

**Sberbank  
(Savings Bank of the Russian Federation)**

Condensed Interim Consolidated Financial  
Statements and Review Report

*31 March 2009*

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## Report on Review of Interim Condensed Consolidated Financial Statements

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

### **Introduction**

We have reviewed the accompanying condensed interim consolidated statement of financial position of Sberbank (Savings Bank of the Russian Federation) (the "Bank") and its subsidiaries (together "the Group") as at 31 March 2009 and the related condensed interim consolidated statement of income, condensed interim consolidated statement of comprehensive income, condensed interim consolidated statement of changes in equity and condensed interim consolidated statement of cash flows for the three-month period then ended and explanatory notes. Management of the Bank is responsible for the preparation and presentation of these condensed interim consolidated financial statements in accordance with International Financial Reporting Standard IAS 34, *Interim Financial Reporting* ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

### **Scope of Review**

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

### **Conclusion**

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

*Ernst & Young Vneshaudit*

30 June 2009

**Sberbank (Savings Bank of the Russian Federation)**  
**Condensed Interim Consolidated Statement of Financial Position**

<i>In millions of Russian Roubles</i>	<b>Note</b>	<b>31 March 2009 (Unaudited)</b>	<b>31 December 2008</b>
<b>Assets</b>			
Cash and cash equivalents		669 184	803 749
Mandatory cash balances with the Bank of Russia		7 965	7 643
Trading securities		77 436	78 603
Securities designated at fair value through profit or loss		118 954	130 503
Due from other banks		36 829	2 756
Loans and advances to customers	5	5 192 868	5 077 882
Investment securities available for sale		305 553	284 572
Premises and equipment		247 299	251 478
Other assets		111 737	99 296
<b>Total assets</b>		<b>6 767 825</b>	<b>6 736 482</b>
<b>Liabilities</b>			
Due to other banks		331 142	302 539
Due to individuals	6	3 184 606	3 112 102
Due to legal entities	6	1 602 562	1 683 130
Debt securities in issue		118 490	138 902
Other borrowed funds	7	179 757	159 080
Deferred income tax liability		7 203	10 516
Other liabilities		55 614	43 830
Subordinated debt	8	547 195	536 221
<b>Total liabilities</b>		<b>6 026 569</b>	<b>5 986 320</b>
<b>Equity</b>			
Share capital		87 742	87 742
Share premium		232 493	232 493
Revaluation reserve for premises		74 357	74 981
Fair value reserve for investment securities available for sale		(42 485)	(33 185)
Foreign currency translation reserve		(88)	101
Retained earnings		389 237	388 030
<b>Total equity</b>		<b>741 256</b>	<b>750 162</b>
<b>Total liabilities and equity</b>		<b>6 767 825</b>	<b>6 736 482</b>

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

  
Herman Gref  
Chairman of the Board and CEO

  
Andrey Kruzhalov  
Chief Accountant

**Sberbank (Savings Bank of the Russian Federation)**  
**Condensed Interim Consolidated Income Statement**

<i>In millions of Russian Roubles</i>	<b>Note</b>	<b>Three months ended 31 March 2009 (Unaudited)</b>	<b>Three months ended 31 March 2008 (Unaudited)</b>
Interest income	9	195 118	136 974
Interest expense	9	(79 636)	(52 755)
<b>Net interest income</b>		<b>115 482</b>	<b>84 219</b>
Provision for loan impairment	5	(90 755)	(7 548)
<b>Net interest income after provision for loan impairment</b>		<b>24 727</b>	<b>76 671</b>
Fee and commission income	10	23 093	18 400
Fee and commission expense	10	(1 028)	(777)
Losses, net of gains arising from trading securities		(313)	(1 545)
Losses, net of gains arising from securities designated at fair value through profit or loss		(4 599)	(1 125)
Gains less losses arising from investment securities available for sale		512	1 087
Gains less losses arising from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation gains less losses	11	8 527	156
(Losses)/ gains arising from operations with precious metals and precious metals derivatives, net		(304)	2 673
Other operating income		3 318	748
<b>Operating income</b>		<b>53 933</b>	<b>96 288</b>
Administrative and operating expenses		(53 129)	(55 553)
Other operating expenses		(445)	-
<b>Profit before tax</b>		<b>359</b>	<b>40 735</b>
Income tax benefit/ (expense)	12	224	(9 623)
<b>Profit for the reporting period</b>		<b>583</b>	<b>31 112</b>
<b>Earnings per ordinary share, basic and diluted</b> (expressed in RR per share)	<b>14</b>	<b>0.03</b>	<b>1.44</b>

**Sberbank (Savings Bank of the Russian Federation)**  
**Condensed Interim Consolidated Statement of Comprehensive Income**

<i>In millions of Russian Roubles</i>	<b>Note</b>	<b>Three months ended 31 March 2009 (Unaudited)</b>	<b>Three months ended 31 March 2008 (Unaudited)</b>
<b>Profit for the reporting period recognised in the income statement</b>		<b>583</b>	<b>31 112</b>
<b>Components of other comprehensive income:</b>			
Unrealised losses on investment securities available for sale		(11 625)	(1 933)
Foreign currency translation losses, net of gains		(189)	-
Deferred income tax relating to components of other comprehensive income	12	2 325	464
<b>Total components of other comprehensive income for the reporting period, net of tax</b>	<b>13</b>	<b>(9 489)</b>	<b>(1 469)</b>
<b>Total comprehensive income for the reporting period</b>		<b>(8 906)</b>	<b>29 643</b>

**Sberbank (Savings Bank of the Russian Federation)**  
**Condensed Interim Consolidated Statement of Changes in Equity**

