

**Sberbank of Russia Open Joint-Stock
Company**

Abbreviated interim consolidated financial
reporting and the review report

June 30, 2012

Abbreviated interim consolidated financial reporting and the review report

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Abbreviated interim consolidated financial reporting

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Notes to the abbreviated interim consolidated financial reporting



CJSC Ernst & Young Vneshaudit
Sadovnicheskaya Nab., 77, building 1
Moscow, 115035, Russia

Tel: +7 (495) 705 9700
+7 (495) 755 9700
Fax: +7 (495) 755 9701
www.ey.com

ZAO Ernst and Young Vneshaudit
Sadovnicheskaya Nab., 77, building 1
Moscow, 115035, Russia 1

Tel.: +7 (495) 705 9700
+7 (495) 755 9700
Fax: +7 (495) 755 9701
OKPO: 00139790

Report on the Review of the abbreviated interim consolidated financial reporting

TO: Shareholders and the Supervisory Board of OJSC Sberbank of Russia –

Introduction

We have conducted a review of the attached abbreviated interim consolidated financial reporting of Sberbank of Russia OJSC (hereinafter the Bank) and its subsidiaries (collectively, the Group) as of June 30, 2012 which includes an abbreviated interim consolidated balance sheet as of June 30, 2012, respective abbreviated interim consolidated profit and loss statements and statements of comprehensive income for three and six months ending on the date in question and abbreviated interim consolidated statements of changes in equity and cash flows for six months ending on the date in question and individual notes to financial reporting. The Bank's management is responsible for preparing and submitting this abbreviated interim consolidated financial reporting subject to International Financial Reporting Standard No. 34 Interim Financial Reporting (IFRS (IAS) 34). Our responsibility is to make an opinion on this abbreviated interim consolidated financial reporting based on the review that we have conducted.

The scope of procedures within the review

We have conducted our review in accordance with the International Standard on Review Engagements No. 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. The review of interim financial information includes surveys of personnel, primarily, employees responsible for financial and accounting issues, and performance of analytical and other procedures related to the review. The scope of procedures performed within the review is significantly lower than that for an audit conducted under International Standards on Auditing and, accordingly, does not allow us to arrive at a necessary degree of assurance that we have discovered all material facts that could be discovered by us during an audit. Accordingly, we do not express an audit opinion.

Conclusion

Our review has discovered no facts that would lead us to believe that the attached abbreviated interim consolidated financial reporting was not prepared in accordance with IFRS (IAS) 34 in all material aspects.

ZAO Ernst and Young Vneshaudit

August 27, 2012

Abbreviated Interim Consolidated Balance Sheet

<i>(in billion Russian rubles)</i>	Note	June 30, 2012 (Unaudited figures)	December 31, 2011
ASSETS			
Cash and cash equivalents		933.3	625.6
Required reserves in accounts with central banks		125.2	101.2
Trading securities	5	80.8	102.0
Securities changes in the fair value of which are entered in the profit and loss accounts	6	28.5	52.0
Funds in other banks		56.8	35.1
Loans and advance payments to clients	7	8,861.5	7,719.7
Securities pledged under repurchase agreements	8	564.3	300.8
Investment securities available for sale	9	819.0	884.5
Investment securities held till maturity	10	147.8	286.5
Deferred tax asset		1.2	7.8
Fixed assets		393.9	359.9
Other financial assets	11	166.7	163.1
Other non-financial assets	11	254.8	196.9
TOTAL ASSETS		12,433.8	10,835.1
LIABILITIES			
Funds from other banks		873.0	532.4
Deposits from individuals	12	6,175.4	5,726.3
Funds from corporate clients	12	2,593.5	2,205.8
Issued debentures	13	483.7	268.7
Other borrowings		278.7	244.0
Deferred tax liability		20.1	21.2
Other financial liabilities	14	215.5	222.8
Other non-financial liabilities	14	64.0	42.4
Subordinated loans		314.5	303.5
TOTAL LIABILITIES		11,018.4	9,567.1
EQUITY			
Authorized capital		87.7	87.7
Treasury shares redeemed from shareholders		(8.8)	(7.0)
Share premium		232.6	232.6
Fund of revaluation of office properties		80.2	81.5
Fund of revaluation of investment securities available for sale		0.1	(7.5)
Fund of accumulated exchange differences		(3.0)	(5.7)
Retained profits		1,012.6	882.9
Total equity owned by the Bank's shareholders		1,401.4	1,264.5
Non-controlling interest		14.0	3.5
TOTAL EQUITY		1,415.4	1,268.0
TOTAL LIABILITIES AND EQUITY		12,433.8	10,835.1

Approved and signed on behalf of the Management Board on August 27, 2012.

<Signature>

H.O. Gref
CEO, Chairman of the Management Board

<Signature>

A.V. Kruzhlov
Chief Accountant

Abbreviated Interim Consolidated Profit and Loss Statement

(Unaudited figures) (in billion Russian rubles)	Note	For six months ending on June 30		For three months ending on June 30	
		2012	2011	2012	2011
Interest income	15	520,8	401,9	271,1	204,1
Interest expense	15	(185,2)	(133,0)	(97,4)	(65,2)
Expenditure directly associated with deposit insurance	15	(11,4)	(9,7)	(5,8)	(4,9)
Net interest income		324,2	259,2	167,9	134,0
Net restoration/ (net expense generated by creation) of reserves for devaluation of the loan portfolio	7	1,1	22,2	(2,1)	8,0
Net interest income following restoration/creation of provisions for devaluation of the loan portfolio		325,3	281,4	165,8	142,0
Commission income	16	85,3	68,8	46,1	37,0
Commission expenditure	16	(7,0)	(4,7)	(3,6)	(2,5)
(Expenditure less income) / income less expenditure under operations in trading securities		(1,8)	0,1	(5,2)	(0,2)
Income less expenditure/(expenditure less income) under operations in securities change in the fair value of which is entered in profit and loss accounts		1,2	(1,3)	0,2	0,3
Income less expenditure under operations in investment fund securities available for sale		4,2	8,5	2,0	4,7
Income less expenditure under operations in foreign currencies, currency derivatives and revaluation of foreign currencies	17	1,4	3,7	5,0	3,7
Income less expenditure under operations in precious metals and precious metal derivatives		4,6	2,3	1,3	0,9
Income less expenditure/ (expenditure less income) under operations in other derivatives		7,1	(1,5)	4,3	(0,3)
Provisions for devaluation of other assets		(2,9)	(0,7)	(2,1)	(0,6)
Other operating income		15,4	17,5	8,1	10,0
Operating income		432,8	374,1	221,9	195,0
Operating expenditure	18	(205,3)	(155,3)	(109,2)	(83,9)
Profit before taxation		227,5	218,8	112,7	111,1
Corporate tax expenditure		(52,2)	(42,7)	(29,6)	(21,7)
Profit for the reporting period		175,3	176,1	83,1	89,4
Profit attributable to:					
- shareholders of the Bank		175,6	176,5	83,4	89,7
- non-controlling interest		(0,3)	(0,4)	(0,3)	(0,3)
Basic and diluted earnings per common share attributable to the Bank's shareholders					
(in Russian rubles per share)	19	8,03	8,12	3,75	4,10

Approved and signed on behalf of the Management Board on August 27, 2012.

<Signature>

H. O. Gref
CEO, Chairman of the Management Board

<Signature>

A.V. Kruzhalov
Chief Accountant

Abbreviated Interim Consolidated Statement of Comprehensive Income

(Unaudited figures) (in billion Russian rubles)	For six months ending on June 30		For three months ending on June 30	
	2012	2011	2012	2011
Profit for the reporting period recognized in the profit and loss statement	175,3	176,1	83,1	89,4
Other components of comprehensive income:				
Investment securities available for sale:				
Income less expenditure/ (expenditure less income) from revaluation of investment securities available for sale	13,6	3,8	(13,0)	(6,6)
- Accumulated income entered in profit and loss accounts as a result of retirement of securities	(4,2)	(8,5)	(2,0)	(4,7)
Impact of currency translation	2,7	(5,8)	1,8	(4,0)
Deferred corporate tax included in other components of comprehensive income:				
- Investment securities available for sale	(1,8)	1,0	3,0	2,2
Total other components of comprehensive income for the reporting period net of tax	10,3	(9,5)	(10,2)	(13,1)
Total income for the reporting period	185,6	166,6	72,9	76,3
Total income for the reporting period attributable to:				
- shareholders of the Bank	185,9	167,0	73,2	76,7
- non-controlling interest	(0,3)	(0,4)	(0,3)	(0,4)

Abbreviated Interim Consolidated Statement of Changes in Equity

	Held by shareholders of the Bank										
		Authorized capital	Treasury shares redeemed from shareholders	Share premium	Fund of revaluation of office properties	Fund of revaluation of investment securities available for sale	Fund of accumulated exchange differences	Retained profits	Total	Non-controlling interest	Total equity
(in billion Russian rubles)	Note										
Balance as of January 1, 2011		87.7	-	232.6	53.6	24.4	(1.1)	585.8	983.0	4.1	987.1
Changes in the composition of shareholders' equity for six months ending on June 30, 2011 (Unaudited figures)											
Declared dividends	20	-	-	-	-	-	-	(21.0)	(21.0)	-	(21.0)
Depreciation of the fund of revaluation of office properties net of tax		-	-	-	(1.0)	-	-	1.0	-	-	-
Acquisition of subsidiaries		-	-	-	-	-	-	-	-	0.1	0.1
Total income recognized for six months ending on June 30, 2011		-	-	-	-	(3.8)	(5.7)	176.5	167.0	(0.4)	166.6
Balance as of June 30, 2011 (Unaudited figures)		87.7	-	232.6	52.6	20.6	(6.8)	742.3	1 129.0	3.8	1 132.8
Balance as of January 1, 2012		87.7	(7.0)	232.6	81.5	(7.5)	(5.7)	882.9	1 264.5	3.5	1 268.0
Changes in the composition of shareholders' equity for six months ending on June 30, 2012 (Unaudited figures)											
Purchase of treasury shares redeemed from the shareholders		-	(1.8)	-	-	-	-	-	(1.8)	-	(1.8)
Declared dividends	20	-	-	-	-	-	-	(47.5)	(47.5)	-	(47.5)
Depreciation of the fund of revaluation of office properties net of tax		-	-	-	(1.3)	-	-	1.3	-	-	-
Acquisition and retirement of subsidiaries		-	-	-	-	-	-	0.2	0.2	10.8	11.0
Acquisition of a non-controlling interest in subsidiaries		-	-	-	-	-	-	0.1	0.1	-	0.1
Total income recognized for six months ending on June 30, 2012		-	-	-	-	7.6	2.7	175.6	185.9	(0.3)	185.6
Balance as of June 30, 2012 (Unaudited figures)		87.7	(8.8)	232.6	80.2	0.1	(3.0)	1 012.6	1 401.4	14.0	1 415.4

Notes are an integral part of this abbreviated interim consolidated financial reporting.

Abbreviated Interim Consolidated Statement of Cash Flow

(Unaudited figures)

(in billion Russian rubles)

	For six months ending on June 30		
	Note	2012	2011
Cash flow from operating activities			
Interest received		516.9	389.6
Interest paid		(158.5)	(115.8)
Expenditure incurred, directly associated with deposit insurance		(10.7)	(9.1)
Commission fee received		85.3	69.2
Commission fee paid		(7.4)	(4.7)
(Expenditure less income incurred) / income less expenditure received under operations in trading securities		(2.7)	0.5
Expenditure less income incurred under operations in securities, changes in the fair value of which is entered in profit and loss accounts		(0.3)	-
(Expenditure less income incurred) / income less expenditure received under operations in foreign currencies and foreign currency derivatives		(4.4)	17.7
Income less expenditure received under operations in other derivatives		0.6	0.7
Income less expenditure received under operations in precious metals and under fixed-term transactions in precious metals		3.6	3.2
Other operating income received		29.8	17.2
Operating expenditure incurred		(162.1)	(114.5)
Corporate tax paid		(49.3)	(49.1)
Cash flows from operating activities before changes made to operating assets and liabilities		240.8	204.9
Changes in operating assets and liabilities			
Net increase in required reserves in accounts with central banks		(13.6)	(37.0)
Net decrease in trading securities		24.1	11.1
Net decrease in securities, changes in the fair value of which are entered in the profit and loss accounts		19.6	17.5
Net increase in funds in other banks		(20.1)	(25.4)
Net increase in loans and advance payments to clients		(823.0)	(630.3)
Net decrease in other assets		4.0	23.1
Net increase / (decrease) in funds from other banks		273.8	(56.0)
Net increase in funds from individuals		346.4	285.8
Net increase in funds from corporate clients		249.8	99.8
Net increase/ (decrease) in issued debt securities		97.6	(19.3)
Net (decrease) / increase in other liabilities		(5.3)	5.9
Net cash, obtained from/ (used in) operations		394.1	(119.9)
Cash flow from investing activities			
Purchase of investment securities available for sale		(172.5)	(578.3)
Proceeds from sale and redemption of investment securities available for sale		135.4	907.7
Purchase of investment securities held till redemption		(20.2)	(50.3)
Proceeds from redemption of investment securities held till redemption		30.7	-
Acquisition of fixed assets		(34.0)	(20.9)
Acquisition of investment properties		(0.2)	(0.3)
Proceeds from investment properties		0.7	-
Proceeds from fixed assets and insurance amounts received		1.9	7.8
Acquisition of subsidiaries		(16.5)	-
Proceeds from subsidiaries		5.1	-
Dividends received		1.1	1.8
Net cash flow (used in) / from investing activities		(68.5)	267.5
Cash flow from financing activities			
Other borrowed funds received		50.8	29.4
Repayment of other borrowed funds		(111.2)	(12.5)
Interest paid on other borrowed funds		(2.4)	(0.8)
Subordinated loan received		0.4	-
Repayment of subordinated loan		(5.1)	-
Funds generated by loan participation notes issued within the MTN program		98.8	27.9
Interest paid on funds from loan participation notes issued within the MTN program		(4.4)	(3.9)
Acquisition of a non-controlling interest in subsidiaries		(0.2)	-
Purchase of treasury shares redeemed from the shareholders		(1.8)	-
Dividends paid	20	(47.1)	(15.4)
Net cash flow (used in) / from financial activities		(22.2)	24.7
Impact of exchange rate changes on cash and cash equivalents		4.8	(10.2)
Impact of inflation on cash and cash equivalents		(0.5)	-
Net increase in cash and cash equivalents		307.7	162.1
Cash and cash equivalents as of the beginning of the reporting period		625.6	719.6
Cash and cash equivalents as of the end of the reporting period		933.3	881.7

Notes are an integral part of this abbreviated interim consolidated financial reporting.

