

Sberbank
(Savings Bank of the Russian Federation)

Condensed Interim Consolidated Financial
Statements and Review Report

30 September 2009

Condensed Interim Consolidated Financial Statements and Review Report

Contents

Review Report

Condensed Interim Consolidated Financial Statements

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

Selected Notes to the Condensed Interim Consolidated Financial Statements

1	Introduction	6
2	Operating Environment of the Group	6
3	Basis of Preparation	7
4	Accounting Policies and Critical Accounting Estimates and Judgements.....	7
5	Loans and Advances to Customers.....	9
6	Due to Individuals and Legal Entities	16
7	Other Borrowed Funds.....	16
8	Subordinated debt	17
9	Interest Income and Expense	17
10	Fee and Commission Income and Expense	18
11	Net Gains Arising from Trading in Foreign Currencies, Operations with Foreign Currency Derivatives and Foreign Exchange Translation Gains.....	18
12	Disclosure of Components of Other Comprehensive Income.....	19
13	Earnings per Share	19
14	Dividends.....	20
15	Segment Analysis	20
16	Financial Risk Management	26
17	Related Party Transactions.....	31
18	Operations with State-Controlled Entities and Government Bodies	32
19	Capital Adequacy Ratio	34
20	Subsequent events.....	34

Report on Review of Interim Condensed Consolidated Financial Statements

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

Introduction

We have reviewed the accompanying condensed interim consolidated statement of financial position of Sberbank (Savings Bank of the Russian Federation) (the "Bank") and its subsidiaries (together "the Group") as at 30 September 2009 and the related condensed interim consolidated statements of income and comprehensive income for the three- and nine- months periods then ended, condensed interim consolidated statements of changes in equity and of cash flows for the nine- months period then ended and explanatory notes. Management of the Bank is responsible for the preparation and presentation of these condensed interim consolidated financial statements in accordance with International Financial Reporting Standard IAS 34, *Interim Financial Reporting* ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

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

Conclusion

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

Ernst & Young Vneshaudit

30 November 2009

Condensed Interim Consolidated Income Statement

<i>In millions of Russian Roubles</i>	Note	Nine months ended 30 September		Three months ended 30 September	
		2009 (Unaudited)	2008 (Unaudited)	2009 (Unaudited)	2008 (Unaudited)
Interest income	9	610 546	441 295	207 302	163 206
Interest expense	9	(234 818)	(173 689)	(76 089)	(63 945)
Net interest income		375 728	267 606	131 213	99 261
Provision for loan impairment	5	(301 275)	(36 054)	(109 718)	(18 776)
Net interest income after provision for loan impairment		74 453	231 552	21 495	80 485
Fee and commission income	10	75 038	62 788	27 162	23 289
Fee and commission expense	10	(3 165)	(2 681)	(1 111)	(997)
Net gains/ (losses) arising from trading securities		7 688	(9 351)	3 942	(8 003)
Net gains/ (losses) arising from securities designated at fair value through profit or loss		2 631	(6 175)	1 940	(5 816)
Net gains/ (losses) arising from investment securities available for sale		217	1 087	29	(1)
Impairment of investment securities available for sale		(2 285)	(1 821)	(874)	(1 821)
Net gains arising from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation gains	11	13 947	5 099	4 687	2 138
Net gains/ (losses) arising from operations with precious metals and precious metals derivatives		868	704	562	(1 738)
Other operating gains		7 504	3 163	848	753
Operating income		176 896	284 365	58 680	88 289
Administrative and operating expenses		(162 808)	(165 687)	(53 086)	(57 087)
Other operating expenses		(1 732)	-	(297)	-
Profit before tax		12 356	118 678	5 297	31 202
Income tax expense		(2 100)	(28 436)	(1 051)	(7 972)
Profit for the reporting period		10 256	90 242	4 246	23 230
Earnings per ordinary share, basic and diluted (expressed in RR per share)	13	0.45	4.15	0.20	1.08

Approved for issue and signed on behalf of the Board on 30 November 2009.



Herman Gref
Chairman of the Board and CEO



Andrey Kruzhalov
Chief Accountant

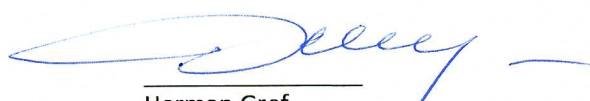
Condensed Interim Consolidated Statement of Comprehensive Income

<i>In millions of Russian Roubles</i>	Note	Nine months ended 30 September		Three months ended 30 September	
		2009 (Unaudited)	2008 (Unaudited)	2009 (Unaudited)	2008 (Unaudited)
Profit for the reporting period recognised in the income statement		10 256	90 242	4 246	23 230
Components of other comprehensive income:					
Net gains / (losses) on investment securities available for sale		27 750	(13 203)	20 518	(11 381)
Net foreign currency translation losses		(1 454)	670	(607)	670
Deferred income tax relating to components of other comprehensive income		(5 537)	3 169	(4 091)	2 732
Total components of other comprehensive income for the reporting period, net of tax	12	20 759	(9 364)	15 820	(7 979)
Total comprehensive income for the reporting period		31 015	80 878	20 066	15 251

Condensed Interim Consolidated Statement of Financial Position

<i>In millions of Russian Roubles</i>	Note	30 September 2009 (Unaudited)	31 December 2008
ASSETS			
Cash and cash equivalents		542 751	803 749
Mandatory cash balances with the Bank of Russia		40 559	7 643
Trading securities		88 540	78 603
Securities designated at fair value through profit or loss		101 923	130 503
Due from other banks		828	2 756
Loans and advances to customers	5	5 039 125	5 077 882
Securities pledged under repurchase agreements		1 821	-
Investment securities available for sale		511 866	284 572
Premises and equipment		256 470	251 478
Other assets		123 891	99 296
TOTAL ASSETS		6 707 774	6 736 482
LIABILITIES			
Due to other banks		59 601	302 539
Due to individuals	6	3 418 839	3 112 102
Due to legal entities	6	1 559 403	1 683 130
Debt securities in issue		108 394	138 902
Other borrowed funds	7	156 068	159 080
Deferred income tax liability		12 816	10 516
Other liabilities		69 038	43 830
Subordinated debt	8	553 370	536 221
TOTAL LIABILITIES		5 937 529	5 986 320
EQUITY			
Share capital		87 742	87 742
Share premium		232 553	232 493
Revaluation reserve for premises		73 126	74 981
Fair value reserve for investment securities available for sale		(10 972)	(33 185)
Foreign currency translation reserve		(1 353)	101
Retained earnings		389 149	388 030
TOTAL EQUITY		770 245	750 162
TOTAL LIABILITIES AND EQUITY		6 707 774	6 736 482

Approved for issue and signed on behalf of the Board on 30 November 2009.



