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Subsidiary Bank Sberbank of Russia JSC

Condensed Interim Financial Statements

30 September 2010

Together with Report on review of condensed interim financial statements

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REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

To the Shareholders and Board of Directors of Subsidiary Bank Sberbank of Russia JSC

Introduction

We have reviewed the accompanying condensed interim financial statements of Subsidiary Bank Sberbank of Russia JSC (the "Bank") as at 30 September 2010, comprising of the interim statement of financial position as at 30 September 2010 and the related interim statements of comprehensive income for the three month period and the nine month period then ended, interim statements of changes in equity and of cash flows for the nine months then ended, and selected explanatory notes. Management of the Bank is responsible for the preparation and presentation of these condensed interim financial statements in accordance with International Financial Reporting Standard IAS 34, "Interim Financial Reporting" ("IAS 34"). Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of Review

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

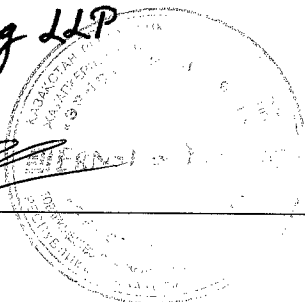
Conclusion

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

Ernst & Young LLP



Zhemaletdinov Evgeny
Auditor/General Director
Ernst & Young LLP



State Audit License for audit activities on the territory of the Republic of Kazakhstan: series МФЮ-2 No. 0000003 issued by the Ministry of Finance of the Republic of Kazakhstan on 15 July 2005

Auditor Qualification Certificate No. 0000553 dated 24 December 2003

8 November 2010

INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 September 2010

(In thousands of Tenge)

	Note	30 September 2010 (unaudited)	31 December 2009
Assets			
Cash and cash equivalents	3	38,582,973	80,029,706
Amounts due from other banks		731,074	1,495,790
Loans and advances to customers	4	131,580,968	91,787,773
Investment securities:	5		
- available-for-sale		51,023,266	27,650,766
- held-to-maturity		10,263,198	10,622,625
Assets held for sale		1,200,650	1,245,691
Current corporate income tax assets		–	71,704
Property and equipment		5,698,475	4,861,780
Intangible assets		272,497	218,380
Other assets		1,479,008	1,627,834
Total assets		240,832,109	219,612,049
Liabilities			
Amounts due to credit institutions	6	10,442,560	22,353,951
Amounts due to corporate customers	7	157,526,252	116,867,346
Amounts due to individuals	7	30,492,566	37,220,180
Debt securities issued	8	2,511,987	5,607,716
Current corporate income tax liability		18,768	–
Current tax liability	13	–	231,632
Deferred income tax liability		102,517	136,328
Other liabilities		620,385	532,291
Total liabilities		201,715,035	182,949,444
Equity			
Share capital		10,000,000	10,000,000
Additional paid-in capital		19,000,000	19,000,000
Other reserves		5,198,691	3,350,520
Retained earnings		4,918,383	4,312,085
Total equity		39,117,074	36,662,605
Total equity and liabilities		240,832,109	219,612,049

Signed and authorised for release on behalf of the Management Board of the Bank:

Smirnov O. E.

Chairman of the Board

Saurambayev N. B.

Chief Accountant

8 November 2010

*The accompanying selected explanatory notes on pages 5 to 25 are an integral part of these condensed interim financial statements*

INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the nine months ended 30 September 2010

(In thousands of Tenge)

	Note	For the three months ended 30 September		For the nine months ended 30 September	
		2010 <i>(unaudited)</i>	2009 <i>(unaudited)</i>	2010 <i>(unaudited)</i>	2009 <i>(unaudited)</i>
Interest income	9	5,364,749	3,638,321	14,905,528	9,905,059
Interest expense	9	(2,176,324)	(1,634,796)	(6,496,324)	(3,822,922)
Net interest income		3,188,425	2,003,525	8,409,204	6,082,137
Allowance for loan impairment	4	(2,166,598)	(838,592)	(5,520,834)	(3,821,951)
Net interest income after allowance for loan impairment		1,021,827	1,164,933	2,888,370	2,260,186
Fee and commission income	10	1,290,252	888,883	3,196,667	2,200,761
Fee and commission expense	10	(162,928)	(108,473)	(430,665)	(238,969)
Net gains from transactions with derivative financial instruments		-	26,434	-	1,671,717
Net gains from transactions with available- for-sale investment securities		1,891	-	1,891	-
Net gains/(losses) from foreign currencies:					
- dealing		429,474	272,100	1,349,194	999,781
- translation differences		2,708	(9,596)	37,790	(1,853,102)
Other income		30,770	89,759	195,486	232,314
Operating income		2,613,994	2,324,040	7,238,733	5,272,688
Administrative and operating expenses	11	(1,882,461)	(1,479,824)	(5,125,872)	(4,108,637)
Other operating provisions	12	(73,226)	(23,004)	(510,405)	(34,221)
Profit before corporate income tax expense		658,307	821,212	1,602,456	1,129,830
Corporate income tax expense	13	(57,880)	(172,200)	(186,158)	(237,200)
Profit for the period		600,427	649,012	1,416,298	892,630
Other components of comprehensive income					
Gains from revaluation of available-for-sale investment securities		991,761	214,412	1,087,478	265,957
Income tax relating to other components of comprehensive income		(9,275)	-	(49,307)	-
Other components of comprehensive income for the period, net of tax		982,486	214,412	1,038,171	265,957
Comprehensive income for the period		1,582,913	863,424	2,454,469	1,158,587
Basic and diluted earnings per share (in Tenge)	14	60,042.70	64,901.20	141,629.80	89,263.00

The accompanying selected explanatory notes on pages 5 to 25 are an integral part of these condensed interim financial statements

INTERIM STATEMENT OF CHANGES IN EQUITY**For the nine months ended 30 September 2010***(In thousands of Tenge)*

	<i>Share capital</i>	<i>Additional paid-in capital</i>	<i>Statutory reserve</i>	<i>Revaluation reserve of available- for-sale investment securities</i>	<i>Retained earnings</i>	<i>Total</i>
As at 1 January 2009	10,000,000	19,000,000	1,600,000	(4,759)	3,753,822	34,349,063
Comprehensive income for the period (unaudited)	–	–	–	265,957	892,630	1,158,587
Allowances for statutory reserve	–	–	1,287,000	–	(1,287,000)	–
As at 30 September 2009 (unaudited)	10,000,000	19,000,000	2,887,000	261,198	3,359,452	35,507,650
As at 1 January 2010	10,000,000	19,000,000	3,200,000	150,520	4,312,085	36,662,605
Comprehensive income for the period (unaudited)	–	–	–	1,038,171	1,416,298	2,454,469
Allowances for statutory reserve	–	–	810,000	–	(810,000)	–
As at 30 September 2010 (unaudited)	10,000,000	19,000,000	4,010,000	1,188,691	4,918,383	39,117,074

The accompanying selected explanatory notes on pages 5 to 25 are an integral part of these condensed interim financial statements

INTERIM STATEMENT OF CASH FLOWS

For the nine months ended 30 September 2010

(In thousands of Tenge)

	Note	For the nine months ended 30 September	
		2010 (unaudited)	2009 (unaudited)
Cash flows from operating activities:			
Interest received		13,723,642	9,728,730
Interest paid		(5,635,183)	(2,907,533)
Fees and commissions received		3,191,385	2,200,907
Fees and commissions paid		(427,887)	(239,394)
Net losses from transactions with derivative financial instruments		–	1,671,717
Net gains from dealing in foreign currencies		1,349,194	999,781
Other operating income received		39,111	162,561
Operating expenses paid		(4,646,722)	(3,750,887)
Cash flows from operating activities before changes in operating assets and liabilities		7,593,540	7,865,882
<i>Net decrease/ (increase) in operating assets</i>			
Amounts due from other banks		743,341	(433,179)
Loans and advances to customers		(44,787,502)	(10,092,519)
Other assets		(462,004)	(144,452)
<i>Net (decrease)/increase in operating liabilities</i>			
Amounts due to credit institutions		(11,912,622)	(6,194,736)
Amounts due to corporate customers		39,839,094	62,991,166
Amounts due to individuals		(6,707,066)	59,797,402
Current tax liability		(231,632)	–
Other liabilities		(102,451)	46,308
Net cash flows (used in)/from operating activities before income tax		(16,027,302)	113,835,872
Corporate income tax paid		(178,804)	(265,996)
Net cash flows (used in)/from operating activities		(16,206,106)	113,569,876
Cash flows from investing activities:			
Purchase of property and equipment		(971,021)	(628,528)
Proceeds from sale of property and equipment		3,540	–
Purchase of intangible assets		(63,967)	(49,185)
Purchase of available-for-sale investment securities		(37,955,838)	(10,513,437)
Proceeds from sale and redemption of available-for-sale investment securities		16,331,993	766,086
Purchase of held-to-maturity investment securities		(2,331)	(6,542,397)
Proceeds from redemption of held-to-maturity investment securities		380,148	–
Net cash used in investing activities		(22,277,476)	(16,967,461)
Cash flows from financing activities:			
Redemption of debt securities issued		(3,000,000)	–
Net cash used in financing activities		(3,000,000)	–
Effect of exchange rate changes on cash and cash equivalents		36,849	(1,870,166)
Net (decrease)/increase of cash and cash equivalents		(41,446,733)	94,732,249
Cash and cash equivalents, beginning	3	80,029,706	9,779,621
Cash and cash equivalents, ending	3	38,582,973	104,511,870

