

Sberbank
(Savings Bank of the Russian Federation)

**Condensed Interim Financial Information and
Review Report**

30 June 2006

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Review Report

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REVIEW REPORT

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

We have reviewed the accompanying condensed interim balance sheet of Sberbank (Savings Bank of the Russian Federation) (hereinafter - the "Bank") as of 30 June 2006, and the related condensed interim statements of income, changes in equity and cash flows for the six months then ended. This condensed interim financial information is the responsibility of the Bank's management. Our responsibility is to issue a report on this condensed interim financial information based on our review.

We conducted our review in accordance with the International Standard on Review Engagements 2400. This Standard requires that we plan and perform the review to obtain moderate assurance about whether the condensed interim financial information is free of material misstatement. A review is limited primarily to inquiries of the Bank's personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

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 properly prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

ZAO PricewaterhouseCoopers Audit

Moscow, Russian Federation
27 October 2006

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

	Note	30 June 2006 (Unaudited)	31 December 2005
<i>In thousands of Russian Roubles</i>			
ASSETS			
Cash and cash equivalents		76 197 662	123 368 671
Mandatory cash balances with the Central Bank of the Russian Federation			
Trading securities		68 086 393	56 808 779
Other securities at fair value through profit or loss		262 370 146	131 815 427
Due from other banks		228 180 199	227 280 891
Loans and advances to customers	5	59 950 308	25 932 229
Repurchase receivable		2 056 300 491	1 787 288 224
Investment securities held to maturity		-	1 658 705
Premises and equipment		26 810 372	28 398 916
Other assets		108 429 637	106 849 836
		22 766 867	23 725 839
TOTAL ASSETS		2 909 092 075	2 513 127 517
LIABILITIES			
Due to other banks		29 830 554	24 912 260
Deposits from individuals	6	1 720 540 949	1 514 301 804
Customer accounts	6	650 141 583	546 805 963
Debt securities in issue		113 220 708	86 889 528
Other borrowed funds	7	73 717 252	62 963 865
Deferred income tax liability		3 069 719	2 330 419
Other liabilities		28 181 928	14 462 112
Subordinated debt		27 632 853	29 393 050
TOTAL LIABILITIES		2 646 335 546	2 282 059 001
EQUITY			
Share capital	8	20 980 583	20 980 583
Share premium	8	10 016 190	10 016 190
Treasury shares	8	(396)	(301)
Revaluation reserve for premises		15 608 871	15 873 431
Retained earnings		216 151 281	184 198 613
TOTAL EQUITY		262 756 529	231 068 516
TOTAL LIABILITIES AND EQUITY		2 909 092 075	2 513 127 517

Approved for issue and signed on behalf of the Board on 27 October 2006.



A.K. Aleshkina
Acting CEO



A.V. Krizhalov
Chief Accountant

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

	Note	Six months ended 30 June 2006 (Unaudited)	Six months ended 30 June 2005 (Unaudited)
<i>(In thousands of Russian Roubles)</i>			
Interest income	9	144 182 350	110 476 684
Interest expense	9	(54 040 668)	(43 106 998)
Net interest income		90 141 682	67 369 686
Provision for loan impairment	5	(7 434 446)	(7 274 750)
Net interest income after provision for loan impairment		82 707 236	60 094 936
Gains less losses arising from trading securities and other securities at fair value through profit or loss		4 053 361	4 077 282
Gains less losses arising from investment securities available for sale		-	4 709
Net gains / (losses) arising from trading in foreign currencies		3 237 378	(4 026 744)
Foreign exchange translation (losses net of gains) / gains net of losses		(1 363 105)	6 147 046
Fee and commission income	10	22 890 772	16 107 688
Fee and commission expense	10	(674 091)	(441 885)
Gain on settlement of a receivable	14	3 346 348	-
Other operating income		2 739 876	1 887 441
Operating profit		116 937 775	83 850 473
Administrative and other operating expenses		(67 885 695)	(51 363 124)
Profit before tax		49 052 080	32 487 349
Income tax expense		(12 014 972)	(7 854 638)
Profit for the reporting period		37 037 108	24 632 711
Earnings per ordinary share, basic and diluted (expressed in RR per share)	11	1 934	1 287

