866 | (3 339) |
| Net decrease in securities designated at fair value through profit or loss | | 14 102 | 29 225 |
| Net (increase) / decrease in due from other banks | | (19 054) | 1 143 |
| Net increase in loans and advances to customers | | (19 185) | (154 936) |
| Net decrease/(increase) in other assets | | 21 576 | (8 398) |
| Net increase / (decrease) in due to other banks | | 85 240 | (246 902) |
| Net increase in due to individuals | | 416 544 | 180 087 |
| Net increase / (decrease) in due to corporate customers | | 44 144 | (218 024) |
| Net increase / (decrease) in debt securities in issue | | 37 733 | (10 565) |
| Net increase in other liabilities | | 30 333 | 3 504 |
| Net cash from/ (used in) operating activities | | 787 581 | (212 813) |
| Cash flows from investing activities | | | |
| Purchase of investment securities available for sale | | (769 104) | (79 203) |
| Proceeds from disposal and redemption of investment securities available for sale | | 53 919 | 8 818 |
| Purchase of investment securities held to maturity | | (4 064) | - |
| Acquisition of premises and equipment | | (20 253) | (13 454) |
| Proceeds from disposal of premises and equipment including insurance payments | | 114 | 967 |
| Dividend income received | | 1 202 | 65 |
| Net cash used in investing activities | | (738 186) | (82 807) |
| Cash flows from financing activities | | | |
| Redemption of other borrowed funds | | (1 448) | (5 079) |
| Repayment of interest on other borrowed funds | | (1 987) | (4 435) |
| Redemption of subordinated debt | | (215 013) | (4 192) |
| Repayment of interest on subordinated debt | | (6 907) | (1 119) |
| Dividends paid | 18 | (1 777) | (10) |
| Net cash used in financing activities | | (227 132) | (14 835) |
| Effect of exchange rate changes on cash and cash equivalents | | (4 144) | 40 787 |
| Net decrease in cash and cash equivalents | | (181 881) | (269 668) |
| 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 | | 543 640 | 534 081 |

Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 June 2010

1 Introduction

These condensed interim consolidated financial statements have been prepared in accordance with IAS 34 “Interim Financial Reporting” for the six months ended 30 June 2010 for Sberbank of Russia (Sberbank, “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 24.

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 2010 (31 December 2009: 60.3% of ordinary shares or 57.6% of the issued and outstanding shares).

As at 30 June 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 subsidiary banks operate 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 30 June 2010 the Group conducts its business in Russia through Sberbank with its network of 18 (31 December 2009: 18) regional head offices, 578 (31 December 2009: 602) branches and 19 104 (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 a representative office in Germany.

The average number of the Group’s employees during the six months ended 30 June 2010 was 255 075 (during 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 30 June 2010 the principal rate of exchange used for translating foreign currency monetary balances was USD 1 = RR 31.1954 (31 December 2009: USD 1 = RR 30.2442).

2 Operating Environment of the Group

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.

Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 June 2010

2 Operating Environment of the Group (Continued)

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.

Due to fluctuations on the domestic securities market, the Group is exposed to a potential decrease in value of its securities portfolio, which may have a negative impact on the financial performance of the Group.

In the first half of 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:

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.

Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 June 2010

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

- 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"

Management's estimates and judgements. Judgements and critical estimates made by Management in the process of applying the accounting policies were consistent with those disclosed in the annual consolidated financial statements for the year ended 31 December 2009. Management has not identified new areas of judgement or critical estimates.

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.

5 Trading Securities

| <i>In millions of Russian Roubles</i> | 30 June 2010 (Unaudited) | 31 December 2009 |
|--|---|-----------------------------|
| Federal loan bonds (OFZ bonds) | 26 795 | 31 492 |
| Corporate bonds | 19 136 | 18 823 |
| Municipal and subfederal bonds | 17 002 | 13 882 |
| Russian Federation Eurobonds | 14 981 | 24 935 |
| Bonds of the Bank of Russia | 2 958 | - |
| Foreign government bonds | 642 | - |
| State domestic currency loan bonds (OVGVZ) | 15 | 15 |
| Total debt trading securities | 81 529 | 89 147 |
| Corporate shares | 2 744 | 1 875 |
| Total trading securities | 84 273 | 91 022 |

At 30 June 2010 and 31 December 2009 the corporate bonds are mostly represented by debt securities issued by Russian mining, oil and gas, energy, finance, communication, transportation companies and banks. Corporate shares are mostly represented by oil and gas, metallurgy and transportation companies.

Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 June 2010

6 Securities Designated at Fair Value through Profit or Loss

| <i>In millions of Russian Roubles</i> | 30 June 2010 (Unaudited) | 31 December 2009 |
|--|---|-----------------------------|
| Federal loan bonds (OFZ bonds) | 79 451 | 94 251 |
| Corporate bonds | 4 570 | 7 153 |
| Municipal and subfederal bonds | 4 053 | 3 880 |
| Total debt securities designated at fair value through profit or loss | 88 074 | 105 284 |
| Corporate shares | 20 392 | 19 155 |
| Total securities designated at fair value through profit or loss | 108 466 | 124 439 |

At 30 June 2010 and 31 December 2009 the corporate bonds are comprised by the securities issued by Russian oil and gas companies and a bank; corporate shares are represented by an oil and gas company.

7 Loans and Advances to Customers

The tables below show credit quality of the Group's loan portfolio by loan classes as at 30 June 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.

30 June 2010:

(Unaudited)

| <i>In millions of Russian Roubles</i> | Not past due loans | Past due loans | Total |
|---|---------------------------|-----------------------|------------------|
| Commercial loans to legal entities | 2 000 428 | 220 708 | 2 221 136 |
| Specialised loans to legal entities | 1 677 383 | 325 612 | 2 002 995 |
| Consumer and other loans to individuals | 541 414 | 40 797 | 582 211 |
| Mortgage loans to individuals | 502 639 | 34 596 | 537 235 |
| Car loans to individuals | 88 454 | 4 150 | 92 604 |
| Total loans and advances to customers before provision for loan impairment | 4 810 318 | 625 863 | 5 436 181 |
| Less: Provision for loan impairment | (187 770) | (489 338) | (677 108) |
| Total loans and advances to customers net of provision for loan impairment | 4 622 548 | 136 525 | 4 759 073 |

Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 June 2010

7 Loans and Advances to Customers (Continued)

31 December 2009:

| <i>In millions of Russian Roubles</i> | 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.

Consumer and other individual loans comprise loans to individuals other than housing acquisition, construction and repair 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.

Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 June 2010

7 Loans and Advances to Customers (Continued)

The table below shows the analysis of loans and provisions for loan impairment as at 30 June 2010:

| <i>(Unaudited)</i> <i>In millions of Russian Roubles</i> | Gross loans | Provision for impairment | Net loans | Provision for impairment to gross loans |
|---|--------------------|-------------------------------------|------------------|--|
| <i>Commercial loans to legal entities</i> | | | | |
| Collectively assessed | | | | |
| Not past due | 1 919 399 | (70 331) | 1 849 068 | 3.7% |
| Loans up to 30 days overdue | 15 122 | (4 543) | 10 579 | 30.0% |
| Loans 31 to 60 days overdue | 7 435 | (3 698) | 3 737 | 49.7% |
| Loans 61 to 90 days overdue | 6 991 | (4 272) | 2 719 | 61.1% |
| Loans 91 up to 180 days overdue | 20 502 | (13 934) | 6 568 | 68.0% |
| Loans over 180 days overdue | 117 345 | (107 977) | 9 368 | 92.0% |
| Total collectively assessed loans | 2 086 794 | (204 755) | 1 882 039 | 9.8% |
| Individually impaired | | | | |
| Not past due | 81 029 | (30 188) | 50 841 | 37.3% |
| Loans up to 30 days overdue | 4 868 | (4 801) | 67 | 98.6% |
| Loans 31 to 60 days overdue | 3 346 | (3 311) | 35 | 99.0% |
| Loans 61 to 90 days overdue | 636 | (596) | 40 | 93.7% |
| Loans 91 up to 180 days overdue | 14 262 | (12 351) | 1 911 | 86.6% |
| Loans over 180 days overdue | 30 201 | (29 006) | 1 195 | 96.0% |
| Total individually impaired loans | 134 342 | (80 253) | 54 089 | 59.7% |
| Total commercial loans to legal entities | 2 221 136 | (285 008) | 1 936 128 | 12.8% |
| <i>Specialised loans to legal entities</i> | | | | |
| Collectively assessed | | | | |
| Not past due | 1 663 211 | (67 316) | 1 595 895 | 4.0% |
| Loans up to 30 days overdue | 38 705 | (13 103) | 25 602 | 33.9% |
| Loans 31 to 60 days overdue | 3 925 | (2 207) | 1 718 | 56.2% |
| Loans 61 to 90 days overdue | 5 727 | (3 681) | 2 046 | 64.3% |
| Loans 91 up to 180 days overdue | 13 534 | (9 381) | 4 153 | 69.3% |
| Loans over 180 days overdue | 59 967 | (52 094) | 7 873 | 86.9% |
| Total collectively assessed loans | 1 785 069 | (147 782) | 1 637 287 | 8.3% |
| Individually impaired | | | | |
| Not past due | 14 172 | (4 871) | 9 301 | 34.4% |
| Loans up to 30 days overdue | 8 019 | (8 012) | 7 | 99.9% |
| Loans 31 to 60 days overdue | 2 658 | (1 651) | 1 007 | 62.1% |
| Loans 61 to 90 days overdue | 9 626 | (9 587) | 39 | 99.6% |
| Loans 91 up to 180 days overdue | 1 172 | (571) | 601 | 48.7% |
| Loans over 180 days overdue | 182 279 | (147 493) | 34 786 | 80.9% |
| Total individually impaired loans | 217 926 | (172 185) | 45 741 | 79.0% |
| Total specialised loans to legal entities | 2 002 995 | (319 967) | 1 683 028 | 16.0% |
| Total loans to legal entities | 4 224 131 | (604 975) | 3 619 156 | 14.3% |

Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 June 2010

7 Loans and Advances to Customers (Continued)

(Unaudited)

| <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 | 541 414 | (9 027) | 532 387 | 1.7% |
| Loans up to 30 days overdue | 7 403 | (563) | 6 840 | 7.6% |
| Loans 31 to 60 days overdue | 2 795 | (468) | 2 327 | 16.7% |
| Loans 61 to 90 days overdue | 1 521 | (358) | 1 163 | 23.5% |
| Loans 91 up to 180 days overdue | 2 611 | (991) | 1 620 | 38.0% |
| Loans over 180 days overdue | 26 467 | (26 467) | - | 100.0% |
| Total consumer and other loans to individuals | 582 211 | (37 874) | 544 337 | 6.5% |
| Mortgage loans to individuals | | | | |
| Collectively assessed | | | | |
| Not past due | 502 639 | (4 567) | 498 072 | 0.9% |
| Loans up to 30 days overdue | 5 402 | (761) | 4 641 | 14.1% |
| Loans 31 to 60 days overdue | 2 674 | (671) | 2 003 | 25.1% |
| Loans 61 to 90 days overdue | 1 829 | (634) | 1 195 | 34.7% |
| Loans 91 up to 180 days overdue | 3 090 | (1 922) | 1 168 | 62.2% |
| Loans over 180 days overdue | 21 601 | (21 601) | - | 100.0% |
| Total mortgage loans to individuals | 537 235 | (30 156) | 507 079 | 5.6% |
| Car loans to individuals | | | | |
| Collectively assessed | | | | |
| Not past due | 88 454 | (1 470) | 86 984 | 1.7% |
| Loans up to 30 days overdue | 943 | (101) | 842 | 10.7% |
| Loans 31 to 60 days overdue | 378 | (78) | 300 | 20.6% |
| Loans 61 to 90 days overdue | 266 | (81) | 185 | 30.5% |
| Loans 91 up to 180 days overdue | 402 | (212) | 190 | 52.7% |
| Loans over 180 days overdue | 2 161 | (2 161) | - | 100.0% |
| Total car loans to individuals | 92 604 | (4 103) | 88 501 | 4.4% |
| Total loans to individuals | 1 212 050 | (72 133) | 1 139 917 | 6.0% |
| Total loans and advances to customers as at 30 June 2010 | 5 436 181 | (677 108) | 4 759 073 | 12.5% |

Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 June 2010

7 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% |
| Total collectively assessed loans | 2 112 846 | (163 454) | 1 949 392 | 7.7% |
| 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 individually impaired loans | 93 476 | (58 034) | 35 442 | 62.1% |
| 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% |
| Total collectively assessed loans | 1 843 889 | (131 908) | 1 711 981 | 7.2% |
| 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 individually impaired loans | 216 095 | (155 151) | 60 944 | 71.8% |
| 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 – 30 June 2010

7 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 – 30 June 2010

7 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 a principal and/or interest payment becomes more than 90 days overdue.

As at 30 June 2010 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 | 182 310 | (163 268) | 19 042 | 89.6% |
| Specialised loans to legal entities | 256 952 | (209 539) | 47 413 | 81.5% |
| Consumer and other loans to individuals | 29 078 | (27 458) | 1 620 | 94.4% |
| Mortgage loans to individuals | 24 691 | (23 523) | 1 168 | 95.3% |
| Car loans to individuals | 2 563 | (2 373) | 190 | 92.6% |
| Total non-performing loans and advances to customers as at 30 June 2010 | 495 594 | (426 161) | 69 433 | 86.0% |

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 loan impairment for the six months ended 30 June 2010 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 2010 | 508 547 | 71 267 | 579 814 |
| Net provision charge for loan impairment during the reporting period | 108 921 | 1 403 | 110 324 |
| Loans and advances to customers written off during the reporting period as uncollectible | (12 493) | (537) | (13 030) |
| Provision for loan impairment as at 30 June 2010 | 604 975 | 72 133 | 677 108 |

The analysis of changes in provisions for loan impairment for the three months ended 30 June 2010 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 2010 | 558 861 | 71 800 | 630 661 |
| Net provision charge for loan impairment during the reporting period | 55 423 | 561 | 55 984 |
| Loans and advances to customers written off during the reporting period as uncollectible | (9 309) | (228) | (9 537) |
| Provision for loan impairment as at 30 June 2010 | 604 975 | 72 133 | 677 108 |

Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 June 2010

7 Loans and Advances to Customers (Continued)

The analysis of changes in provisions for loan 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 |
| Net provision charge for loan impairment during the reporting period | 176 288 | 15 269 | 191 557 |
| Loans and advances to customers written off during the reporting 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 loan 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 |
| Net provision charge for loan impairment during the reporting period | 96 123 | 4 679 | 100 802 |
| Loans and advances to customers written off during the reporting period as uncollectible | (2 709) | (947) | (3 656) |
| Provision for loan impairment as at 30 June 2009 | 330 011 | 58 078 | 388 089 |