Herman Gref
Chairman of the Board and CEO



Andrey Kruzhalov
Chief Accountant

Condensed Interim Consolidated Statement of Changes in Equity

<i>In millions of Russian Roubles</i>	Note	Share capital	Share premium	Revaluation reserve for premises	Fair value reserve for investment securities available for sale	Foreign currency translation reserve	Retained earnings	Total equity
Balance as at 1 January 2008		87 742	232 493	14 815	733	-	301 414	637 197
Changes in equity for the nine months ended 30 September 2008								
Dividends declared	14	-	-	-	-	-	(11 659)	(11 659)
Depreciation of revalued premises, net of tax (Unaudited)		-	-	(397)	-	-	397	-
Total comprehensive income recognised for the nine months ended 30 September 2008 (Unaudited)		-	-	-	(10 034)	670	90 242	80 878
Balance as at 30 September 2008 (Unaudited)		87 742	232 493	14 418	(9 301)	670	388 030	706 416
Balance as at 1 January 2009		87 742	232 493	74 981	(33 185)	101	388 030	750 162
Changes in equity for the nine months ended 30 September 2009								
Disposal of treasury shares		-	60	-	-	-	-	60
Dividends declared	14	-	-	-	-	-	(10 992)	(10 992)
Depreciation of revalued premises, net of tax (Unaudited)		-	-	(1 855)	-	-	1 855	-
Total comprehensive income recognised for the nine months ended 30 September 2009 (Unaudited)		-	-	-	22 213	(1 454)	10 256	31 015
Balance as at 30 September 2009 (Unaudited)		87 742	232 553	73 126	(10 972)	(1 353)	389 149	770 245

Condensed Interim Consolidated Statement of Cash Flows

<i>In millions of Russian Roubles</i>	Note	Nine months ended 30 September 2009 (Unaudited)	Nine months ended 30 September 2008 (Unaudited)
Cash flows from operating activities			
Interest received		596 059	454 562
Interest paid		(193 626)	(161 134)
Fees and commissions received		75 004	62 929
Fees and commissions paid		(3 165)	(2 681)
Net gains received from trading securities		539	290
Net gains received from securities designated at fair value through profit or loss		1 087	647
Net (losses incurred)/ gains received from trading in foreign currencies and from operations with foreign currency derivatives		(542)	6 762
Net gains received/ (losses incurred) from operations with precious metals and precious metals derivatives		1 477	(571)
Other operating income received		5 705	3 669
Administrative and other operating expenses paid		(126 173)	(129 170)
Income tax paid		(3 666)	(34 281)
Cash flows from operating activities before changes in operating assets and liabilities		352 699	201 022
Changes in operating assets and liabilities			
Net (increase)/ decrease in mandatory cash balances with the Bank of Russia		(32 916)	27 499
Net (increase)/ decrease in trading securities		(542)	109 366
Net decrease in securities designated at fair value through profit or loss		31 186	62 467
Net decrease in due from other banks		3 338	2 205
Net increase in loans and advances to customers		(210 617)	(961 011)
Net increase in other assets		(21 937)	(16 854)
Net decrease in due to other banks		(245 047)	(34 487)
Net increase in due to individuals		269 190	338 142
Net (decrease)/ increase in due to legal entities		(170 916)	453 559
Net (decrease)/ increase in debt securities in issue		(30 839)	2 694
Net increase in other liabilities		7 465	19 959
Net cash (used in)/ from operating activities		(48 936)	204 561
Cash flows from investing activities			
Purchase of investment securities available for sale		(207 554)	(206 323)
Proceeds from disposal and redemption of investment securities available for sale		12 146	36 748
Acquisition of premises and equipment		(26 664)	(30 257)
Proceeds from disposal of premises and equipment including insurance payments		1 262	152
Dividend income received		176	164
Net cash used in investing activities		(220 634)	(199 516)
Cash flows from financing activities			
Other borrowed funds received		832	11 787
Redemption of other borrowed funds		(8 792)	(15 454)
Repayment of interest on other borrowed funds		(3 117)	(3 327)
Redemption of subordinated debt		(12 649)	-
Repayment of interest on subordinated debt		(1 824)	(1 516)
Disposal of treasury shares		60	-
Dividends paid	14	(10 982)	(11 628)
Net cash used in financing activities		(36 472)	(20 138)
Effect of exchange rate changes on cash and cash equivalents		45 044	1 597
Net decrease in cash and cash equivalents		(260 998)	(13 496)
Cash and cash equivalents at the beginning of the reporting period		803 749	242 231
Cash and cash equivalents as at the end of the reporting period		542 751	228 735

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

1 Introduction

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

The Bank is an open joint stock commercial bank which was established in 1841 and operated in various forms since then. The Bank was incorporated and is domiciled in the Russian Federation. The Bank’s principal shareholder, the Central Bank of the Russian Federation (“Bank of Russia”), owns 60.3% of ordinary shares or 57.6% of the issued and outstanding shares as at 30 September 2009 (31 December 2008: 60.3% of ordinary shares or 57.6% of the issued and outstanding shares).

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

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

The Bank has 17 (31 December 2008: 17) regional head offices, 688 (31 December 2008: 734) branches and 19 093 (31 December 2008: 19 675) sub-branches within the Russian Federation as at 30 September 2009. The average number of the Bank’s employees during the nine-months period ended 30 September 2009 was 255 094 (year ended 31 December 2008: 259 999).

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

2 Operating Environment of the Group

The Group principally operates within the Russian Federation.

Russian Federation. The Russian economy is vulnerable to market downturns and economic slowdowns elsewhere in the world. The ongoing global financial crisis has resulted in capital markets instability, significant deterioration of liquidity in the banking sector, and tighter credit conditions within Russia. While the Russian Government has introduced a range of stabilization measures aimed at providing liquidity and supporting refinancing of foreign debt for Russian banks and companies, there continues to be uncertainty regarding the access to capital and cost of capital for the Group and its counterparties, which could affect the Group’s financial position, results of operations and business prospects.

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

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

2 Operating Environment of the Group (Continued)

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

Management of the Group is unable to reliably estimate the effects on the Group's financial position of any deterioration in the liquidity of the financial markets and the increased volatility in the currency and equity markets. Management of the Group believes it is taking all the necessary measures to support the sustainability and growth of the Group's business in the current circumstances.

3 Basis of Preparation

These condensed interim consolidated financial statements have been prepared in accordance with IAS 34 and should be read in conjunction with the annual consolidated financial statements of the Group for the year ended 31 December 2008.

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

At 30 September 2009 the principal rate of exchange used for translating foreign currency monetary balances was USD 1 = RR 30.0922 (31 December 2008: USD 1 = RR 29.3804).

4 Accounting Policies and Critical Accounting Estimates and Judgements

The accounting policies and methods of computation applied in the preparation of these condensed interim consolidated financial statements are consistent with those disclosed in the annual consolidated financial statements of the Group for the year ended 31 December 2008, except for the changes introduced due to implementation of new and/or revised standards and interpretations as disclosed further.

Judgements made by Management in the process of applying the accounting policies were consistent with the judgements disclosed in the annual consolidated financial statements for the year ended 31 December 2008. Management has not identified new areas of judgement. Critical estimates, as disclosed in the most recent annual financial statements, have not resulted in a material adjustment to the Group's assets, income or profit during the interim period ended 30 September 2009.