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 thousands of Russian Roubles</i>								
Balance as at 1 January 2005		20 980 583	10 016 190	(312)	453 397	4 655	121 864 071	153 318 584
Investment securities available for sale:								
- Fair value losses net of gains		-	-	-	-	(1 416)	-	(1 416)
- Disposals		-	-	-	-	(4 709)	-	(4 709)
Premises and equipment:								
- Depreciation of revalued premises		-	-	-	(13 556)	-	13 556	-
- Income tax recorded in equity		-	-	-	3 254	1 470	(3 254)	1 470
Profit for the reporting period		-	-	-	-	-	24 632 711	24 632 711
Disposal of treasury shares		-	-	11	-	-	-	11
Dividends declared	12	-	-	-	-	-	(3 493 600)	(3 493 600)
Balance as at 30 June 2005 (Unaudited)		20 980 583	10 016 190	(301)	443 095	-	143 013 484	174 453 051
Balance as at 1 January 2006		20 980 583	10 016 190	(301)	15 873 431	-	184 198 613	231 068 516
Premises and equipment:								
- Depreciation of revalued premises		-	-	-	(348 103)	-	348 103	-
Income tax recorded in equity		-	-	-	83 543	-	(83 543)	-
Profit for the reporting period		-	-	-	-	-	37 037 108	37 037 108
Purchase of treasury shares		-	-	(95)	-	-	-	(95)
Dividends declared	12	-	-	-	-	-	(5 349 000)	(5 349 000)
Balance as at 30 June 2006 (Unaudited)		20 980 583	10 016 190	(396)	15 608 871	-	216 151 281	262 756 529

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

	Note	Six months ended 30 June 2006 (Unaudited)	Six months ended 30 June 2005 (Unaudited)
<i>(In thousands of Russian Roubles)</i>			
Cash flows from operating activities			
Interest received		144 225 384	111 195 764
Interest paid		(48 963 713)	(42 847 504)
Income received / (expenses paid) from trading securities and other securities at fair value through profit or loss		3 951 781	(146 441)
Income received / (expenses paid) from trading in foreign currencies		3 669 157	(3 966 074)
Fees and commissions received		23 103 226	16 316 691
Fees and commissions paid		(674 091)	(542 237)
Income received on settlement of a receivable	14	2 676 233	-
Other operating income received		1 820 292	1 417 456
Administrative and other operating expenses paid		(60 225 754)	(45 606 464)
Income tax paid		(10 832 070)	(6 233 641)
Cash flows from operating activities before changes in operating assets and liabilities		58 750 445	29 587 550
Changes in operating assets and liabilities			
Net increase in mandatory cash balances with the Central Bank of the Russian Federation		(11 277 614)	(5 033 857)
Net increase in trading securities		(131 125 732)	(41 828 896)
Net decrease/(increase) in other securities at fair value through profit or loss		75 993	(28 275 862)
Net increase in due from other banks		(34 121 735)	(40 968 106)
Net increase in loans and advances to customers		(278 707 781)	(204 459 041)
Net decrease/(increase) in repurchase receivable		1 658 705	(10 938 945)
Net decrease/(increase) in other assets		2 925 519	(2 847 975)
Net increase in due to other banks		4 907 058	27 079 656
Net increase in deposits from individuals		203 492 099	134 404 255
Net increase in customer accounts		102 700 657	64 918 985
Net increase/(decrease) in debt securities in issue		25 584 416	(2 157 641)
Net increase in other liabilities		6 403 374	6 107 751
Net cash used in operating activities		(48 734 596)	(74 412 126)
Cash flows from investing activities			
Proceeds from disposal and redemption of investment securities available for sale		-	107 641
Acquisition of premises and equipment		(9 205 381)	(6 935 476)
Proceeds from disposal of premises and equipment		416 770	372 199
Dividend income received		40 164	8 253
Net cash used in investing activities		(8 748 447)	(6 447 383)
Cash flows from financing activities			
Other borrowed funds received		14 360 105	564 028
Redemption of other borrowed funds		(914 639)	(37 783)
Repayment of interest on other borrowed funds		(1 524 591)	(594 267)
Proceeds from subordinated debt		-	27 987 001
Repayment of interest on subordinated debt		(879 710)	-
(Acquisition)/disposal of treasury shares		(95)	11
Dividends paid	12	(4 139)	(2 102)
Net cash from financing activities		11 036 931	27 916 888
Effect of exchange rate changes on cash and cash equivalents		(724 897)	(518 629)
Net decrease in cash and cash equivalents		(47 171 009)	(53 461 250)
Cash and cash equivalents at the beginning of the reporting period		123 368 671	109 136 991
Cash and cash equivalents as at the end of the reporting period		76 197 662	55 675 741