The accompanying selected explanatory notes on pages 5 to 25 are an integral part of these condensed interim financial statements

(In thousands of Tenge, unless otherwise is stated)

1. Principal activities

Subsidiary Bank Sberbank of Russia JSC (the “Bank”) was registered in 1993 in accordance with legislation of the Republic of Kazakhstan. The Bank is the joint stock company with the shareholders’ responsibility within the limits of shares belonging to them.

The Bank’s immediate and ultimate parent company is Savings Bank of the Russian Federation Open Joint Stock Company. Pursuant to the Resolution No. 226 of the Agency for Regulation and Supervision of Financial Markets and Financial Organizations of Kazakhstan (the “FMSA”) dated 24 December 2008 Savings Bank of the Russian Federation Open Joint Stock Company has been awarded with the status of the Bank Holding of Subsidiary Bank of Sberbank of Russia Joint Stock Company.

The Bank’s principal business activity is banking operations within the Republic of Kazakhstan. The Bank operates under a license for conducting banking and other operations and operations on securities market No. 0000145, issued on 13 December 2007, which supersedes preceding licenses. The Bank is a participant of Kazakhstani Deposit Insurance Fund JSC.

The Bank’s branch network comprises 12 branches located in the Republic of Kazakhstan (31 December 2009: 12) and 93 business subdivision of branches (31 December 2009: 93).

The Bank’s registered address is: 30/26, Gogol/Kaldayakov str., Almaty, Republic of Kazakhstan.

2. Basis of preparation

General

The condensed interim financial statements for the nine months ended 30 September 2010 have been prepared in accordance with International Accounting Standard (IAS) 34 “Interim Financial Reporting”.

The condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Bank’s annual financial statements as at 31 December 2009.

The condensed interim financial statements are presented in thousands of Kazakh Tenge (“Tenge” or “KZT”), unless otherwise is stated. As at 30 September 2010 the official exchange rate used for translation of monetary balances on foreign currency accounts was KZT 147.57 for 1 US Dollar (31 December 2009: KZT 148.46 for 1 US Dollar).

Accounting policies, significant estimates and judgments

The accounting policies adopted in the preparation of the condensed interim financial statements are consistent with those followed in the preparation of the Bank’s annual financial statements for the year ended 31 December 2009, except for the adoption of new Standards and Interpretations as at 1 January 2010, noted below:

IAS 24 “Related party disclosures” (Revised)

The revised IAS 24, issued in November 2009, simplifies the disclosure requirements for government-related entities and clarifies the definition of a related party. Previously, an entity controlled or significantly influenced by a government was required to disclose information about all transactions with other entities controlled or significantly influenced by the same government. The revised standard requires disclosure about these transactions only if they are individually or collectively significant. The revised IAS 24 is effective for annual periods beginning on or after 1 January 2011, with earlier application permitted. The Bank has decided to early adopt the revised IAS 24 from 1 January 2010.

(In thousands of Tenge, unless otherwise is stated)

2. Basis of preparation (continued)

Accounting policies, significant estimates and judgments (continued)

Amendments to IAS 32 “Financial instruments: Presentation”: Classification of Rights Issues”

In October 2009, the IASB issued amendment to IAS 32. Entities shall apply that amendment for annual periods beginning on or after 1 February 2010. Earlier application is permitted. The amendment alters the definition of a financial liability in IAS 32 to classify rights issues and certain options or warrants as equity instruments. This is applicable if the rights are given pro rata to all of the existing owners of the same class of an entity’s non-derivative equity instruments, in order to acquire a fixed number of the entity’s own equity instruments for a fixed amount in any currency. These amendments did not have any impact on financial statements of the Bank.

Improvements to IFRS

In April 2009 the IASB issued the second omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. Amendments included in April 2009 “Improvements to IFRS” did not have any impact on the accounting policies, financial position or performance of the Bank, except the following amendments resulting in changes to accounting policies, as described below.

- IFRS 8 Operating Segment Information: clarifies that segment assets and liabilities need only be reported when those assets and liabilities are included in measures that are used by the chief operating decision maker. As the Bank’s chief operating decision maker does review segment assets and liabilities, the Bank will continue to disclose this information in Note 15.
- IAS 7 Statement of Cash Flows: Explicitly states that only expenditure that results in recognising an asset can be classified as a cash flow from investing activities. This amendment did not have any impact on the financial position or performance of the Bank.
- IAS 36 Impairment of Assets: The amendment clarifies that the largest unit permitted for allocating goodwill, acquired in a business combination, is the operating segment as defined in IFRS 8 before aggregation for reporting purposes. The amendment did not have any impact on the Bank as the annual impairment test is performed before aggregation.
- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations: clarifies that the disclosures required in respect of non-current assets and disposal groups classified as held for sale or discontinued operations are only those set out in IFRS 5. The disclosure requirements of other IFRS only apply if specifically required for such non-current assets or discontinued operations. This amendment did not have any impact on the financial position or performance of the Bank.

The following new or revised standards and interpretations effective from 2010 did not have any impact on the accounting policies, financial position or performance of the Bank:

- Amendment to IAS 39 “Financial Instruments: recognition and measurement” - Eligible Hedged Items
- Amendment to IFRS 2 “Share-based Payment” - Group Cash-settled Share-based Payment Transactions
- IFRIC 17 “Distribution of Non-Cash Assets to Owners”
- IAS 1 “Presentation of Financial Statements”.

Judgments made by the Bank’s management in the process of applying accounting policies are in conformity with judgments described in the annual 2009 financial statements of the Bank. The management did not apply new estimates and professional judgments. As a result of application of estimates and professional judgments described in the Bank’s financial statements for the year ended 31 December 2009, assets, income or expenses of the Bank for the nine months ended 30 September 2010, did not undergo any significant adjustments.

The condensed interim financial statements do not include all disclosures required in the annual financial statements.

Corporate income tax expenses are recorded in these condensed interim financial statements based on management analysis of all available information about weighted average corporate income tax rate expected for the full financial year. Expenditures that arise irregularly during the financial year should be forecasted or carried forward for the purpose of condensed interim financial statements only when such expenditures could also be actually forecasted or carried forward as at the year end.

(In thousands of Tenge, unless otherwise is stated)

3. Cash and cash equivalents

Cash and cash equivalents comprise the following:

	<i>30 September 2010</i> <i>(unaudited)</i>	<i>31 December 2009</i>
Cash on hand	7,147,358	5,999,142
Cash balances with the National Bank of the Republic of Kazakhstan (other than obligatory reserve deposits)	1,294,560	24,873,564
Obligatory reserve deposits with the National Bank of the Republic of Kazakhstan	3,023,859	2,805,736
Correspondent accounts and overnight placements with banks of:		
- Republic of Kazakhstan	22,021,962	38,727,478
- Russian Federation	864,732	2,431,670
- United States of America	728,723	1,726,016
- European Union countries	626,957	975,763
Placements with other banks with original maturities of less than 90 days	1,951,785	2,490,337
Reverse repurchase agreement with loan organizations with maturity of less than 90 days	923,037	-
Cash and cash equivalents	38,582,973	80,029,706

The Bank has entered into reverse repurchase agreement at Kazakhstani Stock Exchange. The object of these agreements was treasury bills of the Ministry of Finance. Fair value of collateral amounted to KZT 997,989 thousand as at 30 September 2010.

Under Kazakh legislation, the Bank is required to maintain certain obligatory reserves, which are computed as a percentage of certain liabilities of the Bank. Such reserves must be held in either non-interest bearing deposits with the National Bank of the Republic of Kazakhstan ("NBRK") or in physical cash and maintained based on average balances of the aggregate of deposits with the NBRK and physical cash in national or freely convertible currency for the period of reserves formation.