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

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

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

4 Accounting Policies and Critical Accounting Estimates and Judgements (Continued)

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

<i>(Unaudited)</i> <i>In millions of Russian Roubles</i>	As previously reported	Reclassification	As reclassified
Interim condensed consolidated income statement for the nine months ended 30 September 2008			
Foreign exchange translation gains less losses	3 914	(3 914)	-
Gains less losses arising from trading in foreign currencies	5 291	(5 291)	-
Losses, net of gains arising from operations with foreign currencies and securities derivatives	(4 106)	4 106	-
Net gains arising from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation gains	-	5 099	5 099
Interim condensed consolidated income statement for the three months ended 30 September 2008			
Foreign exchange translation gains less losses	7 861	(7 861)	-
Gains less losses arising from trading in foreign currencies	1 922	(1 922)	-
Losses, net of gains arising from operations with foreign currencies and securities derivatives	(7 645)	7 645	-
Net gains arising from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation gains	-	2 138	2 138
Interim condensed consolidated statement of cash flows for the nine months ended 30 September 2008			
Income received from foreign currencies and securities derivatives	1 471	(1 471)	-
Income received from trading in foreign currencies	5 291	(5 291)	-
Net gains received from trading in foreign currencies and from operations with foreign currency derivatives	-	6 762	6 762

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

5 Loans and Advances to Customers

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

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

30 September 2009:

(Unaudited)

In millions of Russian Roubles

	Not past due loans	Overdue loans	Total
Commercial loans to legal entities	2 073 724	225 122	2 298 846
Specialised loans to legal entities	1 708 355	349 730	2 058 085
Loans to individuals - consumer and other loans	534 024	43 198	577 222
Mortgage loans to individuals	468 862	28 611	497 473
Car loans to individuals	97 325	3 928	101 253
Total loans and advances to customers before provision for loan impairment	4 882 290	650 589	5 532 879
Less: Provision for loan impairment	(139 339)	(354 415)	(493 754)
Total loans and advances to customers net of provision for loan impairment	4 742 951	296 174	5 039 125

31 December 2008:

In millions of Russian Roubles

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

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

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

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

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

5 Loans and Advances to Customers (Continued)

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

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

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

(Unaudited)

In millions of Russian Roubles

	Gross loans	Provision for impairment	Net loans	Provision for impairment to gross loans (%)
Commercial loans to legal entities				
Collectively assessed				
Not past due	2 061 173	(56 339)	2 004 834	2,7%
Loans up to 30 days overdue	38 876	(3 355)	35 521	8,6%
Loans over 30 days overdue	104 577	(42 992)	61 585	41,1%
Individually impaired				
Not past due	12 551	(8 928)	3 623	71,1%
Loans up to 30 days overdue	10 566	(8 290)	2 276	78,5%
Loans 31 to 60 days overdue	2 520	(2 321)	199	92,1%
Loans 61 to 90 days overdue	6 753	(3 740)	3 013	55,4%
Loans 91 up to 180 days overdue	14 823	(8 228)	6 595	55,5%
Loans over 180 days overdue	47 007	(39 553)	7 454	84,1%
Total commercial loans to legal entities	2 298 846	(173 746)	2 125 100	7,6%
Specialised loans to legal entities				
Collectively assessed				
Not past due	1 695 245	(53 247)	1 641 998	3,1%
Loans up to 30 days overdue	51 118	(5 590)	45 528	10,9%
Loans over 30 days overdue	92 543	(31 579)	60 964	34,1%
Individually impaired				
Not past due	13 110	(8 449)	4 661	64,4%
Loans up to 30 days overdue	4 499	(3 322)	1 177	73,8%
Loans 31 to 60 days overdue	962	(520)	442	54,1%
Loans 61 to 90 days overdue	7 524	(4 112)	3 412	54,7%
Loans 91 up to 180 days overdue	31 722	(23 600)	8 122	74,4%
Loans over 180 days overdue	161 362	(120 827)	40 535	74,9%
Total specialised loans to legal entities	2 058 085	(251 246)	1 806 839	12,2%
Total loans to legal entities	4 356 931	(424 992)	3 931 939	9,8%

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

5 Loans and Advances to Customers (Continued)

(Unaudited)

In millions of Russian Roubles

	Gross loans	Provision for impairment	Net loans	Provision for impairment to gross loans (%)
Loans to individuals - consumer and other loans				
Collectively assessed				
Not past due	534 024	(7 816)	526 208	1,5%
Loans up to 30 days overdue	6 306	(110)	6 196	1,7%
Loans 31 to 60 days overdue	2 745	(953)	1 792	34,7%
Loans 61 to 90 days overdue	2 079	(1 038)	1 041	49,9%
Loans 91up to 180 days overdue	4 878	(3 366)	1 512	69,0%
Loans over 180 days overdue	27 190	(27 190)	-	100,0%
Total consumer and other loans to individuals	577 222	(40 473)	536 749	7,0%
Mortgage loans to individuals				
Collectively assessed				
Not past due	468 862	(3 324)	465 538	0,7%
Loans up to 30 days overdue	4 822	(73)	4 749	1,5%
Loans 31 to 60 days overdue	2 234	(1 066)	1 168	47,7%
Loans 61 to 90 days overdue	1 811	(1 156)	655	63,8%
Loans 91up to 180 days overdue	4 026	(3 154)	872	78,3%
Loans over 180 days overdue	15 718	(15 718)	-	100,0%
Total mortgage loans to individuals	497 473	(24 491)	472 982	4,9%
Car loans to individuals				
Collectively assessed				
Not past due	97 325	(1 236)	96 089	1,3%
Loans up to 30 days overdue	889	(14)	875	1,6%
Loans 31 to 60 days overdue	427	(185)	242	43,3%
Loans 61 to 90 days overdue	267	(165)	102	61,8%
Loans 91up to 180 days overdue	638	(491)	147	77,0%
Loans over 180 days overdue	1 707	(1 707)	-	100,0%
Total car loans to individuals	101 253	(3 798)	97 455	3,8%
Total loans to individuals	1 175 948	(68 762)	1 107 186	5,8%
Total loans and advances to customers as at 30 September 2009	5 532 879	(493 754)	5 039 125	8,9%

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

5 Loans and Advances to Customers (Continued)

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

In millions of Russian Roubles

	Gross loans	Provision for impairment	Net loans	Provision for impairment to gross loans (%)
Commercial loans to legal entities				
Collectively assessed				
Not past due	2 046 571	(43 763)	2 002 808	2,1%
Loans up to 30 days overdue	13 260	(1 180)	12 080	8,9%
Loans over 30 days overdue	48 871	(23 433)	25 438	47,9%
Individually impaired				
Not past due	9 814	(3 858)	5 956	39,3%
Loans up to 30 days overdue	5 458	(3 459)	1 999	63,4%
Loans 31 to 60 days overdue	4 046	(2 618)	1 428	64,7%
Loans 61 to 90 days overdue	1 632	(839)	793	51,4%
Loans 91up to 180 days overdue	4 196	(2 505)	1 691	59,7%
Loans over 180 days overdue	1 526	(1 053)	473	69,0%
Total commercial loans to legal entities	2 135 374	(82 708)	2 052 666	3,9%
Specialised loans to legal entities				
Collectively assessed				
Not past due	1 774 978	(46 004)	1 728 974	2,6%
Loans up to 30 days overdue	26 390	(2 177)	24 213	8,2%
Loans over 30 days overdue	28 701	(12 152)	16 549	42,3%
Individually impaired				
Not past due	1 601	(682)	919	42,6%
Loans up to 30 days overdue	18 480	(2 926)	15 554	15,8%
Loans 31 to 60 days overdue	27 565	(6 878)	20 687	25,0%
Loans 61 to 90 days overdue	901	(562)	339	62,4%
Loans 91up to 180 days overdue	512	(127)	385	24,8%
Loans over 180 days overdue	4 803	(3 797)	1 006	79,1%
Total specialised loans to legal entities	1 883 931	(75 305)	1 808 626	4,0%
Total loans to legal entities	4 019 305	(158 013)	3 861 292	3,9%