1 Introduction

This condensed interim financial information for the six months ended 30 June 2006 for Sberbank (Savings Bank of the Russian Federation) (the "Bank") has 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 "CBRF"), owns 63.8% of ordinary shares or 60.6% of the issued and outstanding shares at 30 June 2006.

The Supervisory Board of the Bank is headed by the Chairman of the CBRF. The Supervisory Board also includes representatives from the Bank's other shareholders. Two Deputy Chairmen of the CBRF are Deputy Chairmen of the Supervisory Board.

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 CBRF since 1991.

The Bank has 17 (31 December 2005: 17) regional head offices, 902 (31 December 2005: 992) branches and 19 326 (31 December 2005: 19 261) sub-branches within the Russian Federation as at 30 June 2006. The average number of the Bank's employees during the first six months of 2006 was 241 172 (2005 year: 235 116).

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

2 Operating Environment of the Bank

The Russian Federation displays certain characteristics of an emerging market, including the existence of a currency that is not freely convertible in most countries outside of the Russian Federation, relatively high inflation and economic growth. The banking sector in the Russian Federation is sensitive to adverse fluctuations in confidence and economic conditions. The Russian economy occasionally experiences falls in confidence in the banking sector accompanied by reductions in liquidity.

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.

3 Basis of Preparation

This condensed interim financial information has been prepared in accordance with IAS 34. This condensed interim financial information should be read in conjunction with the annual financial statements of the Bank for the year ended 31 December 2005.

This condensed interim financial information is presented in thousands of Russian Roubles ("RR thousands").

At 30 June 2006 the principal rate of exchange used for translating foreign currency monetary balances was USD 1 = RR 27.0789 (31 December 2005: USD 1 = RR 28.7825).

4 Accounting Policies and Critical Accounting Estimates and Judgements

The accounting policies and methods of computation applied in the preparation of this condensed interim financial information are consistent with those disclosed in the annual financial statements of the Bank for the year ended 31 December 2005.

Certain new standards, interpretations and amendments to the existing standards, as disclosed in the financial statements for the year ended 31 December 2005, became effective for the Bank from 1 January 2006. The application of the new accounting pronouncements did not change the value and/or classification of financial instruments of the Bank.

IAS 39 (Amendment) – The Fair Value Option. IAS 39 (as revised in 2003) permitted entities to designate irrevocably on initial recognition practically any financial instrument as one to be measured at fair value with gains and losses recognised in profit or loss ('fair value through profit or loss'). The amendment changes the definition of financial instruments 'at fair value through profit or loss' and restricts the ability to designate financial instruments as part of this category. As in 2005, the Management continues to manage a portfolio of financial instruments designated into the category 'at fair value through profit or loss' based on their fair value.

IAS 39 (Amendment) – Financial Guarantee Contracts. Issued financial guarantees, other than those previously asserted by the entity to be insurance contracts, will have to be initially recognised at their fair value, and subsequently measured at the higher of (i) the unamortised balance of the related fees received and deferred and (ii) the amount recognised under IAS 37 "Provisions, Contingent Liabilities and Contingent Assets".

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 2005. Management has not identified new areas of judgement. Critical estimates, as disclosed in the most recent annual financial statements, have not resulted in a material adjustment to the Bank's assets, income or profit during the interim period ended 30 June 2006.