Notes to the abbreviated interim consolidated financial reporting – June 30, 2012

1. Introduction

This abbreviated interim consolidated financial reporting of Open Joint-Stock Company Sberbank of Russia (hereinafter the Bank) and its subsidiaries (collectively, the Group or the Group of Sberbank of Russia) is prepared in accordance with International Financial Reporting Standard No. 34 Interim Financial Reporting for six months ending on June 30, 2012. Main subsidiaries of the Group include foreign commercial banks and other Russian and foreign entities controlled by the Group. Main subsidiaries included in this abbreviated interim consolidated financial reporting are listed in Note 26.

The Bank is an open joint-stock company, founded in 1841 and operating ever since in a variety of forms of incorporation. The Bank is registered and maintains a registered address within the Russian Federation. The Bank's main shareholder is the Central Bank of the Russian Federation (the Bank of Russia) that holds 60.3% common shares of the Bank as of June 30, 2012 or 57.6% of all outstanding shares of the Bank (December 31, 2011: 60.3% of common shares of the Bank or 57.6% of all outstanding shares of the Bank).

The Bank's Supervisory Board is chaired as of June 30, 2012 by the Chairman of the Bank of Russia. Two First Deputies of the Chairman of the Bank of Russia act as Deputy Chairmen of the Supervisory Board of the Bank. Independent directors are also included in the Bank's Supervisory Board.

The Bank's operations are based on a general banking license issued by the Bank of Russia in 1991. The Bank also has licenses necessary for depositary and trading operations in securities and other securities operations, including broking, dealing activities, functions of a depositary and asset management. The Bank's operations are regulated and controlled by the Bank of Russia and the Federal Financial Markets Service. The Group's foreign banks operate in accordance with the laws of their respective countries.

The Group's core activities include commercial and retail banking operations. These operations involve accepting funds as deposits and providing commercial loans in hard currencies and local currencies of countries where the Group operates and in Russian rubles; providing services to clients that carry out export/import operations; conversion operations; trading in securities and derivatives. This list of operations is not exhaustive. The Group operates both in the Russian and international markets. As of June 30, 2012, the Group's operations within the Russian Federation are carried out by Sberbank of Russia which has 17 (December 31, 2011: 17) regional banks, 479 (December 31, 2011: 505) branches of regional banks and 18,545 (December 31, 2011: 18,727) offices and through main subsidiaries within the Russian Federation such as Sberbank Leasing CJSC and Sberbank Capital LLC and certain companies of the Troika Dialog Group. The Group's operations outside the Russian Federation are carried out through subsidiary banks located in Ukraine, the Republic of Belarus, Kazakhstan, Austria, Switzerland and other countries of Central and Eastern Europe, a branch in India and representative offices in Germany and China, as well as Troika Dialog Group companies present in the US, Great Britain, Cyprus and other countries.

The actual number of the Group's staff as of June 30, 2012 was 261,105 people (December 31, 2011: 266,187 people).

Registered address and location of business. The Bank is registered at 19 Vavilova St., Moscow, the Russian Federation.

Notes to the abbreviated interim consolidated financial reporting – June 30, 2012

1 Introduction (continued)

Presentation currency. Unless otherwise indicated, this abbreviated interim consolidated financial reporting is presented in billion Russian rubles (hereinafter, billion rubles).

As of June 30, 2012, main official exchange rates used for translation of functional currencies into the presentation currency and revaluation of balances in foreign currency accounts are given in the table below:

	/Russian ruble	/Ukrainian hryvnia	/Belarusian ruble	/Kazakhstani tenge	/Euro	/Swiss franc
Russian ruble /	1	0.246	254.137	4.553	0.024	0.029
US Dollar /	32.817	8.079	8,340.000	149.425	0.794	0.954
Euro /	41.323	10.172	10,501.718	188.156	1	1.202

As of December 31, 2011, main official exchange rates used for translation of functional currencies into the presentation currency and revaluation of balances in foreign currency accounts are given in the table below:

	/Russian ruble	/Ukrainian hryvnia	/Belarusian ruble	/Kazakhstani tenge	/Euro	/Swiss franc
Russian ruble /	1	0.250	259.348	4.611	0.024	0.029
US Dollar /	32.196	8.038	8 350.001	148.455	0.773	0.940
Euro /	41.671	10.404	10 807.403	192.146	1	1.217

2 Economic Environment of the Group's Operations

The Group operates mainly within the Russian Federation. The Government of the Russian Federation continues economic reform and improvement of judicial, tax and regulatory legislation. Current measures of the government focused on modernization of the Russian economy are intended to boost performance and quality of products and expand the share of sectors that manufacture science-intensive products and services. The future stability of the Russian economy depends to a great degree on such reform and effectiveness of economic, financial, monetary and lending steps taken by the Government.

Despite the signs of recovery that the Russian economy is showing, there is still some uncertainty about its further growth and the ability of the Group and its counterparties to raise new borrowing at acceptable rates which, in turn, may affect the Group's financial position, results of operations and development prospects. There is a continued risk of higher volatility in Russian financial markets as the Russian economy is sensitive to negative trends in global markets.

Notwithstanding the confidence of the Group's management that it is taking all measures necessary in the current situation to maintain business sustainability and growth, negative tendencies in areas referred to above could affect results of operations and the financial position of the Group. However, it is now hard to evaluate the degree of the impact.

Notes to the abbreviated interim consolidated financial reporting – June 30, 2012

3 Basics of Preparation of Financial Reporting

This abbreviated interim consolidated financial reporting is prepared in accordance with IFRS (IAS) 34 *Interim Financial Reporting* and should be considered in combination with the Group's annual consolidated financial reporting for the year ending on December 31, 2011.

This abbreviated interim consolidated financial reporting does not include all notes for disclosure within the complete package of consolidated financial reporting.

4 Accounting policy, important assessments and professional judgments, transition to new or revised standards and interpretations, and reclassifications

The accounting policy and calculation methods used to prepare this abbreviated interim consolidated financial reporting correspond to the accounting policy and methods used and described in the Group's annual consolidated financial reporting for the year ending December 31, 2011 except for changes resulting from the introduction of new and/or revised standards and interpretations effective of January 1, 2012 as described below.

Deferred tax: Recovery of Underlying Assets — Amendment to IAS 12 (issued in December 2010 and effective for annual periods beginning on or after January 1, 2012). IAS 12 was supplemented with a rebuttable presumption that the deferred tax on an investment property, calculated through a fair value model in IAS 40, should be defined on the basis that its carrying amount will be recovered through sale and that the deferred tax on non-depreciated assets, accounted for under the IAS 16 revaluation model, should be always based on the sale price.

Disclosures — Financial Instruments — Amendments to IFRS 7 (issued in October 2010 and effective for annual periods beginning on or after July 1, 2011). These amendments require additional disclosures on risks of transferred financial assets. The amendments also include a requirement to disclose, by classes, the nature, current value and description of risks and proceeds from financial assets transferred to another party but shown in the balance sheet of the entity. Disclosures should also make it possible for the report user to understand the size of related liabilities and the nature of such relations. Whenever financial assets are not recognized but the company still carries some risks and generates profits associated with the transferred asset, an additional disclosure is required to clarify the impact of such risks.

Unless otherwise indicated, new or revised standards and interpretations referred to above and effective from January 1, 2012 had no material impact on the accounting policy, the financial position or results of operations of the Group.

Estimates and judgments of management. Judgments and estimates made by the Group's management during application of the accounting policy correspond to judgments described in the Group's annual consolidated financial reporting for the year ending on December 31, 2011. The management applied no new estimates or professional judgments.

Corporate tax expenditure is recognized in this abbreviated interim consolidated financial reporting based on management's analysis of all available information on the effective annual corporate tax rate expected for the complete financial year. Costs unevenly incurred throughout the financial year should be forecasted or carried over for purposes of interim reporting only if and when the cost category can be forecasted or carried over as of the end of the financial year.

Notes to the abbreviated interim consolidated financial reporting – June 30, 2012

4 Accounting policy, important assessments and professional judgments, transition to new or revised standards and interpretations, and reclassifications (continued)

Changes in the presentation of financial reporting and reclassification. The Group has changed its disclosure on expenditure directly associated with deposit insurance based on the nature of such expenditure. Disclosure on comparable figures was adjusted with a technique for disclosing amounts of the current period. The effect of rearrangements in the abbreviated interim consolidated profit and loss statement for six months ending on June 30, 2011 is given below:

<i>(Unaudited figures)</i> <i>(in billion Russian rubles)</i>	Amounts recognized earlier	Effect of reclassification	Adjusted figures
Operating expenditure			
Contributions to the state deposit insurance system	9.7	(9.7)	-
Consolidated Profit and Loss Statement			
Expenditure directly associated with deposit insurance	-	9.7	9.7

The effect of rearrangements in the abbreviated interim consolidated profit and loss statement for three months ending on June 30, 2011 is given below:

<i>(Unaudited figures)</i> <i>(in billion Russian rubles)</i>	Amounts recognized earlier	Effect of reclassification	Adjusted figures
Operating expenditure			
Contributions to the state deposit insurance system	4.9	(4.9)	-
Consolidated Profit and Loss Statement			
Expenditure directly associated with deposit insurance	-	4.9	4.9

The effect of relevant rearrangements in the abbreviated interim consolidated cash flow statement for six months ending on June 30, 2011 is given below:

<i>(Unaudited figures)</i> <i>(in billion Russian rubles)</i>	Amounts recognized earlier	Effect of reclassification	Adjusted figures
Operating expenditure	(123.6)	9.1	(114.5)
Expenditure incurred, directly associated with deposit insurance	-	(9.1)	(9.1)

Notes to the abbreviated interim consolidated financial reporting – June 30, 2012
5 Trading securities

<i>(in billion Russian rubles)</i>	June 30, 2012 (Unaudited figures)	December 31, 2011
Federal Loan Bonds (OFZ)	24.6	26.0
Corporate bonds	13.7	26.6
Bonds issued by foreign governments	4.5	3.9
Eurobonds of the Russian Federation	4.1	6.3
Municipal and sub-federal bonds	1.8	7.2
Total trading debentures	48.7	70.0
Corporate shares	29.4	29.7
Shares in investment funds	2.7	2.3
Total trading securities	80.8	102.0

6 Securities changes in the fair value of which are entered in the profit and loss accounts

<i>(in billion Russian rubles)</i>	June 30, 2012 (Unaudited figures)	December 31, 2011
Federal Loan Bonds (OFZ)	19.8	30.5
Corporate bonds	0.4	-
Bonds issued by foreign governments	0.3	0.2
Municipal and sub-federal bonds	0.1	0.1
Total debentures, changes in the fair value of which are entered in the profit and loss accounts	20.6	30.8
Corporate shares	7.9	21.2
Total securities, changes in the fair value of which are entered in the profit and loss accounts	28.5	52.0

Notes to the abbreviated interim consolidated financial reporting – June 30, 2012

7 Loans and advance payments to clients

The tables below show analysis of the quality of the Group's loan portfolio by loan classes as of June 30, 2012 and December 31, 2011.

For the purposes of this abbreviated interim consolidated financial reporting, an overdue loan means the total amount of claims under the loan in question (including amounts of accrued interest and commission fee income) when and if at least one regular payment is overdue as of the reporting date.

June 30, 2012:

(Unaudited figures)

(in billion Russian rubles)

	Performing loans	Overdue loans	Total
Commercial lending to legal entities	4,212.3	223.3	4,435.6
Specialized lending to legal entities	2,538.4	121.8	2,660.2
Consumer and other loans to individuals	1,222.3	67.2	1,289.5
Residential loans to individuals	897.0	45.3	942.3
Car loans to individuals	92.3	4.3	96.6
Total loans and advance payments to clients before creation of provisions for devaluation of the loan portfolio	8,962.3	461.9	9,424.2
Less provisions for devaluation of the loan portfolio	(244.0)	(318.7)	(562.7)
Total loans and advance payments to clients after creation of provisions for devaluation of the loan portfolio	8,718.3	143.2	8,861.5

December 31, 2011:

(in billion Russian rubles)

	Performing loans	Overdue loans	Total
Commercial lending to legal entities	3,828.8	184.1	4,012.9
Specialized lending to legal entities	2,347.9	215.8	2,563.7
Consumer and other loans to individuals	898.7	45.3	944.0
Residential loans to individuals	741.6	35.8	777.4
Car loans to individuals	80.7	3.5	84.2
Total loans and advance payments to clients before creation of provisions for devaluation of the loan portfolio	7,897.7	484.5	8,382.2
Less provisions for devaluation of the loan portfolio	(281.6)	(380.9)	(662.5)
Total loans and advance payments to clients after creation of provisions for devaluation of the loan portfolio	7,616.1	103.6	7,719.7

Notes to the abbreviated interim consolidated financial reporting – June 30, 2012

7 Loans and advance payments to clients (continued)

Commercial lending to legal entities is represented by loans to legal entities, sole traders, entities of the Russian Federation and municipal authorities. Loans are granted for current purposes (enhancement of working capital, acquisition of movable and real estate, portfolio investments in securities, business expansion and consolidation etc). Most commercial loans are granted for a period of up to 5 years depending on borrower risk assessment. Commercial lending also involves overdraft and export-import lending. Loans are repaid from cash flow generated by current production and financing activities of the borrower.

Specialized lending to legal entities means financing of investment and construction projects and lending to enterprises involved in the development business. Periods for which the Group grants loans of this class are linked as a rule to payback periods of investment, construction projects and the period for performance of contractual work, and are longer than periods of commercial loans to legal entities. Loans may be repaid and income may be received at the stage of operation of the investment project from the cash flow it generates.

Consumer and other loans to individuals are represented by loans granted to individuals for consumer purposes and current needs unrelated to purchase, construction and reconstruction of real estate and car loans. These loans include express loans and overdrafts.

Residential loans to individuals mean loans granted to individuals for acquisition, construction and reconstruction of real estate. These loans are of long-term nature and are secured by real estate.

Car loans to individuals are loans granted to individuals for the purchase of a car or any other vehicle. Car loans are granted for a period of up to 5 years.