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

5 Loans and Advances to Customers (Continued)

In millions of Russian Roubles

	Gross loans	Provision for impairment	Net loans	Provision for impairment to gross loans (%)
Loans to individuals - consumer and other loans				
Collectively assessed				
Not past due	627 343	(5 406)	621 937	0,9%
Loans up to 30 days overdue	4 772	(48)	4 724	1,0%
Loans 31 to 60 days overdue	2 283	(742)	1 541	32,5%
Loans 61 to 90 days overdue	1 301	(627)	674	48,2%
Loans 91up to 180 days overdue	2 281	(1 484)	797	65,1%
Loans over 180 days overdue	21 770	(21 770)	-	100,0%
Total consumer and other loans to individuals	659 750	(30 077)	629 673	4,6%
Mortgage loans to individuals				
Collectively assessed				
Not past due	482 504	(1 568)	480 936	0,3%
Loans up to 30 days overdue	2 650	(17)	2 633	0,6%
Loans 31 to 60 days overdue	1 710	(766)	944	44,8%
Loans 61 to 90 days overdue	804	(491)	313	61,1%
Loans 91up to 180 days overdue	1 700	(1 262)	438	74,2%
Loans over 180 days overdue	8 507	(8 507)	-	100,0%
Total mortgage loans to individuals	497 875	(12 611)	485 264	2,5%
Car loans to individuals				
Collectively assessed				
Not past due	101 330	(587)	100 743	0,6%
Loans up to 30 days overdue	584	(3)	581	0,5%
Loans 31 to 60 days overdue	299	(120)	179	40,1%
Loans 61 to 90 days overdue	149	(85)	64	57,0%
Loans 91up to 180 days overdue	320	(234)	86	73,1%
Loans over 180 days overdue	555	(555)	-	100,0%
Total car loans to individuals	103 237	(1 584)	101 653	1,5%
Total loans to individuals	1 260 862	(44 272)	1 216 590	3,5%
Total loans and advances to customers as at 31 December 2008	5 280 167	(202 285)	5 077 882	3,8%

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

5 Loans and Advances to Customers (Continued)

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

As at 30 September 2009 the outstanding non-performing loans were as follows:

(Unaudited)

In millions of Russian Roubles

	Gross loans	Provision for impairment	Net loans	Provision for impairment to gross loans (%)
Commercial loans to legal entities	143 627	(81 258)	62 369	56,6%
Specialised loans to legal entities	238 915	(157 758)	81 157	66,0%
Loans to individuals - consumer and other loans	32 068	(30 556)	1 512	95,3%
Mortgage loans to individuals	19 744	(18 872)	872	95,6%
Car loans to individuals	2 345	(2 198)	147	93,7%
Total non-performing loans and advances to customers as at 30 September 2009	436 699	(290 642)	146 057	66,6%

As at 31 December 2008 the outstanding non-performing loans were as follows:

In millions of Russian Roubles

	Gross loans	Provision for impairment	Net loans	Provision for impairment to gross loans (%)
Commercial loans to legal entities	40 662	(17 453)	23 209	42,9%
Specialised loans to legal entities	18 883	(9 320)	9 563	49,4%
Loans to individuals - consumer and other loans	24 051	(23 254)	797	96,7%
Mortgage loans to individuals	10 207	(9 769)	438	95,7%
Car loans to individuals	875	(789)	86	90,2%
Total non-performing loans and advances to customers as at 31 December 2008	94 678	(60 585)	34 093	64,0%

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

(Unaudited)

In millions of Russian Roubles

	Loans to legal entities	Loans to individuals	Total
Provision for loan impairment as at 1 January 2009	158 013	44 272	202 285
Provision for loan impairment during the period	274 743	26 532	301 275
Loans and advances to customers written off during the period as uncollectible	(7 764)	(2 042)	(9 806)
Provision for loan impairment as at 30 September 2009	424 992	68 762	493 754

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

5 Loans and Advances to Customers (Continued)

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

(Unaudited)

In millions of Russian Roubles

	Loans to legal entities	Loans to individuals	Total
Provision for loan impairment as at 1 July 2009	330 011	58 078	388 089
Provision for loan impairment during the period	98 455	11 263	109 718
Loans and advances to customers written off during the period as uncollectible	(3 474)	(579)	(4 053)
Provision for loan impairment as at 30 September 2009	424 992	68 762	493 754

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

(Unaudited)

In millions of Russian Roubles

	Loans to legal entities	Loans to individuals	Total
Provision for loan impairment as at 1 January 2008	77 904	33 584	111 488
Provision for loan impairment during the period	29 198	6 856	36 054
Loans and advances to customers written off during the period as uncollectible	(2 957)	(865)	(3 822)
Provision for loan impairment as at 30 September 2008	104 145	39 575	143 720

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

(Unaudited)

In millions of Russian Roubles

	Loans to legal entities	Loans to individuals	Total
Provision for loan impairment as at 1 July 2008	89 175	37 376	126 551
Provision for loan impairment during the period	16 242	2 534	18 776
Loans and advances to customers written off during the period as uncollectible	(1 272)	(335)	(1 607)
Provision for loan impairment as at 30 September 2008	104 145	39 575	143 720

At 30 September 2009 the Group had 20 borrowers with aggregated loan amounts above RR 27 800 million (31 December 2008: 20 borrowers with loan amounts above RR 25 900 million). The total aggregate amount of these loans was RR 1 292 312 million or 23.3% of the total gross loan portfolio (31 December 2008: RR 1 179 644 million or 22.3%).

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

6 Due to Individuals and Legal Entities

<i>In millions of Russian Roubles</i>	30 September 2009 (Unaudited)	31 December 2008
Individuals:		
- Current/demand accounts	412 310	395 090
- Term deposits	3 006 529	2 717 102
Total due to individuals	3 418 839	3 112 102
State and public organisations:		
- Current/settlement accounts	89 029	160 540
- Term deposits	42 344	58 914
Total due to state and public organisations	131 373	219 454
Other legal entities:		
- Current/settlement accounts	891 908	850 621
- Term deposits	536 122	613 055
Total due to other legal entities	1 428 030	1 463 676
Total due to legal entities	1 559 403	1 683 130
Total due to individuals and legal entities	4 978 242	4 795 232

As at 30 September 2009 in term deposits of other legal entities are included deposits in the amount of RR 1 707 million (31 December 2008: nil) received under sale and repurchase agreements with legal entities. The fair value of securities sold under these agreements in the amount of RR 1 821 million is included in Securities pledged under repurchase agreements in the condensed interim consolidated statement of financial position of the Group.