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

The following new standards, amendments to standards and interpretations have been issued but are not effective for 2006 and have not been early adopted:

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 expect the interpretation to be relevant for the Bank;

IFRIC 9, "Reassessment of Embedded Derivatives", effective for annual periods beginning on or after 1 June 2006. Management does not expect the interpretation to be 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 expect the interpretation has any material impact for the Bank; and

IFRS 7, "Financial instruments: Disclosures", and a complementary Amendment to IAS 1 "Presentation of Financial Statements - Capital Disclosures", both effective for annual periods beginning on or after 1 January 2007. The Bank currently is assessing the impact of IFRS 7 and the amendment to IAS 1 on its financial statements. The Bank will apply IFRS 7 and the amendment to IAS 1 for annual periods beginning 1 January 2007.

Sberbank (Savings Bank of the Russian Federation)
Selected Notes to the Condensed Interim Financial Information – 30 June 2006

5 Loans and Advances to Customers

<i>In thousands of Russian Roubles</i>	30 June 2006 (Unaudited)	31 December 2005
Current loans	2 126 442 349	1 856 803 176
Overdue loans	23 496 640	19 723 473
Reverse sale and repurchase agreements	5 173 405	3 839 710
Less: Provision for loan impairment	(98 811 903)	(93 078 135)
Total loans and advances to customers	2 056 300 491	1 787 288 224

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 six months of 2006 and 2005 are as follows:

<i>In thousands of Russian Roubles</i>	Six months ended 30 June 2006 (Unaudited)	Six months ended 30 June 2005 (Unaudited)
Provision for loan impairment at 1 January	93 078 135	79 359 047
Provision for loan impairment during the six months	7 434 446	7 274 750
Loans and advances to customers written off during the six months as uncollectible	(1 700 678)	(1 236 077)
Provision for loan impairment as at 30 June	98 811 903	85 397 720

6 Deposits from Individuals and Customer Accounts

<i>(In thousands of Russian Roubles)</i>	30 June 2006 (Unaudited)	31 December 2005
State and public organisations		
- Current/settlement accounts	65 033 790	53 411 194
- Term deposits	21 906 661	16 125 577
Other legal entities		
- Current/settlement accounts	414 944 907	352 348 281
- Term deposits	148 256 225	124 920 911
Individuals		
- Current/demand accounts	162 566 635	136 100 326
- Term deposits	1 557 974 314	1 378 201 478
Total deposits from individuals and customer accounts	2 370 682 532	2 061 107 767

7 Other Borrowed Funds

<i>(In thousands of Russian Roubles)</i>	30 June 2006 (Unaudited)	31 December 2005
Long-term borrowings received	67 969 146	57 597 510
Other term borrowings	5 748 106	5 366 355
Total other borrowed funds	73 717 252	62 963 865

In May 2006 the Bank attracted USD 500 000 thousand within a MTN programme at a fixed interest rate of 6.48% p.a. maturing on 15 May 2013. As at 30 June 2006 this borrowing is recorded at amortised cost of RR 13 628 583 thousand. The transaction was structured as an issue of notes by SB Capital S.A. for the purpose of financing a loan to the Bank.

Included in long-term borrowings received are floating rate (three month LIBOR +1.75%) notes issued in October 2003 maturing in October 2006 with effective interest rate of 5.8% p.a. (31 December 2005: 5.6% p.a.). The transaction was structured as an issue of notes by UBS Luxembourg S.A. for the purpose of financing a loan to the Bank. These notes had a par value of USD 1 000 000 thousand and pay quarterly interest. At 30 June 2006 the loan has been accounted for at amortised cost of RR 27 198 220 thousand (31 December 2005: RR 28 881 656 thousand).

Also included in long-term loans received is a syndicated loan in the amount of USD 1 000 000 thousand which was received by the Bank in December 2005 from a consortium of foreign banks. At 30 June 2006 the loan was accounted for at amortised cost of RR 27 142 343 thousand (31 December 2005: RR 28 715 854). This loan has a maturity date on 10 November 2008 and contractual floating interest rate of LIBOR + 0.55%. As at 30 June 2006 the effective interest rate on the loan was 6.7% p.a. (31 December 2005: 5.4% p.a.).