Notes to the abbreviated interim consolidated financial reporting – June 30, 2012

7 Loans and advance payments to clients (continued)

The table below shows analysis of loans and devaluation reserves as of June 30, 2012:

<i>(Unaudited figures) (in billion Russian rubles)</i>	Loans before creation of devaluation reserves	Devaluation reserves	Loans after creation of devaluation reserves	Reserves to the amount of loans before creation of reserves
Commercial lending to legal entities				
Loans devaluation of which is assessed on a collective basis				
Performing loans	4,170.0	(121.0)	4,049.0	2.9%
Loans with payments up to 30 days overdue	22.6	(4.4)	18.2	19.5%
Loans with payments 31 to 60 days overdue	6.0	(2.5)	3.5	41.7%
Loans with payments 61 to 90 days overdue	7.1	(3.0)	4.1	42.3%
Loans with payments 91 to 180 days overdue	14.1	(9.1)	5.0	64.5%
Loans with payments above 180 days overdue	117.3	(113.4)	3.9	96.7%
Total loans devaluation of which is assessed on a collective basis	4,337.1	(253.4)	4,083.7	5.8%
Loans devaluated on a case-by-case basis				
Performing loans	42.3	(6.0)	36.3	14.2%
Loans with payments up to 30 days overdue	5.1	(1.7)	3.4	33.3%
Loans with payments 31 to 60 days overdue	5.0	(4.8)	0.2	96.0%
Loans with payments 61 to 90 days overdue	7.3	(4.5)	2.8	61.6%
Loans with payments 91 to 180 days overdue	7.4	(6.2)	1.2	83.8%
Loans with payments above 180 days overdue	31.4	(25.2)	6.2	80.3%
Total loans devaluated on a case-by-case basis	98.5	(48.4)	50.1	49.1%
Total commercial loans to legal entities	4,435.6	(301.8)	4,133.8	6.8%
Specialized lending to legal entities				
Loans devaluation of which is assessed on a collective basis				
Performing loans	2,469.3	(86.1)	2,383.2	3.5%
Loans with payments up to 30 days overdue	18.2	(2.2)	16.0	12.1%
Loans with payments 31 to 60 days overdue	2.8	(0.8)	2.0	28.6%
Loans with payments 61 to 90 days overdue	1.9	(0.5)	1.4	26.3%
Loans with payments 91 to 180 days overdue	5.2	(2.8)	2.4	53.8%
Loans with payments above 180 days overdue	47.7	(46.5)	1.2	97.5%
Total loans devaluation of which is assessed on a collective basis	2,545.1	(138.9)	2,406.2	5.5%
Loans devaluated on a case-by-case basis				
Performing loans	69.1	(22.1)	47.0	32.0%
Loans with payments up to 30 days overdue	6.2	(2.8)	3.4	45.2%
Loans with payments 31 to 60 days overdue	0.7	(0.1)	0.6	14.3%
Loans with payments 61 to 90 days overdue	1.9	(0.7)	1.2	36.8%
Loans with payments 91 to 180 days overdue	2.9	(0.4)	2.5	13.8%
Loans with payments above 180 days overdue	34.3	(25.8)	8.5	75.2%
Total loans devaluated on a case-by-case basis	115.1	(51.9)	63.2	45.1%
Total specialized loans to legal entities	2,660.2	(190.8)	2,469.4	7.2%
Total loans to legal entities	7,095.8	(492.6)	6,603.2	6.9%

Notes to the abbreviated interim consolidated financial reporting – June 30, 2012

7 Loans and advance payments to clients (continued)

<i>(Unaudited figures) (in billion Russian rubles)</i>		Loans before creation of devaluation reserves	Devaluation reserves	Loans after creation of devaluation reserves	Reserves to the amount of loans before creation of reserves
Consumer and other loans to individuals					
Loans devaluation of which is assessed on a collective basis					
Performing loans		1,222.3	(6.2)	1,216.1	0.5%
Loans with payments up to 30 days overdue		26.6	(1.4)	25.2	5.3%
Loans with payments 31 to 60 days overdue		6.2	(1.3)	4.9	21.0%
Loans with payments 61 to 90 days overdue		3.0	(1.0)	2.0	33.3%
Loans with payments 91 to 180 days overdue		4.5	(3.2)	1.3	71.1%
Loans with payments above 180 days overdue		26.9	(26.6)	0.3	98.9%
Total consumer and other loans to individuals		1,289.5	(39.7)	1,249.8	3.1%
Residential loans to individuals					
Loans devaluation of which is assessed on a collective basis					
Performing loans		897.0	(2.2)	894.8	0.2%
Loans with payments up to 30 days overdue		13.4	(0.5)	12.9	3.7%
Loans with payments 31 to 60 days overdue		3.4	(0.4)	3.0	11.8%
Loans with payments 61 to 90 days overdue		2.0	(0.4)	1.6	20.0%
Loans with payments 91 to 180 days overdue		2.3	(0.9)	1.4	39.1%
Loans with payments above 180 days overdue		24.2	(23.4)	0.8	96.7%
Total residential loans to individuals		942.3	(27.8)	914.5	3.0%
Car loans to individuals					
Loans devaluation of which is assessed on a collective basis					
Performing loans		92.3	(0.4)	91.9	0.4%
Loans with payments up to 30 days overdue		1.7	(0.1)	1.6	5.9%
Loans with payments 31 to 60 days overdue		0.3	-	0.3	-
Loans with payments 61 to 90 days overdue		0.1	-	0.1	-
Loans with payments 91 to 180 days overdue		0.2	(0.1)	0.1	50.0%
Loans with payments above 180 days overdue		2.0	(2.0)	-	100.0%
Total car loans to individuals		96.6	(2.6)	94.0	2.7%
Total loans to individuals		2,328.4	(70.1)	2,258.3	3.0%
Total loans and advance payments to clients as of June 30, 2012		9,424.2	(562.7)	8,861.5	6.0%

Notes to the abbreviated interim consolidated financial reporting – June 30, 2012

7 Loans and advance payments to clients (continued)

The table below shows analysis of loans and devaluation reserves as of December 31, 2011:

<i>(in billion Russian rubles)</i>	Loans before creation of devaluation reserves	Devaluation reserves	Loans after creation of devaluation reserves	Reserves to the amount of loans before creation of reserves
Commercial lending to legal entities				
Loans devaluation of which is assessed on a collective basis				
Performing loans	3,795.5	(117.4)	3,678.1	3.1%
Loans with payments up to 30 days overdue	11.3	(3.1)	8.2	27.4%
Loans with payments 31 to 60 days overdue	4.7	(2.2)	2.5	46.8%
Loans with payments 61 to 90 days overdue	3.4	(1.8)	1.6	52.9%
Loans with payments 91 to 180 days overdue	7.4	(4.8)	2.6	64.9%
Loans with payments above 180 days overdue	115.6	(111.8)	3.8	96.7%
Total loans devaluation of which is assessed on a collective basis	3,937.9	(241.1)	3,696.8	6.1%
Loans devaluated on a case-by-case basis				
Performing loans	33.3	(22.3)	11.0	67.0%
Loans with payments up to 30 days overdue	7.0	(7.0)	-	100.0%
Loans with payments 31 to 60 days overdue	0.5	(0.2)	0.3	40.0%
Loans with payments 61 to 90 days overdue	4.1	(0.3)	3.8	7.3%
Loans with payments 91 to 180 days overdue	0.1	-	0.1	-
Loans with payments above 180 days overdue	30.0	(28.7)	1.3	95.7%
Total loans devaluated on a case-by-case basis	75.0	(58.5)	16.5	78.0%
Total commercial loans to legal entities	4,012.9	(299.6)	3,713.3	7.5%
Specialized lending to legal entities				
Loans devaluation of which is assessed on a collective basis				
Performing loans	2,276.1	(86.7)	2,189.4	3.8%
Loans with payments up to 30 days overdue	5.2	(0.8)	4.4	15.4%
Loans with payments 31 to 60 days overdue	3.3	(1.2)	2.1	36.4%
Loans with payments 61 to 90 days overdue	1.6	(0.7)	0.9	43.8%
Loans with payments 91 to 180 days overdue	2.1	(1.3)	0.8	61.9%
Loans with payments above 180 days overdue	59.3	(52.8)	6.5	89.0%
Total loans devaluation of which is assessed on a collective basis	2,347.6	(143.5)	2,204.1	6.1%
Loans devaluated on a case-by-case basis				
Performing loans	71.8	(38.7)	33.1	53.9%
Loans with payments up to 30 days overdue	4.0	(2.8)	1.2	70.0%
Loans with payments 31 to 60 days overdue	2.2	(1.6)	0.6	72.7%
Loans with payments 91 to 180 days overdue	0.4	(0.3)	0.1	75.0%
Loans with payments above 180 days overdue	137.7	(106.8)	30.9	77.6%
Total loans devaluated on a case-by-case basis	216.1	(150.2)	65.9	69.5%
Total specialized loans to legal entities	2,563.7	(293.7)	2,270.0	11.5%
Total loans to legal entities	6,576.6	(593.3)	5,983.3	9.0%

Notes to the abbreviated interim consolidated financial reporting – June 30, 2012

7 Loans and advance payments to clients (continued)

<i>(in billion Russian rubles)</i>	Loans before creation of devaluation reserves	Devaluation reserves	Loans after creation of devaluation reserves	Reserves to the amount of loans before creation of reserves
Consumer and other loans to individuals				
Loans devaluation of which is assessed on a collective basis				
Performing loans	898.7	(10.9)	887.8	1.2%
Loans with payments up to 30 days overdue	12.5	(0.2)	12.3	1.6%
Loans with payments 31 to 60 days overdue	3.1	(0.2)	2.9	6.5%
Loans with payments 61 to 90 days overdue	1.7	(0.2)	1.5	11.8%
Loans with payments 91 to 180 days overdue	2.8	(0.6)	2.2	21.4%
Loans with payments above 180 days overdue	25.2	(25.2)	-	100.0%
Total consumer and other loans to individuals	944.0	(37.3)	906.7	4.0%
Residential loans to individuals				
Loans devaluation of which is assessed on a collective basis				
Performing loans	741.6	(4.6)	737.0	0.6%
Loans with payments up to 30 days overdue	8.2	(0.2)	8.0	2.4%
Loans with payments 31 to 60 days overdue	2.0	(0.2)	1.8	10.0%
Loans with payments 61 to 90 days overdue	0.9	(0.1)	0.8	11.1%
Loans with payments 91 to 180 days overdue	1.3	(0.3)	1.0	23.1%
Loans with payments above 180 days overdue	23.4	(23.4)	-	100.0%
Total residential loans to individuals	777.4	(28.8)	748.6	3.7%
Car loans to individuals				
Loans devaluation of which is assessed on a collective basis				
Performing loans	80.7	(1.0)	79.7	1.2%
Loans with payments up to 30 days overdue	1.0	-	1.0	-
Loans with payments 31 to 60 days overdue	0.2	-	0.2	-
Loans with payments 61 to 90 days overdue	0.1	-	0.1	-
Loans with payments 91 to 180 days overdue	0.1	-	0.1	-
Loans with payments above 180 days overdue	2.1	(2.1)	-	100.0%
Total car loans to individuals	84.2	(3.1)	81.1	3.7%
Total loans to individuals	1,805.6	(69.2)	1,736.4	3.8%
Total loans and advance payments to clients as of December 31, 2011	8,382.2	(662.5)	7,719.7	7.9%

Notes to the abbreviated interim consolidated financial reporting – June 30, 2012

7 Loans and advance payments to clients (continued)

As defined by the Group for the purposes of internal assessment of borrower's credit risk, the loan is treated as non-performing when payment of principal and/or interest is over 90 days overdue.

Composition of non-performing loans as of June 30, 2012 is given below:

<i>(Unaudited figures) (in billion Russian rubles)</i>	Loans before creation of devaluation reserves	Devaluation reserves	Loans after creation of devaluation reserves	Reserves to the amount of loans before creation of reserves
Commercial lending to legal entities	170.2	(153.9)	16.3	90.4%
Specialized lending to legal entities	90.1	(75.5)	14.6	83.8%
Consumer and other loans to individuals	31.4	(29.8)	1.6	94.9%
Residential loans to individuals	26.5	(24.3)	2.2	91.7%
Car loans to individuals	2.2	(2.1)	0.1	95.5%
Total non-performing loans and advance payments to clients as of June 30, 2012	320.4	(285.6)	34.8	89.1%

Composition of non-performing loans as of December 31, 2011 is given below:

<i>(in billion Russian rubles)</i>	Loans before creation of devaluation reserves	Devaluation reserves	Loans after creation of devaluation reserves	Reserves to the amount of loans before creation of reserves
Commercial lending to legal entities	153.1	(145.3)	7.8	94.9%
Specialized lending to legal entities	199.5	(161.2)	38.3	80.8%
Consumer and other loans to individuals	28.0	(25.8)	2.2	92.1%
Residential loans to individuals	24.7	(23.7)	1.0	96.0%
Car loans to individuals	2.2	(2.1)	0.1	95.5%
Total non-performing loans and advance payments to clients as of December 31, 2011	407.5	(358.1)	49.4	87.9%

Notes to the abbreviated interim consolidated financial reporting – June 30, 2012

7 Loans and advance payments to clients (continued)

Reserves for devaluation of the loan portfolio. The following is analysis of changes in reserves for devaluation of the loan portfolio for six months ending on June 30, 2012:

<i>(Unaudited figures) (in billion Russian rubles)</i>	Commercial lending to legal entities	Specialized lending to legal entities	Consumer and other loans to individuals	Residential loans to individuals	Car loans to individuals	Total
Reserves for devaluation of the loan portfolio as of January 1, 2012	299.6	293.7	37.3	28.8	3.1	662.5
Net expense / (net restoration) generated by creation of reserves for devaluation of the loan portfolio during the reporting period	23.5	(26.7)	2.9	(0.4)	(0.4)	(1.1)
Impact of currency translation	0.1	-	-	-	-	0.1
Loans and advance payments to clients written off during the reporting period	(21.4)	(76.2)	(0.5)	(0.6)	(0.1)	(98.8)
Reserves for devaluation of the loan portfolio as of June 30, 2012	301.8	190.8	39.7	27.8	2.6	562.7

The following is analysis of changes in reserves for devaluation of the loan portfolio for three months ending on June 30, 2012:

<i>(Unaudited figures) (in billion Russian rubles)</i>	Commercial lending to legal entities	Specialized lending to legal entities	Consumer and other loans to individuals	Residential loans to individuals	Car loans to individuals	Total
Reserves for devaluation of the loan portfolio as of April 1, 2012	297.9	289.6	36.1	26.6	2.7	652.9
Net expense / (net restoration) generated by creation of reserves for devaluation of the loan portfolio during the reporting period	20.0	(23.1)	3.8	1.5	(0.1)	2.1
Impact of currency translation	0.6	0.1	0.1	0.2	-	1.0
Loans and advance payments to clients written off during the reporting period	(16.7)	(75.8)	(0.3)	(0.5)	-	(93.3)
Reserves for devaluation of the loan portfolio as of June 30, 2012	301.8	190.8	39.7	27.8	2.6	562.7

Notes to the abbreviated interim consolidated financial reporting – June 30, 2012

7 Loans and advance payments to clients (continued)

The following is analysis of changes in reserves for devaluation of the loan portfolio for six months ending on June 30, 2011:

<i>(Unaudited figures) (in billion Russian rubles)</i>	Commercial lending to legal entities	Specialized lending to legal entities	Consumer and other loans to individuals	Residential loans to individuals	Car loans to individuals	Total
Reserves for devaluation of the loan portfolio as of January 1, 2011	312.9	320.8	36.1	29.3	3.4	702.5
(Net restoration) / net expense generated by creation of reserves for devaluation of the loan portfolio during the reporting period	(2.6)	(21.4)	1.1	0.8	(0.1)	(22.2)
Impact of currency translation	(0.4)	(1.4)	(0.2)	(0.3)	-	(2.3)
Loans and advance payments to clients written off during the reporting period	(11.2)	(5.9)	(0.5)	(0.5)	-	(18.1)
Reserves for devaluation of the loan portfolio as of June 30, 2011	298.7	292.1	36.5	29.3	3.3	659.9

The following is analysis of changes in reserves for devaluation of the loan portfolio for three months ending on June 30, 2011:

<i>(Unaudited figures) (in billion Russian rubles)</i>	Commercial lending to legal entities	Specialized lending to legal entities	Consumer and other loans to individuals	Residential loans to individuals	Car loans to individuals	Total
Reserves for devaluation of the loan portfolio as of April 1, 2011	302.8	307.0	36.0	29.1	3.4	678.3
(Net restoration) / net expense generated by creation of reserves for devaluation of the loan portfolio during the reporting period	(1.6)	(8.1)	1.0	0.8	(0.1)	(8.0)
Impact of currency translation	(0.4)	(1.4)	(0.2)	(0.3)	-	(2.3)
Loans and advance payments to clients written off during the reporting period	(2.1)	(5.4)	(0.3)	(0.3)	-	(8.1)
Reserves for devaluation of the loan portfolio as of June 30, 2011	298.7	292.1	36.5	29.3	3.3	659.9

Notes to the abbreviated interim consolidated financial reporting – June 30, 2012

7 Loans and advance payments to clients (continued)

Loans with revised terms. The table below includes information about loans before reserves for depreciation are made with revised terms as of June 30, 2012, March 31, 2012 and December 31, 2011.

