

**Sberbank of Russia**

Condensed Interim Consolidated Financial Statements and  
Review Report

*30 June 2011*

## 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 .....	7
3	Basis of Preparation .....	7
4	Accounting Policies, Critical Accounting Estimates and Judgements, Adoption of New or Revised Standards and Interpretations, and Reclassifications .....	8
5	Trading Securities .....	11
6	Securities Designated at Fair Value through Profit or Loss .....	12
7	Loans and Advances to Customers .....	12
8	Securities Pledged under Repurchase Agreements .....	22
9	Investment Securities Available for Sale .....	23
10	Investment Securities Held to Maturity .....	23
11	Other Assets .....	24
12	Due to Individuals and Corporate Customers .....	25
13	Debt Securities in Issue .....	26
14	Other Liabilities .....	26
15	Interest Income and Expense .....	27
16	Fee and Commission Income and Expense .....	28
17	Net Gains Arising from Trading in Foreign Currencies, Operations with Foreign Currency Derivatives and Foreign Exchange Translation .....	28
18	Operating Expenses .....	29
19	Earnings per Share .....	29
20	Dividends .....	30
21	Segment Analysis .....	30
22	Financial Risk Management .....	38
23	Credit Related Commitments .....	41
24	Related Party Transactions .....	42
25	Operations with State-Controlled Entities and Government Bodies .....	44
26	Principal Subsidiaries .....	46
27	Capital Adequacy Ratio .....	47
28	Subsequent Events .....	48

## Report on Review of Condensed Interim Consolidated Financial Statements

To the Shareholders and Supervisory Board of Sberbank of Russia -

### Introduction

We have reviewed the accompanying condensed interim consolidated statement of financial position of Sberbank of Russia (the "Bank") and its subsidiaries (together "the Group") as at 30 June 2011 and the related condensed interim consolidated income statement and statement of 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 selected 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 condensed interim consolidated 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*

29 August 2011

## Condensed Interim Consolidated Statement of Financial Position

<i>In millions of Russian Roubles</i>	Note	30 June 2011 (Unaudited)	31 December 2010
<b>ASSETS</b>			
Cash and cash equivalents		881 702	719 601
Mandatory cash balances with central banks		88 305	51 678
Trading securities	5	64 487	66 168
Securities designated at fair value through profit or loss	6	88 984	106 875
Due from other banks		30 578	13 035
Loans and advances to customers	7	6 047 034	5 489 387
Securities pledged under repurchase agreements	8	33 759	81 493
Investment securities available for sale	9	912 962	1 210 921
Investment securities held to maturity	10	408 577	358 191
Deferred income tax asset		7 217	7 518
Premises and equipment		284 392	283 756
Other financial assets	11	109 158	115 436
Other non-financial assets	11	121 734	124 468
<b>TOTAL ASSETS</b>		<b>9 078 889</b>	<b>8 628 527</b>
<b>LIABILITIES</b>			
Due to other banks		63 252	134 668
Due to individuals	12	5 089 699	4 834 459
Due to corporate customers	12	1 887 303	1 816 672
Debt securities in issue	13	269 379	272 699
Other borrowed funds		178 338	171 255
Deferred income tax liability		14 250	15 921
Other financial liabilities	14	68 021	49 174
Other non-financial liabilities	14	62 672	42 999
Subordinated debt		313 115	303 513
<b>TOTAL LIABILITIES</b>		<b>7 946 029</b>	<b>7 641 360</b>
<b>EQUITY</b>			
Share capital		87 742	87 742
Share premium		232 553	232 553
Revaluation reserve for office premises		52 687	53 648
Fair value reserve for investment securities available for sale		20 691	24 431
Foreign currency translation reserve		(6 846)	(1 136)
Retained earnings		742 222	585 819
<b>Total equity attributable to shareholders of the Bank</b>		<b>1 129 049</b>	<b>983 057</b>
Non-controlling interest		3 811	4 110
<b>TOTAL EQUITY</b>		<b>1 132 860</b>	<b>987 167</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>9 078 889</b>	<b>8 628 527</b>

Approved for issue and signed on behalf of the Management Board on 29 August 2011.



Herman Gref, Chairman of the Management Board and CEO




Andrey Kruzhalov, Chief Accountant

## Condensed Interim Consolidated Income Statement

<i>(Unaudited)</i>		Six months ended 30 June		Three months ended 30 June	
<i>In millions of Russian Roubles</i>	Note	2011	2010	2011	2010
Interest income	15	401 858	399 737	204 098	191 908
Interest expense	15	(132 973)	(155 738)	(65 137)	(77 063)
<b>Net interest income</b>		<b>268 885</b>	<b>243 999</b>	<b>138 961</b>	<b>114 845</b>
Net recovery of provision / (net provision charge) for loan impairment	7	22 232	(110 324)	8 039	(55 984)
<b>Net interest income after recovery of provision / provision charge for loan impairment</b>		<b>291 117</b>	<b>133 675</b>	<b>147 000</b>	<b>58 861</b>
Fee and commission income	16	68 839	59 600	36 981	32 799
Fee and commission expense	16	(4 720)	(2 777)	(2 513)	(1 567)
Net gains / (losses) arising from trading securities		131	2 948	(261)	(1 221)
Net (losses) / gains arising from securities designated at fair value through profit or loss		(1 271)	7 905	273	617
Net gains / (losses) arising from investment securities available for sale		8 449	(1 847)	4 657	(1 682)
Net gains arising from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation	17	3 706	7 105	3 663	4 990
Net gains / (losses) arising from operations with precious metals and precious metals derivatives		2 329	(399)	965	(1 180)
Net (losses) / gains arising from operations with other derivatives		(1 492)	271	(287)	28
Provision charge for impairment of other assets		(783)	(2 553)	(652)	(1 226)
Other operating income		17 499	5 009	9 998	3 021
<b>Operating income</b>		<b>383 804</b>	<b>208 937</b>	<b>199 824</b>	<b>93 440</b>
Operating expenses	18	(164 926)	(128 355)	(88 682)	(66 964)
<b>Profit before tax</b>		<b>218 878</b>	<b>80 582</b>	<b>111 142</b>	<b>26 476</b>
Income tax expense		(42 750)	(16 265)	(21 791)	(5 654)
<b>Profit for the reporting period</b>		<b>176 128</b>	<b>64 317</b>	<b>89 351</b>	<b>20 822</b>
Attributable to:					
- shareholders of the Bank		176 452	64 189	89 650	20 748
- non-controlling interest		(324)	128	(299)	74
<b>Earnings per ordinary share for profit attributable to the shareholders of the Bank, basic and diluted</b>	<b>19</b>	<b>8.12</b>	<b>2.95</b>	<b>4.10</b>	<b>0.94</b>
(expressed in RR per share)					

Approved for issue and signed on behalf of the Management Board on 29 August 2011.



Herman Gref, Chairman of the Management Board and CEO



Andrey Kruzhalov, Chief Accountant

## Condensed Interim Consolidated Statement of Other Comprehensive Income

<i>(Unaudited)</i>	<b>Six months ended 30 June</b>		<b>Three months ended 30 June</b>	
<i>In millions of Russian Roubles</i>	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
<b>Profit for the reporting period recognised in the income statement</b>	<b>176 128</b>	<b>64 317</b>	<b>89 351</b>	<b>20 822</b>
<b>Components of other comprehensive income:</b>				
Investment securities available for sale:				
- Net gains / (losses) on revaluation of investment securities available for sale	3 780	26 828	(6 614)	(7 418)
- Accumulated (gains) / losses transferred to Income statement upon disposal of securities	(8 449)	1 847	(4 657)	1 682
Net foreign currency translation (losses) / gains	(5 810)	453	(3 997)	1 273
Deferred income tax relating to components of other comprehensive income:				
- Investment securities available for sale	925	(5 737)	2 217	1 139
<b>Total components of other comprehensive income for the reporting period, net of tax</b>	<b>(9 554)</b>	<b>23 391</b>	<b>(13 051)</b>	<b>(3 324)</b>
<b>Total comprehensive income for the reporting period</b>	<b>166 574</b>	<b>87 708</b>	<b>76 300</b>	<b>17 498</b>
Attributable to:				
- shareholders of the Bank	167 002	87 564	76 576	17 363
- non-controlling interest	(428)	144	(276)	135



## Condensed Interim Consolidated Statement of Changes in Equity

	Attributable to shareholders of the Bank							Total equity
	Share capital	Share premium	Revaluation reserve for office premises	Fair value reserve for investment securities available for sale	Foreign currency translation reserve	Retained earnings	Total	
<i>In millions of Russian Roubles</i>								
<b>Balance as at 1 January 2010</b>	<b>87 742</b>	<b>232 553</b>	<b>55 540</b>	<b>(598)</b>	<b>(1 009)</b>	<b>403 934</b>	<b>778 162</b>	<b>778 936</b>
<b>Changes in equity for the six months ended 30 June 2010 (Unaudited)</b>								
Dividends declared	-	-	-	-	-	(2 177)	(2 177)	(2 177)
Amortisation of revaluation reserve for office premises, net of tax	-	-	(987)	-	-	987	-	-
Acquisition of subsidiaries and single-asset company	-	-	-	-	-	-	-	2 389
Total comprehensive income recognised for the six months ended 30 June 2010	-	-	-	22 938	437	64 189	87 564	87 708
<b>Balance as at 30 June 2010 (Unaudited)</b>	<b>87 742</b>	<b>232 553</b>	<b>54 553</b>	<b>22 340</b>	<b>(572)</b>	<b>466 933</b>	<b>863 549</b>	<b>866 856</b>
<b>Balance as at 1 January 2011</b>	<b>87 742</b>	<b>232 553</b>	<b>53 648</b>	<b>24 431</b>	<b>(1 136)</b>	<b>585 819</b>	<b>983 057</b>	<b>987 167</b>
<b>Changes in equity for the six months ended 30 June 2011 (Unaudited)</b>								
Dividends declared	-	-	-	-	-	(21 010)	(21 010)	(21 010)
Amortisation of revaluation reserve for office premises, net of tax	-	-	(961)	-	-	961	-	-
Acquisition of subsidiaries	-	-	-	-	-	-	-	129
Total comprehensive income recognised for the six months ended 30 June 2011	-	-	-	(3 740)	(5 710)	176 452	167 002	166 574
<b>Balance as at 30 June 2011 (Unaudited)</b>	<b>87 742</b>	<b>232 553</b>	<b>52 687</b>	<b>20 691</b>	<b>(6 846)</b>	<b>742 222</b>	<b>1 129 049</b>	<b>1 132 860</b>

The notes are an integral part of these consolidated financial statements.

## Condensed Interim Consolidated Statement of Cash Flows

<i>(Unaudited)</i> <i>In millions of Russian Roubles</i>	Note	Six months ended 30 June	
		2011	2010
<b>Cash flows from operating activities</b>			
Interest received		389 612	410 673
Interest paid		(115 793)	(128 236)
Fees and commissions received		69 258	60 425
Fees and commissions paid		(4 714)	(2 777)
Net gains received / (losses incurred) from trading securities		466	(28)
Net (losses incurred) / gains received from securities designated at fair value through profit or loss		(20)	3 718
Net gains received / (losses incurred) from trading in foreign currencies and from operations with foreign currency derivatives		17 669	(32 740)
Net gains received from operations with other derivatives		665	-
Net gains received / (losses incurred) from operations with precious metals and precious metals derivatives		3 191	(140)
Other operating income received		17 181	3 665
Operating expenses paid		(123 629)	(102 166)
Income tax paid		(49 072)	(40 326)
<b>Cash flows from operating activities before changes in operating assets and liabilities</b>		<b>204 814</b>	<b>172 068</b>
<b>Changes in operating assets and liabilities</b>			
Net increase in mandatory cash balances with central banks		(36 852)	(5 057)
Net decrease in trading securities		11 064	9 866
Net decrease in securities designated at fair value through profit or loss		17 537	14 102
Net increase in due from other banks		(25 447)	(19 054)
Net increase in loans and advances to customers		(630 322)	(19 185)
Net decrease in other assets		23 127	21 212
Net (decrease) / increase in due to other banks		(55 953)	85 240
Net increase in due to individuals		285 813	416 544
Net increase in due to corporate customers		99 839	44 144
Net (decrease) / increase in debt securities in issue except for loan participation notes issued under the MTN programme		(19 321)	37 733
Net increase in other liabilities		5 908	30 333
<b>Net cash (used in) / from operating activities</b>		<b>(119 793)</b>	<b>787 946</b>
<b>Cash flows from investing activities</b>			
Purchase of investment securities available for sale		(578 318)	(769 104)
Proceeds from disposal and redemption of investment securities available for sale		907 747	53 919
Purchase of investment securities held to maturity		(50 254)	(4 064)
Acquisition of premises and equipment		(20 881)	(20 253)
Acquisition of investment property		(293)	-
Proceeds from disposal of premises and equipment including insurance payments		7 773	114
Acquisition of subsidiaries		(38)	-
Dividends received		1 801	1 202
<b>Net cash from / (used in) investing activities</b>		<b>267 537</b>	<b>(738 186)</b>
<b>Cash flows from financing activities</b>			
Other borrowed funds received		29 409	-
Redemption of other borrowed funds		(12 543)	(598)
Repayment of interest on other borrowed funds		(808)	(348)
Redemption of subordinated debt		-	(215 013)
Repayment of interest on subordinated debt		(8)	(6 907)
Funds received from loan participation notes issued under the MTN programme		27 854	-
Redemption of loan participation notes issued under the MTN programme		-	(850)
Repayment of interest on loan participation notes issued under the MTN programme		(3 945)	(2 004)
Dividends paid	20	(15 431)	(1 777)
<b>Net cash from / (used in) financing activities</b>		<b>24 528</b>	<b>(227 497)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>		<b>(10 171)</b>	<b>(4 144)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>162 101</b>	<b>(181 881)</b>
Cash and cash equivalents at the beginning of the reporting period		719 601	725 521
<b>Cash and cash equivalents as at the end of the reporting period</b>		<b>881 702</b>	<b>543 640</b>



## Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 June 2011

---

### 1 Introduction

These condensed interim consolidated financial statements of Sberbank of Russia (Sberbank, “the Bank”) and its subsidiaries (together referred to as “the Group” or “Sberbank Group”) have been prepared in accordance with IAS 34 *Interim Financial Reporting* for the six months ended 30 June 2011. 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 26.

