



Annual Report 2001

To the Management and Staff of Sberbank

12 November 2001

I would like to congratulate you with a memorable jubilee, the 160th Anniversary of the oldest savings institution in Russia.

Throughout the years Sberbank has developed into the biggest financial and credit institution of national scale and a recognised leader of the banking system of the country, the bank that is trusted by millions of clients.

Today Sberbank is making a notable contribution to implementing the economic programme of the Government of the Russian Federation, financing the real sector and assisting in high-potential investment projects in various branches of the national economy.

I am convinced that Sberbank will further maintain its excellent reputation and set an example of civilised, reliable and professional banking.

I wish you success, health and prosperity.

Vladimir Putin
President of the Russian Federation

This text is unofficial translation from Russian

STATEMENT OF THE CHAIRMAN OF THE BOARD & CEO OF SBERBANK

Sberbank has entered the new millennium as a mature banking institution. In the year 2001 the Bank celebrated its 160th Anniversary. On 12 November 1841 the Russian Emperor Nicholas I by his Imperial Decree approved the first Statute of the Savings Offices. Numerous changes that have occurred since then in the political, economic and social life of Russia had their impact on the operation and status of the entire savings system, causing transformations of its philosophy and fundamentals. But Sberbank's commitment to work for the benefit of Russia and its people remained invariable throughout the time.

Sberbank's contribution to Russia's economy was acknowledged by President Vladimir Putin in his congratulatory message to the Bank on the occasion of the 160th Anniversary when he visited one of Sberbank branches in Moscow. Many of Sberbank employees were honoured with state awards by the Presidential decree.

The dynamics of the post-crisis growth of Sberbank's net profit and return on assets not only prove its competitiveness on the domestic market but surpass those of the leading foreign banks. This visibly proves the effectiveness of the measures to streamline the Bank's management system since 2000.

The current trend in private deposits clearly shows that the banking system is well out of the crisis and that the competition is growing. Sberbank remains to be the leading provider of banking services in Russia. The sustainable growth of retail deposits is the best evidence of public trust in the Bank. Year 2001 witnessed a successful launch of new deposit products with longer maturities, which accounted for over two thirds of the total deposit growth for the year. At present, the Bank is bracing



for even more ambitious goals as there is no other way of accumulating savings to meet the demand of the real sector for long-term financing. Of paramount importance is the fact that lending to the real sector is growing proportionately to the growth of funds raised, including deposits of individuals.

Efficient lending to the real sector has been and remains the major objective for the Bank. Loans make more than 50% of Sberbank assets and for the second year running generate more than a half of its total income. Another important sector for the Bank is lending to SMEs, which exceeded RUB 100bn in 2001. Another priority for the Bank is household loans with their total volume nearly doubling over the year to increase Sberbank's share of the market to 37%.

Spectacular performance resulted in the record share price growth, positioning Sberbank among top European banks in terms of market capitalisation growth.

Showing good profits from year to year, Sberbank makes substantial contribution to the Federal budget as a major tax payer and unfailing source of finance for the economy under reform.

Summing up our progress in the Bank's jubilee year, on behalf of the Board I would like to express my sincere gratitude to our depositors, customers, business partners and shareholders for their enduring trust and mutually beneficial co-operation and thank all our staff for being reliable and professional.



Andrei I. Kazmin

SBERBANK RATINGS

1999

«The Banker» Magazine	421 in the Survey of Top 1,000 Banks in the World
Fitch	CCC long-term ¹ CC short-term

2000

«The Banker» Magazine	388 in the Survey of Top 1,000 Banks in the World
Fitch	B long-term B short-term
ROA (%)	2.24
ROE (%)	29.85

2001

«The Banker» Magazine	301 in the Survey of Top 1,000 Banks in the World The biggest by assets and No. 1 by ROE in Central and Eastern Europe
Fitch	B+ long-term B short-term
ROA (%)	3.85
ROE (%)	41.96

¹ at the sovereign ceiling

SUPERVISORY BOARD OF SBERBANK

Elected by the Annual Shareholders Meeting on 27 June 2001

Chairman of the Supervisory Board:

1. Victor V. **Gerashchenko**
-

Deputy Chairmen of the Supervisory Board:

2. Alexei L. **Kudrin**

*Deputy Chairman of the Government
of the Russian Federation,
Minister of Finance
of the Russian Federation*

3. Vladimir N. **Goryunov**

*Deputy Chairman of the Central Bank
of the Russian Federation*

Members of the Supervisory Board:

4. Alla K. **Aleshkina**

First Deputy Chairman of Sberbank

5. Boris G. **Fyodorov**

Doctor of Sciences, Economics

6. Sergei M. **Ignatiev**

Chairman of the Central Bank of the Russian Federation

7. Andrei I. **Kazmin**

Chairman of the Board and CEO of Sberbank

8. Vadim G. **Kleiner**

*Head of Analytical Department
of «Hermitage Capital Management»*

9. Vladimir P. **Kolbayev**

*First Deputy Head of the Main Department
of the Central Bank of the Russian Federation
for Moscow*

10. Georgy I. **Luntovski**

*Deputy Chairman of the Central Bank
of the Russian Federation*

11. Victor N. **Melnikov**

*Deputy Chairman of the Central Bank
of the Russian Federation*

12. Oleg V. **Mozhaiskov**

*Deputy Chairman of the Central Bank
of the Russian Federation*

13. Galina A. **Rybakova**

*Director of Branch Network Management Department
of Sberbank*

14. Vyacheslav I. **Solovov**

*Chief Auditor of the Central Bank
of the Russian Federation*

15. Alexander K. **Solovyev**

*Deputy Chairman of the Board of Sberbank,
Chairman of Tsentralno—Chernozemny
Head Office of Sberbank*

16. Arnold V. **Voilukov**

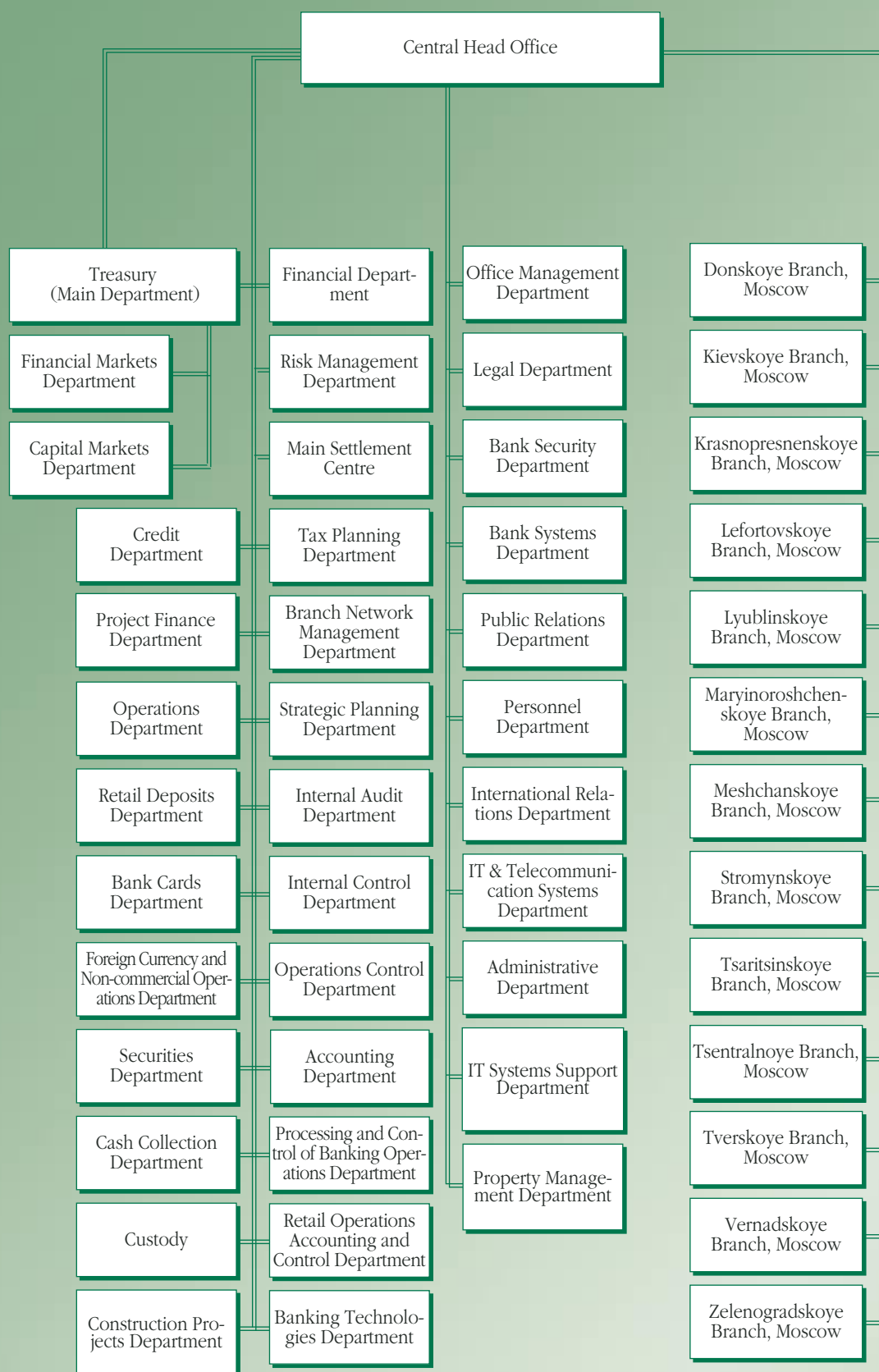
*First Deputy Chairman of the Central Bank
of the Russian Federation*

17. Bella I. **Zlatkis**

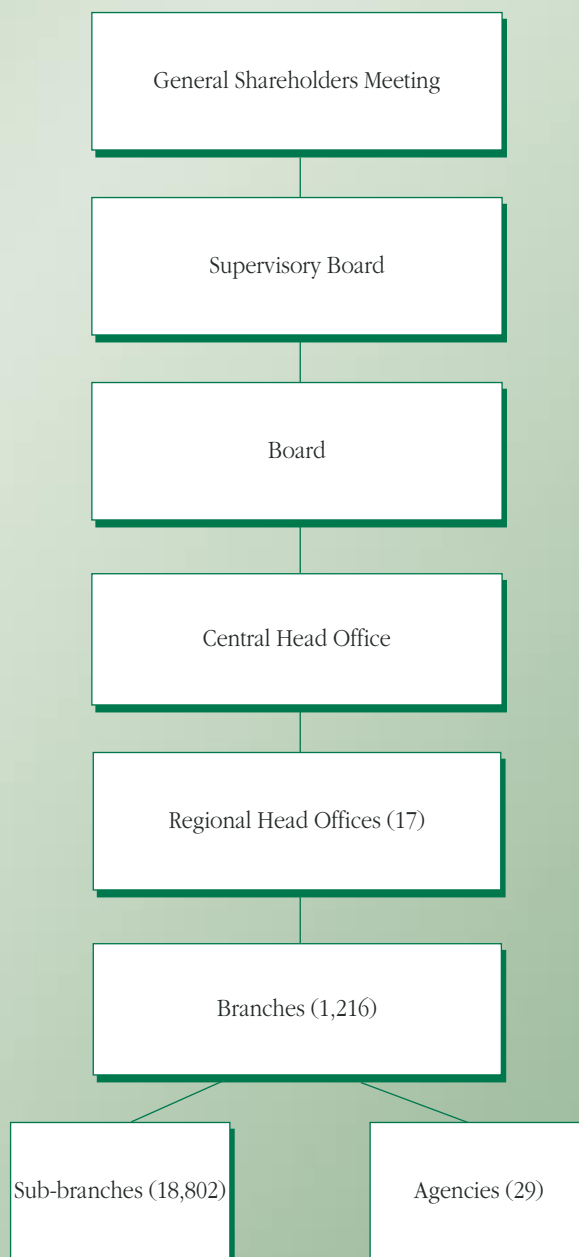
Deputy Minister of Finance of the Russian Federation

*Positions of the Members of the Supervisory Board of Sberbank are given as of 1 June 2002.
Authority of the Members of the Supervisory Board of Sberbank valid through 21 June 2002.*

ORGANISATION CHART



OF SBERBANK (as of 1 January 2002)



BOARD OF SBERBANK



*Andrei I. Kazmin
Chairman of the Board and
Chief Executive Officer*



*Alla K. Aleshkina
First Deputy Chairman of the
Board*



*Tatyana K. Artemova
Deputy Chairman of the Board*



*Alexander N. Govorunov
Deputy Chairman of the Board*



*Gennady G. Melikyan
Deputy Chairman of the Board*



*Vladimir A. Nikonov
Deputy Chairman of the Board,
Chairman of Srednerussky
Head Office*



*Andrei E. Pogodin
Deputy Chairman of the Board*



*Alexander K. Solovyev
Deputy Chairman of the Board,
Chairman of Tsentralno—
Chernozemny Head Office*



*Irina N. Bokhan
Member of the Board,
Director of Credit Department*



*Viktor V. Gavrilov
Member of the Board,
Chairman of
Severo—Kavkazsky Head
Office*



*Yevgeni A. Korolev
Member of the Board,
Chairman of Volgo—Vyatsky
Head Office*



*Andrei V. Kruzhalov
Member of the Board,
Director of Accounting
Department*



*Nikolai I. Kuleshov
Member of the Board,
Director of Financial Markets
Department of the Treasury*



*Andrei F. Manoilo
Member of the Board,
Director of Financial Depart-
ment*



*Vladimir F. Pesotski
Member of the Board,
Chairman of Altaisky Head
Office*



*Galina A. Rybakova
Member of the Board,
Director of Branch Network
Management Department*












*Viktor V. Shchurenkov
Member of the Board,
Chairman of Povolzhsky
Head Office*



*Vladimir B. Sundeev
Member of the Board,
Director of Operations
Department*

SBERBANK'S 2001 HIGHLIGHTS

The year 2001 was the second year of implementing the Concept of Sberbank Development to the Year 2005. In all strategic areas stipulated by the Concept the Bank showed higher pace of growth than in 2000, successfully complying with all the Concept targets.

-  Retail deposits in rubles and other currencies grew 1.4 times over the year, reaching RUB 490bn by 1 January 2002. The inflow of long-term deposits rose 1.6 times, accounting for 60% of the total deposit inflow.
-  Sberbank loans to the real sector grew to RUB 383bn as of 1 January 2002, demonstrating a 30% increase against the same date a year before. As of 1 January 2002 investment loans portfolio exceeded RUB 60bn, showing a 1.7 time increase against 1 January 2001.
-  Lending to SMEs grew significantly, with the turnover making RUB 85bn. As of 1 January 2002 the portfolio exceeded RUB 30bn. Moreover, Sberbank also disbursed a total of RUB 2.6bn and USD 4.3m of loans under the EBRD programme.
-  Throughout 2001 lending to individuals was growing rapidly. Loans to households more than doubled over the year exceeding RUB 30bn, 80% of the amount were long-term loans for more than 15 years.
-  Sberbank is the largest lender and investor in the Russian economy with a 40% share of the aggregate loans to the real sector.
-  While expanding the scope of lending operations, Sberbank raised the quality of its loan portfolio. In particular, the percentage of overdue loans in the total portfolio went down below 2%.
-  In 2001 Sberbank strengthened its co-operation with the major foreign banks. Current international agreements signed by Sberbank include several loan agreements with EBRD under Russia's Small Business Fund Programme, a co-operation agreement with the US Eximbank and a risk participation agreement with Sumitomo Corporation of Japan to finance a major investment project for upgrading the Russian satellite system.
-  Sberbank continued phasing in new banking technologies. Over the year the Bank issued more than 3 million bank cards. Election of Andrei Kazmin, Sberbank's Chairman of the Board and CEO, to the Board of Europay International is evidence of acknowledgement of Sberbank's achievements in this area.
-  In 2001 the international agency Fitch raised Sberbank's long-term rating from B to B+, and the Bank's rating forecast went up from stable to positive.

MAIN TRENDS OF THE ECONOMY AND BANKING SYSTEM

In 2001 Sberbank's operations developed against the background of positive changes in the Russian economy:

- GDP grew by 5%, production and services in key branches of the economy increased by 5.7% and investments into fixed capital by 8.7% respectively. Production growth was accompanied by creation of new jobs and raising employment.

- Despite a slight decline on the world commodity markets, their general condition stimulated Russia's foreign trade growth, largely due to exports, thus contributing to a positive balance in foreign trade turnover and allowing to increase national gold and foreign currency reserves.

- Monetisation of the economy increased by 2% over the year and reached 18%, non-monetary forms of settlement further decreased. Inflation rate went down to 18.6%, no sharp exchange rate fluctuations of the ruble were recorded.

- Real income of the population increased by 5.9% over the year, consumer demand kept growing and retail sales turnover grew at a fast pace of 10.8%.

- Tax revenues increased significantly. In 2001 the federal budget showed a sustained surplus of RUB 265bn or 2.9% of GDP.

Necessary preconditions for a growing demand for banking services were created by such factors as favourable trends in the economic development, increased production of goods and services, a rise in household real earnings, reduction of inflation, smooth ruble exchange rate fluctuations and positive tendencies in the government finances. All this contributed to the strengthening of Russia's banking industry and growing competition in the main segments of the financial market.

Aggregate assets of Russian banks grew by 34% and reached RUB 3,200bn or 35% of GDP (against 32% in 2000). Capitalisation of the Russian banking sector increased to RUB 612.1bn or 6.8% of GDP (6.0% in 2000).

The Russian banks radically changed the structure of their balance sheets: the share of loans to non-financial enterprises and organisations in the aggregate assets grew from 32% to 38%; the share of overdues in the aggregate



loans to enterprises and organisations decreased from 3.0% to 2.3%; investments in government securities went down from 13% to 11%. The share of household deposits in the aggregate liabilities increased significantly from 19% to 22% with a slight decrease of corporate funds in the accounts (from 19.4% to 18.5%).

However, despite the rapid development of the Russian banking system for the last three years, its main parameters in hard currency terms have not yet reached the level of early 1998. The aggregate assets and capitalisation remain respectively 9% and 19% lower than the pre-crisis level.

2001: A SPECIAL YEAR FOR SBERBANK

Last year Sberbank celebrated its 160th Anniversary. The Bank's contribution to the development of the Russian economy, the stability and effectiveness of its operation were highly assessed and valued by its clients and people country-wide. During his visit to one of Sberbank's branches in Moscow, President of the Russian Federation Vladimir Putin highly praised the accomplishments of Sberbank in accumulating retail savings and effective financing of the real sector of the Russian economy.

The year 2001 was the first year when the Bank operated taking guidance from its Concept of Development to Year 2005 adopted by the Shareholders' Meeting in June 2000 («the Concept»). Annual

results should show the Bank's ability to resolve and fulfil strategic tasks set by the Concept and testify to the importance of the Concept as part of the Bank's long-term development strategy.

2001 was also the first year when the Bank operated under its new organisational structure. The Bank's organisational structure was streamlined at the end of the year 2000. The structural reorganisation was carried out so as to cause no interruptions of the main business processes and included consolidation of regional head offices, delegation of decision-making authority on a number of issues to local offices while reinforcing control over their activities. Thus, the



Bank's management system was fundamentally changed. The performance of

the Bank in 2001 has proved the effectiveness of these changes.

SBERBANK'S POSITION IN THE MAJOR SEGMENTS OF THE FINANCIAL MARKET

The analysis of the market positions gained by Sberbank as a result of 2001 performance substantiates the objectives set out in the Concept, good timing and effectiveness of the structural and management reorganisation.

The 2001 results show that Sberbank kept its dominant position in the main segments of the Russian financial market despite growing competition and rapid development of the banking industry. Sberbank accounts for over a quarter of the aggregate assets and over 15% of capital of the domestic banking system. In retail banking its share of aggregate retail deposits in rubles and in foreign currency is 82.5% and 51.3% respectively. The inflow of corporate funds also increased. Sberbank provided over 31.6% of aggregate loans to corporate clients and 39.7% of loans to individuals. The Bank significantly increased its share in

card payments from 25% to 34.3%. Slight growth of Sberbank's share of the government securities market (from 15.6% to 17.6%) meets the maximum 20% to 25% target range set in the Concept. The Bank is expanding its presence on the market of servicing non-cash retail payments. Over the year the share of employees receiving salaries through Sberbank grew from 10.3% to 11.1% of the economically active population. The share of citizens receiving their Ministry of Labour and Social Development retirement pensions through Sberbank grew from 21.3% to 22.2% and of those receiving pensions from the Ministry of Defence, Interior Ministry and other force ministries increased from 91% to 93.1%. Sberbank maintains a major share of retail foreign exchange operations with 17.2% of foreign currency purchase and 22.9% of foreign currency sale operations.



2001 FINANCIAL PERFORMANCE

2001 annual results provide convincing evidence that the new management structure has opened totally new opportunities for financial growth and general development of the Bank. Net assets increased by 39.6% and reached RUB 797.7bn, the balance-sheet total increased by 23.6% to RUB 2,000bn. The balance-sheet profit at RUB 21.7bn exceeded the profit for 2000 by 32%, whereas net profit after tax increased 1.4 times to RUB 17.7bn. The Bank recorded an even higher rate of capital growth and more than doubled its capital (2.2 times increase) over the year.

The table below demonstrates that **the Bank significantly raised the level of its performance**. The key financials grew significantly both when adjusted for inflation (an increase of 88.9% for capital and 17.7% for assets) and when recalculated in hard currency (109.3% and 30.4% in currency equivalent respectively). The Bank maintained its return on assets employed at 3.1% and its return on equity at 31.5%, which was significantly higher than the Concept target figure of 20%. ROE and ROA of Sberbank surpass the same ratios of the biggest American and European banks.

In rubles (in billion RUB)					In currency equivalent (in million USD)		
	as of 01.01.01	as of 01.01.02	Growth (%)		as of 01.01.01	as of 01.01.02	Growth (%)
				Inflation- adjusted			
Shareholders							
equity	42.7	95.7	124.0	88.9	1,516	3,174	109.3
Net assets	571.6	797.7	39.6	17.7	20,298	26,465	30.4
Profit	16.5	21.7	32.0	11.3	585	721	23.4
Net profit	12.7	17.7	39.2	17.4	451	587	30.0
Profit per							
employee ²	83.5	110.3	32.1	11.4	3.0	3.7	23.4

²: RUB thousand / USD thousand

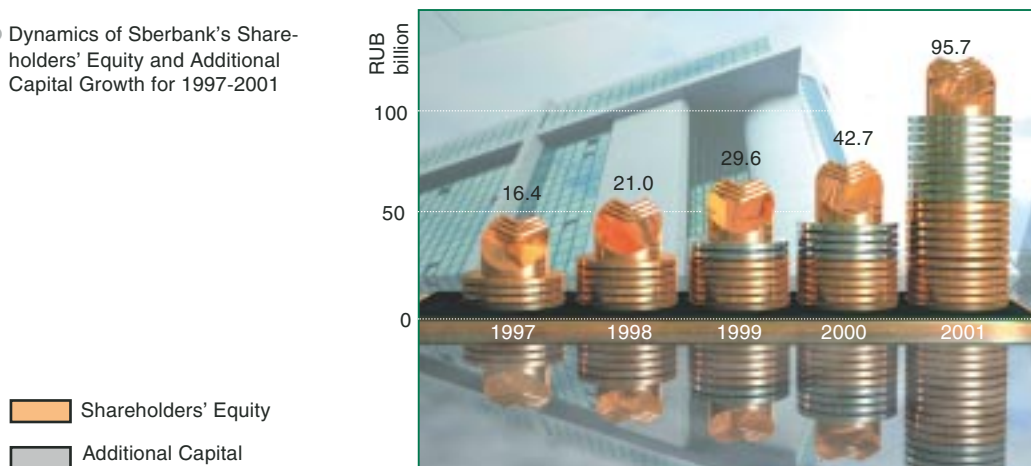
CAPITAL

Over 2001 Sberbank's shareholders equity grew by RUB 52.9bn and reached RUB 95.7bn.