<i>(in billion Russian rubles)</i>	Commercial lending to legal entities	Specialized lending to legal entities	Consumer and other loans to individuals	Residential loans to individuals	Car loans to individuals	Total
June 30, 2012:						
<i>(Unaudited figures)</i>						
Performing loans, devaluation of which is assessed on a collective basis	527.5	322.1	7.5	8.3	0.5	865.9
Other loans with revised terms.	90.1	45.4	3.3	6.2	0.6	145.6
Total loans with revised terms (before creation of devaluation reserves)	617.6	367.5	10.8	14.5	1.1	1,011.5
March 31, 2012:						
<i>(Unaudited figures)</i>						
Performing loans, devaluation of which is assessed on a collective basis	513.1	317.5	6.9	8.4	0.5	846.4
Other loans with revised terms.	90.4	52.6	3.2	5.9	0.7	152.8
Total loans with revised terms (before creation of devaluation reserves)	603.5	370.1	10.1	14.3	1.2	999.2
December 31, 2011:						
Performing loans, devaluation of which is assessed on a collective basis	552.0	329.5	7.0	5.4	0.5	894.4
Other loans with revised terms.	85.1	42.1	3.3	6.0	0.7	137.2
Total loans with revised terms (before creation of devaluation reserves)	637.1	371.6	10.3	11.4	1.2	1,031.6

Notes to the abbreviated interim consolidated financial reporting – June 30, 2012

7 Loans and advance payments to clients (continued)

Investments in financial leasing. The portfolio of specialized loans to legal entities includes net investments in financial leasing. Analysis of net investments in financial leasing as of June 30, 2012 and December 31, 2011 is given in the table below:

<i>(in billion Russian rubles)</i>	June 30, 2012 (Unaudited figures)	December 31, 2011
Gross investments in financial leasing	135.5	134.9
Less unearned income from financial leasing	(45.3)	(46.6)
Net investments in financial leasing before creation of devaluation reserves	90.2	88.3
After creation of devaluation reserves	(2.6)	(2.3)
Net investments in financial leasing after creation of devaluation reserves	87.6	86.0

Analysis of contractual maturity terms of net investments in financial leasing as of June 30, 2012 is given in the table below:

<i>(Unaudited figures) (in billion Russian rubles)</i>	Net investments in financial leasing before creation of devaluation reserves	Reserves for devaluation of investments in financial leasing	Net investments in financial leasing after creation of devaluation reserves
Under 1 year	27.6	(0.8)	26.8
1 to 5 years	50.0	(1.4)	48.6
Over 5 years	12.6	(0.4)	12.2
As of June 30, 2012	90.2	(2.6)	87.6

Analysis of contractual maturity terms of net investments in financial leasing as of December 31, 2011 is given in the table below:

<i>(in billion Russian rubles)</i>	Net investments in financial leasing before creation of devaluation reserves	Reserves for devaluation of investments in financial leasing	Net investments in financial leasing after creation of devaluation reserves
Under 1 year	26.6	(0.7)	25.9
1 to 5 years	48.9	(1.3)	47.6
Over 5 years	12.8	(0.3)	12.5
As of December 31, 2011	88.3	(2.3)	86.0

Notes to the abbreviated interim consolidated financial reporting – June 30, 2012

7 Loans and advance payments to clients (continued)

Analysis of maturity terms of minimum leasing payments receivable as of June 30, 2012 and December 31, 2011 is given in the table below:

<i>(in billion Russian rubles)</i>	June 30, 2012 (Unaudited figures)	December 31, 2011
Under 1 year	29.3	28.5
1 to 5 years	73.1	72.0
Over 5 years	33.1	34.4
Total	135.5	134.9

Concentration of the loan portfolio. Below is the structure of the Group's loan portfolio by sectors of the economy as of June 30, 2012 and December 31, 2011:

<i>(in billion Russian rubles)</i>	June 30, 2012 (Unaudited figures)		December 31, 2011	
	Amount	%	Amount	%
Individuals	2,328.4	24.7	1,805.6	21.5
Services	1,800.1	19.1	1,658.5	19.8
Commerce	1,217.5	12.9	1,134.8	13.5
Food industry and agriculture	723.3	7.7	703.9	8.4
Energy	431.7	4.6	379.9	4.5
Telecommunications	377.4	4.0	332.0	4.0
Machine building	377.0	4.0	355.6	4.2
Chemical industry	373.4	4.0	340.2	4.1
Metallurgy	371.4	3.9	299.4	3.6
Construction	368.6	3.9	451.3	5.4
Transport, aviation and space industry	341.9	3.6	285.4	3.4
State and municipal agencies	245.7	2.6	268.1	3.2
Oil and gas industry	173.8	1.8	164.7	2.0
Woodworking industry	66.4	0.7	50.4	0.6
Other	227.6	2.5	152.4	1.8
Total loans and advance payments to clients (before creation of provisions for devaluation of the loan portfolio)	9,424.2	100.0	8,382.2	100.0

The Services sector includes loans granted to financial, insurance and other service companies and loans granted to holding and multisectoral companies.

As of June 30, 2012, the Group had the 20 largest borrowers with the amount of loans per borrower at over 54.1 billion rubles (December 31, 2011: 20 largest borrowers with the amount of loans per borrower at over 47.9 billion rubles). The total worth of these loans reached 2,034.2 billion rubles or 21.6% of the Group's loan portfolio before creation of devaluation reserves (December 31, 2011: 1,956.2 billion rubles or 23.3%).

Notes to the abbreviated interim consolidated financial reporting – June 30, 2012

8 Securities pledged under repurchase agreements

<i>(in billion Russian rubles)</i>	June 30, 2012 (Unaudited figures)	December 31, 2011
Trading securities pledged under repurchase agreements		
Corporate shares	30.2	34.3
Eurobonds of the Russian Federation	9.6	7.0
Municipal and sub-federal bonds	3.1	-
Corporate bonds	1.4	6.1
Bonds issued by foreign governments	0.7	-
Federal Loan Bonds (OFZ)	0.6	0.4
Shares in investment funds	-	0.3
Total trading securities pledged under repurchase agreements	45.6	48.1
Securities pledged under repurchase agreements, changes in the fair value of which are entered in the profit and loss accounts		
Federal Loan Bonds (OFZ)	7.3	8.1
Corporate shares	-	1.3
Total securities pledged under repurchase agreements, changes in the fair value of which are entered in the profit and loss accounts	7.3	9.4
Investment securities available for sale pledged under repurchase agreements		
Federal Loan Bonds (OFZ)	118.1	25.5
Corporate bonds	78.0	30.8
Eurobonds of the Russian Federation	34.8	29.4
Corporate shares	9.6	20.1
Municipal and sub-federal bonds	3.4	-
Bonds issued by foreign governments	-	0.3
Total investment securities available for sale pledged under repurchase agreements	243.9	106.1
Investment securities held till maturity pledged under repurchase agreements		
Federal Loan Bonds (OFZ)	185.8	136.4
Municipal and sub-federal bonds	49.1	-
Corporate bonds	32.6	0.8
Total investment securities held till maturity pledged under repurchase agreements	267.5	137.2
Total securities pledged under repurchase agreements	564.3	300.8

As of June 30, 2012, securities pledged under repurchase agreements, include securities pledged under direct repurchase agreements with corporate clients; corresponding liabilities worth 28.3 billion rubles are entered in the Funds from Corporate Clients item (December 31, 2011: 38.1 billion rubles). See Note 12.

In addition, securities pledged under repurchase agreements include securities pledged under direct repurchase agreements with banks; corresponding liabilities worth 493.7 billion rubles are entered in the Funds from Other Banks item (December 31, 2011: 220.9 billion rubles).

Notes to the abbreviated interim consolidated financial reporting – June 30, 2012

9 Investment securities available for sale

<i>(in billion Russian rubles)</i>	June 30, 2012 (Unaudited figures)	December 31, 2011
Corporate bonds	319.4	320.3
Federal Loan Bonds (OFZ)	299.2	410.9
Eurobonds of the Russian Federation	70.2	23.6
Bonds issued by foreign governments	49.8	22.0
Municipal and sub-federal bonds	40.1	47.6
Total investment debentures available for sale	778.7	824.4
Corporate shares	40.3	60.1
Total investment securities available for sale	819.0	884.5

10 Investment securities held till maturity

<i>(in billion Russian rubles)</i>	June 30, 2012 (Unaudited figures)	December 31, 2011
Corporate bonds	100.6	130.1
Federal Loan Bonds (OFZ)	23.7	74.7
Municipal and sub-federal bonds	22.9	79.6
Bonds issued by foreign governments	0.6	0.1
Promissory notes	-	2.0
Total investment securities held till redemption	147.8	286.5

Notes to the abbreviated interim consolidated financial reporting – June 30, 2012

11 Other assets

<i>(in billion Russian rubles)</i>	June 30, 2012 (Unaudited figures)	December 31, 2011
Other financial assets		
Outstanding accounts for plastic cards	67.2	78.8
Derivatives	63.6	51.1
Settlements under operations in securities	16.0	15.2
Settlements under conversion operations	6.7	6.5
Commission fees charged	4.2	3.9
Trading accounts receivable	2.6	2.7
Funds in settlements	0.3	0.2
Other financial assets	8.6	6.9
Reserves for devaluation of other financial assets	(2.5)	(2.2)
Total other financial assets	166.7	163.1
Other non-financial assets		
Precious Metals	68.9	66.0
Stocks of non-banking subsidiaries	50.7	12.7
Advance payment for fixed and other assets	39.7	29.9
Business reputation	20.4	15.1
Intangible assets purchased through the merger of companies	15.1	12.2
Investment property	12.9	11.8
Non-exclusive licenses	9.0	8.9
Advance tax payment (except the corporate tax)	4.6	9.8
Expenditure of future periods	4.5	3.8
Investment in associated companies	4.2	4.7
Advance payments of corporate tax	2.6	1.5
Non-current assets held for sale and assets in the retirement group	0.1	14.4
Other non-financial assets	27.6	10.0
Reserves for devaluation of other non-financial assets	(5.5)	(3.9)
Total other non-financial assets	254.8	196.9
Total other assets	421.5	360.0

Notes to the abbreviated interim consolidated financial reporting – June 30, 2012

12 Funds from individuals and corporate clients

<i>(in billion Russian rubles)</i>	June 30, 2012 (Unaudited figures)	December 31, 2011
Individuals		
- Current/on-demand accounts	1,157.1	1,077.0
- Term deposits	5,018.3	4,649.3
Total funds from individuals	6,175.4	5,726.3
State and non-governmental organizations		
- Current/settlement accounts	122.0	142.2
- Term deposits	165.8	39.6
Total funds from state and non-governmental organizations	287.8	181.8
Other corporate clients		
- Current/settlement accounts	1,216.1	1,230.1
- Term deposits	1,089.6	793.9
Total funds from other corporate clients	2,305.7	2,024.0
Total funds from corporate clients	2,593.5	2,205.8
Total funds from individuals and corporate clients	8,768.9	7,932.1

Distribution of client funds by sectors of the economy is shown below:

<i>(in billion Russian rubles)</i>	June 30, 2012 (Unaudited figures)		December 31, 2011	
	Amount	%	Amount	%
Individuals	6,175.4	70.4	5,726.3	72.2
Services	677.2	7.7	450.2	5.7
Oil and gas industry	419.5	4.8	311.9	3.9
Commerce	316.1	3.6	305.6	3.9
State and municipal agencies	178.4	2.0	58.3	0.7
Machine building	148.9	1.7	132.2	1.7
Construction	139.0	1.6	182.7	2.3
Energy	136.7	1.6	122.2	1.5
Transport, aviation and space industry	99.3	1.1	79.7	1.0
Chemical industry	71.1	0.8	56.3	0.7
Food industry and agriculture	67.4	0.8	61.7	0.8
Metallurgy	63.1	0.7	43.3	0.5
Telecommunications	56.9	0.6	48.7	0.6
Woodworking industry	21.7	0.2	17.2	0.2
Other	198.2	2.4	335.8	4.3
Total funds from individuals and corporate clients	8,768.9	100.0	7,932.1	100.0

Notes to the abbreviated interim consolidated financial reporting – June 30, 2012

12 Funds from individuals and corporate clients (continued)

As of June 30, 2012 term deposits of corporate clients include funds worth 28.3 billion rubles (December 31, 2011: 38.1 billion rubles) received under direct repurchase agreements with corporate clients. The fair value of securities worth 32.9 billion rubles pledged under the above agreements is entered in the Securities Pledged under Repurchase Agreements item (December 31, 2011: 46.1 billion rubles). See Note 8.

Term deposits of corporate clients include funds worth 1.2 billion rubles (December 31, 2011: 3.9 billion rubles) received under direct repurchase agreements with and collateralized by securities of corporate clients. The fair value of securities is worth 1.3 billion rubles pledged under the above agreements (December 31, 2011: 5.1 billion rubles).