<i>In millions of Russian Roubles</i>	Share capital	Share premium	Revaluation reserve for premises	Fair value reserve for investment securities available for sale	Foreign currency translation reserve	Retained earnings	Total equity
<b>Balance as at 1 January 2008</b>	<b>87 742</b>	<b>232 493</b>	<b>14 815</b>	<b>733</b>	<b>-</b>	<b>301 414</b>	<b>637 197</b>
<b>Changes in equity for three months ended 31 March 2008:</b>							
Depreciation of revalued premises, net of tax (Unaudited)	-	-	(132)	-	-	132	-
Total comprehensive income recognised for three months ended 31 March 2008 (Unaudited)	-	-	-	(1 469)	-	31 112	29 643
<b>Balance as at 31 March 2008 (Unaudited)</b>	<b>87 742</b>	<b>232 493</b>	<b>14 683</b>	<b>(736)</b>	<b>-</b>	<b>332 658</b>	<b>666 840</b>
<b>Balance as at 1 January 2009</b>	<b>87 742</b>	<b>232 493</b>	<b>74 981</b>	<b>(33 185)</b>	<b>101</b>	<b>388 030</b>	<b>750 162</b>
<b>Changes in equity for three months ended 31 March 2009:</b>							
Depreciation of revalued premises, net of tax (Unaudited)	-	-	(624)	-	-	624	-
Total comprehensive income recognised for three months ended 31 March 2009 (Unaudited)	-	-	-	(9 300)	(189)	583	(8 906)
<b>Balance as at 31 March 2009 (Unaudited)</b>	<b>87 742</b>	<b>232 493</b>	<b>74 357</b>	<b>(42 485)</b>	<b>(88)</b>	<b>389 237</b>	<b>741 256</b>

**Sberbank (Savings Bank of the Russian Federation)**  
**Condensed Interim Consolidated Statement of Cash Flows**

	Three months ended 31 March 2009 (Unaudited)	Three months ended 31 March 2008 (Unaudited)
<i>In millions of Russian Roubles</i>		
<b>Cash flows from operating activities</b>		
Interest received	187 619	140 192
Interest paid	(62 940)	(48 659)
Fees and commissions received	23 328	18 395
Fees and commissions paid	(1 028)	(777)
Gains received from trading securities	73	548
Gains received from securities designated at fair value through profit or loss	391	433
(Losses incurred)/ gains received from trading in foreign currencies and from operations with foreign currency derivatives	(20 159)	2 782
Gains received from operations with precious metals and precious metals derivatives	676	2 908
Other operating income received	2 036	748
Administrative and other operating expenses paid	(32 257)	(45 415)
Income tax paid	(6 198)	(12 163)
<b>Cash flows from operating activities before changes in operating assets and liabilities</b>	<b>91 541</b>	<b>58 992</b>
<b>Changes in operating assets and liabilities</b>		
Net increase in mandatory cash balances with the Bank of Russia	(322)	(27 349)
Net decrease in trading securities	4 572	106 317
Net decrease in securities designated at fair value through profit or loss	6 990	93 066
Net increase in due from other banks	(31 932)	(7 943)
Net increase in loans and advances to customers	(96 042)	(337 426)
Net decrease in other assets	7 140	6 631
Net increase in due to other banks	22 758	78 739
Net increase in due to individuals	17 092	87 834
Net (decrease)/ increase in due to legal entities	(153 325)	104 803
Net decrease in debt securities in issue	(21 073)	(5 612)
Net increase in other liabilities	3 966	19 726
<b>Net cash (used in)/ from operating activities</b>	<b>(148 635)</b>	<b>177 778</b>
<b>Cash flows from investing activities</b>		
Purchase of investment securities available for sale	(21 799)	(178 527)
Proceeds from disposal and redemption of investment securities available for sale	820	36 748
Acquisition of premises and equipment	(4 870)	(5 307)
Proceeds from disposal of premises and equipment including insurance payments	30	32
Investments in associates	(2 685)	-
Dividend income received	2	-
<b>Net cash used in investing activities</b>	<b>(28 502)</b>	<b>(147 054)</b>
<b>Cash flows from financing activities</b>		
Redemption of other borrowed funds	(4 753)	(5 204)
Repayment of interest on other borrowed funds	(1 667)	(1 148)
Redemption of subordinated debt	(1 981)	-
Repayment of interest on subordinated debt	(1 119)	(772)
Dividends paid	(6)	(4)
<b>Net cash used in financing activities</b>	<b>(9 526)</b>	<b>(7 128)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>52 098</b>	<b>825</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(134 565)</b>	<b>24 421</b>
Cash and cash equivalents at the beginning of the reporting period	803 749	242 231
<b>Cash and cash equivalents as at the end of the reporting period</b>	<b>669 184</b>	<b>266 652</b>

## **1 Introduction**

These condensed interim consolidated financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" ("IAS 34") for the three months ended 31 March 2009 for Sberbank (Savings Bank of the Russian Federation) (the "Bank") and its subsidiaries (together referred to as the "Group" or "Sberbank (Savings Bank of the Russian Federation) Group").

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

As at 31 March 2009 the Supervisory Board of the Bank is headed by the Chairman of the Bank of Russia. The Supervisory Board also included representatives from the Bank's other shareholders. Two Deputy Chairmen of the Bank of Russia are Deputy Chairmen of the Supervisory Board.

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

The Bank has 17 (31 December 2008: 17) regional head offices, 721 (31 December 2008: 734) branches and 19 614 (31 December 2008: 19 675) sub-branches within the Russian Federation as at 31 March 2009. The average number of the Bank's employees during the three-months period ended 31 March 2009 was 260 355 (year ended 31 December 2008: 259 999).

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

## **2 Operating Environment of the Group**

The Group principally operates within the Russian Federation.

**Russian Federation.** The Russian Federation displays certain characteristics of an emerging market, including relatively high inflation. The banking sector in the Russian Federation is sensitive to adverse fluctuations in confidence and economic conditions and may occasionally experience reductions in liquidity and increased levels of volatility in market prices as witnessed during 2008 and first quarter 2009. Management is unable to predict all developments which could have an impact on the banking sector and consequently what effect, if any, they could have on the financial position of the Group.

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

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

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

## **3 Basis of Preparation**

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

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

At 31 March 2009 the principal rate of exchange used for translating foreign currency monetary balances was USD 1 = RR 34.0134 (31 December 2008: USD 1 = RR 29.3804 ).

#### **4 Accounting Policies and Critical Accounting Estimates and Judgements**

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

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

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

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

**Changes in accounting policies.** In these condensed interim consolidated financial statements the Group applied for the first time IFRS 8, Operating Segments, which became obligatory for the Group from 1 January 2009. The new standard replaces IAS 14, Segmental Reporting, and aligns operating segmental reporting with segments reported to senior management. The Group determined its operating segments on the basis of organizational structure of the Group and geographical areas. The new standard affected the presentation of segment reporting of the Group but did not have impact on the recognition or measurement of specific transactions and balances. The presentation of comparative figures has been adjusted retrospectively. Refer to Note 15.