In the past year the Bank used various sources for increasing its capital: 27.9% of

capital increase was generated internally; an issue of shares provided 9.4% of capital increase; the remaining capital growth resulted from fixed assets revaluation.

● Dynamics of Sberbank's Shareholders' Equity and Additional Capital Growth for 1997-2001



The rate of capital growth, which exceeded the growth rate of net balance sheet total (124.0% against 39.6% respectively), allowed the Bank to significantly strengthen provisioning for risk assets using internal sources and raise the capital adequacy ratio (CBR standard N1) to 16.5% from 10.5% at the beginning of the year as well as to raise maximum exposure to a single borrower to RUB 23.9bn, significantly increasing potential for growth of investment lending and project financing.

The latest share issue by Sberbank increased its capital by 33.3% to RUB 1bn. The Bank of Russia's participation in Sberbank's share capital increased to 63.76% of voting shares, whereas the share of individuals, including Bank employees, decreased to 7.3%. Participation of non-residents increased from 4.4% to 5.9%.

The Bank's successful performance in 2001 was a key factor in the spectacular growth of the market value of Sberbank shares from USD 22.3 to USD 77.5 per share within a year. At the same time Sberbank shares (growth rate of 248%) significantly outperformed RTS index growth of 98.5%. As a result, the Bank's market capitalisation grew sharply and exceeded the equivalent of USD 3.2bn as of 01.06.2002. In June 2002 the market value of Sberbank ordinary shares exceeded USD 170 per share.

Sberbank shares are quoted daily on the leading stock exchanges of the country: the Russian Trading System (RTS) and the Moscow Interbank Currency Exchange (MICEX). In 2001 the volume of trading in Sberbank ordinaries on the organised market made USD 179m.

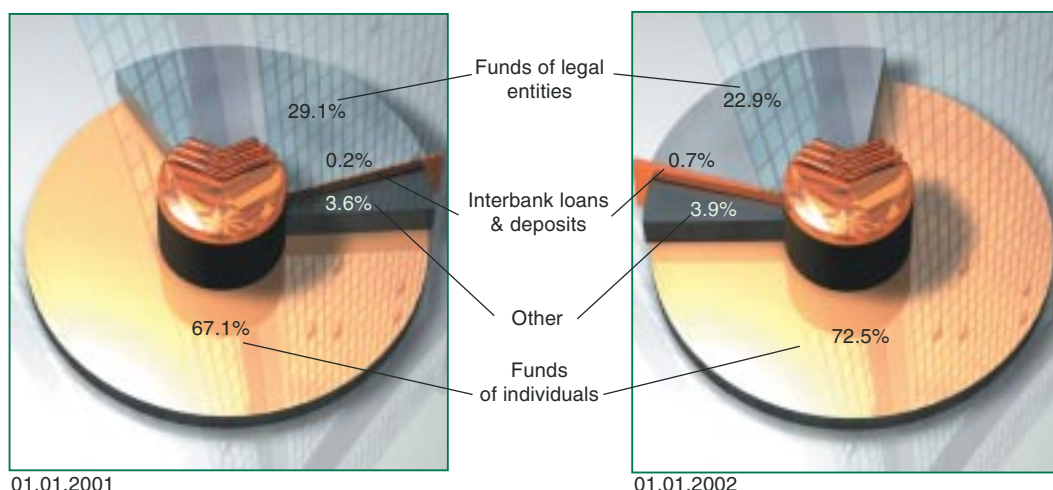
THE STRUCTURE OF ASSETS AND LIABILITIES

The major achievements of the Bank in 2001 were a steady and rapid growth of corporate and household lending in rubles and significant growth of funds raised through long-term financial instruments. They determined positive structural changes of Sberbank's assets and liabilities.

Funds of individuals have traditionally been the resource base of the Bank. In 2001 private deposits increased by

RUB 148.6bn, and the total amount of household funds (including deposits and investment in Sberbank securities) grew 1.4 times to RUB 490.4bn. The prioritised growth of long-term deposits was a significant achievement for the Bank: each second ruble deposited with the Bank by private clients was placed in a long-term deposit. As a result, the share of deposits placed for over 12 months in the total deposits grew from

● Structure of Liabilities



10% to 28.4% and the average weighted term of funding increased from 133 to 222 days.

Over the past year **funds of legal entities** increased by RUB 6.7bn. The main increment of corporate funds was generated by balances of current, settlement and budget accounts, which increased by 9.7% over the year, their share in funds of corporate clients

increasing from 68.0% to 71.5%. Funds attracted in deposits grew by 26.1%, whereas funds attracted through deposit certificates more than doubled; the share of funds attracted through these products in the total balances of corporate funds grew from 9.8% to 12.7%.

The overall economic recovery in Russia resulted in reduction of settle-

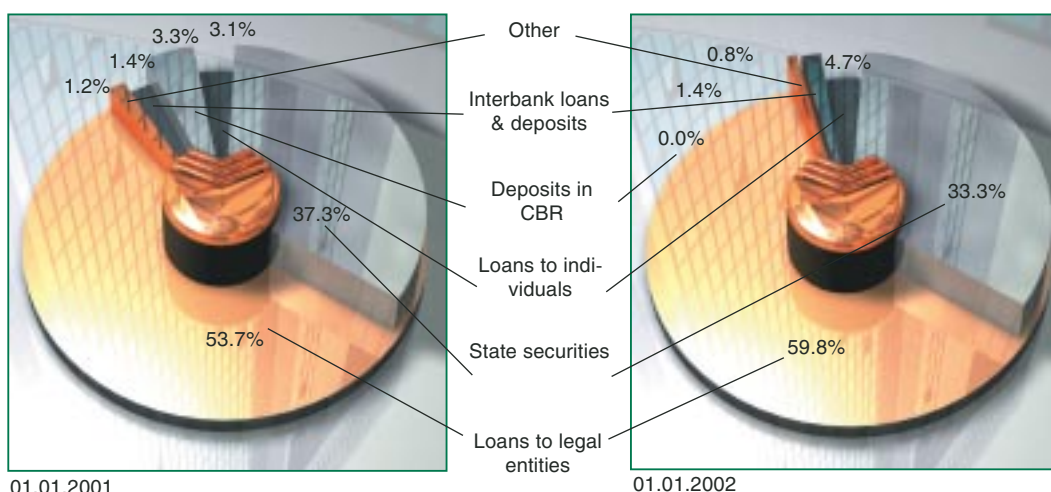
ments in non-monetary form and, consequently, in decreased investment in Sberbank promissory notes. As a result, their share in the total funds attracted from legal entities by the Bank in the past year fell from 22.2% to 15.9%.

High rate of growth of corporate lending which was maintained in 2001 at 50.3% became the key factor in positive changes in the structure of the Bank's assets and its highly effective performance in 2001. The share of loans to legal entities in working assets increased by 6.1% to achieve 59.8%. Significant growth of house-

hold lending at 103.2% over the year increased its share in working assets from 3.1% to 4.7%. The loans outstanding total increased 1.5 times to reach RUB 427bn. The high growth of lending allowed the Bank to successfully place its excessive liquidity. The deposits with the Bank of Russia decreased significantly by RUB 15.4bn.

Notwithstanding the increase of Sberbank's placement **in government securities** in terms of value (20.8% increase), a higher growth rate of the Bank's lending combined with

Structure of Sberbank's Working Assets



decreasing domestic government debt and the resulting contraction of the market for government debt securities, brought a 4.0% reduction of investments in government securities, down to 33.3% of the Bank's working assets.

Generally, working assets grew at a higher rate than liabilities (35.2% against 32.7% respectively), which resulted in the growth of the funds util-

isation ratio from 92.1% to 95.9%. Equity to assets ratio rose from 7.7% to 12.2%.

In 2001 allocation to mandatory reserves with the Bank of Russia made 33.3%, which was a significant percentage of non-working assets. During 2001 these reserves increased 1.3 times and exceeded RUB 53.5bn (6.7% of the Bank's assets).

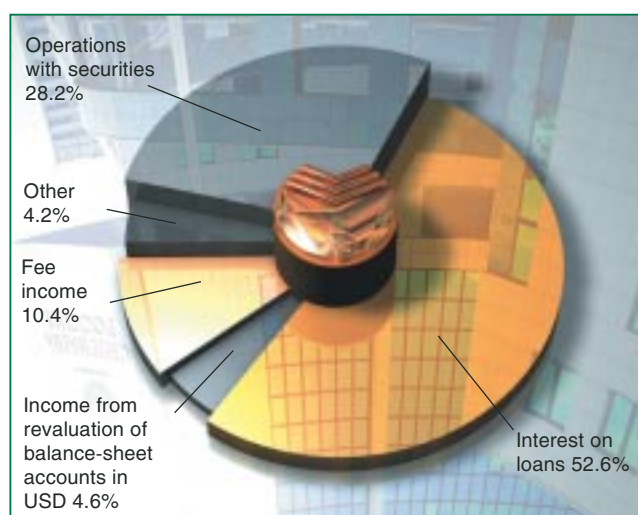
THE STRUCTURE OF INCOME AND EXPENSES

Fundamental changes in the structure of assets and liabilities directly affected the structure of Sberbank's income and expenses.

Income for 2001³ made RUB 341.4bn. The main source of Sberbank's income

which determined high income to expense ratio was primarily lending business. Interest income increased 1.3 times over the year and exceeded RUB 56.0bn with its share in the total income⁴ growing by 4.1% to 52.6%. Income from operations

● Structure of Sberbank's Income in 2001



with securities remained a significant item accounting for 28.2% of the total income. As in 2000, the share of revaluation of foreign currency accounts in the total income remained insignificant (4.6%).

In 2001 the Bank's **fee income** increased by 44% and reached RUB 11.9bn. Its share in the total income increased to 10.4%. Fee income reached 15.8% of the Bank's net operational income significantly surpassing the mini-

mum target figure of 15% set out in the Concept. Over 80.5% of the aggregate fee income was generated by fees from cash operations (44.2%), settlements (24.9%) and operations with instruments in foreign currency (11.4%).

Interest payable on household accounts and deposits, which accounts for 39.2% of expense incurred by the Bank in 2001, remained the main expense item for Sberbank. The Bank

³ without revenues and expenses on inter-branch operations

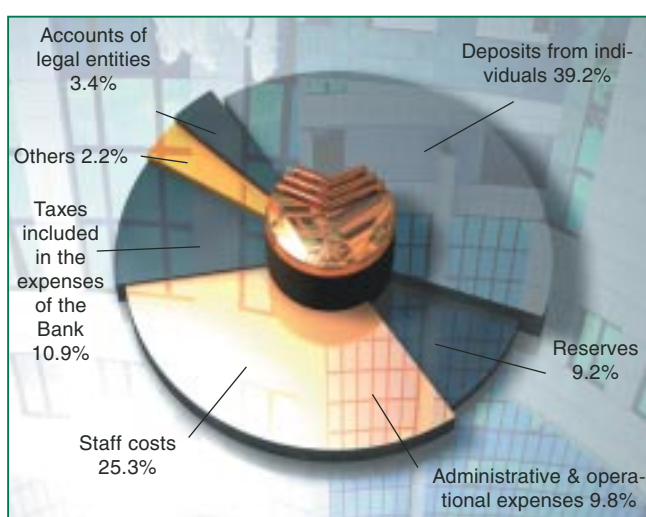
⁴ hereinafter shares in the structure of revenues and expenses are shown without revenues and expenses on inter-branch operations; revenues and expenses on revaluation of accounts in foreign currency, operations with government securities and reserves are balanced.

remains the largest tax payer in the country. In 2001 total payments to the budget made RUB 14.1bn, 28.7% of these were taxes and levies charged against profit. The share of administrative expense in the total expenses (8.2% against 8.1% in 2000) remained practically unchanged and with the operational costs taken into account it made 9.8% of the Bank's expenses. At the same time the intra-bank costs of banking services were

reduced due to a higher growth rate of average working assets.

It should be noted that significant staff costs result from the long payroll of Sberbank and exacting requirements towards the professionalism and qualification of employees in the environment of ever growing volume and complexity of the Bank operations. Currently the average monthly salary per employee in Sberbank is comparable with the average for finance industry⁵.

● Structure of Sberbank's 2001 Expenses



RISK MANAGEMENT

Implementing a conservative policy of risk management Sberbank continued development of evaluation, analysis and management systems for the major risks. For the purpose of controlling market risks the Bank has preserved the system of centralised management of risk limits on major counter-parties, limits by

regional segment and sector of industry, structural limits and the single interest rate and tariff policy for the entire Sberbank's network. The Bank has created and is working to improve the system to control and monitor financial risks. Apart from procedures of preliminary, current and follow-up control by independent

⁵ based on the data of Goskomstat (State Statistics Committee)

structural subdivisions of the Bank (Internal Audit Department, Operational Control and Internal Control Departments) the Bank has implemented automated procedures for controlling operations on the money and securities markets and large volume client operations in Moscow. The Bank has begun to implement these procedures in the regions.

The system for evaluating and measuring market, credit and liquidity risk based on the standard methodologies of the Bank of Russia has been supplemented by in-house developed methods and techniques: evaluation of interest rate risk by modified duration; stress-testing by a range of parameters; the scenario analysis of financial consequences of market rates changes; elements of VaR methods; historical analysis by separate categories of assets and liabilities.

The Bank strictly adheres to the standards (ratios) of the Central Bank of the Russian Federation. In 2001 Sberbank strictly complied with all standards with a wide safety margin for the majority of the regulatory standards.

Taking into account the rapid growth of the credit portfolio the Bank pays special attention to control and management of **credit risk**. The centralised sys-

tem of credit risk limits, controls and risk management is being continuously enhanced through improvement of methods for controlling major credit risks and their concentration. The Bank applies the system of credit risk limits for keeping under control exposures accepted by the Bank. The Head Office established risk limits for 59 major corporate clients, 72 resident banks, 84 non-resident banks, 15 Russian subsidiaries of foreign banks, 44 executive bodies of sub-federal level and 30 countries as well as structural limits and constraints for conducting certain banking operations. The system of internal rating for major counter-parties of the Bank was developed to assess the category of the borrower's credit risk and provide for more precise evaluation of the borrower default probability. Based on the category of credit risk the Bank limits its borrower exposure. The procedures for credit operations currently used at the Bank along with the regulatory requirements of the Bank of Russia take into account more rigorous international audit criteria for evaluating credit risk.

Maintaining high rate of its credit portfolio growth, the Bank succeeded in raising the portfolio quality. Loans over-



due decreased from 2.3% to 1.7% of the total; the share of performing loans (risk-weighted «category 1» under CBR classification) exceeds 91%. Over the year the ratio of provisions to loans outstanding decreased from 6.2% to 5.5%. During 2001 the volume of overdue on sub-federal securities decreased by 89% down to RUB 13m. There was not a single instance of the counter-party bank defaulting in respect of credit risks accepted by Sberbank. In 2001 the number of borrowers included in the calculation of the large exposure ratio (CBR Standard N7) was reduced from 16 to 7 and as of 01.01.2002 the ratio for Sberbank was 115.8%, which is significantly below the admissible maximum.

The ramified branch network and the growth of balances in the accounts of legal entities predetermine the Bank's close attention to **liquidity risk**, which is managed under a single policy («Sberbank Policy for Control and Management of Liquidity»).

Throughout 2001 the Bank had sufficient liquid assets for meeting all of its current liabilities, which is reflected in high value of Sberbank's quick liquidity ratio (CBR Standard N2) (75.3% - 96.5% during 2001). Sberbank's effort to extend the tenor of household deposits, growing volume of mid-term borrowing by legal entities, development of overdraft and short-term lending ensured the current liquidity ratio (CBR Standard N3) growth to 85.5%. Growth of capital and long-term liabilities (2.2 times and 8.6 times respectively) had a positive impact on decreasing the value of long-term liquidity ratio (CBR Standard N4) to 56.5%.

The main instruments for managing **interest rate risk** are strict limits on the volume of investment and long-term credits, constraints on the time structure of the portfolio of securities, implementation of a single interest rate policy. In 2001 results the Bank has managed to significantly reduce the sensitivity of the financial result to the change of short-term interest rates of the national currency.

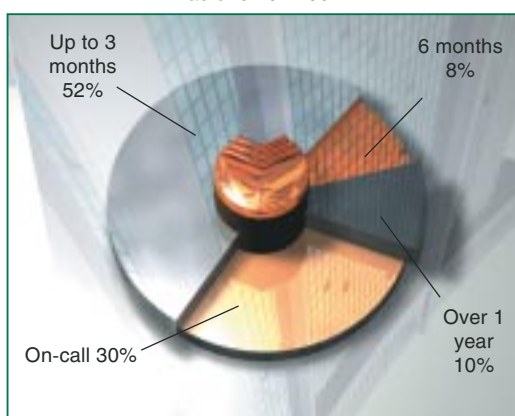
On the whole, the existing balance sheet structure ensures a moderate level of interest rate risk and resilience of the Bank to fluctuations of market rates. These results were achieved, mainly, through undertaking targeted measures on increasing the attractiveness of long-term deposits and reducing the share of household demand deposits, which comprised a significant part of the Bank's liabilities.

The **currency risks** in the Bank's balance sheet were reduced. The Bank has insignificant open positions in all foreign currencies except the US dollar. The open balance sheet position has been reduced by half, and the ratio of open currency position to net assets has decreased from 13.9% to 5.3%.

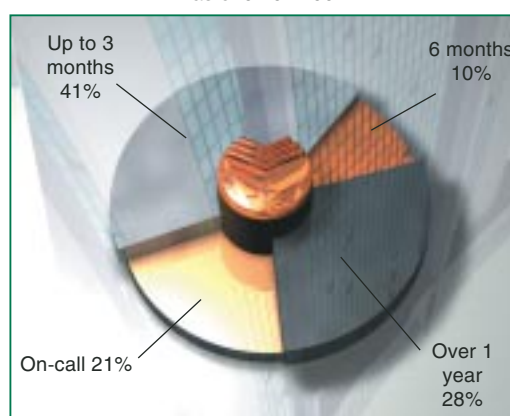
For the purpose of limiting the **market price risk** all investments in securities are made under a strict policy on limits. Apart from the limits on investing in each type of securities and limits on the portfolios there is also a limit on investment per issuer. Practically all operations on the stock market are carried out by the Bank's treasury on a centralised basis on requests from regional offices. Due to a high risk of investments on the market of corporate,

● Term Structure of Sberbank's Deposits

as of 01.01.2001



as of 01.01.2002



sub-federal and municipal securities, operations are conducted only with securities included in Sberbank's own listing. Investments in corporate securities account for less than 0.3% of the Bank's net assets.

Despite the growth of the securities portfolio over the past year, the Bank evaluates the market risk level as acceptable: high sensitivity of the GKO/OFZ trading portfolio towards changes of market rates is kept in check by establishing constraints on the maturities structure of the portfolio, so that a 10 percentage point growth of yields on the

GKO-OFZ market would cause a negative revaluation of the portfolio at less than 6.5% of the Bank's capital.

The year-end results of the Bank show a **significant reduction of the general level of risk**: the crisis scenario co-occurrence of the credit risk and all types of market risks shall make charge of 34% of the Bank's capital which is lower than the level at the beginning of the year (59%). Such level of risk capital is acceptable and confirms that the Bank is implementing a conservative policy of risk management, based on internationally accepted standards.

FUNDING

Positive changes that took place in the Russian economy in 2001, the growth of the real income of households, their high level of trust in Sberbank, supported by a balanced interest rate policy considering interests of various social and age groups, have contributed to creating favourable conditions for developing the savings activity of the public, which resulted in

high inflow of funds to deposit accounts in the past year.

In 2001 the Bank raised a total of RUB 104bn and USD 1.3bn to ruble and currency accounts, which was higher than in 2000 by 26.8% and 19.3% respectively. Similarly to 2000, the growth of currency account balances (144.7%) exceeded the growth of ruble account balances

(140.0%). The account balances grew to RUB 364.3bn and USD 4.1bn respectively.

The inflow of funds to deposits was ensured both by the existing client base and by attraction of new clients. In 2001 the number of ruble deposit accounts increased by 4.6 million to 237.2 million accounts, currency deposit accounts increased 1.2 times to 2.2 million accounts. The average ruble deposit grew 1.3 times over the year and at the beginning of 2002 amounted to RUB 1,536; the average currency account increased by USD 249.6 to make USD 1,875.6.

The specific feature of the past year was growth of household funds in deposits of over one year, which allowed to launch new long-term deposit products in August 2001: a 3-year «Pension Plus Sberbank» deposit for retirement, a 5-year «Sberbank Salary Deposit», a 2-year «Sberbank Cumulative Deposit»; a 2-year hard currency «Sberbank's Jubilee Rent» deposit and a 13-month «Sberbank's European» deposit.

An analysis of new deposit products shows that they are in demand. The most popular ones are ruble deposits for retirement: the «Pension Plus Sberbank» and «Sberbank Fixed 2-year Pension Deposit», which have attracted RUB 42.2bn and RUB 7.9bn respectively.

The «Sberbank Cumulative Deposit» (RUB 2.3bn raised) is in demand among clients, which represent the economically active and high income group. Among the new types of deposits in foreign currency the most popular is «Sberbank's Jubilee Rent», with USD 63.7m accumulated in deposits.

Considering the growing interest towards Euro and in connection with the introduction of Euro banknotes and coins from 1 January 2002 and withdrawal of national EEU and ECU legacy currencies from circulation, the Bank has introduced a new product: «Sberbank's European Deposit» for 13 months, which was in demand among the depositors, attracting EUR 59.1m over a period of four months.

The efforts undertaken by the Bank brought tangible progress in achieving the strategic objective of extending the tenor of funds in deposits: over 2001, more than half of the funds inflow from individuals was placed in long-term deposits, and the share of deposits over 1 year in the total ruble deposits increased by 21.2% to achieve 32.5%; long-term deposits in the total currency deposits increased by 11.1% and amounted to 16.7%.