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 June 2006 these term borrowings were accounted for at amortised cost of RR 5 748 106 thousand (31 December 2005: RR 5 366 355 thousand), had floating interest rates varying from 3.4% to 6.8% (31 December 2005: from 2.8% to 6.4%) and maturity dates from July 2007 to January 2016 (31 December 2005: from February 2006 to January 2016).

8 Share Capital and Share Premium

	30 June 2006 (Unaudited)			31 December 2005		
	Number of shares, in units	Nominal amount	Inflation adjusted amount	Number of shares, in units	Nominal amount	Inflation adjusted amount
Ordinary shares	19 000 000	950 000	19 525 646	19 000 000	950 000	19 525 646
Preference shares	50 000 000	50 000	1 454 937	50 000 000	50 000	1 454 937
Less: Treasury shares						
- Ordinary shares	(1 851)	(93)	(309)	(1 787)	(89)	(243)
- Preference shares	(3 000)	(3)	(87)	(1 144)	(1)	(58)
Total share capital	68 995 149	999 904	20 980 187	68 997 069	999 910	20 980 282

All ordinary shares have a nominal value of RR 50 per share and rank equally. Each share carries one vote. Also refer to Note 18.

8 Share Capital and Share Premium (Continued)

Preference shares have a nominal value of RR 1 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 10 016 190 thousand (31 December 2005: RR 10 016 190 thousand) represents the excess of contributions received over the nominal value of shares issued.

9 Interest Income and Expense

<i>In thousands of Russian Roubles</i>	Six months ended 30 June 2006 (Unaudited)	Six months ended 30 June 2005 (Unaudited)
Interest income		
Loans and advances to customers	128 921 342	94 977 079
Debt trading securities and other securities at fair value through profit or loss	11 238 821	12 060 665
Due from other banks	2 048 936	865 932
Investment securities held to maturity	1 934 310	2 546 731
Correspondent accounts with other banks	38 941	23 993
Debt investment securities available for sale	-	2 284
Total interest income	144 182 350	110 476 684
Interest expense		
Term deposits of individuals	42 737 091	36 274 293
Term deposits of legal entities	4 030 943	3 413 922
Current/settlement accounts	3 270 567	1 478 820
Other borrowed funds	1 761 463	497 422
Debt securities in issue	1 015 643	417 739
Subordinated debt	856 512	663 338
Correspondent accounts of other banks	249 942	162 191
Term placements of other banks	118 507	199 273
Total interest expense	54 040 668	43 106 998
Net interest income	90 141 682	67 369 686

10 Fee and Commission Income and Expense

<i>In thousands of Russian Roubles</i>	Six months ended 30 June 2006 (Unaudited)	Six months ended 30 June 2005 (Unaudited)
Fee and commission income		
Cash transactions	13 257 974	9 652 778
Settlement transactions	3 529 981	2 269 730
Plastic cards operations	3 055 176	1 706 135
Operations with foreign currency	1 200 230	1 060 140
Cash collection	1 047 392	810 693
Guarantees issued	212 292	139 204
Transactions with securities	196 646	211 749
Other	391 081	257 259
Total fee and commission income	22 890 772	16 107 688
Fee and commission expense		
Settlement transactions	413 951	158 344
Operations with foreign currency	147 849	182 880
Transactions with securities	56 339	54 683
Cash collection	50 601	42 715
Other	5 351	3 263
Total fee and commission expense	674 091	441 885
Net fee and commission income	22 216 681	15 665 803

11 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 year, 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 thousands of Russian Roubles</i>	Six months ended 30 June 2006 (Unaudited)	Six months ended 30 June 2005 (Unaudited)
Profit attributable to equity holders of the Bank	37 037 108	24 632 711
Less: preference dividends	(295 000)	(189 500)
Profit attributable to the Bank's ordinary shareholders	36 742 108	24 443 211
Weighted average number of ordinary shares in issue (thousands)	18 998	18 998
Basic and diluted ordinary earnings per share (expressed in RR per share)	1 934	1 287

