

Sberbank of Russia

Condensed Interim Consolidated Financial Statements and
Review Report

30 September 2011

Condensed Interim Consolidated Financial Statements and Review Report

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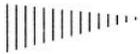
Review Report

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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 September 2011 and the related condensed interim consolidated income statement and statement of comprehensive income for the three- and nine-month periods then ended, condensed interim consolidated statements of changes in equity and of cash flows for the nine-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.

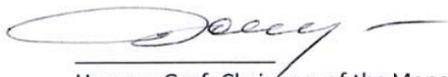
CJSC Ernst & Young Vneshaudit

28 November 2011

Condensed Interim Consolidated Statement of Financial Position

<i>In millions of Russian Roubles</i>	Note	30 September 2011 (Unaudited)	31 December 2010
ASSETS			
Cash and cash equivalents		646 675	719 601
Mandatory cash balances with central banks		90 836	51 678
Trading securities	5	59 915	66 168
Securities designated at fair value through profit or loss	6	74 307	106 875
Due from other banks		27 824	13 035
Loans and advances to customers	7	6 652 811	5 489 387
Securities pledged under repurchase agreements	8	49 575	81 493
Investment securities available for sale	9	935 166	1 210 921
Investment securities held to maturity	10	407 479	358 191
Deferred income tax asset		7 224	7 518
Premises and equipment		296 491	283 756
Other financial assets	11	115 361	115 436
Other non-financial assets	11	181 847	124 468
TOTAL ASSETS		9 545 511	8 628 527
LIABILITIES			
Due to other banks		130 338	134 668
Due to individuals	12	5 258 507	4 834 459
Due to corporate customers	12	1 968 302	1 816 672
Debt securities in issue	13	279 170	272 699
Other borrowed funds		232 728	171 255
Deferred income tax liability		10 273	15 921
Other financial liabilities	14	100 819	49 174
Other non-financial liabilities	14	67 099	42 999
Subordinated debt		318 147	303 513
TOTAL LIABILITIES		8 365 383	7 641 360
EQUITY			
Share capital		87 742	87 742
Share premium		232 553	232 553
Revaluation reserve for office premises		52 212	53 648
Fair value reserve for investment securities available for sale		(13 808)	24 431
Foreign currency translation reserve		(4 685)	(1 136)
Retained earnings		822 387	585 819
Total equity attributable to shareholders of the Bank		1 176 401	983 057
Non-controlling interest		3 727	4 110
TOTAL EQUITY		1 180 128	987 167
TOTAL LIABILITIES AND EQUITY		9 545 511	8 628 527

Approved for issue and signed on behalf of the Management Board on 28 November 2011.



Herman Gref, Chairman of the Management Board and CEO

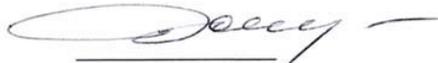


Andrey Kruzhalov, Chief Accountant

Condensed Interim Consolidated Income Statement

<i>(Unaudited)</i> <i>In millions of Russian Roubles</i>	Note	Nine months ended 30 September		Three months ended 30 September	
		2011	2010	2011	2010
Interest income	15	615 182	589 951	213 324	190 214
Interest expense	15	(198 422)	(229 206)	(65 449)	(73 468)
Net interest income		416 760	360 745	147 875	116 746
Net recovery of provision / (net provision charge) for loan impairment	7	16 804	(149 995)	(5 428)	(39 671)
Net interest income after recovery of provision/ provision charge for loan impairment		433 564	210 750	142 447	77 075
Fee and commission income	16	107 374	92 776	38 535	33 176
Fee and commission expense	16	(7 538)	(4 802)	(2 818)	(2 025)
Net (losses)/gains arising from trading securities		(2 163)	5 132	(2 294)	2 184
Net (losses)/gains arising from securities designated at fair value through profit or loss		(303)	8 190	968	285
Net gains arising from investment securities available for sale		10 250	7 538	1 801	9 385
Impairment of investment securities available for sale		(2 143)	-	(2 143)	-
Net gains arising from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation	17	4 619	8 631	913	1 526
Net gains/(losses) arising from operations with precious metals and precious metals derivatives		1 643	483	(686)	882
Net gains/(losses) arising from operations with other derivatives		3 372	229	4 864	(42)
Provision charge for impairment of other assets		(1 361)	(3 951)	(578)	(1 398)
Other operating income		25 576	8 033	8 077	3 024
Operating income		572 890	333 009	189 086	124 072
Operating expenses	18	(254 249)	(195 673)	(89 323)	(67 318)
Profit before tax		318 641	137 336	99 763	56 754
Income tax expense		(62 890)	(27 729)	(20 140)	(11 464)
Profit for the reporting period		255 751	109 607	79 623	45 290
Attributable to:					
- shareholders of the Bank		256 275	109 941	79 823	45 752
- non-controlling interest		(524)	(334)	(200)	(462)
Earnings per ordinary share for profit attributable to the shareholders of the Bank, basic and diluted	19	11.82	5.07	3.70	2.12
(expressed in RR per share)					

Approved for issue and signed on behalf of the Management Board on 28 November 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> <i>In millions of Russian Roubles</i>	Nine months ended 30 September		Three months ended 30 September	
	2011	2010	2011	2010
Profit for the reporting period recognised in the income statement	255 751	109 607	79 623	45 290
Components of other comprehensive income:				
Investment securities available for sale:				
- Net (losses)/ gains on revaluation of investment securities available for sale	(39 653)	41 470	(43 433)	14 642
- Impairment of investment securities available for sale transferred to Income statement	2 143	-	2 143	-
- Accumulated gains transferred to Income statement upon disposal of securities	(10 250)	(7 538)	(1 801)	(9 385)
Net foreign currency translation (losses)/gains	(3 607)	(313)	2 203	(766)
Deferred income tax relating to components of other comprehensive income:				
- Investment securities available for sale	9 517	(6 745)	8 592	(1 008)
Total components of other comprehensive income for the reporting period, net of tax	(41 850)	26 874	(32 296)	3 483
Total comprehensive income for the reporting period	213 901	136 481	47 327	48 773
Attributable to:				
- shareholders of the Bank	214 487	136 829	47 485	49 265
- non-controlling interest	(586)	(348)	(158)	(492)



Condensed Interim Consolidated Statement of Changes in Equity

	Note	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		Non-controlling interest	
<i>In millions of Russian Roubles</i>											
Balance as at 1 January 2010		87 742	232 553	55 540	(598)	(1 009)	403 934	778 162	774	778 936	
Changes in equity for the nine months ended 30 September 2010 (Unaudited)											
Dividends declared	20	-	-	-	-	-	(2 177)	(2 177)	-	(2 177)	
Amortisation of revaluation reserve for office premises, net of tax		-	-	(1 478)	-	-	1 478	-	-	-	
Acquisition of subsidiaries and single-asset company		-	-	-	-	-	-	-	2 321	2 321	
Acquisition of non-controlling interests in subsidiaries		-	-	-	-	-	-	-	(367)	(367)	
Total comprehensive income recognised for the nine months ended 30 September 2010		-	-	-	27 186	(298)	109 941	136 829	(348)	136 481	
Balance as at 30 September 2010 (Unaudited)		87 742	232 553	54 062	26 588	(1 307)	513 176	912 814	2 380	915 194	
Balance as at 1 January 2011		87 742	232 553	53 648	24 431	(1 136)	585 819	983 057	4 110	987 167	
Changes in equity for the nine months ended 30 September 2011 (Unaudited)											
Dividends declared	20	-	-	-	-	-	(21 010)	(21 010)	-	(21 010)	
Amortisation of revaluation reserve for office premises, net of tax		-	-	(1 436)	-	-	1 436	-	-	-	
Acquisition of subsidiaries		-	-	-	-	-	-	-	70	70	
Acquisition of non-controlling interests in subsidiaries		-	-	-	-	-	(133)	(133)	133	-	
Total comprehensive income recognised for the nine months ended 30 September 2011		-	-	-	(38 239)	(3 549)	256 275	214 487	(586)	213 901	
Balance as at 30 September 2011 (Unaudited)		87 742	232 553	52 212	(13 808)	(4 685)	822 387	1 176 401	3 727	1 180 128	

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

Condensed Interim Consolidated Statement of Cash Flows

(Unaudited)