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

**Reclassifications.** Where necessary, corresponding figures have been adjusted to conform to the presentation of the current period amounts. The effect of reclassifications on the consolidated income statement and on the consolidated statement of cash flows for the three months ended 31 March 2008 is as follows:

*(Unaudited)*

<i>In millions of Russian Roubles</i>	<b>As previously reported</b>	<b>Effect of reclassification</b>	<b>As reclassified</b>
<b>Consolidated income statement for the three months ended 31 March 2008</b>			
Foreign exchange translation losses net of gains	(3 945)	3 945	-
Gains less losses arising from trading in foreign currencies	1 989	(1 989)	-
Gains less losses arising from operations with foreign currencies, precious metals and securities derivatives	1 938	(1 938)	-
Gains less losses arising from operations with precious metals	2 847	(2 847)	-
Gains less losses arising from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation gains less losses	-	156	156
(Losses)/ gains arising from operations with precious metals and precious metals derivatives, net	-	2 673	2 673
<b>Consolidated statement of cash flows for the three months ended 31 March 2008</b>			
Income received from foreign currencies, precious metals and securities derivatives	793	(793)	-
Income received from trading in foreign currencies	1 989	(1 989)	-
Income from operations with precious metals	2 908	(2 908)	-
Income received from trading in foreign currencies and from operations with foreign currencies derivatives	-	2 782	2 782
Gains received from operations with precious metals and precious metals derivatives	-	2 908	2 908

## 5 Loans and Advances to Customers

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

### 31 March 2009:

<i>Unaudited</i> <i>In millions of Russian Roubles</i>	<b>Neither past due nor impaired loans</b>	<b>Past due and/or impaired loans</b>	<b>Total</b>
Commercial loans to legal entities	2 143 417	158 226	2 301 643
Specialised loans to legal entities	1 705 175	261 205	1 966 380
Loans to individuals - consumer and other loans	673 344	43 132	716 476
Mortgage loans to individuals	475 198	24 114	499 312
<b>Total loans and advances to customers before provision for loan impairment</b>	<b>4 997 134</b>	<b>486 677</b>	<b>5 483 811</b>
Less: Provision for loan impairment	(101 496)	(189 447)	(290 943)
<b>Total loans and advances to customers net of provision for loan impairment</b>	<b>4 895 638</b>	<b>297 230</b>	<b>5 192 868</b>

### 31 December 2008:

<i>In millions of Russian Roubles</i>	<b>Neither past due nor impaired loans</b>	<b>Past due and/or impaired loans</b>	<b>Total</b>
Commercial loans to legal entities	2 046 571	88 803	2 135 374
Specialised loans to legal entities	1 774 978	108 953	1 883 931
Loans to individuals - consumer and other loans	728 673	34 314	762 987
Mortgage loans to individuals	482 504	15 371	497 875
<b>Total loans and advances to customers before provision for loan impairment</b>	<b>5 032 726</b>	<b>247 441</b>	<b>5 280 167</b>
Less: Provision for loan impairment	(97 921)	(104 364)	(202 285)
<b>Total loans and advances to customers net of provision for loan impairment</b>	<b>4 934 805</b>	<b>143 077</b>	<b>5 077 882</b>

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

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

## 5 Loans and Advances to Customers (Continued)

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

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

A loan is considered overdue when the borrower fails to make any payment due under the loan at the balance sheet date. In this case an overdue amount is recognised as the aggregate amount of all amounts due from borrower under the loan agreement including accrued interest and commissions.

Corporate loans are deemed impaired in case of the borrower's poor financial position or unsatisfactory debt servicing. Retail loans are deemed impaired when the principal and/or interest payment becomes more than 90 days overdue.

Methods of computation of individually impaired loans applied in the preparation of these condensed interim consolidated financial statements are consistent with those disclosed in the annual consolidated financial statements of the Group for the year ended 31 December 2008.

The table below shows the analysis of past due and/or impaired loans as at 31 March 2009:

<i>Unaudited</i> <i>In millions of Russian Roubles</i>	<b>Collectively assessed</b>				<b>Individually assessed</b>	<b>Total</b>
	<b>Loans less than 30 days overdue</b>	<b>Loans 30 to 60 days overdue</b>	<b>Loans 60 to 90 days overdue</b>	<b>Loans over 90 days overdue</b>		
Commercial loans to legal entities	35 249	8 633	8 598	53 013	52 733	158 226
Specialised loans to legal entities	47 730	6 082	4 325	27 284	175 784	261 205
Loans to individuals - consumer and other loans	6 652	4 011	3 051	29 418	-	43 132
Mortgage loans to individuals	4 308	2 756	2 320	14 730	-	24 114
<b>Total past due and/or impaired loans and advances to customers before provision for loan impairment</b>	<b>93 939</b>	<b>21 482</b>	<b>18 294</b>	<b>124 445</b>	<b>228 517</b>	<b>486 677</b>

**5 Loans and Advances to Customers (Continued)**

The table below shows the analysis of past due and/or impaired loans as at 31 December 2008:

<i>In millions of Russian Roubles</i>	Collectively assessed				Individually assessed	Total
	Loans less than 30 days overdue	Loans 30 to 60 days overdue	Loans 60 to 90 days overdue	Loans over 90 days overdue		
Commercial loans to legal entities	13 260	8 841	5 090	34 940	26 672	88 803
Specialised loans to legal entities	26 390	13 616	1 517	13 568	53 862	108 953
Loans to individuals - consumer and other loans	5 356	2 582	1 450	24 926	-	34 314
Mortgage loans to individuals	2 650	1 710	804	10 207	-	15 371
<b>Total past due and/or impaired loans and advances to customers before provision for loan impairment</b>	<b>47 656</b>	<b>26 749</b>	<b>8 861</b>	<b>83 641</b>	<b>80 534</b>	<b>247 441</b>

The table below shows the Group's impaired loans by loan classes as at 31 March 2009:

<i>Unaudited In millions of Russian Roubles</i>	Collectively assessed	Individually assessed	Total
Commercial loans to legal entities	-	52 733	52 733
Specialised loans to legal entities	-	175 784	175 784
Loans to individuals - consumer and other loans	29 418	-	29 418
Mortgage loans to individuals	14 730	-	14 730
<b>Total impaired loans and advances to customers as at 31 March 2009</b>	<b>44 148</b>	<b>228 517</b>	<b>272 665</b>

The table below shows the Group's impaired loans by loan classes as at 31 December 2008:

<i>In millions of Russian Roubles</i>	Collectively assessed	Individually assessed	Total
Commercial loans to legal entities	-	26 672	26 672
Specialised loans to legal entities	-	53 862	53 862
Loans to individuals - consumer and other loans	24 926	-	24 926
Mortgage loans to individuals	10 207	-	10 207
<b>Total impaired loans and advances to customers as at 31 December 2008</b>	<b>35 133</b>	<b>80 534</b>	<b>115 667</b>

**5 Loans and Advances to Customers (Continued)**

As defined by the Group for the purposes of internal credit risk assessment, loans fall into the “non-performing category” when principal and/or interest payment becomes more than 90 days overdue. Thus non-performing loans comprise impaired loans to individuals and both impaired and non-impaired loans to legal entities which are over 90 days overdue.

As at 31 March 2009 the outstanding non-performing loans were as follows:

<i>Unaudited</i> <i>In millions of Russian Roubles</i>	<b>Collectively assessed</b>	<b>Individually assessed</b>	<b>Total</b>
Commercial loans to legal entities	53 013	17 587	70 600
Specialised loans to legal entities	27 284	48 686	75 970
Loans to individuals - consumer and other loans	29 418	-	29 418
Mortgage loans to individuals	14 730	-	14 730
<b>Total non-performing loans and advances to customers as at 31 March 2009</b>	<b>124 445</b>	<b>66 273</b>	<b>190 718</b>

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

<i>In millions of Russian Roubles</i>	<b>Collectively assessed</b>	<b>Individually assessed</b>	<b>Total</b>
Commercial loans to legal entities	34 940	5 722	40 662
Specialised loans to legal entities	13 568	5 315	18 883
Loans to individuals - consumer and other loans	24 926	-	24 926
Mortgage loans to individuals	10 207	-	10 207
<b>Total non-performing loans and advances to customers as at 31 December 2008</b>	<b>83 641</b>	<b>11 037</b>	<b>94 678</b>

**Provisions for Loan Impairment.** The analysis of changes in provisions for credit portfolio impairment for the three months ended 31 March 2009 by loan classes is presented in the table below:

<i>Unaudited</i> <i>In millions of Russian Roubles</i>	<b>Commercial loans to legal entities</b>	<b>Specialised loans to legal entities</b>	<b>Loans to individuals - consumer and other loans</b>	<b>Mortgage loans to individuals</b>	<b>Total</b>
<b>Provision for loan impairment at 1 January 2009</b>	<b>82 708</b>	<b>75 305</b>	<b>31 661</b>	<b>12 611</b>	<b>202 285</b>
Provision for impairment during the period	44 302	35 863	4 600	5 990	90 755
Amounts written off during the period as uncollectible	(1 497)	(84)	(448)	(68)	(2 097)
<b>Provision for loan impairment as at 31 March 2009</b>	<b>125 513</b>	<b>111 084</b>	<b>35 813</b>	<b>18 533</b>	<b>290 943</b>

**5 Loans and Advances to Customers (Continued)**

The table below shows the analysis of provisions for credit portfolio impairment as at 31 March 2009 by loan classes and categories:

<i>Unaudited</i> <i>In millions of Russian Roubles</i>	<b>Collectively assessed</b>	<b>Individually assessed</b>	<b>Total</b>
Commercial loans to legal entities	82 071	43 442	125 513
Specialised loans to legal entities	68 442	42 642	111 084
Loans to individuals - consumer and other loans	35 813	-	35 813
Mortgage loans to individuals	18 533	-	18 533
<b>Total provision for loan impairment as at 31 March 2009</b>	<b>204 859</b>	<b>86 084</b>	<b>290 943</b>

The analysis of changes in provisions for credit portfolio impairment for the three months ended 31 March 2008 by loan classes is presented in the table below:

<i>Unaudited</i> <i>In millions of Russian Roubles</i>	<b>Commercial loans to legal entities</b>	<b>Specialised loans to legal entities</b>	<b>Loans to individuals - consumer and other loans</b>	<b>Mortgage loans to individuals</b>	<b>Total</b>
<b>Provision for loan impairment at 1 January 2008</b>	<b>45 498</b>	<b>32 406</b>	<b>25 458</b>	<b>8 126</b>	<b>111 488</b>
Provision for impairment during the period	3 233	2 066	912	1 337	7 548
Amounts written off during the period as uncollectible	(867)	(2)	(209)	(41)	(1 119)
<b>Provision for loan impairment as at 31 March 2008</b>	<b>47 864</b>	<b>34 470</b>	<b>26 161</b>	<b>9 422</b>	<b>117 917</b>

The table below shows the analysis of provisions for credit portfolio impairment as at 31 March 2008 by loan classes and categories:

<i>Unaudited</i> <i>In millions of Russian Roubles</i>	<b>Collectively assessed</b>	<b>Individually assessed</b>	<b>Total</b>
Commercial loans to legal entities	46 842	1 022	47 864
Specialised loans to legal entities	30 970	3 500	34 470
Loans to individuals - consumer and other loans	26 161	-	26 161
Mortgage loans to individuals	9 422	-	9 422
<b>Total provision for loan impairment as at 31 March 2008</b>	<b>113 395</b>	<b>4 522</b>	<b>117 917</b>

**6 Due to Individuals and Legal Entities**

<i>In millions of Russian Roubles</i>	<b>31 March 2009 (Unaudited)</b>	<b>31 December 2008</b>
<b>Individuals</b>		
- Current/demand accounts	355 398	395 090
- Term deposits	2 829 208	2 717 012
<b>Total due to individuals</b>	<b>3 184 606</b>	<b>3 112 102</b>
<b>State and public organisations</b>		
- Current/settlement accounts	92 598	160 540
- Term deposits	59 308	58 914
<b>Total due to state and public organisations</b>	<b>151 906</b>	<b>219 454</b>
<b>Other legal entities</b>		
- Current/settlement accounts	838 389	850 621
- Term deposits	612 267	613 055
<b>Total due to other legal entities</b>	<b>1 450 656</b>	<b>1 463 676</b>
<b>Total due to legal entities</b>	<b>1 602 562</b>	<b>1 683 130</b>
<b>Total due to individuals and legal entities</b>	<b>4 787 168</b>	<b>4 795 232</b>