4. Loans and advances to customers

Loans and advances to customers comprise:

	<i>30 September 2010 (unaudited)</i>		
	<i>Not past due</i>	<i>Past due</i>	
	<i>loans</i>	<i>loans</i>	<i>Total</i>
Corporate loans to legal entities	107,006,922	8,807,179	115,814,101
Specialized loans to legal entities	8,568,412	1,520,698	10,089,110
Consumers and other loans to individuals	10,778,999	1,376,210	12,155,209
Mortgage loans to individuals	3,252,462	84,537	3,336,999
Car loans to individuals	1,217,431	16,505	1,233,936
Total gross loans and advances to customers before allowance for loan impairment	130,824,226	11,805,129	142,629,355
Less: Allowance for loan impairment	(1,278,792)	(9,769,595)	(11,048,387)
Loans and advances to customers	129,545,434	2,035,534	131,580,968
	<i>31 December 2009</i>		
	<i>Not past due</i>	<i>Past due</i>	
	<i>loans</i>	<i>loans</i>	<i>Total</i>
Corporate loans to legal entities	77,684,982	3,261,580	80,946,562
Specialized loans to legal entities	5,369,675	586,415	5,956,090
Consumers and other loans to individuals	5,842,451	1,879,856	7,722,307
Mortgage loans to individuals	2,083,579	56,365	2,139,944
Car loans to individuals	829,007	3,557	832,564
Total gross loans and advances to customers before allowance for loan impairment	91,809,694	5,787,773	97,597,467
Less: Allowance for loan impairment	(792,054)	(5,017,640)	(5,809,694)
Loans and advances to customers	91,017,640	770,133	91,787,773

*(In thousands of Tenge, unless otherwise is stated)***4. Loans and advances to customers (continued)***Allowance for impairment of loans and advances to customers*

The movements in allowance for impairment of loans for the three and nine months ended 30 September 2010 and 2009 are as follows:

	<i>Loans to legal entities</i>	<i>Loans to individuals</i>	<i>Total</i>
At 1 January 2010	3,994,836	1,814,858	5,809,694
Charge/(reversal) for the period (unaudited)	5,630,588	(109,754)	5,520,834
Amounts written-off for the period (unaudited)	-	(358,610)	(358,610)
Recoveries of assets previously written-off (unaudited)	-	82,477	82,477
Exchange rate difference (unaudited)	-	(6,008)	(6,008)
At 30 September 2010 (unaudited)	9,625,424	1,422,963	11,048,387
At 1 July 2010 (unaudited)	7,464,689	1,409,203	8,873,892
Charge for the period (unaudited)	2,160,735	5,863	2,166,598
Amounts written-off for the period (unaudited)	-	(11,772)	(11,772)
Recoveries of assets previously written-off (unaudited)	-	32,348	32,348
Exchange rate difference (unaudited)	-	(12,679)	(12,679)
At 30 September 2010 (unaudited)	9,625,424	1,422,963	11,048,387

	<i>Loans to legal entities</i>	<i>Loans to individuals</i>	<i>Total</i>
At 1 January 2009	1,519,146	1,787,562	3,306,708
Charge for the period (unaudited)	3,728,655	93,296	3,821,951
Amounts written-off for the period (unaudited)	-	(386,943)	(386,943)
Recoveries of assets previously written off (unaudited)	-	32,461	32,461
Exchange rate difference (unaudited)	-	8,414	8,414
At 30 September 2009 (unaudited)	5,247,801	1,534,790	6,782,591
At 1 July 2009 (unaudited)	4,260,513	1,671,222	5,931,735
Charge/(reversal) for the period (unaudited)	987,288	(148,696)	838,592
Amounts written-off for the period (unaudited)	-	(121)	(121)
Recoveries of assets previously written off (unaudited)	-	6,655	6,655
Exchange rate difference (unaudited)	-	5,730	5,730
At 30 September 2009 (unaudited)	5,247,801	1,534,790	6,782,591

Derecognition of a loan portfolio

The Bank regularly sells a portion of its mortgage loans to Kazakhstan Mortgage Company (the "KMC") with full right of recourse to the Bank on any unpaid loan. The Bank determined that as a result of these transactions not all significant risks and rewards under the portfolio were transferred to KMC. Accordingly, the Bank continues to recognize these loans as assets in interim statement of financial position and corresponding liability within loans from credit institutions for the same amount. As at 30 September 2010 these loans amounts to KZT 331,696 thousand (31 December 2009: KZT 343,402 thousand).

*(In thousands of Tenge, unless otherwise is stated)***4. Loans and advances to customers (continued)***Concentration of loans to customers*

As at 30 September 2010 the Bank had ten major borrowers, which accounted for 41.9% (31 December 2009: 40.0%) of the total gross loan portfolio. The total aggregate amount of these loans was KZT 59,713,525 thousand (31 December 2009: KZT 39,093,708 thousand). Analysis by credit quality of loans and advances to customers outstanding at 30 September 2010, based on contractual terms, is as follows (unaudited):

	<i>Loans before allowance for impairment</i>	<i>Allowance for impairment</i>	<i>Loans less allowance for impairment</i>	<i>Ratio of allowance to loans before allowance</i>
Commercial loans to legal entities				
Individually impaired loans				
Loans up to 30 days overdue	1,390,877	(55,685)	1,335,192	4.0%
Loans 31 to 60 days overdue	688,766	(652,525)	36,241	94.7%
Loans 61 to 90 days overdue	2,107,593	(2,050,867)	56,726	97.3%
Loans 91 to 180 days overdue	1,662,723	(1,488,835)	173,888	89.5%
Loans over 180 days overdue	2,957,220	(2,854,703)	102,517	96.5%
Total individually impaired loans	8,807,179	(7,102,615)	1,704,564	80.6%
Collectively assessed loans				
Not past due	107,006,922	(1,015,514)	105,991,408	0.9%
Total collectively assessed loans	107,006,922	(1,015,514)	105,991,408	0.9%
Total commercial loans to legal entities	115,814,101	(8,118,129)	107,695,972	7.0%
Specialized loans to legal entities				
Individually impaired loans				
Loans 91 to 180 days overdue	888,726	(836,055)	52,671	94.1%
Loans over 180 days overdue	631,972	(626,519)	5,453	99.1%
Total individually impaired loans	1,520,698	(1,462,574)	58,124	96.2%
Collectively assessed loans				
Not past due	8,568,412	(44,721)	8,523,691	0.5%
Total collectively assessed loans	8,568,412	(44,721)	8,523,691	0.5%
Total specialized loans to legal entities	10,089,110	(1,507,295)	8,581,815	14.9%
Total loans to legal entities	125,903,211	(9,625,424)	116,277,787	7.6%
Consumers and other loans to individuals				
Collectively assessed loans				
Not past due	3,833,722	(145,120)	3,688,602	3.8%
Loans up to 30 days overdue	54,714	(6,467)	48,247	11.8%
Loans 31 to 60 days overdue	6,246	(2,190)	4,056	35.1%
Loans 61 to 90 days overdue	4,619	(1,327)	3,292	28.7%
Loans 91 to 180 days overdue	14,800	(6,775)	8,025	45.8%
Loans over 180 days overdue	962,684	(830,520)	132,164	86.3%
Total collectively assessed loans	4,876,785	(992,399)	3,884,386	20.3%
Individually impaired loans				
Not past due	6,945,277	(30,647)	6,914,630	0.4%
Loans 31 to 60 days overdue	12,350	(11,999)	351	97.2%
Loans 61 to 90 days overdue	160,595	(143,797)	16,798	89.5%
Loans 91 to 180 days overdue	115,127	(107,197)	7,930	93.1%
Loans over 180 days overdue	45,075	(44,116)	959	97.9%
Total individually impaired loans	7,278,424	(337,756)	6,940,668	4.6%
Total consumers and other loans to individuals	12,155,209	(1,330,155)	10,825,054	10.9%

Subsidiary Bank Sberbank of Russia JSC

Selected Explanatory Notes to Condensed Interim Financial Statements (continued)

(In thousands of Tenge, unless otherwise is stated)

4. Loans and advances to customers (continued)

Concentration of loans to customers (continued)

