

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

**Condensed Interim Financial Statements and
Review Report**

30 September 2007

CONTENTS

Review Report

Condensed Interim Financial Statements

Condensed Interim Balance Sheet	1
Condensed Interim Income Statement	2
Condensed Interim Statement of Changes in Equity.....	3
Condensed Interim Statement of Cash Flows	4

Selected Notes to the Condensed Interim Financial Statements

1	Introduction	5
2	Operating Environment of the Bank	5
3	Basis of Preparation	6
4	Accounting Policies and Critical Accounting Estimates and Judgements.....	6
5	Loans and Advances to Customers	9
6	Deposits from Individuals and Customer Accounts.....	10
7	Other Borrowed Funds	10
8	Share Capital and Share Premium.....	11
9	Interest Income and Expense.....	12
10	Fee and Commission Income and Expense.....	13
11	Net Gains from Trading in Foreign Currencies and Foreign Exchange Translation Gains Net of Losses.....	13
12	Earnings per Share.....	14
13	Dividends	14
14	Segment Analysis	15
15	Related Party Transactions	21
16	Operations with State-Controlled Entities and Government Bodies	23
17	Capital Adequacy Ratio	24
18	Subsequent events	25

Report on Review of Interim Financial Information

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

Introduction

We have reviewed the accompanying condensed interim balance sheet of Sberbank (Savings Bank of the Russian Federation) (hereinafter - the "Bank") as of 30 September 2007, and the related condensed interim statements of income for the three and nine months then ended, statements of changes in equity and of cash flows for the nine months then ended. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34"). Our responsibility is to express a conclusion on this condensed interim financial information 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 information has not been prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".


ZAO PricewaterhouseCoopers Audit

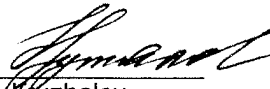
Moscow, Russian Federation
23 January 2008

Sberbank (Savings Bank of the Russian Federation)
Condensed Interim Balance Sheet

	Note	30 September 2007 (Unaudited)	31 December 2006
<i>In millions of Russian Roubles</i>			
ASSETS			
Cash and cash equivalents		212 376	209 603
Mandatory cash balances with the Bank of Russia		82 953	77 915
Trading securities		163 865	210 641
Other securities at fair value through profit or loss		217 960	237 847
Due from other banks		29 101	5 631
Loans and advances to customers	5	3 453 768	2 537 464
Repurchase receivable		149 903	-
Investment securities available for sale		15 299	-
Investment securities held to maturity		24 155	26 198
Premises and equipment		131 262	125 216
Other assets		39 824	36 158
TOTAL ASSETS		4 520 466	3 466 673
LIABILITIES			
Due to other banks		188 253	44 836
Deposits from individuals	6	2 457 241	2 046 035
Customer accounts	6	998 846	782 789
Debt securities in issue		105 734	123 729
Other borrowed funds	7	100 708	107 332
Deferred income tax liability		1 013	3 604
Other liabilities		42 877	22 944
Subordinated debt		25 082	26 880
TOTAL LIABILITIES		3 919 754	3 158 149
EQUITY			
Share capital	8	87 742	79 981
Share premium	8	232 493	10 016
Revaluation reserve for premises		14 947	15 344
Fair value reserve for investment securities available for sale		815	-
Retained earnings		264 715	203 183
TOTAL EQUITY		600 712	308 524
TOTAL LIABILITIES AND EQUITY		4 520 466	3 466 673

Approved for issue and signed on behalf of the Board on 23 January 2008.


 E.A. Korotey
 Acting CEO


 A.V. Krizhalov
 Chief Accountant

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

<i>In millions of Russian Roubles</i>	Note	Nine months ended 30 September 2007 (Unaudited)	Three months ended 30 September 2007 (Unaudited)	Nine months ended 30 September 2006 (Unaudited)	Three months ended 30 September 2006 (Unaudited)
Interest income	9	304 084	111 711	227 543	83 361
Interest expense	9	(127 092)	(45 705)	(86 624)	(32 583)
Net interest income		176 992	66 006	140 919	50 778
Provision for loan impairment	5	(4 028)	(3 626)	(10 619)	(3 185)
Net interest income after provision for loan impairment		172 964	62 380	130 300	47 593
Gains less losses / (losses net of gains) arising from trading securities and other securities at fair value through profit or loss		349	(2 729)	8 875	4 822
Gains less losses arising from investment securities available for sale		6	6	-	-
Net gains from trading in foreign currencies and foreign exchange translation gains net of losses	11	3 243	1 011	2 602	727
Fee and commission income	10	47 310	17 255	36 539	13 648
Fee and commission expense	10	(1 639)	(606)	(1 116)	(442)
Gains less losses / (losses net of gains) arising from operations with precious metals		824	343	92	(1 225)
Gain on settlement of a receivable		-	-	3 346	-
Other operating income		1 988	624	2 275	852
Operating profit		225 045	78 284	182 913	65 975
Administrative and other operating expenses		(133 767)	(48 448)	(106 506)	(38 620)
Profit before tax		91 278	29 836	76 407	27 355
Income tax expense		(21 356)	(7 905)	(19 135)	(7 120)
Profit for the reporting period		69 922	21 931	57 272	20 235
Earnings per ordinary share, basic and diluted (expressed in RR per share)	12	3.3	1.0	3.0	1.1

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

	Note	Share capital	Share premium	Treasury shares	Revaluation reserve for premises	Fair value reserve for investment securities available for sale	Retained earnings	Total equity
<i>In millions of Russian Roubles</i>								
Balance as at 1 January 2006		20 981	10 016	-	15 873	-	184 199	231 069
Premises and equipment:								
- Realised revaluation reserve		-	-	-	(522)	-	522	-
- Income tax recorded in equity		-	-	-	125	-	(125)	-
Net income/(expense) recognised directly in equity for nine months ended 30 September 2006		-	-	-	(397)	-	397	-
Profit for nine months ended 30 September 2006		-	-	-	-	-	57 272	57 272
Total income/(expense) recognised for nine months ended 30 September 2006		-	-	-	(397)	-	57 669	57 272
Purchase of treasury shares	13	-	-	(4)	-	-	-	(4)
Dividends declared		-	-	-	-	-	(5 349)	(5 349)
Increase of nominal value of shares		59 000	-	-	-	-	(59 000)	-
Balance as at 30 September 2006 (Unaudited)		79 981	10 016	(4)	15 476	-	177 519	282 988
Balance as at 1 January 2007		79 981	10 016	-	15 344	-	203 183	308 524
Premises and equipment:								
- Realised revaluation reserve		-	-	-	(522)	-	522	-
Investment securities available for sale:								
- Fair value gains net of losses		-	-	-	-	1 078	-	1 078
- Disposals		-	-	-	-	(6)	-	(6)
Income tax recorded in equity		-	-	-	125	(257)	(125)	(257)
Net income/(expense) recognised directly in equity for nine months ended 30 September 2007		-	-	-	(397)	815	397	815
Profit for nine months ended 30 September 2007		-	-	-	-	-	69 922	69 922
Total income/(expense) recognised for nine months ended 30 September 2007		-	-	-	(397)	815	70 319	70 737
Issue of ordinary shares	8	7 761	222 477	-	-	-	-	230 238
Dividends declared	13	-	-	-	-	-	(8 787)	(8 787)
Balance as at 30 September 2007 (Unaudited)		87 742	232 493	-	14 947	815	264 715	600 712