As of June 30, 2012 funds from corporate clients include deposits worth 79.6 billion rubles (December 31, 2011: 95.0 billion rubles) that serve as collateral under irrevocable liabilities under import letters of credit. See Note 23.

As of June 30, 2012, the Group had the 20 largest clients with balances over 12.5 billion rubles (December 31, 2011: 20 largest clients with balances over 11.5 billion rubles). The total balance of funds from such clients was 875.7 billion rubles (December 31, 2011: 621.1 billion rubles) or 10.0% (December 31, 2011: 7.8%) of the total amount of funds from individuals and corporate clients.

13 Issued debentures

<i>(in billion Russian rubles)</i>	June 30, 2012 (Unaudited figures)	December 31, 2011
Loan participation notes issued within Sberbank's MTN program	277.5	169.6
Promissory notes	108.0	77.2
Savings certificates	76.4	9.8
Other issued bonds	20.2	9.9
Structured notes	1.4	1.5
Deposit certificates	0.2	0.7
Total issued debentures	483.7	268.7

In February 2012 the Group made the eighth issue of loan participation notes within the MTN borrowing program, worth 1 billion US dollars, equivalent to 30.2 billion rubles as of the fund-raising date. Maturity of these notes falls in February 2017; the contract fixed rate is 5.0% p.a. As of June 30, 2012, loan participation notes were entered at a depreciated value of 33.4 billion rubles. The effective interest rate was 5.1% p.a. In August 2012 the Group issued additional loan participation notes worth 0.3 billion US dollars or 9.6 billion rubles as of the fund-raising date. Additional notes represent a uniform issue, Eighth Series, and have the same coupon rate and maturity. See Note 28.

Notes to the abbreviated interim consolidated financial reporting – June 30, 2012

13 Issued debentures (continued)

In February 2012 the Group made the ninth issue of loan participation notes within the MTN borrowing program, worth 0.75 billion US dollars, equivalent to 22.7 billion rubles as of the fund-raising date. Maturity of these notes falls in February 2022; the contract fixed rate is 6.1% p.a. As of June 30, 2012, loan participation notes were entered at a depreciated value of 25.2 billion rubles. The effective interest rate was 6.2% p.a. In July 2012 the Group issued additional loan participation notes worth 0.75 billion US dollars or 24.3 billion rubles as of the fund-raising date. Additional notes represent a uniform issue, Ninth Series, and have the same coupon rate and maturity. See Note 28.

In March 2012 the Group made the tenth issue of loan participation notes within the MTN borrowing program, worth 0.41 billion Swiss francs, equivalent to 13.2 billion rubles as of the fund-raising date. Maturity of these notes falls in September 2015; the contract fixed rate is 3.1% p.a. As of June 30, 2012, loan participation notes were entered at a depreciated value of 14.2 billion rubles. The effective interest rate was 3.2% p.a.

In June 2012 the Group made the eleventh issue of loan participation notes within the MTN borrowing program, worth 1 billion US dollars, equivalent to 32.8 billion rubles as of the fund-raising date. Maturity of these notes falls in June 2019; the contract fixed rate is 5.2% p.a. As of June 30, 2012, loan participation notes were entered at a depreciated value of 32.8 billion rubles. The effective interest rate was 5.3% p.a.

Other issued bonds represent interest-bearing securities issued by the Group and denominated in Belarusian rubles, Kazakhstani tenge, US dollars and the Euro.

Notes to the abbreviated interim consolidated financial reporting – June 30, 2012

14 Other liabilities

<i>(in billion Russian rubles)</i>	June 30, 2012 (Unaudited figures)	December 31, 2011
Other financial liabilities		
A short position on securities	59.4	67.4
Outstanding accounts for plastic cards	48.2	45.8
Derivatives	34.5	26.7
Settlements under operations in securities	26.3	10.5
Funds in settlements	15.9	10.1
Trade accounts payable	9.4	13.1
Contributions to the state deposit insurance system payable	5.8	5.2
Deferred liabilities related to the acquisition of Troika Dialog Group of Companies	3.7	36.1
Deferred commission fee income under granted guarantees	1.3	1.4
Other	11.0	6.5
Total other financial liabilities	215.5	222.8
Other non-financial liabilities		
Accrued expenditure of personnel remuneration	41.1	17.9
Taxes payable (except the corporate tax)	14.6	9.5
Advance payments received	1.2	1.8
Corporate tax payable	0.4	1.5
Deferred income from initial recognition of financial instruments	0.8	0.8
Liabilities in the retirement group	-	8.5
Other	5.9	2.4
Total other non-financial liabilities	64.0	42.4
Total other liabilities	279.5	265.2

Notes to the abbreviated interim consolidated financial reporting – June 30, 2012

15 Interest income and expenditure

(Unaudited figures)
(in billion Russian rubles)

	For six months ending on June 30		For three months ending on June 30	
	2012	2011	2012	2011
Interest income				
<i>Interest income from financial assets recognized at depreciated value and from financial assets available for sale:</i>				
- Loans and advance payments to clients	466.8	346.0	244.5	176.4
- Investment debentures available for sale	32.8	35.0	16.7	16.9
- Investment debentures held till redemption	14.7	12.8	7.3	6.8
- Funds in other banks	3.1	4.0	1.4	2.0
- Correspondent accounts with other banks	0.2	-	-	-
	517.6	397.8	269.9	202.1
<i>Interest income from financial assets changes in the fair value of which are entered in the profit and loss accounts:</i>				
- Trading debentures	2.2	2.1	0.7	1.0
- Debentures, changes in the fair value of which are entered in the profit and loss accounts	1.0	2.0	0.5	1.0
	3.2	4.1	1.2	2.0
Total interest income	520.8	401.9	271.1	204.1
Interest expense				
Term deposits of individuals	(109.7)	(95.8)	(57.0)	(46.8)
Term deposits of legal entities	(26.1)	(11.2)	(14.4)	(6.1)
Term deposits from other banks	(15.2)	(1.0)	(8.1)	(0.4)
Subordinated loan	(10.1)	(9.6)	(5.1)	(4.9)
Issued debentures	(8.9)	(6.2)	(5.1)	(3.0)
Current/settlement accounts of legal entities	(8.0)	(5.1)	(4.2)	(2.3)
Current/on-demand accounts of individuals	(3.7)	(2.0)	(2.0)	(0.6)
Other borrowings	(2.9)	(1.9)	(1.1)	(1.0)
Correspondent accounts of other banks	(0.6)	(0.2)	(0.4)	(0.1)
Total interest expenditure	(185.2)	(133.0)	(97.4)	(65.2)
Expenditure directly associated with deposit insurance	(11.4)	(9.7)	(5.8)	(4.9)
Net interest income	324.2	259.2	167.9	134.0

Notes to the abbreviated interim consolidated financial reporting – June 30, 2012

16 Commission fee income and expenditure

<i>(Unaudited figures)</i> <i>(in billion Russian rubles)</i>	For six months ending on June 30		For three months ending on June 30	
	2012	2011	2012	2011
Commission income				
Cash management services to individuals	22.1	20.8	11.7	11.0
Plastic card operations	21.7	13.9	11.8	7.5
Cash management services to legal entities	21.5	19.4	11.5	10.5
Agency fee for sale of the insurance contracts	8.8	6.3	5.0	3.5
Granted guarantees	3.1	1.6	1.7	0.9
Foreign currency operations	3.0	3.0	1.7	1.6
Cash Collection Service	2.3	2.2	1.2	1.2
Securities Trading	1.2	0.5	0.7	0.2
Other	1.6	1.1	0.8	0.6
Total commission fee income	85.3	68.8	46.1	37.0
Commission expenditure				
Settlement operations	(4.8)	(3.1)	(2.7)	(1.7)
Foreign currency operations	(0.2)	(0.2)	(0.1)	(0.1)
Cash Collection Service	(0.1)	(0.1)	-	(0.1)
Other	(1.9)	(1.3)	(0.8)	(0.6)
Total commission fee expenditure	(7.0)	(4.7)	(3.6)	(2.5)
Net fee and commission income	78.3	64.1	42.5	34.5

17 Income less expenditure under operations in foreign currencies, currency derivatives and revaluation of foreign currencies

<i>(Unaudited figures)</i> <i>(in billion Russian rubles)</i>	For six months ending on June 30		For three months ending on June 30	
	2012	2011	2012	2011
Income less expenditure/ (expenditure less income) under operations in foreign currencies	0.5	2.8	(0.1)	1.1
Income less expenditure/ (expenditure less income) from revaluation of foreign currencies	6.0	(25.3)	13.0	(15.3)
(Expenditure less income)/ income less expenditure under operations in currency derivatives	(5.1)	26.2	(7.9)	17.9
Total income less expenditure under operations in foreign currencies, currency derivatives and revaluation of foreign currencies	1.4	3.7	5.0	3.7

Notes to the abbreviated interim consolidated financial reporting – June 30, 2012

18 Operating expenditure

<i>(Unaudited figures)</i> <i>(in billion Russian rubles)</i>	For six months ending on June 30		For three months ending on June 30	
	2012	2011	2012	2011
Human resources expenditure	118.7	98.6	61.4	51.1
Depreciation of fixed assets	27.9	19.7	14.3	10.2
Expenditure for repair and maintenance of fixed assets	11.7	9.6	6.8	5.7
Administrative expenditure	11.4	8.3	7.4	4.9
Taxes except the corporate tax	7.9	5.0	4.6	3.2
Cost of operating lease of fixed assets	6.5	4.5	3.5	2.4
Cost of information services	4.9	3.5	3.3	2.2
Advertising and marketing	3.7	1.3	2.5	0.8
Cost of consulting and audit	1.6	0.6	0.9	0.4
Other	11.0	4.2	4.5	3.0
Total operating expenditure	205.3	155.3	109.2	83.9

19 Earnings per share

The basic earnings per share are calculated by dividing earnings held by the Bank's shareholders by the average weighted number of common shares outstanding throughout the period less treasury shares bought out from shareholders. The Bank has no common shares potentially diluting the earnings per share. Therefore, the diluted earnings per share are equal to the basic earnings per share.

<i>(Unaudited figures)</i> <i>(in billion Russian rubles)</i>	For six months ending on June 30		For three months ending on June 30	
	2012	2011	2012	2011
Earnings for the reporting period attributable to the Bank's shareholders	175.6	176.5	83.4	89.7
Less declared dividends for preferred shares	(2.6)	(1.2)	(2.6)	(1.2)
Earnings attributable to the Bank's shareholders owning common shares	173.0	175.3	80.8	88.5
Average weighted number of common shares outstanding (in billion shares)	21.5	21.6	21.5	21.6
Basic and diluted earnings per common share (in rubles per share)	8.03	8.12	3.75	4.10

Notes to the abbreviated interim consolidated financial reporting – June 30, 2012

20 Dividends

(Unaudited figures) (in billion Russian rubles)	For six months ending on June 30			
	2012		2011	
	For common shares	For preferred shares	For common shares	For preferred shares
Dividends due and payable as of January 1	0.1		0.1	
Dividends declared during six months ending on June 30	44.9	2.6	19.8	1.2
Dividends paid during six months ending on June 30	(44.6)	(2.5)	(14.9)	(0.5)
Dividends due and payable as of June 30	0.4	0.1	5.0	0.7
Dividends per share declared during the reporting period (in rubles per share)	2.08	2.71	0.92	1.15

All dividends were declared and paid in Russian rubles.

21 Segment analysis

For management purposes the Group is divided into operating segments of activity – the Headquarters, 17 regional banks and subsidiaries based on the Group's organization structure and geographical location. Banking operations constitute the core activity of all operating segments. Operating segments are unified in the following reporting segments for the purposes of representation in the abbreviated interim consolidated financial reporting:

- **Moscow**
this segment includes:
 - the Group's Headquarters;
 - Moscow Regional Bank;
 - The Group's subsidiaries located in this region.
- **Central and Northern regions of the European Part of Russia**
this segment includes:
Regional banks:
 - Northern – Yaroslavl,
 - North-Western – St Petersburg,
 - Central Chernozemye – Voronezh,
 - Srednerussky – Moscow;
 The Group's subsidiaries located in this region.

Notes to the abbreviated interim consolidated financial reporting – June 30, 2012

21 Segment analysis (continued)

- Povolzhye and South of the European Part of Russia

this segment includes:

Regional banks:

- Volgo-Vyatsky – Nizhniy Novgorod,
- Povolzhsky – Samara,
- North Caucasus – Stavropol,
- South-Western – Rostov-on-Don;

The Group's subsidiaries located in this region.

- Urals, Siberia and the Far East of Russia

this segment includes:

Regional banks:

- West-Ural — Perm,
- Urals — Yekaterinburg,
- Siberian — Novosibirsk,
- West-Siberian — Tyumen,
- North-Eastern — Magadan,
- Far-Eastern — Khabarovsk,
- East-Siberian — Krasnoyarsk,
- Baikal — Irkutsk;

The Group's subsidiaries located in this region.

- Other countries

this segment includes:

- the Group's subsidiaries located in the CIS (Ukraine, Kazakhstan, the Republic of Belarus),
- the Group's subsidiaries located in Austria and Switzerland,
- subsidiaries of Volksbank International AG (VBI) located in Central and Eastern Europe,
- Troika Dialog Group companies located in the US, Great Britain, Cyprus and other countries,
- a branch in India.

The Group's management analyzes the operating results of each operating segment to decide on the allocation of resources and evaluation of their performance. Reporting of segments and results of their operations submitted to management for analysis are prepared in accordance with Russian Accounting Standards, except for reporting of subsidiaries' segments which is prepared in accordance with International Financial Reporting Standards.

Operations between segments are carried out at internal transfer pricing rates set, approved and regularly revised by the Group's management.

Operations of subsidiaries are monitored at the Group's overall level.