In millions of Russian Roubles

	Note	Nine months ended 30 September	
		2011	2010
Cash flows from operating activities			
Interest received		600 607	606 042
Interest paid		(175 048)	(184 333)
Fees and commissions received		107 980	92 962
Fees and commissions paid		(7 338)	(4 802)
Net gains received from trading securities		449	1 170
Net (losses incurred) / gains received from securities designated at fair value through profit or loss		(151)	3 716
Net gains received / (losses incurred) from trading in foreign currencies and from operations with foreign currency derivatives		12 346	(14 019)
Net gains received from operations with other derivatives		1 057	-
Net gains received from operations with precious metals and precious metals derivatives		6 123	752
Other operating income received		56 653	6 746
Operating expenses paid		(227 145)	(155 229)
Income tax paid		(72 143)	(39 555)
Cash flows from operating activities before changes in operating assets and liabilities		303 390	313 450
Changes in operating assets and liabilities			
Net increase in mandatory cash balances with central banks		(39 258)	(8 586)
Net decrease in trading securities		12 779	40 030
Net decrease in securities designated at fair value through profit or loss		31 895	22 215
Net increase in due from other banks		(25 278)	(208)
Net increase in loans and advances to customers		(1 075 927)	(449 776)
Net increase in other assets		(21 251)	(86)
Net increase in due to other banks		6 614	102 950
Net increase in due to individuals		409 933	565 338
Net increase in due to corporate customers		124 423	158 816
Net (decrease)/increase in debt securities in issue		(31 405)	11 396
Net increase in other liabilities		17 139	40 301
Net cash (used in) / from operating activities		(286 946)	795 840
Cash flows from investing activities			
Purchase of investment securities available for sale		(689 520)	(1 666 880)
Proceeds from disposal and redemption of investment securities available for sale		954 335	947 316
Purchase of investment securities held to maturity		(66 394)	(21 942)
Proceeds from redemption of investment securities held to maturity		17 120	-
Acquisition of premises and equipment		(42 661)	(34 153)
Acquisition of investment property		(2 153)	-
Proceeds from disposal of premises and equipment including insurance payments		8 212	223
Acquisition of subsidiaries		(203)	-
Dividends received		3 193	1 352
Net cash from / (used in) investing activities		181 929	(774 084)
Cash flows from financing activities			
Other borrowed funds received		72 929	-
Redemption of other borrowed funds		(28 560)	(2 592)
Repayment of interest on other borrowed funds		(1 684)	(443)
Redemption of subordinated debt		-	(220 978)
Repayment of interest on subordinated debt		(13)	(1 877)
Funds received from loan participation notes issued under the MTN programme		27 854	85 578
Redemption of loan participation notes issued under the MTN programme		-	(1 590)
Repayment of interest on loan participation notes issued under the MTN programme		(6 744)	(2 146)
Acquisition of non-controlling interests in subsidiaries		(2)	(367)
Dividends paid	20	(20 943)	(2 177)
Net cash from/ (used in) financing activities		42 837	(146 592)
Effect of exchange rate changes on cash and cash equivalents		(10 746)	(1 541)
Net decrease in cash and cash equivalents		(72 926)	(126 377)
Cash and cash equivalents at the beginning of the year		719 601	725 521
Cash and cash equivalents as at the end of the reporting period		646 675	599 144

Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 September 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 nine months ended 30 September 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 September 2011 (31 December 2010: 60.3% of ordinary shares or 57.6% of the issued and outstanding shares).

As at 30 September 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 September 2011 the Group conducts its business in Russia through Sberbank with its network of 17 (31 December 2010: 17) regional head offices, 512 (31 December 2010: 522) branches and 18 521 (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 the Ukraine, Belarus and Kazakhstan, a branch office in India and representative offices in Germany and China.

The actual headcount of the Group’s employees as at 30 September 2011 was 263 768 (31 December 2010: 262 779).

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 September 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	0.251	175.215	4.640
USD/	31.875	8.004	5 584.999	147.905
EUR/	43.398	10.898	7 603.968	201.372

Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 September 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 developments 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 nine months of 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 continues to be 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.

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.

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

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

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;
- 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.

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

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

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>	As previously reported	Reclassification	As reclassified
Assets			
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 reclassifications of mandatory reserves with central banks on the condensed interim consolidated statement of cash flows for the nine months ended 30 September 2010 is as follows:

<i>(Unaudited)</i> <i>In millions of Russian Roubles</i>	As previously reported	Reclassification	As reclassified
Net increase in mandatory cash balances with central banks	-	(8 586)	(8 586)
Net increase in other assets	309	(395)	(86)
Net increase in mandatory cash balances with the Bank of Russia	(8 981)	8 981	-

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>	As previously reported	Reclassification	As reclassified
Liabilities			
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

Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 September 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 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 nine months ended 30 September 2010 is as follows:

<i>(Unaudited)</i> <i>In millions of Russian Roubles</i>	As previously reported	Reclassification	As reclassified
Interest expense			
Debt securities in issue	(7 175)	(2 686)	(9 861)
Other borrowed funds	(4 027)	2 595	(1 432)
Term placements of other banks	(1 287)	91	(1 196)

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

<i>(Unaudited)</i> <i>In millions of Russian Roubles</i>	As previously reported	Reclassification	As reclassified
Interest expense			
Debt securities in issue	(2 299)	(1 293)	(3 592)
Other borrowed funds	(1 794)	1 272	(522)
Term placements of other banks	(720)	21	(699)

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

<i>(Unaudited)</i> <i>In millions of Russian Roubles</i>	As previously reported	Reclassification	As reclassified
Other borrowed funds received	85 578	(85 578)	-
Redemption of other borrowed funds	(4 182)	1 590	(2 592)
Repayment of interest on other borrowed funds	(2 589)	2 146	(443)
Funds received from loan participation notes issued under the MTN programme	-	85 578	85 578
Redemption of loan participation notes issued under the MTN programme	-	(1 590)	(1 590)
Repayment of interest on loan participation notes issued under the MTN programme	-	(2 146)	(2 146)

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 nine months ended 30 September 2010 is as follows:

<i>(Unaudited)</i> <i>In millions of Russian Roubles</i>	As previously reported	Reclassification	As reclassified
Net (losses)/ gains arising from trading securities	5 361	(229)	5 132
Net gains/ (losses) arising from operations with other derivatives	-	229	229

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

<i>(Unaudited)</i> <i>In millions of Russian Roubles</i>	As previously reported	Reclassification	As reclassified
Net (losses)/ gains arising from trading securities	2 142	42	2 184
Net gains/ (losses) arising from operations with other derivatives	-	(42)	(42)

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

5 Trading securities

<i>In millions of Russian Roubles</i>	30 September 2011 (Unaudited)	31 December 2010
Federal loan bonds (OFZ bonds)	22 399	32 037
Russian Federation Eurobonds	13 031	2 935
Corporate bonds	11 976	14 931
Municipal and subfederal bonds	6 788	11 484
Foreign government bonds	2 419	1 994
State domestic loan bonds (OVGVZ)	-	16
Total debt trading securities	56 613	63 397
Corporate shares	3 302	2 771
Total trading securities	59 915	66 168

As at 30 September 2011 corporate bonds are mostly represented by debt securities issued by oil and gas, telecommunication, metallurgy, mining 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 September 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.

6 Securities Designated at Fair Value through Profit or Loss

<i>In millions of Russian Roubles</i>	30 September 2011 (Unaudited)	31 December 2010
Federal loan bonds (OFZ bonds)	47 646	76 698
Corporate bonds	-	4 648
Municipal and subfederal bonds	1 481	1 625
Total debt securities designated at fair value through profit or loss	49 127	82 971
Corporate shares	25 180	23 904
Total securities designated at fair value through profit or loss	74 307	106 875

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

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

7 Loans and Advances to Customers

The tables below show credit quality of the Group's loan portfolio by loan classes as at 30 September 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 September 2011:

(Unaudited)

In millions of Russian Roubles

	Not past due loans	Past due loans	Total
Commercial loans to legal entities	3 164 086	201 383	3 365 469
Specialised loans to legal entities	2 106 808	245 991	2 352 799
Consumer and other loans to individuals	757 201	47 174	804 375
Mortgage loans to individuals	678 563	38 155	716 718
Car loans to individuals	68 481	3 654	72 135
Total loans and advances to customers before provision for loan impairment	6 775 139	536 357	7 311 496
Less: Provision for loan impairment	(243 846)	(414 839)	(658 685)
Total loans and advances to customers net of provision for loan impairment	6 531 293	121 518	6 652 811

31 December 2010:

In millions of Russian Roubles

	Not past due loans	Past due loans	Total
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
Total loans and advances to customers before provision for loan impairment	5 667 310	524 600	6 191 910
Less: Provision for loan impairment	(276 906)	(425 617)	(702 523)
Total loans and advances to customers net of provision for loan impairment	5 390 404	98 983	5 489 387

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.