The Bank is an open joint stock commercial bank established in 1841 and operating 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 2011 (31 December 2010: 60.3% of ordinary shares or 57.6% of the issued and outstanding shares).

As at 30 June 2011 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 First Deputy Chairmen of the Bank of Russia are Deputy Chairmen of the Supervisory Board.

The Bank operates 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 provision of asset management services. The Bank is regulated and supervised by the Bank of Russia and by the Federal Service for Financial Markets. The Group’s foreign banks operate under the banking regulatory regimes of their respective countries.

The Group’s principal business activity is corporate and retail banking. This includes, but is not limited to, 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 2011 the Group conducts its business in Russia through Sberbank with its network of 17 (31 December 2010: 17) regional head offices, 513 (31 December 2010: 522) branches and 18 643 (31 December 2010: 18 883) 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 banking subsidiaries, located in Ukraine, Belarus and Kazakhstan, a branch office in India and a representative office in Germany.

The average number of the Group’s employees during the six months ended 30 June 2011 was 255 109 (during the year ended 31 December 2010: 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 2011 the principal rates of exchange used for translating each entity’s functional currency into the Group’s presentation currency and foreign currency monetary balances were as follows:

	/RUR	/UAH	/BYR	/KZT
RUR/	1	0.285	177.377	5.207
USD/	28.076	8.002	4 980.037	146.192
EUR/	40.387	11.510	7 163.725	210.295

## Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 June 2011

---

### 1 Introduction (Continued)

At 31 December 2010 the principal rates of exchange used for translating each entity's functional currency into the Group's presentation currency and foreign currency monetary balances were as follows:

	/RUR	/UAH	/BYR	/KZT
RUR/	1	0.261	98.039	4.836
USD/	30.477	7.961	2 987.941	147.387
EUR/	40.333	10.535	3 954.215	195.050

---

### 2 Operating Environment of the Group

The Group primarily conducts its business in the Russian Federation. The Russian Federation continues economic reforms and development of its legal, tax and regulatory frameworks. The recent initiatives of the Russian government are focused on modernization of the Russian economy in order to improve its productivity and quality, increase the proportion of industries producing high-value-added products and services. 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.

In the first half 2011 the Russian economy continued its recovery from the financial crisis which promoted demand for loans from both corporate and retail customers. At the same time relatively high liquidity in the banking market in Russia stimulates strong competition for quality borrowers.

Despite the economic recovery there is still uncertainty regarding further economic growth in Russia, access to capital markets and cost of capital, which could negatively affect the Group's future financial position, results of its operations and its business prospects. As the Russian economy is vulnerable to global economic slowdowns, there still remain the risks of fluctuations on the Russian financial markets.

While the management of the Group believes it is taking appropriate measures to support the sustainability of the Group's business in the current circumstances, unexpected deterioration in the areas described above could negatively affect the Group's results and financial position in a manner not currently determinable.

### 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 2010.

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

## Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 June 2011

---

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

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 2010, except for the changes introduced due to implementation of new and/or revised standards and interpretations as of 1 January 2011, noted below:

**Classification of Rights Issues – Amendment to IAS 32** (issued on 8 October 2009; effective for annual periods beginning on or after 1 February 2010). The amendment exempts certain rights issues of shares with proceeds denominated in foreign currencies from classification as financial derivatives.

**Related Party Disclosures – Amendment to IAS 24** (issued in November 2009 and effective for annual periods beginning on or after 1 January 2011). IAS 24 was revised in 2009 by: (a) simplifying the definition of a related party, clarifying its intended meaning and eliminating inconsistencies; and by (b) providing a partial exemption from the disclosure requirements for government-related entities. Due to the amendment the Group changed the disclosure of operations with government-related entities. Refer to Note 25.

**IFRIC 19, Extinguishing Financial Liabilities with Equity Instruments** (effective for annual periods beginning on or after 1 July 2010). This IFRIC clarifies the accounting when an entity renegotiates the terms of its debt with the result that the liability is extinguished through the debtor issuing its own equity instruments to the creditor. A gain or loss is recognised in profit or loss based on the fair value of the equity instruments compared to the carrying amount of the debt.

**Prepayments of a Minimum Funding Requirement – Amendment to IFRIC 14** (effective for annual periods beginning on or after 1 January 2011). This amendment will have a limited impact as it applies only to companies that are required to make minimum funding contributions to a defined benefit pension plan. It removes an unintended consequence of IFRIC 14 related to voluntary pension prepayments when there is a minimum funding requirement.

**Improvements to International Financial Reporting Standards** (issued in May 2010 and effective from 1 January 2011). The improvements consist of a mixture of substantive changes and clarifications in the following standards and interpretations:

- IFRS 3 was amended (i) to require measurement at fair value (unless another measurement basis is required by other IFRS standards) of non-controlling interests that are not present ownership interest or do not entitle the holder to a proportionate share of net assets in the event of liquidation, (ii) to provide guidance on acquiree's share-based payment arrangements that were not replaced or were voluntarily replaced as a result of a business combination and (iii) to clarify that the contingent considerations from business combinations that occurred before the effective date of revised IFRS 3 (issued in January 2008) will be accounted for in accordance with the guidance in the previous version of IFRS 3;
- IFRS 7 was amended to clarify certain disclosure requirements, in particular (i) by adding an explicit emphasis on the interaction between qualitative and quantitative disclosures about the nature and extent of financial risks, (ii) by removing the requirement to disclose carrying amount of renegotiated financial assets that would otherwise be past due or impaired, (iii) by replacing the requirement to disclose fair value of collateral by a more general requirement to disclose its financial effect, and (iv) by clarifying that an entity should disclose the amount of foreclosed collateral held at the reporting date and not the amount obtained during the reporting period;
- IAS 1 was amended to clarify that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements;

## Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 June 2011

---

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

- IAS 27 was amended by clarifying the transition rules for amendments to IAS 21, 28 and 31 made by the revised IAS 27 (as amended in January 2008);
- IAS 34 was amended to add additional examples of significant events and transactions requiring disclosure in a condensed interim financial report, including transfers between the levels of fair value hierarchy, changes in classification of financial assets or changes in business or economic environment that affect the fair values of the entity's financial instruments;
- and IFRIC 13 was amended to clarify measurement of fair value of award credits.

The above mentioned new or revised standards and interpretations effective from 1 January 2011 did not have a material impact on the accounting policies, financial position or performance of the Group unless otherwise stated.

**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 2010. 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.

**Changes in presentation and reclassifications.** For a more detailed disclosure of mandatory reserves with central banks of foreign countries in which the Group operates, the presentation of the comparative figures has been adjusted to be consistent with the new presentation. The effect of changes on the condensed interim consolidated statement of financial position as at 31 December 2010 is as follows:

<i>(Unaudited)</i> <i>In millions of Russian Roubles</i>	<b>As previously reported</b>	<b>Reclassification</b>	<b>As reclassified</b>
<b>Assets</b>			
Mandatory cash balances with central banks	-	51 678	51 678
Other financial assets	116 582	(1 146)	115 436
Mandatory cash balances with the Bank of Russia	50 532	(50 532)	-

The effect of corresponding reclassifications on the condensed interim consolidated statement of cash flows for the six months ended 30 June 2010 is as follows:

<i>(Unaudited)</i> <i>In millions of Russian Roubles</i>	<b>As previously reported</b>	<b>Reclassification</b>	<b>As reclassified</b>
Net increase in mandatory cash balances with central banks	-	(5 057)	(5 057)
Net decrease in other assets	21 576	(364)	21 212
Net increase in mandatory cash balances with the Bank of Russia	(5 421)	5 421	-

## Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 June 2011

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

For a more detailed disclosure of loan participation notes issued under the MTN-programme and trade finance deals, the presentation of the comparative figures has been adjusted to be consistent with the new presentation. The effect of changes on the condensed interim consolidated statement of financial position as at 31 December 2010 is as follows:

<i>(Unaudited)</i> <i>In millions of Russian Roubles</i>	<b>As previously reported</b>	<b>Reclassification</b>	<b>As reclassified</b>
<b>Liabilities</b>			
Due to other banks	188 431	(53 763)	134 668
Debt securities in issue	119 426	153 273	272 699
Other borrowed funds	270 765	(99 510)	171 255

For a more detailed disclosure of interest expenses on loan participation notes and trade finance deals, the presentation of comparative figures have been adjusted to conform to the presentation of the current period amounts. The effect of reclassifications for the six months ended 30 June 2010 is as follows:

<i>(Unaudited)</i> <i>In millions of Russian Roubles</i>	<b>As previously reported</b>	<b>Reclassification</b>	<b>As reclassified</b>
<b>Interest expense</b>			
Debt securities in issue	(4 876)	(1 393)	(6 269)
Other borrowed funds	(2 233)	1 323	(910)
Term placements of other banks	(567)	70	(497)

The effect of reclassifications for the three months ended 30 June 2010 is as follows:

<i>(Unaudited)</i> <i>In millions of Russian Roubles</i>	<b>As previously reported</b>	<b>Reclassification</b>	<b>As reclassified</b>
<b>Interest expense</b>			
Debt securities in issue	(2 761)	(702)	(3 463)
Other borrowed funds	(1 074)	695	(379)
Term placements of other banks	(31)	7	(24)

The effect of corresponding reclassifications on the condensed interim consolidated statement of cash flows for the six months ended 30 June 2010 is as follows:

<i>(Unaudited)</i> <i>In millions of Russian Roubles</i>	<b>As previously reported</b>	<b>Reclassification</b>	<b>As reclassified</b>
Interest paid	(128 601)	365	(128 236)
Redemption of other borrowed funds	(1 448)	850	(598)
Repayment of interest on other borrowed funds	(1 987)	1 639	(348)
Redemption of loan participation notes issued under the MTN programme	-	(850)	(850)
Repayment of interest on loan participation notes issued under the MTN programme	-	(2 004)	(2 004)

## Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 June 2011

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

For a more detailed disclosure of net gains on operations with other derivatives in the condensed interim consolidated income statement, the presentation of comparative figures have been adjusted to conform to the presentation of the current period amounts. The effect of reclassifications on the condensed interim consolidated income statement for the six months ended 30 June 2010 is as follows:

<i>(Unaudited)</i> <i>In millions of Russian Roubles</i>	<b>As previously reported</b>	<b>Reclassification</b>	<b>As reclassified</b>
Net gains arising from trading securities	3 219	(271)	2 948
Net (losses) / gains arising from operations with other derivatives	-	271	271

The effect of reclassifications on the condensed interim consolidated income statement for the three months ended 30 June 2010 is as follows:

<i>(Unaudited)</i> <i>In millions of Russian Roubles</i>	<b>As previously reported</b>	<b>Reclassification</b>	<b>As reclassified</b>
Net gains arising from trading securities	(1 193)	(28)	(1 221)
Net (losses) / gains arising from operations with other derivatives	-	28	28

### 5 Trading Securities

<i>In millions of Russian Roubles</i>	<b>30 June 2011 (Unaudited)</b>	<b>31 December 2010</b>
Federal loan bonds (OFZ bonds)	24 638	32 037
Corporate bonds	15 873	14 931
Russian Federation Eurobonds	10 285	2 935
Municipal and subfederal bonds	8 140	11 484
Foreign government bonds	2 836	1 994
State domestic loan bonds (OVGVZ)	-	16
<b>Total debt trading securities</b>	<b>61 772</b>	<b>63 397</b>
Corporate shares	2 715	2 771
<b>Total trading securities</b>	<b>64 487</b>	<b>66 168</b>

As at 30 June 2011 corporate bonds are mostly represented by debt securities issued by telecommunication, metallurgy, mining, energy, oil and gas companies and banks. As at 31 December 2010 corporate bonds are mostly represented by debt securities issued by banks, metallurgy, oil and gas, telecommunication, energy and mining companies.