Investments in finance lease

Included in commercial loans to legal entities are net investments in finance lease. The analysis of net investments in finance lease at 30 June 2010 and at 31 December 2009 is as follows:

| <i>In millions of Russian Roubles</i> | 30 June 2010 (Unaudited) | 31 December 2009 |
|--|---------------------------------------|---------------------|
| Gross investment in finance lease | 48 546 | 49 965 |
| Unearned future finance income on finance lease | (12 601) | (14 380) |
| Net investment in finance lease before provision for impairment | 35 945 | 35 585 |
| Less provision for impairment | (752) | (1 119) |
| Net investment in finance lease after provision for impairment | 35 193 | 34 466 |

The contractual maturity analysis of net investments in finance lease at 30 June 2010 is as follows:

| <i>(Unaudited)</i> <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 | 9 880 | (96) | 9 784 |
| Later than 1 year but not later than 5 years | 22 639 | (558) | 22 081 |
| Later than 5 years | 3 426 | (98) | 3 328 |
| Total as at 30 June 2010 | 35 945 | (752) | 35 193 |

Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 June 2010

7 Loans and Advances to Customers (Continued)

The contractual maturity analysis of net investments 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 |

The analysis of minimal finance lease receivables as at 30 June 2010 and 31 December 2009 per contractual maturity is as follows:

| <i>In millions of Russian Roubles</i> | 30 June 2010 (Unaudited) | 31 December 2009 |
|--|--------------------------------|---------------------|
| Not later than 1 year | 14 385 | 13 890 |
| Later than 1 year but not later than 5 years | 29 609 | 32 234 |
| Later than 5 years | 4 552 | 3 841 |
| Total | 48 546 | 49 965 |

Economic sector risk concentration. Economic sector risk concentrations within the customer loan portfolio as at 30 June 2010 and 31 December 2009 are as follows:

| <i>In millions of Russian Roubles</i> | 30 June 2010 (Unaudited) | | 31 December 2009 | |
|---|--------------------------------|--------------|---------------------|--------------|
| | Amount | % | Amount | % |
| Individuals | 1 212 050 | 22.3 | 1 177 539 | 21.7 |
| Trade | 915 506 | 16.8 | 960 385 | 17.7 |
| Services | 738 844 | 13.6 | 748 240 | 13.7 |
| Food and agriculture | 519 511 | 9.6 | 511 658 | 9.4 |
| Construction | 401 906 | 7.4 | 408 307 | 7.5 |
| Machine building | 331 173 | 6.1 | 347 222 | 6.4 |
| Metallurgy | 288 488 | 5.3 | 273 814 | 5.0 |
| Chemical industry | 194 136 | 3.6 | 186 790 | 3.4 |
| Energy | 169 663 | 3.1 | 172 623 | 3.2 |
| Oil and gas | 167 736 | 3.1 | 157 078 | 2.9 |
| Telecommunications | 150 141 | 2.8 | 164 934 | 3.0 |
| Transport, aviation, space industry | 109 860 | 2.0 | 109 211 | 2.0 |
| Government and municipal bodies | 91 462 | 1.7 | 94 004 | 1.7 |
| Timber industry | 50 157 | 0.9 | 43 955 | 0.8 |
| Other | 95 548 | 1.7 | 88 085 | 1.6 |
| Total loans and advances to customers before provision for loan impairment | 5 436 181 | 100.0 | 5 443 845 | 100.0 |

At 30 June 2010 the Group had 20 largest borrowers with aggregated loan amounts due from each of these borrowers exceeding RR 26 000 million (31 December 2009: 20 largest borrowers with loan amounts due from each of these borrowers exceeding RR 23 000 million). The total aggregate amount of these loans was RR 1 130 936 million or 20.8% 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 – 30 June 2010

8 Securities Pledged under Repurchase Agreements

| <i>In millions of Russian Roubles</i> | 30 June 2010 (Unaudited) | 31 December 2009 |
|---|---|-----------------------------|
| Trading securities pledged under repurchase agreements | | |
| Russian Federation Eurobonds | 15 732 | - |
| Corporate shares | 367 | - |
| Securities designated at fair value through profit or loss pledged under repurchase agreements | | |
| Corporate shares | 2 422 | - |
| Securities available for sale pledged under repurchase agreements | | |
| Russian Federation Eurobonds | 30 178 | - |
| Corporate shares | 4 790 | 2 116 |
| Corporate bonds | 307 | 583 |
| Total securities pledged under repurchase agreements | 53 796 | 2 699 |

As at 30 June 2010 included in Due to corporate customers are deposits in the amount of RR 5 100 mln (31 December 2009: RR 2 174 million) received under sale and repurchase agreements with legal entities. Deposits in the amount of RR 39 140 million (31 December 2009: RR 111 million) received under sale and repurchase agreements with other banks are included in Due to other banks.

9 Investment Securities Available for Sale

| <i>In millions of Russian Roubles</i> | 30 June 2010 (Unaudited) | 31 December 2009 |
|--|---|-----------------------------|
| Bonds of the Bank of Russia | 710 435 | 221 080 |
| Corporate bonds | 291 473 | 244 142 |
| Federal loan bonds (OFZ bonds) | 142 697 | 213 540 |
| Municipal and subfederal bonds | 92 347 | 87 948 |
| Russian Federation Eurobonds | 26 299 | 54 480 |
| Foreign government bonds | 15 216 | 6 979 |
| Total debt investment securities available for sale | 1 278 467 | 828 169 |
| Corporate shares | 57 222 | 17 806 |
| Total investment securities available for sale | 1 335 689 | 845 975 |

At 30 June 2010 and 31 December 2009 the corporate bonds available for sale are mostly represented by debt securities issued by Russian transportation, oil and gas, communication, metallurgy and mining companies. Corporate shares are mostly presented by oil and gas, metallurgy and communication companies.

Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 June 2010

10 Investment Securities Held to Maturity

| <i>In millions of Russian Roubles</i> | 30 June 2010 (Unaudited) | 31 December 2009 |
|---|---|-----------------------------|
| Federal loan bonds (OFZ bonds) | 168 076 | - |
| Municipal and subfederal bonds | 33 669 | - |
| Corporate bonds | 4 105 | - |
| Total investment securities held to maturity | 205 850 | - |

In the second quarter of 2010 the Group changed its expectations regarding a part of investments in federal and municipal bonds previously classified as available for sale. Taken into account the changed expectations and the ability of the Group to hold investment securities to maturity, a reclassification from available for sale category into held to maturity category was made. The amortised cost of reclassified securities as at the date of reclassification amounted to RR 202 111 million.

At 30 June 2010 corporate bonds held to maturity are mostly represented by debt securities issued by Russian metallurgy and transportation companies.