In the past year the seasonal factors had no impact on the deposit growth. However, it should be noted that the



tragic events of 11 September 2001 in the US led to a USD 18.9m decrease in the currency deposits. However, this insignificant currency outflow was compensated by a substantial inflow to ruble accounts. Moreover, in October the growth of currency account balances resumed and gained momentum from November 2001. The past year was characterised by a record high foreign currency inflow of USD 241m in December 2001. Thus, over the year the average

monthly inflow to currency deposits exceed the level of inflow recorded by 1 September 2001.

In 2001 Sberbank participated in the implementation of a number of **government programmes**. It continued with the disbursements under the internal government debt repayment in execution of Resolution N 222 of the Government of the Russian Federation dated 19.03.2001; the actual amount of pay-outs over the accounting period made RUB 6.7bn.

● Dynamics of Growth:
Household Accounts
(RUB & USD) in
Sberbank 1997-2001

● Dynamics of Growth:
Sberbank's loan portfolio
(incl. claims on individuals equal debt),
1997-2001



Under the 2001-2004 state programme of internal government debt repayment on commodities- and goods-related obligations of the state RUB 168.5m were paid out (Resolution of the Russian Federation Government N 1006 dated 27.12.2000). Repayment of the internal debt of the former USSR to individuals holding special (ruble) accounts was continued in accordance with RF Government Resolution N 1626-r dated 27.11.1995; total payments amounted to RUB 7.9m. Under agreement with the Ministry of Finance of the

Russian Federation RUB 105.3m were transferred to the deposits of 1,153 individuals as one-off subsidies to the participants of the counter-terrorist actions conducted in the North Caucasian region and their families.

In 2001 Sberbank increased its daily average balances of **funds of legal entities** by 14.6% to RUB 130.8bn by developing addressed sales of banking services combining standard products with a personalised approach to each client. The total number of clients grew by 6.5% during the

year and as of 01.01.2002 reached nearly 1.2 million legal entities or 21% of all enterprises and institutions registered in the country.

Balances of corporate ruble accounts make up the bulk of funds raised by the Bank from legal entities accounting for 85% of the total funds of legal entities as of 01.01.2002. The balances of corporate settlement and current accounts in rubles grew by 11% and their total exceeded RUB 83bn. The highest growth of 18.3% was recorded for ruble deposits.

The total number of current accounts of legal entities in foreign currency opened with the Bank increased to 90,500, at the same time their average daily balances reached USD 318.2m as of December 2001.

In the same year the average daily account balances of budget and non-budget funds showed a modest 1% increase to RUB 18.4bn, their share in the attracted funds reduced to 2.7%. The accounts of 920 departments and branches of the Federal Treasury are maintained by the Bank.

Sberbank's client base analysis may be summed up as follows: funds of industrial enterprises make up a significant 24% of the total in the settlement (current) accounts of legal entities. In their breakdown by industry the main industries represented are engineering and metal-working industry at 15%, food industry at 12%, fuel industry at 11% and enterprises of other industries accounting for 17%.

The Bank's ability to provide comprehensive services to the country's major enterprises with a developed country-wide regional representation ensures loyalty of a significant number of large corporate clients serviced by the Bank

whereas its ramified branch network can meet the requirements for high quality banking services of small and medium-sized businesses. This explains the Bank's universal client base, which includes enterprises of federal significance, natural monopolies, small and medium-sized enterprises and private unincorporated entrepreneurs. The Bank aims at establishing long-term mutually beneficial relationships with each of them. Over 61% of the Bank's clients are trade intermediaries (27.8%), unincorporated entrepreneurs (21.5%) and public organisations (12.3%).

Notwithstanding the decrease of promissory note settlements in the country's economy, the Bank retains its leadership on the market of **bank promissory notes**. Issuance and payment turnover for promissory notes of Sberbank grew by 10% to RUB 458.2bn and RUB 466.4bn respectively. As of 01.01.2002 the total funds raised through Sberbank's promissory notes amounted to RUB 25.4bn. The launch of Euro-denominated promissory notes (from November 2001) by the Bank was one of the special features of the last year. The average circulation cycle was reduced (from 24 to 19 days for ruble promissory notes and from 112 to 110 days for currency promissory notes).

The volumes of **Sberbank certificates** placed (deposit certificates for legal entities and savings certificates for individuals) increased. Funds raised through certificates reached RUB 3.3bn. Over RUB 11.3bn worth of deposit certificates and RUB 1.2bn worth of savings certificates were sold over this period (a 4.5 and 5 time growth respectively compared to 2000).

FUNDS PLACEMENT

Guided by the Concept, **Sberbank continued to raise the quality of and return on its credit portfolio, giving priority to lending to households and financing the real sector.** Over the past year, the Bank issued ruble loans worth 983.1bn and loans in hard currency worth USD 68.9bn to corporate and retail clients. The Bank not only increased its credit portfolio by 52% to RUB 427bn but also its investment in the real sector from 86.4% to 89.7%.

The Bank is the leader in the Russian banking sector in terms of investment made in the economy and by the maximum size of a loan issued to a single borrower. Loans range by maturity from several days (overdraft credits grew 2.4 times within 1 year and reached RUB 11.9bn) to 10 years, with retail lending tenor extended in some cases to 15 years. Considering the domestic economy demand for long-term investments, Sberbank notably increased **long-term lending to the real sector.** In 2001,

investment and project finance loans portfolio grew two-fold in ruble terms. The total long-term loans portfolio exceeded RUB 59bn by the end of the year, including 32.6bn ruble and USD 877.5m currency-denominated loans.

Loans to industry dominate in the Bank's credit portfolio accounting for 56.9% (previously 52.1%), or RUB 242.8bn. Of all long-term investments, 53% (over half) were made by the Bank in industrial companies. The Bank's biggest borrowers include natural monopolies of federal importance such as RAO UES and OAO Gazprom; major companies in the oil sector such as OAO Tyumen Oil Company (TNK), OAO NK Rosneft, OAO Tatneft, ZAO LUKOIL-Perm, OAO Nord Oil. Substantial loans were provided to major enterprises in ferrous and non-ferrous metallurgy sectors: OAO Bratsk Aluminium Plant, OAO Krasnoyarsk Aluminium Plant, OAO United Company Siberian Aluminium, OAO SUAL. The Bank is a lender to OAO Severstal, OAO Uralelectromed, OAO Kuznetsk



Ferroalloys, OAO Taganrog Iron-and-Steel Works, OAO Magnitogorsk Iron-and-Steel Works. In the chemical sector, the Bank is involved in general co-operation with Akron, OAO Nevinnomyssk Azot, OAO Nizhnekamskneftekhim.

Sberbank is developing partnership relations with a number of companies in the defence sector, in the areas of dual military- and civil-purpose production. The Bank has launched a general co-operation programme with OAO TVEL, a major company of the Russian Ministry for Nuclear Industry.

Substantial loans were granted to the Joint Stock Company ALROSA to finance elimination of the consequences of the recent flood and restore the industry infrastructure in Lensk, Republic of Sakha Yakutia.

The Bank is a lender to the engineering (OAO Gorkovsky Motor Works), tube rolling (OAO Seversky Tube Mill), paper production (OAO Archbum, OAO Solombalsky Pulp and Paper Mill), jew-

ellery (state enterprise PO Kristall) industries.

Loans to gold and silver mining industries grew 1.9 times in rubles and 1.6 times in foreign currency respectively.

Project financing of glass production (OAO Borsky Glass Factory) became a new area of Sberbank's investment operations.

The Bank stepped up its investment lending to **finance housing and commercial construction**, and to companies engaged in construction of offices, trade outlets, hotels, entertainment, sports, recreation, commercial health-care and other social infrastructure facilities. The portfolio of loans to this sector increased to RUB 15.7bn. The Bank financed construction of 1,159,700 sq. metres of floor area, including 782,900 sq. metres of housing (apartments), of which 252,700 sq. metres were sold in 2001. The Bank financed housing construction projects in Moscow, Penza, Volgograd, Kostroma,

● Dynamics of Growth:
Sberbank's Outstanding
Corporate Loans
1997–2001



Stavropol, Tver, Kaluga, Yekaterinburg, Voronezh and other cities.

Lending to **construction industry** rose to RUB 20.7bn.

In 2001 a tangible growth was recorded in loans issued to **carrier companies**, which accounted for 17% of the Bank's long-term investment portfolio (OAO Chernomortransneft, OAO North-West Fleet, OAO Aeroflot – Russian Airlines).

The Bank is building up co-operation with **telecom companies** (state enterprise «Space Communications», Moscow City Telephone System (MGTS), OAO Uralsvyazinform).

Loans to **agricultural and food** companies showed a notable growth of 1.7 times, reaching RUB 36.2bn. In 2001, Sberbank's regional head offices issued ruble loans totalling 25bn and USD loans totalling 1.4m to producers in agriculture, the portfolio of loans to this sector made RUB 12.9bn (01.01.2002).

Under the government programme for agriculture development, providing

agricultural producers partial subsidy for interest expenses from several budgets, the Bank extended loans totalling RUB 9.2bn.

Sberbank's lending to **trading companies and trade intermediaries** increased 1.5 times to RUB 63.3bn. The lending development priorities set forth by the Concept include facilitation of **export / import operations**. For this purpose, Sberbank's sub-branches granted loans amounting to RUB 11.9bn and USD 246.6m, including L/Cs totalling RUB 2.4bn and USD L/Cs worth USD 37.9m. The portfolio of foreign trade loans in roubles grew over the year from 3.7 to 9.2bn, foreign currency loan portfolio grew from USD 300.9m to USD 504.3m. The aggregate portfolio of foreign trade loans doubled over the year, including a 2.6-time growth in pre-export financing.

The Bank expanded issuance of **guarantees**, including performance bonds, advance repayment and customs guarantees. In 2001, Sberbank through its



branches issued 272 guarantees worth RUB 295m, USD 2.4m and EUR 2.5m.

Along with financing major borrowers and enterprises of federal importance, the Bank has increased lending to **small and medium businesses**. In 2001, credits amounting to RUB 107.6bn and USD 26.5m were provided to small businesses and unincorporated private entrepreneurs through the regional branch network of Sberbank. As of 01.01.2002, this loan portfolio made RUB 30.8bn (RUB 30bn and USD 26.1m), including RUB 7.5bn of loans issued to unincorporated entrepreneurs. Lending to small and medium businesses is a priority for Sberbank, undisputably evidenced by more than 31,000 loan agreements under one million rubles each in the loan portfolio.

Since 1994 Sberbank has been working in co-operation with the European Bank for Reconstruction and Development (EBRD) under Russian programmes of small business development and trade facilitation. Last year, twelve regional

head offices and ten Moscow branches participated in the programmes issuing more than 13,000 loans totalling RUB 2.6bn and USD 4.3m

Retail lending in rubles and foreign currency developed rapidly. In 2001, the Bank issued household loans totalling RUB 28.7bn and USD 32.1m. The retail loans portfolio doubled to 30.1bn rubles (including loans in rubles to 28.8bn and USD-denominated loans to 45.1m).

Loans to cover urgent requirements were in the highest demand accounting for 93.1% of the total retail loans portfolio. The majority of foreign currency loans (52.6%) are loans for buying housing.

Under the Presidential Programme «Housing Certificates», Sberbank continued lending to servicemen for buying housing. In 2001 the Bank issued loans totalling RUB 3.4m, loans outstanding at the year-end amounting to RUB 5.5m. Sberbank branches opened 18,637 special purpose accounts for keeping funds to be used exclusively

● Sberbank's Outstanding Retail Loans, 1997-2001



for housing purchase by public housing certificate holders, the aggregate subsidies thereunder totalling RUB 5bn.

Express loans against pledge of securities preserved their attractiveness for private borrowers. Tied retail loans collateralised by high value durable goods, furniture, motorcars etc. (hire-purchase loans) and loans to pay for education ('education loans') were developing, too. In 2001, Sberbank launched new loan products such as loans to employees of corporate clients of Sberbank against a corporate guarantee ('corporate loans'); loans collateralised by precious metals in bars; loans for telephone installation and connection (the 'people's telephone'). In 2002 the Bank intends to raise the share of new loan products in the aggregate retail loan portfolio to at least 5%.

Working with the sub-federal administrations of various levels, the Bank is financing target investment programmes for the development of regional economies and up-to-date infrastructure, enhancement of Russian regions' investment attractiveness and social stability. In 2001 financing of **state executive bodies** reached RUB 6.1bn with the portfolio of loans to the constituent entities of the Russian Federation or against their guarantees making RUB 5.7bn as of 01.01.2002.

Interbank lending was mainly limited to short-term placement for liquidity management purposes. Interbank loans as of 01.01.2002 totalled RUB 9.0bn. The share of interbank loans in the Bank's loan portfolio decreased from 2.5% to 2.1% over the year.



SECURITIES AND MONEY MARKET OPERATIONS

The Bank continued developing its **operations in the securities market**. Over 2001 the Bank's securities portfolio grew by 20.3% reaching RUB 216.7bn. As before, the Bank's securities portfolio is dominated by the government securities that account for 98% of the portfolio.

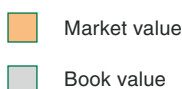
Contraction of the ruble-denominated government bond market notwithstanding, it was investment in GKO – OFZs, increased to RUB 92.9bn, that was the major contributor to the growth of the securities portfolio.

The Bank retained its positions of the biggest operator on this market with the value of transactions amounting to more than RUB 101.5bn (RUB 30bn in 2000) or 58% of the market turnover. Significant growth in GKO – OFZ prices over the year generated a RUB 4bn mark-to-mar-

ket revaluation reserve surplus on the investment portfolio.

Investments in government securities denominated in foreign currency decreased by USD 26.3m compared with 2000, down to USD 0.97bn and USD 2.99bn for OVGZs and Russian Eurobonds respectively. The Bank sustained its active presence in this segment of the market with the deals in OVGZs and Russian Eurobonds amounting to USD 5.7bn par value (against USD 2bn in 2000). The rally in the market for Russia's external debt and the Bank's efforts to optimise the portfolio of currency-denominated securities have had a tangible effect. The current market value of Sberbank's Russian Eurobonds portfolio exceeds its book value by more than USD 1bn. The market value of the OVGZ portfolio is USD 83m over its book value.

● Book and Market Value of
Sberbank's State Securities
Portfolio as of 01.01.2002



Sberbank's investments in **sub-federal loans** grew by 50% over the last year to RUB 2.2bn, or 0.3% of net assets.

Last year Sberbank's investments in the shares of joint stock companies went down by RUB 334.7m totalling RUB 2.2bn as of 01.01.2002, or 0.3% of net assets. Considering high risks, no significant placement of own funds is envisaged on the stock market. Following rigorous limit policy for trading portfolios, the Bank is perfecting its operations towards better execution of client orders.

In optimising its long-term investments, the Bank reduced its consolidated bank group by 13 companies from which the Bank thought best to withdraw. As of 01.01.2002, Sberbank's consolidated group was comprising 44 organisations including 36 subsidiaries. Investments in subsidiaries and affiliated companies are negligible, at less than 0.02% of the Bank's net assets.

As a leading operator on practically every segment of the securities market, the Bank is successful in providing brokerage services. Over the year the number of the Bank's clients went up 1.6 times, agreements with private investors accounting for 85% of the increase. Over

the year, client operations amounted to RUB 2.7bn on the government securities market and RUB 958m on the corporate equity market respectively.

The money market operations were also successfully developed by the Bank. It maintains leadership on the FX market in ruble/dollar and ruble/euro operations and has developed into a major market-maker on the significantly increased swap operations segment of the domestic money market. Operations on the ruble/dollar market were growing and – for the first time since 1998 – exceeded the pre-crisis level, totalling USD 47.8bn.

A single exchange rate policy that the Bank is pursuing across all of Russia in determining foreign currency buy and sell rates helped it to maintain (unlike many other commercial banks) stability of buy/sell rates at all its exchange offices across the country following 11 September 2001.

On external money markets Sberbank was successfully dealing in more than twenty national currencies. These operations totalled more than USD 10bn, which is twice the figure for the year 2000. Sberbank is the only bank in Russia



to offer a wide range of services for currencies with limited convertability and is a leading operator in Ukrainian hryvnias, Belorussian rubles, Kazakh tenges, Baltic currencies, Czech crowns, Polish zlotys and Indian settlement rupees.

While expanding its banknote operations across Russia, Sberbank has retained its share on the foreign currency cash market. A major operator on the banknote market, the Bank provides full

range of banknote operations in more than 60 currencies. The Bank accounts for 21.3% of the total foreign cash import to Russia by credit institutions and for 45.5% of foreign cash export. Making the necessary arrangements for euro cash operations, the Bank imported EUR 40m in December 2001 becoming practically the only Russian bank to offer with effect from 1 January 2002 full banknote service for euro across all Russia.

DEVELOPMENT OF BANKING SERVICES

The Bank has traditionally been a leader in the major segments of the retail services market. Household payments went up by 50% over the year reaching RUB 172bn, and the total of executed payments exceeded RUB 674m. Tax and other household payments to the budget and off-budget funds exceeded 151.5 million in number totalling RUB 47.8bn.

Payment transfers from deposit accounts and operations with Sberbank's settlement cheques also increased in number and value. Over the year under review, the Bank executed 5.4m payment orders, both in rubles and foreign currency. Total payments went up 1.3 times equalling RUB 32.3bn. In 2001, the Bank effected 105,000 ruble payments (without opening an account), totalling RUB 350m, which is twice the figure for 2000. In addition to remittee and remitter notices for transfers without opening an account the Bank launched a new service of attaching remitter-to-remittee text messages to regular payment notices in October 2001.

The new service is gaining popularity with the clients. Settlements across the border, without opening an account, exceeded the 2000 year figure 1.7 times, and the remittances to Sberbank private clients from abroad (without opening an account), 1.8 times respectively. The Bank has recorded growth of non-commercial payments without opening an account, practically in all regions of Russia.

In 2001 the Bank issued 47,700 settlement cheques (a 1.3-time growth over the year), their value growing 3.2 times to RUB 689.5m. The average value per settlement cheque issued by Sberbank branches grew 2.4 times to 14,500 rubles.

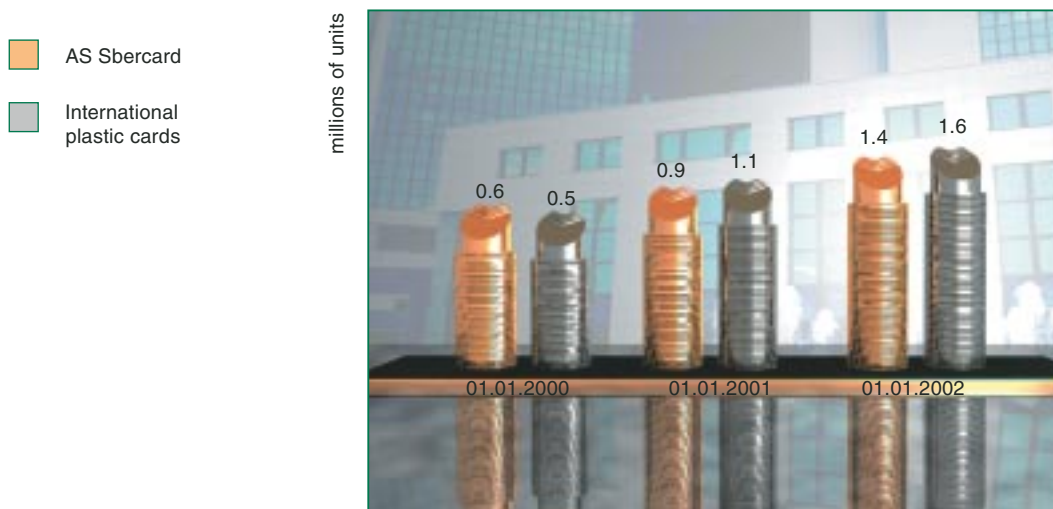
The Bank was successful in developing **non-cash transfers** to private deposit accounts; their number growing 1.6 times over the year and totalling RUB 480.9bn. Their structure has also changed: for the first time since 1994, **salaries** that currently account for 35.2% (RUB 169bn) have become the major item of non-cash credits to deposit accounts. Pensions

remitted through Sberbank's branch network to pensioners who are paid from social services funds, by the Russian Defence Ministry and other power bodies totalled RUB 144.2bn.

Sberbank has signed Agreements with Foundation «Mutual Understanding and Reconciliation» for disbursement of compensation payments coming from the German foundation «Remembrance, Responsibility and Future» and from the Austrian

foundation «Reconciliation, Peace and Co-operation». Within 2-3 years of the Programmes implementation, payments made under the inter-governmental relief programmes for victims of Nazi regime to 400,000 beneficiaries under the Russia-Germany Programme and 25,000 beneficiaries (as estimated by the Austrian party) under the Russia-Austria Programme will make EUR 427m and EUR 54m respectively.

● Dynamics of Sberbank's Bank Card Issuance, 2000-2001



In 2001, over 1,500 sub-branches and outlets of Sberbank's 17 regional head offices and branches in Moscow participated in providing country-wide compensation payments. Under the first tranche, DM 4,988,200 were paid out to 2,189 beneficiaries by Sberbank branches. Under the second tranche (going over from 2001 to 2002), EUR 6,473,200 should be disbursed to 6,167 beneficiaries.

Year 2001 witnessed the growth of activity and competition among the Russian banks on the bank cards market. According to the estimates of the Bank of Russia, the number of valid cards at 2001 year-end was 10.5 million (1.46-time growth over the year). By developing **plastic card** operations and building a ramified support system, the Bank maintained high level of card issuance, comparable with the development of the Russian

market of bank cards. Over the year the total number of international payment and microprocessor AS SBERCARD cards issued rose 1.4 times and exceeded 3.2 million (including cards issued by Sberbank for local systems).

The number of international payment cards issued by Sberbank (Eurocard/MasterCard, VISA, VISA Electron, Maestro) grew by 45% over 2001, totalling 1,554,000 cards; the issuance of AS SBERCARD microprocessor cards increased by 57% totalling 1,367,000.

Card account balances increased 2.2 times over the year totalling RUB 11.4bn (8.4 billion in rubles plus 98.5 million in US dollars) at year-end providing for the growing share of card balances in the total funds of individuals from 1.3% to 2.3% for rubles and from 2.2% to 2.4% for foreign currencies.

Further development of card servicing infrastructure provided for the wider use of all types of cards: the ATM network grew by 35% and now comprises 1,115 units; more than 2,600 Sberbank divisions are handling bank cards; cash withdrawals from card accounts are available at 4,580 locations, the number of terminals exceeds 10,500. Cards are accepted at 4,464 trading and servicing companies, with trade turnover growing 3.4 times over the year and exceeding RUB 2bn.

Debit turnover for cards issued by Sberbank exceeded RUB 142bn over the year (a 100% growth), the number of operations exceeding 50 million.

The major services provided by Sberbank to corporate clients last year were **cash and settlement services**, the most popular were non-cash corporate settle-

ments. Transfers from ruble accounts were made by some 819,000 clients in 2001 (69% of the total). To expedite operations and further raise their quality, the Bank continued phasing in new state-of-the-art technologies including payment documents scanning and «Bi-print» type systems for its regional head offices. The number of clients using the Client – Sberbank system has grown to 31,000.