Notes to the abbreviated interim consolidated financial reporting – June 30, 2012

21 Segment analysis (continued)

The table below shows information on distribution of the Group's assets and liabilities by segments as of June 30, 2012:

<i>(Unaudited figures) (in billion Russian rubles)</i>	Moscow	Central and Northern regions of the European Part of Russia	Povolzhye and South of the European Part of Russia	Urals, Siberia and the Far East of Russia	Other countries	Total
Total assets	5,721.4	1,971.4	1,680.4	2,362.6	739.9	12,475.7
Total liabilities	4,793.0	2,148.2	1,529.9	1,978.7	597.9	11,047.7

The table below shows information on distribution of the Group's assets and liabilities by segments as of December 31, 2011:

<i>(in billion Russian rubles)</i>	Moscow	Central and Northern regions of the European Part of Russia	Povolzhye and South of the European Part of Russia	Urals, Siberia and the Far East of Russia	Other countries	Total
Total assets	4,849.0	1,877.8	1,530.8	2,110.4	445.5	10,813.5
Total liabilities	3,825.7	2,045.3	1,434.0	1,876.4	349.5	9,530.9

The table below collates assets and liabilities by reporting segments with IFRS assets and liabilities as of June 30, 2012 and December 31, 2011:

<i>(in billion Russian rubles)</i>	Total assets		Total liabilities	
	June 30, 2012 (Unaudited figures)	December 31, 2011	June 30, 2012 (Unaudited figures)	December 31, 2011
Total reporting segments	12,475.7	10,813.5	11,047.7	9,530.9
Adjustment of reserves	92.6	73.0	(16.8)	(17.2)
Assessment of additional interest income under client loans	4.0	4.2	-	0.5
Recognition of deferred commission fee income under loans	(24.4)	(25.5)	0.2	0.7
Adjustment of depreciation and initial or revalued value of fixed assets including the effect of deferred taxation	(64.7)	(51.2)	(2.1)	3.4
Loans granted in securities	(55.5)	-	(55.5)	-
Recognition of derivatives at fair value	1.2	17.4	0.6	17.2
Adjustment of the corporate tax	1.2	-	13.8	18.9
Expenditure charged for maintaining personnel (bonuses, vacations, pension commitments)	0.3	0.2	23.0	13.8
Recognition of deferred commission fee income under guarantees	-	-	1.3	1.3
Other adjustments	3.4	3.5	6.2	(2.4)
Total IFRS	12,433.8	10,835.1	11,018.4	9,567.1

Notes to the abbreviated interim consolidated financial reporting – June 30, 2012
21 Segment analysis (continued)

The table below shows segment information about distribution of the Group's income and expenditure for six months ending on June 30, 2012:

<i>(Unaudited figures) (in billion Russian rubles)</i>	Moscow	Central and Northern regions of the European Part of Russia	Povolzhye and South of the European Part of Russia	Urals, Siberia and the Far East of Russia	Other countries	Total
Interest income	193.6	96.0	83.4	115.9	24.3	513.2
Interest expenditure	(84.0)	(35.4)	(24.7)	(31.1)	(9.8)	(185.0)
Inter-segment (expenditure) / income	(10.2)	13.6	(0.3)	(3.1)	-	-
Commission income	21.2	20.5	17.4	25.6	4.0	88.7
Commission expenditure	(1.8)	(1.3)	(1.0)	(1.8)	(1.3)	(7.2)
Income less expenditure/ (expenditure less income) under operations in securities	5.1	-	-	-	(3.1)	2.0
Income less expenditure under operations in foreign currencies, currency derivatives and revaluation of foreign currencies	5.0	1.9	1.1	1.2	1.0	10.2
Income less expenditure under operations in other derivatives	0.3	-	-	-	1.4	1.7
Income less expenditure for operations in precious metals	0.5	0.2	0.2	0.3	0.2	1.4
Other operating income less expenditure/ (expenditure less income)	2.9	(1.4)	(2.7)	5.1	2.1	6.0
Operating income before creation/restoration of reserves for devaluation of the loan portfolio	132.6	94.1	73.4	112.1	18.8	431.0
(Net expense generated by creation)/net restoration of reserves for devaluation of the loan portfolio	(5.5)	(3.8)	4.7	4.3	(3.0)	(3.3)
Operating income	127.1	90.3	78.1	116.4	15.8	427.7
Operating expenditure	(60.5)	(38.7)	(32.4)	(51.3)	(11.6)	(194.5)
Profit before tax (Result of the segment)	66.6	51.6	45.7	65.1	4.2	233.2
Additional information						
Expenditure of capital nature (acquisition of fixed assets)	8.0	6.8	6.2	9.2	1.1	31.3
Depreciation deductions for fixed assets	(6.5)	(3.4)	(3.0)	(4.4)	(2.6)	(19.9)

Notes to the abbreviated interim consolidated financial reporting – June 30, 2012
21 Segment analysis (continued)

The table below shows segment information about distribution of the Group's income and expenditure for three months ending on June 30, 2012:

<i>(Unaudited figures) (in billion Russian rubles)</i>	Moscow	Central and Northern regions of the European Part of Russia	Povolzhye and South of the European Part of Russia	Urals, Siberia and the Far East of Russia	Other countries	Total
Interest income	99.7	49.8	43.6	60.3	12.2	265.6
Interest expense	(45.1)	(18.5)	(12.8)	(16.3)	(4.6)	(97.3)
Inter-segment income/(expenditure)	-	5.3	(1.6)	(3.7)	-	-
Commission income	11.5	11.0	9.4	14.0	2.2	48.1
Commission expenditure	(0.9)	(0.7)	(0.6)	(1.0)	(0.5)	(3.7)
Income less expenditure/ (expenditure less income) under operations in securities	2.1	-	-	-	(4.6)	(2.5)
Income less expenditure under operations in foreign currencies, currency derivatives and revaluation of foreign currencies	8.8	0.9	0.4	0.3	2.3	12.7
Income less expenditure/ (expenditure less income) under operations in other derivatives	0.7	-	-	-	(1.4)	(0.7)
Income less expenditure for operations in precious metals	0.3	0.1	0.1	0.2	0.6	1.3
Other operating (expenditure less income)/income less expenditure	(3.1)	(2.9)	(3.4)	2.1	1.6	(5.7)
Operating income before creation/restoration of reserves for devaluation of the loan portfolio	74.0	45.0	35.1	55.9	7.8	217.8
Net restoration/ (net expenditure generated by creation) of reserves for devaluation of the loan portfolio	6.3	3.5	3.7	(0.5)	(2.2)	10.8
Operating income	80.3	48.5	38.8	55.4	5.6	228.6
Operating expenditure	(33.8)	(21.9)	(18.3)	(29.1)	(6.0)	(109.1)
Profit/(loss) before tax (Result of the segment)	46.5	26.6	20.5	26.3	(0.4)	119.5
Additional information						
Expenditure of capital nature (acquisition of fixed assets)	3.3	4.4	4.0	6.0	0.7	18.4
Depreciation deductions for fixed assets	(3.5)	(1.7)	(1.5)	(2.2)	(2.1)	(11.0)

Notes to the abbreviated interim consolidated financial reporting – June 30, 2012

21 Segment analysis (continued)

The table below shows segment information about distribution of the Group's income and expenditure for six months ending on June 30, 2011:

<i>(Unaudited figures) (in billion Russian rubles)</i>	Moscow	Central and Northern regions of the European Part of Russia	Povolzhye and South of the Urals, Siberia and European Part of Russia	the Far East of Russia	Other countries	Total
Interest income	153.0	76.6	65.9	87.2	10.5	393.2
Interest expense	(53.7)	(29.8)	(20.7)	(24.7)	(4.0)	(132.9)
Inter-segment (expenditure) / income	(20.9)	12.7	4.0	4.2	-	-
Commission income	11.6	18.0	14.1	20.3	2.3	66.3
Commission expenditure	(0.9)	(1.0)	(0.9)	(1.5)	(0.5)	(4.8)
Income less expenditure for operations in securities	6.7	-	-	-	-	6.7
(Expenditure less income)/ income less expenditure under operations in foreign currencies, currency derivatives and revaluation of foreign currencies	(2.5)	1.7	1.0	1.6	5.7	7.5
Expenditure less income under operations in other derivatives	(1.1)	-	-	-	-	(1.1)
Income less expenditure/ (expenditure less income) under operations in precious metals	1.4	0.3	0.3	0.4	(0.1)	2.3
Other operating income less expenditure/ (expenditure less income)	12.3	(0.1)	1.3	0.2	(0.5)	13.2
Operating income before creation/restoration of reserves for devaluation of the loan portfolio	105.9	78.4	65.0	87.7	13.4	350.4
Net restoration/ (net expense generated by creation) of reserves for devaluation of the loan portfolio	24.2	0.8	(6.9)	1.7	(2.9)	16.9
Operating income	130.1	79.2	58.1	89.4	10.5	367.3
Operating expenditure	(41.0)	(33.0)	(28.5)	(40.3)	(4.1)	(146.9)
Profit before tax (Result of the segment)	89.1	46.2	29.6	49.1	6.4	220.4
Additional information						
Expenditure of capital nature (acquisition of fixed assets)	3.6	4.3	3.9	5.4	2.0	19.2
Depreciation deductions for fixed assets	(2.4)	(3.1)	(2.8)	(3.9)	(0.5)	(12.7)

Notes to the abbreviated interim consolidated financial reporting – June 30, 2012

21 Segment analysis (continued)

The table below shows segment information about distribution of the Group's income and expenditure for three months ending on June 30, 2011:

<i>(Unaudited figures) (in billion Russian rubles)</i>	Moscow	Central and Northern regions of the European Part of Russia	Povolzhye and South of the European Part of Russia	Urals, Siberia and the Far East of Russia	Other countries	Total
Interest income	77.9	38.6	33.2	44.3	5.5	199.5
Interest expense	(26.9)	(14.2)	(10.0)	(11.9)	(2.0)	(65.0)
Inter-segment (expenditure) / income	(9.6)	5.8	1.7	2.1	-	-
Commission income	6.8	9.6	7.7	11.1	1.1	36.3
Commission expenditure	(0.5)	(0.5)	(0.5)	(0.8)	(0.2)	(2.5)
Income less expenditure for operations in securities	3.9	-	-	-	-	3.9
(Expenditure less income)/ income less expenditure under operations in foreign currencies, currency derivatives and revaluation of foreign currencies	(2.0)	0.9	0.5	0.7	5.6	5.7
Expenditure less income under operations in other derivatives	(0.2)	-	-	-	-	(0.2)
Income less expenditure for operations in precious metals	0.6	0.2	0.2	0.2	-	1.2
Other operating income less expenditure/ (expenditure less income)	9.2	0.1	1.3	(0.1)	(0.2)	10.3
Operating income before creation/restoration of reserves for devaluation of the loan portfolio	59.2	40.5	34.1	45.6	9.8	189.2
Net restoration/ (net expense generated by creation) of reserves for devaluation of the loan portfolio	21.9	3.1	(3.2)	(0.3)	(3.3)	18.2
Operating income	81.1	43.6	30.9	45.3	6.5	207.4
Operating expenditure	(21.8)	(19.4)	(16.5)	(23.9)	(1.7)	(83.3)
Profit before tax (Result of the segment)	59.3	24.2	14.4	21.4	4.8	124.1
Additional information						
Expenditure of capital nature (acquisition of fixed assets)	2.6	3.0	2.8	3.9	1.7	14.0
Depreciation deductions for fixed assets	(1.1)	(1.5)	(1.4)	(1.9)	(0.3)	(6.2)

Notes to the abbreviated interim consolidated financial reporting – June 30, 2012

21 Segment analysis (continued)

The table below collates profit before tax for reporting segments and the Group's IFRS profit before tax for six months and three months ending on June 30, 2012 and June 30, 2011:

<i>(Unaudited figures)</i> <i>(in billion Russian rubles)</i>	For six months ending on June 30		For three months ending on June 30	
	2012	2011	2012	2011
Total reporting segments	233.2	220.4	119.5	124.1
Adjustment of reserves	12.9	8.8	(1.0)	(11.3)
Expenditure charged for maintaining personnel (bonuses, vacations, pension commitments)	(11.9)	(9.6)	0.4	(1.3)
Effect of differences in securities classification	1.7	1.8	(0.1)	0.9
Recognition of derivatives at fair value	1.5	(1.5)	(1.9)	(0.8)
Assessment of additional interest income and deferred commission fee income under client loans	1.0	5.2	0.7	2.3
Adjustment in depreciation and original or revaluated value of fixed assets	(10.3)	(5.1)	(4.3)	(2.7)
Other adjustments	(0.6)	(1.2)	(0.6)	(0.1)
Total IFRS	227.5	218.8	112.7	111.1

The inconsistencies above result from differences in both classification and the accounting policy.

Adjustment in reserves is required because of differences in the evaluation method used for calculation of reserves for devaluation under Russian Accounting Standards used to prepare the Bank's management accounts and the reserves evaluation methods suggested by the International Financial Reporting Standards (IFRS).

Differences in securities classification are recognized as income/(expenditure) under revaluation of securities classified in IFRS reporting as securities changes in the fair value of which are entered in the profit and loss accounts. In accordance with Russian Accounting Standards used to prepare the Bank's management accounts, such securities were recognized in the portfolio of securities available for sale.

For six months ending on June 30, 2012, revenues from client operations within the Russian Federation were 614.0 billion rubles (for six months ending on June 30, 2011: 480.7 billion rubles). Revenues from client operations within all foreign countries where the Group operates were 24.5 billion rubles for six months ending on June 30, 2012 (for six months ending on June 30, 2011: 19.4 billion rubles).

For three months ending on June 30, 2012 revenues from client operations within the Russian Federation were 323.8 billion rubles (for three months ending on June 30, 2011: 248.2 billion rubles). Revenues from client operations within all foreign countries where the Group operates were 9.1 billion rubles for three months ending on June 30, 2012 (for three months ending on June 30, 2011: 12.0 billion rubles).

For the six and three months ending on June 30, 2012 and June 30, 2011 there were no external client or counterparty revenues from operations which would exceed 10% of the Group's gross revenues.

Notes to the abbreviated interim consolidated financial reporting – June 30, 2012

22 Financial Risk Management

The Group's risk management concerns the following material types of risks: credit, market, liquidity and operating risks. The market risk includes the interest rate, stock market and currency risks. Risk management is primarily concerned with risk identification and analysis, establishment of risk limits and further measures to ensure that established limits are not exceeded. Management of operating risks is expected to secure due compliance with internal regulations and procedures to minimize such risks.

The policy and methods adopted by the Group for management of financial risks conform to the policy and methods used for and described in the Group's annual financial reporting for the year ending on December 31, 2011.

Currency risk. The currency risk results from changes in the price of financial instruments following an adverse change in exchange rates of major foreign currencies. The Group is exposed to the currency risk by having positions open mainly in US dollars and Euros against the Russian ruble.

The table below shows analysis of the Group's currency risk with respect to monetary assets and liabilities and net positions in currency derivatives as of June 30, 2012. The currency risk of forward and futures contracts is represented by nominal positions in relevant currencies. Currency options are expressed as an amount reflecting theoretical sensitivity of the fair value to changes in exchange rates.