As at 30 June 2011 corporate shares are mostly represented by oil and gas companies. At 31 December 2010 corporate shares are mostly represented by metallurgy and oil and gas companies.

## Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 June 2011

### 6 Securities Designated at Fair Value through Profit or Loss

<i>In millions of Russian Roubles</i>	<b>30 June 2011 (Unaudited)</b>	<b>31 December 2010</b>
Federal loan bonds (OFZ bonds)	58 957	76 698
Corporate bonds	4 171	4 648
Municipal and subfederal bonds	1 519	1 625
Foreign government bonds	11	-
<b>Total debt securities designated at fair value through profit or loss</b>	<b>64 658</b>	<b>82 971</b>
Corporate shares	24 326	23 904
<b>Total securities designated at fair value through profit or loss</b>	<b>88 984</b>	<b>106 875</b>

As at 30 June 2011 corporate bonds are mostly represented by debt securities issued by oil and gas company and a bank. As 31 December 2010 corporate bonds are mostly represented by debt securities issued by telecommunication and oil and gas companies and a bank.

As at 30 June 2011 and at 31 December 2010 corporate shares are mostly represented by oil and gas and construction companies.

### 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 2011 and 31 December 2010.

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 the aggregate amount of all amounts due from borrower under the respective loan agreement including accrued interest and commissions is recognised as past due.

#### 30 June 2011:

*(Unaudited)*

*In millions of Russian Roubles*

<i>In millions of Russian Roubles</i>	<b>Not past due loans</b>	<b>Past due loans</b>	<b>Total</b>
Commercial loans to legal entities	2 829 948	188 547	3 018 495
Specialised loans to legal entities	1 969 408	251 666	2 221 074
Consumer and other loans to individuals	684 685	44 381	729 066
Mortgage loans to individuals	629 703	35 705	665 408
Car loans to individuals	69 097	3 768	72 865
<b>Total loans and advances to customers before provision for loan impairment</b>	<b>6 182 841</b>	<b>524 067</b>	<b>6 706 908</b>
Less: Provision for loan impairment	(247 243)	(412 631)	(659 874)
<b>Total loans and advances to customers net of provision for loan impairment</b>	<b>5 935 598</b>	<b>111 436</b>	<b>6 047 034</b>

## Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 June 2011

### 7 Loans and Advances to Customers (Continued)

**31 December 2010:**

<i>In millions of Russian Roubles</i>	<b>Not past due loans</b>	<b>Past due loans</b>	<b>Total</b>
Commercial loans to legal entities	2 519 062	189 630	2 708 692
Specialised loans to legal entities	1 900 813	262 673	2 163 486
Consumer and other loans to individuals	598 304	37 385	635 689
Mortgage loans to individuals	572 339	31 439	603 778
Car loans to individuals	76 792	3 473	80 265
<b>Total loans and advances to customers before provision for loan impairment</b>	<b>5 667 310</b>	<b>524 600</b>	<b>6 191 910</b>
Less: Provision for loan impairment	(276 906)	(425 617)	(702 523)
<b>Total loans and advances to customers net of provision for loan impairment</b>	<b>5 390 404</b>	<b>98 983</b>	<b>5 489 387</b>

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.). Majority of commercial 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 2011

### 7 Loans and Advances to Customers (Continued)

The table below shows the analysis of loans and provisions for loan impairment as at 30 June 2011:

<i>(Unaudited)</i>				
<i>In millions of Russian Roubles</i>	<b>Gross loans</b>	<b>Provision for impairment</b>	<b>Net loans</b>	<b>Provision for impairment to gross loans</b>
<b>Commercial loans to legal entities</b>				
<b>Collectively assessed</b>				
Not past due	2 773 412	(100 289)	2 673 123	3.6%
Loans up to 30 days overdue	9 905	(2 617)	7 288	26.4%
Loans 31 to 60 days overdue	5 639	(2 909)	2 730	51.6%
Loans 61 to 90 days overdue	5 686	(3 150)	2 536	55.4%
Loans 91 to 180 days overdue	10 068	(7 019)	3 049	69.7%
Loans over 180 days overdue	120 960	(116 169)	4 791	96.0%
<b>Total collectively assessed loans</b>	<b>2 925 670</b>	<b>(232 153)</b>	<b>2 693 517</b>	<b>7.9%</b>
<b>Individually impaired</b>				
Not past due	56 536	(31 290)	25 246	55.3%
Loans up to 30 days overdue	1 439	(1 418)	21	98.5%
Loans 31 to 60 days overdue	2 850	(2 848)	2	99.9%
Loans 61 to 90 days overdue	2 142	(2 059)	83	96.1%
Loans 91 to 180 days overdue	3 034	(3 013)	21	99.3%
Loans over 180 days overdue	26 824	(25 949)	875	96.7%
<b>Total individually impaired loans</b>	<b>92 825</b>	<b>(66 577)</b>	<b>26 248</b>	<b>71.7%</b>
<b>Total commercial loans to legal entities</b>	<b>3 018 495</b>	<b>(298 730)</b>	<b>2 719 765</b>	<b>9.9%</b>
<b>Specialised loans to legal entities</b>				
<b>Collectively assessed</b>				
Not past due	1 914 384	(74 237)	1 840 147	3.9%
Loans up to 30 days overdue	13 121	(1 519)	11 602	11.6%
Loans 31 to 60 days overdue	3 081	(839)	2 242	27.2%
Loans 61 to 90 days overdue	4 379	(1 820)	2 559	41.6%
Loans 91 to 180 days overdue	5 810	(3 980)	1 830	68.5%
Loans over 180 days overdue	59 275	(55 292)	3 983	93.3%
<b>Total collectively assessed loans</b>	<b>2 000 050</b>	<b>(137 687)</b>	<b>1 862 363</b>	<b>6.9%</b>
<b>Individually impaired</b>				
Not past due	55 024	(23 863)	31 161	43.4%
Loans up to 30 days overdue	108	(11)	97	10.2%
Loans 31 to 60 days overdue	1 645	(1 645)	-	100.0%
Loans 61 to 90 days overdue	-	-	-	-
Loans 91 to 180 days overdue	6 308	(6 300)	8	99.9%
Loans over 180 days overdue	157 939	(122 550)	35 389	77.6%
<b>Total individually impaired loans</b>	<b>221 024</b>	<b>(154 369)</b>	<b>66 655</b>	<b>69.8%</b>
<b>Total specialised loans to legal entities</b>	<b>2 221 074</b>	<b>(292 056)</b>	<b>1 929 018</b>	<b>13.1%</b>
<b>Total loans to legal entities</b>	<b>5 239 569</b>	<b>(590 786)</b>	<b>4 648 783</b>	<b>11.3%</b>

## Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 June 2011

### 7 Loans and Advances to Customers (Continued)

<i>(Unaudited)</i> <i>In millions of Russian Roubles</i>	<b>Gross loans</b>	<b>Provision for impairment</b>	<b>Net loans</b>	<b>Provision for impairment to gross loans</b>
<b>Consumer and other loans to individuals</b>				
<b>Collectively assessed</b>				
Not past due	684 685	(11 114)	673 571	1.6%
Loans up to 30 days overdue	12 050	(179)	11 871	1.5%
Loans 31 to 60 days overdue	2 858	(175)	2 683	6.1%
Loans 61 to 90 days overdue	1 391	(116)	1 275	8.3%
Loans 91 to 180 days overdue	3 632	(461)	3 171	12.7%
Loans over 180 days overdue	24 450	(24 450)	-	100.0%
<b>Total consumer and other loans to individuals</b>	<b>729 066</b>	<b>(36 495)</b>	<b>692 571</b>	<b>5.0%</b>
<b>Mortgage loans to individuals</b>				
<b>Collectively assessed</b>				
Not past due	629 703	(5 344)	624 359	0.8%
Loans up to 30 days overdue	7 645	(314)	7 331	4.1%
Loans 31 to 60 days overdue	2 224	(185)	2 039	8.3%
Loans 61 to 90 days overdue	1 344	(201)	1 143	15.0%
Loans 91 to 180 days overdue	1 730	(476)	1 254	27.5%
Loans over 180 days overdue	22 762	(22 762)	-	100.0%
<b>Total mortgage loans to individuals</b>	<b>665 408</b>	<b>(29 282)</b>	<b>636 126</b>	<b>4.4%</b>
<b>Car loans to individuals</b>				
<b>Collectively assessed</b>				
Not past due	69 097	(1 106)	67 991	1.6%
Loans up to 30 days overdue	1 003	(11)	992	1.1%
Loans 31 to 60 days overdue	258	(12)	246	4.7%
Loans 61 to 90 days overdue	139	(8)	131	5.8%
Loans 91 to 180 days overdue	217	(23)	194	10.6%
Loans over 180 days overdue	2 151	(2 151)	-	100.0%
<b>Total car loans to individuals</b>	<b>72 865</b>	<b>(3 311)</b>	<b>69 554</b>	<b>4.5%</b>
<b>Total loans to individuals</b>	<b>1 467 339</b>	<b>(69 088)</b>	<b>1 398 251</b>	<b>4.7%</b>
<b>Total loans and advances to customers as at 30 June 2011</b>	<b>6 706 908</b>	<b>(659 874)</b>	<b>6 047 034</b>	<b>9.8%</b>

## Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 June 2011

### 7 Loans and Advances to Customers (Continued)

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

<i>In millions of Russian Roubles</i>	<b>Gross loans</b>	<b>Provision for impairment</b>	<b>Net loans</b>	<b>Provision for impairment to gross loans</b>
<b>Commercial loans to legal entities</b>				
<b>Collectively assessed</b>				
Not past due	2 457 676	(106 849)	2 350 827	4.3%
Loans up to 30 days overdue	6 895	(2 234)	4 661	32.4%
Loans 31 to 60 days overdue	4 480	(2 261)	2 219	50.5%
Loans 61 to 90 days overdue	7 058	(4 552)	2 506	64.5%
Loans 91 to 180 days overdue	10 398	(6 910)	3 488	66.5%
Loans over 180 days overdue	124 081	(117 807)	6 274	94.9%
<b>Total collectively assessed loans</b>	<b>2 610 588</b>	<b>(240 613)</b>	<b>2 369 975</b>	<b>9.2%</b>
<b>Individually impaired</b>				
Not past due	61 386	(39 929)	21 457	65.0%
Loans up to 30 days overdue	1 616	(1 378)	238	85.3%
Loans 31 to 60 days overdue	-	-	-	-
Loans 61 to 90 days overdue	3 896	(2 688)	1 208	69.0%
Loans 91 to 180 days overdue	2 861	(2 423)	438	84.7%
Loans over 180 days overdue	28 345	(25 898)	2 447	91.4%
<b>Total individually impaired loans</b>	<b>98 104</b>	<b>(72 316)</b>	<b>25 788</b>	<b>73.7%</b>
<b>Total commercial loans to legal entities</b>	<b>2 708 692</b>	<b>(312 929)</b>	<b>2 395 763</b>	<b>11.6%</b>
<b>Specialised loans to legal entities</b>				
<b>Collectively assessed</b>				
Not past due	1 835 754	(77 060)	1 758 694	4.2%
Loans up to 30 days overdue	16 715	(3 805)	12 910	22.8%
Loans 31 to 60 days overdue	2 043	(897)	1 146	43.9%
Loans 61 to 90 days overdue	5 827	(3 330)	2 497	57.1%
Loans 91 to 180 days overdue	3 927	(2 867)	1 060	73.0%
Loans over 180 days overdue	63 018	(57 148)	5 870	90.7%
<b>Total collectively assessed loans</b>	<b>1 927 284</b>	<b>(145 107)</b>	<b>1 782 177</b>	<b>7.5%</b>
<b>Individually impaired</b>				
Not past due	65 059	(36 916)	28 143	56.7%
Loans up to 30 days overdue	5 086	(5 072)	14	99.7%
Loans 31 to 60 days overdue	208	(200)	8	96.2%
Loans 61 to 90 days overdue	689	(689)	-	100.0%
Loans 91 to 180 days overdue	1 575	(1 453)	122	92.3%
Loans over 180 days overdue	163 585	(131 345)	32 240	80.3%
<b>Total individually impaired loans</b>	<b>236 202</b>	<b>(175 675)</b>	<b>60 527</b>	<b>74.4%</b>
<b>Total specialised loans to legal entities</b>	<b>2 163 486</b>	<b>(320 782)</b>	<b>1 842 704</b>	<b>14.8%</b>
<b>Total loans to legal entities</b>	<b>4 872 178</b>	<b>(633 711)</b>	<b>4 238 467</b>	<b>13.0%</b>

## Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 June 2011

### 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
<b>Consumer and other loans to individuals</b>				
<b>Collectively assessed</b>				
Not past due	598 304	(9 776)	588 528	1.6%
Loans up to 30 days overdue	6 521	(159)	6 362	2.4%
Loans 31 to 60 days overdue	2 014	(141)	1 873	7.0%
Loans 61 to 90 days overdue	1 324	(170)	1 154	12.8%
Loans 91 to 180 days overdue	2 177	(490)	1 687	22.5%
Loans over 180 days overdue	25 349	(25 349)	-	100.0%
<b>Total consumer and other loans to individuals</b>	<b>635 689</b>	<b>(36 085)</b>	<b>599 604</b>	<b>5.7%</b>
<b>Mortgage loans to individuals</b>				
<b>Collectively assessed</b>				
Not past due	572 339	(5 139)	567 200	0.9%
Loans up to 30 days overdue	3 979	(242)	3 737	6.1%
Loans 31 to 60 days overdue	1 669	(236)	1 433	14.1%
Loans 61 to 90 days overdue	1 206	(246)	960	20.4%
Loans 91 to 180 days overdue	2 060	(891)	1 169	43.3%
Loans over 180 days overdue	22 525	(22 525)	-	100.0%
<b>Total mortgage loans to individuals</b>	<b>603 778</b>	<b>(29 279)</b>	<b>574 499</b>	<b>4.8%</b>
<b>Car loans to individuals</b>				
<b>Collectively assessed</b>				
Not past due	76 792	(1 237)	75 555	1.6%
Loans up to 30 days overdue	682	(20)	662	2.9%
Loans 31 to 60 days overdue	248	(17)	231	6.9%
Loans 61 to 90 days overdue	152	(18)	134	11.8%
Loans 91 to 180 days overdue	300	(65)	235	21.7%
Loans over 180 days overdue	2 091	(2 091)	-	100.0%
<b>Total car loans to individuals</b>	<b>80 265</b>	<b>(3 448)</b>	<b>76 817</b>	<b>4.3%</b>
<b>Total loans to individuals</b>	<b>1 319 732</b>	<b>(68 812)</b>	<b>1 250 920</b>	<b>5.2%</b>
<b>Total loans and advances to customers as at 31 December 2010</b>	<b>6 191 910</b>	<b>(702 523)</b>	<b>5 489 387</b>	<b>11.3%</b>

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 2011 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	160 886	(152 150)	8 736	94.6%
Specialised loans to legal entities	229 332	(188 122)	41 210	82.0%
Consumer and other loans to individuals	28 082	(24 911)	3 171	88.7%
Mortgage loans to individuals	24 492	(23 238)	1 254	94.9%
Car loans to individuals	2 368	(2 174)	194	91.8%
<b>Total non-performing loans and advances to customers as at 30 June 2011</b>	<b>445 160</b>	<b>(390 595)</b>	<b>54 565</b>	<b>87.7%</b>

## Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 June 2011

### 7 Loans and Advances to Customers (Continued)

As at 31 December 2010 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	165 685	(153 038)	12 647	92.4%
Specialised loans to legal entities	232 105	(192 813)	39 292	83.1%
Consumer and other loans to individuals	27 526	(25 839)	1 687	93.9%
Mortgage loans to individuals	24 585	(23 416)	1 169	95.2%
Car loans to individuals	2 391	(2 156)	235	90.2%
<b>Total non-performing loans and advances to customers as at 31 December 2010</b>	<b>452 292</b>	<b>(397 262)</b>	<b>55 030</b>	<b>87.8%</b>

**Provisions for Loan Impairment.** The analysis of changes in provisions for loan impairment for the six months ended 30 June 2011 is presented in the table below:

<i>(Unaudited) In millions of Russian Roubles</i>	Commercial loans to legal entities	Specialised loans to legal entities	Consumer and other loans to individuals	Mortgage loans to individuals	Car loans to individuals	Total
<b>Provision for loan impairment as at 1 January 2011</b>	<b>312 929</b>	<b>320 782</b>	<b>36 085</b>	<b>29 279</b>	<b>3 448</b>	<b>702 523</b>
(Net recovery of provision) / net provision charge for loan impairment during the reporting period	(2 634)	(21 379)	1 103	762	(84)	(22 232)
Foreign currencies translation	(410)	(1 431)	(157)	(263)	(9)	(2 270)
Loans and advances written off during the reporting period	(11 155)	(5 916)	(536)	(496)	(44)	(18 147)
<b>Provision for loan impairment as at 30 June 2011</b>	<b>298 730</b>	<b>292 056</b>	<b>36 495</b>	<b>29 282</b>	<b>3 311</b>	<b>659 874</b>

The analysis of changes in provisions for loan impairment for the three months ended 30 June 2011 is presented in the table below:

<i>(Unaudited) In millions of Russian Roubles</i>	Commercial loans to legal entities	Specialised loans to legal entities	Consumer and other loans to individuals	Mortgage loans to individuals	Car loans to individuals	Total
<b>Provision for loan impairment as at 1 April 2011</b>	<b>302 854</b>	<b>307 002</b>	<b>35 968</b>	<b>29 123</b>	<b>3 395</b>	<b>678 342</b>
(Net recovery of provision) / net provision charge for loan impairment during the reporting period	(1 626)	(8 083)	991	731	(52)	(8 039)
Foreign currencies translation	(410)	(1 431)	(157)	(263)	(9)	(2 270)
Loans and advances written off during the reporting period	(2 088)	(5 432)	(307)	(309)	(23)	(8 159)
<b>Provision for loan impairment as at 30 June 2011</b>	<b>298 730</b>	<b>292 056</b>	<b>36 495</b>	<b>29 282</b>	<b>3 311</b>	<b>659 874</b>

## Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 June 2011

### 7 Loans and Advances to Customers (Continued)

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>	Commercial loans to legal entities	Specialised loans to legal entities	Consumer and other loans to individuals	Mortgage loans to individuals	Car loans to individuals	Total
<b>Provision for loan impairment as at 1 January 2010</b>	<b>221 488</b>	<b>287 059</b>	<b>38 238</b>	<b>28 775</b>	<b>4 254</b>	<b>579 814</b>
Net provision charge / (net recovery of provision) for loan impairment during the reporting period	72 698	36 223	29	1 500	(126)	110 324
Loans and advances written off during the reporting period	(9 178)	(3 315)	(393)	(119)	(25)	(13 030)
<b>Provision for loan impairment as at 30 June 2010</b>	<b>285 008</b>	<b>319 967</b>	<b>37 874</b>	<b>30 156</b>	<b>4 103</b>	<b>677 108</b>

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>	Commercial loans to legal entities	Specialised loans to legal entities	Consumer and other loans to individuals	Mortgage loans to individuals	Car loans to individuals	Total
<b>Provision for loan impairment as at 1 April 2010</b>	<b>265 833</b>	<b>293 028</b>	<b>37 797</b>	<b>29 763</b>	<b>4 240</b>	<b>630 661</b>
Net provision charge / (net recovery of provision) for loan impairment during the reporting period	25 245	30 178	235	461	(135)	55 984
Loans and advances written off during the reporting period	(6 070)	(3 239)	(158)	(68)	(2)	(9 537)
<b>Provision for loan impairment as at 30 June 2010</b>	<b>285 008</b>	<b>319 967</b>	<b>37 874</b>	<b>30 156</b>	<b>4 103</b>	<b>677 108</b>

## Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 June 2011

### 7 Loans and Advances to Customers (Continued)

**Renegotiated loans.** Information on loans whose terms have been renegotiated, as at 30 June 2011 and 31 December 2010 is presented in the table below. It shows the amount for renegotiated loans before provision for loan impairment by class.

<i>In millions of Russian Roubles</i>	Commercial loans to legal entities	Specialised loans to legal entities	Consumer and other loans to individuals	Mortgage loans to individuals	Car loans to individuals	Total
<b>30 June 2011:</b>						
<i>(Unaudited)</i>						
Not past due collectively assessed loans	335 452	211 125	125	515	33	547 250
Other renegotiated loans	72 062	30 492	6 147	6 312	170	115 183
<b>Total renegotiated loans before provision for loan impairment</b>	<b>407 514</b>	<b>241 617</b>	<b>6 272</b>	<b>6 827</b>	<b>203</b>	<b>662 433</b>
<b>31 December 2010:</b>						
<i>(Unaudited)</i>						
Not past due collectively assessed loans	402 606	171 884	6 824	1 958	38	583 310
Other renegotiated loans	96 571	54 160	3 299	10 197	184	164 411
<b>Total renegotiated loans before provision for loan impairment</b>	<b>499 177</b>	<b>226 044</b>	<b>10 123</b>	<b>12 155</b>	<b>222</b>	<b>747 721</b>

**Investments in finance lease.** Included in specialised loans to legal entities are net investments in finance lease. The analysis of net investments in finance lease as at 30 June 2011 and as at 31 December 2010 is as follows:

<i>in millions of Russian Roubles</i>	30 June 2011 <i>(Unaudited)</i>	31 December 2010
Gross investment in finance lease	121 302	72 717
Unearned future finance income on finance lease	(42 113)	(21 274)
<b>Net investment in finance lease before provision for impairment</b>	<b>79 189</b>	<b>51 443</b>
Less provision for impairment	(1 519)	(1 033)
<b>Net investment in finance lease after provision for impairment</b>	<b>77 670</b>	<b>50 410</b>

The contractual maturity analysis of net investments in finance lease as at 30 June 2011 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	26 881	(500)	26 381
Later than 1 year but not later than 5 years	41 449	(818)	40 631
Later than 5 years	10 859	(201)	10 658
<b>Total as at 30 June 2011</b>	<b>79 189</b>	<b>(1 519)</b>	<b>77 670</b>

## Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 June 2011

### 7 Loans and Advances to Customers (Continued)

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

<i>In millions of Russian Roubles</i>	Net investment in finance lease before provision for impairment	Provision for impairment	Net investment in finance lease after provision for impairment
Not later than 1 year	18 567	(325)	18 242
Later than 1 year but not later than 5 years	29 303	(657)	28 646
Later than 5 years	3 573	(51)	3 522
<b>Total as at 31 December 2010</b>	<b>51 443</b>	<b>(1 033)</b>	<b>50 410</b>

The analysis of minimal finance lease receivables as at 30 June 2011 and as at 31 December 2010 per contractual maturity is as follows:

<i>In millions of Russian Roubles</i>	30 June 2011 (Unaudited)	31 December 2010
Not later than 1 year	29 205	19 662
Later than 1 year but not later than 5 years	62 701	41 593
Later than 5 years	29 396	11 462
<b>Total</b>	<b>121 302</b>	<b>72 717</b>

**Economic sector risk concentration.** Economic sector risk concentrations within the customer loan portfolio as at 30 June 2011 and as at 31 December 2010 are as follows:

<i>In millions of Russian Roubles</i>	30 June 2011 (Unaudited)		31 December 2010	
	Amount	%	Amount	%
Individuals	1 467 339	21.9	1 319 732	21.3
Services	1 238 418	18.5	1 001 330	16.2
Trade	1 031 010	15.4	1 008 025	16.3
Food and agriculture	638 075	9.5	585 394	9.5
Construction	405 584	6.0	404 601	6.5
Metallurgy	279 310	4.2	300 806	4.9
Chemical industry	267 414	4.0	216 833	3.5
Machine building	265 352	4.0	317 588	5.1
Telecommunications	238 267	3.6	168 042	2.7
Transport, aviation, space industry	214 003	3.2	147 540	2.4
Energy	206 768	3.1	208 797	3.4
Oil and gas	145 277	2.2	177 495	2.9
Government and municipal bodies	139 252	2.1	153 280	2.5
Timber industry	45 055	0.7	49 609	0.8
Other	125 784	1.6	132 838	2.0
<b>Total loans and advances to customers before provision for loan impairment</b>	<b>6 706 908</b>	<b>100.0</b>	<b>6 191 910</b>	<b>100.0</b>

“Services” category includes financial, insurance and other service companies, as well as loans granted to holding and multi-industry companies.



## Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 June 2011

---

### 7 Loans and Advances to Customers (Continued)

As at 30 June 2011 the Group had 20 largest corporate borrowers with aggregated loan amounts due from each of these borrowers exceeding RR 30 000 million (31 December 2010: 20 largest borrowers with loan amounts due from each of these borrowers exceeding RR 29 300 million). The total aggregate amount of these loans was RR 1 461 344 million or 21.8% of the total gross loan portfolio of the Group (31 December 2010: RR 1 401 637 million or 22.6%).

### 8 Securities Pledged under Repurchase Agreements

<i>In millions of Russian Roubles</i>	<b>30 June 2011 (Unaudited)</b>	<b>31 December 2010</b>
<b>Trading securities pledged under repurchase agreements</b>		
Russian Federation Eurobonds	1 217	12 150
<b>Securities designated at fair value through profit or loss pledged under repurchase agreements</b>		
Corporate shares	803	-
<b>Investment securities available for sale pledged under repurchase agreements</b>		
Corporate shares	12 914	8 276
Corporate bonds	12 737	13 484
Russian Federation Eurobonds	6 037	47 027
Foreign government bonds	-	556
<b>Investment securities held to maturity pledged under repurchase agreements</b>		
Corporate bonds	51	-
<b>Total securities pledged under repurchase agreements</b>	<b>33 759</b>	<b>81 493</b>

As at 30 June 2011 included in Due to corporate customers are deposits in the amount of RR 12 269 million (31 December 2010: RR 5 968 million) received under sale and repurchase agreements with legal entities. Refer to Note 12. Deposits in the amount of RR 16 410 million (31 December 2010: RR 61 803 million) received under sale and repurchase agreements with other banks are included in Due to other banks.