To provide full client service, the Bank is developing its **cash handling services**. With a 60.5% growth of cash collection by the Bank's cash centres recorded in 2001, the Bank managed to upkeep the recent trend for consolidation of cash handling centres, their transition to a 6-7 day operation schedule and opening cash handling offices with extended hours; which contributed to expediting cash turnover and crediting of client accounts. The number of Bank's clients using the services of cash collection units has grown by 11.6%, the number of locations serviced by the Bank, by 18% (equalling some 30,000). Cash collection over the year has grown 1.4 times totalling RUB 262.1bn. Collection centres of the Bank were actively attracting new clients offering cash delivery services for payment of salaries. The number of Bank's clients using these services grew over the past year by 13.5% and exceeded 5,000; the value of cash delivered to the Bank's clients went up by 61.3% exceeding RUB 78bn. More than 100,000 individual safe boxes are available to the clients, their utilisation in 2001 growing by 31.6%.

The Bank develops servicing of **foreign trade** contract operations of its

clients, their value exceeding USD 12bn. Client payments for export/import contracts grew by 27.6% exceeding USD 10bn. Export proceeds amounted to USD 6.8bn. The most important foreign trade partners of Sberbank's clients are counterparties in the following countries:

export operations: China, Kazakhstan, Ukraine, Germany, Italy, USA;

import operations: Germany, Ukraine, Italy, Kazakhstan, Finland, Poland.

In 2001 Sberbank's branches acting as currency control agents issued over 77,000 deal passports (including 40,200 for export contracts), which was a 38.0% increase on 2000. Last year saw a drastic change in clients' import operations servicing, which was due to expanding (in effect from 01 January 2001) the procedures of customs and banking currency control to cover ruble settlements for imported commodities and the majority of customs regimes. In this context, the num-

● Sberbank's Retail Sales of Gold Bars



ber of clients applying to Sberbank for import deal passports significantly increased as compared to 2000. In 2001, the Bank doubled the issue of the passports compared to the year 2000.

Foreign trade letters of credit advised and opened by the Bank totalled USD 808.2m. The value of import letters of credit opened in 2001 grew 1.9 times reaching USD 275.6m, whereas the number of foreign banks' guarantees advised

by Sberbank grew by 67%, their value reaching USD 263.6m.

The Bank actively developed its operations on the **precious metals market**. Under the contracts with gold mining companies 20 tonnes of gold and over 3 tonnes of silver were delivered to Sberbank. Operating on the primary market of precious metals the Bank was developing its core operations providing lending, project financing, settle-

ment and cashier services to gold mining industry and related companies in Russian regions where gold mining is of key importance. In addition, the Bank has launched operations with platinum and palladium in bars. The Bank enhanced its activities on the domestic inter-bank market by selling more than 19 tonnes of gold and 3 tonnes of silver. On the international market, the Bank conducted USD 29m worth of transactions with member banks of the London

bullion market for more than 3 tonnes of gold.

Sberbank continued to actively expand operations on the retail precious metals market.

In 2001 Sberbank and its sub-branches sold 717.5 kg of bullion gold, which was about 25% higher than in 2000.

Sberbank continued its operations with commemorative and investment precious metal coins issued by the Bank of Russia. Changing over to the wholesale

● Dynamics of Development:
Sberbank's Foreign Exchange
Operations, 1999-2001

■ Foreign currency sold
■ Foreign currency bought



purchasing from the CBR and further distribution of the coins contributed to consolidation of Sberbank's position in the retail market of precious coins. Over the year, the Bank sold some 200,000 commemorative and investment coins, which exceeds 2000 sales by 19%.

In 2001 the Bank carried out foreign exchange operations with 26 foreign currencies. Sberbank's foreign exchange operations totalled

USD 3.7 bn, which was more than 12% higher than in 2000. Foreign currency sold to individuals amounted to USD 2.4bn (13.4% more than in 2000); foreign currency bought amounted to USD 1.3bn (10.5% more than in 2000). Compared with 2000 retail sale and purchase of foreign currency were growing practically across all Russia.

Peak monthly sales of foreign exchange in 2001 were recorded in

December (USD 305.1m), owing to annual fluctuations of seasonal nature and the forthcoming withdrawal from circulation of currencies of the European Currency Union members.

The demand is growing among the Bank's clients for traveller's cheques issued by foreign issuers.

In 2001 the Bank sold USD 74.8m worth of traveller's cheques (24% more than in 2000). Alongside the popular traveller's cheques in Deutsche Marks, there was a good market for Euro traveller's cheques (with sales exceeding EUR 4m). Traveller's cheques paid by Sberbank's sub-branches in 2001 totalled USD 10.4m, which was a 12% increase on 2000.

The Bank's **custody** services also attracted new clients. The number of safe custody accounts opened in 2001 by clients of Sberbank's depository, grew by 2,300 exceeding 12,000. As of end-2001, the Bank's depository was handling securities of more than 200 issuers of diverse ownership, including government, municipal and corporate securities, promissory notes and deposit certificates with the list contin-

uously growing. Authorised regional head offices of Sberbank deal with the regional registrars. Securities registered on Sberbank's safe custody accounts numbered 8.37 billion as of 01.01.2002 (a 50% growth over the year).

Last year Sberbank's depository undertook a new type of depository operations, namely, those of a specialised custodian for 22 non-government pension funds (01.01.2002).

In 2001 Sberbank continued developing its **agency services**, placing RUB 38m worth of 1992 Russian domestic premium loan bonds and disbursing RUB 55m of premiums; repaying three OGSZ loan series and making coupon payments totalling RUB 3.7bn. The Bank paid out on redemption 17,600 bonds of the 1990 interest-free special purpose government loan, paying RUB 162.7m to their holders.

The Bank gives priority to developing its own settlement system and **improving settlement services**. In 2001, the Bank executed 268 million settlements (1.4 times more than in 2000), totalling RUB 28,200bn (twice the 2000 figure), of which 90% were payments made by the



Bank's clients. Of the total number of settlement documents processed by Sberbank's settlement system, 45.8% were processed within the Sberbank system; 47.9% were routed through the settlement system of the Bank of Russia and 6.3% through correspondent banks.

The Bank is developing its correspondent network. Of the total of credit institutions resident in Russia, more than 400 (about a third) have correspondent relationships with Sberbank

(01.01.2002). In addition, Sberbank is maintaining correspondent accounts for more than 100 non-resident credit institutions. The Bank has 725 ruble and 307 foreign currency Loro accounts, with a 2.7 times turnover growth recorded, totalling RUB 88bn.

Sberbank international presence continues to gain strength. Limits opened in 2001 for the Bank by foreign banks for non-covered operations have grown significantly.

ORGANISATION, BRANCH NETWORK AND STAFF

The general structure of Sberbank's branch network management has not changed over 2001. Some of the regional head offices carried out their internal organisational and functional re-adjustment in line with the objectives to develop specific business areas.

Branch network optimisation issues were subordinated to the strategic objectives for improvement of client services in line with the Concept. As of 2002 year-opening, Sberbank branch network consisted of 17 regional head offices, 1,216 branches and 18,831 outlets located practically in all administrative regions of the country. About 60% of the Bank's outlets are operating in rural areas. The Bank's branch network integrates additional offices (14%) and operational cashier outlets outside cash centres (86%). Additional offices comprise universal sub-branches (63%), retail servicing sub-branches (31%), and

specialised corporate servicing sub-branches (6%).

Building up its branch presence in economically and socially advanced regions of Russia became a most crucial issue for the Bank. In 2001, the Bank opened 69 new service outlets, mainly universal banking units providing a full range of banking services. Branch reorganisation continued by their consolidation and development into efficient structural divisions with high potential and a good sub-branch network. Over the last year, about 20% of the branches were re-organised, the number of sub-branches per branch reached fifteen with mandatory maintenance of an outlet to continue delivery of banking services at the previous location.

Making a decision to close down a non-cost-effective rural outlet with limited range of operations, the Bank will consider continued availability of its services to the rural client, by phasing in alternative ser-

vicings patterns for clients previously serviced by such unit. As an example, six regional head offices are running specially equipped mobile operational cash units servicing the residents of 191 locations in Bryansk, Volgograd, Ekaterinburg, Ivanovo, Kaliningrad, Penza, Ryazan, Samara, St.Petersburg regions. Over the year, the number of mobile operational cash units has grown from 17 to 21.

In 2001 the Bank kept on working to **optimise its staff and payroll structure**. Rapidly developing business, growing spectrum of banking products have called for additional staff to be involved in operations with assets and in front-

end operations. Staff has grown by 4,410 employees to 204,266 which is a 2.2% increase (01.01.2002). Every third employee at the Bank (29.2%) is aged under 30. Compared with 2000, staff turnover went down by 0.6 percentage points to 4.5%.

Extensive introduction of state-of-the-art banking technologies requires specific professional skills from the Bank's staff. In 2001, 97,892 Sberbank employees took advanced training courses within Sberbank training system and at other training establishments, including foreign banks and training centres abroad.

AUTOMATION, BANKING TECHNOLOGIES, PREMISES

Implementing its comprehensive IT policy, in 2001 the Bank carried on with the optimisation of technologies in place, phasing in new technologies and automating banking processes. Workplace computerisation increased from 81.1% to 85% compared with the previous period. The Bank made notable progress **integrating all its sub-systems in the comprehensive software package, including systems already in place and prospective systems in the process of development**. The Bank undertook a centralised roll-out of six automated standard systems at 853 branches and 4,265 sub-branches.

In 2001 Sberbank accomplished the general development stage and set to introducing the automated banking system GAMMA at its units. The Bank's proprietary system will eventually contribute to comprehensive automation of all areas of banking operations at branches and sub-branches.

To comply with the new legal requirements, the Bank made necessary arrangements to set up tax accounting at the Bank, developed and phased in tax accounting and money laundering detection technologies, developed a technology for regional head offices and central administration of Sberbank to exchange

information on decisions made by tax authorities to suspend operations on particular corporate accounts.

The Bank goes on with the **up-to-date telecommunication systems project** to operate primarily on high-speed digital communication networks, which would help to phase in new automated banking systems. At all regional head offices, the telecom systems are based on the network technology with up-to-date communication protocols. All branches are linked to their regional head offices by network technologies that may be used for electronic documentation exchange. The basic objective is to raise the throughput capacity of the existing communication channels and ensure fully functional back-up facilities.

Among last-year priorities was rolling out a new satellite communication system. Launched on 1 June 2001, it reaches 40 land-based communication sites. All regional head offices are linked to the central head office of Sberbank by high-speed and stand-by chan-

nels that make Sberbank's telecom system highly reliable.

The Bank goes on with **upgrading its facilities and equipment to automate banking operations**. The Bank has bought 18,900 PCs, 1,702 servers, about 17,000 printers, copying machines and cash registers. Total IT costs are over RUB 4.2bn including RUB 2.7bn allocated for purchasing new equipment.

Priority given to the development of client services and deployment of modern banking products sets stringent premises requirements. Sberbank's office premises comprise 24,200 buildings (premises) and structures with a total area of 4,438,900 sq. metres.

Over the last year the Bank commissioned 71,400 sq. metres of operating areas and disposed (without prejudice to the quality of client services) of 189,100 sq. metres of obsolete and aged office areas which failed to meet the present-day requirements. Own premises of the Bank make 76% against previous 72%.



CHARITY AND SPONSORSHIP

Approaching its 160th Anniversary in 2001, Sberbank was closely involved in large-scale charity and sponsorship activities, allocating for the purpose more than in previous years.

The Bank extended financial support to 105 establishments, including charity funds, non-profit associations and budget-financed companies operating in the areas that the Bank regards as priority sectors for charity and sponsorship.

The largest donations and sponsorship contributions went to:

- The All-Russian National Military Fund: for social relief programmes for families of servicemen killed in action;
- The Social Guarantees and Spiritual Development Fund for Orphans and Children of Servicemen Killed in Action (the «Zashchita Fund»): for statutory purposes;
- The Russian Olympic Committee: for statutory purposes;
- The Chess Tournament Organising Committee: for Mikhail Botvinnik Memorial chess super-tournament;
- The Moscow City Charity Founda-

tion Against Economic Crime: for charity programmes;

- The International Institute of Economics and Finance – the Higher School of Economics: for technical and methodological support of academic process;
- Oleg Tabakov's Moscow Theatre: for staging new plays, buying stage technology and devices and for general development;
- The Russian State Academic Chamber Vivaldi Orchestra: for orchestra's social support;
- The Inter-Regional Non-Profit Organisation for Support of the Blind and Deaf (the Elvira Society): for adaptation programmes;
- The Orthodox Encyclopaedia Ecclesiastic Research Centre: for publication of the Orthodox Encyclopaedia;
- The Moscow Psychoneurology boarding school no. 18: for buying special medical equipment, medicines etc.

In addition to money contributions, the Bank donated personal computers, copiers, fax machines from the Bank's Head Office to fourteen non-profit organisations, education establishments and funds.

**Financial Statements
and Auditor's Report 2001**

**(in accordance with
the International
Accounting Standards)**

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AUDITORS' REPORT

To the Shareholders and Supervisory Council of the Savings Bank of the Russian Federation:

- 1 We have audited the accompanying balance sheet of the Savings Bank of the Russian Federation (the "Bank") as at 31 December 2001, and the related statements of income, of cash flows and of changes in shareholders' equity for the year then ended. These financial statements are the responsibility of the Bank's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2 We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3 In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2001 and the results of its operations and its cash flows for the year then ended in accordance with International Accounting Standards.



Moscow, Russia
14 June 2002

Savings Bank of the Russian Federation

Balance Sheet as at 31 December 2001

(in thousands of Russian Rubbles expressed in terms of the purchasing power of the Russian Rubble at 31 December 2001 - Note 3)

	Note	2001	2000
Assets			
Cash and cash equivalents	5	34 807 916	27 329 229
Mandatory cash balances with the Central Bank of the Russian Federation		53 509 403	49 037 242
Trading securities	6	67 985 359	37 137 237
Due from banks	7	927 548	24 676 399
Loans and advances to customers	8	379 538 566	287 899 275
Securities available for sale	9	80 796 507	71 313 824
Securities acquired at original issuance	10	93 831 146	97 125 922
Accrued interest income		3 842 969	3 504 658
Other assets	11	5 555 702	4 629 536
Premises and equipment	12	50 808 443	51 624 924
Total assets		771 603 559	654 278 246
Liabilities			
Due to banks	13	15 459 989	5 186 184
Deposits from individuals	14	494 010 541	412 392 604
Customer accounts	14	129 883 232	136 644 344
Own securities issued	15	28 737 088	41 585 951
Other borrowed funds	16	1 507 000	669 194
Accrued interest expense		8 592 904	5 340 650
Other liabilities	17	4 967 554	3 047 321
Deferred tax liability	25	7 047 263	-
Total liabilities		690 285 571	604 866 248
Shareholders' equity			
Share capital	18	18 223 915	17 953 426
Share premium	19	8 700 652	3 575 175
Revaluation reserve for premises	12	452 832	355 797
Accumulated retained earnings and other reserves		54 020 589	27 527 600
Total shareholders' equity		81 397 988	49 411 998
Total liabilities and shareholders' equity		771 603 559	654 278 246

Signed on behalf of the Board of Directors on 14 June 2002.


Kazmin A.I.
President


Krut'kov A.V.
Chief Accountant

The notes set out on pages 7 to 40 form an integral part of these financial statements.

2

Savings Bank of the Russian Federation
Statement of Income for the Year Ended 31 December 2001

(in thousands of Russian Roubles expressed in terms of the purchasing power of the Russian Rouble at 31 December 2001 - Note 3)

	Note	2001	2000
Interest income on loans	21	67 195 468	63 273 512
Interest income on securities	21	33 103 373	39 137 159
Interest expense	21	(46 049 885)	(58 424 088)
Net interest income		54 248 956	43 986 583
Provision for loan impairment	7, 8	(9 012 453)	(8 281 061)
Net interest income after provision for loan impairment		45 236 503	35 705 522
Gains less losses arising from securities		22 718 612	7 929 342
Gains less losses arising from dealing in foreign currencies		2 610 464	3 302 125
Foreign exchange translation gains less losses		6 211 183	4 939 287
Fee and commission income	22	12 438 649	10 549 459
Fee and commission expense	22	(504 544)	(452 711)
Other operating income	23	2 012 308	2 983 462
Net revenues		90 723 175	64 956 486
Staff costs		(35 381 432)	(27 428 190)
Operating expenses	24	(19 079 732)	(20 448 283)
Net financial results from term foreign exchange contracts	30	478 595	(671 227)
Recovery of provision for impairment of securities	10	4 308 812	1 534 556
Recovery of provision for losses on credit related commitments		41 075	63 860
Monetary (loss)/gain		(2 954 212)	1 708 562
Profit before taxation		38 136 281	19 715 764
Taxation	25	(10 689 377)	(6 451 072)
Net profit		27 446 904	13 264 692
Earnings per share (expressed in RR share)	26	1 581.23	943.94

The notes set out on pages 7 to 40 form an integral part of these financial statements.

3

Savings Bank of the Russian Federation

Statement of Cash Flows for the Year Ended 31 December 2001

(in thousands of Russian Roubles expressed in terms of the purchasing power of the Russian Rouble at 31 December 2001 - Note 3)

	Note	2001	2000
Cash flows from operating activities			
Interest received on loans		65 313 189	62 600 695
Interest received on securities		30 521 558	34 966 807
Interest paid		(41 901 122)	(58 734 053)
Income received from dealing in securities		5 431 335	8 313 965
Income received from dealing in foreign currencies		2 682 492	2 474 233
Fees and commissions received		12 438 649	10 549 459
Fees and commissions paid		(504 544)	(452 710)
Other operating income received		2 161 309	2 601 488
Staff costs paid		(33 386 891)	(27 213 425)
Operating expenses		(13 348 578)	(17 746 111)
Income tax paid		(4 121 148)	(4 478 383)
Operating profits before changes in operating assets and liabilities		25 286 249	12 881 965
Net cash (increase)/decrease from operating assets and liabilities			
Net increase in mandatory cash balances with the Central Bank of the Russian Federation		(13 143 664)	(17 179 836)
Net increase in trading securities		(32 148 998)	(26 307 649)
Net decrease/(increase) in due from banks		22 576 697	(370 400)
Net increase in loans and advances to customers		(151 750 435)	(116 086 738)
Net (increase)/decrease in securities available for sale		(6 185 026)	34 522 875
Net (increase)/decrease in securities acquired at original issuance		(948 070)	6 249 837
Net (increase)/decrease in other assets		(1 798 858)	1 283 539
Net increase/(decrease) in due to banks		11 494 398	(5 052 474)
Net increase in deposits of individuals		150 450 918	83 717 211
Net increase in customer accounts		14 379 687	31 150 610
Net (decrease)/increase in own securities issued		(6 779 119)	4 846 709
Net increase/(decrease) in other liabilities		1 034 751	(2 417 478)
Net cash from operating activities		12 468 530	7 238 171
Cash flows from investing activities			
Purchase of premises and equipment	12	(4 643 189)	(4 258 073)
Proceeds from sale of premises and equipment		336 385	893 948
Sales of other investments		113 043	-
Dividend income received	23	13 151	20 632
Net cash used in investing activities		(4 180 610)	(3 343 493)
Cash flows from financing activities			
Issue of ordinary shares		5 395 239	-
Sale of treasury shares		727	7 349
Other borrowed funds received		923 901	-
Dividends paid	27	(804 045)	(661 945)
Net cash from financing activities		5 515 822	(654 596)
Effect of exchange rate changes on cash and cash equivalents		528 729	235 126
Effect of inflation on cash and cash equivalents		(6 853 784)	(6 745 550)

The notes set out on pages 7 to 40 form an integral part of these financial statements.

4

Savings Bank of the Russian Federation

Statement of Cash Flows for the Year Ended 31 December 2001

(in thousands of Russian Roubles expressed in terms of the purchasing power of the Russian Rouble at 31 December 2001 - Note 3)

Net increase / (decrease) in cash and cash equivalents		7 478 687	(3 270 342)
Cash and cash equivalents at beginning of the year		27 329 229	30 599 571
<hr/>			
Cash and cash equivalents at the end of the year	5	34 807 916	27 329 229

Note: The effect of the revaluation of foreign currency balances was eliminated from the above statement of cash flows.

The notes set out on pages 7 to 40 form an integral part of these financial statements.

5

Savings Bank of the Russian Federation

Statement of Changes in Shareholders' Equity for the Year Ended 31 December 2001

(in thousands of Russian Roubles expressed in terms of the purchasing power of the Russian Rouble at 31 December 2001 - Note 3)

	Share capital	Treasury shares	Share premium	Revaluation reserve for premises	Retained earnings and other reserves	Total shareholders' equity
Balance at 1 January 2000	17 955 205	(9 128)	3 575 175	3 260 389	14 688 897	39 470 538
Net profit for the year	-	-	-	-	13 264 692	13 264 692
Sale of treasury shares, net	-	7 349	-	-	-	7 349
Impairment of premises, net (Note 12)	-	-	-	(4 395 544)	-	(4 395 544)
Reduction of deferred tax credit in respect of revaluation of premises (Note 25)	-	-	-	1 729 896	-	1 729 896
Reclassification of depreciation charged in the statement of income in respect of revaluation reserve for premises	-	-	-	(238 944)	238 944	-
Dividends declared (Note 27)	-	-	-	-	(612 584)	(612 584)
- Ordinary shares	-	-	-	-	(52 349)	(52 349)
- Preference shares	-	-	-	-	-	-
Balance at 31 December 2000 (as previously reported)	17 955 205	(1 779)	3 575 175	355 797	27 527 600	49 411 998
Effect of adopting of IAS 39 on loans and advances due from banks (Note 7)	-	-	-	-	465 180	465 180
Effect of adopting of IAS 39 on loans and advances to customers (Note 8)	-	-	-	-	908 400	908 400
Effect of adopting of IAS 39 on securities acquired at original issuance (Note 10)	-	-	-	-	-	-
- Adjustment of provision for impairment	-	-	-	-	(2 107 602)	(2 107 602)
- Adjustment of amortized cost, net of taxes	-	-	-	-	553 550	553 550
Balance at 31 December 2000 (restated)	17 955 205	(1 779)	3 575 175	355 797	27 347 128	49 231 526
Net profit for the year	-	-	-	-	27 446 904	27 446 904
Share issue (Note 18)	-	-	-	-	-	-
- Nominal value	269 762	-	-	-	-	269 762
- Share premium	-	-	5 125 477	-	-	5 125 477
Sale of treasury shares, net (Note 18)	-	727	-	-	-	727
Reduction of deferred tax credit in respect of revaluation of premises (Note 25)	-	-	-	125 408	-	125 408
Reclassification of depreciation charged in the statement of income in respect of revaluation reserve	-	-	-	(28 373)	28 373	-
Dividends declared (Note 27)	-	-	-	-	(759 235)	(759 235)
- Ordinary shares	-	-	-	-	(42 581)	(42 581)
- Preference shares	-	-	-	-	-	-
Balance at 31 December 2001	18 224 967	(1 052)	8 700 652	452 832	54 020 589	81 397 988

The notes set out on pages 7 to 40 form an integral part of these financial statements.