	<i>Loans before allowance for impairment</i>	<i>Allowance for impairment</i>	<i>Loans less allowance for impairment</i>	<i>Ratio of allowance to loans before allowance</i>
Mortgage loans to individuals				
Individually impaired loans				
Not past due	3,252,462	(35,660)	3,216,802	1.1%
Loans up to 30 days overdue	39,577	(8,261)	31,316	20.9%
Loans 31 to 60 days overdue	5,423	(2,640)	2,783	48.7%
Loans 91 to 180 days overdue	15,189	(14,935)	254	98.3%
Loans over 180 days overdue	24,348	(24,019)	329	98.6%
Total mortgage loans to individuals	3,336,999	(85,515)	3,251,484	2.6%
Car loans to individuals				
Collectively assessed loans				
Not past due	1,145,183	(7,129)	1,138,054	0.6%
Loans up to 30 days overdue	11,124	(81)	11,043	0.7%
Loans 31 to 60 days overdue	2,279	(39)	2,240	1.7%
Loans over 180 days overdue	3,102	(43)	3,059	1.4%
Total collectively assessed loans	1,161,688	(7,292)	1,154,396	0.6%
Individually impaired loans				
Not past due	72,248	(1)	72,247	0.0%
Total individually impaired loans	72,248	(1)	72,247	0.0%
Total car loans to individuals	1,233,936	(7,293)	1,226,643	0.6%
Total loans to individuals	16,726,144	(1,422,963)	15,303,181	8.5%
Total loans and advances to customers as at 30 September 2010	142,629,355	(11,048,387)	131,580,968	

Analysis by credit quality of loans and advances to customers outstanding at 31 December 2009, based on contractual terms, is as follows:

	<i>Loans before allowance for impairment</i>	<i>Allowance for impairment</i>	<i>Loans less allowance for impairment</i>	<i>Ratio of allowance to loans before allowance</i>
Commercial loans to legal entities				
Individually impaired loans				
Loans up to 30 days overdue	183,737	(1,892)	181,845	1.0%
Loans 91 to 180 days overdue	356,599	(349,680)	6,919	98.1%
Loans over 180 days overdue	2,721,244	(2,625,797)	95,447	96.5%
Total individually impaired loans	3,261,580	(2,977,369)	284,211	91.3%
Collectively assessed loans				
Not past due	77,684,982	(321,393)	77,363,589	0.4%
Total collectively assessed loans	77,684,982	(321,393)	77,363,589	0.4%
Total commercial loans to legal entities	80,946,562	(3,298,762)	77,647,800	4.1%
Specialized loans to legal entities				
Individually impaired loans				
Loans 61 to 90 days overdue	429,192	(429,192)	—	100.0%
Loans over 180 days overdue	157,223	(153,836)	3,387	97.8%
Total individually impaired loans	586,415	(583,028)	3,387	99.4%
Collectively assessed loans				
Not past due	5,369,675	(113,046)	5,256,629	2.1%
Total collectively assessed loans	5,369,675	(113,046)	5,256,629	2.1%
Total specialized loans to legal entities	5,956,090	(696,074)	5,260,016	11.7%
Total loans to legal entities	86,902,652	(3,994,836)	82,907,816	4.6%

*(In thousands of Tenge, unless otherwise is stated)***4. Loans and advances to customers (continued)***Concentration of loans to customers (continued)*

	<i>Loans before allowance for impairment</i>	<i>Allowance for impairment</i>	<i>Loans less allowance for impairment</i>	<i>Ratio of allowance to loans before allowance</i>
<i>Consumers and other loans to individuals</i>				
Collectively assessed loans				
Not past due	2,778,085	(334,446)	2,443,639	12.0%
Loans up to 30 days overdue	57,745	(15,824)	41,921	27.4%
Loans 31 to 60 days overdue	22,991	(7,050)	15,941	30.7%
Loans 61 to 90 days overdue	26,621	(7,002)	19,619	26.3%
Loans 91 to 180 days overdue	53,257	(42,652)	10,605	80.1%
Loans over 180 days overdue	1,512,932	(1,151,228)	361,704	76.1%
Total collectively assessed loans	4,451,631	(1,558,202)	2,893,429	35.0%
Individually impaired loans				
Not past due	3,064,366	(11,569)	3,052,797	0.4%
Loans up to 30 days overdue	13,690	(2,343)	11,347	17.1%
Loans 31 to 60 days overdue	22,976	(9,257)	13,719	40.3%
Loans over 180 days overdue	169,644	(169,611)	33	100.0%
Total individually impaired loans	3,270,676	(192,780)	3,077,896	5.9%
Total consumers and other loans to individuals	7,722,307	(1,750,982)	5,971,325	22.6%
<i>Mortgage loans to individuals</i>				
Individually impaired loans				
Not past due	2,083,579	(7,200)	2,076,379	0.3%
Loans 31 to 60 days overdue	4,092	(396)	3,696	9.7%
Loans 91 to 180 days overdue	9,511	(9,292)	219	97.7%
Loans over 180 days overdue	42,762	(42,524)	238	99.4%
Total mortgage loans to individuals	2,139,944	(59,412)	2,080,532	2.8%
<i>Car loans to individuals</i>				
Collectively assessed loans				
Not past due	792,084	(4,400)	787,684	0.6%
Loans over 180 days overdue	3,557	(64)	3,493	1.8%
Total collectively assessed loans	795,641	(4,464)	791,177	0.6%
Individually impaired loans				
Not past due	36,923	–	36,923	–
Total individually impaired loans	36,923	–	36,923	–
Total car loans to individuals	832,564	(4,464)	828,100	0.5%
Total loans to individuals	10,694,815	(1,814,858)	8,879,957	17.0%
Total loans and advances to customers as at 31 December 2009	97,597,467	(5,809,694)	91,787,773	

Subsidiary Bank Sberbank of Russia JSC
 Selected Explanatory Notes to Condensed Interim Financial Statements (continued)

(In thousands of Tenge, unless otherwise is stated)

4. Loans and advances to customers (continued)

Concentration of loans to customers (continued)

Below is the structure of loan portfolio by industries:

	30 September 2010 (unaudited)		31 December 2009	
	Amount	%	Amount	%
Services	49,955,159	35.0	29,523,990	30.2
Trade	28,596,151	20.0	23,031,771	23.6
Manufacturing	17,624,771	12.3	16,460,325	16.9
Consumer, mortgage and car loans to individuals	16,538,492	11.6	10,415,389	10.7
Construction	10,089,110	7.1	5,956,090	6.1
Mining industry	8,839,703	6.2	3,469,568	3.6
Agriculture	5,817,656	4.1	2,987,922	3.0
Extraction of hydrocarbons and energy minerals	3,424,245	2.4	3,977,480	4.1
Transport	721,304	0.5	611,523	0.6
Education	534,686	0.4	181,787	0.2
Credit cards	267,714	0.2	279,426	0.3
Other	220,364	0.2	702,196	0.7
	142,629,355	100.0	97,597,467	100.0

5. Investment securities

Available-for-sale investment securities comprise:

	30 September 2010 (unaudited)	31 December 2009
Kazakhstan government bonds	33,887,301	20,348,673
Corporate bonds	17,133,565	7,299,693
Unquoted shares	2,400	2,400
Available-for-sale securities	51,023,266	27,650,766

All available-for-sale securities, apart from unquoted shares, are traded in active markets and their value is based on quoted market prices at the end of the reporting period. The quoted market price used for investment securities valuation is the current bid price. Thus, available-for-sale securities are included in level 1 of fair value hierarchy except for corporate shares that represent the holding of Kazakhstan Stock Exchange JSC and Central Depository JSC shares which are not quoted on an active market.

Held-to-maturity securities comprise:

	30 September 2010 (unaudited)	31 December 2009
Corporate bonds of foreign issuers	7,639,304	8,037,658
Corporate bonds of Kazakhstan issuers	2,623,894	2,584,967
Held-to-maturity securities	10,263,198	10,622,625

As at 30 September 2010 and 31 December 2009 available-for-sale and held-to-maturity investment securities are not impaired.

*(In thousands of Tenge, unless otherwise is stated)***6. Amounts due to credit institutions**

Amounts due to credit institutions comprise:

	<i>30 September 2010 (unaudited)</i>	<i>31 December 2009</i>
Loans from other financial institutions	5,805,296	6,157,781
Loans from other banks	4,128,744	1,344,312
Correspondent accounts and overnight deposits of other banks	508,520	4,279
Term deposits of other banks	–	14,847,579
Amounts due to credit institutions	10,442,560	22,353,951

As at 31 December 2009, term deposits of other banks represent deposits of Savings Bank of the Russian Federation OJSC with original maturity of less than one month.

Loans from other financial institutions represent loans received under the state lending program from the sources of “DAMU” entrepreneurship development fund” JSC for the period up to 2015 – 2016, and interest rate of 3% - 8% per annum.