As at 30 June 2011 corporate bonds pledged under repurchase agreements are mostly represented by debt securities issued by oil and gas, telecommunication, metallurgy companies and a bank. As at 31 December 2010 corporate bonds pledged under repurchase agreements are mostly represented by debt securities issued by a bank, oil and gas and metallurgy companies.

As at 30 June 2011 corporate shares pledged under repurchase agreements are mostly represented by oil and gas and metallurgy companies. As at 31 December 2010 corporate shares are mostly represented by oil and gas companies.

## Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 June 2011

### 9 Investment Securities Available for Sale

<i>In millions of Russian Roubles</i>	<b>30 June 2011 (Unaudited)</b>	<b>31 December 2010</b>
Federal loan bonds (OFZ bonds)	427 016	348 353
Corporate bonds	301 757	275 563
Municipal and subfederal bonds	50 563	50 219
Russian Federation Eurobonds	41 659	4 950
Foreign government bonds	20 260	17 899
Bonds of the Bank of Russia	-	433 585
<b>Total debt investment securities available for sale</b>	<b>841 255</b>	<b>1 130 569</b>
Corporate shares	71 707	80 352
<b>Total investment securities available for sale</b>	<b>912 962</b>	<b>1 210 921</b>

As at 30 June 2011 corporate bonds are mostly represented by debt securities issued by banks, oil and gas, metallurgy, telecommunication, transportation and energy companies. As at 31 December 2010 corporate bonds are mostly represented by debt securities issued by banks, oil and gas, metallurgy, mining, transportation and telecommunication companies.

As at 30 June 2011 corporate shares are mostly represented by oil and gas, telecommunication, finance and energy companies. As at 31 December 2010 corporate shares are mostly represented by oil and gas, energy, telecommunication, transport, finance and metallurgy companies.

### 10 Investment Securities Held to Maturity

<i>In millions of Russian Roubles</i>	<b>30 June 2011 (Unaudited)</b>	<b>31 December 2010</b>
Federal loan bonds (OFZ bonds)	212 752	227 328
Corporate bonds	111 338	44 512
Municipal and subfederal bonds	84 357	86 052
Foreign government bonds	130	299
<b>Total investment securities held to maturity</b>	<b>408 577</b>	<b>358 191</b>

As at 30 June 2011 corporate bonds are mostly represented by debt securities issued by machine building, energy, telecommunication, oil and gas and metallurgy companies. As at 31 December 2010 corporate bonds are mostly represented by debt securities issued by energy and telecommunication companies.

## Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 June 2011

### 11 Other Assets

<i>In millions of Russian Roubles</i>	<b>30 June 2011 (Unaudited)</b>	<b>31 December 2010</b>
<b>Other financial assets</b>		
Receivables on plastic cards settlements	70 759	91 219
Derivative financial instruments	18 521	9 257
Trade receivables	10 056	5 259
Settlements on currency conversion operations	5 743	6 196
Accrued fees and commissions	2 574	2 758
Funds in settlement	323	118
Other financial assets	3 539	2 791
Provision for impairment of other financial assets	(2 357)	(2 162)
<b>Total other financial assets</b>	<b>109 158</b>	<b>115 436</b>
<b>Other non-financial assets</b>		
Precious metals	28 289	34 767
Inventory of non-banking subsidiaries	27 355	11 589
Prepayments for premises and other assets	20 087	39 258
Tax settlements (other than on income)	9 026	4 230
Goodwill	8 664	8 251
Investment property	6 606	5 414
Investments in associates	4 448	2 479
Non-exclusive licences	4 026	4 091
Intangible assets acquired through business combinations	3 216	4 170
Prepaid expenses	3 053	2 840
Prepayment on income tax	1 422	929
Non-current assets held for sale	708	402
Other non-financial assets	7 591	8 658
Provision for impairment of other non-financial assets	(2 757)	(2 610)
<b>Total other non-financial assets</b>	<b>121 734</b>	<b>124 468</b>
<b>Total other assets</b>	<b>230 892</b>	<b>239 904</b>

## Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 June 2011

### 12 Due to Individuals and Corporate Customers

<i>In millions of Russian Roubles</i>	<b>30 June 2011 (Unaudited)</b>	<b>31 December 2010</b>
<b>Individuals:</b>		
- Current/demand accounts	841 842	785 750
- Term deposits	4 247 857	4 048 709
<b>Total due to individuals</b>	<b>5 089 699</b>	<b>4 834 459</b>
<b>State and public organisations:</b>		
- Current/settlement accounts	126 778	116 827
- Term deposits	155 159	40 475
<b>Total due to state and public organisations</b>	<b>281 937</b>	<b>157 302</b>
<b>Other corporate customers:</b>		
- Current/settlement accounts	1 096 115	1 082 754
- Term deposits	509 251	576 616
<b>Total due to other corporate customers</b>	<b>1 605 366</b>	<b>1 659 370</b>
<b>Total due to corporate customers</b>	<b>1 887 303</b>	<b>1 816 672</b>
<b>Total due to individuals and corporate customers</b>	<b>6 977 002</b>	<b>6 651 131</b>

Economic sector concentrations within customer accounts are as follows:

<i>In millions of Russian Roubles</i>	<b>30 June 2011 (Unaudited)</b>		<b>31 December 2010</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
Individuals	5 089 699	72.9	4 834 459	72.7
Oil and gas	302 417	4.3	266 889	4.0
Services	276 502	4.0	254 117	3.8
Trade	248 837	3.6	260 559	3.9
Municipal bodies and state organisations	181 013	2.6	82 717	1.2
Construction	118 397	1.7	166 905	2.5
Energy	100 616	1.4	104 246	1.6
Machine building	94 980	1.4	110 165	1.7
Food and agriculture	72 088	1.0	79 381	1.2
Metallurgy	69 868	1.0	87 854	1.3
Chemical	48 793	0.7	44 269	0.7
Other	373 792	5.4	359 570	5.4
<b>Total due to individuals and corporate customers</b>	<b>6 977 002</b>	<b>100.0</b>	<b>6 651 131</b>	<b>100.0</b>

As at 30 June 2011 included in term deposits of corporate customers are deposits in the amount of RR 12 269 million (31 December 2010: RR 5 968 million) received under sale and repurchase agreements with legal entities. Fair value of securities pledged under these agreements amounted to RR 13 694 million and was included in securities pledged under repurchase agreements (31 December 2010: RR 6 943 million). Refer to Note 8.

As at 30 June 2011 included in Due to corporate customers are deposits of RR 82 872 million (31 December 2010: RR 78 749 million) held as collateral for irrevocable commitments under import letters of credit. Refer to Note 23.

## Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 June 2011

### 12 Due to Individuals and Corporate Customers (Continued)

As at 30 June 2011 the Group had 20 largest customers with balances above RR 6 600 million (31 December 2010: 20 customers with balances above RR 7 450 million). The aggregate balance of these customers was RR 633 338 million (31 December 2010: RR 561 760 million) or 9.1% (31 December 2010: 8.4%) of total due to individuals and corporate customers.

### 13 Debt Securities in Issue

<i>In millions of Russian Roubles</i>	<b>30 June 2011 (Unaudited)</b>	<b>31 December 2010</b>
Loan participation notes issued under the MTN programme	171 030	153 273
Promissory notes	77 844	96 505
Savings certificates	12 558	13 102
Deposits certificates	816	1 889
Other debt securities	7 131	7 930
<b>Total debt securities in issue</b>	<b>269 379</b>	<b>272 699</b>

In June 2011 the Group issued the seventh series of loan participation notes under the MTN issuance programme in the amount of USD 1 000 million equivalent to RR 27 896 million as at the date of issue. The notes mature in June 2021 and have contractual fixed interest rate of 5.7% p.a. As at 30 June 2011 the notes were accounted for at amortised cost of RR 28 095 million; the effective interest rate on the notes was 5.8% p.a.

### 14 Other Liabilities

<i>In millions of Russian Roubles</i>	<b>30 June 2011 (Unaudited)</b>	<b>31 December 2010</b>
<b>Other financial liabilities</b>		
Payables on plastic card settlements	32 105	25 425
Trade payables	11 675	9 318
Funds in settlement	5 051	5 071
Deposit insurance system fees payable	4 861	4 476
Derivative financial instruments	3 265	1 553
Deferred commissions received on guarantees issued	1 502	1 222
Other	9 562	2 109
<b>Total other financial liabilities</b>	<b>68 021</b>	<b>49 174</b>
<b>Other non-financial liabilities</b>		
Accrued employee benefit costs	32 409	15 709
Taxes payable other than on income	13 294	8 573
Advances received	7 437	5 648
Deferred gains on initial recognition of financial instruments	3 906	4 108
Income tax payable	2 267	7 761
Other	3 359	1 200
<b>Total other non-financial liabilities</b>	<b>62 672</b>	<b>42 999</b>
<b>Total other liabilities</b>	<b>130 693</b>	<b>92 173</b>

## Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 June 2011

### 15 Interest Income and Expense

<i>(Unaudited)</i>	<b>Six months ended 30 June</b>		<b>Three months ended 30 June</b>	
<i>In millions of Russian Roubles</i>	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
<b>Interest income</b>				
<b>Interest income on financial assets carried at amortised cost and on financial assets available for sale:</b>				
- Loans and advances to customers	345 905	341 058	176 414	160 327
- Debt investment securities available for sale	34 976	45 080	16 910	25 086
- Debt investment securities held to maturity	12 830	188	6 833	140
- Due from other banks	3 959	5 214	1 938	2 719
- Correspondent accounts with other banks	49	65	15	25
	<b>397 719</b>	<b>391 605</b>	<b>202 110</b>	<b>188 297</b>
<b>Interest income on financial assets carried at fair value through profit or loss:</b>				
- Debt trading securities	2 131	4 948	1 018	2 225
- Debt securities designated at fair value through profit or loss	2 008	3 184	970	1 386
	<b>4 139</b>	<b>8 132</b>	<b>1 988</b>	<b>3 611</b>
<b>Total interest income</b>	<b>401 858</b>	<b>399 737</b>	<b>204 098</b>	<b>191 908</b>
<b>Interest expense</b>				
Term deposits of individuals	(95 790)	(107 428)	(46 800)	(53 960)
Term deposits of legal entities	(11 218)	(16 844)	(6 122)	(8 174)
Subordinated debt	(9 628)	(17 945)	(4 879)	(8 171)
Debt securities in issue	(6 193)	(6 269)	(2 958)	(3 463)
Current/settlement accounts of legal entities	(5 073)	(4 550)	(2 226)	(2 192)
Current/demand accounts of individuals	(1 973)	(1 121)	(605)	(627)
Other borrowed funds	(1 927)	(910)	(1 028)	(379)
Term placements of other banks	(1 002)	(497)	(440)	(24)
Correspondent accounts of other banks	(169)	(174)	(79)	(73)
<b>Total interest expense</b>	<b>(132 973)</b>	<b>(155 738)</b>	<b>(65 137)</b>	<b>(77 063)</b>
<b>Net interest income</b>	<b>268 885</b>	<b>243 999</b>	<b>138 961</b>	<b>114 845</b>

## Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 June 2011

### 16 Fee and Commission Income and Expense

<i>(Unaudited)</i>	<b>Six months ended 30 June</b>		<b>Three months ended 30 June</b>	
<i>In millions of Russian Roubles</i>	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
<b>Fee and commission income</b>				
Cash and settlements transactions with individuals	20 812	19 288	10 868	10 654
Cash and settlements transactions with legal entities	19 442	18 837	10 571	10 271
Plastic cards operations	13 949	10 275	7 566	5 516
Agent commissions on selling insurance contracts	6 287	3 789	3 481	2 551
Operations with foreign currencies	3 043	2 862	1 614	1 631
Cash collection	2 164	2 016	1 185	1 096
Guarantees issued	1 578	1 171	870	409
Transactions with securities	501	594	238	273
Other	1 063	768	588	398
<b>Total fee and commission income</b>	<b>68 839</b>	<b>59 600</b>	<b>36 981</b>	<b>32 799</b>
<b>Fee and commission expense</b>				
Settlement transactions	(3 092)	(2 208)	(1 676)	(1 192)
Operations with foreign currencies	(186)	(40)	(97)	(23)
Cash collection	(126)	(96)	(78)	(61)
Other	(1 316)	(433)	(662)	(291)
<b>Total fee and commission expense</b>	<b>(4 720)</b>	<b>(2 777)</b>	<b>(2 513)</b>	<b>(1 567)</b>
<b>Net fee and commission income</b>	<b>64 119</b>	<b>56 823</b>	<b>34 468</b>	<b>31 232</b>