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

	Note	Nine months ended 30 September 2007 (Unaudited)	Nine months ended 30 September 2006 (Unaudited)
<i>In millions of Russian Roubles</i>			
Cash flows from operating activities			
Interest received		301 827	230 367
Interest paid		(116 782)	(77 680)
Net income received from trading securities and other securities at fair value through profit or loss		3 992	4 311
Income received from trading in foreign currencies		5 408	5 314
Fees and commissions received		47 219	36 464
Fees and commissions paid		(1 639)	(849)
Income received from operations with precious metals		761	676
Gain on settlement of a receivable		-	3 346
Other operating income received		1 838	2 182
Administrative and other operating expenses paid		(110 966)	(91 579)
Income tax paid		(21 624)	(18 886)
Cash flows from operating activities before changes in operating assets and liabilities		110 034	93 666
Changes in operating assets and liabilities			
Net increase in mandatory cash balances with the Bank of Russia		(5 038)	(15 801)
Net decrease / (increase) in trading securities		44 098	(133 931)
Net decrease / (increase) in other securities at fair value through profit or loss		17 193	(1 784)
Net increase in due from other banks		(23 281)	(27 617)
Net increase in loans and advances to customers		(939 947)	(474 882)
Net increase in repurchase receivables		(149 650)	-
Net increase in other assets		(3 916)	(3 515)
Net increase in due to other banks		143 816	13 870
Net increase in deposits from individuals		417 498	331 266
Net increase in customer accounts		224 293	179 352
Net (decrease) / increase in debt securities in issue		(19 799)	31 821
Net increase in other liabilities		8 093	8 995
Net cash (used in)/from operating activities		(176 606)	1 440
Cash flows from investing activities			
Purchase of investment securities available for sale		(14 323)	-
Proceeds from disposal of investment securities available for sale		102	-
Acquisition of premises and equipment		(19 505)	(15 734)
Proceeds from disposal of premises and equipment		308	287
Dividend income received		150	68
Net cash used in investing activities		(33 268)	(15 379)
Cash flows from financing activities			
Issue of ordinary shares	8	230 238	-
Other borrowed funds received		1 557	31 176
Redemption of other borrowed funds		(2 936)	(971)
Repayment of interest on other borrowed funds		(4 071)	(2 428)
Repayment of interest on subordinated debt		(1 615)	(1 711)
Acquisition of treasury shares		-	(4)
Disposal of treasury shares		10	1
Dividends paid	13	(8 680)	(5 315)
Net cash from financing activities		214 503	20 748
Effect of exchange rate changes on cash and cash equivalents		(1 856)	(958)
Net increase in cash and cash equivalents		2 773	5 851
Cash and cash equivalents at the beginning of the reporting period		209 603	150 986
Cash and cash equivalents as at the end of the reporting period		212 376	156 837

1 Introduction

These condensed interim financial statements for the nine months ended 30 September 2007 for Sberbank (Savings Bank of the Russian Federation) (the "Bank") have been prepared in accordance with IAS 34 "Interim Financial Reporting" ("IAS 34").

The Bank is an open joint stock company established in 1841 and has operated in various forms since then. The Bank was incorporated and is domiciled in the Russian Federation. The Bank's principal shareholder, the Central Bank of the Russian Federation (the "Bank of Russia"), owns 60.3% of ordinary shares or 57.6% of the issued and outstanding shares at 30 September 2007.

As at 30 September 2007 the Supervisory Board of the Bank was headed by the Chairman of the Bank of Russia. The Supervisory Board also includes representatives from the Bank's other shareholders. Two Deputy Chairmen of the Bank of Russia are Deputy Chairmen of the Supervisory Board.

On 28 November 2007 extraordinary Shareholders' meeting approved early termination of office of Mr. Kazmin as the Chairman of the Board and CEO. Extraordinary Shareholders' meeting approved Mr. Gref as the Chairman of the Board and CEO.

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

The Bank has 17 (31 December 2006: 17) regional head offices, 812 (31 December 2006: 840) branches and 19 410 (31 December 2006: 19 244) sub-branches within the Russian Federation as 30 September 2007. The average number of the Bank's employees during the nine months period ended 30 September 2007 was 250 054 (during nine months period ended 30 September 2006: 242 556).

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

2 Operating Environment of the Bank

High rates of economic growth in the Russian Federation gave rise to dynamic development of its banking system. During 2006 Fitch and Standard and Poor's, the international rating agencies, raised Russian sovereign foreign currency rating to the "BBB+" grade. In 2006 international rating agency Moody's also upgraded foreign currency country ceiling for Russian bonds to A2. On the whole the Russian Federation displays certain characteristics of an emerging market, including high rates of economic growth, continuing fall of inflation rates, liberalization of current and capital foreign transactions.

At the same time there is no confidence that the latest positive trends in the Russian economy will remain in the future. The tax, currency and customs legislation within the Russian Federation is subject to varying interpretations, and changes, which can occur frequently. Furthermore, the need for further developments in the bankruptcy laws, the absence of formalised procedures for the registration and enforcement of collateral, and other legal and fiscal impediments contribute to the difficulties experienced by banks currently operating in the Russian Federation. The future economic direction of the Russian Federation is largely dependent upon the effectiveness of economic, financial and monetary measures undertaken by the Government, together with tax, legal, regulatory, and political developments.