7. Amounts due to customers

Amounts due to customers comprise:

	<i>30 September 2010 (unaudited)</i>	<i>31 December 2009</i>
State and public organisations		
- Current/settlement accounts	7,340,045	15,138,098
- Time deposits	31,983,977	6,028,316
Non-governmental legal entities		
- Current/settlement accounts	68,868,257	40,426,100
- Time deposits	49,333,973	55,274,832
Amounts due to corporate customers	157,526,252	116,867,346
Individuals		
- Current accounts/demand accounts	5,681,097	4,100,351
- Time deposits	24,811,469	33,119,829
Amounts due to individuals	30,492,566	37,220,180
Amounts due to customers	188,018,818	154,087,526
Held as security against guarantees	622,386	979,685
Held as security against letters of credit	5,858	42,622

State owned commercial entities are not included in the state and public organizations.

Below is the breakdown of due to corporate and state customers by industry sectors:

	<i>30 September 2010 (unaudited)</i>		<i>31 December 2009</i>	
	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>
Customer services	61,623,775	39.1	32,182,868	27.5
Mining industry	38,615,242	24.5	42,127,045	36.1
Financial intermediation	13,502,328	8.6	3,490,909	3.0
Insurance	10,597,297	6.7	9,547,350	8.2
Trade	10,308,773	6.5	6,914,170	5.9
Manufacturing	8,734,591	5.6	11,281,811	9.7
Real estate	6,747,051	4.3	8,307,905	7.1
Agriculture	3,422,984	2.2	132,954	0.1
Transportation and communication	3,054,956	1.9	1,666,372	1.4
Other	919,255	0.6	1,215,962	1.0
Amounts due to customers	157,526,252	100.0	116,867,346	100.0

As at 30 September 2010 the Bank had ten major customers, which accounted for 34.5% of the gross balance of customer accounts (31 December 2009: 42.0%). The total aggregate amount of these deposits as at 30 September 2010 was KZT 64,778,075 thousand (31 December 2009: KZT 64,637,111 thousand).

*(In thousands of Tenge, unless otherwise is stated)***8. Debt securities issued**

As at 30 September 2010 *тоғаш* debt securities issued are represented by the emission of Tenge denominated bonds. These bonds were issued for seven years with maturity in November 2011 and have interest rate of 9.2% p.a. (31 December 2009: 8.2% - 11.0% per annum). On 4 July 2010 the Bank fully redeemed subordinated bonds of the second emission nominal value of KZT 3,000,000 thousand.

9. Interest income and expense

Interest income and expense comprise:

	<i>For the three months ended</i>		<i>For the nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2010</i>	<i>2009</i>	<i>2010</i>	<i>2009</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Loans and advances to customers	4,431,003	3,047,944	12,333,134	8,789,834
Available-for-sale investment securities	639,348	204,267	1,614,546	492,131
Held-to-maturity investment securities	195,989	33,089	585,634	33,089
Cash and cash equivalents	73,812	346,597	284,306	563,065
Amounts due from other banks	24,597	6,424	87,908	26,940
Interest income	5,364,749	3,638,321	14,905,528	9,905,059
Term deposits of corporate customers	(1,356,019)	(823,716)	(3,894,176)	(1,745,877)
Term deposits of individuals	(405,917)	(338,773)	(1,215,681)	(763,904)
Current accounts of corporate customers and individuals	(204,022)	(171,467)	(477,468)	(256,832)
Amounts due to credit institutions	(152,085)	(152,202)	(578,536)	(600,035)
Debt securities issued	(58,281)	(148,638)	(330,463)	(456,274)
Interest expenses	(2,176,324)	(1,634,796)	(6,496,324)	(3,822,922)
Net interest income	3,188,425	2,003,525	8,409,204	6,082,137

10. Fee and commission income and expense

Fee and commission income and expense comprise:

	<i>For the three months ended</i>		<i>For the nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2010</i>	<i>2009</i>	<i>2010</i>	<i>2009</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Settlement transactions	540,586	459,095	1,450,869	1,235,237
Foreign currency transactions	240,359	159,057	570,476	339,778
Cash transactions	221,647	146,137	554,852	327,719
Payment cards transactions	128,075	59,923	285,712	149,973
Guarantees issued	81,154	31,184	181,179	71,217
Commission from documentary settlements	54,858	18,241	99,363	41,611
Cash collection	9,909	5,653	24,826	13,632
Other	13,664	9,593	29,390	21,594
Fee and commission income	1,290,252	888,883	3,196,667	2,200,761
Settlement transactions	(68,218)	(44,042)	(156,834)	(109,338)
Credit card servicing	(53,308)	(45,607)	(107,148)	(82,506)
Commission on documentary settlements	(28,590)	(14,401)	(55,922)	(30,887)
Collection services	(7,394)	-	(17,008)	-
Transactions with securities	(1,405)	(1,365)	(3,303)	(2,773)
Foreign currency transactions	(883)	(1,555)	(2,579)	(4,610)
Guarantee commission	-	-	(68,216)	-
Other	(3,130)	(1,503)	(19,655)	(8,855)
Fee and commission expenses	(162,928)	(108,473)	(430,665)	(238,969)

*(In thousands of Tenge, unless otherwise is stated)***11. Administrative and operating expenses**

Administrative and operating expenses comprise:

	<i>For the three months ended</i>		<i>For the nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2010</i>	<i>2009</i>	<i>2010</i>	<i>2009</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Personnel expenses	(966,855)	(777,924)	(2,735,566)	(2,153,282)
Rent	(163,137)	(148,224)	(453,155)	(463,748)
Advertising and marketing services	(120,558)	(57,890)	(201,921)	(167,614)
Depreciation and amortisation	(101,673)	(73,259)	(292,169)	(205,070)
Social security	(84,829)	(70,253)	(251,845)	(194,093)
Taxes other than corporate income tax	(78,857)	(36,768)	(175,288)	(113,076)
Utility	(71,365)	(80,749)	(262,933)	(228,953)
Transport and communication	(62,647)	(45,829)	(167,724)	(136,154)
Property and equipment repair expenses	(40,005)	(30,005)	(76,034)	(42,436)
Security and alarm costs	(38,643)	(25,473)	(109,832)	(75,343)
Business trip expenses	(33,934)	(34,815)	(82,415)	(75,133)
Deposits insurance	(31,767)	(52,939)	(83,927)	(88,500)
Collection costs	(19,311)	(15,216)	(51,495)	(36,742)
Representative expenses	(17,674)	(6,831)	(44,018)	(35,703)
Insurance	(17,054)	(10,132)	(37,926)	(24,954)
Audit and consulting services	(7,745)	–	(23,816)	(14,600)
Other	(26,407)	(13,517)	(75,808)	(53,236)
Administrative and operating expenses	(1,882,461)	(1,479,824)	(5,125,872)	(4,108,637)

12. Other operating provisions

	<i>Other operating reserves</i>
At 1 January 2010	(296,823)
Charge for the period (unaudited)	(510,405)
Amounts written-off (unaudited)	83,353
At 30 September 2010 (unaudited)	(723,875)
At 1 July 2010 (unaudited)	(651,631)
Charge for the period (unaudited)	(73,226)
Amounts written-off (unaudited)	982
At 30 September 2010 (unaudited)	(723,875)
At 1 January 2009	(56,139)
Charge for the period (unaudited)	(34,221)
Amounts written-off (unaudited)	26,032
At 30 September 2009 (unaudited)	(64,328)
At 1 July 2009 (unaudited)	(67,354)
Charge for the period (unaudited)	(23,004)
Amounts written-off (unaudited)	26,030
At 30 September 2009 (unaudited)	(64,328)

Other operating provisions for the nine months ended 30 September 2010 comprise a provision of KZT 357,408 thousand for accounts receivable from collection company, which arose from the sale of problem loans in the amount of KZT 1,207,291 thousand.

*(In thousands of Tenge, unless otherwise is stated)***13. Taxation**

Income tax expenses comprise:

	<i>For the three months ended</i>		<i>For the nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2010</i>	<i>2009</i>	<i>2010</i>	<i>2009</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Current corporate income tax expense	68,398	172,200	269,276	237,200
Deferred income tax benefit - origination and reversal of temporary differences	(10,518)	-	(83,118)	-
Corporate income tax expense for the period	57,880	172,200	186,158	237,200

The Republic of Kazakhstan currently has a single Tax Code that regulates main taxation matters. The main taxes include value added tax, income tax, social taxes, and others. In accordance with new Tax Code adopted in 2009 corporate income tax rate of 20.0% will be decreased since 2013 to 17.5% and since 2014 to 15.0%. Management believes that the Bank is in substantial compliance with the tax laws of the Republic of Kazakhstan affecting its operations; however, the risk remains that relevant authorities could take different positions with regard to interpretive issues.