<i>(Unaudited figures)</i> <i>(in billion Russian rubles)</i>	Rubles	US Dollars	Euro	Other currencies	Total
Assets					
Cash and cash equivalents	511.9	173.7	147.1	100.6	933.3
Required reserves in accounts with central banks	110.6	1.1	6.8	6.7	125.2
Trading debentures	34.7	10.5	0.1	3.4	48.7
Debentures, changes in the fair value of which are entered in the profit and loss accounts	20.0			0.6	20.6
Funds in other banks	12.4	8.6	22.9	12.9	56.8
Loans and advance payments to clients	6,786.6	1,567.5	249.6	257.8	8,861.5
Trading debentures pledged under repurchase agreements	427.3	85.6	10.9	0.7	524.5
Investment debentures available for sale	582.2	129.1	33.1	34.3	778.7
Investment debentures held till redemption	133.3	13.6	0.6	0.3	147.8
Other financial assets (with fair value of derivatives unadjusted)	77.4	23.1	1.5	1.1	103.1
Total monetary assets	8,696.4	2,012.8	472.6	418.4	11,600.2
Liabilities					
Funds from other banks	685.4	91.5	70.1	26.0	873.0
Deposits from individuals	5,233.3	450.8	315.7	175.6	6,175.4
Funds from corporate clients	1,563.1	740.4	144.9	145.1	2,593.5
Issued debentures	156.5	279.5	5.1	42.6	483.7
Other borrowings	0.1	253.0	19.0	6.6	278.7
Other financial liabilities (with fair value of derivatives unadjusted)	135.0	42.3	0.6	3.1	181.0
Subordinated loans	313.0	0.2	1.3	-	314.5
Total monetary liabilities	8,086.4	1,857.7	556.7	399.0	10,899.8
Net monetary assets/ (liabilities)	610.0	155.1	(84.1)	19.4	700.4
Net currency derivatives	109.3	(113.0)	32.3	(5.4)	23.2
Liabilities of credit nature (Note 23)	1,558.2	549.5	214.5	60.6	2,382.8

Notes to the abbreviated interim consolidated financial reporting – June 30, 2012

22 Management of financial risks (continued)

The table below shows analysis of the Group's currency risk with respect to monetary assets and liabilities and net positions in currency derivatives as of December 31, 2011:

<i>(in billion Russian rubles)</i>	Rubles	US Dollars	Euro	Other currencies	Total
Assets					
Cash and cash equivalents	488.8	58.9	20.9	57.0	625.6
Required reserves in accounts with central banks	99.5	0.6	0.1	1.0	101.2
Trading debentures	48.0	17.1	2.3	2.6	70.0
Debentures, changes in the fair value of which are entered in the profit and loss accounts	30.6	-	-	0.2	30.8
Funds in other banks	23.7	8.1	0.1	3.2	35.1
Loans and advance payments to clients	6,074.4	1,385.5	157.4	102.4	7,719.7
Trading debentures pledged under repurchase agreements	178.4	65.8	0.1	0.5	244.8
Investment debentures available for sale	696.7	73.4	39.4	14.9	824.4
Investment debentures held till redemption	273.4	12.9	0.1	0.1	286.5
Other financial assets (with fair value of derivatives unadjusted)	93.1	17.1	1.3	0.5	112.0
Total monetary assets	8,006.6	1,639.4	221.7	182.4	10,050.1
Liabilities					
Funds from other banks	404.6	98.9	21.0	7.9	532.4
Deposits from individuals	4,959.6	366.6	265.2	134.9	5,726.3
Funds from corporate clients	1,517.5	524.6	88.2	75.5	2,205.8
Issued debentures	64.4	181.8	1.8	20.7	268.7
Other borrowings	0.3	222.3	19.8	1.6	244.0
Other financial liabilities (with fair value of derivatives unadjusted)	145.5	48.3	0.8	1.5	196.1
Subordinated loans	303.3	0.2	-	-	303.5
Total monetary liabilities	7,395.2	1,442.7	396.8	242.1	9,476.8
Net monetary assets/ (liabilities)	611.4	196.7	(175.1)	(59.7)	573.3
Net currency derivatives	6.0	(167.4)	167.6	16.2	22.4
Liabilities of credit nature (Note 23)	1,406.2	594.1	113.4	41.8	2,155.5

Notes to the abbreviated interim consolidated financial reporting – June 30, 2012

22 Management of financial risks (continued)

Liquidity risk. The liquidity risk means the risk of a gap between claim periods under asset operations and maturity periods of liabilities. The Group is exposed to this risk as it has a daily need to use available cash for settlements under overnight interbank deposits, clients' accounts, repay deposits, grant loans, and make payments under guarantees and derivatives, settlements in which are made in cash.

The table below represents assets and liabilities in the breakdown of expected remaining maturity periods as of June 30, 2012. Principles used for the Group's liquidity analysis and liquidity risk management are based on legislative initiatives of the Central Bank of the Russian Federation and methods developed by the Bank. These principles include:

- Cash and cash equivalents are highly liquid assets classified in the On-Demand and Under 1 Month category;
- Trading securities, securities, changes in the fair value of which are entered in the profit and loss accounts, and the most liquid share of investment securities available for sale including those pledged under repurchase agreements are regarded as liquid assets as such securities are readily convertible into cash within a short timeframe. Such financial instruments are given in the liquidity gap analysis table in the On-Demand and Under 1 Month category;
- Investment securities available for sale and which are less liquid are included in the liquidity analysis table on the basis of expected contract maturity periods (for debentures) or the Indefinite Term category;
- Investment securities held till redemption, including securities pledged under repurchase agreements, are included in the liquidity analysis table on the basis of expected contract maturity periods;
- Loans and advance payments to clients, funds in other banks, other assets, issued debentures, funds from other banks, other borrowings and other liabilities and included in the liquidity analysis table on the basis of expected contract maturity periods;
- Diversification of clients' funds by the number and type of depositors and the experience of the Group's management suggest that such accounts and deposits are a long-term and stable source of finance. As a result, such funds are distributed in the liquidity analysis table by expected outflow periods based on statistical information accumulated by the Group over previous terms and assumptions about minimum balances in clients' current accounts.

Notes to the abbreviated interim consolidated financial reporting – June 30, 2012

22 Management of financial risks (continued)

The Group's liquidity position as of June 30, 2012 is given below:

<i>(Unaudited figures) (in billion Russian rubles)</i>	On-demand and under 1 month	1 to 6 months	6 to 12 months	1 to 3 years	Over 3 years	Indefinite period	Total
Assets							
Cash and cash equivalents	933.3	-	-	-	-	-	933.3
Required reserves in accounts with central banks	33.2	17.0	13.0	54.0	8.0	-	125.2
Trading securities	80.8	-	-	-	-	-	80.8
Securities, changes in the fair value of which are entered in the profit and loss accounts	28.5	-	-	-	-	-	28.5
Funds in other banks	30.5	13.6	2.6	5.4	4.7	-	56.8
Loans and advance payments to clients	378.3	1,114.3	1,349.4	2,841.0	3,178.5	-	8,861.5
Securities pledged under repurchase agreements	296.8	35.5	62.0	103.5	66.5	-	564.3
Investment securities available for sale	782.1	5.2	4.9	9.1	17.3	0.4	819.0
Investment securities held till maturity	0.1	11.8	2.9	49.8	83.2	-	147.8
Deferred tax asset	-	-	-	-	-	1.2	1.2
Fixed assets	-	-	-	-	-	393.9	393.9
Other assets	107.4	53.1	29.0	81.2	10.6	140.2	421.5
Total assets	2,671.0	1,250.5	1,463.8	3,144.0	3,368.8	535.7	12,433.8
Liabilities							
Funds from other banks	554.3	240.7	27.1	23.5	27.4	-	873.0
Deposits from individuals	1,425.6	926.2	828.0	2,632.7	362.9	-	6,175.4
Funds from corporate clients	962.6	257.6	65.2	1,302.4	5.7	-	2,593.5
Issued debentures	45.9	60.2	88.8	49.5	239.3	-	483.7
Other borrowings	0.7	49.6	44.2	162.7	21.5	-	278.7
Deferred tax liability	-	-	-	-	-	20.1	20.1
Other liabilities	135.3	39.6	14.2	21.6	21.5	47.3	279.5
Subordinated loans	-	-	-	0.7	313.8	-	314.5
Total liabilities	3,124.4	1,573.9	1,067.5	4,193.1	992.1	67.4	11,018.4
Net liquidity gap	(453.4)	(323.4)	396.3	(1,049.1)	2,376.7	468.3	1,415.4
Total liquidity gap as of June 30, 2012	(453.4)	(776.8)	(380.5)	(1,429.6)	947.1	1,415.4	-

Notes to the abbreviated interim consolidated financial reporting – June 30, 2012

22 Management of financial risks (continued)

The Group's liquidity position as of December 31, 2011 is given below:

<i>(in billion Russian rubles)</i>	On-demand and under 1 month	1 to 6 months	6 to 12 months	1 to 3 years	Over 3 years	Indefinite period	Total
Assets							
Cash and cash equivalents	625.6	-	-	-	-	-	625.6
Required reserves in accounts with central banks	27.7	10.7	8.9	47.7	6.2	-	101.2
Trading securities	102.0	-	-	-	-	-	102.0
Securities, changes in the fair value of which are entered in the profit and loss accounts	52.0	-	-	-	-	-	52.0
Funds in other banks	19.0	13.8	1.8	0.2	0.3	-	35.1
Loans and advance payments to clients	253.2	1,043.4	1,243.3	2,477.6	2,702.2	-	7,719.7
Securities pledged under repurchase agreements	163.7	-	39.0	82.1	16.0	-	300.8
Investment securities available for sale	869.3	-	2.8	3.1	8.4	0.9	884.5
Investment securities held till maturity	0.7	11.7	9.0	116.9	148.2	-	286.5
Deferred tax asset	-	-	-	-	-	7.8	7.8
Fixed assets	-	-	-	-	-	359.9	359.9
Other assets	138.3	35.7	29.9	39.7	19.1	97.3	360.0
Total assets	2,251.5	1,115.3	1,334.7	2,767.3	2,900.4	465.9	10,835.1
Liabilities							
Funds from other banks	373.1	118.9	36.7	3.2	0.5	-	532.4
Deposits from individuals	1,243.7	739.2	654.1	2,726.0	363.3	-	5,726.3
Funds from corporate clients	973.9	88.0	50.8	1,081.8	11.3	-	2,205.8
Issued debentures	35.3	36.7	17.9	53.5	125.3	-	268.7
Other borrowings	0.2	19.7	52.3	152.0	19.8	-	244.0
Deferred tax liability	-	-	-	-	-	21.2	21.2
Other liabilities	186.0	47.5	9.6	11.9	6.5	3.7	265.2
Subordinated loans	-	-	-	0.2	303.3	-	303.5
Total liabilities	2,812.2	1,050.0	821.4	4,028.6	830.0	24.9	9,567.1
Net liquidity gap	(560.7)	65.3	513.3	(1,261.3)	2,070.4	441.0	1,268.0
Total liquidity gap as of December 31, 2011	(560.7)	(495.5)	17.9	(1,243.5)	827.0	1,268.0	-

23 Liabilities of a credit nature

Liabilities of a credit nature are primarily intended to allow funds to be provided to the client on an as-needed basis. Guarantees and reserve letters of credit, which are the Group's irrevocable commitments to make payments if the client fails to perform in respect of third parties, have the same level of credit risk as loans. Documentary and commercial letters of credit, which are the Group's written commitment to make payments on behalf of its clients within the stipulated amount after certain conditions are met, are secured by relevant deliveries of goods or monetary deposit and, accordingly, have a lower risk level than direct lending.

Notes to the abbreviated interim consolidated financial reporting – June 30, 2012

23 Liabilities of a credit nature (Continued)

Commitments to grant loans include the unused part of amounts for the granting of loans. Concerning its loan granting commitments, the Group is potentially exposed to the risk of losses worth the total amount of unused commitments. Nevertheless, the likely amount of losses is lower than the total amount of unused commitments as the larger part of loan granting commitments depends on whether clients meet certain creditworthiness requirements. The Group controls the period remaining till repayment of credit liabilities, as the longer-term liabilities tend to have a higher credit risk than short-term liabilities. The Group's liabilities of a credit nature are:

<i>(in billion Russian rubles)</i>	June 30, 2012 (Unaudited figures)	December 31, 2011
Loan granting commitments	905.8	741.9
Granted guarantees	643.4	490.6
Non-used credit lines	387.6	378.0
Export letters of credit	262.3	364.5
Import letters of credit and letters of credit for domestic settlements	183.7	180.5
Total liabilities of credit nature	2,382.8	2,155.5

As of June 30, 2012 funds from corporate clients include deposits worth 79.6 billion rubles (December 31, 2011: 95.0 billion rubles) that serve as collateral on irrevocable liabilities under import letters of credit. See Note 12.

The total amount of contract debt under unused credit lines, letters of credit and guarantees does not necessarily represent future cash claims as the term may expire or said commitments may be revoked without any funds being provided to the client.

24 Related-party operations

For the purposes of preparation of this abbreviated interim consolidated financial reporting, parties are regarded as related when at least one of them can control the other, is under joint control or can exercise material influence when the other party makes financial and operating decisions. Consideration of relationships with all related parties includes attention to the economic substance of such relationships rather than their legal form alone.

The Bank of Russia is the Group's major shareholder (see Note 1). Other related parties given in the table below include key management and their close family members and the Group's associated companies. Note 25 offers information about significant operations with state agencies and state-controlled companies.

Notes to the abbreviated interim consolidated financial reporting – June 30, 2012

24 Related-party operations (continued)

Balances from operations with the Bank of Russia and other related parties as of June 30, 2012 and December 31, 2011 are given below:

<i>(in billion Russian rubles)</i>	June 30, 2012 (Unaudited figures)		December 31, 2011	
	Bank of Russia	Other related parties	Bank of Russia	Other related parties
Assets				
Cash and cash equivalents	112.4	-	51.3	0.9
Required reserves in accounts with the Bank of Russia	110.6	-	99.5	-
Trading securities	-	2.2	-	-
Funds in other banks	-	-	-	0.8
Loans and advance payments to clients before creation of devaluation reserves	-	0.8	-	0.3
Reserves for devaluation of the loan portfolio	-	(0.3)	-	-
Other assets	0.2	-	-	0.1
Liabilities				
Funds from other banks	568.6	-	265.6	-
Funds from corporate clients	-	3.4	-	1.5
Subordinated loan	313.0	-	303.3	-
Other liabilities	-	-	-	0.3

The income and expenditure items for operations with the Bank of Russia and other related parties for six months ending on June 30, 2012 and June 30, 2011 are given below:

<i>(Unaudited figures)</i> <i>(in billion Russian rubles)</i>	For six months ending on June 30			
	2012		2011	
	Bank of Russia	Other related parties	Bank of Russia	Other related parties
Interest income	-	-	8.4	-
Interest expenditure under the subordinated loan	(9.7)	-	(9.7)	-
Interest expenditure except interest expenditure under the subordinated loan	(13.3)	(0.1)	-	-
Net expense generated by creation of reserves for devaluation of the loan portfolio during the reporting period	-	(0.3)	-	-
Operating expenditure	(0.6)	-	(0.7)	-

Notes to the abbreviated interim consolidated financial reporting – June 30, 2012

24 Related-party operations (continued)

The income and expenditure items for operations with the Bank of Russia and other related parties for three months ending on June 30, 2012 and June 30, 2011 are given below:

	For three months ending on June 30			
	2012		2011	
<i>(Unaudited figures)</i> <i>(in billion Russian rubles)</i>	Bank of Russia	Other related parties	Bank of Russia	Other related parties
Interest income	-	-	3.1	-
Interest expenditure under the subordinated loan	(4.8)	-	(4.9)	-
Interest expenditure except interest expenditure under the subordinated loan	(7.6)	(0.1)	-	-
Operating expenditure	(0.3)	-	(0.5)	-

For six months ending on June 30, 2012 total remuneration of the Group's key management including salaries and bonuses was 0.4 billion rubles (for six months ending on June 30, 2011: 0.3 billion rubles). For three months ending on June 30, 2012 total remuneration of the Group's key management including salaries and bonuses was 0.2 billion rubles (for three months ending on June 30, 2011: 0.2 billion rubles).