**7 Other Borrowed Funds**

<i>In millions of Russian Roubles</i>	<b>31 March 2009 (Unaudited)</b>	<b>31 December 2008</b>
Long-term loans received	172 991	153 531
Term borrowings	6 766	5 549
<b>Total other borrowed funds</b>	<b>179 757</b>	<b>159 080</b>

During the three months ended 31 March 2009 the Group repurchased the part of its long-term loans, received under loan participation notes (MTN) issuance programme, recognised at amortised cost of RR 4 802 million. The transaction was organised as a buying-out of loan participation notes issued for the sole purpose of financing loans to the Group, from the market. As a result of this transaction the Group has received a net gain in the amount of RR 547 million.

**8 Subordinated Debt**

<i>In millions of Russian Roubles</i>	<b>31 March 2009 (Unaudited)</b>	<b>31 December 2008</b>
Subordinated debt received by the Group from the Bank of Russia	514 233	504 634
Subordinated debt received by the Group on international financial markets	31 474	30 012
Subordinated debt received by subsidiaries	1 488	1 575
<b>Total subordinated debt</b>	<b>547 195</b>	<b>536 221</b>

During the three months ended 31 March 2009 the Group repurchased the part of its subordinated loan recognised at amortised cost of RR 2 713 million. The transaction was organised as a buying-out of loan participation notes issued by UBS Luxembourg S.A. for the sole purpose of financing a ten-year subordinated loan to the Group, from the market. As a result of this transaction the Group has received a net gain in the amount of RR 732 million.

**9 Interest Income and Expense**

	Three months ended 31 March 2009 (Unaudited)	Three months ended 31 March 2008 (Unaudited)
<i>In millions of Russian Roubles</i>		
<b>Interest income</b>		
Loans and advances to customers	181 863	127 650
Debt investment securities available for sale	6 999	661
Debt securities designated at fair value through profit or loss	2 056	3 994
Due from other banks	1 999	861
Debt trading securities	1 606	3 669
Correspondent accounts with other banks	595	139
<b>Total interest income</b>	<b>195 118</b>	<b>136 974</b>
<b>Interest expense</b>		
Term deposits of individuals	42 823	36 967
Term deposits of legal entities	12 309	7 138
Subordinated debt	10 175	416
Term placements of other banks	6 993	735
Current/settlement accounts of legal entities	3 132	3 091
Debt securities in issue	2 025	2 122
Other borrowed funds	1 791	1 447
Current/demand accounts of individuals	278	625
Correspondent accounts of other banks	110	214
<b>Total interest expense</b>	<b>79 636</b>	<b>52 755</b>
<b>Net interest income</b>	<b>115 482</b>	<b>84 219</b>

**10 Fee and Commission Income and Expense**

	Three months ended 31 March 2009 (Unaudited)	Three months ended 31 March 2008 (Unaudited)
<i>In millions of Russian Roubles</i>		
<b>Fee and commission income</b>		
Cash and settlements transactions with legal entities	7 656	6 649
Cash and settlements transactions with individuals	7 386	6 498
Plastic cards operations	3 731	2 902
Operations with foreign currency	2 478	1 011
Cash collection	868	770
Guarantees issued	576	290
Transactions with securities	38	143
Other	360	137
<b>Total fee and commission income</b>	<b>23 093</b>	<b>18 400</b>
<b>Fee and commission expense</b>		
Settlement transactions	757	649
Operations with foreign currency	82	42
Cash collection	39	22
Other	150	64
<b>Total fee and commission expense</b>	<b>1 028</b>	<b>777</b>
<b>Net fee and commission income</b>	<b>22 065</b>	<b>17 623</b>

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

<i>In millions of Russian Roubles</i>	Three months ended 31 March 2009 (Unaudited)	Three months ended 31 March 2008 (Unaudited)
Gains less losses arising from trading in foreign currencies	5 170	1 989
Foreign exchange translation gains less losses/ (losses, net of gains)	25 129	(3 945)
(Losses net of gains)/ gains less losses from operations with foreign currency derivatives	(21 772)	2 112
<b>Total gains less losses arising from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation gains less losses</b>	<b>8 527</b>	<b>156</b>

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

**12 Income Taxes**

Income tax benefit / (expense) comprises the following:

<i>In millions of Russian Roubles</i>	Three months ended 31 March 2009 (Unaudited)	Three months ended 31 March 2008 (Unaudited)
Current tax	(1 121)	(12 637)
Deferred tax	(980)	2 550
Less: Deferred tax recorded directly in equity	2 325	464
<b>Income tax benefit/ (expense)</b>	<b>224</b>	<b>(9 623)</b>

The income tax applicable to the majority of the Group's income for the three months ended 31 March 2009 is 20% (the three months ended 31 March 2008: 24%). According to the amendment to the Russian Tax Code introduced by the State Duma of the Russian Federation on 21 November 2008, 20% income tax rate became effective for the Group from 1 January 2009.

Reconciliation between the expected and the actual taxation charge is provided below:

<i>In millions of Russian Roubles</i>	Three months ended 31 March 2009 (Unaudited)	Three months ended 31 March 2008 (Unaudited)
<b>IFRS profit before tax</b>	<b>359</b>	<b>40 735</b>
Theoretical tax charge at statutory rate (2009: 20%; 2008: 24%)	(72)	(9 776)
Income on government securities taxed at different rates	350	558
Profit of subsidiaries taxed at different rates	(126)	(59)
Other non-temporary differences	72	(346)
<b>Income tax benefit/ (expense)</b>	<b>224</b>	<b>(9 623)</b>

**13 Disclosure of Components of Other Comprehensive Income**

	Three months ended 31 March 2009 (Unaudited)	Three months ended 31 March 2008 (Unaudited)
<i>In millions of Russian Roubles</i>		
Investment securities available for sale:		
- Losses on revaluation of securities	(11 113)	(846)
- Accumulated gains reclassified to profit or loss upon disposal of securities	(512)	(1 087)
Foreign currency translation losses, net of gains	(189)	-
<b>Other comprehensive income for the reporting period before tax</b>	<b>(11 814)</b>	<b>(1 933)</b>
Deferred income tax relating to components of other comprehensive income:		
- Investment securities available for sale	2 325	464
<b>Other comprehensive income for the reporting period, net of tax</b>	<b>(9 489)</b>	<b>(1 469)</b>