7 Other Borrowed Funds

<i>In millions of Russian Roubles</i>	30 September 2009 (Unaudited)	31 December 2008
Long-term loans received	149 815	153 531
Term borrowings	6 253	5 549
Total other borrowed funds	156 068	159 080

During the nine months ended 30 September 2009 the Group repurchased the part of its long-term loans, received under loan participation notes (MTN) issuance programme, recognised at amortised cost of RR 8 198 million. The transaction was organised as a buying-out of loan participation notes issued for the sole purpose of financing loans to the Group, from the market. As a result of this transaction the Group has received a net gain in the amount of RR 627 million included in other operating income.

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

8 Subordinated debt

<i>In millions of Russian Roubles</i>	30 September 2009 (Unaudited)	31 December 2008
Subordinated debt received by the Group from the Bank of Russia	534 313	504 634
Subordinated debt received by the Group on international financial markets	17 741	30 012
Subordinated debt received by subsidiaries	1 316	1 575
Total subordinated debt	553 370	536 221

During the nine months ended 30 September 2009 the Group repurchased the part of its subordinated loan recognised at amortised cost of RR 13 380 million. The transaction was organised as a buying-out of loan participation notes issued by UBS Luxembourg S.A. for the sole purpose of financing a ten-year subordinated loan to the Group, from the market. As a result of this transaction the Group has received a net gain in the amount of RR 996 million included in other operating income.

9 Interest Income and Expense

<i>In millions of Russian Roubles</i>	Nine months ended 30 September		Three months ended 30 September	
	2009 (Unaudited)	2008 (Unaudited)	2009 (Unaudited)	2008 (Unaudited)
Interest income				
Loans and advances to customers	568 422	414 797	191 386	154 401
Debt investment securities available for sale	25 865	4 419	10 874	2 499
Debt securities designated at fair value through profit or loss	5 555	10 786	1 681	3 195
Due from other banks	5 127	2 405	1 286	804
Debt trading securities	5 050	8 391	1 766	2 205
Correspondent accounts with other banks	527	497	309	102
Total interest income	610 546	441 295	207 302	163 206
Interest expense				
Term deposits of individuals	135 595	114 657	47 321	39 817
Term deposits of legal entities	36 484	31 290	10 939	13 822
Subordinated debt	31 119	1 129	10 182	382
Term placements of other banks	10 484	3 100	541	1 732
Current/settlement accounts of legal entities	8 790	9 680	2 898	3 152
Debt securities in issue	6 733	7 617	2 365	2 903
Other borrowed funds	4 261	3 755	1 308	1 227
Current/demand accounts of individuals	959	1 876	370	712
Correspondent accounts of other banks	393	585	165	198
Total interest expense	234 818	173 689	76 089	63 945
Net interest income	375 728	267 606	131 213	99 261

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

10 Fee and Commission Income and Expense

<i>In millions of Russian Roubles</i>	Nine months ended 30 September		Three months ended 30 September	
	2009 (Unaudited)	2008 (Unaudited)	2009 (Unaudited)	2008 (Unaudited)
Fee and commission income				
Cash and settlements transactions with legal entities	26 158	23 239	9 659	8 749
Cash and settlements transactions with individuals	24 506	21 228	8 756	7 415
Plastic cards operations	12 435	10 297	4 532	3 982
Operations with foreign currency	5 992	3 542	1 892	1 364
Cash collection	2 935	2 610	1 074	963
Guarantees issued	1 029	980	263	535
Transactions with securities	825	447	479	136
Other	1 158	445	507	145
Total fee and commission income	75 038	62 788	27 162	23 289
Fee and commission expense				
Settlement transactions	2 569	2 270	945	830
Operations with foreign currency	160	100	33	33
Cash collection	114	83	40	33
Other	322	228	93	101
Total fee and commission expense	3 165	2 681	1 111	997
Net fee and commission income	71 873	60 107	26 051	22 292

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

<i>In millions of Russian Roubles</i>	Nine months ended 30 September		Three months ended 30 September	
	2009 (Unaudited)	2008 (Unaudited)	2009 (Unaudited)	2008 (Unaudited)
Net gains arising from trading in foreign currencies	10 413	5 291	2 935	1 922
Net foreign exchange translation gains/ (losses)	8 488	3 914	(8 290)	7 861
Net (losses)/ gains from operations with foreign currency derivatives	(4 954)	(4 106)	10 042	(7 645)
Total net gains arising from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation gains	13 947	5 099	4 687	2 138

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

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

12 Disclosure of Components of Other Comprehensive Income

<i>In millions of Russian Roubles</i>	Nine months ended 30 September		Three months ended 30 September	
	2009 (Unaudited)	2008 (Unaudited)	2009 (Unaudited)	2008 (Unaudited)
Investment securities available for sale:				
- Gains / (losses) on revaluation of securities	25 682	(13 937)	19 673	(13 203)
- Impairment of investment securities available for sale transferred to Income statement	2 285	1 821	874	1 821
- Accumulated (gains)/ losses reclassified to profit or loss upon disposal of securities	(217)	(1 087)	(29)	1
Foreign currency translation losses, net of gains	(1 454)	670	(607)	670
Other comprehensive income for the reporting period before tax	26 296	(12 533)	19 911	(10 711)
Deferred income tax relating to components of other comprehensive income:				
- Investment securities available for sale	(5 537)	3 169	(4 091)	2 732
Other comprehensive income for the reporting period, net of tax	20 759	(9 364)	15 820	(7 979)

13 Earnings per Share

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

<i>In millions of Russian Roubles</i>	Nine months ended 30 September		Three months ended 30 September	
	2009 (Unaudited)	2008 (Unaudited)	2009 (Unaudited)	2008 (Unaudited)
Profit for the reporting period	10 256	90 242	4 246	23 230
Less: preference dividends	(630)	(650)	-	-
Profit attributable to the Bank's ordinary shareholders	9 626	89 592	4 246	23 230
Weighted average number of ordinary shares in issue (millions)	21 585	21 585	21 585	21 585
Basic and diluted earnings per ordinary share (expressed in RR per share)	0.45	4.15	0.20	1.08

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

14 Dividends

<i>In millions of Russian Roubles</i>	Nine months ended 30 September 2009 (Unaudited)		Nine months ended 30 September 2008 (Unaudited)	
	Ordinary	Preference	Ordinary	Preference
Dividends payable at 1 January	113	29	100	23
Dividends declared during the nine months ended 30 September	10 362	630	11 009	650
Dividends paid during the nine months ended 30 September	(10 359)	(623)	(10 987)	(641)
Dividends payable as at 30 September	116	36	122	32
Dividends per share declared during the reporting period (RR per share)	0.48	0.63	0.51	0.65

All dividends are declared and paid in Russian Roubles.

15 Segment Analysis

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

- **Moscow;**

this segment includes the following:

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

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

this segment includes the following:

Regional head offices:

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

Subsidiaries of the Group located in the region.

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

this segment includes the following:

Regional head offices:

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

Subsidiaries of the Group located in the region.

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

15 Segment Analysis (Continued)

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

this segment includes the following:

Regional head offices:

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

Subsidiaries of the Group located in the region.