As at 31 December 2009 the Bank accrued tax liabilities based on the results of tax audit for the period 2004 - 2007 in the amount of KZT 231,632 thousand, including corresponding fines in the amount of KZT 130,303 thousand. In May 2010 the Bank fully paid this tax liability to the Tax Committee of the Republic of Kazakhstan.

14. Earnings per share

Basic earnings per share is calculated by dividing the net income for the period attributable to common shareholders by the weighted average number of participating shares outstanding during the period. The Bank does not have any share options or convertible debt or equity instruments.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	<i>For the three months ended</i>		<i>For the nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2010</i>	<i>2009</i>	<i>2010</i>	<i>2009</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Net income for the period attributable to common shareholders of the Bank	600,427	649,012	1,416,298	892,630
Weighted average number of participating shares for basic and diluted earnings per share computation	10,000	10,000	10,000	10,000
Basic and diluted earnings per share (in Tenge)	60,042.70	64,901.20	141,629.80	89,263.00

15. Segment analysis

The main format of presentation of segment disclosure of the Bank is presenting the information based on operating segments.

Operating segments are components of the Bank that engage in business activities that may earn revenues or incur expenses, whose operating results are regularly reviewed by the chief operating decision maker (CODM) and for which discrete financial information is available. The CODM is the person or group of persons who allocates resources and assesses the performance for the Bank.

(a) Description of products and services from which each reportable segment derives its revenue

The Bank is organised on the basis of three main business segments:

- Retail banking – representing private banking services, savings and mortgages.
- Corporate banking – representing business banking services, mainly for small and medium entities, and commercial loans for large corporate customers.
- Investment banking services include assets and liabilities services required for liquidity maintenance, Bank financing requirements, assets and liabilities management.

*(In thousands of Tenge, unless otherwise is stated)***15. Segment analysis (continued)***(6) Factors used by management to identify the reportable segments*

Business segments of the Bank are represented by strategic business units, oriented at various client bases. Management of the segments is being performed separately as each individual business unit needs its own marketing strategies and level of service.

Analysis of segment financial information is performed by the Management Board of the Bank, responsible for operating decision making. This financial information coincides with the internal management information provided to the Management Board for decision making purposes. Thus, management applied the core principle of IFRS 8 "Operating segments" in deciding what components of partially agreed financial information have to be the base for operating segments disclosure.

Segment information for the reportable segments for the period ended 30 September 2010 is set out below (unaudited):

	<i>Retail banking</i>	<i>Corporate banking</i>	<i>Investment banking</i>	<i>Total</i>
Segment assets				
Amounts due from other banks	–	731,074	–	731,074
Loans and advances to customers	15,303,181	116,277,787	–	131,580,968
Available-for-sale investment securities	–	–	51,023,266	51,023,266
Held-to-maturity investment securities	–	–	10,263,198	10,263,198
As at 30 September 2010 (unaudited)	15,303,181	117,008,861	61,286,464	193,598,506
Segment liabilities				
Amounts due to credit institutions	–	10,442,560	–	10,442,560
Amounts due to customers	30,492,566	157,526,252	–	188,018,818
Debt securities issued	–	–	2,511,987	2,511,987
As at 30 September 2010 (unaudited)	30,492,566	167,968,812	2,511,987	200,973,365
For the nine months ended 30 September 2010 (unaudited)				
Interest income	1,668,912	10,894,404	2,342,212	14,905,528
Interest expense	(1,215,718)	(4,753,076)	(527,530)	(6,496,324)
Net interest income	453,194	6,141,328	1,814,682	8,409,204
Allowance for loan impairment	109,754	(5,630,588)	–	(5,520,834)
Net interest income after allowance for loan impairment	562,948	510,740	1,814,682	2,888,370
Fee and commission income	761,479	2,435,188	–	3,196,667
Net gains from transactions with available-for-sale investment securities	–	–	1,891	1,891
Segment results	1,324,427	2,945,928	1,816,573	6,086,928
For the three months ended 30 September 2010 (unaudited)				
Interest income	619,710	3,909,702	835,337	5,364,749
Interest expense	(405,928)	(1,712,115)	(58,281)	(2,176,324)
Net interest income	213,782	2,197,587	777,056	3,188,425
Allowance for loan impairment	(5,863)	(2,160,735)	–	(2,166,598)
Net interest income after allowance for loan impairment	207,919	36,852	777,056	1,021,827
Fee and commission income	290,752	999,500	–	1,290,252
Net gains from transactions with available-for-sale investment securities	–	–	1,891	1,891
Segment results	498,671	1,036,352	778,947	2,313,970

(In thousands of Tenge, unless otherwise is stated)

15. Segment analysis (continued)

Segment information for the reportable segments for the year ended 31 December 2009 is set out below:

	<i>Retail banking</i>	<i>Corporate banking</i>	<i>Investment banking</i>	<i>Total</i>
Segment assets				
Amounts due from other banks	–	1,495,790	–	1,495,790
Loans and advances to customers	8,879,957	82,907,816	–	91,787,773
Available-for-sale investment securities	–	–	27,650,766	27,650,766
Held-to-maturity investment securities	–	–	10,622,625	10,622,625
At 31 December 2009	8,879,957	84,403,606	38,273,391	131,556,954
Segment liabilities				
Amounts due to credit institutions	–	22,353,951	–	22,353,951
Amounts due to customers	37,220,180	116,867,346	–	154,087,526
Debt securities issued	–	–	5,607,716	5,607,716
At 31 December 2009	37,220,180	139,221,297	5,607,716	182,049,193
For the nine months ended 30 September 2009 (unaudited)	<i>Retail banking</i>	<i>Corporate banking</i>	<i>Investment banking</i>	<i>Total</i>
Interest income	1,332,783	7,993,903	578,373	9,905,059
Interest expense	(764,047)	(2,323,312)	(735,563)	(3,822,922)
Net interest income	568,736	5,670,591	(157,190)	6,082,137
Allowance for loan impairment	(93,296)	(3,728,655)	–	(3,821,951)
Net interest income after allowance for loan impairment	475,440	1,941,936	(157,190)	2,260,186
Fee and commission income	684,553	1,516,208	–	2,200,761
Segment results	1,159,993	3,458,144	(157,190)	4,460,947
For the three months ended 30 September 2009 (unaudited)	<i>Retail banking</i>	<i>Corporate banking</i>	<i>Investment banking</i>	<i>Total</i>
Interest income	462,320	2,938,645	237,356	3,638,321
Interest expense	(338,779)	(1,147,379)	(148,638)	(1,634,796)
Net interest income	123,541	1,791,266	88,718	2,003,525
Allowance for loan impairment	148,696	(987,288)	–	(838,592)
Net interest income after allowance for loan impairment	272,237	803,978	88,718	1,164,933
Fee and commission income	256,725	632,158	–	888,883
Segment results	528,962	1,436,136	88,718	2,053,816

Reconciliation of income and expenses, assets and liabilities for reportable segments:

	<i>30 September 2010 (unaudited)</i>	<i>31 December 2009</i>
Total reportable segment assets	193,598,506	131,556,954
Cash and cash equivalents	38,582,973	80,029,706
Assets held for sale	1,200,650	1,245,691
Current corporate income tax assets	–	71,704
Property and equipment	5,698,475	4,861,780
Intangible assets	272,497	218,380
Other assets	1,479,008	1,627,834
Total assets	240,832,109	219,612,049
Total reportable segment liabilities	200,973,365	182,049,193
Current corporate income tax liabilities	18,768	–
Current tax liability	–	231,632
Deferred income tax liability	102,517	136,328
Other liabilities	620,385	532,291
Total liabilities	201,715,035	182,949,444

*(In thousands of Tenge, unless otherwise is stated)***15. Segment analysis (continued)**

	<i>For the three months ended</i>		<i>For the nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2010</i>	<i>2009</i>	<i>2010</i>	<i>2009</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Total reportable segment income	2,313,970	2,053,816	6,086,928	4,460,947
Fee and commission expense	(162,928)	(108,473)	(430,665)	(238,969)
Net gains from transactions with derivative financial instruments	–	26,434	–	1,671,717
Net gains/(losses) from foreign currency:				
- dealing	429,474	272,100	1,349,194	999,781
- translation difference	2,708	(9,596)	37,790	(1,853,102)
Other income	30,770	89,759	195,486	232,314
Depreciation and amortisation	(101,673)	(73,259)	(292,169)	(205,070)
Administrative and other operating expenses	(1,780,788)	(1,406,565)	(4,833,703)	(3,903,567)
Other operating provisions	(73,226)	(23,004)	(510,405)	(34,221)
Profit before corporate income tax expense	658,307	821,212	1,602,456	1,129,830
Corporate income tax expense	(57,880)	(172,200)	(186,158)	(237,200)
Profit for the period	600,427	649,012	1,416,298	892,630
Other segment information				
Capital expenditures	689,901	264,396	1,030,920	578,387

All of the revenue mainly comes from Kazakhstan customers.