25 Operations with state agencies and state-controlled companies

In its every-day activities, the Group conducts operations with stage agencies of the Russian Federation and companies controlled or significantly controlled by the state. The Group offers state agencies and state-controlled companies a full range of banking services, including deposits and loans, guarantees, sale and purchase of securities, and cash management services. This list of operations performed is not exhaustive. The Group performs these operations on market terms and conditions. Operations with state agencies and state-controlled companies constitute an insignificant share in the Group's total operations.

Notes to the abbreviated interim consolidated financial reporting – June 30, 2012

25 Operations with state agencies and state-controlled companies (continued)

Below are balances as of June 30, 2012 regarding significant operations with state agencies and state-controlled companies:

(Unaudited figures)

(in billion Russian rubles)

		June 30, 2012		
Client	Sector of the economy	Loans and advance payments to clients	Funds from corporate clients	Granted guarantees
Client 1	Oil and gas industry	-	30.7	-
Client 2	Oil and gas industry	-	19.6	-
Client 3	Energy	78.3	28.7	-
Client 4	Energy	87.3	17.8	-
Client 5	Energy	59.0	13.4	-
Client 6	Telecommunications	95.7	-	-
Client 7	Telecommunications	-	-	3.6
Client 8	Machine building	66.6	20.6	6.2
Client 9	Machine building	65.0	-	8.9
Client 10	Machine building	-	-	10.5
Client 11	Machine building	-	-	18.0
Client 12	Transport, aviation and space industry	-	15.8	16.4
Client 13	Transport, aviation and space industry	-	-	13.6
Client 14	Food industry and agriculture	-	-	9.9
Client 15	State and municipal agencies	-	109.6	-
Client 16	State and municipal agencies	-	25.5	-
Client 17	State and municipal agencies	-	-	10.8
Client 18	Services	-	-	100.0
Client 19	Mining industry	-	-	35.7
Client 20	Other	55.9	25.7	-

Below are balances as of December 31, 2011 regarding significant operations with state agencies and state-controlled companies:

(in billion Russian rubles)

		December 31, 2011		
Client	Sector of the economy	Loans and advance payments to clients	Funds from corporate clients	Granted guarantees
Client 1	Oil and gas industry	-	44.2	-
Client 3	Energy	79.3	37.9	-
Client 4	Energy	87.4	12.5	-
Client 5	Energy	52.6	11.6	-
Client 6	Telecommunications	93.4	-	-
Client 7	Telecommunications	-	-	7.6
Client 8	Machine building	65.4	13.5	8.1
Client 9	Machine building	51.1	-	-
Client 10	Machine building	-	-	8.1
Client 11	Machine building	-	-	19.5
Client 12	Transport, aviation and space industry	-	-	16.1
Client 14	Food industry and agriculture	-	-	9.9
Client 15	State and municipal agencies	-	11.7	-
Client 16	State and municipal agencies	-	12.0	-
Client 17	State and municipal agencies	-	-	20.8
Client 18	Services	-	-	100.0
Client 19	Mining industry	-	-	35.7
Client 20	Other	-	21.3	-

Notes to the abbreviated interim consolidated financial reporting – June 30, 2012

25 Operations with state agencies and state-controlled companies (continued)

As of June 30, 2012 and December 31, 2011, the Group's investments in securities issued by corporate state-controlled issuers are shown below:

<i>(in billion Russian rubles)</i>	June 30, 2012 (Unaudited figures)		December 31, 2011	
	Corporate bonds	Corporate shares	Corporate bonds	Corporate shares
Trading securities	3.4	4.5	8.2	8.1
Securities changes in the fair value of which are entered in the profit and loss accounts	-	0.9	-	2.7
Securities pledged under repurchase agreements	51.8	11.0	11.6	40.5
Investment securities available for sale	111.8	8.4	139.2	20.7
Investment securities held till maturity	31.7	-	45.9	-

Details of debentures issued by the state are given in Notes 5, 6, 8, 9 and 10.

26 Main subsidiaries

The table below shows information about the Bank's subsidiaries as of June 30, 2012:

Name	Activity	Interest	Country of registration
Subsidiaries:			
Volksbank International AG (hereinafter VBI)	banking	100.00%	Austria
Belpromstroy Bank OJSC (Republic of Belarus)	banking	97.91%	Republic of Belarus
SB of Sberbank JSC	banking	100.00%	Kazakhstan
Sberbank of Russia OJSC	banking	100.00%	Ukraine
Sberbank Switzerland AG (former SLB Commercial Bank AG)	banking	99.15%	Switzerland
Sberbank Leasing CJSC	leasing	100.00%	Russia
Sberbank Capital LLC	financial services	100.00%	Russia
Troika Dialog Group of Companies	financial services	100.00%	Cayman Islands
ZAO Rublevo Arkhangelskoe	construction	100.00%	Russia
Sberbank Investments LLC	financial services	100.00%	Russia
Sberbank Management Company LLC	asset management	100.00%	Russia
Krasnaya Polyana OJSC	construction	50.03%	Russia
NK Dulisma CJSC	oil company	100.00%	Russia
Crystal Towers LLC	construction	50.01%	Russia
Vester Retail N.V.	retail trade	54.00%	Netherlands

In February 2012, as a follow-up to the Purchase Agreement signed in September 2011, Sberbank closed the transaction and acquired 100% shares in (Volksbank International AG) (hereinafter VBI). The final purchase price was 505 million Euro.

Notes to the abbreviated interim consolidated financial reporting – June 30, 2012

26 Main subsidiaries (continued)

This transaction is Sberbank's first significant acquisition outside CIS countries and a step in transforming Sberbank from a major national financial institution into a leading international bank. VBI has 295 branches and over 600,000 clients. VBI's subsidiary banks are in the Top-10 financial institutions in terms of assets in Bosnia and Herzegovina, Slovakia, the Czech Republic, Croatia, and in the Top-15 financial institutions (in terms of number of assets) of Hungary, Serbia and Slovenia. The bank is also present in Ukraine and has a banking license in Austria.

Business reputation is primarily associated with a potential synergy and profitability of the business and streamlined business processes. Business reputation will not be deducted for tax accounting purposes in the future.

The worth of creditors and accounts receivable before reserves for devaluation acquired by the Group during the merger of companies was 301.2 billion rubles. The amount of cash flow that the Group does not expect to get is 18.2 billion rubles.

VBI losses since the acquisition date shown in the abbreviated interim consolidated statement of comprehensive income totaled 0.7 billion rubles.

The Group's consolidated net profit would not have been affected if the acquisition had occurred on January 1, 2012.

Notes to the abbreviated interim consolidated financial reporting – June 30, 2012
26 Main subsidiaries (continued)

For purposes of determining business reputation during the companies' merger, the fair value of assets and liabilities identified at VBI acquisition, based on the opinion of independent valuers as of the acquisition date, was:

(Unaudited figures)

(in billion Russian rubles)

	Fair value
Cash and cash equivalents	42.8
Required reserves in accounts with central banks	10.5
Trading securities	0.4
Funds in other banks	15.9
Loans and advance payments to clients	251.0
Securities pledged under repurchase agreements	4.9
Investment securities available for sale	14.9
Investment securities held till maturity	1.9
Deferred tax asset	1.2
Fixed assets	4.5
Other assets	13.9
Total assets	361.9
Funds from other banks	(50.5)
Deposits from individuals	(109.4)
Funds from corporate clients	(77.3)
Issued debentures	(9.4)
Other borrowings	(92.1)
Deferred tax liability	(0.6)
Other liabilities	(4.4)
Subordinated loans	(3.4)
Total liabilities	(347.1)
Fair value of net assets of the subsidiary	14.8
Calculation of business reputation	
Acquisition price	20.0
Non-controlling interest at fair value	0.3
Fair value of net assets of the subsidiary	(14.8)
Business reputation received upon acquisition	5.5

Notes to the abbreviated interim consolidated financial reporting – June 30, 2012

26 Main subsidiaries (continued)

In June 2012, the borrower settled its debt by assigning a 100% stake in ZAO Rublevo Arkhangelskoe (a construction company operating in Russia) to the Group.

The fair value of net assets of ZAO Rublevo Arkhangelskoe based on valuation figures as of the acquisition date was:

(Unaudited figures)

(in billion Russian rubles)

	Fair value
Other non-financial assets	37.5
Total assets	37.5
Funds from corporate clients	(0.2)
Deferred tax liability	(0.3)
Total liabilities	(0.5)
Fair value of net assets of the subsidiary	37.0
Calculation of business reputation	
Acquisition price	37.0
Fair value of net assets of the subsidiary	(37.0)
Business reputation received upon acquisition	-

ZAO Rublevo Arkhangelskoe showed no income or expenditure after the acquisition date. The Group's consolidated net profit would not have been affected if the acquisition had occurred on January 1, 2012.

Notes to the abbreviated interim consolidated financial reporting – June 30, 2012

26 Main subsidiaries (continued)

The Group acquired majority interests in Krasnaya Polyana OJSC and other companies during the six months ending on June 30, 2012. The table below shows information of the fair value of net assets of such companies:

(Unaudited figures)

(in billion Russian rubles)

	Fair value
Cash and cash equivalents	1.5
Funds from banks	0.2
Loans to customers	1.1
Fixed assets	22.9
Advance payments to developers	7.4
Other assets	0.5
Total assets	33.6
Loans received	(5.3)
Advance payments received	(1.5)
Other liabilities	(0.8)
Total liabilities	(7.6)
Fair value of net assets of subsidiaries	26.0
Calculation of business reputation	
Total original cost	14.9
Fair value of non-controlling interest	12.7
Fair value of net assets of subsidiaries	(26.0)
Business reputation received upon acquisition	1.6

Companies so acquired showed no income or expenditure after the acquisition date. The Group's consolidated net profit would not have been affected if the acquisition had occurred on January 1, 2012.

In February 2012, the Group sold a 75.5% stake in KhK GVSU Center OJSC. The transaction was worth 4.1 billion rubles. Retirement generated a profit of 0.1 bn. rubles. From this moment, the Group lost control of this company.

In April 2012, the Group sold its 60% shareholding in GOTEK GMC CJSC, involved in production and sale of packaging materials, for 0.06 bn. rubles. Retirement of GoteK, a subsidiary holding, yielded a profit of 0.5 bn. rubles.

The Bank's subsidiaries account for 9.5% of the Group's consolidated assets as of June 30, 2012 (as of December 31, 2011: 7.1%).

Notes to the abbreviated interim consolidated financial reporting – June 30, 2012

27 Capital adequacy ratio

The Group's capital management pursues the goals of (i) meeting capital requirements established by the Bank of Russia and (ii) ensuring the Group can operate as a continuously operating enterprise.

Pursuant to requirements of the Bank of Russia, the Bank's equity (capital) adequacy ratio should be maintained at a minimum of 10%. As of June 30, 2012 the regulatory capital adequacy ratio was 13.7% (December 31, 2011: 15.0%). Compliance with the capital adequacy requirement established by the Bank of Russia was monitored through monthly reports with relevant calculations sent to the Bank of Russia.

The Group also continuously monitors its capital adequacy based on the Basel Agreement by maintaining it at or above 8%. Below is the calculation of the Bank's capital adequacy as of June 30, 2012 and December 31, 2011, calculated by the Bank pursuant to requirements of the Basel Capital Agreement as defined in the International Convergence of Capital Measurement and Capital Standards (adopted in July 1988, revised in November 2005) and the Addendum to the Basel Capital Agreement which introduced consideration of market risks (updated in November 2005) and is usually referred to as Basel I:

<i>(in billion Russian rubles)</i>	June 30, 2012 (Unaudited figures)	December 31, 2011
Tier 1 capital		
Authorized capital	87.7	87.7
Share premium	232.6	232.6
Retained profits	1,012.6	882.9
Treasury shares redeemed from shareholders	(8.8)	(7.0)
Less business reputation	(20.4)	(15.1)
Total tier 1 capital (fixed level)	1,303.7	1,181.1
Tier 2 capital		
Building revaluation fund	80.2	81.5
Fund of revaluation of investment securities available for sale	-	(3.4)
Foreign currency revaluation fund	(3.0)	(5.7)
Subordinated capital	314.5	303.5
Less investments in associated companies	(4.2)	(4.7)
Total tier 2 capital	387.5	371.2
Total capital	1,691.2	1,552.3
Risk-adjusted assets		
Credit risk	11,334.6	9,867.8
Market risk	321.3	349.0
Total risk-adjusted assets	11,655.9	10,216.8
Fixed capital adequacy ratio (tier 1 capital to risk-adjusted assets)	11.2	11.6
Total capital adequacy ratio (total capital to risk-adjusted assets)	14.5	15.2

Notes to the abbreviated interim consolidated financial reporting – June 30, 2012

28 Events after the reporting date

In July 2012 the Group raised another tranche of loan participation notes, worth 0.75 billion US dollars (equivalent to 24.3 billion rubles as of the fund-raising date). They represent a uniform issue, Ninth Series, the first tranche of which was made in February 2012 and has the coupon rate and maturity identical to those of the first tranche. Maturity of these notes falls in February 2022; the contract fixed rate is 6.1% p.a. See Note 13.

In August 2012 the Group raised the second tranche of loan participation notes, worth 0.3 billion US dollars (equivalent to 9.6 billion rubles as of the fund-raising date). They represent a uniform issue, Eighth Series, the first tranche of which was made in February 2012 and has the coupon rate and maturity identical to those of the first tranche. Maturity of these notes falls in February 2017; the contract fixed rate is 5.0% p.a. See Note 13.