**14 Earnings per Share**

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

	Three months ended 31 March 2009 (Unaudited)	Three months ended 31 March 2008 (Unaudited)
<i>In millions of Russian Roubles</i>		
Profit for the reporting period	583	31 112
<b>Profit attributable to the Bank's ordinary shareholders</b>	<b>583</b>	<b>31 112</b>
Weighted average number of ordinary shares in issue (millions)	21 585	21 585
<b>Basic and diluted earnings per ordinary share (expressed in RR per share)</b>	<b>0.03</b>	<b>1.44</b>

## **15 Segment Analysis**

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

- **Moscow;**

this segment includes the following:

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

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

this segment includes the following:

Regional head offices:

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

Subsidiaries of the Group located in the region.

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

this segment includes the following:

Regional head offices:

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

Subsidiaries of the Group located in the region.

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

this segment includes the following:

Regional head offices:

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

Subsidiaries of the Group located in the region.

- **Other countries**

this segment includes the following:

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

**15 Segment Analysis (Continued)**

The management of the Group analyses operating results of every segment of activity for the purposes of making decision about allocation of resources and assessment of segments' business results. The segments' reporting and operating results which are provided to the Management of the Group for analysis are prepared under Russian accounting standards.

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 31 March 2009 is as follows:

<i>(Unaudited)</i> <i>In millions of Russian</i> <i>Roubles</i>	<b>Moscow</b>	<b>Central and Northern regions of European part of Russia</b>	<b>Volga region and South of European part of Russia</b>	<b>Ural, Siberia and Far East of Russia</b>	<b>Other countries</b>	<b>Total</b>
<b>Total assets</b>	<b>3 042 407</b>	<b>1 227 021</b>	<b>1 046 970</b>	<b>1 423 710</b>	<b>44 178</b>	<b>6 784 286</b>
<b>Total liabilities</b>	<b>2 785 849</b>	<b>1 237 293</b>	<b>872 699</b>	<b>1 095 236</b>	<b>34 514</b>	<b>6 025 591</b>

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

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

**15 Segment Analysis (Continued)**

Segment reporting of the Group's income and expenses for the three months ended 31 March 2009 is as follows:

<i>(Unaudited)</i> In millions of Russian Roubles	<b>Moscow</b>	<b>Central and Northern regions of European part of Russia</b>	<b>Volga region and South of European part of Russia</b>	<b>Ural, Siberia and Far East of Russia</b>	<b>Other countries</b>	<b>Total</b>
Interest income	67 547	36 564	32 184	46 409	1 377	184 081
Interest expense	(42 615)	(14 002)	(9 999)	(12 911)	(546)	(80 073)
Inter-segment income and expense	9 016	1 278	(3 471)	(6 741)	(82)	-
Fee and commission income	7 432	8 290	6 539	8 803	228	31 292
Fee and commission expense	(812)	3	(47)	(23)	(22)	(901)
Gains less losses arising from securities	70	(1)	-	-	9	78
Gains less losses arising from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation gains less losses	(661)	2 466	1 969	1 709	60	5 543
Net gains / (losses) arising from operations with precious metals	(534)	364	300	483	-	613
Other operating gains less losses	(8 593)	362	59	308	34	(7 830)
<b>Operating income before provision for loan impairment</b>	<b>30 850</b>	<b>35 324</b>	<b>27 534</b>	<b>38 037</b>	<b>1 058</b>	<b>132 803</b>
Provision for loan impairment	(55 291)	(6 408)	(5 760)	(15 410)	(3 031)	(85 900)
<b>Operating income/ (expense)</b>	<b>(24 441)</b>	<b>28 916</b>	<b>21 774</b>	<b>22 627</b>	<b>(1 973)</b>	<b>46 903</b>
Administrative and other operating expenses	(10 724)	(10 409)	(8 960)	(12 345)	(561)	(42 999)
<b>Profit/ (loss) before tax (Segment result)</b>	<b>(35 165)</b>	<b>18 507</b>	<b>12 814</b>	<b>10 282</b>	<b>(2 534)</b>	<b>3 904</b>

**15 Segment Analysis (Continued)**

Segment reporting of the Group's income and expenses for the three months ended 31 March 2008 is as follows:

<i>(Unaudited)</i> In millions of Russian Roubles	<b>Moscow</b>	<b>Central and Northern regions of European part of Russia</b>	<b>Volga region and South of European part of Russia</b>	<b>Ural, Siberia and Far East of Russia</b>	<b>Other countries</b>	<b>Total</b>
Interest income	45 130	24 432	21 619	31 671	569	123 421
Interest expense	(22 109)	(11 545)	(8 301)	(10 578)	(196)	(52 729)
Inter-segment income and expense	(3 089)	3 393	556	(833)	(27)	-
Fee and commission income	6 411	7 237	5 773	7 842	146	27 409
Fee and commission expense	(598)	(4)	(40)	(26)	(15)	(683)
Gains less losses arising from securities	(2 051)	(17)	-	-	-	(2 068)
Gains less losses arising from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation gains less losses	565	555	405	261	31	1 817
Net gains / (losses) arising from operations with precious metals	2 010	304	237	317	-	2 868
Other operating gains less losses	(2 170)	303	325	319	20	(1 203)
<b>Operating income before provision for loan impairment</b>	<b>24 099</b>	<b>24 658</b>	<b>20 574</b>	<b>28 973</b>	<b>528</b>	<b>98 832</b>
Provision for loan impairment	(1 391)	(833)	(1 093)	(599)	(125)	(4 041)
<b>Operating income</b>	<b>22 708</b>	<b>23 825</b>	<b>19 481</b>	<b>28 374</b>	<b>403</b>	<b>94 791</b>
Administrative and other operating expenses	(13 737)	(10 725)	(9 769)	(14 365)	(199)	(48 795)
<b>Profit before tax (Segment result)</b>	<b>8 971</b>	<b>13 100</b>	<b>9 712</b>	<b>14 009</b>	<b>204</b>	<b>45 996</b>