16. Financial commitments and contingencies**Legal actions and claims**

In the ordinary course of business, the Bank is subject to legal actions and complaints. The management believes that the ultimate liability, if any, arising from such actions or complaints will not have a material adverse effect on the financial position or results of operations of the Bank.

The Bank assesses the likelihood of material liabilities arising from individual circumstances and makes provision in its financial statements only where it is probable that events giving rise to the liability will occur and the amount of the liability can be reasonably estimated. No provision has been made in this financial statement for any of the contingent liabilities.

Tax contingencies

Various types of legislation and regulations are not always clearly written and their interpretation is subject to the opinions of the local tax inspectors and the Ministry of Finance of the Republic of Kazakhstan. Instances of inconsistent opinions between local, regional and national tax authorities are not unusual. The current regime of penalties and interest related to reported and discovered violations of Kazakhstan laws, decrees and related regulations is severe. Penalties include confiscation of the amounts at issue (for currency law violations), as well as fines of generally 50% of the taxes unpaid.

The Bank believes that it has paid or accrued all taxes that are applicable. Where legislation concerning the provision of taxes is unclear, the Bank has accrued tax liabilities based on management's best estimate. The Bank's policy is to recognize provisions in the accounting period in which a loss is deemed probable and the amount is reasonably determinable.

Because of the uncertainties associated with the Kazakhstan tax system, the ultimate amount of taxes, penalties and interest, if any, may be in excess of the amount expensed to date and accrued at 30 September 2010. Although such amounts are possible and may be material, it is the opinion of the Bank's management that these amounts are either not probable, not reasonably determinable, or both.

(In thousands of Tenge, unless otherwise is stated)

16. Financial commitments and contingencies (continued)**Tax contingencies (continued)**

As at 30 September 2010 and 31 December 2009 financial commitments and contingencies of the Bank comprise:

	<i>30 September 2010 (unaudited)</i>	<i>31 December 2009</i>
Credit related commitments		
Undrawn loan facilities	19,189,603	3,333,052
Guarantees issued	9,621,172	4,631,911
Import letters of credit	6,310,750	363,351
	<u>35,121,525</u>	<u>8,328,314</u>
Operating lease commitments		
Not later than 1 year	290,609	509,488
Later than 1 year but not later than 5 years	479,489	761,635
Later than 5 years	54,638	95,369
	<u>824,736</u>	<u>1,366,492</u>
Less: Funds held as security against guarantees and letters of credit	<u>(628,244)</u>	<u>(1,022,307)</u>
Financial commitments and contingencies	<u><u>35,318,017</u></u>	<u><u>8,672,499</u></u>

The total outstanding contractual amount of undrawn credit lines, letters of credit, and guarantees does not necessarily represent future cash requirements, as these financial instruments may expire or terminate without being funded.

17. Financial risk management

The risk management function within the Bank is carried out in respect of credit risks, financial, non-financial, operational, reputational, legal and liquidity risks. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits. The operational, reputational, legal and compliance risks functions are intended to ensure proper functioning of internal policies and procedures to minimise the risks.

Below is the geographical concentration of the Bank's financial assets and liabilities as at 30 September 2010 (unaudited):

	<i>Kazakhstan</i>	<i>Other countries</i>	<i>Total</i>
Assets			
Cash and cash equivalents	34,910,776	3,672,197	38,582,973
Amounts due from other banks	–	731,074	731,074
Loans and advances to customers	131,573,699	7,269	131,580,968
Investment securities:			
- available-for-sale	41,927,834	9,095,432	51,023,266
- held-to-maturity	2,623,894	7,639,304	10,263,198
Assets held for sale	1,200,650	–	1,200,650
Property and equipment	5,698,475	–	5,698,475
Intangible assets	272,497	–	272,497
Other assets	1,284,806	194,202	1,479,008
Total assets	<u>219,492,631</u>	<u>21,339,478</u>	<u>240,832,109</u>
Liabilities			
Amounts due to credit institutions	6,770,420	3,672,140	10,442,560
Amounts due to customers	183,165,111	4,853,707	188,018,818
Debt securities issued	2,511,987	–	2,511,987
Current corporate income tax liabilities	18,768	–	18,768
Deferred income tax liabilities	102,517	–	102,517
Other liabilities	620,385	–	620,385
Total liabilities	<u>193,189,188</u>	<u>8,525,847</u>	<u>201,715,035</u>
Net position	<u>26,303,443</u>	<u>12,813,631</u>	<u>39,117,074</u>

*(In thousands of Tenge, unless otherwise is stated)***17. Financial risk management (continued)**

Below is the geographical concentration of the Bank's financial assets and liabilities as at 31 December 2009:

	<i>Kazakhstan</i>	<i>Other countries</i>	<i>Total</i>
Assets			
Cash and cash equivalents	72,175,456	7,854,250	80,029,706
Amounts due from other banks	–	1,495,790	1,495,790
Loans and advances to customers	91,783,696	4,077	91,787,773
Investment securities:			
- available-for-sale	20,351,072	7,299,694	27,650,766
- held-to-maturity	2,584,968	8,037,657	10,622,625
Assets held for sale	1,245,691	–	1,245,691
Current corporate income tax assets	71,704	–	71,704
Property and equipment	4,861,780	–	4,861,780
Intangible assets	218,380	–	218,380
Other assets	1,567,262	60,572	1,627,834
Total assets	194,860,009	24,752,040	219,612,049
Liabilities			
Amounts due to credit institutions	6,158,152	16,195,799	22,353,951
Amounts due to customers	152,304,197	1,783,329	154,087,526
Debt securities issued	5,607,716	–	5,607,716
Current tax liability	231,632	–	231,632
Deferred income tax liability	136,328	–	136,328
Other liabilities	512,508	19,783	532,291
Total liabilities	164,950,533	17,998,911	182,949,444
Net position	29,909,476	6,753,129	36,662,605

Assets and liabilities and credit related commitments have been based on the country in which the counterparty is located. Cash on hand and property and equipment have been allocated based on the country in which they are physically held.

Subsidiary Bank Sberbank of Russia JSC
Selected Explanatory Notes to Condensed Interim Financial Statements (continued)

(In thousands of Tenge, unless otherwise is stated)

17. Financial risk management (continued)

The analysis by remaining maturities may be summarised as follows as at 30 September 2010 (unaudited):

	<i>On demand and less than 1 months</i>	<i>From 1 to 6 months</i>	<i>From 6 months to 1 year</i>	<i>From 1 to 3 years</i>	<i>From 3 to 5 years</i>	<i>Over 5 years</i>	<i>Without maturity</i>	<i>Total</i>
Assets								
Cash and cash equivalents	38,582,973	–	–	–	–	–	–	38,582,973
Amounts due from other banks	–	–	731,074	–	–	–	–	731,074
Loans and advances to customers	1,915,532	24,658,956	38,519,121	12,465,450	20,225,727	33,796,182	–	131,580,968
Available-for-sale investment securities	401,682	4,817,386	7,542,408	6,774,309	17,605,551	13,879,530	2,400	51,023,266
Held-to-maturity investment securities	618,145	178,329	1,053,462	1,556,322	6,856,940	–	–	10,263,198
Assets held for sale	–	1,200,650	–	–	–	–	–	1,200,650
Property and equipment	–	–	–	–	–	–	5,698,475	5,698,475
Intangible assets	–	–	–	–	–	–	272,497	272,497
Other assets	496,101	846,548	54,405	53,867	28,087	–	–	1,479,008
Total assets	42,014,433	31,701,869	47,900,470	20,849,948	44,716,305	47,675,712	5,973,372	240,832,109
Liabilities								
Amounts due to credit institutions	508,520	1,298	2,244,738	1,882,707	251,917	5,553,380	–	10,442,560
Amounts due to corporate customers	88,226,136	30,609,062	13,322,714	25,365,497	1,575	1,268	–	157,526,252
Amounts due to individuals	12,345,339	4,602,534	4,251,670	6,986,129	2,306,806	88	–	30,492,566
Debt securities issued	–	92,859	–	2,419,128	–	–	–	2,511,987
Current corporate income tax liability	–	18,768	–	–	–	–	–	18,768
Deferred income tax liability	–	–	–	–	–	–	102,517	102,517
Other liabilities	516,826	98,018	5,541	–	–	–	–	620,385
Total liabilities	101,596,821	35,422,539	19,824,663	36,653,461	2,560,298	5,554,736	102,517	201,715,035
Net position as at 30 September 2010	(59,582,388)	(3,720,670)	28,075,807	(15,803,513)	42,156,007	42,120,976	5,870,855	39,117,074
Aggregate liquidity gap at 30 September 2010	(59,582,388)	(63,303,058)	(35,227,251)	(51,030,764)	(8,874,757)	33,246,219	39,117,074	