- **Other countries**

this segment includes the following:

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

The management of the Group analyses operating results of every segment of activity for the purposes of making decision about allocation of recourses 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 September 2009 is as follows:

<i>(Unaudited)</i> <i>In millions of Russian</i> <i>Roubles</i>	Moscow	Central and Northern regions of European part of Russia	Volga region and South of European part of Russia	Ural, Siberia and Far East of Russia	Other countries	Total
TOTAL ASSETS	2 993 547	1 241 568	1 061 679	1 414 721	58 539	6 770 054
TOTAL LIABILITIES	2 496 031	1 308 322	922 920	1 174 558	47 181	5 949 012

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

15 Segment Analysis (Continued)

Segment reporting of the Group's assets and liabilities as at 31 December 2008 is as follows:

<i>In millions of Russian Roubles</i>	Moscow	Central and Northern regions of European part of Russia	Volga region and South of European part of Russia	Ural, Siberia and Far East of Russia	Other countries	Total
TOTAL ASSETS	2 965 059	1 252 290	1 040 410	1 451 556	42 370	6 751 685
TOTAL LIABILITIES	2 767 683	1 224 758	853 000	1 100 816	29 910	5 976 167

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

<i>(Unaudited) In millions of Russian Roubles</i>	Moscow	Central and Northern regions of European part of Russia	Volga region and South of European part of Russia	Ural, Siberia and Far East of Russia	Other countries	Total
Interest income	206 425	117 343	102 479	144 142	4 144	574 533
Interest expense	(114 180)	(45 273)	(32 519)	(41 763)	(1 533)	(235 268)
Inter-segment income and expense	16 992	9 593	(8 267)	(18 318)	-	-
Fee and commission income	23 042	26 754	22 208	30 120	853	102 977
Fee and commission expense	(2 421)	(131)	(262)	(263)	(61)	(3 138)
Net gains/ (losses) arising from securities	985	-	-	-	(285)	700
Net gains arising from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation gains	111	3 698	2 951	2 318	488	9 566
Net (losses)/ gains arising from operations with precious metals	(642)	632	539	910	-	1 439
Other net operating (losses)/ gains	(14 030)	159	140	521	61	(13 149)
Operating income before provision for loan impairment	116 282	112 775	87 269	117 667	3 667	437 660
Provision for loan impairment	(99 510)	(43 248)	(36 161)	(64 803)	(6 613)	(250 335)
Operating income/ (expense)	16 772	69 527	51 108	52 864	(2 946)	187 325
Administrative and other operating expenses	(40 356)	(35 378)	(34 203)	(44 044)	(1 892)	(155 873)
Profit/ (loss) before tax (Segment result)	(23 584)	34 149	16 905	8 820	(4 838)	31 452

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

15 Segment Analysis (Continued)

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

<i>(Unaudited)</i> <i>In millions of Russian</i> <i>Roubles</i>	Moscow	Central and Northern regions of European part of Russia	Volga region and South of European part of Russia	Ural, Siberia and Far East of Russia	Other countries	Total
Interest income	68 068	41 005	35 311	49 206	1 395	194 985
Interest expense	(33 981)	(15 948)	(11 304)	(14 381)	(542)	(76 156)
Inter-segment income and expense	2 868	4 228	(1 951)	(5 348)	203	-
Fee and commission income	7 848	9 612	8 280	11 125	361	37 226
Fee and commission expense	(843)	(51)	(94)	(105)	(8)	(1 101)
Net gains/ (losses) arising from securities	663	-	-	-	(344)	319
Net gains/ (losses) arising from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation gains	7 738	666	475	289	(1 169)	7 999
Net gains arising from operations with precious metals	114	140	114	229	-	597
Other net operating losses	(1 043)	(2 146)	(267)	(2 240)	(1 239)	(6 935)
Operating income/ (expense) before provision for loan impairment	51 432	37 506	30 564	38 775	(1 343)	156 934
Provision for loan impairment	(31 629)	(20 449)	(17 912)	(23 407)	(2 360)	(95 757)
Operating income/ (expense)	19 803	17 057	12 652	15 368	(3 703)	61 177
Administrative and other operating expenses	(15 515)	(12 424)	(12 068)	(16 064)	(350)	(56 421)
Profit/ (loss) before tax (Segment result)	4 288	4 633	584	(696)	(4 053)	4 756

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

15 Segment Analysis (Continued)

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

<i>(Unaudited)</i> In millions of Russian Roubles	Moscow	Central and Northern regions of European part of Russia	Volga region and South of European part of Russia	Ural, Siberia and Far East of Russia	Other countries	Total
Interest income	144 018	84 744	74 469	107 464	2 503	413 198
Interest expense	(75 574)	(36 624)	(26 615)	(34 030)	(762)	(173 605)
Inter-segment income and expense	5 375	5 806	(2 221)	(8 960)	-	-
Fee and commission income	22 379	24 608	20 804	28 462	455	96 708
Fee and commission expense	(2 039)	(129)	(224)	(234)	(55)	(2 681)
Net (losses)/ gains arising from securities	(10 745)	103	(1)	(63)	-	(10 706)
Net gains arising from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation gains	7 244	1 457	1 083	786	105	10 675
Net (losses)/ gains arising from operations with precious metals	(2 281)	613	472	694	-	(502)
Other net operating (losses)/ gains	(642)	49	427	578	(630)	(218)
Operating income before provision for loan impairment	87 735	80 627	68 194	94 697	1 616	332 869
Provision for loan impairment	(22 161)	(5 531)	(3 085)	(4 922)	(589)	(36 288)
Operating income	65 574	75 096	65 109	89 775	1 027	296 581
Administrative and other operating expenses	(43 312)	(36 281)	(33 744)	(46 848)	(833)	(161 018)
Profit before tax (Segment result)	22 262	38 815	31 365	42 927	194	135 563

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

15 Segment Analysis (Continued)

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

<i>(Unaudited)</i> In millions of Russian Roubles	Moscow	Central and Northern regions of European part of Russia	Volga region and South of European part of Russia	Ural, Siberia and Far East of Russia	Other countries	Total
Interest income	53 984	29 653	27 752	40 471	1 168	153 028
Interest expense	(28 986)	(13 120)	(9 336)	(12 139)	(362)	(63 943)
Inter-segment income and expense	4 607	2 496	(2 211)	(4 945)	53	-
Fee and commission income	9 678	8 988	7 836	10 621	151	37 274
Fee and commission expense	(763)	(49)	(74)	(87)	(23)	(996)
Net losses arising from securities	(9 271)	-	(1)	-	-	(9 272)
Net gains arising from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation gains	6 408	374	379	273	35	7 469
Net (losses)/ gains arising from operations with precious metals	(2 630)	179	126	225	-	(2 100)
Other net operating gains /(losses)	399	(964)	(155)	130	(656)	(1 246)
Operating income before provision for loan impairment	33 426	27 557	24 316	34 549	366	120 214
Provision for loan impairment	(13 518)	(1 903)	(1 744)	(2 791)	(286)	(20 242)
Operating income	19 908	25 654	22 572	31 758	80	99 972
Administrative and other operating expenses	(16 506)	(11 236)	(12 189)	(16 838)	(387)	(57 156)
Profit/ (loss) before tax (Segment result)	3 402	14 418	10 383	14 920	(307)	42 816

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

15 Segment Analysis (Continued)

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

<i>In millions of Russian Roubles</i>	Nine months ended 30 September		Three months ended 30 September	
	2009 (Unaudited)	2008 (Unaudited)	2009 (Unaudited)	2008 (Unaudited)
Total profit of reportable segments before tax	31 452	135 563	4 756	42 816
Adjustment of provisions	(31 145)	2 798	(4 745)	3 125
Staff expenses accrued related to the reporting period (bonuses, annual leave, pension liabilities)	(5 309)	(791)	2 183	911
Differences arising on securities' classification	9 896	(6 701)	5 874	(6 665)
Deffered commission income	(80)	(6 860)	442	(3 736)
Accounting of derivatives at fair value	4 299	(3 481)	(3 253)	(3 890)
Additional interest accrued on loans	8 438	2 212	2 058	496
Adjustment of depreciation and cost of premises and equipment	(1 983)	(252)	(740)	176
Accounting of financial result related to repurchasing of a part of the Group's long-term loans	1 623	-	146	-
Other adjustments	(4 835)	(3 810)	(1 424)	(2 031)
The Group's profit before tax under IFRS	12 356	118 678	5 297	31 202

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

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

16 Financial Risk Management

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

The Group's risk management policies and procedures are consistent with those disclosed in the annual consolidated financial statements of the Group for the year ended 31 December 2008.