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

7 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 and are collateralized by real estate.

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

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

<i>(Unaudited)</i> <i>In millions of Russian Roubles</i>	Gross loans	Provision for impairment	Net loans	Provision for impairment to gross loans
Commercial loans to legal entities				
Collectively assessed				
Not past due	3 133 986	(115 907)	3 018 079	3.7%
Loans up to 30 days overdue	19 639	(5 582)	14 057	28.4%
Loans 31 to 60 days overdue	4 335	(2 064)	2 271	47.6%
Loans 61 to 90 days overdue	9 204	(4 631)	4 573	50.3%
Loans 91 to 180 days overdue	8 573	(5 724)	2 849	66.8%
Loans over 180 days overdue	122 445	(118 022)	4 423	96.4%
Total collectively assessed loans	3 298 182	(251 930)	3 046 252	7.6%
Individually impaired				
Not past due	30 100	(15 678)	14 422	52.1%
Loans up to 30 days overdue	1 324	(1 163)	161	87.8%
Loans 31 to 60 days overdue	1 275	(1 202)	73	94.3%
Loans 61 to 90 days overdue	1 530	(1 462)	68	95.6%
Loans 91 to 180 days overdue	2 368	(2 236)	132	94.4%
Loans over 180 days overdue	30 690	(29 657)	1 033	96.6%
Total individually impaired loans	67 287	(51 398)	15 889	76.4%
Total commercial loans to legal entities	3 365 469	(303 328)	3 062 141	9.0%
Specialised loans to legal entities				
Collectively assessed				
Not past due	2 077 479	(79 355)	1 998 124	3.8%
Loans up to 30 days overdue	9 632	(1 161)	8 471	12.1%
Loans 31 to 60 days overdue	4 991	(724)	4 267	14.5%
Loans 61 to 90 days overdue	2 623	(1 045)	1 578	39.8%
Loans 91 to 180 days overdue	5 038	(3 575)	1 463	71.0%
Loans over 180 days overdue	59 011	(55 269)	3 742	93.7%
Total collectively assessed loans	2 158 774	(141 129)	2 017 645	6.5%
Individually impaired				
Not past due	29 329	(13 851)	15 478	47.2%
Loans up to 30 days overdue	-	-	-	-
Loans 31 to 60 days overdue	1 553	(1 326)	227	85.4%
Loans 61 to 90 days overdue	2 500	(1 697)	803	67.9%
Loans 91 to 180 days overdue	153	(121)	32	79.1%
Loans over 180 days overdue	160 490	(124 016)	36 474	77.3%
Total individually impaired loans	194 025	(141 011)	53 014	72.7%
Total specialised loans to legal entities	2 352 799	(282 140)	2 070 659	12.0%
Total loans to legal entities	5 718 268	(585 468)	5 132 800	10.2%

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

7 Loans and Advances to Customers (Continued)

<i>(Unaudited)</i> <i>In millions of Russian Roubles</i>	Gross loans	Provision for impairment	Net loans	Provision for impairment to gross loans
Consumer and other loans to individuals				
Collectively assessed				
Not past due	757 201	(12 317)	744 884	1.6%
Loans up to 30 days overdue	13 917	(244)	13 673	1.8%
Loans 31 to 60 days overdue	3 162	(231)	2 931	7.3%
Loans 61 to 90 days overdue	1 683	(197)	1 486	11.7%
Loans 91 to 180 days overdue	2 693	(510)	2 183	18.9%
Loans over 180 days overdue	25 719	(25 719)	-	100.0%
Total consumer and other loans to individuals	804 375	(39 218)	765 157	4.9%
Mortgage loans to individuals				
Collectively assessed				
Not past due	678 563	(5 648)	672 915	0.8%
Loans up to 30 days overdue	8 990	(298)	8 692	3.3%
Loans 31 to 60 days overdue	2 260	(211)	2 049	9.3%
Loans 61 to 90 days overdue	1 377	(242)	1 135	17.6%
Loans 91 to 180 days overdue	1 542	(410)	1 132	26.6%
Loans over 180 days overdue	23 986	(23 986)	-	100.0%
Total mortgage loans to individuals	716 718	(30 795)	685 923	4.3%
Car loans to individuals				
Collectively assessed				
Not past due	68 481	(1 090)	67 391	1.6%
Loans up to 30 days overdue	1 013	(8)	1 005	0.8%
Loans 31 to 60 days overdue	222	(7)	215	3.2%
Loans 61 to 90 days overdue	132	(5)	127	3.8%
Loans 91 to 180 days overdue	213	(20)	193	9.4%
Loans over 180 days overdue	2 074	(2 074)	-	100.0%
Total car loans to individuals	72 135	(3 204)	68 931	4.4%
Total loans to individuals	1 593 228	(73 217)	1 520 011	4.6%
Total loans and advances to customers as at 30 September 2011	7 311 496	(658 685)	6 652 811	9.0%

Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 September 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>	Gross loans	Provision for impairment	Net loans	Provision for impairment to gross loans
Commercial loans to legal entities				
Collectively assessed				
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%
Total collectively assessed loans	2 610 588	(240 613)	2 369 975	9.2%
Individually impaired				
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%
Total individually impaired loans	98 104	(72 316)	25 788	73.7%
Total commercial loans to legal entities	2 708 692	(312 929)	2 395 763	11.6%
Specialised loans to legal entities				
Collectively assessed				
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%
Total collectively assessed loans	1 927 284	(145 107)	1 782 177	7.5%
Individually impaired				
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%
Total individually impaired loans	236 202	(175 675)	60 527	74.4%
Total specialised loans to legal entities	2 163 486	(320 782)	1 842 704	14.8%
Total loans to legal entities	4 872 178	(633 711)	4 238 467	13.0%

Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 September 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
Consumer and other loans to individuals				
Collectively assessed				
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%
Total consumer and other loans to individuals	635 689	(36 085)	599 604	5.7%
Mortgage loans to individuals				
Collectively assessed				
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%
Total mortgage loans to individuals	603 778	(29 279)	574 499	4.8%
Car loans to individuals				
Collectively assessed				
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%
Total car loans to individuals	80 265	(3 448)	76 817	4.3%
Total loans to individuals	1 319 732	(68 812)	1 250 920	5.2%
Total loans and advances to customers as at 31 December 2010	6 191 910	(702 523)	5 489 387	11.3%

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.

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

7 Loans and Advances to Customers (Continued)

As at 30 September 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	164 076	(155 639)	8 437	94.9%
Specialised loans to legal entities	224 692	(182 981)	41 711	81.4%
Consumer and other loans to individuals	28 412	(26 229)	2 183	92.3%
Mortgage loans to individuals	25 528	(24 396)	1 132	95.6%
Car loans to individuals	2 287	(2 094)	193	91.6%
Total non-performing loans and advances to customers as at 30 September 2011	444 995	(391 339)	53 656	87.9%

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%
Total non-performing loans and advances to customers as at 31 December 2010	452 292	(397 262)	55 030	87.8%

Provisions for Loan Impairment. The analysis of changes in provisions for loan impairment for the nine months ended 30 September 2011 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
Provision for loan impairment as at 1 January 2011	312 929	320 782	36 085	29 279	3 448	702 523
Net provision charge/ (net recovery of provision) for loan impairment during the reporting period	8 335	(31 640)	4 208	2 463	(170)	(16 804)
Foreign currencies translation	(439)	(723)	(71)	85	(5)	(1 153)
Loans and advances written off during the reporting period	(17 497)	(6 279)	(1 004)	(1 032)	(69)	(25 881)
Provision for loan impairment as at 30 September 2011	303 328	282 140	39 218	30 795	3 204	658 685