The Bank's capability to repay its liabilities relies on its ability to realise an equivalent amount of assets within the same period of time. As at 30 September 2010 the Bank had cumulative negative liquidity gap in the amount of KZT 35,227,251 thousand within 1 year. Management has an action plan in place to meet these obligations including disposal of its investment securities available-for-sale, interbank borrowings at local and international money markets, use of released obligatory reserves and other measures including extending deposits of its large and old customers.

Included in amounts due to customers are term deposits of individuals. In accordance with the Kazakh legislation, the Bank is obliged to repay such deposits upon demand of a depositor.

The maturity analysis does not reflect the historical stability of current accounts. Their liquidation has historically taken place over a longer period than indicated in the tables above. These balances are included in amounts due on demand and less than one month in the tables above.

(In thousands of Tenge, unless otherwise is stated)

17. Financial risk management (continued)

The analysis by remaining maturities may be summarised as follows as at 31 December 2009:

	<i>On demand and less than 1 months</i>	<i>From 1 to 6 months</i>	<i>From 6 months to 1 year</i>	<i>From 1 to 3 years</i>	<i>From 3 to 5 years</i>	<i>Over 5 years</i>	<i>Without maturity</i>	<i>Total</i>
Assets								
Cash and cash equivalents	41,000,587	–	–	–	–	–	39,029,119	80,029,706
Amounts due from other banks	255,895	1,239,895	–	–	–	–	–	1,495,790
Loans and advances to customers	10,726,431	24,055,964	22,009,297	15,170,868	13,493,043	6,332,170	–	91,787,773
Available-for-sale investment securities	874,887	7,083,717	5,262,986	9,628,810	4,797,966	–	2,400	27,650,766
Held-to-maturity investment securities	–	–	571,473	1,756,850	2,892,652	5,401,650	–	10,622,625
Assets held for sale	–	–	1,245,691	–	–	–	–	1,245,691
Current corporate income tax assets	–	–	71,704	–	–	–	–	71,704
Property and equipment	–	–	–	–	–	–	4,861,780	4,861,780
Intangible assets	–	–	–	–	–	–	218,380	218,380
Other assets	108,662	315,406	1,203,766	–	–	–	–	1,627,834
Total assets	52,966,462	32,694,982	30,364,917	26,556,528	21,183,661	11,733,820	44,111,679	219,612,049
Liabilities								
Amounts due to credit institutions	14,971,255	443,416	65,696	836,284	–	6,037,300	–	22,353,951
Amounts due to corporate customers	61,642,198	28,329,102	26,896,046	–	–	–	–	116,867,346
Amounts due to individuals	8,050,868	15,644,981	13,524,331	–	–	–	–	37,220,180
Debt securities issued	195,483	–	2,998,266	2,413,967	–	–	–	5,607,716
Current tax liability	–	–	–	–	–	–	231,632	231,632
Deferred income tax liability	–	–	–	–	–	–	136,328	136,328
Other liabilities	10	286,770	–	245,511	–	–	–	532,291
Total liabilities	84,859,814	44,704,269	43,484,339	3,495,762	–	6,037,300	367,960	182,949,444
Net position as at 31 December 2009	(31,893,352)	(12,009,287)	(13,119,422)	23,060,766	21,183,661	5,696,520	43,743,719	36,662,605
Aggregate liquidity gap as at 31 December 2009	(31,893,352)	(43,902,639)	(57,022,061)	(33,961,295)	(12,777,634)	(7,081,114)	36,662,605	

*(In thousands of Tenge, unless otherwise is stated)***18. Transactions with related parties**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Balances of related party transactions at the 30 September 2010 and 31 December 2009 are as follows:

	<i>30 September 2010 (unaudited)</i>		<i>31 December 2009</i>	
	<i>Parent</i>	<i>Key management personnel</i>	<i>Parent</i>	<i>Key management personnel</i>
Assets				
Cash and cash equivalents	1,797,629	–	3,794,271	–
Amounts due from other banks	–	–	1,495,790	–
Liabilities				
Amounts due to credit institutions	248,605	–	14,847,579	–
Amounts due to customers	–	59,329	–	40,797

Interest rates on transactions with related parties are as follows:

	<i>30 September 2010 (unaudited)</i>		<i>31 December 2009</i>	
	<i>Parent</i>	<i>Key management personnel</i>	<i>Parent</i>	<i>Key management personnel</i>
Cash and cash equivalents				
Interest rates	2.6%	–	0.03%-5.3%	–
Amounts due from other banks				
Interest rates	–	–	7.0%-10.7%	–
Amounts due to credit institutions				
Interest rates	0.5%-4.5%	–	0.9%	–
Amounts due to customers				
Interest rates	–	9.0%	–	4.5%-10.0%

The income and expense items with related parties for the nine months ended 30 September 2010 and 2009 were as follows:

	<i>For the nine months ended 30 September</i>			
	<i>2010 (unaudited)</i>		<i>2009 (unaudited)</i>	
	<i>Parent</i>	<i>Key management personnel</i>	<i>Parent</i>	<i>Key management personnel</i>
Interest income	101,154	–	95,909	–
Interest expense	(207,021)	(2,105)	(31,977)	(824)
Fee and commission expense	(87,424)	–	(13,221)	–

On 29 January 2010, the Bank accepted guarantees from the Parent totaling KZT 13,685,472 thousand as collateral for loans issued by the Bank to a number of companies. As at 30 September 2010, loans guaranteed by the Parent have amounted to KZT 10,831,873 thousand.

Below is the information on compensation to 4 members of key management personnel (2009: 4 members):

	<i>For the nine months ended 30 September</i>	
	<i>2010</i>	<i>2009</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Short-term bonuses and salary	31,353	26,284
Benefits in kind	4,847	6,318
Total	36,200	32,602

*(In thousands of Tenge, unless otherwise is stated)***19. Capital adequacy**

The Bank maintains an actively managed capital base to cover risks inherent in the business. The adequacy of the Bank's capital is monitored using, among other measures, the ratios established by the FMSA.

During nine months of 2010 the Bank had complied in full with all its externally imposed capital requirement.

The primary objectives of the Bank's capital management are to ensure that the Bank complies with externally imposed capital requirements and that the Bank maintains strong credit ratings and healthy capital ratios in order to support its business and to maximize shareholders' value.

The Bank manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities. No changes were made in the objectives, policies and processes from the previous years.

FMSA requires banks to maintain a tier 1 capital adequacy ratio (k1) of not less than 5% of all assets and a tier 2 capital adequacy ratio (k2) of not less than 10% of risk-weighted assets, computed based on statutory requirements. As at 30 September 2010 and 31 December 2009 the Bank's capital adequacy ratio on this basis exceeded the statutory minimum.

As at 30 September 2010 and 31 December 2009 the Bank's capital adequacy ratio, computed in accordance with the FMSA requirements together with subsequent adjustments pertaining to inclusion of market risk, comprise:

	<i>30 September 2010</i> <i>(unaudited)</i>	<i>31 December 2009</i>
Tier 1 capital	<u>36,512,086</u>	<u>34,353,822</u>
Total assets	<u>240,832,109</u>	<u>219,612,049</u>
Tier 1 capital ratio	15.2%	15.6%
Total capital ratio	<u>15.2%</u>	<u>15.6%</u>
	<i>30 September 2010</i> <i>(unaudited)</i>	<i>31 December 2009</i>
Tier 2 capital	<u>40,068,396</u>	<u>38,230,365</u>
Risk weighted assets	<u>190,083,101</u>	<u>137,830,197</u>
Tier 2 capital ratio	21.1%	27.7%
Total capital ratio	<u>21.1%</u>	<u>27.7%</u>