The last few months have seen sharp rise in foreclosures in the US subprime mortgage market. The effects have spread beyond US housing market as global investors were forced to re-evaluate the risks they were taking which resulted in increased volatility and lower liquidity in the fixed income, equity, and derivative markets. The volume of Eurobond issues and similar wholesale financing by Russian banks has significantly reduced since August 2007. It is currently impossible to estimate the effects on the Bank's financial position of further possible deterioration, if any, in the financial markets liquidity and increased volatility.

3 Basis of Preparation

These condensed interim financial statements have been prepared in accordance with IAS 34. These condensed interim financial statements should be read in conjunction with the annual financial statements of the Bank for the year ended 31 December 2006.

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

At 30 September 2007 the principal rate of exchange used for translating foreign currency monetary balances was USD 1 = RR 24.9493 (31 December 2006: USD 1 = RR 26.3311).

4 Accounting Policies and Critical Accounting Estimates and Judgements

The accounting policies and methods of computation applied in the preparation of these condensed interim financial statements are consistent with those disclosed in the annual financial statements of the Bank for the year ended 31 December 2006 except as described below.

Changes in accounting policies and presentation. Where necessary, corresponding figures have been adjusted to conform with changes in accounting policies and in the presentation of the current period amounts.

The Bank changed its accounting policy for cash and cash equivalents and now also considers as part of cash and cash equivalents interbank deposits and deals with securities purchased under agreements to resell (“reverse-repo agreements”) with original maturities of less than one month. The change was made to align the Bank’s policies with the Bank’s liquidity management practices.

The effect of changes in accounting policies and of reclassifications on the interim balance sheet of the Bank is as follows:

<i>In millions of Russian Roubles</i>	31 December 2006
Increase in	
Cash and cash equivalent	39 798
Decrease in	
Due from other banks	(35 645)
Loans and advances to customers	(4 153)

Corresponding reclassifications were made in the condensed interim statement of cash flows for nine months ended 30 September 2006:

<i>In millions of Russian Roubles</i>	Nine months ended 30 September 2006 (Unaudited)
Increase in	
Cash and cash equivalents at the beginning of the reporting period	27 617
Cash and cash equivalents as at the end of the reporting period	47 333
Interest received	15
Decrease in	
Net increase in due from other banks	14 207
Net increase in loans and advances to customers	5 494

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

Certain new standards, interpretations and amendments to the existing standards, as disclosed in the financial statements for the year ended 31 December 2006, became effective for the Bank from 1 January 2007. The application of the new accounting pronouncements did not have a significant impact on these condensed interim financial statements.

IFRS 7 Financial Instruments: Disclosures and a complementary Amendment to IAS 1 Presentation of Financial Statements - Capital Disclosures, effective for annual periods beginning on or after 1 January 2007. The IFRS introduced new disclosures to improve the information about financial instruments. The volume of disclosures increases significantly with an emphasis on quantitative aspects of risk exposures and the methods of risk management. The quantitative disclosures will provide information about the extent of exposure to risk, based on information provided internally to the entity's key management personnel. Qualitative and quantitative disclosures will cover exposure to credit risk, liquidity risk and market risk including sensitivity analysis to market risk. IFRS 7 replaces IAS 30, Disclosures in the Financial Statements of Banks and Similar Financial Institutions, and some of the requirements in IAS 32, Financial Instruments: Disclosure and Presentation. The Amendment to IAS 1 introduces disclosures about level of an entity's capital and how it manages capital. As these interim financial statements contain only condensed financial information in accordance with IAS 34, the new disclosures will be made to the full extent in the annual financial statements of the Bank for the year ended 31 December 2007.

IFRIC 7, "Applying the Restatement Approach under IAS 29", effective for annual periods beginning on or after 1 March 2006. This interpretation is not relevant for the Bank.

IFRIC 8, "Scope of IFRS 2", effective for annual periods beginning on or after 1 May 2006. Management does not believe the interpretation is relevant for the Bank.

IFRIC 9, "Reassessment of Embedded Derivatives", effective for annual periods beginning on or after 1 June 2006. Management does not believe the interpretation is relevant for the Bank.

IFRIC 10, "Interim Financial Reporting and Impairment", effective for annual periods beginning on or after 1 November 2006. The Interpretation states that an entity should not reverse an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument or a financial asset carried at cost. Management does not believe the interpretation has any material impact on the condensed interim financial statements of the Bank.

New Accounting Pronouncements. The following new standards, amendments to standards and interpretations have been issued but are not effective for nine months ended 30 September 2007 and have not been early adopted:

IFRIC 11, "IFRS 2 – Group and Treasury Shares Transactions", effective for annual periods beginning on or after 1 March 2007. This interpretation is not relevant for the Bank;

IFRIC 12 "Service Concession Arrangements", effective for annual periods beginning on or after 1 January 2008. This interpretation is not relevant for the Bank;

IFRIC 13, "Customer Loyalty Programmes", effective for annual periods beginning on or after 1 July 2008. This interpretation is not relevant for the Bank;

IFRIC 14, "IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interactions", effective for annual periods beginning on or after 1 January 2008. Management does not expect the interpretation to be relevant for the Bank;

IFRS 8, "Operating segments", effective for annual periods beginning on or after 1 January 2009. The Standard applies to entities whose debt or equity instruments are traded in a public market or that file, or are in the process of filing, their financial statements with a regulatory organisation for the purpose of issuing any class of instruments in a public market. IFRS 8 requires the Bank to report financial and descriptive information about its operating segments and specifies how the Bank should report such information. The Bank is currently assessing what impact the new IFRS will have on disclosures in its financial statements;

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

IAS 23, "Borrowing Costs" (revised March 2007; effective for annual periods beginning on or after 1 January 2009). The revised Standard removed the option of immediate recognition as an expense of borrowing costs related to assets that take a substantial period of time to get ready for use or sale. An entity is, therefore, required to capitalize such borrowing costs as part of the cost of the asset. The revised Standard applies prospectively to borrowing costs relating to qualifying assets for which the commencement date for capitalization is on or after 1 January 2009. Management does not expect the revised standard to have any material impact on the Bank;

IAS 1, Presentation of Financial Statements (revised September 2007; effective for annual periods beginning on or after 1 January 2009). The main change in IAS 1 is the replacement of the income statement by a statement of comprehensive income which will also include all non-owner changes in equity, such as the revaluation of available-for-sale financial assets. Alternatively, entities will be allowed to present two statements: a separate income statement and a statement of comprehensive income. The revised IAS 1 also introduces a requirement to present a statement of financial position (balance sheet) at the beginning of the earliest comparative period whenever the entity restates comparatives due to reclassifications, changes in accounting policies, or corrections of errors. The Bank expects the revised IAS 1 to affect the presentation of its financial statements but to have no impact on the recognition or measurement of specific transactions and balances.