6

Savings Bank of the Russian Federation

Notes to the Financial Statements – 31 December 2001

(in thousands of Russian Roubles expressed in terms of the purchasing power of the Russian Rouble at 31 December 2001 - Note 3)

1 Principal Activities

Savings Bank of the Russian Federation (the "Bank") is a joint stock commercial bank, which was established in 1841 and has operated in various forms since then. The Bank's principal shareholder, the Central Bank of the Russian Federation, owns 60.57% of the issued shares at 31 December 2001. The Bank is registered in the Russian Federation to carry out banking activities and has operated under a full banking license issued by the Central Bank of the Russian Federation (the "Bank of Russia") since 1991. The Bank's principal business activity is retail and commercial banking operations within the Russian Federation. Deposits of individuals placed with the Bank are guaranteed by the State.

The Supervisory Council of the Bank is headed by the Chairman of the Bank of Russia and co-chaired by the Minister of Finance of the Russian Federation and the Deputy Chairman of the Bank of Russia. The Supervisory Council also includes representatives from the Bank's other shareholders.

The Bank has 17 territorial banks, 1216 branches of territorial banks and 18 831 subbranches within the Russian Federation. The main office of the Bank is located at 117997, Moscow, Vavilova St. 19. The average number of the Bank's employees during 2001 was 197 076 (2000: 197 122).

2 Operating Environment of the Bank

The economy of the Russian Federation continues to display characteristics of an emerging market. These characteristics include, but are not limited to, the existence of a currency that is not freely convertible outside of the country; a low level of liquidity in the public and private debt and equity markets; and relatively high inflation.

The banking sector in the Russian Federation is particularly impacted by adverse currency fluctuations and economic conditions. 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 political stabilisation in 2000 and continuing into 2001 has been a positive contributing factor for the further development of the political and legal environment.

The prospects for future economic stability in the Russian Federation are largely dependent upon the effectiveness of economic measures undertaken by the government, together with legal, regulatory and political developments, which are beyond the Bank's control.

In addition, economic conditions continue to limit the volume of activity in the financial markets. Market quotations may not be reflective of the values for securities, which would be determined in an efficient, active market involving willing buyers and willing sellers. Management has therefore used the best available information to adjust market quotations to reflect their best estimate of fair values where considered necessary.

3 Basis of Presentation

Basis of Presentation. The financial statements of the Bank are prepared in accordance with International Accounting Standards ("IAS"). The Bank maintains its accounting records in accordance with Russian banking regulations. These financial statements have been prepared from those accounting records and adjusted as necessary in order to comply with IAS issued by the International Accounting Standards Committee.

The financial statements are presented in the national currency of the Russian Federation, the Russian Rouble ("RR"), expressed in terms of the purchasing power of the Russian Rouble as at 31 December 2001.

As at 1 January 2001, the Bank adopted IAS 39 "Financial Instruments: Recognition and Measurement" ("IAS 39"). The financial effects of adopting IAS 39 are reported in the statement of changes in shareholders equity. IAS 39 has been applied prospectively in accordance with the requirements of the Standard and therefore corresponding financial information has not been restated. Further information relating to the effect of the adoption of IAS 39 is presented in the relevant accounting policies for trading securities, originated loans and provision for loan impairment, securities available for sale, securities acquired at original issuance, and in related disclosures for these balance sheet categories.

Where necessary, corresponding figures have been adjusted to conform to changes in the presentation of the current year.

Savings Bank of the Russian Federation

Notes to the Financial Statements – 31 December 2001

(in thousands of Russian Roubles expressed in terms of the purchasing power of the Russian Rouble at 31 December 2001 - Note 3)

4 Significant Accounting Policies

Cash and cash equivalents. Cash and cash equivalents are items, which can be converted into cash within a day. All short term interbank placements, beyond overnight deposits and correspondent accounts denominated in precious metals, are included in due from banks. Amounts, which relate to funds that are of a restricted nature, are excluded from cash and cash equivalents.

Mandatory balances with the Bank of Russia. Mandatory balances with the Bank of Russia represent mandatory reserve deposits, which are not available to finance the Bank's day-to-day operations and hence are not considered as part of cash and cash equivalents for the purposes of the cash flow statement.

Precious metals. Gold and other precious metals are recorded at current Bank of Russia purchase prices, which are quoted at a discount to London Metal Exchange prices at the balance sheet date. Precious metals are included in cash and cash equivalents.

Trading securities. At 1 January 2001 the Bank adopted IAS 39 and classified part of its securities portfolio as "trading" securities. Trading securities are securities, which were either acquired for generating a profit from short-term fluctuations in price or dealer's margin, or securities included in a portfolio in which a pattern of short-term profit taking exists. The Bank classifies securities into trading securities if it has an intention to sell them within 180 days after purchase.

Trading securities are initially recognised at cost (which includes transaction costs) and are subsequently re-measured at fair value based on their market value or after the application of various valuation methodologies, including assumptions as to the future realisability of these securities. In determining market value, all trading securities are valued at the last trade price if quoted on an exchange or, if traded over-the-counter, at the last bid price.

Changes in fair values are recorded within gains less losses arising from securities in the statement of income in the period in which the change occurs. Coupon and interest earned on trading securities are reflected in the statement of income as interest income on securities. Dividends received are included in other operating income.

Prior to the adoption of IAS 39 trading securities were treated by the Bank as part of its dealing securities portfolio. Government securities and corporate shares were carried at market value. The values for other securities were derived either from market quotations or from the Management's assessment of the future realisability of these securities. Certain securities, for which there was no readily attainable market value or those securities for which Management had determined that the available quotation did not depict their true market value, were fair valued by Management. Changes in market values were recorded within gains less losses arising from securities in the statement of income in the period in which the change occurred. Coupon and interest earned on trading securities were reflected in the statement of income as interest income on securities. Dividends received were included in other operating income.

Sale and repurchase agreements. Sale and repurchase agreements ("repos") are treated as secured financing transactions. Securities sold under sale and repurchase agreements are included into trading securities, securities available for sale or securities acquired at original issuance as appropriate. The corresponding liability is presented within due to banks.

Securities purchased under agreements to resell ("reverse repo") are recorded as loans and advances to banks or customers as appropriate. The difference between sale and repurchase price is treated as interest income or expense and accrued over the life of repo agreements using the effective yield method.

Securities sold by the Bank under repo agreements are retained in the financial statements. Securities purchased by the Bank under reverse repo agreements are not recognised in the financial statements, unless these are sold to third parties, in which case the purchase and sale are recorded within gains less losses arising from securities in the statement of income. The obligation to return them is recorded at fair value as a trading liability.

Originated loans and advances and provisions for loan impairment. Loans originated by the Bank by providing money directly to the borrower or to a sub-participation agent at draw down are categorised as loans originated by the Bank and are carried at amortised cost less provision for loan impairment.

All loans and advances are recognised when cash is advanced to borrowers.

Savings Bank of the Russian Federation

Notes to the Financial Statements – 31 December 2001

(in thousands of Russian Roubles expressed in terms of the purchasing power of the Russian Rouble at 31 December 2001 - Note 3)

4 Significant Accounting Policies (Continued)

A provision for loan impairment is established if there is objective evidence that the Bank will not be able to collect the amounts due. The amount of the provision is the difference between the carrying amount and estimated recoverable amount, calculated as the present value of expected cash flows, including amounts recoverable from guarantees and collateral, discounted based on the instrument's interest rate at inception.

The provision for loan impairment also covers losses where there is objective evidence that probable losses are present in components of the loan portfolio at the balance sheet date. These have been estimated based upon historical patterns of losses in each component, the credit ratings assigned to the borrowers and reflecting the current economic environment in which the borrowers operate.

When a loan is uncollectable, it is written off against the related provision for loan impairment. Such loans are written off after all the necessary legal procedures have been completed and the amount of the loss has been determined. Recoveries of amounts previously written off are treated as income.

If the amount of the provision for loan impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is credited to the "provision for loan impairment" line in the statement of income.

The Bank does not enter into transactions for purchases of loans with third parties.

Prior to the adoption of IAS 39, loans and advances were stated at the principal amounts outstanding net of provisions for losses on loans and advances.

Other credit related commitments. In the normal course of business, the Bank enters into other credit related commitments including loan commitments, letters of credit and guarantees. The accounting policy and provision methodology is similar to that for originated loans noted above. Specific provisions are raised against other credit related commitments when losses are considered probable.

Securities available for sale. At 1 January 2001 the Bank adopted IAS 39 and classified part of its investment securities as "available for sale". This classification includes securities which Management intends to hold for an indefinite period of time but may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices. Management determines the appropriate classification of its securities at the time of purchase.

Securities available for sale include other investments, which are represented by equity investments in non-consolidated subsidiary companies, associated companies and investments held for resale.

Securities available for sale are initially recognised at cost (which includes transaction costs) and subsequently re-measured to fair value based on quoted bid prices. Certain securities available for sale, for which there is no available external independent quotation have been fair valued by Management. Fair value has been determined after the application of various valuation methodologies, including assumptions as to amounts to be realised on settlement. Realised and unrealised gains and losses arising from changes in the fair value of securities available for sale are included in the statement of income in the period, in which they arise. Coupon and interest earned on securities available for sale are reflected in the statement of income as interest income on securities. Dividends received are included in other operating income.

Prior to adoption of IAS 39, all investment securities were carried at amortised cost less provision for diminution in value, created in cases where the value of a security has declined, and Management believed that the decline was not temporary in nature. Income derived from investment securities was accounted for on an accrual basis. On disposal of an investment security, the difference between the net disposal proceeds and the carrying amount was charged or credited to income.

Securities acquired at original issuance. At 1 January 2001 the Bank adopted IAS 39 and classified its investment securities acquired at original issuance directly from a debtor, other than those that are purchased with the intent to be sold in the short-term, as "securities acquired at original issuance." Such securities fall under the definition of "originated loans" in accordance with IAS 39 and are carried at amortized cost. Gains arising from the amortization of cost of these securities are recognized in the statement of income as interest income from securities using the effective interest method.

Prior to adoption of IAS 39, securities acquired at original issuance have been classified as part of the Bank's investments securities portfolio and carried at amortized cost less provision for diminution in value.

Savings Bank of the Russian Federation

Notes to the Financial Statements – 31 December 2001

(in thousands of Russian Roubles expressed in terms of the purchasing power of the Russian Rouble at 31 December 2001 - Note 3)

4 Significant Accounting Policies (Continued)

Premises and equipment. Premises and equipment are stated at cost or revalued amounts, restated to the equivalent purchasing power of the Russian Rouble at 31 December 2001, less accumulated depreciation and provision for impairment, where required. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down to its recoverable amount and the difference is charged to the statement of income. The estimated recoverable amount is the higher of an asset's net selling price and its value in use.

Revaluation surplus represents the difference between restated book amount of premises and their market value. The proportion of revaluation surplus, representing the amount depreciated, is transferred annually to retained earnings based on the estimated average useful life of the underlying premises.

Construction in progress is carried at cost, restated to the equivalent purchasing power of the Russian Rouble at 31 December 2001, less provision for any impairment in value. Upon completion, assets are transferred to premises at their carrying value. Construction in progress is not depreciated until the asset is available for use.

Gains and losses on disposal of premises and equipment are determined by reference to their carrying amount and are taken into account in determining net profit. Repairs and maintenance are charged to the statement of income when the expenditure is incurred.

Depreciation. Depreciation is applied on a straight-line basis over the estimated useful lives of the assets using the following rates:

Premises 2.5% per annum (average remaining average useful life of 25 years); and

Equipment 10-25% per annum.

Bills of exchange. Bills of exchange issued by the Bank to its customers, more commonly known as "veksels", carry a fixed date of repayment. These may be issued against cash deposits or as a payment instrument, which the customer can discount in the over-the-counter secondary market. Bills of exchange issued by the Bank are recognised initially at cost, being their issue proceeds net of transaction costs incurred. Subsequently, promissory notes issued are stated at amortised cost and any difference between net proceeds and the redemption value is recognised in the statement of income over the period of the security issue using the effective yield method.

Prior to adoption of IAS 39, bills of exchange issued by the Bank were recorded at nominal value with the corresponding discount recorded within other assets and amortised to the statement of income over the period of maturity of the security.

The Bank also purchases bills of exchange from its customers or in the market. These bills of exchange are included in trading securities, securities available for sale, loans and advances to customers or in due from banks, depending on their substance and subsequently re-measured and accounted in accordance with the accounting policies described above for those categories of assets.

Share premium. Share premium represents the excess of contributions over the nominal value of the shares issued.

Preference shares. Preference shares that are not redeemable and upon which dividends are declared at the discretion of Management, are classified as equity. Mandatory redeemable preference shares are classified as liabilities.

Treasury shares. Shares of the Bank owned by the Bank and held at the balance sheet date, are designated as treasury shares. The cost of such shares is shown as a reduction in shareholders' equity. Gains and losses arising on disposal of such shares are shown as adjustments to share premium.

Dividends. Dividends payable are not accounted for until they have been ratified at the Bank's Annual General Meeting. The statutory accounting reports of the Bank are the basis for profit distribution and other appropriations. Russian legislation identifies the basis of distribution as the current year net profit.

Savings Bank of the Russian Federation
Notes to the Financial Statements – 31 December 2001

(in thousands of Russian Roubles expressed in terms of the purchasing power of the Russian Rouble at 31 December 2001 - Note 3)

4 Significant Accounting Policies (Continued)

Income taxes. Taxation has been provided for in the financial statements in accordance with Russian legislation currently in force. Charge for taxation in the statement of income for the year comprises current tax and changes in deferred tax. Current tax is calculated on the basis of the expected taxable profit for the year, using the tax rates enacted at the balance sheet date. Taxes, other than on income, are recorded within operating expenses.

Deferred income tax is provided, using the balance sheet liability method, for all temporary differences arising between the tax basis of assets and liabilities and their carrying values for financial reporting purposes. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

The deferred tax liability arising on the revaluation of premises is charged through the statement of shareholders equity. Any tax effect of subsequent impairment of the revaluation surplus is also taken through the statement of changes in shareholders equity; any deferred tax credit beyond the revaluation surplus is reflected through the statement of income.

Income and expense recognition. Interest income and expense are recognised in the statement of income on an accruals basis. Interest income is not recognised when it is overdue and/or in situations where Management believes it is not collectible. Interest income on securities includes coupons earned on fixed income securities and accrued discount on federal government securities. Commissions and other income are credited to income when the related transactions are completed. Non-interest expenses are recognised at the time the products are received or the service is provided.

Foreign currency translation. Transactions denominated in foreign currency are recorded at the exchange rate ruling on the transaction date. Exchange differences resulting from the settlement of transactions denominated in foreign currency are included in the statement of income using the exchange rate ruling on that date.

Monetary assets and liabilities denominated in foreign currency are translated into Russian Roubles at the official exchange rate of the Bank of Russia at the balance sheet date. Foreign currency gains and losses arising from the translation of assets and liabilities are reflected in the statement of income as foreign exchange translation gains less losses. As at 31 December 2001 the principal rate of exchange used for translating foreign currency balances was USD 1 = RR 30.14 (2000: USD 1 = RR 28.16). Exchange restrictions and controls exist relating to converting Russian Roubles into other currencies. At present, the Russian Rouble is not a convertible currency outside of the Russian Federation.

Derivative financial instruments. Derivative financial instruments including forward foreign exchange contracts, currency swaps, currency options, forwards with securities and precious metals and other derivative financial instruments are initially recognized in the balance sheet at cost (including transaction costs) and subsequently are remeasured at their fair value. Fair values are obtained from quoted market prices, discounted cash flow models or using the spot rate at the year-end as the basis as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

Changes in the fair value of derivatives are included in gains less losses arising from dealing in foreign currencies, gains less losses arising from securities and other operating income depending on the related contracts.

The Bank does not enter into derivative instruments for hedging purposes.

The August 1998 economic crisis and the subsequent legal uncertainty over derivatives' contracts have necessitated the Bank to modify its accounting policy with regard to domestic foreign exchange forwards and options as described below.

Index Forwards

Gains and losses on domestic index forwards have been calculated applying the exchange rate on the contractual maturity date. Where settlements have been negotiated with counterparties, the gain or loss has been recognised based on the settlement amounts. For contracts, which have not been settled, Management has recognised the gain or loss at the amount at which they believe the contract could be settled. When the Bank had contracts to both buy and sell foreign currencies with the same counterparty, the gains and losses have been offset.

Savings Bank of the Russian Federation

Notes to the Financial Statements – 31 December 2001

(in thousands of Russian Roubles expressed in terms of the purchasing power of the Russian Rouble at 31 December 2001 - Note 3)

4 Significant Accounting Policies (Continued)

Deliverable Forwards

The Bank has either paid the amount due under deliverable contracts and recognised a loss/gain, or negotiated a settlement for a lesser amount and has recognised a loss/gain based on the agreed terms, or has not settled with the counterparty. Where no settlements or agreements have been reached, the loss/gain on the deliverable contracts has been recognised based on the respective year end exchange rate, plus interest and penalties where applicable. Gains and losses on the deliverable contracts have not been offset within each counterparty.

Options

Where conditions of an option agreement include the actual delivery of currency, the Bank has recognised a loss/gain in the same way as for the deliverable forward contracts, otherwise the Bank has used the approach for index forwards noted above.

Where applicable, Management has made provisions against the gains recognised on the above instruments where it is likely that collectability of the receivable from the counterparty is doubtful.

Offsetting. Financial assets and liabilities are offset and the net amount reported in the balance sheet only when there is a legally enforceable right to offset the recognised amounts, and there is an intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

Accounting for the effects of hyperinflation. Russia continues to experience relatively high levels of inflation and is considered to be hyperinflationary as defined by IAS 29 "Financial Reporting in Hyperinflationary Economies" ("IAS 29"). Accordingly, adjustments and reclassifications made for the purposes of IAS presentation include the restatement, in accordance with IAS 29, for changes in the general purchasing power of the Russian Rouble. IAS 29 requires that the financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the balance sheet date. IAS 29 indicates that reporting operating results and financial position in the local currency without restatement is not useful because money loses purchasing power at such a rate that the comparison of amounts from transactions and other events that have occurred at different times, even within the same accounting period, is misleading.

The application of IAS 29 results in an adjustment to the statement of income for the loss of purchasing power of the Russian Rouble. This gain or loss on net monetary position is calculated as the difference resulting from the restatement of non-monetary assets, shareholders' equity and profit and loss account items. Corresponding figures for the year ended 31 December 2000 have also been restated for the changes in the general purchasing power of the Russian Rouble at 31 December 2001.

The restatement was calculated using the conversion factors derived from the Russian Federation Consumer Price Index ("CPI"), published by the Russian Statistics Agency, and from indices obtained from other sources for years prior to 1992. The indices used to restate the financial statements are based on 1988 prices using 100 as the base index. The inflation indices for the five years ended 31 December 2001 and the respective conversion factors are the following:

	Index	Conversion Factor
1997	659 403	3.6
1998	1 216 400	2.0
1999	1 661 481	1.4
2000	1 995 937	1.2
2001	2 371 572	1.0

Monetary assets and liabilities are not restated because they are already expressed in terms of the monetary unit current at 31 December 2001. Non-monetary assets and liabilities (items which are not expressed in terms of the monetary unit current at 31 December 2001) are restated by applying the relevant conversion factor. The effect of inflation on the Bank's net monetary position is included in the statement of income as a monetary gain or loss.

Savings Bank of the Russian Federation

Notes to the Financial Statements – 31 December 2001

(in thousands of Russian Roubles expressed in terms of the purchasing power of the Russian Rouble at 31 December 2001 - Note 3)

4 Significant Accounting Policies (Continued)

Premises and equipment have been indexed by the change in the general price index from the date of purchase or from the date of the last revaluation. Where indexation is applied, an assessment has been made of the potential impairment and diminution in the carrying value of these assets and, where applicable, such assets have been reduced to their recoverable amounts.

Components of equity have been indexed by the change in the general price index from the approximate date of transactions resulting in movement in equity.

Amounts included in the statement of income have been indexed by the change in the general price index based on following assumptions:

- Inflation has occurred evenly over the year; and
- Income and expenditures have accrued evenly over the year except for charges against profit for aggregate movements in:
 - provision for loan impairment;
 - provision for credit related commitments;
 - provision for uncollectable gains on forward foreign exchange contracts;
 - provision for impairment in value of non-monetary assets.

All such movements have been treated, for the purposes of this calculation, as occurring at the period end.

Provisions. Provisions are recognised when the Bank has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Pension costs. The Bank contributes to the Russian Federation state pension schemes, social insurance and obligatory medical insurance in respect of its employees. The Bank's pension scheme contributions are expensed as incurred. The contributions are included into staff costs.

Operating leases. Payments made under operating leases are charged against income in equal instalments over the period of the lease.

Segment reporting. A segment is a distinguishable component of the Bank that is engaged either in providing products or services (business segment) or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. Information on segment reporting is presented in Note 28 within these financial statements.

5 Cash and Cash Equivalents

	2001	2000
Cash on hand	15 048 225	10 931 291
Cash balances with the Bank of Russia (other than mandatory reserve deposits) (Note 32)	9 803 137	14 420 293
Correspondent accounts and overnight deposits with other banks		
- Russian Federation	170 240	136 928
- Other countries	8 616 599	1 241 220
Balances with non-bank settlement organisations	930 879	222 746
Precious metals	238 836	376 751
Total cash and cash equivalents	34 807 916	27 329 229

Savings Bank of the Russian Federation

Notes to the Financial Statements – 31 December 2001

(in thousands of Russian Roubles expressed in terms of the purchasing power of the Russian Rouble at 31 December 2001 - Note 3)

6 Trading Securities

	2001	2000
RR denominated securities		
Federal loan bonds (OFZ) and federal short term bonds (GKO)	39 633 526	27 578 165
Corporate shares	330 232	862 287
Municipal bonds	54 670	563 007
Federal loan bonds (non-market) (OGNZ)	-	3 624 704
Other	-	15 602
US dollar denominated securities		
Russian Federation Eurobonds	14 931 609	2 513 586
Federal currency bonds (OFGVZ)	2 987 014	1 979 886
US dollar denominated securities sold under repo		
Russian Federation Eurobonds	2 348 195	-
Federal currency bonds (OFGVZ)	7 700 113	-
Total trading securities	67 985 359	37 137 237

OFZ bonds are Russian Rouble denominated government securities issued by the Ministry of Finance of the Russian Federation. OFZ bonds are issued at a discount to face value and have a medium to long-term maturity period. Coupon rate on these securities ranged from 10% to 20 % in 2001. As at 31 December 2001 yield to maturity ranged from 14.42% to 17.12%, depending on the type of bond issue.

GKO bonds are short-term zero coupon government securities issued by the Ministry of Finance of the Russian Federation and denominated in Russian Roubles.

Corporate shares are shares of Russian companies which are reflected at market value as at the year end.