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

7 Loans and Advances to Customers (Continued)

The analysis of changes in provisions for loan impairment for the three months ended 30 September 2011 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
Provision for loan impairment as at 1 July 2011	298 730	292 056	36 495	29 282	3 311	659 874
Net provision charge / (net recovery of provision) for loan impairment during the reporting period	10 969	(10 261)	3 105	1 701	(86)	5 428
Foreign currencies translation	(29)	708	86	348	4	1 117
Loans and advances written off during the reporting period	(6 342)	(363)	(468)	(536)	(25)	(7 734)
Provision for loan impairment as at 30 September 2011	303 328	282 140	39 218	30 795	3 204	658 685

The analysis of changes in provisions for loan impairment for the nine months ended 30 September 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
Provision for loan impairment as at 1 January 2010	221 488	287 059	38 238	28 775	4 254	579 814
Net provision charge / (net recovery of provision) for loan impairment during the reporting period	102 442	47 506	(713)	1 253	(493)	149 995
Loans and advances written off during the reporting period	(10 455)	(3 319)	(569)	(195)	(44)	(14 582)
Provision for loan impairment as at 30 September 2010	313 475	331 246	36 956	29 833	3 717	715 227

The analysis of changes in provisions for loan impairment for the three months ended 30 September 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
Provision for loan impairment as at 1 July 2010	285 008	319 967	37 874	30 156	4 103	677 108
Net provision charge / (net recovery of provision) for loan impairment during the reporting period	29 744	11 283	(742)	(247)	(367)	39 671
Loans and advances written off during the reporting period	(1 277)	(4)	(176)	(76)	(19)	(1 552)
Provision for loan impairment as at 30 September 2010	313 475	331 246	36 956	29 833	3 717	715 227

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

7 Loans and Advances to Customers (Continued)

Renegotiated loans. Information on loans whose terms have been renegotiated, as at 30 September 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
30 September 2011:						
<i>(Unaudited)</i>						
Not past due collectively assessed loans	548 504	288 090	7 245	5 887	506	850 232
Other renegotiated loans	74 601	35 403	3 554	5 388	406	119 352
Total renegotiated loans before provision for loan impairment	623 105	323 493	10 799	11 275	912	969 584
31 December 2010:						
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
Total renegotiated loans before provision for loan impairment	499 177	226 044	10 123	12 155	222	747 721

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 September 2011 and as at 31 December 2010 is as follows:

<i>in millions of Russian Roubles</i>	30 September 2011 (Unaudited)	31 December 2010
Gross investment in finance lease	132 781	72 717
Unearned future finance income on finance lease	(46 534)	(21 274)
Net investment in finance lease before provision for impairment	86 247	51 443
Less provision for impairment	(1 803)	(1 033)
Net investment in finance lease after provision for impairment	84 444	50 410

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

7 Loans and Advances to Customers (Continued)

The contractual maturity analysis of net investments in finance lease as at 30 September 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	26 514	(559)	25 955
Later than 1 year but not later than 5 years	46 923	(982)	45 941
Later than 5 years	12 810	(262)	12 548
Total as at 30 September 2011	86 247	(1 803)	84 444

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
Total as at 31 December 2010	51 443	(1 033)	50 410

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

<i>In millions of Russian Roubles</i>	30 September 2011 (Unaudited)	31 December 2010
Not later than 1 year	28 734	19 662
Later than 1 year but not later than 5 years	71 164	41 593
Later than 5 years	32 883	11 462
Total	132 781	72 717

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

7 Loans and Advances to Customers (Continued)

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

<i>In millions of Russian Roubles</i>	30 September 2011 (Unaudited)		31 December 2010	
	Amount	%	Amount	%
Individuals	1 593 228	21.8	1 319 732	21.3
Services	1 431 816	19.6	1 001 330	16.2
Trade	1 061 866	14.5	1 008 025	16.3
Food and agriculture	662 398	9.1	585 394	9.5
Construction	432 745	5.9	404 601	6.5
Machine building	321 692	4.4	317 588	5.1
Energy	283 235	3.9	208 797	3.4
Chemical industry	277 455	3.8	216 833	3.5
Metallurgy	268 713	3.7	300 806	4.9
Telecommunications	242 250	3.3	168 042	2.7
Transport, aviation, space industry	228 371	3.1	147 540	2.4
Oil and gas	147 423	2.0	177 495	2.9
Government and municipal bodies	141 982	1.9	153 280	2.5
Timber industry	47 704	0.7	49 609	0.8
Other	170 618	2.3	132 838	2.0
Total loans and advances to customers before provision for loan impairment	7 311 496	100.0	6 191 910	100.0

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

As at 30 September 2011 the Group had 20 largest corporate borrowers with aggregated loan amounts due from each of these borrowers exceeding RR 33 700 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 1 631 387 million or 22.3% 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>	30 September 2011 (Unaudited)	31 December 2010
Trading securities pledged under repurchase agreements		
Corporate shares	992	-
Russian Federation Eurobonds	776	12 150
Securities designated at fair value through profit or loss pledged under repurchase agreements		
Corporate shares	1 332	-
Investment securities available for sale pledged under repurchase agreements		
Corporate shares	19 677	8 276
Corporate bonds	14 652	13 484
Russian Federation Eurobonds	6 804	47 027
Federal loan bonds (OFZ bonds)	5 066	-
Foreign government bonds	276	556
Total securities pledged under repurchase agreements	49 575	81 493

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

8 Securities Pledged under Repurchase Agreements (continued)

As at 30 September 2011 included in Due to corporate customers are deposits in the amount of RR 19 738 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 23 221 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 September 2011 corporate bonds pledged under repurchase agreements are mostly represented by debt securities issued by oil and gas and telecommunication companies. 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 September 2011 and 31 December 2010 corporate shares pledged under repurchase agreements are mostly represented by oil and gas companies.

9 Investment Securities Available for Sale

<i>In millions of Russian Roubles</i>	30 September 2011 (Unaudited)	31 December 2010
Federal loan bonds (OFZ bonds)	431 464	348 353
Corporate bonds	338 345	275 563
Municipal and subfederal bonds	49 154	50 219
Russian Federation Eurobonds	43 657	4 950
Foreign government bonds	20 611	17 899
Bonds of the Bank of Russia	-	433 585
Total debt investment securities available for sale	883 231	1 130 569
Corporate shares	51 935	80 352
Total investment securities available for sale	935 166	1 210 921

As at 30 September 2011 corporate bonds are mostly represented by debt securities issued by oil and gas, transportation, telecommunication, metallurgy, energy, service companies and banks. 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 September 2011 corporate shares are mostly represented by oil and gas, telecommunication, energy and finance companies. As at 31 December 2010 corporate shares are mostly represented by oil and gas, energy, telecommunication, transport, finance and metallurgy companies.

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

10 Investment Securities Held to Maturity

<i>In millions of Russian Roubles</i>	30 September 2011 (Unaudited)	31 December 2010
Federal loan bonds (OFZ bonds)	210 024	227 328
Corporate bonds	116 483	44 512
Municipal and subfederal bonds	80 837	86 052
Foreign government bonds	135	299
Total investment securities held to maturity	407 479	358 191

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

11 Other Assets

<i>In millions of Russian Roubles</i>	30 September 2011 (Unaudited)	31 December 2010
Other financial assets		
Receivables on plastic cards settlements	56 511	91 219
Derivative financial instruments	37 638	9 257
Settlements on currency conversion operations	7 586	6 196
Trade receivables	2 972	5 259
Accrued fees and commissions	2 374	2 758
Funds in settlement	596	118
Other financial assets	9 879	2 791
Provision for impairment of other financial assets	(2 195)	(2 162)
Total other financial assets	115 361	115 436
Other non-financial assets		
Precious metals	62 954	34 767
Prepayments for premises and other assets	34 997	39 258
Inventory of non-banking subsidiaries	23 408	11 589
Investment property	11 550	5 414
Tax settlements (other than on income)	10 314	4 230
Goodwill	8 778	8 251
Prepayment on income tax	7 970	929
Non-exclusive licences	4 282	4 091
Intangible assets acquired through business combinations	3 323	4 170
Prepaid expenses	3 124	2 840
Investments in associates	2 211	2 479
Non-current assets held for sale	373	402
Other non-financial assets	11 667	8 658
Provision for impairment of other non-financial assets	(3 104)	(2 610)
Total other non-financial assets	181 847	124 468
Total other assets	297 208	239 904