Critical judgements and estimates. Judgements made by Management in the process of applying the accounting policies were consistent with the judgements disclosed in the annual financial statements for the year ended 31 December 2006.

Impairment losses on loans and advances. The Bank regularly reviews its loan portfolios to assess impairment. In determining whether an impairment loss should be recorded in the statement of income, the Bank makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. For new types of loans, where the Bank has not collected statistics of historical losses, market information on historical losses of similar groups of loans is used to assess incurred but not yet reported losses on such groups of loans. Also, the Bank's management accounting system in some cases does not allow to collect all necessary information on incurred losses for certain groups of loans. Management uses estimates and incurred loss models for groups of loans with similar credit risk profile. Management is also in process of upgrading the Bank's accounting systems to produce fully the information required for proper application of loan portfolio impairment assessment. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Capital Adequacy Ratio. The Capital Adequacy Ratio is calculated in accordance with the International Convergence of Capital Measurement and Capital Standards (July 1988, updated to November 2005) (or Basel Capital Accord) requirements. Such requirements are subject to interpretation and accordingly the appropriateness of the inclusion, exclusion, and/or classification of amounts included in the calculation of the Capital Adequacy Ratio requires Management judgement.

Related party transactions. The Bank's principal shareholder is the Bank of Russia (refer to Note 1). As the Bank applies IAS 24 "Related Party Disclosures" (revised), disclosures are made in these financial statements for transactions with state-controlled entities and government bodies. Currently the Government of the Russian Federation does not provide to the general public or entities under its ownership/control a complete list of the entities which are owned or controlled directly or indirectly by the State. Judgement is applied by the Management in determining the scope of operations with related parties to be disclosed in the financial statements. Refer to Notes 15 and 16.

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

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

All other critical judgements and estimates are consistent with the critical judgements and estimates disclosed in the financial statements for the year ended 31 December 2006.

5 Loans and Advances to Customers

<i>In millions of Russian Roubles</i>	30 September 2007 (Unaudited)	31 December 2006
Current loans	3 410 170	2 595 458
Reverse sale and repurchase agreements	108 295	13 754
Overdue loans	35 892	29 129
Less: Provision for loan impairment	(100 589)	(100 877)
Total loans and advances to customers	3 453 768	2 537 464

Overdue loans represent the amount of overdue loan payments and do not include the entire outstanding balance of the loans with overdue payments.

Movements in the provision for loan impairment for the nine months and the three months ended 30 September 2007 and 30 September 2006 are as follows:

<i>In millions of Russian Roubles</i>	Nine months ended 30 September 2007 (Unaudited)	Three months ended 30 September 2007 (Unaudited)	Nine months ended 30 September 2006 (Unaudited)	Three months ended 30 September 2006 (Unaudited)
Provision for loan impairment at the beginning of the period	100 877	98 292	93 078	98 811
Provision for loan impairment during the period	4 028	3 626	10 619	3 185
Loans and advances to customers written off during the period as uncollectible	(4 316)	(1 329)	(3 573)	(1 872)
Provision for loan impairment as at 30 September	100 589	100 589	100 124	100 124

Sberbank (Savings Bank of the Russian Federation)
Selected Notes to the Condensed Interim Financial Statements – 30 September 2007

6 Deposits from Individuals and Customer Accounts

<i>In millions of Russian Roubles</i>	30 September 2007 (Unaudited)	31 December 2006
Individuals		
- Current/demand accounts	235 343	201 586
- Term deposits	2 221 898	1 844 449
State and public organisations		
- Current/settlement accounts	72 060	65 820
- Term deposits	35 142	18 805
Other legal entities		
- Current/settlement accounts	594 405	518 813
- Term deposits	297 239	179 351
Total deposits from individuals and customer accounts	3 456 087	2 828 824

7 Other Borrowed Funds

<i>In millions of Russian Roubles</i>	30 September 2007 (Unaudited)	31 December 2006
Long-term borrowings received	94 701	99 247
Other term borrowings	6 007	8 085
Total other borrowed funds	100 708	107 332

Included in long-term borrowings received is a syndicated loan in the amount of USD 1 000 million which was received by the Bank in December 2005 from a consortium of foreign banks. At 30 September 2007 the loan was accounted for at amortised cost of RR 25 115 million (31 December 2006: RR 26 463 million). This loan has a maturity date on 10 November 2008 and a contractual floating interest rate of 3 months LIBOR + 0.55%. As at 30 September 2007 the effective interest rate on the loan was 6.3% p.a. (31 December 2006: 6.3% p.a.).

In May 2006 the Bank attracted USD 500 million within the MTN programme at a fixed interest rate of 6.5% p.a. maturing on 15 May 2013. As at 30 September 2007 this borrowing is recorded at amortised cost of RR 12 762 million (31 December 2006: RR 13 256 million). The transaction was structured as an issue of notes by SB Capital S.A. for the purpose of financing a loan to the Bank. As at 30 September 2007 the effective interest rate on the loan was 6.6% p.a. (31 December 2006: 6.6% p.a.).

In October 2006 the Bank received another syndicated loan in the amount of USD 1 500 million from a consortium of foreign banks, which is also included in long-term borrowings received. As at 30 September 2007 the loan was accounted for at amortised cost of RR 37 712 million (31 December 2006: RR 39 649 million). This loan matures in October 2009 and has a contractual floating interest rate of 3 months LIBOR + 0.30%. As at 30 September 2007 the effective interest rate on the loan was 6.0% p.a. (31 December 2006: 5.9% p.a.).

In November 2006 the Bank attracted the second loan under the MTN issuance programme in the amount of USD 750 million, which is also included in long-term borrowings received. As at 30 September 2007 this loan was accounted for at amortised cost of RR 19 112 million (31 December 2006: RR 19 879 million). This loan matures in November 2011 and has a contractual fixed interest rate of 5.9% p.a. As at 30 September 2007 the effective interest rate on the loan was 6.0% p.a. (31 December 2006: 6.0% p.a.).

7 Other Borrowed Funds (Continued)

Other term borrowings represent funding received by the Bank from foreign export agencies via foreign banks, which was used by Sberbank for direct lending to Russian companies in accordance with the terms of the agreements. At 30 September 2007 these term borrowings were accounted for at amortised cost of RR 6 007 million (31 December 2006: RR 8 085 million), had floating interest rates varying from 4.7% to 6.8% (31 December 2006: from 3.9% to 6.8%) and maturity dates from May 2008 to January 2016 (31 December 2006: from July 2007 to January 2016).