Municipal bonds are represented by the municipal bonds of the city of St.Petersburg, which are reflected at market value as at the year-end.

Federal loan bonds (non-market) are securities issued by the Ministry of Finance of the Russian Federation. These securities are purchased and redeemed at nominal value and bear a coupon interest rate of 12% and 18%.

Russian Federation Eurobonds are securities issued by the Ministry of Finance of the Russian Federation and are freely tradable internationally. The Bank's portfolio of Russian Federation Eurobonds consists of 9 tranches with maturity dates ranging from 2002 to 2030. As at 31 December 2001 yield to maturity on these bonds varied from 6.89 % to 12.52%. The annual coupon rates on these bonds range from 5.00 % to 12.75 %, and interest is payable semi-annually for bonds denominated in US dollars, and annually for bonds denominated in Euro.

OFGVZ bonds are US dollar denominated bearer securities, which are issued by the Ministry of Finance of the Russian Federation, and are commonly referred to as "MinFin bonds". The bonds are purchased at a discount to nominal value and carry an annual coupon of 3%. The bonds have maturity dates from 2003 to 2011 and yield to maturity as at 31 December 2001 from 10.58% to 14.02% depending on the type of bond issue.

Included in US dollar denominated securities are Russian Federation Eurobonds and OFGVZ bonds pledged under repurchase agreements which are stated at market value at 31 December 2001. Corresponding liabilities to repurchase these securities are included in due to banks (refer to Note 13).

Savings Bank of the Russian Federation**Notes to the Financial Statements – 31 December 2001***(in thousands of Russian Roubles expressed in terms of the purchasing power of the Russian Rouble at 31 December 2001 - Note 3)***7 Due from Banks**

	2001	2000
Current interbank loans	927 548	25 257 954
Overdue interbank loans	281 583	676 685
Less: Provision for loan impairment	(281 583)	(1 258 240)
Total due from banks	927 548	24 676 399

Movements in the provision for loan impairment are as follows:

	2001	2000
Provision for loan impairment at 1 January	1 258 240	1 457 053
Adjustment on adoption of IAS 39	(465 180)	-
(Recovery) / charge of provision for loan impairment during the year	(365 089)	59 894
Due from banks written off during the year as uncollectable	(20 774)	(14 571)
Effect of inflation	(125 614)	(244 136)
Provision for loan impairment at 31 December	281 583	1 258 240

A further breakdown of loans and advances to banks is set out as follows:

	2001	2000
Russian Federation, except for loans to the Bank of Russia	412 226	2 989 755
The Bank of Russia (Note 32)	-	18 298 280
Other countries	796 905	4 646 604
Total loans and advances to banks (aggregate amount)	1 209 131	25 934 639

Included in current interbank loans are amounts provided to counterparties under reverse repo agreements in the amount of RR 107 613 thousand. These agreements have been secured with Russian Federation Eurobonds with maturity dates of 24 June 2028 and 31 March 2030 and market value of RR 68 575 thousand and RR 64 801 thousand, respectively.

Geographical and currency analysis of due from banks is disclosed in Note 28. The effective average interest rates and maturity structure of due from banks is detailed in Note 29. The Bank has several balances with related parties. The relevant information on related party balances is disclosed in Note 32.

Savings Bank of the Russian Federation

Notes to the Financial Statements – 31 December 2001

(in thousands of Russian Roubles expressed in terms of the purchasing power of the Russian Rouble at 31 December 2001 - Note 3)

8 Loans and Advances to Customers

	2001	2000
Current loans	411 259 305	319 962 526
Overdue loans	7 219 631	7 029 146
Less: Provision for loan impairment	(38 940 370)	(39 092 397)
Total loans and advances to customers	379 538 566	287 899 275

Movements in the provision for loan impairment during the year are as follows:

	2001	2000
Provision for loan impairment at 1 January	39 092 397	38 622 353
Adjustment on adoption of IAS 39	(908 400)	-
Charge for provision for loan impairment during the year	9 377 542	8 221 167
Loans and advances to customers written off during the year as uncollectable	(2 573 173)	(1 279 770)
Effect of inflation	(6 047 996)	(6 471 353)
Provision for loan impairment at 31 December	38 940 370	39 092 397

Economic sector risk concentrations within the customer loan portfolio are as follows:

	2001		2000	
	Amount	%	Amount	%
Oil, gas and chemical	90 812 120	21.70%	83 588 240	25.57%
Machine-building	68 221 435	16.30%	25 058 820	7.66%
Trade	63 294 090	15.12%	43 460 058	13.29%
Food and agriculture	36 172 796	8.64%	25 063 506	7.66%
Individuals	30 287 459	7.24%	22 204 485	6.79%
Energy	29 459 669	7.04%	3 677 083	1.12%
Metallurgy	29 078 547	6.95%	23 350 016	7.14%
Construction	20 678 694	4.94%	24 324 293	7.44%
Transport, aviation, space	12 928 205	3.09%	6 970 676	2.14%
Telecommunications	9 713 549	2.32%	10 723 361	3.28%
Timber industry	7 141 136	1.71%	6 344 334	1.94%
Government and municipal bodies	4 811 132	1.15%	14 606 261	4.47%
Services	2 871 318	0.69%	2 983 965	0.91%
Media	1 770 000	0.42%	4 995 535	1.53%
Other	11 238 786	2.69%	29 641 039	9.06%
Total loans and advances to customers (aggregate amount)	418 478 936	100%	326 991 672	100%

The Bank has 8 borrowers with aggregated loan amounts above RR 4 200 000 thousand. The aggregate amount of these loans is RR 104 648 097 thousand or 25.0% of the loan portfolio. Loans to the two largest borrowers, represented by major Russian industrial companies, amounted to RR 68 574 326 thousand (2000: RR 51 292 325 thousand) or 16.4% of the gross loan portfolio (2000: 15.7%).

The geographical and currency analysis of loans and advances to customers is disclosed in Note 28. The effective average interest rates and maturity structure of the loan portfolio is detailed in Note 29. The Bank has several loans to related parties. The relevant information on related party loans is disclosed in Note 32.

Savings Bank of the Russian Federation

Notes to the Financial Statements – 31 December 2001

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9 Securities Available for Sale

	2001	2000
Debt securities – at fair value (2000: at amortised cost)		
Federal loan bonds (OFZ) and federal short-term bonds (GKO)	48 411 358	34 356 284
Federal currency bonds (OVGVZ)	26 860 408	48 235 821
Russian Federation Eurobonds	2 713 794	5 311 536
Municipal bonds	2 097 260	489 223
Federal savings loan bonds (OGSZ)	-	2 926 633
Equity securities – at fair value (2000: at cost)		
Investment in non-consolidated subsidiary companies	236 522	395 754
Investment in associated companies	39 554	32 931
Investments held for sale	437 611	88 454
Less: Provision for impairment	-	(20 522 812)
Total securities available for sale	80 796 507	71 313 824

For a description of federal government securities in the Bank's portfolio refer to Note 6.

OGSZ are saving bonds issued by the Ministry of Finance to banks for resale to the general public. During 2000 the coupon rate on these bonds varied for different tranches of OGSZ in the range of 9.2 – 11.0%. As at 31 December 2000 OGSZ in the Bank securities portfolio had maturities from 20 July 2001 to 20 December 2001.

Municipal bonds are represented mainly by Moscow government bonds. These bonds have maturity dates from March 2002 to March 2003. As at 31 December 2001 yield to maturity on these bonds was 15.85% - 19.07% depending on the type of bond issue.

As described in Note 3, the Bank has adopted IAS 39 as at 1 January 2001 and accordingly, securities available for sale are carried at fair value. Prior to the adoption of IAS 39, all securities available for sale were carried at amortised cost less provision for diminution in value of investment securities.

The following table presents movements in securities available for sale during the year 2001:

	2001
Carrying value at 1 January	71 313 824
Increase in fair value of securities available for sale	12 646 691
Purchase of securities available for sale, net	6 185 026
Foreign exchange translation effect	2 721 624
Effect of inflation	(12 070 658)
Carrying value at 31 December	80 796 507

For the year ended 31 December 2001, the majority of the subsidiary and associated companies have not prepared financial statements in accordance with IAS. These investments have not been consolidated with the results of the Bank nor accounted for under equity method, as the effect of consolidation or equity accounting would not materially alter the financial position of the Bank at 31 December 2001 or the results of its operations or cash flows for the year then ended.

Savings Bank of the Russian Federation

Notes to the Financial Statements – 31 December 2001

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10 Securities Acquired at Original Issuance

	2001	2000
Russian Federation Eurobonds	85 178 202	91 805 846
Federal loan bonds (OFZ)	8 652 944	7 236 064
Ukrainian bonds	-	1 096 140
Less: Provision for impairment	-	(3 012 128)
Total securities acquired at original issuance	93 831 146	97 125 922

The movement in securities acquired at original issuance during the year is as follows:

	2001
Carrying value at 1 January	97 125 922
Adjustment of provision for impairment upon adoption of IAS 39	(2 107 602)
Adjustment of amortized cost upon adoption of IAS 39 recorded through equity, net of deferred taxation in the amount of RR 417 590 thousand (Note 25)	971 140
Restated opening balance	95 989 460
Purchase of securities acquired at original issuance	948 070
Amortization of interest during the year	2 449 890
Recovery of provision for impairment during the year	4 308 812
Foreign exchange translation effect	5 568 405
Effect of inflation	(15 433 491)
Carrying value at 31 December	93 831 146

Movements in the provision for impairment are as follows:

	2001
Provision for impairment at 1 January	3 012 128
Opening IAS 39 adjustment	2 107 602
Recovery of provision for impairment during the year	(4 308 812)
Effect of inflation	(810 918)
Provision for impairment at 31 December	-

Securities acquired at original issuance include securities obtained directly from the issuer – the Ministry of Finance of the Russian Federation, and not designated for immediate or short-term sale.

The Bank's portfolio of Russian Federation Eurobonds consists of 2 tranches with maturity dates of 24 July 2005 and 24 July 2018 and yield to maturity - 15.45% and 15.76%, correspondingly. The annual coupon rate on these bonds ranges from 8.75% to 11%, and interest is payable semi-annually. Market value of these Eurobonds as at 31 December 2001 was RR 100 099 998 thousand. These Eurobonds have been obtained by the Bank from the Ministry of Finance in July 1998 in exchange for part of the Bank's Russian Rouble denominated state securities portfolio.

OFZ bonds include securities obtained in 1999 under GKO - OFZ restructuring program and securities acquired at primary auctions and not classified by the Bank as securities held for resale. OFZ are medium to long-term maturity bonds with coupon paid quarterly. Coupon rates range from 30% to 10% on securities received under restructuring, and from 16% to 10% on securities acquired at primary auctions. Yield to maturity varies from 16.58% to 42.69%, depending on the type of the bond issue. The bonds mature in 2002-2005. Market value of these OFZ bonds as at 31 December 2001 was RR 9 912 611 thousand.

Savings Bank of the Russian Federation

Notes to the Financial Statements – 31 December 2001

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11 Other Assets

	2001	2000
Settlements on operations with securities and conversion operations	2 018 426	39 250
Deferred charges	943 744	811 112
Trade debtors and prepayments	912 980	1 426 836
Prepaid taxes	876 027	1 777 734
Plastic cards debtors	759 674	545 738
Balances arising from derivative financial instruments (Note 30)	25 211	-
Other	19 640	28 866
Total other assets	5 555 702	4 629 536

12 Premises and Equipment

	Premises	Office and computer equipment	Construction in progress	Total
Net book amount at 31 December 2000	40 938 951	7 948 264	2 737 709	51 624 924
Book amount at cost or valuation				
Opening balance	40 938 951	11 499 290	2 737 709	55 175 950
Additions	-	3 651 433	991 756	4 643 189
Transfers	1 253 285	-	(1 253 285)	-
Disposals	(279 795)	(370 396)	(140 598)	(790 789)
Closing balance	41 912 441	14 780 327	2 335 582	59 028 350
Accumulated depreciation				
Opening balance	-	(3 551 026)	-	(3 551 026)
Depreciation charge (Note 24)	(1 868 545)	(2 968 894)	-	(4 837 439)
Disposals	7 502	161 056	-	168 558
Closing balance	(1 861 043)	(6 358 864)	-	(8 219 907)
Net book amount at 31 December 2001	40 051 398	8 421 463	2 335 582	50 808 443

Construction in progress consists mainly of construction and refurbishment of branch premises. Upon completion, assets are transferred to premises. The transfers to premises amounted to RR 1 253 285 thousand during 2001 (2000: RR 1 688 353 thousand).

Premises have been independently valued at 31 December 2000. The valuation was carried out by an independent firm of internationally recognised valuers. The basis used for the appraisal was the sales comparison approach. Included in the net book value of premises at 31 December 2001 is RR 452 832 thousand representing revaluation surplus relating to premises of the Bank, net of deferred tax (2000: RR 355 797 thousand). Deferred tax liability with respect to this fair value adjustment was recorded directly to equity in accordance with the applicable accounting standards. An increase in revaluation reserve in the amount of RR 125 408 thousand as at 31 December 2001 is attributed to reduction in deferred tax credit due to a decrease in the income tax rate effective from 1 January 2002 (refer to Note 25).

As at 31 December 2001 Management assessed the carrying value of premises and equipment, and construction in progress for possible impairment in accordance with IAS 36 "Impairment of assets". Management is of the opinion that no impairment should be recognised in respect of premises and equipment as at 31 December 2001 (2000: a net impairment loss of RR 4 395 544 thousand related to the Bank's premises has been recognised).

Savings Bank of the Russian Federation**Notes to the Financial Statements – 31 December 2001***(in thousands of Russian Roubles expressed in terms of the purchasing power of the Russian Rouble at 31 December 2001 - Note 3)***13 Due to Banks**

	2001	2000
Amounts on "Vostro" accounts of other banks		
- Russian Federation	3 049 737	3 181 587
- Other countries	587 289	1 337 160
Short term deposits due to banks		
- Russian Federation	10 013 459	667 437
- Other countries	1 809 504	-
Total due to banks	15 459 989	5 186 184

Included in short-term deposits due to banks are amounts payable in connection with repo agreements in the amount of RR 8 500 031 thousand. Securities pledged for these transactions are represented by OVGZ bonds and Russian Federation Eurobonds recorded by the Bank within Trading securities (refer to Note 6).

Geographical and currency analysis of due to banks is disclosed in Note 28. The effective average interest rates and maturity structure of due to banks is detailed in Note 29. The Bank has several balances with related parties. The relevant information on related party balances is disclosed in Note 32.

14 Deposits from Individuals and Customer Accounts

	2001	2000
Individuals		
- Current/demand accounts	98 409 909	117 781 267
- Term deposits	395 600 632	294 611 337
Total deposits from individuals	494 010 541	412 392 604
State and public organisations		
- Current/settlement accounts	23 976 651	38 184 473
- Term deposits	1 065 859	1 186 389
Other legal entities		
- Current/settlement accounts	86 770 829	82 653 868
- Term deposits	18 069 893	14 619 614
Total customer accounts	129 883 232	136 644 344
Total deposits from individuals and customer accounts	623 893 773	549 036 948

The geographical and currency analysis of customer accounts is disclosed in Note 28. The effective average interest rates and maturity analysis is provided in Note 29. The Bank has several deposits with related parties. The relevant information on related party deposits is disclosed in Note 32.

Savings Bank of the Russian Federation

Notes to the Financial Statements – 31 December 2001

(in thousands of Russian Roubles expressed in terms of the purchasing power of the Russian Rouble at 31 December 2001 - Note 3)

14 Deposits from Individuals and Customer Accounts (Continued)

Economic sector concentrations within customer accounts are as follows:

	2001		2000	
	Amount	%	Amount	%
Individuals	494 010 541	79.18%	412 392 604	75.11%
Trade	23 544 649	3.77%	22 918 772	4.17%
Municipal bodies and state organisations	11 834 075	1.90%	32 788 282	5.97%
Construction	11 136 232	1.78%	8 783 190	1.60%
Telecommunications	9 660 056	1.55%	6 412 723	1.17%
Oil and gas	8 312 438	1.33%	7 677 880	1.40%
Food and agriculture	6 147 247	0.99%	6 096 325	1.11%
Equipment manufacturing	4 790 376	0.77%	4 240 029	0.77%
Transport, aviation and space	3 396 053	0.54%	3 865 753	0.70%
Energy	2 165 576	0.35%	2 315 615	0.42%
Metallurgy	1 259 693	0.20%	2 169 057	0.40%
Other	47 636 837	7.64%	39 376 718	7.18%
Total deposits from individuals and customer accounts	623 893 773	100.0%	549 036 948	100.0%

Included in customer accounts are deposits of RR 2 363 772 thousand (2000: RR 1 275 046 thousand) held as collateral for irrevocable commitments under import letters of credit. Refer to Note 30.

15 Own Securities Issued

	2001	2000
Bills of exchange	25 420 420	40 006 852
Deposit certificates	2 821 759	1 378 352
Savings certificates	494 909	200 747
Total own securities issued	28 737 088	41 585 951

The geographical and currency analysis of customer accounts is disclosed in Note 28. The effective average interest rates and maturity analysis is provided in Note 29.

16 Other Borrowed Funds

	2001	2000
Term borrowings from other banks	1 507 000	669 194
Total other borrowed funds	1 507 000	669 194

The Bank has borrowings of USD 50 000 thousand (equivalent of RR 1 507 000 thousand) (2000: USD 20 000 thousand) in the form of special purpose line of credit from international banking institutions. The contractual maturity of the borrowings varies from 10 to 54 months (2000: from 10 to 17 months) and annual interest rate is LIBOR + 1.95% (2000: LIBOR + 1.95%).

Savings Bank of the Russian Federation

Notes to the Financial Statements – 31 December 2001

(in thousands of Russian Roubles expressed in terms of the purchasing power of the Russian Rouble at 31 December 2001 - Note 3)

17 Other Liabilities

	2001	2000
Accrued compensation expenses	2 259 978	253 120
Taxation payable	1 095 920	824 063
Settlements on conversion operations and operations with securities	710 376	608 813
Trade creditors	616 428	533 919
Other accruals and deferred income	151 753	17 691
Balances arising from derivative financial instruments (Note 30)	74 033	568 667
Plastic card creditors	24 922	47 217
Dividends payable (Note 27)	14 439	19 804
Provision for credit related commitments (Note 30)	9 580	60 188
Other	10 125	113 839
Total other liabilities	4 967 554	3 047 321

18 Share Capital

As at 31 December 2001 authorised share capital of the Bank amounted to RR 1 000 000 thousand, which included 19 000 000 ordinary shares and 50 000 000 preference shares. Share capital issued and fully paid comprised:

	2001				2000			
	Number of shares	Nominal amount	Nominal value	Inflation adjusted amount	Number of share	Nominal amount	Nominal value	Inflation adjusted amount
Ordinary shares	19 000 000	0.05	950 000	16 961 245	14 002 000	0.05	700 100	16 691 361
Preference shares	50 000 000	0.001	50 000	1 263 722	50 000 000	0.001	50 000	1 263 844
Less: Treasury shares								
Ordinary shares	(2 797)	0.05	(140)	(1 033)	(3 147)	0.05	(157)	(1 639)
Preference shares	(1 069)	0.001	(1)	(19)	(7 244)	0.001	(7)	(140)
Total share capital	68 996 134		999 859	18 223 915	63 991 609		749 936	17 953 426

All ordinary shares have a nominal value of RR 50 per share, rank equally and carry one vote.

The preference shares have a nominal value of RR 1 and carry no voting rights but rank ahead of the ordinary shares in event of liquidation of the Bank. Preference shares are not mandatorily redeemable. They carry a minimum annual dividend of 15 percent.

On 4 June 2001 the Bank registered an additional share issue in an open market. The Bank issued 4 998 000 ordinary shares with the nominal value of RR 50 per share at a price of RR 1000 per share.

As at 31 December 2001, 2 797 ordinary shares (2000: 3 147 shares) and 1 069 preference shares (2000: 7 244 shares) at a total cost, restated to the equivalent purchasing power of the Russian Rouble at 31 December 2001, amounting to RR 1 052 thousand (2000: RR 1 779 thousand) have been owned by the Bank as treasury shares and accordingly, have been reflected as a reduction to share capital in the balance sheet.

Savings Bank of the Russian Federation
Notes to the Financial Statements – 31 December 2001

(in thousands of Russian Roubles expressed in terms of the purchasing power of the Russian Rouble at 31 December 2001 - Note 3)

19 Share Premium

Share premium represents the excess of contributions received over the nominal value of shares issued.

20 Accumulated Retained Earnings and Other Reserves

In accordance with Russian Law on Banks and Banking Activity, the Bank must distribute all profits as dividends or transfer them to reserves (fund accounts) on the basis of financial statements prepared in accordance with Russian Accounting Rules. The Bank's reserves under Russian Accounting Rules as at 31 December 2001 are RR 56 399 938 thousand (2000: RR 40 584 641 thousand (non-inflated)).