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

12 Due to Individuals and Corporate Customers

<i>In millions of Russian Roubles</i>	30 September 2011 (Unaudited)	31 December 2010
Individuals:		
- Current/demand accounts	873 417	785 750
- Term deposits	4 385 090	4 048 709
Total due to individuals	5 258 507	4 834 459
State and public organisations:		
- Current/settlement accounts	103 843	116 827
- Term deposits	151 292	40 475
Total due to state and public organisations	255 135	157 302
Other corporate customers:		
- Current/settlement accounts	1 174 749	1 082 754
- Term deposits	538 418	576 616
Total due to other corporate customers	1 713 167	1 659 370
Total due to corporate customers	1 968 302	1 816 672
Total due to individuals and corporate customers	7 226 809	6 651 131

Economic sector concentrations within customer accounts are as follows:

<i>In millions of Russian Roubles</i>	30 September 2011 (Unaudited)		31 December 2010	
	Amount	%	Amount	%
Individuals	5 258 507	72.8	4 834 459	72.7
Services	362 997	5.0	254 117	3.8
Oil and gas	271 418	3.8	266 889	4.0
Trade	264 531	3.7	260 559	3.9
Municipal bodies and state organisations	148 566	2.1	82 717	1.2
Construction	125 199	1.7	166 905	2.5
Energy	96 249	1.3	104 246	1.6
Machine building	86 888	1.2	110 165	1.7
Food and agriculture	80 140	1.1	79 381	1.2
Transport, aviation, space industry	68 996	1.0	57 687	0.9
Chemical	56 889	0.8	44 269	0.7
Metallurgy	51 217	0.7	87 854	1.3
Telecommunications	34 328	0.5	39 465	0.6
Other	320 884	4.3	262 418	3.9
Total due to individuals and corporate customers	7 226 809	100.0	6 651 131	100.0

As at 30 September 2011 included in term deposits of corporate customers are deposits in the amount of RR 19 738 million (31 December 2010: RR 5 968 million) received under sale and repurchase agreements with legal entities. Fair value of securities collateralised under these agreements amounted to RR 22 512 million and was included in securities pledged under repurchase agreements (31 December 2010: RR 6 943 million). Refer to Note 8.

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

12 Due to Individuals and Corporate Customers (Continued)

As at 30 September 2011 included in Due to corporate customers are deposits of RR 88 716 million (31 December 2010: RR 78 749 million) held as collateral for irrevocable commitments under import letters of credit. Refer to Note 23.

As at 30 September 2011 the Group had 20 largest customers with balances above RR 11 800 million (31 December 2010: 20 customers with balances above RR 7 450 million). The aggregate balance of these customers was RR 669 454 million (31 December 2010: RR 561 760 million) or 9.3% (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>	30 September 2011 (Unaudited)	31 December 2010
Loan participation notes issued under the MTN programme	192 709	153 273
Promissory notes	62 687	96 505
Savings certificates	11 601	13 102
Deposits certificates	957	1 889
Other debt securities	11 216	7 930
Total debt securities in issue	279 170	272 699

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 September 2011 the notes were accounted for at amortised cost of RR 32 354 million; the effective interest rate on the notes was 5.8% p.a.

14 Other Liabilities

<i>In millions of Russian Roubles</i>	30 September 2011 (Unaudited)	31 December 2010
Other financial liabilities		
Payables on plastic card settlements	41 874	25 425
Derivative financial instruments	32 017	1 553
Trade payables	12 134	9 318
Funds in settlement	5 499	5 071
Deposit insurance system fees payable	5 034	4 476
Deferred commissions received on guarantees issued	1 548	1 222
Other	2 713	2 109
Total other financial liabilities	100 819	49 174
Other non-financial liabilities		
Accrued employee benefit costs	37 938	15 709
Taxes payable other than on income	14 733	8 573
Advances received	6 151	5 648
Deferred gains on initial recognition of financial instruments	3 832	4 108
Income tax payable	589	7 761
Other	3 856	1 200
Total other non-financial liabilities	67 099	42 999
Total other liabilities	167 918	92 173

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

15 Interest Income and Expense

<i>(Unaudited)</i>	Nine months ended		Three months ended	
<i>In millions of Russian Roubles</i>	30 September		30 September	
	2011	2010	2011	2010
Interest income				
Interest income on financial assets carried at amortised cost and on financial assets available for sale:				
- Loans and advances to customers	532 249	505 231	186 344	164 173
- Debt investment securities available for sale	51 194	63 825	16 218	18 745
- Debt investment securities held to maturity	19 629	3 687	6 799	3 499
- Due from other banks	6 042	6 671	2 083	1 457
- Correspondent accounts with other banks	78	86	29	21
	609 192	579 500	211 473	187 895
Interest income on financial assets carried at fair value through profit or loss:				
- Debt trading securities	3 112	5 968	981	1 020
- Debt securities designated at fair value through profit or loss	2 878	4 483	870	1 299
	5 990	10 451	1 851	2 319
Total interest income	615 182	589 951	213 324	190 214
Interest expense				
Term deposits of individuals	(141 041)	(161 370)	(45 251)	(53 942)
Term deposits of legal entities	(18 252)	(23 572)	(7 034)	(6 728)
Subordinated debt	(14 637)	(22 901)	(5 009)	(4 956)
Debt securities in issue	(9 615)	(9 861)	(3 422)	(3 592)
Current/settlement accounts of legal entities	(7 476)	(6 688)	(2 403)	(2 138)
Current/demand accounts of individuals	(3 148)	(1 869)	(1 175)	(748)
Other borrowed funds	(2 702)	(1 432)	(775)	(522)
Term placements of other banks	(1 252)	(1 196)	(250)	(699)
Correspondent accounts of other banks	(299)	(317)	(130)	(143)
Total interest expense	(198 422)	(229 206)	(65 449)	(73 468)
Net interest income	416 760	360 745	147 875	116 746

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

16 Fee and Commission Income and Expense

<i>(Unaudited)</i> <i>In millions of Russian Roubles</i>	Nine months ended 30 September		Three months ended 30 September	
	2011	2010	2011	2010
Fee and commission income				
Cash and settlements transactions with individuals	31 228	29 469	10 416	10 181
Cash and settlements transactions with legal entities	30 483	29 561	11 041	10 724
Plastic cards operations	22 827	16 324	8 878	6 049
Agent commissions on selling insurance contracts	9 313	6 435	3 026	2 646
Operations with foreign currencies	4 948	4 264	1 905	1 402
Cash collection	3 394	3 166	1 230	1 150
Guarantees issued	2 663	1 876	1 085	705
Transactions with securities	736	803	235	209
Other	1 782	878	719	110
Total fee and commission income	107 374	92 776	38 535	33 176
Fee and commission expense				
Settlement transactions	(5 038)	(3 562)	(1 946)	(1 354)
Operations with foreign currencies	(213)	(73)	(27)	(33)
Cash collection	(212)	(162)	(86)	(66)
Other	(2 075)	(1 005)	(759)	(572)
Total fee and commission expense	(7 538)	(4 802)	(2 818)	(2 025)
Net fee and commission income	99 836	87 974	35 717	31 151

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

<i>(Unaudited)</i> <i>In millions of Russian Roubles</i>	Nine months ended 30 September		Three months ended 30 September	
	2011	2010	2011	2010
Net gains arising from trading in foreign currencies	3 989	5 291	1 160	3 820
Net foreign exchange translation (losses)/gains	(6 037)	11 986	19 292	(21 274)
Net gains/(losses) from operations with foreign currency derivatives	6 667	(8 646)	(19 539)	18 980
Total net gains arising from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation	4 619	8 631	913	1 526

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

18 Operating Expenses

<i>(Unaudited)</i> <i>In millions of Russian Roubles</i>	Nine months ended 30 September		Three months ended 30 September	
	2011	2010	2011	2010
Staff costs	147 147	115 019	48 564	37 527
Depreciation of premises and equipment	30 732	23 132	11 030	8 257
Repairs and maintenance of premises and equipment	15 299	12 532	5 736	4 628
State deposit insurance system membership fee	14 826	12 189	5 106	4 330
Administrative expenses	13 501	9 338	5 248	3 320
Taxes other than on income	8 061	6 799	3 057	2 683
Operating lease expenses for premises and equipment	7 074	5 831	2 580	2 246
Telecommunication expenses	5 775	4 769	2 271	1 863
Advertising and marketing services	2 190	1 702	877	488
Consulting and assurance services	1 606	1 038	990	462
Other	8 038	3 324	3 864	1 514
Total operating expenses	254 249	195 673	89 323	67 318