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

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

16 Financial Risk Management (Continued)

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

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

(Unaudited)

In millions of Russian Roubles

	Russian Roubles	USD	Euro	Other	Total
Assets					
Cash and cash equivalents	239 689	62 687	198 946	41 429	542 751
Mandatory cash balances with the Bank of Russia	40 559	-	-	-	40 559
Debt trading securities	61 988	25 141	50	-	87 179
Debt securities designated at fair value through profit or loss	96 606	-	-	-	96 606
Due from other banks	-	828	-	-	828
Loans and advances to customers	4 204 248	716 891	103 074	14 912	5 039 125
Securities pledged under repurchase agreements	1 814	-	-	7	1 821
Debt investment securities available for sale	349 530	110 405	26 626	6 982	493 543
Other financial assets (less fair value of derivatives)	19 814	8 353	1 299	20	29 486
Total monetary assets	5 014 248	924 305	329 995	63 350	6 331 898
Liabilities					
Due to other banks	29 989	17 982	9 939	1 691	59 601
Due to individuals	2 780 940	267 581	315 833	54 485	3 418 839
Due to legal entities	1 037 279	341 909	154 817	25 398	1 559 403
Debt securities in issue	103 398	2 203	2 793	-	108 394
Other borrowed funds	-	152 762	2 085	1 221	156 068
Other financial liabilities (less fair value of derivatives)	26 272	1 726	410	384	28 792
Subordinated debt	534 313	17 941	-	1 116	553 370
Total monetary liabilities	4 512 191	802 104	485 877	84 295	5 884 467
Net monetary assets/(liabilities)	502 057	122 201	(155 882)	(20 945)	447 431
Notional position on currency and precious metals derivatives	60 933	(208 470)	152 234	(2 104)	2 593
Credit related commitments	347 577	277 628	114 902	23 111	763 218

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

16 Financial Risk Management (Continued)

The table below summarises the Group's risk exposure to foreign currency exchange rate risk in respect of monetary assets, liabilities and off-balance sheet notional position as at 31 December 2008:

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

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

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

16 Financial Risk Management (Continued)

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

(Unaudited)

<i>In millions of Russian Roubles</i>	Demand and less than 1 month	From 1 to 6 months	From 6 to 12 months	From 1 to 3 years	More than 3 years	No stated maturity	Total
Assets							
Cash and cash equivalents	542 751	-	-	-	-	-	542 751
Mandatory cash balances with the Bank of Russia	4 639	8 069	3 553	7 997	16 301	-	40 559
Trading securities	88 540	-	-	-	-	-	88 540
Securities designated at fair value through profit or loss	101 923	-	-	-	-	-	101 923
Due from other banks	-	-	828	-	-	-	828
Loans and advances to customers	349 638	844 851	916 451	1 535 329	1 392 856	-	5 039 125
Securities pledged under repurchase agreements	1	6	-	-	-	1 814	1 821
Investment securities available for sale	6 623	13 076	46 628	138 991	298 070	8 478	511 866
Premises and equipment	-	-	-	-	-	256 470	256 470
Other assets	36 440	18 787	11 041	17 068	3 686	36 869	123 891
Total assets	1 130 555	884 789	978 501	1 699 385	1 710 913	303 631	6 707 774
Liabilities							
Due to other banks	59 067	294	29	104	107	-	59 601
Due to individuals	63 514	241 769	267 234	854 570	1 991 752	-	3 418 839
Due to legal entities	518 161	747 219	170 868	123 155	-	-	1 559 403
Debt securities in issue	38 580	55 210	9 972	4 632	-	-	108 394
Other borrowed funds	-	45 469	479	80 863	29 257	-	156 068
Deferred income tax liability	-	-	-	-	-	12 816	12 816
Other liabilities	40 158	19 586	879	1 175	2 608	4 632	69 038
Subordinated debt	-	613	-	502	552 255	-	553 370
Total liabilities	719 480	1 110 160	449 461	1 065 001	2 575 979	17 448	5 937 529
Net liquidity surplus/(gap)	411 075	(225 371)	529 040	634 384	(865 066)	286 183	770 245
Cumulative liquidity surplus at 30 September 2009	411 075	185 704	714 744	1 349 128	484 062	770 245	-

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

16 Financial Risk Management (Continued)

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

<i>In millions of Russian Roubles</i>	Demand and less than 1 month	From 1 to 6 months	From 6 to 12 months	From 1 to 3 years	More than 3 years	No stated maturity	Total
Assets							
Cash and cash equivalents	803 749	-	-	-	-	-	803 749
Mandatory cash balances with the Bank of Russia	855	1 604	788	1 532	2 864	-	7 643
Trading securities	78 603	-	-	-	-	-	78 603
Securities designated at fair value through profit or loss	130 503	-	-	-	-	-	130 503
Due from other banks	2 058	698	-	-	-	-	2 756
Loans and advances to customers	275 743	973 510	1 038 260	1 432 780	1 357 589	-	5 077 882
Investment securities available for sale	75	7 426	8 892	52 061	205 241	10 877	284 572
Premises and equipment	-	-	-	-	-	251 478	251 478
Other assets	64 714	15 497	2 044	8 370	586	8 085	99 296
Total assets	1 356 300	998 735	1 049 984	1 494 743	1 566 280	270 440	6 736 482
Liabilities							
Due to other banks	302 068	122	8	177	164	-	302 539
Due to individuals	65 853	223 189	246 610	784 904	1 791 546	-	3 112 102
Due to legal entities	475 141	782 598	249 900	175 425	66	-	1 683 130
Debt securities in issue	32 116	52 208	23 569	31 001	8	-	138 902
Other borrowed funds	-	21	44 453	81 307	33 299	-	159 080
Deferred income tax liability	-	-	-	-	-	10 516	10 516
Other liabilities	27 162	8 555	177	136	262	7 538	43 830
Subordinated debt	-	-	-	-	536 221	-	536 221
Total liabilities	902 340	1 066 693	564 717	1 072 950	2 361 566	18 054	5 986 320
Net liquidity surplus/(gap)	453 960	(67 958)	485 267	421 793	(795 286)	252 386	750 162
Cumulative liquidity surplus at 31 December 2008	453 960	386 002	871 269	1 293 062	497 776	750 162	-

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

16 Financial Risk Management (Continued)

A substantial part of the Group's customer accounts is represented by current accounts and deposits on demand. Management believes that diversification of these funds by number and type of depositors and the past experience of the Group indicate that such accounts and deposits provide a long-term and stable source of funding, and as a result they are allocated per remaining expected maturity in the tables above on the basis of statistical data accumulated by the Group during the previous periods.