11 Due to Individuals and Corporate Customers

| <i>In millions of Russian Roubles</i> | 30 June 2010 (Unaudited) | 31 December 2009 |
|---|---|-----------------------------|
| Individuals: | | |
| - Current/demand accounts | 573 929 | 540 455 |
| - Term deposits | 3 601 683 | 3 246 857 |
| Total due to individuals | 4 175 612 | 3 787 312 |
| State and public organisations: | | |
| - Current/settlement accounts | 94 726 | 104 004 |
| - Term deposits | 36 014 | 32 900 |
| Total due to state and public organisations | 130 740 | 136 904 |
| Other corporate customers: | | |
| - Current/settlement accounts | 973 549 | 861 028 |
| - Term deposits | 576 071 | 653 627 |
| Total due to other corporate customers | 1 549 620 | 1 514 655 |
| Total due to corporate customers | 1 680 360 | 1 651 559 |
| Total due to individuals and corporate customers | 5 855 972 | 5 438 871 |

Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 June 2010

11 Due to Individuals and Corporate Customers (Continued)

Economic sector concentrations within customer accounts are as follows:

| <i>In millions of Russian Roubles</i> | 30 June 2010 (Unaudited) | | 31 December 2009 | |
|---|--------------------------------|--------------|---------------------|--------------|
| | Amount | % | Amount | % |
| Individuals | 4 175 612 | 71.3 | 3 787 312 | 69.6 |
| Oil and gas | 302 738 | 5.2 | 233 772 | 4.3 |
| Services | 271 535 | 4.6 | 248 421 | 4.6 |
| Trade | 232 061 | 4.0 | 241 233 | 4.5 |
| Energy | 120 187 | 2.1 | 135 648 | 2.5 |
| Construction | 101 122 | 1.7 | 153 049 | 2.8 |
| Machine building | 100 027 | 1.7 | 102 209 | 1.9 |
| Municipal bodies and state organisations | 73 876 | 1.3 | 54 014 | 1.0 |
| Food and agriculture | 59 346 | 1.0 | 73 195 | 1.3 |
| Chemical | 43 568 | 0.7 | 51 589 | 0.9 |
| Metallurgy | 41 246 | 0.7 | 51 935 | 1.0 |
| Other | 334 654 | 5.7 | 306 494 | 5.6 |
| Total due to individuals and corporate customers | 5 855 972 | 100.0 | 5 438 871 | 100.0 |

As at 30 June 2010 included in term deposits of other corporate customers are deposits in the amount of RR 5 100 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 5 532 million and was included in securities pledged under repurchase agreements (31 December 2009: RR 2 560 million). Refer to Note 8.

At 30 June 2010 included in Due to corporate customers are deposits of RR 76 480 million (31 December 2009: RR 82 068 million) held as collateral for irrevocable commitments under import letters of credit. Refer to Note 21.

At 30 June 2010 the Group had 20 largest customers with balances above RR 7 000 million (31 December 2009: 20 customers with balances above RR 7 500 million). The aggregate balance of these customers was RR 513 571 million (31 December 2009: RR 456 986 million) or 8.8% (31 December 2009: 8.4%) of total due to individuals and corporate customers.

12 Subordinated debt

| <i>In millions of Russian Roubles</i> | 30 June 2010 (Unaudited) | 31 December 2009 |
|--|--------------------------------|---------------------|
| Subordinated debt received by the Group from the Bank of Russia | 315 875 | 504 346 |
| Subordinated debt received by the Group on international financial markets | - | 14 504 |
| Subordinated debt received by subsidiaries | 220 | 211 |
| Total subordinated debt | 316 095 | 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 February 2010 the Group repaid the remaining part of subordinated loan in full.

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

Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 June 2010

13 Interest Income and Expense

(Unaudited)

In millions of Russian Roubles

| | Six months ended 30 June | | Three months ended 30 June | |
|--|--------------------------|------------------|----------------------------|-----------------|
| | 2010 | 2009 | 2010 | 2009 |
| Interest income | | | | |
| Interest income on financial assets carried at amortised cost and on financial assets available for sale: | | | | |
| - Loans and advances to customers | 341 058 | 377 036 | 160 327 | 195 173 |
| - Debt investment securities available for sale | 45 080 | 14 991 | 25 086 | 7 992 |
| - Due from other banks | 5 214 | 3 841 | 2 719 | 1 413 |
| - Debt investment securities held to maturity | 188 | - | 140 | - |
| - Correspondent accounts with other banks | 65 | 218 | 25 | 52 |
| | 391 605 | 396 086 | 188 297 | 204 630 |
| Interest income on financial assets carried at fair value through profit or loss: | | | | |
| - Debt trading securities | 4 948 | 3 284 | 2 225 | 1 678 |
| - Debt securities designated at fair value through profit or loss | 3 184 | 3 874 | 1 386 | 1 818 |
| | 8 132 | 7 158 | 3 611 | 3 496 |
| Total interest income | 399 737 | 403 244 | 191 908 | 208 126 |
| Interest expense | | | | |
| Term deposits of individuals | (107 428) | (88 274) | (53 960) | (45 451) |
| Subordinated debt | (17 945) | (20 937) | (8 171) | (10 762) |
| Term deposits of legal entities | (16 844) | (25 545) | (8 174) | (13 236) |
| Debt securities in issue | (4 876) | (4 368) | (2 761) | (2 343) |
| Current/settlement accounts of legal entities | (4 550) | (5 892) | (2 192) | (2 760) |
| Other borrowed funds | (2 233) | (2 953) | (1 074) | (1 162) |
| Current/demand accounts of individuals | (1 121) | (589) | (627) | (311) |
| Term placements of other banks | (567) | (9 943) | (31) | (2 950) |
| Correspondent accounts of other banks | (174) | (228) | (73) | (118) |
| Total interest expense | (155 738) | (158 729) | (77 063) | (79 093) |
| Net interest income | 243 999 | 244 515 | 114 845 | 129 033 |

Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 June 2010

14 Fee and Commission Income and Expense

| <i>(Unaudited)</i> | <u>Six months ended 30 June</u> | | <u>Three months ended 30 June</u> | |
|---|---------------------------------|----------------|-----------------------------------|----------------|
| <i>In millions of Russian Roubles</i> | 2010 | 2009 | 2010 | 2009 |
| Fee and commission income | | | | |
| Cash and settlements transactions with individuals | 19 288 | 15 750 | 10 654 | 8 843 |
| Cash and settlements transactions with legal entities | 18 837 | 16 499 | 10 271 | 8 364 |
| Plastic cards operations | 10 275 | 7 903 | 5 516 | 4 172 |
| Agent commissions on selling insurance contracts | 3 789 | - | 2 551 | - |
| Operations with foreign currency | 2 862 | 4 100 | 1 631 | 1 622 |
| Cash collection | 2 016 | 1 861 | 1 096 | 993 |
| Guarantees issued | 1 171 | 766 | 409 | 190 |
| Transactions with securities | 594 | 346 | 273 | 308 |
| Other | 768 | 651 | 398 | 291 |
| Total fee and commission income | 59 600 | 47 876 | 32 799 | 24 783 |
| Fee and commission expense | | | | |
| Settlement transactions | (2 208) | (1 624) | (1 192) | (867) |
| Cash collection | (96) | (74) | (61) | (45) |
| Operations with foreign currency | (40) | (127) | (23) | (35) |
| Other | (433) | (229) | (291) | (79) |
| Total fee and commission expense | (2 777) | (2 054) | (1 567) | (1 026) |
| Net fee and commission income | 56 823 | 45 822 | 31 232 | 23 757 |

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

| <i>(Unaudited)</i> | <u>Six months ended 30 June</u> | | <u>Three months ended 30 June</u> | |
|--|---------------------------------|--------------|-----------------------------------|-------------|
| <i>In millions of Russian Roubles</i> | 2010 | 2009 | 2010 | 2009 |
| Net gains arising from trading in foreign currencies | 1 471 | 7 478 | 1 136 | 2 308 |
| Net foreign exchange translation gains | 33 260 | 16 778 | 23 944 | (8 351) |
| Net losses from operations with foreign currency derivatives | (27 626) | (14 996) | (20 090) | 6 776 |
| Total net gains arising from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation gains | 7 105 | 9 260 | 4 990 | 733 |

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 foreign exchange swap transactions.

Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 June 2010

16 Operating Expenses

| <i>(Unaudited)</i> In millions of Russian Roubles | Six months ended 30 June | | Three months ended 30 June | |
|--|--------------------------|----------------|----------------------------|---------------|
| | 2010 | 2009 | 2010 | 2009 |
| Staff costs | 77 492 | 63 783 | 38 658 | 32 401 |
| Depreciation of premises and equipment | 14 875 | 12 706 | 7 522 | 5 554 |
| Telecommunication and office supplies expenses | 14 492 | 10 533 | 8 753 | 6 307 |
| State deposit insurance system membership fee | 7 859 | 6 272 | 4 054 | 3 188 |
| Taxes other than on income | 4 116 | 3 883 | 2 705 | 2 655 |
| Operating lease expense for premises and equipment | 3 585 | 3 064 | 2 066 | 1 645 |
| Other costs of premises and equipment | 2 242 | 3 078 | 1 407 | 1 253 |
| Advertising and marketing services | 1 253 | 697 | 769 | 446 |
| Consulting and assurance services | 576 | 823 | 433 | 454 |
| Other | 1 865 | 4 883 | 597 | 2 690 |
| Total operating expenses | 128 355 | 109 722 | 66 964 | 56 593 |

17 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>(Unaudited)</i> In millions of Russian Roubles | Six months ended 30 June | | Three months ended 30 June | |
|---|--------------------------|--------------|----------------------------|--------------|
| | 2010 | 2009 | 2010 | 2009 |
| Profit for the reporting period attributable to the shareholders of the Bank | 64 189 | 6 010 | 20 748 | 5 427 |
| Less preference dividends | (450) | (630) | (450) | (630) |
| Profit attributable to the ordinary shareholders of the Bank | 63 739 | 5 380 | 20 298 | 4 797 |
| Weighted average number of ordinary shares in issue (millions) | 21 587 | 21 585 | 21 587 | 21 585 |
| Earnings per ordinary share, basic and diluted (expressed in RR per share) | 2.95 | 0.25 | 0.94 | 0.22 |

18 Dividends

| <i>(Unaudited)</i> In millions of Russian Roubles | Six months ended 30 June 2010 | | Six months ended 30 June 2009 | |
|--|-------------------------------|-------------|-------------------------------|-------------|
| | Ordinary | Preference | Ordinary | Preference |
| Dividends payable at 1 January | 91 | 30 | 113 | 29 |
| Dividends declared during the six months ended 30 June | 1 727 | 450 | 10 362 | 630 |
| Dividends paid during the six months ended 30 June | (1 431) | (346) | (8) | (2) |
| Dividends payable as at 30 June | 387 | 134 | 10 467 | 657 |
| Dividends per share declared during the reporting period (RR per share) | 0.08 | 0.45 | 0.48 | 0.63 |

All dividends were declared and paid in Russian Roubles.

Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 June 2010

19 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.

- **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.

Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 June 2010

19 Segment Analysis (Continued)

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 30 June 2010 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 | 3 780 344 | 1 258 408 | 1 048 220 | 1 389 536 | 139 527 | 7 616 035 |
| TOTAL LIABILITIES | 2 554 799 | 1 573 857 | 1 089 545 | 1 380 458 | 107 965 | 6 706 624 |

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 |

Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 June 2010

19 Segment Analysis (Continued)

Reconciliation of assets and liabilities as per the reportable segments with the Group's assets and liabilities under IFRS as of 30 June 2010 and 31 December 2009 is as follows:

| <i>In millions of Russian Roubles</i> | Total assets | | Total liabilities | |
|--|--------------------------------|---------------------|--------------------------------|---------------------|
| | 30 June 2010 (Unaudited) | 31 December 2009 | 30 June 2010 (Unaudited) | 31 December 2009 |
| Total amount per segment information | 7 616 035 | 7 196 173 | 6 706 624 | 6 338 717 |
| Adjustment of provisions | 50 830 | 23 660 | (23 258) | (25 441) |
| Additional interest accrued on loans | 3 001 | 6 510 | - | - |
| Deferred commission income on loans | (30 373) | (30 696) | - | - |
| Accounting for derivatives at fair value | 2 875 | 619 | 4 397 | 10 576 |
| Adjustment of depreciation and cost or fair value of premises and equipment including effect of deferred tax | (66 270) | (64 013) | - | - |
| Staff expenses accrued related to the reporting period (bonuses, annual leave, pension liabilities) | 265 | 155 | 23 606 | 12 383 |
| Adjustment of amortised cost and partial repurchase of other borrowed funds and subordinated debt | (9 045) | (24 324) | (9 071) | (24 866) |
| Adjustment of income tax | 13 023 | (668) | 9 194 | 12 924 |
| Other adjustments | (951) | (2 350) | 1 042 | 1 837 |
| The Group's total amount under IFRS | 7 579 390 | 7 105 066 | 6 712 534 | 6 326 130 |

Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 June 2010

19 Segment Analysis (Continued)

Segment reporting of the Group's income and expenses for the six months ended 30 June 2010 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 |
|---|----------------|--|--|---|----------------------------|----------------|
| Interest income | 146 768 | 75 067 | 64 061 | 89 255 | 7 339 | 382 490 |
| Interest expense | (62 017) | (35 703) | (24 986) | (30 217) | (3 275) | (156 198) |
| Inter-segment income and (expense) | (21 003) | 15 588 | 4 690 | 725 | - | - |
| Fee and commission income | 18 626 | 20 336 | 15 865 | 22 107 | 1 676 | 78 610 |
| Fee and commission expense | (1 956) | (94) | (171) | (285) | (270) | (2 776) |
| Net gains/ (losses) arising from securities | 8 733 | - | - | - | (40) | 8 693 |
| Net (losses)/ gains arising from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation gains/ (losses) | (3 318) | 927 | 639 | 222 | 671 | (859) |
| Net (losses)/ gains arising from operations with precious metals | (1 329) | 282 | 242 | 363 | 2 | (440) |
| Other net operating gains/ (losses) | 5 838 | (4 754) | (1 950) | (754) | (26) | (1 646) |
| Operating income before provision charge for loan impairment | 90 342 | 71 649 | 58 390 | 81 416 | 6 077 | 307 874 |
| Provision charge for loan impairment | (63 984) | (24 202) | (21 688) | (15 510) | (1 686) | (127 070) |
| Operating income | 26 358 | 47 447 | 36 702 | 65 906 | 4 391 | 180 804 |
| Operating expenses | (32 966) | (24 897) | (22 711) | (31 710) | (3 017) | (115 301) |
| (Loss)/ Profit before tax (Segment result) | (6 608) | 22 550 | 13 991 | 34 196 | 1 374 | 65 503 |
| Other disclosures | | | | | | |
| Capital expenditure incurred (additions of fixed assets) | 3 364 | 4 063 | 3 821 | 5 017 | 896 | 17 161 |
| Depreciation of premises and equipment | (1 805) | (2 501) | (2 389) | (3 562) | (768) | (11 025) |

Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 June 2010

19 Segment Analysis (Continued)

Segment reporting of the Group's income and expenses for the three months ended 30 June 2010 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 |
|---|-----------------|--|--|---|------------------------|----------------|
| Interest income | 71 032 | 36 769 | 31 325 | 43 286 | 3 689 | 186 101 |
| Interest expense | (30 295) | (18 048) | (12 373) | (15 026) | (1 724) | (77 466) |
| Inter-segment (expense) and income | (12 415) | 8 369 | 2 992 | 1 054 | - | - |
| Fee and commission income | 11 118 | 10 821 | 8 332 | 11 634 | 927 | 42 832 |
| Fee and commission expense | (1 039) | (58) | (95) | (213) | (161) | (1 566) |
| Net gains/ (losses) arising from securities | 4 410 | - | - | - | (2) | 4 408 |
| Net gains/ (losses) arising from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation gains | 6 887 | 523 | 352 | (66) | 186 | 7 882 |
| Net (losses)/ gains arising from operations with precious metals | (1 424) | 173 | 142 | 220 | 2 | (887) |
| Other net operating gains/ (losses) | 2 214 | (4 625) | (1 340) | (430) | 131 | (4 050) |
| Operating income before provision charge for loan impairment | 50 488 | 33 924 | 29 335 | 40 459 | 3 048 | 157 254 |
| Provision charge for loan impairment | (43 426) | (8 516) | (12 201) | (5 990) | (1 102) | (71 235) |
| Operating income | 7 062 | 25 408 | 17 134 | 34 469 | 1 946 | 86 019 |
| Operating expenses | (19 343) | (13 946) | (13 037) | (18 236) | (1 644) | (66 206) |
| (Loss) / profit before tax (Segment result) | (12 281) | 11 462 | 4 097 | 16 233 | 302 | 19 813 |
| Other disclosures | | | | | | |
| Capital expenditure incurred (additions of fixed assets) | 2 230 | 2 643 | 2 488 | 3 276 | 188 | 10 825 |
| Depreciation of premises and equipment | (2 679) | (3 756) | (3 574) | (5 339) | (1 291) | (16 639) |

Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 June 2010

19 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 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 / (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 charge for loan impairment | 64 850 | 75 269 | 56 705 | 78 892 | 5 010 | 280 726 |
| Provision charge for loan impairment | (67 881) | (22 799) | (18 249) | (41 396) | (4 253) | (154 578) |
| Operating (loss)/ income | (3 031) | 52 470 | 38 456 | 37 496 | 757 | 126 148 |
| Operating expenses | (24 841) | (22 954) | (22 135) | (27 980) | (1 542) | (99 452) |
| (Loss)/ profit before tax (Segment result) | (27 872) | 29 516 | 16 321 | 9 516 | (785) | 26 696 |
| Other disclosures | | | | | | |
| Capital expenditure incurred (additions of fixed assets) | 2 268 | 2 763 | 2 569 | 3 470 | 1 010 | 12 080 |
| Depreciation of premises and equipment | (1 630) | (2 354) | (2 137) | (3 339) | (62) | (9 522) |

Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 June 2010

19 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 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 / (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 charge for loan impairment | 34 000 | 39 945 | 29 171 | 40 855 | 3 952 | 147 923 |
| Provision charge 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 |
| 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 |
| Other disclosures | | | | | | |
| Capital expenditure incurred (additions of fixed assets) | 1 499 | 1 835 | 1 701 | 2 286 | 653 | 7 974 |
| Depreciation of premises and equipment | (829) | (1 153) | (1 110) | (1 667) | (32) | (4 791) |

Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 June 2010

19 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 six months ended 30 June 2010, three months ended 30 June 2010, six months ended 30 June 2009 and for the three months ended 30 June 2009 is as follows:

| <i>(Unaudited)</i> | Six months ended 30 June | | Three months ended 30 June | |
|--|---------------------------------|---------------|-----------------------------------|---------------|
| <i>In millions of Russian Roubles</i> | 2010 | 2009 | 2010 | 2009 |
| Total amount per segment information | 65 503 | 26 696 | 19 813 | 22 792 |
| Adjustment of provisions | 21 714 | (26 400) | 21 683 | (30 959) |
| Staff expenses accrued related to the reporting period (bonuses, annual leave, pension liabilities) | (11 113) | (7 492) | 72 | (1 198) |
| Differencies arising on securities' classification | 2 673 | 4 022 | (4 930) | 9 845 |
| Accounting for derivatives at fair value | 8 435 | 7 552 | (3 089) | 4 728 |
| Additional interest accrued on loans | (3 508) | 6 380 | (6 386) | 4 083 |
| Adjustment of depreciation and cost of premises and equipment | (2 368) | (1 243) | (1 025) | 446 |
| Accounting of financial result related to repurchasing of a part of the Group's long-term debts | - | 1 477 | - | 110 |
| Other adjustments | (754) | (3 933) | 338 | (3 147) |
| The Group's total amount under IFRS | 80 582 | 7 059 | 26 476 | 6 700 |

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 and estimation methodology according to IFRS.

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.

20 Financial Risk Management

The risk management function within the Group is carried out in respect of major types of risks: credit, market, liquidity and operational risks. 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.

Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 June 2010

20 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 USD/RUB and EUR/RUB exchange rate fluctuations).

The table below summarises the Group's exposure to foreign exchange risk in respect of monetary assets, liabilities and notional positions on derivatives as at 30 June 2010:

| <i>(Unaudited)</i> <i>In millions of Russian Roubles</i> | Russian Roubles | USD | Euro | Other | Total |
|---|----------------------------|------------------|------------------|-----------------|------------------|
| Assets | | | | | |
| Cash and cash equivalents | 422 456 | 24 434 | 60 675 | 36 075 | 543 640 |
| Mandatory cash balances with the Bank of Russia | 45 993 | - | - | - | 45 993 |
| Debt trading securities | 60 814 | 19 550 | 1 165 | - | 81 529 |
| Debt securities designated at fair value through profit or loss | 84 176 | - | 3 898 | - | 88 074 |
| Due from other banks | 12 014 | 15 627 | - | 1 412 | 29 053 |
| Loans and advances to customers | 3 856 160 | 746 147 | 108 346 | 48 420 | 4 759 073 |
| Debt securities pledged under repurchase agreements | - | 46 137 | 80 | - | 46 217 |
| Debt investment securities available for sale | 1 104 541 | 116 926 | 38 505 | 18 495 | 1 278 467 |
| Debt investment securities held to maturity | 203 021 | 2 829 | - | - | 205 850 |
| Other financial assets (less fair value of derivatives) | 54 101 | 6 433 | 1 166 | 877 | 62 577 |
| Total monetary assets | 5 843 276 | 978 083 | 213 835 | 105 279 | 7 140 473 |
| Liabilities | | | | | |
| Due to other banks | 77 065 | 55 804 | 1 690 | 2 914 | 137 473 |
| Due to individuals | 3 597 642 | 254 911 | 253 036 | 70 023 | 4 175 612 |
| Due to corporate customers | 1 120 768 | 398 203 | 112 603 | 48 786 | 1 680 360 |
| Debt securities in issue | 154 344 | 1 341 | 2 320 | 4 002 | 162 007 |
| Other borrowed funds | - | 111 424 | 6 032 | 3 | 117 459 |
| Other financial liabilities (less fair value of derivatives) | 37 752 | 954 | 2 909 | 39 | 41 654 |
| Subordinated debt | 315 875 | 220 | - | - | 316 095 |
| Total monetary liabilities | 5 303 446 | 822 857 | 378 590 | 125 767 | 6 630 660 |
| Net monetary assets/ (liabilities) | 539 830 | 155 226 | (164 755) | (20 488) | 509 813 |
| Notional positions on derivatives | 48 656 | (203 744) | 150 203 | 3 681 | (1 204) |
| Credit related commitments (Note 21) | 400 005 | 430 107 | 114 210 | 27 909 | 972 231 |

Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 June 2010

20 Financial Risk Management (Continued)

The table below summarises the Group's exposure to foreign exchange risk in respect of monetary assets, liabilities and notional positions on 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 positions on derivatives | 34 289 | (302 897) | 242 940 | 16 203 | (9 465) |
| Credit related commitments (Note 21) | 430 229 | 383 716 | 117 288 | 25 409 | 956 642 |

Liquidity Risk. Liquidity risk arises when maturities of assets and liabilities do not match. The Group is exposed to daily calls on its available cash resources from overnight deposits, current accounts, maturing deposits, loan drawdowns, guarantees and 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 are 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 maturities (for debt instruments) or as "no stated maturity" (for equities)
- Investment securities held to maturity are classified based on the remaining maturities

Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 June 2010

20 Financial Risk Management (Continued)

- Loans and advances to customers, amounts due from other banks, other assets, debt securities in issue, amounts due to other banks, other borrowed funds and other liabilities are included into gap analysis table based on remaining contractual maturities
- 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 regarding the “permanent” part of current account balances

The liquidity position of the Group’s assets and liabilities as at 30 June 2010 is set out below:

| <i>(Unaudited)</i> <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 | 543 640 | - | - | - | - | - | 543 640 |
| Mandatory cash balances with the Bank of Russia | 11 537 | 6 677 | 5 744 | 19 232 | 2 803 | - | 45 993 |
| Trading securities | 84 273 | - | - | - | - | - | 84 273 |
| Securities designated at fair value through profit or loss | 108 466 | - | - | - | - | - | 108 466 |
| Due from other banks | 17 109 | 9 843 | 245 | 1 315 | 541 | - | 29 053 |
| Loans and advances to customers | 196 482 | 740 258 | 859 625 | 1 609 347 | 1 352 075 | 1 286 | 4 759 073 |
| Securities pledged under repurchase agreements | 18 520 | - | - | 32 | 30 453 | 4 791 | 53 796 |
| Investment securities available for sale | 1 307 179 | 567 | 3 017 | 7 382 | 17 485 | 59 | 1 335 689 |
| Investment securities held to maturity | - | - | 3 | 72 676 | 133 171 | - | 205 850 |
| Deferred income tax asset | - | - | - | - | - | 10 223 | 10 223 |
| Premises and equipment | - | - | - | - | - | 261 448 | 261 448 |
| Other assets | 51 648 | 34 255 | 10 467 | 2 003 | 16 979 | 26 534 | 141 886 |
| Total assets | 2 338 854 | 791 600 | 879 101 | 1 711 987 | 1 553 507 | 304 341 | 7 579 390 |
| Liabilities | | | | | | | |
| Due to other banks | 84 483 | 11 901 | 39 595 | 248 | 1 246 | - | 137 473 |
| Due to individuals | 750 087 | 826 842 | 726 750 | 1 518 899 | 353 034 | - | 4 175 612 |
| Due to corporate customers | 743 281 | 25 414 | 2 812 | 908 616 | 237 | - | 1 680 360 |
| Debt securities in issue | 43 092 | 60 326 | 28 892 | 29 697 | - | - | 162 007 |
| Other borrowed funds | 138 | 939 | 24 786 | 76 036 | 15 560 | - | 117 459 |
| Deferred income tax liability | - | - | - | - | - | 14 471 | 14 471 |
| Other liabilities | 46 552 | 32 158 | 8 410 | 13 258 | 995 | 7 684 | 109 057 |
| Subordinated debt | - | - | - | - | 316 095 | - | 316 095 |
| Total liabilities | 1 667 633 | 957 580 | 831 245 | 2 546 754 | 687 167 | 22 155 | 6 712 534 |
| Net liquidity surplus/(gap) | 671 221 | (165 980) | 47 856 | (834 767) | 866 340 | 282 186 | 866 856 |
| Cumulative liquidity surplus/ (gap) at 30 June 2010 | 671 221 | 505 241 | 553 097 | (281 670) | 584 670 | 866 856 | - |

Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 June 2010

20 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> | 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 | - |

21 Credit Related Commitments

The primary purpose of credit related commitments instruments 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 the 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 direct lending.

Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 June 2010

21 Credit Related Commitments (Continued)

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 a loss equal to the total amount of 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 maturities 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> | 30 June 2010 (Unaudited) | 31 December 2009 |
|---|---|-----------------------------|
| Commitments to extend credit | 360 662 | 328 013 |
| Export letters of credit | 283 095 | 264 196 |
| Import letters of credit and letters of credit for domestic settlements | 131 324 | 118 463 |
| Undrawn credit lines | 111 431 | 108 448 |
| Guarantees issued | 85 719 | 137 522 |
| Total credit related commitments | 972 231 | 956 642 |

At 30 June 2010 included in Due to corporate customers are deposits of RR 76 480 million (31 December 2009: RR 82 068 million) held as collateral for irrevocable commitments under import letters of credit. Refer to Note 11.

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 any payments being made.

22 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 23 for transactions with state-controlled entities and government bodies.

As at 30 June 2010 and 31 December 2009, the outstanding balances with the Bank of Russia were as follows:

| <i>In millions of Russian Roubles</i> | Note | 30 June 2010 (Unaudited) | 31 December 2009 |
|---|-------------|---|-----------------------------|
| Assets | | | |
| Cash and cash equivalents | | 246 317 | 345 035 |
| Mandatory cash balances with the Bank of Russia | | 45 993 | 40 572 |
| Bonds of the Bank of Russia | 5,9 | 713 393 | 221 080 |
| Other assets | | 52 | 45 |
| Liabilities | | | |
| Subordinated debt | 12 | 315 875 | 504 346 |

Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 June 2010

22 Related Party Transactions (Continued)

The income and expense items with the Bank of Russia for the six and the three months ended 30 June 2010 and 30 June 2009 were as follows:

| <i>(Unaudited)</i> <i>In millions of Russian Roubles</i> | Six months ended 30 June | | Three months ended 30 June | |
|---|---------------------------------|-------------|-----------------------------------|-------------|
| | 2010 | 2009 | 2010 | 2009 |
| Interest income | 17 493 | 419 | 10 292 | 419 |
| Interest expense | (343) | (7 891) | - | (1 814) |
| Interest expense on subordinated debt | (17 459) | (19 829) | (7 927) | (10 231) |
| Net gains arising from trading securities | 4 | - | 4 | - |
| Net losses arising from investment securities available for sale | (708) | - | (384) | - |
| Operating expenses | (398) | (357) | (248) | (224) |

For the six months ended 30 June 2010, remuneration of the members of the key management personnel comprised salaries and bonuses totalling RR 170 million (the six months ended 30 June 2009: RR 191 million). For the three months ended 30 June 2010, remuneration of the members of the key management personnel comprised salaries and bonuses totalling RR 93 million (the three months ended 30 June 2009: RR 80 million).