8 Share Capital and Share Premium

<i>In millions of Russian Roubles</i>	30 September 2007 (Unaudited)			31 December 2006		
	Number of shares, in thousand units	Nominal amount	Inflation adjusted amount	Number of shares, in thousand units	Nominal amount	Inflation adjusted amount
Ordinary shares	21 586 948	64 761	83 337	19 000	57 000	75 576
Preference shares	1 000 000	3 000	4 405	50 000	3 000	4 405
Less: Treasury shares						
- Ordinary shares	(1 679)	(5)	-	(2)	(5)	-
- Preference shares	(34)	-	-	-	-	-
Total share capital	22 585 235	67 756	87 742	68 998	59 995	79 981

On 21 December 2006, the Supervisory Board of the Bank approved the issuance of 3 500 000 additional ordinary shares with a nominal value of RR 3 000 by way of a public offering in Russia in the first quarter of 2007. The issue's results were approved by the Bank of Russia on 29 March 2007. The amount of shares placed under this issue was 2 586 948 units. The amount of cash raised through the share issue comprised RR 230 238 million.

The Annual General Shareholders' meeting held on 29 June 2007 approved the split of the Bank's ordinary and preference shares nominal value. On 19 July 2007 the Bank of Russia approved the results of the Bank's shares' nominal value split. As the result of the split the Bank's share capital consists of 21 586 948 000 units of ordinary shares and 1 000 000 000 units of preference shares. The split of the Bank's shares nominal value and corresponding increase in the number of shares are reflected in the table above.

As of 30 September 2007 all ordinary shares have a nominal value of RR 3 per share and rank equally. Each share carries one vote. Preference shares have a nominal value of RR 3 per share and carry no voting rights but rank ahead of the ordinary shares in the event of the Bank's liquidation. Preference shares are not redeemable. Dividend payments are at the discretion of the Bank. When a dividend is paid, the preference shares attract a minimum payment of annual dividends of 15% of their nominal value, subject to confirmation of the shareholders meeting. If preference dividends are not declared by ordinary shareholders, the preference shareholders obtain the right to vote as ordinary shareholders, but lose this right when the next dividend is paid. Preference share dividends rank above ordinary dividends.

Share premium of RR 232 493 million (31 December 2006: RR 10 016 million) represents the excess of contributions received over the nominal value of shares issued.

Sberbank (Savings Bank of the Russian Federation)
Selected Notes to the Condensed Interim Financial Statements – 30 September 2007

9 Interest Income and Expense

<i>In millions of Russian Roubles</i>	Nine months ended 30 September 2007 (Unaudited)	Three months ended 30 September 2007 (Unaudited)	Nine months ended 30 September 2006 (Unaudited)	Three months ended 30 September 2006 (Unaudited)
Interest income				
Loans and advances to customers	267 408	98 394	202 798	73 877
Debt trading securities and other securities at fair value through profit or loss	26 324	10 230	18 444	7 205
Due from other banks	7 204	2 121	3 088	1 039
Investment securities held to maturity	2 751	910	2 883	949
Correspondent accounts with other banks	397	56	330	291
Total interest income	304 084	111 711	227 543	83 361
Interest expense				
Deposits of individuals	97 500	34 214	67 598	24 861
Term deposits of legal entities	11 697	4 898	6 907	2 876
Current/settlement accounts	7 118	2 370	5 261	1 990
Other borrowed funds	4 687	1 486	3 019	1 258
Debt securities in issue	3 074	1 141	1 750	734
Subordinated debt	1 211	402	1 280	423
Term placements of other banks	1 122	926	453	335
Correspondent accounts of other banks	683	268	356	106
Total interest expense	127 092	45 705	86 624	32 583
Net interest income	176 992	66 006	140 919	50 778

Sberbank (Savings Bank of the Russian Federation)
Selected Notes to the Condensed Interim Financial Statements – 30 September 2007

10 Fee and Commission Income and Expense

<i>In millions of Russian Roubles</i>	Nine months ended 30 September 2007 (Unaudited)	Three months ended 30 September 2007 (Unaudited)	Nine months ended 30 September 2006 (Unaudited)	Three months ended 30 September 2006 (Unaudited)
Fee and commission income				
Cash transactions	25 336	9 151	20 399	7 141
Settlement transactions	8 364	3 115	6 037	2 507
Plastic cards operations	7 062	2 645	4 860	1 805
Operations with foreign currency	2 207	824	2 041	841
Cash collection	2 017	732	1 644	596
Guarantees issued	668	228	353	141
Transactions with securities	566	189	572	375
Other	1 090	371	633	242
Total fee and commission income	47 310	17 255	36 539	13 648
Fee and commission expense				
Settlement transactions	1 154	437	693	279
Operations with foreign currency	280	96	247	99
Transactions with securities	113	42	89	33
Cash collection	80	30	81	30
Other	12	1	6	1
Total fee and commission expense	1 639	606	1 116	442
Net fee and commission income	45 671	16 649	35 423	13 206

11 Net Gains from Trading in Foreign Currencies and Foreign Exchange Translation Gains Net of Losses

<i>In millions of Russian Roubles</i>	Nine months ended 30 September 2007 (Unaudited)	Three months ended 30 September 2007 (Unaudited)	Nine months ended 30 September 2006 (Unaudited)	Three months ended 30 September 2006 (Unaudited)
Net gains from trading in foreign currencies	4 473	1 765	4 168	1 461
Foreign exchange translation losses net of gains	(2 269)	(2 081)	(2 826)	(1 463)
Net gains from operations with foreign currency derivatives	1 039	1 327	1 260	729
Total net gains form trading in foreign currencies and foreign exchange translation gains net of losses	3 243	1 011	2 602	727

Sberbank (Savings Bank of the Russian Federation)
Selected Notes to the Condensed Interim Financial Statements – 30 September 2007

12 Earnings per Share

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

<i>In millions of Russian Roubles</i>	Nine months ended 30 September 2007 (Unaudited)	Three months ended 30 September 2007 (Unaudited)	Nine months ended 30 September 2006 (Unaudited)	Three months ended 30 September 2006 (Unaudited)
Profit attributable to equity holders of the Bank	69 922	21 931	57 272	20 235
Less: preference dividends	(465)	-	(295)	-
Profit attributable to the Bank's ordinary shareholders	69 457	21 931	56 977	20 235
Weighted average number of ordinary shares in issue (millions)	20 751	21 585	18 998	18 998
Basic and diluted ordinary earnings per share (expressed in RR per share)	3.3	1.0	3.0	1.1

Earnings per share calculations reflect the results of the nominal value split of the Bank's shares approved by the Bank of Russia on 19 July 2007. Please refer to Note 8. Amounts of earnings per shares for all presented periods are adjusted retrospectively.