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

<i>(Unaudited)</i>	<b>Six months ended 30 June</b>		<b>Three months ended 30 June</b>	
<i>In millions of Russian Roubles</i>	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
Net gains arising from trading in foreign currencies	2 829	1 471	1 102	1 136
Net foreign exchange translation (losses)/ gains	(25 329)	33 260	(15 288)	23 944
Net gains/(losses) from operations with foreign currency derivatives	26 206	(27 626)	17 849	(20 090)
<b>Total net gains arising from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation</b>	<b>3 706</b>	<b>7 105</b>	<b>3 663</b>	<b>4 990</b>

## Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 June 2011

### 18 Operating Expenses

<i>(Unaudited)</i> <i>In millions of Russian Roubles</i>	Six months ended 30 June		Three months ended 30 June	
	2011	2010	2011	2010
Staff costs	98 583	77 492	51 120	38 622
Depreciation of premises and equipment	19 702	14 875	10 219	7 571
State deposit insurance system membership fee	9 720	7 859	4 943	4 146
Repairs and maintenance of premises and equipment	9 563	7 904	5 685	4 634
Administrative expenses	8 253	6 018	4 804	3 367
Taxes other than on income	5 004	4 116	3 200	2 721
Operating lease expenses for premises and equipment	4 494	3 585	2 390	2 066
Telecommunication expenses	3 504	2 906	2 204	1 829
Advertising and marketing services	1 313	1 214	836	747
Consulting and assurance services	616	576	442	433
Other	4 174	1 810	2 839	828
<b>Total operating expenses</b>	<b>164 926</b>	<b>128 355</b>	<b>88 682</b>	<b>66 964</b>

### 19 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> <i>In millions of Russian Roubles</i>	Six months ended 30 June		Three months ended 30 June	
	2011	2010	2011	2010
Profit for the reporting period attributable to the shareholders of the Bank	176 452	64 189	89 650	20 748
Less preference dividends declared	(1 150)	(450)	(1 150)	(450)
<b>Profit attributable to the ordinary shareholders of the Bank</b>	<b>175 302</b>	<b>63 739</b>	<b>88 500</b>	<b>20 298</b>
Weighted average number of ordinary shares in issue (millions)	21 586	21 587	21 586	21 587
<b>Earnings per ordinary share, basic and diluted (expressed in RR per share)</b>	<b>8.12</b>	<b>2.95</b>	<b>4.10</b>	<b>0.94</b>



## Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 June 2011

### 20 Dividends

<i>(Unaudited)</i> In millions of Russian Roubles	Six months ended 30 June 2011		Six months ended 30 June 2010	
	Ordinary	Preference	Ordinary	Preference
Dividends payable at 1 January	65	29	91	30
Dividends declared during the six months ended 30 June	19 860	1 150	1 727	450
Dividends paid during the six months ended 30 June	(14 916)	(515)	(1 431)	(346)
<b>Dividends payable at 30 June</b>	<b>5 009</b>	<b>664</b>	<b>387</b>	<b>134</b>
<b>Dividends per share declared during the reporting period (RR per share)</b>	<b>0.92</b>	<b>1.15</b>	<b>0.08</b>	<b>0.45</b>

All dividends were declared and paid in Russian Roubles.

### 21 Segment Analysis

For the purposes of management the Group is divided into operating segments of activity – central head office, 17 regional head offices and subsidiaries – which are defined on the basis of organizational structure of the Group and geographical areas. The principal activity of all operating segments is banking operations. For the purposes of presentation in these condensed interim consolidated financial statements the operating segments are aggregated in the following reportable segments:

- **Moscow, including:**
  - 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, including:**

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, including:**

Regional head offices:

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

Subsidiaries of the Group located in the region.

## Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 June 2011

### 21 Segment Analysis (Continued)

- **Ural, Siberia and Far East of Russia, including:**

Regional head offices:

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

Subsidiaries of the Group located in the region.

- **Other countries, including:**

- Subsidiaries located in Ukraine,
- Subsidiaries located in Kazakhstan,
- Subsidiaries located in Belarus,
- A branch office in India.

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 2011 is as follows:

<i>(Unaudited)</i> In millions of Russian Roubles	<b>Moscow</b>	<b>Central and Northern regions of European part of Russia</b>	<b>Volga region and South of European part of Russia</b>	<b>Ural, Siberia and Far East of Russia</b>	<b>Other countries</b>	<b>Total</b>
Total assets	4 462 433	1 530 209	1 266 132	1 663 464	175 602	9 097 840
Total liabilities	3 112 606	1 789 480	1 264 501	1 619 553	139 144	7 925 284

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

<i>In millions of Russian Roubles</i>	<b>Moscow</b>	<b>Central and Northern regions of European part of Russia</b>	<b>Volga region and South of European part of Russia</b>	<b>Ural, Siberia and Far East of Russia</b>	<b>Other countries</b>	<b>Total</b>
Total assets	4 318 256	1 445 164	1 163 282	1 548 746	185 817	8 661 265
Total liabilities	2 885 376	1 776 676	1 270 092	1 549 502	146 145	7 627 791

## Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 June 2011

### 21 Segment Analysis (Continued)

Reconciliation of total assets and total liabilities as per the reportable segments with the Group's total assets and total liabilities under IFRS as of 30 June 2011 and 31 December 2010 is as follows:

<i>In millions of Russian Roubles</i>	Total assets		Total liabilities	
	30 June 2011 (Unaudited)	31 December 2010	30 June 2011 (Unaudited)	31 December 2010
<b>Total amount per segment information</b>	<b>9 097 840</b>	<b>8 661 265</b>	<b>7 925 284</b>	<b>7 627 791</b>
Adjustment of provisions	69 567	55 642	(18 740)	(19 765)
Additional interest accrued on loans	2 490	1 889	121	(924)
Deferred commission income on loans	(24 138)	(28 753)	924	388
Deferred commission income on guarantees	-	-	1 446	1 135
Accounting for derivatives at fair value	5 327	4 749	2 955	3 867
Adjustment of depreciation and cost or revalued amount of premises and equipment including effect of deferred tax	(73 193)	(68 145)	(1 016)	(952)
Staff expenses accrued related to the reporting period (bonuses, annual leave, pension liabilities)	306	184	23 277	14 831
Adjustment of income tax	-	-	13 176	7 018
Other adjustments	690	1 696	(1 398)	7 971
<b>The Group's total amount under IFRS</b>	<b>9 078 889</b>	<b>8 628 527</b>	<b>7 946 029</b>	<b>7 641 360</b>

## Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 June 2011

### 21 Segment Analysis (Continued)

Segment reporting of the Group's income and expenses for the six months ended 30 June 2011 is as follows:

<i>In millions of Russian Roubles (Unaudited)</i>	<b>Moscow</b>	<b>Central and Northern regions of European part of Russia</b>	<b>Volga region and South of European part of Russia</b>	<b>Ural, Siberia and Far East of Russia</b>	<b>Other countries</b>	<b>Total</b>
Interest income	152 986	76 577	65 854	87 161	10 546	393 124
Interest expense	(53 683)	(29 798)	(20 721)	(24 658)	(3 967)	(132 827)
Inter-segment (expense) / income	(20 907)	12 640	4 026	4 241	-	-
Fee and commission income	11 589	18 027	14 098	20 313	2 265	66 292
Fee and commission expense	(901)	(955)	(904)	(1 539)	(463)	(4 762)
Net gains / (losses) arising from securities	6 753	-	-	-	(6)	6 747
Net (losses) / gains arising from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation	(2 450)	1 696	983	1 545	5 653	7 427
Net losses arising from operations with other derivatives	(1 124)	-	-	-	-	(1 124)
Net gains / (losses) arising from operations with precious metals	1 354	335	280	432	(53)	2 348
Other net operating gains / (losses)	12 273	(114)	1 345	189	(547)	13 146
<b>Operating income before recovery of provision / provision charge for loan impairment</b>	<b>105 890</b>	<b>78 408</b>	<b>64 961</b>	<b>87 684</b>	<b>13 428</b>	<b>350 371</b>
Net recovery of provision / (net provision charge) for loan impairment	24 194	826	(6 930)	1 741	(2 861)	16 970
<b>Operating income</b>	<b>130 084</b>	<b>79 234</b>	<b>58 031</b>	<b>89 425</b>	<b>10 567</b>	<b>367 341</b>
Operating expenses	(40 977)	(33 042)	(28 527)	(40 294)	(4 062)	(146 902)
<b>Profit before tax (Segment result)</b>	<b>89 107</b>	<b>46 192</b>	<b>29 504</b>	<b>49 131</b>	<b>6 505</b>	<b>220 439</b>
<b>Other disclosures</b>						
Capital expenditure incurred (additions of fixed assets)	3 569	4 272	3 885	5 394	1 998	19 118
Depreciation of premises and equipment	(2 350)	(3 106)	(2 843)	(3 884)	(473)	(12 656)

## Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 June 2011

### 21 Segment Analysis (Continued)

Segment reporting of the Group's income and expenses for the three months ended 30 June 2011 is as follows:

<i>(Unaudited)</i> <i>In millions of Russian Roubles</i>	<b>Moscow</b>	<b>Central and Northern regions of European part of Russia</b>	<b>Volga region and South of European part of Russia</b>	<b>Ural, Siberia and Far East of Russia</b>	<b>Other countries</b>	<b>Total</b>
Interest income	77 868	38 612	33 189	44 344	5 463	199 476
Interest expense	(26 826)	(14 225)	(9 989)	(11 922)	(2 029)	(64 991)
Inter-segment (expense) / income	(9 609)	5 833	1 719	2 057	-	-
Fee and commission income	6 849	9 575	7 672	11 094	1 132	36 322
Fee and commission expense	(437)	(516)	(516)	(849)	(238)	(2 556)
Net gains arising from securities	3 930	-	-	-	14	3 944
Net (losses) / gains arising from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation	(2 032)	930	513	738	5 638	5 787
Net losses arising from operations with other derivatives	(240)	-	-	-	-	(240)
Net gains arising from operations with precious metals	603	182	150	238	46	1 219
Other net operating gains/ (losses)	9 164	93	1 352	(123)	(227)	10 259
<b>Operating income before recovery of provision / provision charge for loan impairment</b>	<b>59 270</b>	<b>40 484</b>	<b>34 090</b>	<b>45 577</b>	<b>9 799</b>	<b>189 220</b>
Net recovery of provision / (net provision charge) for loan impairment	21 942	3 071	(3 162)	(313)	(3 307)	18 231
<b>Operating income</b>	<b>81 212</b>	<b>43 555</b>	<b>30 928</b>	<b>45 264</b>	<b>6 492</b>	<b>207 451</b>
Operating expenses	(21 816)	(19 354)	(16 541)	(23 935)	(1 656)	(83 302)
<b>Profit before tax (Segment result)</b>	<b>59 396</b>	<b>24 201</b>	<b>14 387</b>	<b>21 329</b>	<b>4 836</b>	<b>124 149</b>
<b>Other disclosures</b>						
Capital expenditure incurred (additions of fixed assets)	2 560	3 041	2 766	3 868	1 705	13 940
Depreciation of premises and equipment	(1 142)	(1 536)	(1 404)	(1 946)	(246)	(6 274)

## Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 June 2011

### 21 Segment Analysis (Continued)

Segment reporting of the Group's income and expenses for the six months ended 30 June 2010 is as follows:

<i>In millions of Russian Roubles (Unaudited)</i>	<b>Moscow</b>	<b>Central and Northern regions of European part of Russia</b>	<b>Volga region and South of European part of Russia</b>	<b>Ural, Siberia and Far East of Russia</b>	<b>Other countries</b>	<b>Total</b>
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 (expense) / income	(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	(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)
<b>Operating income before provision charge for loan impairment</b>	<b>90 342</b>	<b>71 649</b>	<b>58 390</b>	<b>81 416</b>	<b>6 077</b>	<b>307 874</b>
Net provision charge for loan impairment	(63 984)	(24 202)	(21 688)	(15 510)	(1 686)	(127 070)
<b>Operating income</b>	<b>26 358</b>	<b>47 447</b>	<b>36 702</b>	<b>65 906</b>	<b>4 391</b>	<b>180 804</b>
Operating expenses	(32 966)	(24 897)	(22 711)	(31 710)	(3 017)	(115 301)
<b>(Loss)/ profit before tax (Segment result)</b>	<b>(6 608)</b>	<b>22 550</b>	<b>13 991</b>	<b>34 196</b>	<b>1 374</b>	<b>65 503</b>
<b>Other disclosures</b>						
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 2011

### 21 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>	<b>Moscow</b>	<b>Central and Northern regions of European part of Russia</b>	<b>Volga region and South of European part of Russia</b>	<b>Ural, Siberia and Far East of Russia</b>	<b>Other countries</b>	<b>Total</b>
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) / 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	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)
<b>Operating income before provision charge for loan impairment</b>	<b>50 488</b>	<b>33 924</b>	<b>29 335</b>	<b>40 459</b>	<b>3 048</b>	<b>157 254</b>
Net provision charge for loan impairment	(43 426)	(8 516)	(12 201)	(5 990)	(1 102)	(71 235)
<b>Operating income</b>	<b>7 062</b>	<b>25 408</b>	<b>17 134</b>	<b>34 469</b>	<b>1 946</b>	<b>86 019</b>
Operating expenses	(19 343)	(13 946)	(13 037)	(18 236)	(1 644)	(66 206)
<b>(Loss) / profit before tax (Segment result)</b>	<b>(12 281)</b>	<b>11 462</b>	<b>4 097</b>	<b>16 233</b>	<b>302</b>	<b>19 813</b>
<b>Other disclosures</b>						
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 2011

### 21 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 and for the three months ended 30 June 2011 and 30 June 2010 is as follows:

<i>(Unaudited)</i>	<b>Six months ended 30 June</b>		<b>Three months ended 30 June</b>	
<i>In millions of Russian Roubles</i>	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
<b>Total amount per segment information</b>	<b>220 439</b>	<b>65 503</b>	<b>124 149</b>	<b>19 813</b>
Adjustment of provisions	8 833	21 714	(11 332)	21 683
Staff expenses accrued related to the reporting period (bonuses, annual leave, pension liabilities)	(9 649)	(11 113)	(1 303)	72
Differences arising on securities' classification	1 836	2 673	889	(4 930)
Accounting for derivatives at fair value	(1 526)	8 435	(840)	(3 089)
Additional interest accrued on loans	5 222	(3 508)	2 335	(6 386)
Adjustment of depreciation and cost of premises and equipment	(5 079)	(2 368)	(2 652)	(1 025)
Other adjustments	(1 198)	(754)	(104)	338
<b>The Group's total amount under IFRS</b>	<b>218 878</b>	<b>80 582</b>	<b>111 142</b>	<b>26 476</b>

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.