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>	Nine months ended 30 September		Three months ended 30 September	
	2011	2010	2011	2010
Profit for the reporting period attributable to the shareholders of the Bank	256 275	109 941	79 823	45 752
Less preference dividends declared	(1 150)	(450)	-	-
Profit attributable to the ordinary shareholders of the Bank	255 125	109 491	79 823	45 752
Weighted average number of ordinary shares in issue (millions)	21 587	21 587	21 587	21 587
Earnings per ordinary share, basic and diluted (expressed in RR per share)	11.82	5.07	3.70	2.12

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

20 Dividends

<i>(Unaudited)</i> <i>In millions of Russian Roubles</i>	Nine months ended 30 September 2011		Nine months ended 30 September 2010	
	Ordinary	Preference	Ordinary	Preference
Dividends payable at 1 January	65	29	91	30
Dividends declared during the nine months ended 30 September	19 860	1 150	1 727	450
Dividends paid during the nine months ended 30 September	(19 811)	(1 132)	(1 731)	(446)
Dividends payable as at 30 September	114	47	87	34
Dividends per share declared during the reporting period (RR per share)	0.92	1.15	0.08	0.45

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 September 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 September 2011 is as follows:

<i>(Unaudited)</i> <i>In millions of</i> <i>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	4 518 916	1 615 709	1 342 269	1 828 299	225 754	9 530 947
Total liabilities	3 299 888	1 843 574	1 307 388	1 687 325	177 776	8 315 951

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

21 Segment Analysis (Continued)

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

<i>In millions of Russian Roubles</i>	Moscow	Central and Northern regions of European part of Russia	Volga region and South of European part of Russia	Ural, Siberia and Far East of Russia	Other countries	Total
Total assets	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

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 September 2011 and 31 December 2010 is as follows:

<i>In millions of Russian Roubles</i>	Total assets		Total liabilities	
	30 September 2011 (Unaudited)	31 December 2010	30 September 2011 (Unaudited)	31 December 2010
Total amount per segment information	9 530 947	8 661 265	8 315 951	7 627 791
Adjustment of provisions	83 780	55 642	(11 785)	(19 765)
Additional interest accrued on loans	3 167	1 889	255	(924)
Deferred commission income on loans	(22 624)	(28 753)	1 226	388
Deferred commission income on guarantees	-	-	1 482	1 135
Accounting for derivatives at fair value	18 427	4 749	28 322	3 867
Adjustment of depreciation and cost or revalued amount of premises and equipment including effect of deferred tax	(75 918)	(68 145)	(1 567)	(952)
Staff expenses accrued related to the reporting period (bonuses, annual leave, pension liabilities)	350	184	23 500	14 831
Adjustment of income tax	6 600	-	17 191	7 018
Other adjustments	782	1 696	(9 192)	7 971
The Group's total amount under IFRS	9 545 511	8 628 527	8 365 383	7 641 360

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

21 Segment Analysis (Continued)

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

<i>In millions of Russian Roubles (Unaudited)</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	234 794	117 006	100 801	134 125	16 113	602 839
Interest expense	(81 213)	(43 821)	(30 231)	(36 476)	(6 285)	(198 026)
Inter-segment (expense)/income	(28 303)	18 425	3 776	6 102	-	-
Fee and commission income	18 306	27 835	22 153	31 623	3 482	103 399
Fee and commission expense	(1 567)	(1 526)	(1 342)	(2 431)	(713)	(7 579)
Net gains/(losses) arising from securities	7 883	-	-	-	(39)	7 844
Net gains arising from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation	17 408	2 587	1 477	1 966	1 705	25 143
Net gains arising from operations with other derivatives	769	-	-	-	-	769
Net gains/(losses) arising from operations with precious metals	3 139	723	629	957	(164)	5 284
Other net operating gains/(losses)	13 593	(752)	1 069	1 089	(493)	14 506
Operating income before recovery of provision/ provision charge for loan impairment	184 809	120 477	98 332	136 955	13 606	554 179
Net recovery of provision / (net provision charge) for loan impairment	17 165	(4 671)	(3 055)	5 961	(4 088)	11 312
Operating income	201 974	115 806	95 277	142 916	9 518	565 491
Operating expenses	(65 763)	(52 583)	(45 218)	(65 602)	(5 882)	(235 048)
Profit before tax (Segment result)	136 211	63 223	50 059	77 314	3 636	330 443
Other disclosures						
Capital expenditure incurred (additions of fixed assets)	17 715	8 368	7 659	10 713	2 138	46 593
Depreciation of premises and equipment	(5 894)	(4 681)	(4 177)	(5 862)	(2 928)	(23 542)

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

21 Segment Analysis (Continued)

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

<i>(Unaudited)</i> <i>In millions of Russian Roubles</i>	Moscow	Central and Northern regions of European part of Russia	Volga region and South of European part of Russia	Ural, Siberia and Far East of Russia	Other countries	Total
Interest income	81 808	40 429	34 947	46 964	5 567	209 715
Interest expense	(27 530)	(14 023)	(9 510)	(11 818)	(2 318)	(65 199)
Inter-segment (expense)/income	(7 396)	5 785	(250)	1 861	-	-
Fee and commission income	6 717	9 808	8 055	11 310	1 217	37 107
Fee and commission expense	(666)	(571)	(438)	(892)	(250)	(2 817)
Net gains/(losses) arising from securities	1 130	-	-	-	(33)	1 097
Net gains/(losses) arising from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation	19 858	891	494	421	(3 948)	17 716
Net gains arising from operations with other derivatives	1 893	-	-	-	-	1 893
Net gains/(losses) arising from operations with precious metals	1 785	388	349	525	(111)	2 936
Other net operating gains/(losses)	1 320	(638)	(276)	900	54	1 360
Operating income before provision charge/ recovery of provision for loan impairment	78 919	42 069	33 371	49 271	178	203 808
(Net provision charge)/ net recovery of provision for loan impairment	(7 029)	(5 497)	3 875	4 220	(1 227)	(5 658)
Operating income/(loss)	71 890	36 572	37 246	53 491	(1 049)	198 150
Operating expenses	(24 786)	(19 541)	(16 691)	(25 308)	(1 820)	(88 146)
Profit/(loss) before tax (Segment result)	47 104	17 031	20 555	28 183	(2 869)	110 004
Other disclosures						
Capital expenditure incurred (additions of fixed assets)	14 146	4 096	3 774	5 319	140	27 475
Depreciation of premises and equipment	(3 544)	(1 575)	(1 334)	(1 978)	(2 455)	(10 886)

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

21 Segment Analysis (Continued)

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

<i>(Unaudited)</i> <i>In millions of Russian Roubles</i>	Moscow	Central and Northern regions of European part of Russia	Volga region and South of European part of Russia	Ural, Siberia and Far East of Russia	Other countries	Total
Interest income	217 861	110 951	94 942	131 414	11 128	566 296
Interest expense	(89 891)	(53 187)	(36 943)	(44 965)	(5 000)	(229 986)
Inter-segment (expense)/ income	(33 778)	25 067	6 682	2 029	-	-
Fee and commission income	28 829	30 900	24 160	33 561	2 830	120 280
Fee and commission expense	(3 279)	(202)	(277)	(619)	(473)	(4 850)
Net gains arising from securities	19 266	6	-	-	92	19 364
Net (losses)/gains arising from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation	(6 937)	1 232	948	634	935	(3 188)
Net (losses)/gains arising from operations with precious metals	(1 746)	415	364	601	4	(362)
Other net operating (losses)/gains	(5 535)	(3 060)	(1 169)	(2 374)	381	(11 757)
Operating income before provision charge for loan impairment	124 790	112 122	88 707	120 281	9 897	455 797
Net provision charge for loan impairment	(69 282)	(31 641)	(46 577)	(20 444)	(2 731)	(170 675)
Operating income	55 508	80 481	42 130	99 837	7 166	285 122
Operating expenses	(50 944)	(39 794)	(36 120)	(50 126)	(4 868)	(181 852)
Profit before tax (Segment result)	4 564	40 687	6 010	49 711	2 298	103 270
Other disclosures						
Capital expenditure incurred (additions of fixed assets)	5 491	6 609	6 180	8 150	2 850	29 280
Depreciation of premises and equipment	(2 813)	(3 833)	(3 627)	(5 364)	(1 247)	(16 884)