## 15 Segment Analysis (Continued)

Reconciliation of profit for the reportable segments before tax with the Group's profit before tax under IFRS for the three months ended 31 March 2009 and for the three months ended 31 March 2008 is as follows:

<i>In millions of Russian Roubles</i>	<b>Three months ended 31 March 2009 (Unaudited)</b>	<b>Three months ended 31 March 2008 (Unaudited)</b>
<b>Total profit for reportable segments before tax</b>	<b>3 904</b>	<b>45 996</b>
Adjustment of provisions	4 547	(3 093)
Staff expenses accrued related to the reporting period (bonuses, annual leave, pension liabilities)	(6 294)	(1 378)
Differences arising on securities' classification	(5 823)	(293)
Accounting of derivatives at fair value	2 824	(2 435)
Additional interest accrued on loans	2 297	1 484
Adjustment of depreciation and cost of premises and equipment	(1 689)	(290)
Accounting of financial result related to repurchasing of a part of the Group's long-term loans	1 354	-
Other adjustments	(761)	744
<b>The Group's profit before tax under IFRS</b>	<b>359</b>	<b>40 735</b>

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

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

## 16 Financial Risk Management

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

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

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

**16 Financial Risk Management (Continued)**

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

The table below summarises the Group's exposure to foreign currency exchange rate risk in respect of monetary assets, liabilities and off-balance sheet notional position at 31 March 2009:

<i>Unaudited</i> <i>In millions of Russian Roubles</i>	<b>Russian Roubles</b>	<b>USD</b>	<b>Euro</b>	<b>Other</b>	<b>Total</b>
<b>Assets</b>					
Cash and cash equivalents	149 990	146 910	338 714	33 570	669 184
Mandatory cash balances with the Bank of Russia	7 965	-	-	-	7 965
Debt trading securities	53 080	23 463	-	-	76 543
Debt securities designated at fair value through profit or loss	117 109	-	-	-	117 109
Due from other banks	18	45	36 737	29	36 829
Loans and advances to customers	4 357 983	730 509	85 778	18 598	5 192 868
Debt investment securities available for sale	230 799	56 120	7 252	4 580	298 751
Other financial assets (less fair value of derivatives)	16 207	10 200	4 348	237	30 992
<b>Total monetary assets</b>	<b>4 933 151</b>	<b>967 247</b>	<b>472 829</b>	<b>57 014</b>	<b>6 430 241</b>
<b>Liabilities</b>					
Due to other banks	292 606	16 361	20 582	1 593	331 142
Due to individuals	2 511 675	296 794	318 282	57 855	3 184 606
Due to legal entities	953 943	447 447	181 234	19 938	1 602 562
Debt securities in issue	112 669	2 611	3 210	-	118 490
Other borrowed funds	-	176 070	2 520	1 167	179 757
Other financial liabilities (less fair value of derivatives)	25 547	1 400	585	463	27 995
Subordinated debt	514 233	31 474	-	1 488	547 195
<b>Total monetary liabilities</b>	<b>4 410 673</b>	<b>972 157</b>	<b>526 413</b>	<b>82 504</b>	<b>5 991 747</b>
<b>Net balance sheet position</b>	<b>522 478</b>	<b>(4 910)</b>	<b>(53 584)</b>	<b>(25 490)</b>	<b>438 494</b>
<b>Off-balance sheet notional position on currency and precious metals derivatives</b>	<b>(28 196)</b>	<b>(34 704)</b>	<b>55 112</b>	<b>8 649</b>	<b>861</b>
<b>Credit related commitments</b>	<b>314 749</b>	<b>360 577</b>	<b>98 953</b>	<b>24 116</b>	<b>798 395</b>

**16 Financial Risk Management (Continued)**

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

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

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

**16 Financial Risk Management (Continued)**

The liquidity position as per remaining expected maturity of the Group's assets and liabilities at 31 March 2009 is set out below.

<i>Unaudited</i> <i>In millions of</i> <i>Russian Roubles</i>	<b>Demand and less than 1 month</b>	<b>From 1 to 6 months</b>	<b>From 6 to 12 months</b>	<b>From 1 to 3 years</b>	<b>More than 3 years</b>	<b>No stated maturity</b>	<b>Total</b>
<b>Assets</b>							
Cash and cash equivalents	669 184	-	-	-	-	-	669 184
Mandatory cash balances with the Bank of Russia	939	1 617	793	1 507	3 109	-	7 965
Trading securities	77 436	-	-	-	-	-	77 436
Securities designated at fair value through profit or loss	118 954	-	-	-	-	-	118 954
Due from other banks	139	34 988	851	851	-	-	36 829
Loans and advances to customers	326 467	865 262	1 096 106	1 499 650	1 405 383	-	5 192 868
Investment securities available for sale	8 969	10 966	13 311	102 265	160 847	9 195	305 553
Premises and equipment	-	-	-	-	-	247 299	247 299
Other assets	33 773	5 700	25 445	25 955	559	20 305	111 737
<b>Total assets</b>	<b>1 235 861</b>	<b>918 533</b>	<b>1 136 506</b>	<b>1 630 228</b>	<b>1 569 898</b>	<b>276 799</b>	<b>6 767 825</b>
<b>Liabilities</b>							
Due to other banks	131 233	134 740	64 765	233	171	-	331 142
Due to individuals	48 121	226 306	250 244	798 846	1 861 089	-	3 184 606
Due to legal entities	524 497	745 182	228 702	104 159	22	-	1 602 562
Debt securities in issue	29 408	62 291	14 339	12 444	8	-	118 490
Other borrowed funds	-	51	51 315	91 204	37 187	-	179 757
Deferred income tax liability	-	-	-	-	-	7 203	7 203
Other liabilities	29 487	20 036	519	339	291	4 942	55 614
Subordinated debt	-	-	-	1 259	545 936	-	547 195
<b>Total liabilities</b>	<b>762 746</b>	<b>1 188 606</b>	<b>609 884</b>	<b>1 008 484</b>	<b>2 444 704</b>	<b>12 145</b>	<b>6 026 569</b>
<b>Net liquidity surplus/(gap)</b>	<b>473 115</b>	<b>(270 073)</b>	<b>526 622</b>	<b>621 744</b>	<b>(874 806)</b>	<b>264 654</b>	<b>741 256</b>
<b>Cumulative liquidity surplus at 31 March 2009</b>	<b>473 115</b>	<b>203 042</b>	<b>729 664</b>	<b>1 351 408</b>	<b>476 602</b>	<b>741 256</b>	<b>-</b>