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

17 Related Party Transactions

For the purposes of these condensed interim consolidated financial statements, parties are considered to be related if one party has the ability to control the other party, is under common control, or can exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

The Group's principal shareholder is the Bank of Russia (refer to Note 1). Disclosures are made in Note 18 for transactions with state-controlled entities and government bodies.

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

<i>In millions of Russian Roubles</i>	Note	30 September 2009 (Unaudited)	31 December 2008
Assets			
Cash and cash equivalents		70 529	82 028
Mandatory cash balances with the Bank of Russia		40 559	7 643
Other assets		125	-
Liabilities			
Due to other banks		-	233 317
Subordinated debt	8	534 313	504 634

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

<i>In millions of Russian Roubles</i>	Nine months ended 30 September		Three months ended 30 September	
	2009 (Unaudited)	2008 (Unaudited)	2009 (Unaudited)	2008 (Unaudited)
Interest income	1 299	1 213	880	99
Interest expense	(8 270)	(1 259)	(379)	(883)
Interest expense on subordinated debt	(29 679)	-	(9 850)	-
Net gains arising from trading securities	-	96	-	-
Net losses arising from investment securities available for sale	-	(43)	-	-
Other operating expenses	(587)	(550)	(230)	(213)

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

17 Related Party Transactions (Continued)

For the nine months period ended 30 September 2009, remuneration of the members of the key management personnel comprised salaries and bonuses totalling RR 302 million (the nine months period ended 30 September 2008: RR 662 million). For the three months period ended 30 September 2009, remuneration of the members of the key management personnel comprised salaries and bonuses totalling RR 111 million (the three months period ended 30 September 2008: RR 233 million).

18 Operations with State-Controlled Entities and Government Bodies

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

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

	30 September 2009 (Unaudited)		31 December 2008	
	100% owned State subsidiaries and government bodies	Entities where the State controls over 50% of share capital	100% owned State subsidiaries and government bodies	Entities where the State controls over 50% of share capital
<i>In millions of Russian Roubles</i>				
Cash and cash equivalents	20 283	1 713	1	2 149
Trading securities	70 367	7 426	65 160	4 500
Securities designated at fair value through profit or loss	93 359	2 631	122 055	1 607
Gross amount of loans and advances to customers	295 697	253 528	286 180	155 033
Impairment for loans and advances to customers	(9 576)	(11 363)	(4 232)	(2 220)
Securities pledged under repurchase agreements	-	1 212	-	-
Investment securities available for sale	329 777	51 036	230 158	9 806
Other assets	-	211	-	-
Due to other banks	-	602	-	8 203
Due to legal entities	149 969	77 537	222 682	40 423
Other liabilities	203	99	-	-

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

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

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

	Nine months ended 30 September 2009		Nine months ended 30 September 2008	
	100% owned State subsidiaries and government bodies	Entities where the State controls over 50% of share capital	100% owned State subsidiaries and government bodies	Entities where the State controls over 50% of share capital
<i>(Unaudited)</i>				
<i>In millions of Russian Roubles</i>				
Interest income	60 081	24 332	36 426	7 422
Interest expense	(9 367)	(2 590)	(8 094)	(2 671)
(Provision)/ recovery of provision for loan impairment	(5 344)	(9 143)	(1 108)	225
Net gains/ (losses) arising from trading securities	5 270	827	(8 574)	(298)
Net (losses)/ gains arising from securities designated at fair value through profit or loss	(91)	1 470	(5 116)	(735)
Net gains arising from investment securities available for sale	1 520	6 624	-	362
Fee and commission income	2 941	657	1 848	314
Net (losses)/ gains arising from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation gains	(203)	112	-	-

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

	Three months ended 30 September 2009		Three months ended 30 September 2008	
	100% owned State subsidiaries and government bodies	Entities where the State controls over 50% of share capital	100% owned State subsidiaries and government bodies	Entities where the State controls over 50% of share capital
<i>(Unaudited)</i>				
<i>In millions of Russian Roubles</i>				
Interest income	21 013	7 731	12 659	2 434
Interest expense	(3 758)	(1 300)	(4 531)	(1 801)
(Provision)/ recovery of provision for loan impairment	(2 959)	(77)	(800)	147
Net gains/ (losses) arising from trading securities	3 183	364	(7 225)	(273)
Net gains/ (losses) arising from securities designated at fair value through profit or loss	956	791	(4 295)	(1 216)
Net gains arising from investment securities available for sale	1 501	6 624	-	74
Fee and commission income	1 120	23	630	93
Net (losses)/ gains arising from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation gains	(123)	112	-	-

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

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

Transactions with the State also include taxes. Income tax expense attributable to operations taxable in the Russian Federation amounted to RR 2 783 million for the nine months period ended 30 September 2009 and RR 1 266 million for the three months period ended 30 September 2009 (RR 28 326 million for the nine months period ended 30 September 2008 and RR 7 923 million for the three months period ended 30 September 2008).

19 Capital Adequacy Ratio

As at 30 September 2009 and 31 December 2008, Capital Adequacy Ratios calculated by the Group in accordance with the International Convergence of Capital Measurement and Capital Standards (July 1988, updated to November 2005) and Amendment to the Capital Accord to incorporate market risks (updated November 2005), commonly known as Basel requirements, were as follows:

<i>In millions of Russian Roubles</i>	30 September 2009 (Unaudited)	31 December 2008
Tier 1 capital		
Share capital	87 742	87 742
Share premium	232 553	232 493
Retained earnings	389 149	388 030
Total Tier 1 capital	709 444	708 265
Tier 2 capital		
Revaluation reserve for premises	73 126	74 981
Fair value reserve for investment securities available for sale	(6 035)	(33 185)
Foreign currency translation reserve	(1 353)	101
Subordinated capital	354 722	354 133
Total Tier 2 capital	420 460	396 030
Total capital	1 129 904	1 104 295
Risk weighted assets (RWA)		
Credit risk	5 799 216	5 689 866
Market risk	208 912	152 588
Total risk weighted assets (RWA)	6 008 127	5 842 454
Core capital adequacy ratio (Total Tier 1 capital to Total RWA)	11.8%	12.1%
Total capital adequacy ratio (Total capital to Total RWA)	18.8%	18.9%

20 Subsequent events

In October 2009 the Group acquired 33% share in the Russian-based JSC “Russian Auction House”.

In November 2009 under the settlement of the loan to the Group’s borrower, Russian oil company “OOO Urals Energy”, the Group repossessed 35.33% share in oil company “OOO Taas-Yuriah neftegazodobycha”.

As of September 30, 2009 the management of the Group has signed preliminary agreements which allow the Group to obtain control over companies involved in retail and real estate business. Under these agreements, certain conditions precedent have to be achieved. As of the date of issue of this condensed interim consolidated financial statements the key conditions of the above-mentioned agreements have been met; it’s probable that the deal will be completed in December 2009.