13 Dividends

<i>In millions of Russian Roubles</i>	Nine months ended 30 September 2007 (Unaudited)		Nine months ended 30 September 2006 (Unaudited)	
	Ordinary	Preference	Ordinary	Preference
Dividends payable at 1 January	59	18	41	12
Dividends declared during the nine months ended 30 September	8 322	465	5 054	295
Dividends paid during the nine months ended 30 September	(8 230)	(450)	(5 030)	(285)
Dividends payable as at 30 September	151	33	65	22
Dividends per share declared during the reporting period (RR per share)	0.39	0.47	266.00	5.90

All dividends are declared and paid in Russian Roubles. Amount of dividends per share declared in 2007 reflects the results of the nominal value split of the Bank's shares.

14 Segment Analysis

The Bank's primary format for reporting segment information is business segments and the secondary format is geographical segments.

Business Segments. The Bank is organised on a basis of two main business segments:

- Retail banking – representing private customer current accounts, savings, deposits, custody, debit cards, consumer loans and mortgages.
- Corporate banking – representing operations with securities, current accounts, deposits, overdrafts, loans and other credit facilities, foreign currency and derivative products.

Intra-Bank items comprise other banking operations, which, based on their size, do not comprise a separately reportable segment.

During nine months ended 30 September 2007 the Bank measured business segment revenues, expenses and results on the basis of inter-segment prices used for internal management purposes only. Internal transfer pricing rates are established, approved and regularly revised by the Management of the Bank.

The comparative information for the nine months and the three months ended 30 September 2006 has been presented on the same basis, as required by IAS 14 "Segment Reporting".

For the purposes of these condensed interim financial statements segment revenue consists of interest income and fee and commission income in the amount of RR 229 254 million for corporate banking and in the amount of RR 210 135 million for retail banking for nine months ended 30 September 2007 and in the amount of RR 84 844 million for corporate banking and RR 77 568 million for retail banking for three months ended 30 September 2007 (nine months ended 30 September 2006: RR 168 948 million and RR 150 325 million, respectively; three months ended 30 September 2006: RR 61 650 million and RR 54 943 million, respectively).

Segment information for the main reportable business segments of the Bank as at 30 September 2007 and 31 December 2006, as well as for the nine months and the three months ended 30 September 2007, the nine months and the three months ended 30 September 2006 is set out below.

Segment reporting of the Bank's assets and liabilities per business segments as at 30 September 2007 is as follows:

Sberbank (Savings Bank of the Russian Federation)
Selected Notes to the Condensed Interim Financial Statements – 30 September 2007

14 Segment Analysis (Continued)

<i>Unaudited</i> <i>In millions of Russian Roubles</i>	Corporate banking	Retail banking	Intra-Bank items	Total
Assets				
Cash and cash equivalents	-	-	212 376	212 376
Mandatory cash balances with the Bank of Russia	27 374	55 579	-	82 953
Trading securities	163 865	-	-	163 865
Other securities at fair value through profit or loss	217 960	-	-	217 960
Due from other banks	29 101	-	-	29 101
Loans and advances to customers	2 618 588	835 180	-	3 453 768
Repurchase receivables	149 903	-	-	149 903
Investment securities available for sale	15 299	-	-	15 299
Investment securities held to maturity	24 155	-	-	24 155
Premises and equipment	47 254	84 008	-	131 262
Other assets	6 802	22 065	10 957	39 824
Total assets	3 300 301	996 832	223 333	4 520 466
Liabilities				
Due to other banks	188 253	-	-	188 253
Deposits from individuals	-	2 457 241	-	2 457 241
Customer accounts	998 846	-	-	998 846
Debt securities in issue	86 543	19 191	-	105 734
Other borrowed funds	100 708	-	-	100 708
Deferred income tax liability	-	-	1 013	1 013
Other liabilities	9 238	24 475	9 164	42 877
Subordinated debt	25 082	-	-	25 082
Total liabilities	1 408 670	2 500 907	10 177	3 919 754
Other disclosures				
Capital expenditure incurred during nine months ended 30 September 2007 (additions of fixed assets)	7 022	12 483	-	19 505

Sberbank (Savings Bank of the Russian Federation)
Selected Notes to the Condensed Interim Financial Statements – 30 September 2007

14 Segment Analysis (Continued)

Segment reporting of the Bank's income and expenses per business segments for the nine months ended 30 September 2007 is as follows:

<i>Unaudited</i> <i>In millions of Russian Roubles</i>	Corporate banking	Retail banking	Intra- Bank items	Total
Interest income	205 167	98 917	-	304 084
Interest expense	(28 808)	(98 284)	-	(127 092)
Inter-segment (expense) and income	(104 468)	87 995	16 473	-
Gains less losses arising from trading securities and other securities at fair value through profit or loss	349	-	-	349
Gains less losses arising from investment securities available for sale	6	-	-	6
Net gains arising from trading in foreign currencies and foreign exchange translation gains net of losses	279	2 964	-	3 243
Fee and commission income	24 087	23 223	-	47 310
Fee and commission expense	(1 639)	-	-	(1 639)
(Losses net of gains) / gains less losses arising from operations with precious metals	(64)	888	-	824
Other operating income	1 988	-	-	1 988
Operating profit before provision for loan impairment	96 897	115 703	16 473	229 073
Provision for loan impairment	819	(4 847)	-	(4 028)
Operating profit	97 716	110 856	16 473	225 045
Administrative and other operating expenses	(38 251)	(79 043)	(16 473)	(133 767)
Profit before tax (Segment result)	59 465	31 813	-	91 278

Sberbank (Savings Bank of the Russian Federation)
Selected Notes to the Condensed Interim Financial Statements – 30 September 2007

14 Segment Analysis (Continued)

Segment reporting of the Bank's income and expenses per business segments for the three months ended 30 September 2007 is as follows:

<i>Unaudited</i> <i>In millions of Russian Roubles</i>	Corporate banking	Retail banking	Intra- Bank items	Total
Interest income	76 051	35 660	-	111 711
Interest expense	(11 216)	(34 489)	-	(45 705)
Inter-segment (expense) and income	(37 940)	33 446	4 494	-
Losses less gains arising from trading securities and other securities at fair value through profit or loss	(2 729)	-	-	(2 729)
Gains less losses arising from investment securities available for sale	6	-	-	6
(Net losses) / net gains arising from trading in foreign currencies and foreign exchange translation gains net of losses	(78)	1 089	-	1 011
Fee and commission income	8 793	8 462	-	17 255
Fee and commission expense	(606)	-	-	(606)
(Losses net of gains) / gains less losses arising from operations with precious metals	(114)	457	-	343
Other operating income	624	-	-	624
Operating profit before provision for loan impairment	32 791	44 625	4 494	81 910
Provision for loan impairment	(1 508)	(2 118)	-	(3 626)
Operating profit	31 283	42 507	4 494	78 284
Administrative and other operating expenses	(15 123)	(28 831)	(4 494)	(48 448)
Profit before tax (Segment result)	16 160	13 676	-	29 836

Sberbank (Savings Bank of the Russian Federation)
Selected Notes to the Condensed Interim Financial Statements – 30 September 2007

14 Segment Analysis (Continued)

Segment reporting of the Bank's assets and liabilities per business segments as at 31 December 2006 is as follows:

<i>In millions of Russian Roubles</i>	Corporate banking	Retail banking	Intra-Bank items	Total
Assets				
Cash and cash equivalents	-	-	209 603	209 603
Mandatory cash balances with the Bank of Russia	24 564	53 351	-	77 915
Trading securities	210 641	-	-	210 641
Other securities at fair value through profit or loss	237 847	-	-	237 847
Due from other banks	5 631	-	-	5 631
Loans and advances to customers	1 872 243	665 221	-	2 537 464
Investment securities held to maturity	26 198	-	-	26 198
Premises and equipment	37 503	87 713	-	125 216
Other assets	3 164	27 175	5 819	36 158
Total assets	2 417 791	833 460	215 422	3 466 673
Liabilities				
Due to other banks	44 836	-	-	44 836
Deposits from individuals	-	2 046 035	-	2 046 035
Customer accounts	782 789	-	-	782 789
Debt securities in issue	107 619	16 110	-	123 729
Other borrowed funds	107 332	-	-	107 332
Deferred income tax liability	-	-	3 604	3 604
Other liabilities	3 523	11 094	8 327	22 944
Subordinated debt	26 880	-	-	26 880
Total liabilities	1 072 979	2 073 239	11 931	3 158 149
Other disclosures				
Capital expenditure incurred during nine months ended 30 September 2006 (additions of fixed assets)	4 720	11 014	-	15 734

Sberbank (Savings Bank of the Russian Federation)
Selected Notes to the Condensed Interim Financial Statements – 30 September 2007

14 Segment Analysis (Continued)

Segment reporting of the Bank's income and expenses per business segments for the nine months ended 30 September 2006 is as follows:

<i>Unaudited</i> <i>In millions of Russian Roubles</i>	Corporate banking	Retail banking	Intra- Bank items	Total
Interest income	147 986	79 557	-	227 543
Interest expense	(18 452)	(68 172)	-	(86 624)
Inter-segment (expense) and income	(73 826)	55 191	18 635	-
Gains less losses arising from trading securities and other securities at fair value through profit or loss	8 875	-	-	8 875
(Net losses) / net gains arising from trading in foreign currencies and foreign exchange translation gains net of losses	(584)	3 186	-	2 602
Fee and commission income	20 962	15 577	-	36 539
Fee and commission expense	(1 116)	-	-	(1 116)
Gains less losses arising from operations with precious metals	92	-	-	92
Gain on settlement of a receivable	3 346	-	-	3 346
Other operating income	2 275	-	-	2 275
Operating profit before provision for loan impairment	89 558	85 339	18 635	193 532
Provision for loan impairment	(5 207)	(5 412)	-	(10 619)
Operating profit	84 351	79 927	18 635	182 913
Administrative and other operating expenses	(24 102)	(63 769)	(18 635)	(106 506)
Profit before tax (Segment result)	60 249	16 158	-	76 407

14 Segment Analysis (Continued)

Segment reporting of the Bank's income and expenses per business segments for the three months ended 30 September 2006 is as follows:

<i>Unaudited</i> <i>In millions of Russian Roubles</i>	Corporate banking	Retail banking	Intra- Bank items	Total
Interest income	53 820	29 541	-	83 361
Interest expense	(7 547)	(25 036)	-	(32 583)
Inter-segment (expense) and income	(23 859)	19 584	4 275	-
Gains less losses arising from trading securities and other securities at fair value through profit or loss	4 822	-	-	4 822
(Net losses) / net gains arising from trading in foreign currencies and foreign exchange translation gains net of losses	(331)	1 058	-	727
Fee and commission income	7 830	5 818	-	13 648
Fee and commission expense	(442)	-	-	(442)
Losses net of gains arising from operations with precious metals	(1 225)	-	-	(1 225)
Other operating income	852	-	-	852
Operating profit before provision for loan impairment	33 920	30 965	4 275	69 160
Provision for loan impairment	(1 258)	(1 927)	-	(3 185)
Operating profit	32 662	29 038	4 275	65 975
Administrative and other operating expenses	(9 495)	(24 850)	(4 275)	(38 620)
Profit before tax (Segment result)	23 167	4 188	-	27 355

15 Related Party Transactions

For the purposes of these interim condensed financial statements, parties are considered to be related if one party has the ability to control the other party, is under common control, or can exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form. Transactions with related parties are entered into in the normal course of business and are priced at market rates.

The Bank's principal shareholder is the Bank of Russia (refer to Note 1). As the Bank applies IAS 24 "Related Party Disclosures" (revised), respective disclosures are made in Note 16 for transactions with state-controlled entities and government bodies.

The table in this note represents balances and results of operations with the Bank's principal shareholder, the Bank of Russia, and other related parties, not disclosed in Note 16.