**16 Financial Risk Management (Continued)**

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

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

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

## 17 Related Party Transactions

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

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

As at 31 March 2009 and 31 December 2008, the outstanding balances with the Bank of Russia and key management personnel of the Group were as follows:

<i>In millions of Russian Roubles</i>	<b>Note</b>	<b>31 March 2009 (Unaudited)</b>	<b>31 December 2008</b>
<b>Assets</b>			
Mandatory cash balances with the Bank of Russia		7 965	7 643
Account with the Bank of Russia (other than mandatory cash balances)		156 314	82 028
Other assets		11	-
<b>Liabilities</b>			
Due to other banks		203 656	233 317
Subordinated debt	8	514 233	504 634
Remuneration liabilities to key management personnel of the Group		51	-

As at 31 March 2009 amounts due to other banks include amounts received under sale and repurchase agreements with the Bank of Russia totalling RR 5 000 million. The total fair value of securities sold under these agreements is included in the portfolio of securities designated at fair value through profit or loss in the amount of RR 5 517 million and in the portfolio of investment securities available for sale in the amount of RR 233 million in the consolidated statement of financial position of the Group.

The income and expense items with the Bank of Russia for the three months ended 31 March 2009 and 31 March 2008 were as follows:

<i>In millions of Russian Roubles</i>	<b>Three months ended 31 March 2009 (Unaudited)</b>	<b>Three months ended 31 March 2008 (Unaudited)</b>
Interest income	-	963
Interest expense	(6 077)	(275)
Interest expense on subordinated debt	(9 598)	-
Gains less losses arising from trading securities	-	96
Losses, net of gains arising from investment securities available for sale	-	(43)
Other operating expenses	(133)	(134)

For the three months period ended 31 March 2009, remuneration of the members of the key management personnel comprised salaries and bonuses totalling RR 111 million (the three months period ended 31 March 2008: RR 209 million).

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

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

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

	31 March 2009 (Unaudited)		31 December 2008	
	100% owned State subsidiaries and government bodies	Entities where the State controls over 50% of share capital	100% owned State subsidiaries and government bodies	Entities where the State controls over 50% of share capital
<i>In millions of Russian Roubles</i>				
Cash and cash equivalents	14 049	142	1	2 149
Trading securities	63 218	4 711	65 160	4 500
Securities designated at fair value through profit or loss	110 582	2 127	122 055	1 607
Gross amount of loans and advances to customers	332 644	239 115	286 180	155 033
Impairment for loans and advances to customers	(5 718)	(3 547)	(4 232)	(2 220)
Investment securities available for sale	230 278	19 067	230 158	9 806
Due to other banks	29 500	18 348	-	8 203
Due to legal entities	183 300	83 578	222 682	40 423

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

Income and expense items with State subsidiaries and government bodies for the three months period ended 31 March 2009 and 31 March 2008 were as follows:

	Three months ended 31 March 2009 (Unaudited)		Three months ended 31 March 2008 (Unaudited)	
	100% owned State subsidiaries and government bodies	Entities where the State controls over 50% of share capital	100% owned State subsidiaries and government bodies	Entities where the State controls over 50% of share capital
<i>In millions of Russian Roubles</i>				
Interest income	19 451	6 901	11 925	2 619
Interest expense	(3 000)	(271)	(892)	(343)
(Losses, net of gains)/ gains less losses arising from trading securities	(681)	147	(1 532)	(26)
(Losses, net of gains)/ gains less losses arising from securities designated at fair value through profit or loss	(5 056)	446	(824)	(72)
Gains less losses arising from investment securities available for sale	2	1	-	270
Fee and commission income	946	353	619	105

Transactions with the State also include taxes. Income tax expense paid to the budget of the Russian Federation by the Bank and its Russian-based subsidiaries amounted to RR 146 million for the three months period ended 31 March 2009 (RR 9 599 million for the three months period ended 31 March 2008).

**19 Capital Adequacy Ratio**

As at 31 March 2009, Capital Adequacy Ratio calculated by the Bank in accordance with the International Convergence of Capital Measurement and Capital Standards (July 1988, updated to November 2005) and Amendment to the Capital Accord to incorporate market risks (updated November 2005), commonly known as Basel requirements, was as follows:

	31 March 2009 (Unaudited)	31 December 2008
Core capital adequacy ratio (Tier 1)	11.7%	12.2%
Total capital adequacy ratio (Tier 1 and Tier 2)	18.0%	18.9%

## **20 Subsequent Events**

On 22 May 2009 the Group acquired 10% share in the Cyprus-based company, operator of container terminals in Russia and Finland and mineral oil terminals in Estonia.

In May 2009 the consortium of Sberbank and Canadian-Austrian Magna International won the tender for purchase of a 55% stake of the re-created company Opel, integrating all assets of GM in Europe, including the German car manufacturer Adam Opel GmbH. As a result the parties of the deal signed memorandum of understanding. After closing of the deal Sberbank is expected to have a 35% stake in the new company and Magna 20%. General Motors will retain 35% and Opel employees 10% of stock.

On 8 June 2009 under the restructuring of the loan to the Group's borrower, Russian retailer Mosmart, the Group, private fund "Bacarella Holdings Corporation" and holding company Sarnatus came to an agreement on reorganisation of the retailer. The details on reorganisation will be defined upon completion of the deal.

On 26 June 2009 the Annual General Shareholders' meeting was held. Per the decision of the Shareholders meeting, the Bank will pay out RR 0.48 dividend on each ordinary share and RR 0.63 dividend on each preference share in respect of the 2008 financial results of the Bank. The General Shareholders' meeting has also approved the Bank's Supervisory Board members. The new Supervisory Board is headed by the Chairman of the Bank of Russia. Also the annual general shareholders' meeting approved an increase in Sberbank's capital. The number of ordinary shares to be issued through an open subscription will not exceed 15 000 000 000. The price of the new shares will be determined by Sberbank's Supervisory Board before the placement.