12 Dividends

<i>(In thousands of Russian Roubles)</i>	Six months ended 30 June 2006 (Unaudited)		Six months ended 30 June 2005 (Unaudited)	
	Ordinary	Preference	Ordinary	Preference
Dividends payable at 1 January	40 733	12 110	28 038	7 942
Dividends declared during the six months ended 30 June	5 054 000	295 000	3 304 100	189 500
Dividends paid during the six months ended 30 June	(2 518)	(1 621)	(1 370)	(732)
Dividends payable as at 30 June	5 092 215	305 489	3 330 768	196 710
Dividends per share declared during the reporting period (RR per share)	266.00	5.90	173.90	3.79

All dividends are declared and paid in Russian Roubles.

13 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 operation with securities, current accounts, deposits, overdrafts, loan and other credit facilities, foreign currency and derivative products.

The Bank does not allocate in its internal management accounting system certain types of the Bank's assets and liabilities as well as income and expenses between the segments. Such items have been presented as "unallocated" in the table below.

Segment information for the main reportable business segments of the Bank as at 30 June 2006 and 31 December 2005, as well as for the six months ended 30 June 2006 and six months ended 30 June 2005 follows:

Sberbank (Savings Bank of the Russian Federation)
Selected Notes to the Condensed Interim Financial Information – 30 June 2006

13 Segment Analysis (Continued)

Segment reporting per business segments for the six months ended 30 June 2006 is set out below:

<i>(Unaudited)</i> <i>In thousands of Russian Roubles</i>	Corporate banking	Retail banking	Unallocated	Total
Assets				
Cash and cash equivalents	-	-	76 197 662	76 197 662
Mandatory cash balances with the Central Bank of the Russian Federation	-	-	68 086 393	68 086 393
Trading securities	262 370 146	-	-	262 370 146
Other securities at fair value through profit or loss	228 180 199	-	-	228 180 199
Due from other banks	59 950 308	-	-	59 950 308
Loans and advances to customers	1 530 251 213	526 049 278	-	2 056 300 491
Investment securities held to maturity	26 810 372	-	-	26 810 372
Premises and equipment	-	-	108 429 637	108 429 637
Other assets	-	-	22 766 867	22 766 867
Total assets	2 107 562 238	526 049 278	275 480 559	2 909 092 075
Liabilities				
Due to other banks	29 830 554	-	-	29 830 554
Deposits from individuals	-	1 720 540 949	-	1 720 540 949
Customer accounts	650 141 583	-	-	650 141 583
Debt securities in issue	101 715 257	11 505 451	-	113 220 708
Other borrowed funds	73 717 252	-	-	73 717 252
Deferred income tax liability	-	-	3 069 719	3 069 719
Other liabilities	-	-	28 181 928	28 181 928
Subordinated debt	27 632 853	-	-	27 632 853
Total liabilities	883 037 499	1 732 046 400	31 251 647	2 646 335 546

Income and expense for the six months ended 30 June 2006 are set out below:

<i>(Unaudited)</i> <i>In thousands of Russian Roubles</i>	Corporate banking	Retail banking	Unallocated	Total
Interest income	94 166 275	50 016 075	-	144 182 350
Interest expense	(11 303 577)	(42 737 091)	-	(54 040 668)
Gains less losses arising from trading securities and other securities at fair value through profit or loss	4 053 361	-	-	4 053 361
Net gains arising from trading in foreign currencies	1 362 944	1 874 434	-	3 237 378
Fee and commission income	18 570 929	4 319 843	-	22 890 772
Fee and commission expense	(674 091)	-	-	(674 091)

13 Segment Analysis (Continued)

Segment reporting per business segments as at 31 December 2005 follows:

<i>In thousands of Russian Roubles</i>	Corporate banking	Retail banking	Unallocated	Total
Assets				
Cash and cash equivalents	-	-	123 368 671	123 368 671
Mandatory cash balances with the Central Bank of the Russian Federation	-	-	56 808 779	56 808 779
Trading securities	131 815 427	-	-	131 815 427
Other securities at fair value through profit or loss	227 280 891	-	-	227 280 891
Due from other banks	25 932 229	-	-	25 932 229
Loans and advances to customers	1 334 613 222	452 675 002	-	1 787 288 224
Repurchase receivable	1 658 705	-	-	1 658 705
Investment securities held to maturity	28 398 916	-	-	28 398 916
Premises and equipment	-	-	106 849 836	106 849 836
Other assets	-	-	23 725 839	23 725 839
Total assets	1 749 699 390	452 675 002	310 753 125	2 513 127 517
Liabilities				
Due to other banks	24 912 260	-	-	24 912 260
Deposits from individuals	-	1 514 301 804	-	1 514 301 804
Customer accounts	546 805 963	-	-	546 805 963
Debt securities in issue	78 776 895	8 112 633	-	86 889 528
Other borrowed funds	62 963 865	-	-	62 963 865
Deferred income tax liability	-	-	2 330 419	2 330 419
Other liabilities	-	-	14 462 112	14 462 112
Subordinated debt	29 393 050	-	-	29 393 050
Total liabilities	742 852 033	1 522 414 437	16 792 531	2 282 059 001

Income and expense for the six months ended 30 June 2005 are set out below:

<i>(Unaudited) In thousands of Russian Roubles</i>	Corporate banking	Retail banking	Unallocated	Total
Interest income	80 102 608	30 374 076	-	110 476 684
Interest expense	(6 832 705)	(36 274 293)	-	(43 106 998)
Gains less losses arising from trading securities and other securities at fair value through profit or loss	4 077 282	-	-	4 077 282
Gains less losses from investment securities available for sale	4 709	-	-	4 709
Losses net of gains from trading in foreign currencies	(5 213 585)	1 186 841	-	(4 026 744)
Fee and commission income	10 801 637	5 306 051	-	16 107 688
Fee and commission expense	(441 885)	-	-	(441 885)

14 Contingencies and Commitments

In December 2005 the Bank has performed a set-off transaction following its claim for premature termination of a secured borrowing agreement with a foreign counterparty. The netting of mutual obligations performed by the Bank resulted in a receivable in the amount of USD 120 million (RR equivalent of 3 457 202 thousand), which represented the difference between the fair value of the securities pledged and the amount of borrowings plus accrued interest.

In 2006 the Bank was successful in UK High Court and in the US District Court for the Southern District of New York for the amount of USD 124 million in respect of its court claim against the above counterparty. In June 2006 the Bank signed a settlement agreement with its foreign counterparty-defendant following the Court ruling and recorded a gain in the income statement in the amount of USD 124 million (RR equivalent of 3 346 348 thousand). The item was disclosed as a contingent asset as at 31 December 2005. In accordance with the payment schedule under the above mentioned agreement in June 2006 the Bank received USD 99 million (RR equivalent of 2 676 233 thousand).

As at 30 June 2006 the remaining receivable due from the foreign counterparty in the amount of RR 670 115 thousand has been recorded within other assets. The above receivable has been collected by the Bank in full in October 2006.

15 Related Party Transactions

For the purposes of this interim condensed financial information, 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 Central Bank of the Russian Federation (refer to Note 1). Consequently, in accordance with IAS 24 "Related Party Disclosures" (revised) ("IAS 24"), state-controlled entities and government bodies are considered as related parties of the Bank.

The table in this note represents balances and results of operations with the Bank's principal shareholder, the CBRF, and related parties other than state-controlled entities and government bodies. As required by IAS 24, balances and results of operations with state-controlled entities and government bodies are disclosed in this condensed interim financial information in Note 16.