23 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 2010 and 31 December 2009, the outstanding balances with state-controlled entities and government bodies were as follows:

| <i>In millions of Russian Roubles</i> | 30 June 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 |
| Cash and cash equivalents | - | 1 913 | - | 1 747 |
| Trading securities | 60 259 | 9 569 | 72 642 | 6 876 |
| Securities designated at fair value through profit or loss | 83 504 | 1 952 | 98 131 | 5 383 |
| Due from other banks | 10 007 | 16 098 | 4 073 | 2 516 |
| Gross amount of loans and advances to customers | 244 994 | 95 830 | 247 522 | 197 813 |
| Provision for loan impairment | (8 068) | (7 130) | (4 675) | (4 402) |
| Securities pledged under repurchase agreements | 45 909 | 5 500 | - | 31 |
| Investment securities available for sale | 315 494 | 81 103 | 416 665 | 65 883 |
| Investment securities held to maturity | 201 745 | - | - | - |
| Other assets | - | 52 | - | - |
| Due to other banks | 441 | 18 028 | - | 205 |
| Due to corporate customers | 149 825 | 195 486 | 152 369 | 90 693 |

Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 June 2010

23 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 2010 and 30 June 2009 were as follows:

| | Six months ended 30 June 2010 | | Six months ended 30 June 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>(Unaudited)</i> | | | | |
| <i>In millions of Russian Roubles</i> | | | | |
| Interest income on loans | 15 489 | 9 368 | 21 753 | 15 557 |
| Interest income on securities | 25 240 | 2 765 | 17 315 | 1 044 |
| Interest expense | (2 117) | (1 026) | (5 609) | (1 290) |
| Provision charge for loan impairment | (3 393) | (2 728) | (2 385) | (9 066) |
| Net gains/ (losses) arising from trading securities | 3 797 | (609) | 2 087 | 463 |
| Net gains/ (losses) arising from securities designated at fair value through profit or loss | 4 974 | (743) | (1 047) | 679 |
| Net gains/ (losses) arising from investment securities available for sale | 2 297 | (289) | 19 | - |
| Fee and commission income | 2 141 | 422 | 1 821 | 634 |

Income and expense items with State subsidiaries and government bodies for the three months periods ended 30 June 2010 and 30 June 2009 were as follows:

| | Three months ended 30 June 2010 | | Three months ended 30 June 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>(Unaudited)</i> | | | | |
| <i>In millions of Russian Roubles</i> | | | | |
| Interest income on loans | 7 030 | 4 427 | 10 779 | 9 182 |
| Interest income on securities | 11 260 | 1 161 | 8 838 | 518 |
| Interest expense | (1 298) | (568) | (2 609) | (1 019) |
| Provision charge for loan impairment | (1 822) | (1 425) | (899) | (7 739) |
| Net (losses)/ gains arising from trading securities | (564) | (216) | 2 768 | 316 |
| Net gains/ (losses) arising from securities designated at fair value through profit or loss | 270 | (354) | 4 009 | 233 |
| Net gains/ (losses) arising from investment securities available for sale | 327 | (1 992) | 17 | (1) |
| Fee and commission income | 1 143 | 201 | 875 | 281 |

Transactions with the State also include taxes. Income tax expense attributable to operations taxable in the Russian Federation amounted to RR 15 556 million for the six months ended 30 June 2010 (the six months ended 30 June 2009: RR 1 516 million) and RR 5 242 million for the three months ended 30 June 2010 (the three months ended 30 June 2009: RR 1 370 million).

Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 June 2010

24 Principal Subsidiaries

The table below provides details on principal subsidiaries of the Bank as at 30 June 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 | finance | 100.00% | 100.00% | Russia |
| OJSC Holding company GVSU Center | construction | 97.03% | 97.03% | Russia |
| CJSC NK Dulisma | oil company | 100.00% | 100.00% | Russia |
| LLC Khrustalnye Bashni | construction | 50.01% | 50.01% | Russia |
| OJSC "Pavlovskaya Keramika" | construction materials | 93.44% | 93.44% | Russia |
| LLC "Pavlovo-Posadskoe Gornodobyvauchee Obiedinenie" | construction materials | 93.44% | 93.44% | Russia |
| CJSC "GOTEK Group Management Company" | packaging materials | 60.00% | 60.00% | Russia |
| "Vester Retail N.V." | retail trading | 51.00% | 51.00% | Netherlands |

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 six months ended 30 June 2010 the Group acquired an additional 0.65% share in the OJSC BPS Bank.

SB JSC Sberbank is a 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 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 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 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.

Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 June 2010

24 Principal Subsidiaries (Continued)

In December 2009 under the settlement of the loan the Group repossessed a 97.03% share in Russian construction company OJSC Holding company GVSU Center, a holding company of a diversified group engaged in full range of construction activities. 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.

In April 2010 under the settlement of the loan to its borrowers the Group repossessed a 93.44% share in OJSC "Pavlovskaya Keramika", a 93.44% share in LLC "Pavlovo-Posadskoe Gornodobyvauchee Obiedinenie". These companies are involved in production and sale of construction materials. Also in May 2010 the Group repossessed a 51.0% share in "Vester Retail N.V.", a holding company of a retail trading group operating mainly in Russia. The Group plans to develop and dispose of the subsidiaries in the foreseeable future.

The details of the fair value of net assets of the subsidiaries, acquired during the six months ended 30 June 2010, and goodwill arising on acquisition are as follows:

(Unaudited)

(In millions of Russian Roubles)

| | Fair value |
|---|-------------------|
| Fair value of net assets of subsidiaries | 1 849 |
| Total purchase consideration | 3 510 |
| Non-controlling interest's proportionate share of net assets acquired | 209 |
| Total purchase consideration and non-controlling interest | 3 719 |
| (Gain from bargain purchase) | (277) |
| Goodwill arising on acquisition | 2 148 |

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 a holding company of a group involved in production of packaging materials. The Group plans to develop the business of the subsidiary and has further plans to dispose of it in the foreseeable future.

The details of the fair value of net assets of the subsidiary, acquired during the six months ended 30 June 2010, and goodwill arising on acquisition are as follows:

(In millions of Russian Roubles)

| | Fair value |
|--|-------------------|
| Fair value of net assets of subsidiary | 5 441 |
| Total purchase consideration | 5 925 |
| Non-controlling interest at fair value | - |
| Total purchase consideration and non-controlling interest | 5 925 |
| Goodwill arising on acquisition | 484 |

The share of all the subsidiaries of the Bank in the consolidated assets of the Group as at 30 June 2010 was 4.6% (31 December 2009: 3.3%).

Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 June 2010

25 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 30 June 2010 the regulatory capital adequacy ratio was 18.8% (31 December 2009: 21.5%). 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 30 June 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> | 30 June 2010 (Unaudited) | 31 December 2009 |
|--|---|-----------------------------|
| Tier 1 capital | | |
| Share capital | 87 742 | 87 742 |
| Share premium | 232 553 | 232 553 |
| Retained earnings | 466 933 | 403 934 |
| Total Tier 1 capital | 787 228 | 724 229 |
| Tier 2 capital | | |
| Revaluation reserve for premises | 54 553 | 55 540 |
| Fair value reserve for investment securities available for sale | 12 287 | (329) |
| Foreign currency translation reserve | (572) | (1 009) |
| Subordinated capital | 316 095 | 362 115 |
| Total Tier 2 capital | 382 363 | 416 317 |
| Total capital | 1 169 591 | 1 140 546 |
| Risk weighted assets (RWA) | | |
| Credit risk | 6 494 996 | 6 005 088 |
| Market risk | 253 753 | 298 725 |
| Total risk weighted assets (RWA) | 6 748 749 | 6 303 813 |
| Core capital adequacy ratio (Total Tier 1 capital to Total RWA) | 11.7% | 11.5% |
| Total capital adequacy ratio (Total capital to Total RWA) | 17.3% | 18.1% |

26 Subsequent events

In July 2010 the Group issued USD 1,000 million loan participation notes at par value. The notes are due in 2015 and bear an interest rate of 5.466% p.a. payable semi-annually. Additional notes of USD 500 million were issued in August 2010 at 101.528% of par value on similar terms.

In July 2010 the Group acquired a 74.75% share in a consulting company ZAO "Strategy Partners group" and a 50.0004% share in OAO "Regionalny raschetno-kassovy center". 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 these transactions.