21 Interest Income and Expense

	2001	2000
Interest income		
Loans and advances to customers	62 759 333	55 746 572
Due from banks	4 436 135	7 526 940
Securities	33 103 373	39 137 159
Total interest income	100 298 841	102 410 671
Interest expense		
Term deposits of individuals	(42 318 298)	(54 358 900)
Current/settlement accounts	(1 455 630)	(2 106 985)
Term deposits of legal entities	(1 204 528)	(909 016)
Promissory notes	(799 785)	(747 019)
Term placements of banks	(247 975)	(236 411)
Other borrowed funds	(19 520)	(60 546)
Other	(4 149)	(5 211)
Total interest expense	(46 049 885)	(58 424 088)
Net interest income	54 248 956	43 986 583

Savings Bank of the Russian Federation**Notes to the Financial Statements – 31 December 2001***(in thousands of Russian Roubles expressed in terms of the purchasing power of the Russian Rouble at 31 December 2001 - Note 3)***22 Fee and Commission Income and Expense**

	2001	2000
Commission on cash transactions	5 633 154	4 115 604
Commission on settlement transactions	3 179 238	3 604 244
Commission related to operations with foreign currency	1 570 485	1 315 048
Commission on cash collection	613 640	531 987
Commission transactions with securities	274 540	365 393
Commission on guarantees issued	16 614	17 301
Other	1 150 978	599 882
Total fee and commission income	12 438 649	10 549 459
Commission related to operations with foreign currency	(280 483)	(165 183)
Commission transactions with securities	(128 161)	(130 950)
Commission on cash collection	(53 750)	(77 656)
Commission on settlement transactions	(30 965)	(68 162)
Commission on cash transactions	(538)	(1 160)
Commissions on guarantees received	-	(1 841)
Other	(10 647)	(7 759)
Total fee and commission expense	(504 544)	(452 711)
Net fee and commission income	11 934 105	10 096 748

23 Other Operating Income

	2001	2000
Late charges on loans and other penalties	779 378	594 379
Leasing and other income on premises and equipment	376 709	305 289
Recoveries of amounts previously charged-off	348 408	1 234 068
Gains less losses arising from dealing in precious metals	198 338	481 361
Dividends received	13 151	20 632
Other	296 324	347 733
Total other operating income	2 012 308	2 983 462

Savings Bank of the Russian Federation**Notes to the Financial Statements – 31 December 2001***(in thousands of Russian Roubles expressed in terms of the purchasing power of the Russian Rouble at 31 December 2001 - Note 3)***24 Operating Expenses**

	2001	2000
Depreciation of premises and equipment (Note 12)	4 837 439	4 134 764
Other expenses related to premises and equipment	4 568 668	5 971 263
Taxes other than on income	3 326 813	6 145 401
Administrative expenses	3 148 166	2 169 149
Expenses related to clients claims and court expenses	682 013	107 111
Advertising and marketing	516 033	448 142
Professional services	32 511	37 654
Other	1 968 089	1 434 799
Total operating expenses	19 079 732	20 448 283

25 Income Taxes

Income tax expense was comprised of the following:

	2001	2000
Current tax charge	3 934 296	4 721 176
Deferred taxation movement	12 346 710	(638 195)
Effect of (reduction)/increase in tax rate	(5 299 447)	638 195
Amounts recorded directly to equity:		
- adjustment of deferred tax credit due to reduction in tax rate/impairment of premises (Note 12)	125 408	1 729 896
- adjustment of amortised cost of securities acquired at original issuance (Note 10)	(417 590)	-
Income tax expense for the year	10 689 377	6 451 072

Savings Bank of the Russian Federation
Notes to the Financial Statements – 31 December 2001

(in thousands of Russian Roubles expressed in terms of the purchasing power of the Russian Rouble at 31 December 2001 - Note 3)

25 Income Taxes (Continued)

The income tax rate applicable to the majority of the Bank's income is 43 percent (2000: 38 percent). Effective 1 January 2001, the tax rate has been increased from 38 percent to 43 percent. However, in August 2001, a 24 percent income tax rate was enacted, which becomes effective from 1 January 2002. As this new tax rate was enacted prior to 31 December 2001, the effect of the change on closing deferred tax liabilities amounting to RR 5 299 447 thousand has been recognized in these financial statements. Reconciliation between the expected and the actual taxation charge is provided below.

	2001	2000
IAS profit before taxation	38 136 281	19 715 764
Theoretical tax charge at the applicable statutory rate	16 398 601	7 491 990
Tax effect of items which are not deductible or assessable for taxation purposes:		
- Income exempt from taxation	(17 072 433)	(14 904 355)
- Income on government securities taxed at different rates	(1 713 123)	(3 578 731)
- Non deductible provisions for loan impairment	612 712	191 962
- Non deductible decreases in fair value /provision for impairment of securities available for sale	(1 852 789)	(454 290)
- Non temporary elements of monetary gains and losses	3 690 041	2 344 093
- Losses of branches, not offset against the Bank's profit	-	1 850 227
- Write off of derivative contracts	(184 803)	(71 288)
- Other non –temporary differences	(147 938)	(136 853)
- Other non-deductible expenses	18 766 911	16 308 285
- Non-deductible expenses posted via retained earnings	364 007	480 513
Effect of the change in tax rate	(5 299 447)	638 195
Inflation effect on deferred tax balance at the beginning of the year	461 988	1 417 760
Non-recognised net deferred tax asset movement	(3 334 350)	(5 126 436)
Income tax expense for the year	10 689 377	6 451 072

Differences between IAS and Russian statutory taxation regulations give rise to certain temporary differences between the carrying value of certain assets and liabilities for financial reporting purposes and for profits tax purposes. The tax effect of the movement on these temporary differences is recorded at the rate of 24 percent, except for income on state securities that is taxed at 15 percent.

Savings Bank of the Russian Federation
Notes to the Financial Statements – 31 December 2001

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25 Income Taxes (Continued)

	2000	Movement	2001
Tax effect of deductible temporary differences			
Provision for impairment of loans to customers	7 398 949	(4 252 024)	3 146 925
Provision for impairment of securities	9 584 986	(9 584 986)	-
Premises and equipment depreciation	3 351 044	(821 429)	2 529 615
Accruals	2 296 480	(510 852)	1 785 628
Other	(639)	638 684	638 045
Gross deferred tax asset	22 630 820	(14 530 607)	8 100 213
Less: non-recognised deferred tax asset	(3 334 350)	3 334 350	-
Net deferred tax asset	19 296 470	(11 196 257)	8 100 213
Tax effect of taxable temporary differences			
Provision for impairment of loans to banks	(135 926)	135 926	-
Deferred tax liability at concessionary rates on income on securities	(3 502 967)	3 018 475	(484 492)
Fair valuation of securities	76 925	(4 215 774)	(4 138 849)
Premises and equipment	(14 491 992)	5 646 915	(8 845 077)
Accruals	(1 001 767)	(557 052)	(1 558 819)
Other	(240 743)	120 504	(120 239)
Gross deferred tax liability	(19 296 470)	4 148 994	(15 147 476)
Total net deferred tax liability	-	(7 047 263)	(7 047 263)

26 Earnings per Share

Basic earnings per share are calculated by dividing the net loss or profit attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year, excluding the average number of ordinary shares purchased by the Bank and held as treasury shares.

The Bank has no dilutive potential ordinary shares; therefore, the diluted earnings per share equal basic earnings per share.

	2001	2000
Net profit attributable to shareholders	27 446 904	13 264 692
Less: preference dividends (Note 27)	(42 581)	(52 349)
Net profit attributable to ordinary shareholders	27 404 323	13 212 343
Weighted average number of ordinary shares in issue (thousands)	17 331	13 997
Basic and diluted earnings per share (expressed in RR per share)	1 581.23	943.94

Savings Bank of the Russian Federation
Notes to the Financial Statements – 31 December 2001

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27 Dividends

	2001		2000	
	Ordinary	Preference	Ordinary	Preference
Dividends payable at 1 January	18 198	1 606	17 560	2 643
Dividends declared during the year	759 235	42 581	612 584	52 349
Dividends paid during the year	(760 870)	(43 175)	(609 003)	(52 943)
Effect of inflation	(2 882)	(254)	(2 943)	(443)
Dividends payable at 31 December (Note 17)	13 681	758	18 198	1 606
Dividends per share declared during the year	43.81	0.85	43.77	1.04

All dividends are declared and paid in Russian Roubles.

28 Analysis by Segment, Geographical Analysis and Currency Risk

Analysis by segment. The Bank has operations primarily in the Russian Federation and provides general banking services to private and corporate customers. In 2001 the Bank was organised on the basis of branches, which broadly reflected administrative regions within Russia. The Bank Management evaluates performance and makes investment and strategic decisions based upon a review of profitability for the Bank as a whole. Reliable information on assets or profitability by product type is not available to the Bank's Management for making decisions regarding resource allocation and is therefore not presented. Further, the performance measurement systems employed by the Bank to review overall profitability are based on the results of the Bank determined using Russian Statutory Accounting books and records. Russian Statutory Accounting differs in many significant respects from IAS.

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Notes to the Financial Statements – 31 December 2001

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28 Analysis by Segment, Geographical Analysis and Currency Risk (Continued)

Geographical analysis. The geographical analysis of the Bank's assets and liabilities as at 31 December 2001 is set out below:

	Russia	Non-Russia	Total
Assets			
Cash and cash equivalents	26 191 317	8 616 599	34 807 916
Mandatory cash balances with the Central Bank of the Russian Federation	53 509 403	-	53 509 403
Trading securities	67 985 359	-	67 985 359
Due from banks	130 643	796 905	927 548
Loans and advances to customers	378 918 769	619 797	379 538 566
Securities available for sale	80 796 507	-	80 796 507
Securities acquired at original issuance	93 831 146	-	93 831 146
Accrued interest income	3 836 693	6 276	3 842 969
Other assets	5 502 333	53 369	5 555 702
Premises and equipment	50 808 443	-	50 808 443
Total assets	761 510 613	10 092 946	771 603 559
Liabilities			
Due to banks	13 063 196	2 396 793	15 459 989
Deposits from individuals	493 114 301	896 240	494 010 541
Customer accounts	129 296 995	586 237	129 883 232
Promissory notes	28 737 088	-	28 737 088
Other borrowed funds	-	1 507 000	1 507 000
Accrued interest expense	8 572 476	20 428	8 592 904
Other liabilities	4 795 683	171 871	4 967 554
Deferred tax liability	7 047 263	-	7 047 263
Total liabilities	684 627 002	5 578 569	690 205 571
Net balance sheet position at 31 December 2001	76 883 611	4 514 377	81 397 988
Net balance sheet position at 31 December 2000	44 519 024	4 892 974	49 411 998

Countries other than Russia are represented primarily by OECD member countries.

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28 Analysis by Segment, Geographical Analysis and Currency Risk (Continued)

Currency analysis. Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. At year end the Bank had balances in Russian Roubles and other currencies. Other currencies represent mainly amounts in US dollars and Euro.

At 31 December 2001, the Bank has the following positions in currencies:

	RR	USD	Other currencies	Total
Assets				
Cash and cash equivalents	22 785 704	8 689 725	3 332 487	34 807 916
Mandatory cash balances with the Central Bank of the Russian Federation	53 509 403	-	-	53 509 403
Trading securities	40 018 428	27 966 931	-	67 985 359
Due from banks	23 030	658 713	245 805	927 548
Loans and advances to customers	323 901 510	54 161 248	1 475 808	379 538 566
Securities available for sale	51 222 305	29 574 202	-	80 796 507
Securities acquired at original issuance	8 652 944	85 178 202	-	93 831 146
Accrued interest income	3 266 524	538 016	38 429	3 842 969
Other assets	3 401 860	2 075 496	78 346	5 555 702
Premises and equipment	50 808 443	-	-	50 808 443
Total assets	557 590 151	208 842 533	5 170 875	771 603 559
Liabilities				
Due to banks	2 882 163	12 426 350	151 476	15 459 989
Deposits from individuals	369 454 753	122 058 824	2 496 964	494 010 541
Customer accounts	103 851 551	25 533 993	497 688	129 883 232
Own securities issued	27 090 531	1 646 557	-	28 737 088
Other borrowed funds	-	1 507 000	-	1 507 000
Accrued interest expense	6 500 489	2 056 223	36 192	8 592 904
Other liabilities	4 444 848	511 309	11 397	4 967 554
Deferred tax liability	7 047 263	-	-	7 047 263
Total liabilities	521 271 598	165 740 256	3 193 717	690 205 571
Net balance sheet position	36 318 553	43 102 277	1 977 158	81 397 988
Off-balance sheet net notional position	(5 197 918)	(1 765 116)	6 963 034	-
Credit commitments	35 761 900	15 857 444	1 694 882	53 314 226

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28 Analysis by Segment, Geographical Analysis and Currency Risk (Continued)

At 31 December 2000, the Bank had the following positions in currency:

	RR	USD	Other currencies	Total
Net balance sheet position	(27 767 036)	76 260 704	918 330	49 411 998
Off-balance sheet net notional position	(13 396)	13 396	-	-
Credit commitments	59 007 382	18 866 985	1 162 092	79 036 459

The off-balance sheet net notional position represents notional currency positions on foreign exchange contracts entered into during 2001; it excludes outstanding forward contracts entered into prior to August 1998.

The provisions for losses on loans and advances to banks and to customers, as well as other provisions have been matched with the respective currencies.

The Bank has extended loans and advances denominated in foreign currencies. Depending on the revenue stream of the borrower, the appreciation of the currencies against the Russian Rouble may adversely affect the borrowers' repayment ability and therefore increases the likelihood of future loan losses.

29 Interest Rate, Liquidity, Market and Credit Risks

Interest rate risk. The Bank is exposed to interest rate pricing risk, principally as a result of lending to customers and other banks, at fixed interest rates, in amounts and for periods, which differ from those of term deposits and other borrowed funds at fixed interest rates.

In practice, interest rates are generally fixed on a short-term basis. Also, interest rates that are contractually fixed on both assets and liabilities are often renegotiated to reflect current market conditions.

The table below summarises the effective average year-end interest rate, by major currencies, for monetary financial instruments outstanding as at 31 December 2001. The analysis has been prepared on the basis of weighted average interest rates for the various financial instruments using year-end effective rates.

	2001		2000	
	RR	Other currencies	RR	Other currencies
Assets				
Cash and cash equivalents	0%	1.64%	0%	0.90%
Due from banks	20.30%	1.42%	8.13%	1.22%
Trading securities	15.75%	11.04%	23.38%	17.43%
Loans and advances to customers	22.10%	13.30%	23.54%	13.96%
Securities available for sale	15.87%	13.01%	23.12%	21.15%
Securities acquired at original issuance	26.19%	15.60%	28.23%	15.60%
Liabilities				
Due to banks	11.45%	3.31%	1.73%	0.89%
Customer accounts and deposits of legal entities	2.92%	4.15%	2.45%	1.70%
Term deposits from individuals	10.84%	5.00%	10.70%	5.60%
Own securities issued	1.80%	1.71%	2.30%	2.70%
Other borrowed funds	-	6.82%	-	8.01%

The sign “-” in the table above means, that the Bank does not have the respective assets or liabilities in corresponding currency.

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29 Interest Rate, Liquidity, Market and Credit Risks (Continued)

Liquidity risk. Liquidity risk is defined as the risk when the maturity of assets and liabilities does not match. Liquidity risk management at the Bank is performed on the basis of measuring liquidity surplus / deficit and liquidity ratios which are analysed using scenario analysis. Liquidity ratios limits are approved by the Committee on Interest Rates and Limits of the Bank at least on annual basis. The Bank has also developed an action plan to deal with liquidity issues in the event of an economic crisis. The table below shows assets and liabilities as at 31 December 2001 by their remaining contractual maturity. Some of the assets, however, may be of a longer-term nature; for example, loans are frequently renewed and accordingly short term loans can have a longer-term duration.

The matching and/or controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Bank. It is unusual for banks ever to be completely matched since business transactions are often of an uncertain term and of different types. An unmatched position potentially enhances profitability, but can also increase the risk of losses.

The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Bank and its exposure to changes in interest and exchange rates.

The liquidity position of the Bank as at 31 December 2001 is set out below.

	Demand and less than 1 month	From 1 to 6 months	From 6 to 12 months	More than 1 year	Overdue / No stated maturity	Total
Assets						
Cash and cash equivalents	34 807 916	-	-	-	-	34 807 916
Mandatory cash balances with the Central Bank of the Russian Federation	53 509 403	-	-	-	-	53 509 403
Trading securities	67 985 359	-	-	-	-	67 985 359
Due from banks	819 305	108 243	-	-	-	927 548
Loans and advances to customers	53 309 899	129 261 294	113 934 273	81 577 857	1 455 243	379 538 566
Securities available for sale	-	1 845 961	12 744 910	65 491 950	713 686	80 796 507
Securities acquired at original issuance	-	-	-	93 831 146	-	93 831 146
Accrued interest income	3 842 969	-	-	-	-	3 842 969
Other assets	1 331 765	1 654 328	593 406	1 604 864	371 339	5 555 702
Premises and equipment	-	-	-	-	50 808 443	50 808 443
Total assets	215 606 616	132 869 826	127 272 589	242 505 817	53 348 711	771 603 559
Liabilities						
Due to banks	11 322 723	4 137 266	-	-	-	15 459 989
Deposits from individuals	195 082 476	187 464 548	43 668 244	67 795 273	-	494 010 541
Customer accounts	110 406 571	13 204 649	2 047 667	521 785	3 702 560	129 883 232
Own securities issued	23 669 261	3 913 519	957 990	196 318	-	28 737 088
Other borrowed funds	-	-	150 700	1 356 300	-	1 507 000
Accrued interest expense	8 592 904	-	-	-	-	8 592 904
Other liabilities	1 788 876	2 497 313	201 020	151 045	329 300	4 967 554
Deferred tax liability	-	-	-	-	7 047 263	7 047 263
Total liabilities	350 862 811	211 217 295	47 025 621	70 020 721	11 079 123	690 205 571
Net liquidity gap	(135 256 195)	(78 347 469)	80 246 968	172 485 096	42 269 588	81 397 988
Cumulative liquidity gap at 31 December 2001	(135 256 195)	(213 603 664)	(133 356 696)	39 128 400	81 397 988	-
Cumulative liquidity gap at 31 December 2000	(175 890 408)	(231 571 814)	(156 921 358)	28 952 813	49 411 998	-

Savings Bank of the Russian Federation

Notes to the Financial Statements – 31 December 2001

(in thousands of Russian Roubles expressed in terms of the purchasing power of the Russian Rouble at 31 December 2001 - Note 3)

29 Interest Rate and Liquidity, Market and Credit Risks (Continued)

The entire portfolio of trading securities is classified within demand and less than one month as the portfolio is of a dealing nature and Management believe this is a fairer portrayal of its liquidity position. Mandatory cash balances with the Bank of Russia are also included within demand and less than one month as the majority of liabilities to which this balance relates are also included within this category.

The Bank is exposed to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The Bank's interest rate sensitivity analysis based on the re-pricing of the Bank's assets and liabilities does not differ significantly from the maturity analysis disclosed in the table above. For certain interest sensitive instruments the Bank establishes limits based on their respective maturities. The Bank evaluates its risk exposure under negative market conditions and considers these results in interest rate risk and asset and liability management. Interest rate limits and decisions in respect of interest rate policy are made by the Committee on Interest Rates and Limits of the Bank.

Management believes that in spite of a substantial portion of deposits from individuals being on demand, diversification of these deposits by number and type of depositors, and the past experience of the Bank would indicate that these deposits provide a long-term and stable source of funding for the Bank.

Market risk. The Bank takes an exposure to market risk due to price fluctuations in financial, currency and precious metals markets. The Bank sets limits on the value at risk that may be accepted in respect of the open positions in various financial products, which is monitored on a daily basis. Market risk limits are approved by the Committee on Interest Rates and Limits of the Bank. However, the use of this approach does not fully prevent losses outside of these limits in the event of more significant market movements.

Credit risk. The Bank takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. The Bank has implemented an internal risk rating system in respect of its largest borrowers which is used to assess probability of default on loans to these borrowers. The Bank manages the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to geographical and industry segments. Credit risk limits are approved by the Credit Committee of the Bank. Such risks are monitored on a revolving basis and are subject to an annual or more frequent review.

Exposure to credit risk is also managed, in part, by obtaining collateral and corporate and personal guarantees.

The Bank's maximum exposure to credit risk is generally reflected in the carrying amounts of financial assets on the balance sheet. The impact of possible netting of assets and liabilities to reduce potential credit exposure is not significant.

Credit risk for off-balance sheet financial instruments is defined as the possibility of sustaining a loss as a result of another party to a financial instrument failing to perform in accordance with the terms of the contract. The Bank uses the same credit policies in making conditional obligations as it does for on-balance sheet financial instruments through established credit approvals, risk control limits and monitoring procedures.

30 Contingencies, Commitments and Derivative Financial Instruments

Legal proceedings. From time to time and in the normal course of business, claims against the Bank are received. Management is of the opinion that no material unaccrued losses will be incurred and accordingly no provision has been made in these financial statements.

Tax legislation. Due to the presence in Russian commercial legislation, and tax legislation in particular, of provisions allowing more than one interpretation, and also due to the practice developed in a generally unstable environment by the tax authorities of making arbitrary judgement of business activities, Management's judgement of the Bank's business activities may not coincide with the interpretation of the same activities by tax authorities.

Savings Bank of the Russian Federation

Notes to the Financial Statements – 31 December 2001

(in thousands of Russian Roubles expressed in terms of the purchasing power of the Russian Rouble at 31 December 2001 - Note 3)

30 Contingencies, Commitments and Derivative Financial Instruments (Continued)

Transfer pricing legislation, which was introduced from 1 January 1999, provides the possibility for tax authorities to make transfer pricing adjustments and impose additional tax liabilities in respect to all controlled transactions, provided that the transaction price differs from the market price by more than 20%. Controlled transactions include transactions with related parties, and transactions with unrelated parties if the price differs on similar transactions with two different counterparties by more than 20%. There is no formal guidance as to how these rules should be applied in practice.

If a particular treatment was to be challenged by the tax authorities, the Bank may be assessed additional taxes, penalties and interest, which can be significant. Tax years remain open to review by the tax authorities for three years.

Capital commitments. As at 31 December 2001 the Bank had capital commitments in respect of construction and computer equipment totalling RR 1 290 936 thousand (2000: RR 880 362 thousand). The Bank's Management has already allocated the necessary resources in respect of this commitment. The Bank's Management believes that future net revenues and funding will be sufficient to cover this and any similar commitments.

Operating lease commitments. In the course of its business the Bank enters into a number of lease agreements. The majority of these lease agreements are cancellable. Where the Bank is the lessee, the future minimum lease payments under non-cancellable operating leases are as follows:

	2001	2000
Not later than 1 year	42 314	40 956
Later than 1 year and not later than 5 years	64 923	63 212
Later than 5 years	43 372	10 649
Total operating lease commitments	150 609	114 817

Credit related commitments. The credit related commitments comprise loan commitments, letters of credit and guarantees. The contractual amount of these commitments represents the value at risk should the contract be fully drawn upon, the client defaults, and the value of any existing collateral becomes worthless. In general, most of the Bank's import letters of credit are collateralised with cash deposits or collateral pledged to the Bank and accordingly the Bank normally assumes minimal risk. Outstanding credit related commitments are as follows:

	2001	2000
Undrawn credit lines and commitments to extend credit	47 814 574	74 112 216
Import letters of credit (Note 14)	2 798 951	1 389 184
Export letters of credit	1 796 991	2 856 224
Letters of credit for domestic settlements	461 950	140 339
Guarantees issued	451 340	598 684
Less: provision for losses on credit related commitments (Note 17)	(9 580)	(60 188)
Total credit related commitments	53 314 226	79 036 459

The Bank has the right to renegotiate the terms of credit line agreements. At 31 December 2001, the probability of losses arising in connection with these undrawn credit lines is considered remote and accordingly no provision has been established (2000: no provision has been established).

Savings Bank of the Russian Federation

Notes to the Financial Statements – 31 December 2001

(in thousands of Russian Roubles expressed in terms of the purchasing power of the Russian Rouble at 31 December 2001 - Note 3)

30 Contingencies, Commitments and Derivative Financial Instruments (Continued)

Management evaluated the likelihood of possible losses arising from other credit related commitments and concluded that a provision of RR 9 580 thousand was necessary as at 31 December 2001 (2000: RR 60 188 thousand). This provision is disclosed under other liabilities. Refer to Note 17. The total outstanding contractual amount of guarantees, letters of credit, and undrawn credit lines does not necessarily represent future cash requirements, as these financial instruments may expire or terminate without being funded.

Derivatives. As at 31 December 2001, the Bank had outstanding forward and option foreign exchange contracts with Russian and foreign banks whereby it had agreed to buy or sell Russian Roubles in exchange for another currency at an exchange rate agreed to at the date of the contract. Some of these contracts were entered into prior to 17 August 1998 and matured during 1998 and early 1999 but have not yet been settled. The Bank has been able to settle outstanding contracts with several counterparties and any resultant gains or losses have been recorded in the statement of income.