As at 30 September 2007 and 31 December 2006, the outstanding balances with related parties were as follows:

Sberbank (Savings Bank of the Russian Federation)
Selected Notes to the Condensed Interim Financial Statements – 30 September 2007

15 Related Party Transactions (Continued)

<i>In millions of Russian Roubles</i>	30 September 2007 (Unaudited)		31 December 2006	
	The Bank of Russia	Other related Parties	The Bank of Russia	Other related Parties
Assets				
Account with the Bank of Russia (other than mandatory reserve deposits)	5 944	-	8 321	-
Mandatory cash balances with the Bank of Russia	82 953	-	77 915	-
Bonds of the Bank of Russia	132 118	-	87 500	-
Due from other banks	20 238	-	775	-
Total loans and advances to customers (before provision for impairment)	-	43 884	-	18 831
Provision for loan impairment	-	(462)	-	(219)
Liabilities				
Customer accounts	-	2 388	-	1 162
Credit related commitments				
Guarantees issued by the Bank at the period end	-	5 151	-	2 034
Import letters of credit at the period end	-	269	-	211
Commitments to extend credit	-	201	-	-

The income and expense items with related parties for nine months ended 30 September 2007 and 30 September 2006 were as follows:

<i>In millions of Russian Roubles</i>	Nine months ended 30 September 2007 (Unaudited)		Nine months ended 30 September 2006 (Unaudited)	
	The Bank of Russia	Other related parties	The Bank of Russia	Other related parties
Interest income on loans provided	2 768	1 845	1 742	1 575
Interest income on bonds of the Bank of Russia	6 825	-	716	-
Interest expense	(252)	(10)	(36)	(14)
Other operating income	-	99	-	46
Other operating expenses	(220)	(56)	(181)	(63)

The income and expense items with related parties for three months ended 30 September 2007 and 30 September 2006 were as follows:

<i>In millions of Russian Roubles</i>	Three months ended 30 September 2007 (Unaudited)		Three months ended 30 September 2006 (Unaudited)	
	The Bank of Russia	Other related parties	The Bank of Russia	Other related parties
Interest income on loans provided	790	762	842	527
Interest income on bonds of the Bank of Russia	3 371	-	342	-
Interest expense	(240)	(4)	(3)	(4)
Other operating income	-	62	-	18
Other operating expenses	(79)	(32)	(65)	(25)

15 Related Party Transactions (Continued)

For the nine-months period ended 30 September 2007, remuneration of the members of the key management personnel comprised salaries and bonuses totalling RR 1 102 million (the nine-months period ended 30 September 2006: RR 674 million).

For the three-months period ended 30 September 2007, remuneration of the members of the key management personnel comprised salaries and bonuses totalling RR 472 million (the three-months period ended 30 September 2006: RR 101 million).

16 Operations with State-Controlled Entities and Government Bodies

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

Transactions with government bodies and state-controlled entities are entered into in the normal course of business and priced at market rates. At 30 September 2007 and 31 December 2006, the outstanding balances with state-controlled entities and government bodies were as follows:

	30 September 2007 (Unaudited)		31 December 2006	
	100% owned State subsidiaries and government bodies	Entities where the State controls over 50% of share capital	100% owned State subsidiaries and government bodies	Entities where the State controls over 50% of share capital
<i>In millions of Russian Roubles</i>				
Cash and cash equivalents	53	1 153	17 468	422
Due from other banks	3 009	500	1 341	349
Trading securities	148 455	1 629	113 964	2 680
Other securities at fair value through profit or loss	199 910	2 589	213 398	11 562
Total loans and advances to customers (before provision for impairment)	140 795	85 857	119 496	139 656
Provision for loan impairment	(402)	(491)	(502)	(1 208)
Repurchase receivable	20 202	-	-	-
Investment securities held to maturity	24 155	-	26 198	-
Customer accounts	107 842	17 148	87 181	20 681

Income and expense items with State subsidiaries and government bodies for the nine months period ended 30 September 2007 and 30 September 2006 were as follows:

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

	Nine months ended 30 September 2007 (Unaudited)		Nine months ended 30 September 2006 (Unaudited)	
	100% owned State subsidiaries and government bodies	Entities where the State controls over 50% of share capital	100% owned State subsidiaries and government bodies	Entities where the State controls over 50% of share capital
<i>In millions of Russian Roubles</i>				
Interest income	29 978	3 973	27 516	670
Interest expense	(2 751)	(941)	(2 152)	(285)
(Losses less gains) / gains less losses arising from trading securities and other securities at fair value through profit or loss	(2 681)	(159)	7 301	180
Fee and commission income	1 821	265	583	68

Income and expense items with State subsidiaries and government bodies for the three months period ended 30 September 2007 and 30 September 2006 were as follows:

	Three months ended 30 September 2007 (Unaudited)		Three months ended 30 September 2006 (Unaudited)	
	100% owned State subsidiaries and government bodies	Entities where the State controls over 50% of share capital	100% owned State subsidiaries and government bodies	Entities where the State controls over 50% of share capital
<i>In millions of Russian Roubles</i>				
Interest income	10 478	834	9 925	251
Interest expense	(1 292)	(553)	(1 345)	(21)
(Losses less gains) / gains less losses arising from trading securities and other securities at fair value through profit or loss	(1 885)	(153)	3 019	133
Fee and commission income	1 337	123	14	17

Transactions with the State also include taxes. Income tax expense amounts to RR 21 356 million for the nine-months period ended 30 September 2007 (RR 19 135 million for the nine-months period ended 30 September 2006).

Income tax expense amounts to RR 7 905 million for the three-months period ended 30 September 2007 (RR 7 120 million for the three-months period ended 30 September 2006).

17 Capital Adequacy Ratio

As of 30 September 2007, the Capital Adequacy Ratio calculated by the Bank in accordance with the International Convergence of Capital Measurement and Capital Standards (July 1988, updated to November 2005) (or Basel Capital Accord) requirements was as follows:

	30 September 2007 (Unaudited)	31 December 2006
Core capital adequacy ratio (Tier 1)	14.0%	9.9%
Total capital adequacy ratio (Tier 1 and Tier 2)	14.9%	11.2%

18 Subsequent events

Due to current market situation, in October 2007 the Bank disposed of the entire portfolio of investment securities held to maturity. As a result of this transaction the Bank has received a net gain from dealing with investment securities held to maturity in the amount of RR 19 436 million. This gain will be recognised in the Bank's statement of income for the year ended 31 December 2007.

On 27 December 2007, the Bank entered into a syndicated loan agreement with a consortium of foreign banks. Under this agreement, the Bank received a USD 750 million loan that has a three-year term and bears interest at 3-months LIBOR plus 0.45% per annum.

On 27 December 2007, the Bank acquired 100% share of ZAO Bank NRB in the Ukraine.