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

21 Segment Analysis (Continued)

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

<i>(Unaudited)</i> <i>In millions of Russian Roubles</i>	Moscow	Central and Northern regions of European part of Russia	Volga region and South of European part of Russia	Ural, Siberia and Far East of Russia	Other countries	Total
Interest income	71 093	35 884	30 881	42 159	3 789	183 806
Interest expense	(27 874)	(17 484)	(11 957)	(14 748)	(1 725)	(73 788)
Inter-segment (expense)/ income	(12 775)	9 479	1 992	1 304	-	-
Fee and commission income	10 203	10 564	8 295	11 454	1 154	41 670
Fee and commission expense	(1 323)	(108)	(106)	(334)	(203)	(2 074)
Net gains arising from securities	10 533	6	-	-	132	10 671
Net (losses)/gains arising from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation	(3 619)	305	309	412	264	(2 329)
Net (losses)/gains arising from operations with precious metals	(417)	133	122	238	2	78
Other net operating (losses)/gains	(11 373)	1 694	781	(1 620)	407	(10 111)
Operating income before provision charge for loan impairment	34 448	40 473	30 317	38 865	3 820	147 923
Net provision charge for loan impairment	(5 298)	(7 439)	(24 889)	(4 934)	(1 045)	(43 605)
Operating income	29 150	33 034	5 428	33 931	2 775	104 318
Operating expenses	(17 978)	(14 897)	(13 409)	(18 416)	(1 851)	(66 551)
Profit/(loss) before tax (Segment result)	11 172	18 137	(7 981)	15 515	924	37 767
Other disclosures						
Capital expenditure incurred (additions of fixed assets)	2 127	2 546	2 359	3 133	1 954	12 119
Depreciation of premises and equipment	(1 008)	(1 332)	(1 238)	(1 802)	(479)	(5 859)

Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 September 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 nine months ended and for the three months ended 30 September 2011 and 30 September 2010 is as follows:

<i>(Unaudited)</i> <i>In millions of Russian Roubles</i>	Nine months ended 30 September		Three months ended 30 September	
	2011	2010	2011	2010
Total amount per segment information	330 443	103 270	110 004	37 767
Adjustment of provisions	17 906	37 454	9 073	15 740
Staff expenses accrued related to the reporting period (bonuses, annual leave, pension liabilities)	(9 870)	(10 667)	(221)	446
Differencies arising on securities' classification	706	1 750	(1 130)	(923)
Accounting for derivatives at fair value	(16 861)	13 115	(15 335)	4 680
Additional interest accrued on loans	7 410	(5 089)	2 188	(1 581)
Adjustment of depreciation and cost of premises and equipment	(7 830)	(266)	(2 751)	2 102
Other adjustments	(3 263)	(2 231)	(2 065)	(1 477)
The Group's total amount under IFRS	318 641	137 336	99 763	56 754

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 nine months ended 30 September 2011 the Group's revenues from customers in the Russian Federation amounted to RR 742 059 million (for the nine months ended 30 September 2010: RR 706 548 million); revenues from customers in all foreign countries from which the Group derives revenues amounted to RR 23 491 million (for the nine months ended 30 September 2010: RR 14 415 million).

For the three months ended 30 September 2011 the Group's revenues from customers in the Russian Federation amounted to RR 261 343 million (for the three months ended 30 September 2010: RR 234 766 million); revenues from customers in all foreign countries from which the Group derives revenues amounted to RR 4 123 million (for the three months ended 30 September 2010: RR 5 868 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 nine months and the three months ended 30 September 2011, and during the nine months and the three months ended 30 September 2010.

Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 September 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 September 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>	Russian Roubles	USD	Euro	Other	Total
Assets					
Cash and cash equivalents	375 767	121 824	93 101	55 983	646 675
Mandatory cash balances with central banks	89 552	191	129	964	90 836
Debt trading securities	33 974	19 937	2 263	439	56 613
Debt securities designated at fair value through profit or loss	49 127	-	-	-	49 127
Due from other banks	16 378	9 705	305	1 436	27 824
Loans and advances to customers	5 202 827	1 194 154	156 144	99 686	6 652 811
Debt securities pledged under repurchase agreements	5 372	21 745	181	276	27 574
Debt investment securities available for sale	720 268	105 403	42 275	15 285	883 231
Debt investment securities held to maturity	395 517	11 667	91	204	407 479
Other financial assets (less fair value of derivatives)	69 592	6 469	1 400	262	77 723
Total monetary assets	6 958 374	1 491 095	295 889	174 535	8 919 893
Liabilities					
Due to other banks	94 596	28 825	1 889	5 028	130 338
Due to individuals	4 512 628	332 749	284 649	128 481	5 258 507
Due to corporate customers	1 311 358	496 715	91 697	68 532	1 968 302
Debt securities in issue	74 170	179 809	1 873	23 318	279 170
Other borrowed funds	2 146	222 579	7 818	185	232 728
Other financial liabilities (less fair value of derivatives)	65 139	1 989	334	1 340	68 802
Subordinated debt	317 923	224	-	-	318 147
Total monetary liabilities	6 377 960	1 262 890	388 260	226 884	8 255 994
Net monetary assets/(liabilities)	580 414	228 205	(92 371)	(52 349)	663 899
Foreign exchange derivatives	120 085	(208 014)	70 916	19 976	2 963
Credit related commitments (Note 23)	994 427	625 936	113 105	34 239	1 767 707

Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 September 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>	Russian Roubles	USD	Euro	Other	Total
Assets					
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
Total monetary assets	6 497 468	1 222 705	213 379	154 673	8 088 225
Liabilities					
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
Total monetary liabilities	6 002 389	1 042 501	368 276	167 721	7 580 887
Net monetary assets/ (liabilities)	495 079	180 204	(154 897)	(13 048)	507 338
Foreign exchange derivatives	63 914	(215 079)	128 121	13 573	(9 471)
Credit related commitments (Note 23)	621 754	561 599	107 667	35 122	1 326 142

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

22 Financial Risk Management (Continued)

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 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)
- 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 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.

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

22 Financial Risk Management (Continued)

The liquidity position of the Group's assets and liabilities as at 30 September 2011 is set out below.

<i>(Unaudited)</i> In millions of Russian Roubles	Demand and less than 1 month	From 1 to 6 months	From 6 to 12 months	From 1 to 3 years	More than 3 years	No stated maturity	Total
Assets							
Cash and cash equivalents	646 675	-	-	-	-	-	646 675
Mandatory cash balances with central banks	18 587	10 146	8 430	47 617	6 056	-	90 836
Trading securities	59 915	-	-	-	-	-	59 915
Securities designated at fair value through profit or loss	74 307	-	-	-	-	-	74 307
Due from other banks	11 646	15 590	226	96	266	-	27 824
Loans and advances to customers	285 558	936 664	1 013 009	2 100 121	2 317 459	-	6 652 811
Securities pledged under repurchase agreements	49 575	-	-	-	-	-	49 575
Investment securities available for sale	920 056	23	255	5 657	8 526	649	935 166
Investment securities held to maturity	-	10 027	40 605	177 969	178 878	-	407 479
Deferred income tax asset	-	-	-	-	-	7 224	7 224
Premises and equipment	-	-	-	-	-	296 491	296 491
Other assets	104 799	27 695	26 997	38 141	15 772	83 804	297 208
Total assets	2 171 118	1 000 145	1 089 522	2 369 601	2 526 957	388 168	9 545 511
Liabilities							
Due to other banks	111 872	9 904	8 562	-	-	-	130 338
Due to individuals	1 039 620	523 599	484 817	2 855 080	355 391	-	5 258 507
Due to corporate customers	456 612	263 372	204 527	1 036 598	7 193	-	1 968 302
Debt securities in issue	39 633	51 376	7 243	43 049	137 869	-	279 170
Other borrowed funds	41 386	30 548	48 970	96 528	15 296	-	232 728
Deferred income tax liability	-	-	-	-	-	10 273	10 273
Other liabilities	81 270	62 298	12 368	1 712	2 693	7 577	167 918
Subordinated debt	-	-	-	224	317 923	-	318 147
Total liabilities	1 770 393	941 097	766 487	4 033 191	836 365	17 850	8 365 383
Net liquidity surplus/(gap)	400 725	59 048	323 035	(1 663 590)	1 690 592	370 318	1 180 128
Cumulative liquidity surplus/(gap) at 30 September 2011	400 725	459 773	782 808	(880 782)	809 810	1 180 128	-

Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 September 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>	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	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
Total assets	2 477 198	793 537	1 034 623	2 182 291	1 793 470	347 408	8 628 527
Liabilities							
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
Total liabilities	2 050 917	1 023 129	767 511	3 011 240	764 688	23 875	7 641 360
Net liquidity surplus/(gap)	426 281	(229 592)	267 112	(828 949)	1 028 782	323 533	987 167
Cumulative liquidity surplus/(gap) at 31 December 2010	426 281	196 689	463 801	(365 148)	663 634	987 167	-

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

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.