For the six months ended 30 June 2011 the Group's revenues from customers in the Russian Federation amounted to RR 480 680 million (for the six months ended 30 June 2010: RR 471 782 million); revenues from customers in all foreign countries from which the Group derives revenues amounted to RR 19 368 million (for the six months ended 30 June 2010: RR 8 547 million). For the three months ended 30 June 2011 the Group's revenues from customers in the Russian Federation amounted to RR 248 146 million (for the three months ended 30 June 2010: RR 226 245 million); revenues from customers in all foreign countries from which the Group derives revenues amounted to RR 12 005 million (for the three months ended 30 June 2010: RR 3 035 million).

No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Group's total revenue during the six months and the three months ended 30 June 2011, and during the six months and the three months ended 30 June 2010.



## Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 June 2011

### 22 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 analyze 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 2010.

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

The table below summarizes the Group's exposure to foreign exchange risk in respect of monetary assets, liabilities and notional positions on currency derivatives as at 30 June 2011. Foreign exchange risk on forward and future contracts is represented by their notional positions. Foreign exchange options are disclosed in the amount that reflects theoretical sensitivity of their fair value to reasonable change in exchange rates.

<i>(Unaudited)</i> <i>In millions of Russian Roubles</i>	<b>Russian Roubles</b>	<b>USD</b>	<b>Euro</b>	<b>Other</b>	<b>Total</b>
<b>Assets</b>					
Cash and cash equivalents	623 586	66 381	115 963	75 772	881 702
Mandatory cash balances with central banks	87 841	80	101	283	88 305
Debt trading securities	43 217	16 659	1 675	221	61 772
Debt securities designated at fair value through profit or loss	60 487	-	4 171	-	64 658
Due from other banks	6 019	13 942	8 399	2 218	30 578
Loans and advances to customers	4 774 191	1 048 881	146 870	77 092	6 047 034
Debt securities pledged under repurchase agreements	51	19 865	126	-	20 042
Debt investment securities available for sale	694 479	89 251	39 725	17 800	841 255
Debt investment securities held to maturity	400 747	7 547	84	199	408 577
Other financial assets (less fair value of derivatives)	82 807	5 854	1 880	96	90 637
<b>Total monetary assets</b>	<b>6 773 425</b>	<b>1 268 460</b>	<b>318 994</b>	<b>173 681</b>	<b>8 534 560</b>
<b>Liabilities</b>					
Due to other banks	29 919	28 035	3 514	1 784	63 252
Due to individuals	4 448 991	284 953	262 631	93 124	5 089 699
Due to corporate customers	1 315 813	426 769	86 632	58 089	1 887 303
Debt securities in issue	88 740	159 906	1 201	19 532	269 379
Other borrowed funds	2 591	168 065	7 682	-	178 338
Other financial liabilities (less fair value of derivatives)	62 712	846	711	487	64 756
Subordinated debt	312 918	197	-	-	313 115
<b>Total monetary liabilities</b>	<b>6 261 684</b>	<b>1 068 771</b>	<b>362 371</b>	<b>173 016</b>	<b>7 865 842</b>
<b>Net monetary assets / (liabilities)</b>	<b>511 741</b>	<b>199 689</b>	<b>(43 377)</b>	<b>665</b>	<b>668 718</b>
<b>Foreign exchange derivatives</b>	<b>118 692</b>	<b>(137 871)</b>	<b>27 199</b>	<b>(6 123)</b>	<b>1 897</b>
<b>Credit related commitments (Note 23)</b>	<b>891 774</b>	<b>530 008</b>	<b>108 187</b>	<b>29 538</b>	<b>1 559 507</b>

## Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 June 2011

### 22 Financial Risk Management (Continued)

The table below summarizes the Group's exposure to foreign exchange risk in respect of monetary assets, liabilities and notional positions on currency derivatives as at 31 December 2010.

<i>In millions of Russian Roubles</i>	<b>Russian Roubles</b>	<b>USD</b>	<b>Euro</b>	<b>Other</b>	<b>Total</b>
<b>Assets</b>					
Cash and cash equivalents	519 447	111 079	41 781	47 294	719 601
Mandatory cash balances with central banks	50 532	792	93	261	51 678
Debt trading securities	52 516	9 354	1 510	17	63 397
Debt securities designated at fair value through profit or loss	78 738	-	4 233	-	82 971
Due from other banks	2 086	8 452	2 484	13	13 035
Loans and advances to customers	4 322 771	954 172	123 606	88 838	5 489 387
Debt securities pledged under repurchase agreements	15	72 646	-	556	73 217
Debt investment securities available for sale	1 020 150	55 075	38 179	17 165	1 130 569
Debt investment securities held to maturity	352 996	4 478	298	419	358 191
Other financial assets (less fair value of derivatives)	98 217	6 657	1 195	110	106 179
<b>Total monetary assets</b>	<b>6 497 468</b>	<b>1 222 705</b>	<b>213 379</b>	<b>154 673</b>	<b>8 088 225</b>
<b>Liabilities</b>					
Due to other banks	63 932	64 811	2 053	3 872	134 668
Due to individuals	4 214 842	262 845	267 768	89 004	4 834 459
Due to corporate customers	1 265 948	407 369	88 167	55 188	1 816 672
Debt securities in issue	110 350	141 627	2 236	18 486	272 699
Other borrowed funds	-	163 883	7 332	40	171 255
Other financial liabilities (less fair value of derivatives)	44 018	1 752	720	1 131	47 621
Subordinated debt	303 299	214	-	-	303 513
<b>Total monetary liabilities</b>	<b>6 002 389</b>	<b>1 042 501</b>	<b>368 276</b>	<b>167 721</b>	<b>7 580 887</b>
<b>Net monetary assets / (liabilities)</b>	<b>495 079</b>	<b>180 204</b>	<b>(154 897)</b>	<b>(13 048)</b>	<b>507 338</b>
<b>Foreign exchange derivatives</b>	<b>63 914</b>	<b>(215 079)</b>	<b>128 121</b>	<b>13 573</b>	<b>(9 471)</b>
<b>Credit related commitments (Note 23)</b>	<b>621 754</b>	<b>561 599</b>	<b>107 667</b>	<b>35 122</b>	<b>1 326 142</b>

**Liquidity Risk.** Liquidity risk is defined as the risk of mismatch between the maturities of assets and liabilities. The Group is exposed to daily calls on its available cash resources from overnight deposits, customer's current accounts, term deposits, loan drawdowns, guarantees and from margin and other calls on cash settled derivative instruments.

The table below shows assets and liabilities at 30 June 2011 by their remaining expected maturity. 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 1 month"
- Trading securities, securities designated at fair value through profit or loss and highly liquid portion of investment securities available for sale, including those pledged under repurchase agreements 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 1 month"
- 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)

## Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 June 2011

### 22 Financial Risk Management (Continued)

- Investment securities held to maturity including those pledged under repurchase agreements are classified based on the remaining maturities
- 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 the 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 2011 is set out below.

<i>(Unaudited)</i> <i>In millions of Russian Roubles</i>	<b>Demand and less than 1 month</b>	<b>From 1 to 6 months</b>	<b>From 6 to 12 months</b>	<b>From 1 to 3 years</b>	<b>More than 3 years</b>	<b>No stated maturity</b>	<b>Total</b>
<b>Assets</b>							
Cash and cash equivalents	881 702	-	-	-	-	-	881 702
Mandatory cash balances with central banks	21 853	9 605	6 851	43 763	6 233	-	88 305
Trading securities	64 487	-	-	-	-	-	64 487
Securities designated at fair value through profit or loss	88 984	-	-	-	-	-	88 984
Due from other banks	14 637	13 952	756	868	365	-	30 578
Loans and advances to customers	243 121	822 122	993 625	2 067 702	1 920 464	-	6 047 034
Securities pledged under repurchase agreements	33 708	-	-	51	-	-	33 759
Investment securities available for sale	904 998	110	221	3 276	3 834	523	912 962
Investment securities held to maturity	-	5 258	13 407	193 585	196 327	-	408 577
Deferred income tax asset	-	-	-	-	-	7 217	7 217
Premises and equipment	-	-	-	-	-	284 392	284 392
Other assets	107 872	11 618	11 823	41 919	11 618	46 042	230 892
<b>Total assets</b>	<b>2 361 362</b>	<b>862 665</b>	<b>1 026 683</b>	<b>2 351 164</b>	<b>2 138 841</b>	<b>338 174</b>	<b>9 078 889</b>
<b>Liabilities</b>							
Due to other banks	44 453	13 673	5 126	-	-	-	63 252
Due to individuals	1 031 164	541 579	496 476	2 643 734	376 746	-	5 089 699
Due to corporate customers	728 486	174 762	58 972	913 386	11 697	-	1 887 303
Debt securities in issue	33 636	71 882	6 757	34 080	123 024	-	269 379
Other borrowed funds	4 449	71 643	17 502	78 499	6 245	-	178 338
Deferred income tax liability	-	-	-	-	-	14 250	14 250
Other liabilities	68 553	40 602	7 969	5 814	669	7 086	130 693
Subordinated debt	-	-	-	197	312 918	-	313 115
<b>Total liabilities</b>	<b>1 910 741</b>	<b>914 141</b>	<b>592 802</b>	<b>3 675 710</b>	<b>831 299</b>	<b>21 336</b>	<b>7 946 029</b>
<b>Net liquidity surplus / (gap)</b>	<b>450 621</b>	<b>(51 476)</b>	<b>433 881</b>	<b>(1 324 546)</b>	<b>1 307 542</b>	<b>316 838</b>	<b>1 132 860</b>
<b>Cumulative liquidity surplus / (gap) at 30 June 2011</b>	<b>450 621</b>	<b>399 145</b>	<b>833 026</b>	<b>(491 520)</b>	<b>816 022</b>	<b>1 132 860</b>	<b>-</b>

## Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 June 2011

### 22 Financial Risk Management (Continued)

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

<i>In millions of Russian Roubles</i>	<b>Demand and less than 1 month</b>	<b>From 1 to 6 months</b>	<b>From 6 to 12 months</b>	<b>From 1 to 3 years</b>	<b>More than 3 years</b>	<b>No stated maturity</b>	<b>Total</b>
<b>Assets</b>							
Cash and cash equivalents	719 601	-	-	-	-	-	719 601
Mandatory cash balances with central banks	10 880	8 987	6 089	22 095	3 627	-	51 678
Trading securities	66 168	-	-	-	-	-	66 168
Securities designated at fair value through profit or loss	106 875	-	-	-	-	-	106 875
Due from other banks	150	9 998	2 111	345	431	-	13 035
Loans and advances to customers	186 302	745 278	998 398	1 960 855	1 598 554	-	5 489 387
Securities pledged under repurchase agreements	81 493	-	-	-	-	-	81 493
Investment securities available for sale	1 183 231	1 460	2 404	13 748	7 543	2 535	1 210 921
Investment securities held to maturity	-	13 069	5 541	177 661	161 920	-	358 191
Deferred income tax asset	-	-	-	-	-	7 518	7 518
Premises and equipment	-	-	-	-	-	283 756	283 756
Other assets	122 498	14 745	20 080	7 587	21 395	53 599	239 904
<b>Total assets</b>	<b>2 477 198</b>	<b>793 537</b>	<b>1 034 623</b>	<b>2 182 291</b>	<b>1 793 470</b>	<b>347 408</b>	<b>8 628 527</b>
<b>Liabilities</b>							
Due to other banks	68 222	44 771	18 312	1 555	1 808	-	134 668
Due to individuals	1 040 936	859 810	582 571	2 004 184	346 958	-	4 834 459
Due to corporate customers	861 805	34 828	18 788	897 122	4 129	-	1 816 672
Debt securities in issue	34 706	44 831	56 175	35 944	101 043	-	272 699
Other borrowed funds	83	15 019	81 152	68 042	6 959	-	171 255
Deferred income tax liability	-	-	-	-	-	15 921	15 921
Other liabilities	45 165	23 870	10 513	4 179	492	7 954	92 173
Subordinated debt	-	-	-	214	303 299	-	303 513
<b>Total liabilities</b>	<b>2 050 917</b>	<b>1 023 129</b>	<b>767 511</b>	<b>3 011 240</b>	<b>764 688</b>	<b>23 875</b>	<b>7 641 360</b>
<b>Net liquidity surplus / (gap)</b>	<b>426 281</b>	<b>(229 592)</b>	<b>267 112</b>	<b>(828 949)</b>	<b>1 028 782</b>	<b>323 533</b>	<b>987 167</b>
<b>Cumulative liquidity surplus / (gap) at 31 December 2010</b>	<b>426 281</b>	<b>196 689</b>	<b>463 801</b>	<b>(365 148)</b>	<b>663 634</b>	<b>987 167</b>	<b>-</b>

### 23 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 2011

---

### 23 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>	<b>30 June 2011 (Unaudited)</b>	<b>31 December 2010</b>
Commitments to extend credit	607 623	488 029
Export letters of credit	298 738	353 366
Guarantees issued	258 073	159 158
Undrawn credit lines	237 979	182 220
Import letters of credit and letters of credit for domestic settlements	157 094	143 369
<b>Total credit related commitments</b>	<b>1 559 507</b>	<b>1 326 142</b>

At 30 June 2011 included in Due to corporate customers are deposits of RR 82 872 million (31 December 2010: RR 78 749 million) held as collateral for irrevocable commitments under import letters of credit. Refer to Note 12.

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.

### 24 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). Other related parties in the tables below comprise key management personal, their close family members and associated companies of the Group. Disclosures are made in Note 25 for significant transactions with state-controlled entities and government bodies.

## Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 June 2011

### 24 Related Party Transactions (Continued)

As at 30 June 2011 and 31 December 2010, the outstanding balances with the Bank of Russia and other related parties were as follows:

<i>In millions of Russian Roubles</i>	Note	30 June 2011 (Unaudited)		31 December 2010	
		the Bank of Russia	Other related parties	the Bank of Russia	Other related parties
<b>Assets</b>					
Cash and cash equivalents		317 885	-	212 451	-
Mandatory cash balances with the Bank of Russia		87 840	-	50 532	-
Bonds of the Bank of Russia	9	-	-	433 585	-
Gross amount of loans and advances to customers		-	80	-	528
Impairment provision for loans and advances to customers		-	(1)	-	(7)
Other assets		158	-	-	-
<b>Liabilities</b>					
Due to corporate customers		-	170	-	1 163
Subordinated debt		312 918	-	303 299	-

The income and expense items with the Bank of Russia and other related parties for the six months ended 30 June 2011 and 30 June 2010 were as follows:

<i>(Unaudited)</i> <i>In millions of Russian Roubles</i>	Six months ended 30 June			
	2011		2010	
	the Bank of Russia	Other related parties	the Bank of Russia	Other related parties
Interest income	8 364	13	17 493	-
Interest expense on subordinated debt	(9 670)	-	(17 459)	-
Interest expense other than on subordinated debt	(5)	(4)	(343)	-
Net recovery of provision for loan impairment	-	6	-	-
Net gains arising from trading securities	-	-	4	-
Net gains / (losses) arising from investment securities available for sale	19	-	(708)	-
Other operating income	-	10	-	-
Operating expenses	(738)	(8)	(398)	-

## Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 June 2011

### 24 Related Party Transactions (Continued)

The income and expense items with the Bank of Russia and other related parties for the three months ended 30 June 2011 and 30 June 2010 were as follows:

<i>(Unaudited)</i> <i>In millions of Russian Roubles</i>	Three months ended 30 June			
	2011		2010	
	the Bank of Russia	Other related parties	the Bank of Russia	Other related parties
Interest income	3 142	4	10 292	-
Interest expense on subordinated debt	(4 862)	-	(7 927)	-
Interest expense other than on subordinated debt	(5)	(1)	-	-
Net recovery of provision for loan impairment	-	2	-	-
Net gains arising from trading securities	-	-	4	-
Net gains / (losses) arising from investment securities available for sale	7	-	(384)	-
Other operating income	-	8	-	-
Operating expenses	(468)	(3)	(248)	-

For the six months ended 30 June 2011, remuneration of the key management personnel of the Group comprised salaries and bonuses totaling RR 309 million (for the six months ended 30 June 2010: RR 170 million). For the three months ended 30 June 2011, remuneration of the key management personnel comprised salaries and bonuses totaling RR 194 million (for the three months ended 30 June 2010: RR 93 million).

### 25 Operations with State-Controlled Entities and Government Bodies

In the normal course of business, the Group enters into contractual agreements with the government of the Russian Federation and entities controlled or significantly influenced by it. The Group provides the government-related entities with a full range of banking services including, but not limited to, lending, deposit-taking, issue of guarantees, operations with securities, cash and settlement transactions. Operations with government-related entities are carried out on general market terms and constitute the minority of the Group's operations.

## Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 June 2011

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

Balances with government-related entities which are significant in terms of the carrying amount as at 30 June 2011 are disclosed below:

*(Unaudited)*  
*In millions of*  
*Russian Roubles*

Client	Sector	30 June 2011		
		Loans and advances to customers	Due to corporate customers	Guarantees issued
Client 1	Oil and gas	30 009	-	-
Client 2	Oil and gas	-	35 569	-
Client 3	Energy	45 689	12 359	-
Client 4	Energy	-	16 711	-
Client 5	Telecommunications	61 809	-	-
Client 6	Machine building	38 402	10 614	-
Client 7	Machine building	-	-	17 819
Client 8	Transport, aviation, space industry	-	-	14 525
Client 9	Transport, aviation, space industry	-	13 984	-
Client 10	Food and agriculture	-	-	9 872
Client 11	Government and municipal bodies	-	130 500	-
Client 12	Government and municipal bodies	-	20 500	-
Client 13	Government and municipal bodies	-	-	13 207
Client 14	Services	30 818	-	-
Client 15	Services	-	10 180	-
Client 16	Services	-	6 669	-

Balances with government-related entities which are significant in terms of the carrying amount as at 31 December 2010 are disclosed below:

*In millions of*  
*Russian Roubles*

Client	Sector	31 December 2010		
		Loans and advances to customers	Due to corporate customers	Guarantees issued
Client 1	Oil and gas	40 046	-	-
Client 2	Oil and gas	-	46 273	-
Client 3	Energy	46 999	11 937	-
Client 4	Energy	-	27 199	-
Client 5	Telecommunications	48 230	-	-
Client 6	Machine building	54 669	10 750	8 425
Client 7	Machine building	-	-	11 902
Client 8	Transport, aviation, space industry	-	-	15 489
Client 10	Food and agriculture	-	-	9 872
Client 11	Government and municipal bodies	-	24 200	-
Client 12	Government and municipal bodies	-	10 000	-
Client 13	Government and municipal bodies	-	-	14 840
Client 16	Services	-	10 348	-
Client 17	Oil and gas	-	23 952	-



## Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 June 2011

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

As at 30 June 2011 and 31 December 2010 the Group's investments in securities issued by government-related corporate entities were as follows:

<i>In millions of Russian Roubles</i>	30 June 2011 (Unaudited)		31 December 2010	
	Corporate bonds	Corporate shares	Corporate bonds	Corporate shares
Trading securities	4 996	1 149	5 280	1 093
Securities designated at fair value through profit or loss	2 093	2 964	2 123	2 748
Securities pledged under repurchase agreements	1 981	4 321	300	50
Investment securities available for sale	136 634	26 140	127 779	22 950
Investment securities held to maturity	42 623	-	18 070	-

For disclosures on investments in government debt securities please refer to Notes 5, 6, 8, 9 and 10.

### 26 Principal Subsidiaries

The table below provides details on principal subsidiaries of the Bank as at 30 June 2011:

Name	Nature of business	Percentage of ownership	Country of registration
<b>Subsidiaries:</b>			
OJSC Belpromstroy Bank (OAO BPS Bank)	banking	97.91%	Belarus
SB JSC Sberbank	banking	100.00%	Kazakhstan
JSC Sberbank of Russia	banking	100.00%	Ukraine
CJSC Sberbank Leasing	leasing	100.00%	Russia
LLC Sberbank Capital	finance	100.00%	Russia
LLC Sberbank Investments	finance	100.00%	Russia
Sberbank Asset Management Company	asset management	100.00%	Russia
OJSC Holding company GVSU Center	construction	97.03%	Russia
CJSC NK Dulisma	oil company	100.00%	Russia
LLC Khrustalnye Bashni	construction	50.01%	Russia
LLC Pavlovo-Posadskoe Gornodobyvauchee Obiedinenie	construction materials	93.44%	Russia
CJSC GOTEK Group Management Company	packaging materials	60.00%	Russia
Vester Retail N.V.	retail trading	51.00%	Netherlands

In June 2011 the Group disposed of a 93.44% share in OJSC Pavlovskaya Keramika, a company involved in production and sale of construction materials, for RR 197 million. The gain from this operation amounted to RR 113 million.

## Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 June 2011

---

### 26 Principal Subsidiaries (Continued)

During the six months ended 30 June 2011 under the settlement of the loan to its borrowers the Group repossessed a 76% share in CJSC Galaktika, a 100% share in LLC Hotel Rostov and controlling interests in some other companies. The Group plans to develop and dispose of the subsidiaries in the foreseeable future.

The details of the fair value of net assets of CJSC Galaktika, LLC Hotel Rostov and other companies acquired during the reporting period ended 30 June 2011 are as follows:

*(Unaudited)*

*In millions of Russian Roubles*

	<b>Fair value</b>
<b>Fair value of net assets of subsidiaries</b>	<b>1 437</b>
<b>Total purchase consideration</b>	<b>1 272</b>
Non-controlling interest's proportionate share of net assets acquired	121
<b>Total purchase consideration and non-controlling interest</b>	<b>1 393</b>
<b>Gain from bargain purchase</b>	<b>(44)</b>

The share of the subsidiaries of the Bank in the consolidated assets of the Group as at 30 June 2011 was 4.9% (31 December 2010: 4.2%).

### 27 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 2011 the regulatory capital adequacy ratio was 17.9% (31 December 2010: 17.7%). Compliance with capital adequacy ratios set by the Bank of Russia is monitored monthly with reports outlining the calculation.

## Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 June 2011

### 27 Capital Adequacy Ratio (Continued)

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 2011 and 31 December 2010, 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>	<b>30 June 2011 (Unaudited)</b>	<b>31 December 2010</b>
<b>Tier 1 capital</b>		
Share capital	87 742	87 742
Share premium	232 553	232 553
Retained earnings	742 222	585 819
Less goodwill	(8 664)	(8 251)
<b>Total Tier 1 capital</b>	<b>1 053 853</b>	<b>897 863</b>
<b>Tier 2 capital</b>		
Revaluation reserve for premises	52 687	53 648
Fair value reserve for investment securities available for sale	9 311	13 437
Foreign currency translation reserve	(6 846)	(1 136)
Subordinated capital	313 115	303 513
Less investments in associates	(4 448)	(2 479)
<b>Total Tier 2 capital</b>	<b>363 819</b>	<b>366 983</b>
<b>Total capital</b>	<b>1 417 672</b>	<b>1 264 846</b>
<b>Risk weighted assets (RWA)</b>		
Credit risk	7 709 251	7 327 090
Market risk	190 614	199 883
<b>Total risk weighted assets (RWA)</b>	<b>7 899 865</b>	<b>7 526 973</b>
<b>Core capital adequacy ratio (Total Tier 1 capital to Total RWA)</b>	<b>13.3</b>	<b>11.9</b>
<b>Total capital adequacy ratio (Total capital to Total RWA)</b>	<b>17.9</b>	<b>16.8</b>

### 28 Subsequent Events

On 1 July 2011 American Depositary Receipts of the Bank were admitted to trading on the London Stock Exchange. Each receipt is equal to four ordinary shares of the Bank.

In July 2011 the Group reached an agreement on major terms of transaction for the purchase of Volksbanken International (“VBI”). VBI is an East European branch of Oesterreichische Volksbanken Group. Romanian business of VBI is expected to be excluded from the transaction.