15 Related Party Transactions (Continued)

As at 30 June 2006 and 31 December 2005, the outstanding balances with related parties were as follows:

<i>In thousands of Russian Roubles</i>	30 June 2006 (unaudited)		31 December 2005	
	The CBRF	Other related parties	The CBRF	Other related parties
Assets				
Account with the Central Bank of Russian Federation (other than mandatory reserve deposits)	3 629 508	-	26 946 095	-
Mandatory cash balances with the Central Bank of Russian Federation	68 086 393	-	56 808 779	-
Discount debt securities	145 367 917	-	24 461 159	-
Due from other banks	56 569 503	-	3 497 680	-
Total loans and advances to customers (before provision for impairment)	-	17 729 732	-	17 717 472
Provision for loan impairment	-	(478 470)	-	(479 517)
Other assets	-	39	-	10 322
Liabilities				
Customer accounts	-	493 578	-	502 566
Credit related commitments				
Import letters of credit at the year end	-	312 339	-	359 404

The income and expense items with related parties were as follows:

<i>In thousands of Russian Roubles</i>	Six months ended 30 June 2006 (Unaudited)		Six months ended 30 June 2005 (Unaudited)	
	The CBRF	Other related parties	The CBRF	Other related parties
Interest income	1 273 158	1 047 598	431 800	864 353
Interest expense	(33 130)	(9 709)	(16 111)	(12 635)
Other operating income	6	28 243	338	62 660
Other operating expenses	(115 852)	(38 003)	(103 482)	(52 335)

For the six-months period ended 30 June 2006, the remuneration of the members of the key management personnel comprised salaries and bonuses totalling RR 572 960 thousand (six-month period ended 30 June 2005: RR 127 822 thousand).

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. This financial information discloses 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 the 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 June 2006 and 31 December 2005, the outstanding balances with state-controlled entities and government bodies were as follows:

	30 June 2006 (Unaudited)		31 December 2005	
	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 thousands of Russian Roubles)</i>				
Cash and cash equivalents	-	552 798	-	3 260 632
Due from other banks	-	4 935 000	-	240 031
Trading securities	111 372 151	2 679 266	101 236 063	3 378 605
Other securities at fair value through profit or loss	212 566 902	10 512 966	210 925 430	10 716 318
Total loans and advances to customers (before provision for impairment)	97 136 640	24 760 653	84 131 924	24 178 213
Provision for loan impairment	(3 474 681)	(742 820)	(1 053 924)	(795 840)
Repurchase receivable	-	-	1 658 705	-
Investment securities held to maturity	26 810 372	-	28 298 916	-
Customer accounts	86 940 451	15 640 553	69 536 771	121 225 393

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

Income and expense items with State subsidiaries and government bodies for the reporting period were as follows:

	Six months ended 30 June 2006 (Unaudited)		Six months ended 30 June 2005 (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 thousands of Russian Roubles</i>				
Interest income	17 591 105	212 742	13 386 596	161 894
Interest expense	(806 686)	(263 577)	(642 351)	(209 882)
Gains less losses arising from trading securities and other securities at fair value through profit or loss	4 282 159	47 439	2 757 717	46 737
Gains less losses arising from securities available for sale	-	-	4 709	-
Fee and commission income	569 366	50 821	644 067	35 662

Transactions with the State also include taxes. Income tax expense amounts to RUR 12 014 972 thousand for the period ended 30 June 2006 (RUR 7 854 638 thousand for the period ended 30 June 2005).

17 Capital Adequacy Ratio

As of 30 June 2006, Capital Adequacy Ratio calculated by the Bank in accordance with the International Convergence of Capital Measurement and Capital Standards (July 1988, updated to April 1998) (or Basel Capital Accord) requirements was as follows:

	30 June 2006 (Unaudited)	31 December 2005
Core capital adequacy ratio (Tier 1)	10.4%	10.3%
Total capital adequacy ratio (Tier 1 and Tier 2)	12.2%	12.5%

18 Subsequent events

In August 2006 the Bank increased the nominal value of its ordinary and preference shares sixty times via capitalisation of the statutory revaluation reserve for premises. Consequently, all ordinary shares have nominal value of RR 3 000 per share and the preference shares have a nominal value of RR 60 per share.

On 20 October 2006, the Bank entered into a syndicated loan agreement with a consortium of foreign banks. Under this agreement, Bank received a USD 1.5 billion loan that has a three-year term and bears interest at LIBOR plus 0.3% per annum.