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

Outstanding credit related commitments are as follows:

<i>In millions of Russian Roubles</i>	30 September 2011 (Unaudited)	31 December 2010
Commitments to extend credit	648 426	488 029
Export letters of credit	378 050	353 366
Guarantees issued	287 936	159 158
Undrawn credit lines	268 722	182 220
Import letters of credit and letters of credit for domestic settlements	184 573	143 369
Total credit related commitments	1 767 707	1 326 142

At 30 September 2011 included in Due to corporate customers are deposits of RR 88 716 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, 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 September 2011

24 Related Party Transactions (Continued)

As at 30 September 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 September 2011 (Unaudited)		31 December 2010	
		the Bank of Russia	Other related parties	the Bank of Russia	Other related parties
Assets					
Cash and cash equivalents		78 070	-	212 451	-
Mandatory cash balances with the Bank of Russia		89 550	-	50 532	-
Bonds of the Bank of Russia	9	-	-	433 585	-
Gross amount of loans and advances to customers		-	460	-	528
Impairment provision for loans and advances to customers		-	(6)	-	(7)
Other assets		469	-	-	-
Liabilities					
Due to corporate customers		-	543	-	1 163
Subordinated debt		317 923	-	303 299	-

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

<i>(Unaudited)</i> <i>In millions of Russian Roubles</i>	Nine months ended 30 September			
	2011		2010	
	the Bank of Russia	Other related parties	the Bank of Russia	Other related parties
Interest income	9 009	17	26 046	44
Interest expense on subordinated debt	(14 585)	-	(22 443)	-
Interest expense other than on subordinated debt	(18)	(4)	(343)	-
Net recovery of provision / (net provision charge) for loan impairment	-	1	-	(7)
Net gains arising from trading securities	-	-	8	-
Net gains arising from investment securities available for sale	19	-	632	-
Other operating income	-	172	-	-
Operating expenses	(898)	(95)	(676)	-

Selected Notes to the Condensed Interim Consolidated Financial Statements – 30 September 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 September 2011 and 30 September 2010 were as follows:

<i>(Unaudited)</i> <i>In millions of Russian Roubles</i>	Three months ended 30 September			
	2011		2010	
	the Bank of Russia	Other related parties	the Bank of Russia	Other related parties
Interest income	645	4	8 553	44
Interest expense on subordinated debt	(4 915)	-	(4 984)	-
Interest expense other than on subordinated debt	(13)	-	-	-
Net provision charge for loan impairment	-	(5)	-	(7)
Net gains arising from trading securities	-	-	4	-
Net gains arising from investment securities available for sale	-	-	1 340	-
Other operating income	-	162	-	-
Operating expenses	(160)	(87)	(278)	-

For the nine months ended 30 September 2011, remuneration of the members of the key management personnel comprised salaries and bonuses totaling RR 433 million (for the nine months ended 30 September 2010: RR 267 million).

For the three months ended 30 September 2011, remuneration of the members of the key management personnel comprised salaries and bonuses totaling RR 124 million (for the three months ended 30 September 2010: RR 97 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 September 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 September 2011 are disclosed below:

(Unaudited)

In millions of Russian Roubles

Client	Sector	30 September 2011		
		Loans and advances to customers	Due to corporate customers	Guarantees issued
Client 1	Oil and gas	38 763	-	-
Client 2	Oil and gas	-	25 183	-
Client 3	Oil and gas	-	15 796	-
Client 4	Energy	57 447	11 588	-
Client 5	Energy	31 340	22 695	-
Client 6	Telecommunications	55 756	-	-
Client 7	Machine building	59 571	15 506	-
Client 8	Machine building	-	-	19 666
Client 9	Transport, aviation, space industry	-	-	16 214
Client 10	Transport, aviation, space industry	-	-	8 537
Client 11	Food and agriculture	-	-	9 872
Client 12	Government and municipal bodies	-	83 400	-
Client 13	Government and municipal bodies	-	22 348	-
Client 14	Government and municipal bodies	-	18 500	-
Client 15	Government and municipal bodies	44 961	-	-
Client 16	Government and municipal bodies	-	-	20 688

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	Oil and gas	-	23 952	-
Client 4	Energy	46 999	11 937	-
Client 5	Energy	-	27 199	-
Client 6	Telecommunications	48 230	-	-
Client 7	Machine building	54 669	10 750	8 425
Client 8	Machine building	-	-	11 902
Client 9	Transport, aviation, space industry	-	-	15 489
Client 11	Food and agriculture	-	-	9 872
Client 12	Government and municipal bodies	-	24 200	-
Client 14	Government and municipal bodies	-	10 000	-
Client 16	Government and municipal bodies	-	-	14 840
Client 17	Services	-	10 348	-

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

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

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

	30 September 2011 (Unaudited)		31 December 2010	
	Corporate bonds	Corporate shares	Corporate bonds	Corporate shares
Trading securities	5 056	2 125	5 280	1 093
Securities designated at fair value through profit or loss	-	2 389	2 123	2 748
Securities pledged under repurchase agreements	2 842	13 083	300	50
Investment securities available for sale	142 194	19 506	127 779	22 950
Investment securities held to maturity	43 127	-	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 September 2011:

Name	Nature of business	Percentage of ownership	Country of registration
Subsidiaries:			
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	54.00%	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.

During the nine months ended 30 September 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.

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

26 Principal Subsidiaries (continued)

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 September 2011 are as follows:

(Unaudited)

In millions of Russian Roubles

	Fair value
Fair value of net assets of subsidiaries	1 318
Total purchase consideration	1 433
Non-controlling interest's proportionate share of net assets acquired	73
Total purchase consideration and non-controlling interest	1 506
Goodwill arising on acquisition	188

The share of the subsidiaries of the Bank in the consolidated assets of the Group as at 30 September 2011 was 5.4% (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 September 2011 the regulatory capital adequacy ratio was 16.8% (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 September 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 September 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>	30 September 2011 (Unaudited)	31 December 2010
Tier 1 capital		
Share capital	87 742	87 742
Share premium	232 553	232 553
Retained earnings	822 387	585 819
Less goodwill	(8 778)	(8 251)
Total Tier 1 capital	1 133 904	897 863
Tier 2 capital		
Revaluation reserve for premises	52 212	53 648
Fair value reserve for investment securities available for sale	(6 214)	13 437
Foreign currency translation reserve	(4 685)	(1 136)
Subordinated capital	318 147	303 513
Less investments in associates	(2 211)	(2 479)
Total Tier 2 capital	357 249	366 983
Total capital	1 491 153	1 264 846
Risk weighted assets (RWA)		
Credit risk	8 429 643	7 327 090
Market risk	184 208	199 883
Total risk weighted assets (RWA)	8 613 851	7 526 973
Core capital adequacy ratio (Total Tier 1 capital to Total RWA)	13.2	11.9
Total capital adequacy ratio (Total capital to Total RWA)	17.3	16.8

28 Subsequent Events

In October 2011 the Group, the insurance company Allianz Life and Insurance Shareholder Company Allianz CJSC (ISC "Allianz") signed the Key terms of the acquisition by the Group of 100% shares in Insurance Company Allianz Life OJSC (IC Allianz Life). The current shareholder of the Company is ISC "Allianz". The parties agreed to close the transaction before the end of 2011.

In November 2011 the Group received a multicurrency syndicated loan in the total amount of USD 1 197 million from a consortium of foreign banks equivalent to RR 37 638 million as at the date of issue. The loan was received in two tranches in two different currencies: c. 90% of the above sum was received in USD dollars and the remaining part in Euro. The loan matures in November 2014 and has contractual floating interest rates of 3 months LIBOR + 1.5% p.a. for the tranche in USD dollars and 3 months EURIBOR + 1.1% p.a. for the tranche in Euro.