The Bank has calculated the exposure on outstanding contracts using the exchange rates ruling on the maturity dates of the index forward contracts as the Bank has historically settled domestic index derivatives in Russian Roubles. Net exposure on deliverable forward contracts has been calculated using the year end foreign exchange rates. Principal or agreed amount of contracts for which the date of maturity is past due and no settlement had been completed as of 31 December 2001 amounted to RR 21 311 994 thousand for purchase of foreign currency with total gains of RR 4 505 130 thousand and RR 8 469 340 thousand for sale of foreign currency with total losses of RR 1 218 970 thousand. The Bank's net position, after fully providing for receivables and offsetting gains and losses within the same counterparty, as at 31 December 2001, with respect of contracts entered into during 1998, is loss equal to RR 491 668 thousand.

The Civil Code of the Russian Federation stipulates a three-year period for commencing action to enforce contracts. This period expired in 2001. On the basis of independent external legal advice regarding the enforceability of the contracts under Russian law, market practices and the activities of other participants in the derivative market in Russia, as well as a significant passage of time, Management is of the opinion that these contracts with domestic banks are no longer legally enforceable, and that therefore no losses will arise for the Bank as a result of these contracts.

Management of the Bank has therefore not recorded any liabilities in respect of these contracts in the financial statements of the Bank for the year ended 31 December 2001. Previously recorded liabilities, receivables and provisions under these contracts have been derecognised.

The table below summarises the change in the Bank's obligations with respect to the forward contracts during 2001.

	2001
Obligations on unsettled contracts at 1 January	568 667
Settlements during the year	(26 497)
Write off of 1998 contracts	(452 098)
Accrued losses on contracts entered into during the year 2001	74 033
Effect of inflation	(90 072)
Obligations on forward foreign exchange contracts at 31 December (Note 17)	74 033

During 2001 the Bank has settled certain outstanding index forward contracts entered into in 1998 for sale of foreign currency with a nominal value of RR 1 031 519 thousand (2000: RR 6 255 873 thousand) and for purchase of foreign currency with a nominal value of RR 2 246 090 thousand (2000: RR 15 514 565 thousand). The calculated net gain on these transactions based on contractual rates was RR 184 309 thousand (2000: RR 2 145 277 thousand). The Bank has paid a consideration of RR 26 480 thousand and received no consideration (2000: RR 90 505 thousand paid and RR 58 282 thousand received) with respect to the settlement of these deals.

Savings Bank of the Russian Federation

Notes to the Financial Statements – 31 December 2001

(in thousands of Russian Roubles expressed in terms of the purchasing power of the Russian Rouble at 31 December 2001 - Note 3)

30 Contingencies, Commitments and Derivative Financial Instruments (Continued)

A summary of movements in provision for uncollectable gains on forward foreign exchange contracts is as follows:

	2001
Provision at 1 January	5 150 046
Use of provision for settlements	(556 468)
Use of provision for write off of derivative contracts	(3 777 858)
Effect of inflation	(815 720)
Provision as at 31 December	-

The Bank also engages in transactions with other derivative financial instruments. In particular, the Bank engages in transactions with forward contracts with securities and precious metals. Foreign exchange and other derivative financial instruments are generally traded in an over-the-counter market with professional market counterparties on standardised contractual terms and conditions.

Savings Bank of the Russian Federation

Notes to the Financial Statements – 31 December 2001

(in thousands of Russian Roubles expressed in terms of the purchasing power of the Russian Rouble at 31 December 2001 - Note 3)

30 Contingencies, Commitments and Derivative Financial Instruments (Continued)

The table below includes contracts with a maturity date subsequent to 31 December 2001. These contracts were entered into in 2001 and are short term in nature.

	Domestic				Foreign			
	Principal or agreed amount of currency purchased	Principal or agreed amount of currency sold	Unrealised Loss	Unrealised Gain	Principal or agreed amount of currency purchased	Principal or agreed amount of currency sold	Unrealised Loss	Unrealised Gain
Deliverable forwards								
Foreign currency								
<u>USD vs CHF</u>								
- purchase of USD / sale of CHF	-	-	-	-	30 140	(30 021)	-	119
- purchase of CHF / sale of USD	-	-	-	-	1 125 862	(1 163 404)	(37 542)	-
<u>USD vs EUR</u>								
- purchase of USD / sale of EUR	-	-	-	-	478 649	(476 820)	-	1 829
- purchase of EUR / sale of USD	-	-	-	-	2 437 080	(2 469 638)	(32 558)	-
Precious metals								
- sale of precious metals	1 980	(1 949)	-	31	-	-	-	-
- purchase of precious metals	3 026 342	(3 003 181)	-	23 161	-	-	-	-
Securities								
- sale of securities	37 389	(37 374)		15	-	-	-	-
Spot								
Foreign currency								
<u>USD vs EUR</u>								
- purchase of EUR / sale of USD	397 350	(398 707)	(1 357)	-	437 085	(438 873)	(1 788)	-
- purchase of foreign currency	1 630 574	(1 631 362)	(788)	-	602 800	(602 744)	-	56
Total	5 093 635	(5 072 573)	(2 145)	23 207	5 111 616	(5 181 500)	(71 888)	2 004

The unrealised gain or loss in the table above reflects the fair value adjustment of outstanding derivatives as at the year end. The Bank has recorded a net loss of RR 72 029 thousand which is included within gains less losses arising from dealing in foreign currencies, net gain of RR 23 192 thousand which is included within gains less losses arising from dealing in precious metals and net gain of RR 15 thousand which is included within gains less losses arising from securities.

Savings Bank of the Russian Federation

Notes to the Financial Statements – 31 December 2001

(in thousands of Russian Roubles expressed in terms of the purchasing power of the Russian Rouble at 31 December 2001 - Note 3)

30 Contingencies, Commitments and Derivative Financial Instruments (Continued)

Fiduciary assets. These assets are not included in the Bank's balance sheet as they are not assets of the Bank. Nominal values disclosed below are normally different from the fair values of respective securities. The fiduciary assets fall into the following categories:

	2001 Nominal value	2000 Nominal value
OVGZ	10 145 847	10 493 345
GKO and OFZ securities held on an account with MICEX	2 932 872	3 779 603
Bills of exchange	999 278	-
Debt securities of municipal authorities of RF	932 895	455 485
Russian Federation Eurobonds	180 840	-
Shares in companies held in other custodies	134 239	97 773
OGSZ	1	77 293
Other securities	46 309	32 211

Included in fiduciary assets are Russian Federation Eurobonds with nominal value of RR 180 840 thousand received by the Bank as collateral for loans granted to other banks on reverse repo transactions (see also Note 7).

No insurance cover is maintained on fiduciary assets.

Assets pledged. As at 31 December 2001, the Bank has pledged OFZ bonds with fair value of RR 2 331 306 thousand as collateral against overnight interbank borrowings, which the Bank takes on a regular basis from the Bank of Russia (2000: nil). As at 31 December 2001 the Bank had no overnight borrowings from the Bank of Russia (2000: nil). Securities pledged also include bonds pledged for funding received under repo agreements (Refer to Note 13).

31 Fair Value of Financial Instruments

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price.

The estimated fair values of financial instruments have been determined by the Bank using available market information, where it exists, and appropriate valuation methodologies. However, judgement is necessarily required to interpret market data to determine the estimated fair value. As described in more detail in Note 2, the Russian Federation has shown signs of an emerging market and has experienced a significant decline in the volume of activity in its financial markets. While Management has used available market information in estimating the fair value of financial instruments, the market information may not be fully reflective of the value that could be realised in the current circumstances.

Management has estimated that the fair value of certain balance sheet instruments is not materially different than their recorded values. These balance sheet instruments include cash, nostros and term deposits, placements with banks and other financial institutions, securities held for trading or available for sale purposes, loans and advances to customers, deposits from banks and other financial institutions, current accounts and deposits from customers, certificates of deposit and promissory notes and other short-term assets and liabilities which are of a contractual nature. Management believes that the carrying amount of these particular financial assets and liabilities approximates their fair value, partially due to the fact that it is practice to renegotiate interest rates to reflect current market conditions. Refer to Note 29. Fair values of securities acquired at original issuance have been disclosed in Note 10.

As set out in Note 4, external independent market quotations were not available for certain securities available for sale. These were fair valued by Management using relevant factors such as discounted cash flows and financial information of the underlying investments.

Savings Bank of the Russian Federation**Notes to the Financial Statements – 31 December 2001***(in thousands of Russian Roubles expressed in terms of the purchasing power of the Russian Rouble at 31 December 2001 - Note 3)*

31 Fair Value of Financial Instruments (Continued)

The fair values of equity securities in associated and subsidiary companies, share capital, premises and equipment, and other assets and liabilities which are not of a contractual nature are not calculated as they are not considered financial instruments under IAS 32, "Financial Instruments: Disclosure and Presentation".

32 Related Party Transactions

For the purposes of these financial statements, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions as defined by IAS 24 "Related Party Disclosures". In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Banking transactions are entered into in the normal course of business with significant shareholders, directors, subsidiaries and companies with which the Bank has significant shareholders in common. These transactions include settlements, loans, deposit taking, trade finance and foreign currency transactions. These transactions are priced predominantly at market rates.

The outstanding balances at the year-end and interest expense and income as well as other transactions for the year with related parties other than the Central Bank of the Russian Federation are as follows:

	2001	2000
Correspondent accounts and overnight deposits with other banks at the year end	38 891	47 825
Due from banks		
Interest income for the year	28 227	90 640
Loans and advances to customers		
Loans outstanding at the year end	4 257 647	5 390 554
Provision for loan impairment at the year end	(1 325 062)	(1 247 830)
Interest income for the year	221 858	910 457
Due to banks		
Correspondent accounts and overnight deposits of other banks at the year end	49 881	47 012
Short-term placements outstanding at the year end	2 441 340	254 294
Interest expense for the year	37 721	19 776
Customer deposits		
Current/settlement accounts at the year end	71 054	-
Term customer deposits outstanding at the year end	216 416	246 910
Interest expense for the year	15 191	50 739

Savings Bank of the Russian Federation

Notes to the Financial Statements – 31 December 2001

(in thousands of Russian Roubles expressed in terms of the purchasing power of the Russian Rouble at 31 December 2001 - Note 3)

32 Related Party Transactions (Continued)

The Bank of Russia is the majority shareholder of the Bank and is the regulatory body for all credit institutions in Russia. As noted in the financial statements, the Bank maintains a number of balances, and carries out a range of transactions with the Bank of Russia, which are not included in the above analysis. These transactions included settlements, deposit placement and deposit taking, transfer of funds to the mandatory cash balances in accordance with the Russian banking regulations. These transactions were priced predominantly at market rates, where applicable.

The outstanding balances at the year-end and interest income and expense as well as other transactions for the year with the Bank of Russia are stated in the table below:

	2001	2000
Mandatory cash balances with the Bank of Russia as at year end	53 509 403	49 037 242
Nostro account with the Bank of Russia as at year end (Note 5)	9 803 137	14 420 293
Loans and advances to the Bank of Russia as at year end (Note 7)	-	18 298 280
Interest income	3 050 023	5 129 079
Interest expense	4 583	1 485

**Financial Statements
and Auditor's Report 2001**

**(in accordance with the Russian
Accounting Standards)**

Letterhead of "PricewaterhouseCoopers Audit"

***Statutory Audit Report of the independent audit firm
Closed joint-stock company "PricewaterhouseCoopers Audit"
on the statutory accounting reports of
Joint-Stock Commercial Savings Bank of the Russian Federation
(open joint-stock company),
prepared in conformity with the Statutory requirements
in respect of its business activity
for the year ended 31 December 2001***

FINAL PART

To the shareholders of Joint-Stock Commercial Savings bank of the Russian Federation (open joint-stock company):

1. We have audited the accompanying 2001 statutory accounting reports of Joint-Stock Commercial Savings bank of the Russian Federation (open joint-stock company) (hereinafter - the Bank). These statutory accounting reports were prepared by the management of the Bank in accordance with the Chart of Accounts for credit institutions prescribed by the Bank of Russia and other regulatory documents. These statutory accounting reports differ significantly from financial statements prepared in accordance with International Accounting Standards mainly in areas of valuation of assets and capital, recognition of liabilities, and disclosure.
2. Preparation of the statutory accounting reports is the responsibility of the management of the Bank. Our responsibility as statutory auditors is to express an opinion on the trustworthiness in all material aspects of these statutory accounting reports based on our audit.
3. We conducted our statutory audit in accordance with:

The Federal Law On Auditor's Activities No 119-FZ of 7 August 2001;

The Regulations of the Bank of Russia "On the order of compiling and presenting to the Bank of Russia the Audit report on the results of checking the credit institution's activity for the reporting year" No 10-P of 23 December 1997;

The rules and standards on Auditing approved by the Commission on Audit Activity under the President of the Russian Federation;

The Rule (Standard) of Banking Auditing approved by Expert Committee for Banking Auditing under the Bank of Russia;

International Standards on Auditing; and

Internal standards of the firm.

These standards require that we plan and perform the statutory audit to obtain reasonable assurance about whether the statutory accounting reports are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statutory accounting reports. An audit also includes assessing the accounting principles used and significant estimates made by the Bank's management, as well as evaluating the overall presentation of the statutory accounting reports in order to assess compliance with laws and current regulations of the Russian Federation. We reviewed a sample of business transactions of the Bank for compliance with the effective legislation solely to obtain sufficient assurance that statutory accounting reports are free of material misstatements. We believe that our statutory audit provides a reasonable basis for our opinion.

4. In our opinion the audited annual statutory accounting reports are prepared in all material aspects in accordance with legislation and statutory requirements regulating the procedure for accounting and preparation of statutory accounting reports in the Russian Federation and the principles of accounting accepted in the Russian Federation. On this basis, the proper preparation of the balance sheet and of the profit and loss account is confirmed.

Exhibits

Director of the closed-joint stock company
"PricewaterhouseCoopers Audit"

/signed and sealed/
Tam Basunia

Statutory auditor

/signed and sealed/
O.A. Kucherova

30 April 2002

TRANSLATOR'S EXPLANATORY NOTE:
The above translation of the auditor's
report is provided as a free translation
from Russian which is the official
and binding version.

Balance Sheet
of Sberbank (Joint Stock Commercial Savings Bank of the Russian Federation)
as of 1 January 2002.

Registration number 1481 BIC - 044525225
Address: 19 Vavilova St., 117997 Moscow, Russia

	ASSETS	(RUB/thrs)
1	Cash and balances at the Central Bank of the Russian Federation	76,906,790
2	State debt securities	212,256,750
3	Due from lending institutions	593,536
4	Net investments in securities held for resale (item 4.1 less item 4.2)	2,040,030
4.1	Securities held for resale (book value)	2,119,466
4.2	Provision for possible diminution in value of securities	79,436
5	Loans and other receivables	426,985,587
6	Accrued interest (including interest overdue)	5,171,320
7	Lease receivables	45,398
8	Provisions for possible losses	23,478,148
9	Net loans outstanding (item 5 less item 8)	403,507,439
10	Fixed and intangible assets, disposable materials, low value and short life items	59,734,071
11	Net investment securities and equity participation (item 11.1 less item 11.2)	2,052,599
11.1	Investment securities and equity participation (book value)	2,316,144
11.2	Provision for possible diminution in value of securities and equity participation	263,545
12	Prepaid expenses on other activities	924,383
13	Other assets	11,553,111
14	Total assets (items 1+2+3+4+6+7+9+10+11+12+13)	774,785,427
	LIABILITIES	
15	Due to the Central Bank of the Russian Federation	0
16	Due to lending institutions	8,415,179
17	Claims of customers	626,155,184
17.1	Including deposits from individuals	489,019,961
18	Deferred revenues from other operations	8,119
19	Debt instruments issued	28,856,947
20	Other liabilities	15,988,016
21	Reserves for possible losses on receivables, risks and commitments	329,870
22.	Total liabilities (items 15+16+17+18+19+20+21)	679,753,315
	EQUITY	
23	Share capital (shareholders' equity) (23.1+23.2+23.3.), including	1,000,000
23.1	Registered ordinary shares	950,000
23.2	Registered preference shares	50,000
23.3	Non-registered share capital of non-joint-stock banks	0
24	Treasury shares	0
25	Share premium	5,576,698
26	Retained earnings, other funds, capital surplus	52,222,257
27	Fixed assets revaluation	37,435,527
28	Profit (loss) for the accounting period	21,743,744
29	Dividends payable from current year profit	0
30	Allocated profit (net of dividends)	20,682,248
31	Unallocated profit (item 28 less item 29 less item 30)	1,061,496
32	Expenses and risks affecting equity	2,263,866
33	Total shareholders' equity (item 23 less item 23.3 less item 24 +25+26+27+31 less item 32)	95,032,112
34	Total liabilities and shareholders' equity (items 22 + 23.3 + 33)	774,785,427
	OFF-BALANCE SHEET COMMITMENTS	
35	Irrevocable commitments	67,817,417
36	Guarantees issued	451,340

Trust operations have not been performed.

EXHIBIT

To Audit Report of ZAO PricewaterhouseCoopers Audit
30 April 2002

Statement of Income of Sberbank
(Joint-Stock Commercial Savings Bank of the Russian Federation)
for the year 2001

Registration number 1481 BIC - 044525225
Address: 19 Vavilova St., 117997 Moscow, Russia

	Items	(RUB /ths)
	Interest and similar income received from:	
1	Loans to banks, placements and accounts with banks	4,620,070
2	Loans to other customers	56,069,090
3	Funds in leasing	4,563
4	Fixed income securities	25,200,576
5	Other sources	210,787
6	Total interest and similar income received (sum of items from 1 to 5)	86,105,086
	Interest paid and similar expenses on:	
7	Funds of banks, including deposits and borrowings	280,809
8	Funds of clients, including deposits and borrowings	38,910,046
9	Debt securities issued	572,088
10	Rent paid	856,290
11	Total interest paid and similar expenses (sum of items from 7 to 10)	40,619,233
12	Net interest and similar income (item 6 less item 11)	45,485,853
13	Commission income	10,402,290
14	Commission expenses	208,642
15	Net commission income (item 13 less item 14)	10,193,648
	Other operating income:	
16	Income on operations with foreign currency and other currency valuables, including income from currency balances revaluation	182,926,373
17	Income from transactions of purchase/sale of precious metals, securities and other assets, positive revaluation of precious metals, securities and other assets	11,431,976
18	Dividends received	12,246
19	Other current income	24,818,444
20	Total other operating income (sum of items from 16 to 19)	219,189,039
21	Current income (item 12 + item 15 + item 20)	274,868,540
	Other operating expenses:	
22	Staff expenses	24,869,731
23	Maintenance expenses	7,843,166
24	Expenses on operations with foreign currency and other currency valuables, including currency balances revaluation	174,020,006
25	Expenses on transactions of purchase/sale of precious metals, securities and other assets, negative revaluation of precious metals and securities	4,038,630
26	Other current expenses	33,788,598
27	Total of other operating expenses (sum of items from 22 to 26)	244,560,131
28	Net current income before provisions and extraordinary income / expenses (item 21 less item 27)	30,308,409
29	Change in loan loss provision	8,753,808
30	Change in provision for diminution in value of securities	-521,321
31	Change in other provisions	332,178
32	Net current income before extraordinary income / expenses (item 28 less items 29, 30 and 31)	21,743,744
33	Net extraordinary income less extraordinary expenses	0
34	Net income (including extraordinary income) before tax (item 32 + item 33)	21,743,744
35	Income tax	4,057,092
36	Deferred income tax	0
36a	Extraordinary expenses after taxation	0
37	Net profit (loss) for the accounting period (item 34 less items 36 and 36a)	21,743,744

EXHIBIT

To Audit Report of ZAO PricewaterhouseCoopers Audit
30 April 2002

**Statement of Cash Flow of Sberbank
(Joint Stock Commercial Savings Bank of the Russian Federation)
for the year 2001.**

Registration number 1481 BIC - 044525225
Address: 19 Vavilova St., 117997 Moscow, Russia

	Items	(RUB, ths)
	I. Cash flows from operating activities	
1	Interest income	86,105,086
2	Interest expenses	40,619,233
3	Commission income	10,402,290
4	Commission expenses	208,642
5	Income on operations with foreign currency and other currency valuables	6,038,671
6	Income from transactions of purchase/sale of precious metals, securities and other assets	4,520,589
7	Expenses on operations with foreign currency and other currency valuables	2,336,955
8	Expenses on transactions of purchase/sale of precious metals, securities and other assets	2,936,073
9	Dividends received	12,246
10	Other operating income	24,707,450
11	Other operating expenses	66,501,495
12	Extraordinary expenses after taxation	0
13	Total income/expenses (item 13.1 plus item 13.2) including	-1,962,197
13.1	Income/expenses (sum of items 1, 3, 5, 6, 9, 10 less items 2, 4, 7, 8, 11, 12)	19,183,934
13.2	Change in income/expenses	-21,146,131
14	Payments to the budget made from the profit, charitable contributions and other payments	-298,606
15	Cash flows from operating activities before changes in current assets/liabilities (item 13 + item 14)	-2,260,803
	Change in current assets	
16	State debt securities	-36,570,142
17	Due from lending institutions	-12,208,715
18	Securities held for resale (book value)	813,234
19	Loans and other receivables	-152,171,283
20	Lease receivables	43,436
21	Other assets	-7,000,277
	Change in current liabilities	
22	Due to the Bank of Russia	0
23	Due to lending institutions	3,473,668
24	Claims of customers	163,424,813
25	Other liabilities	7,477,612
26	Net cash inflow/outflow from current operations (sum of items from 16 to 25)	-32,717,654
27	Net cash inflow/outflow from operating activities (item 15 plus item 26)	-34,978,457
	II. Cash flows from investing activities	
28	Fixed and intangible assets, disposable materials, low value and short life items	-37,931,396
29	Investment securities and equity participation (book value)	-821,883
30	Net cash inflow/outflow from investing activities (item 28 plus item 29)	38,753,279
	III. Cash flows from financing activities	
31	Share capital (shareholders' equity)	249,900
32	Treasury shares	0
33	Share premium	4,748,100
34	Retained earnings, other funds	13,964,120
35	Dividends payable from current year profit	0
36	Debt instruments issued	-6,142,167
37	Net cash inflow/outflow from financing activities (sum of items from 31 to 36)	12,819,953
38	Positive/negative revaluation of foreign currency and other currency valuables, precious metals, securities and other assets; accrued and other funds not reflected in the financial result	43,423,715
39	Net inflow/outflow of cash and cash equivalents (item 27 + item 30 + item 37 + item 38)	-17,488,068
40	Cash and cash equivalents at the beginning of the year	41,488,141
41	Cash and cash equivalents at the end of the year (item 39 + item 40)	24,000,073

EXHIBIT
To Audit Report of ZAO PricewaterhouseCoopers Audit
30 April 2002

Report on Compliance with Basic Requirements of the Bank of Russia as of 1 January 2002

1	Actual value of capital adequacy ratio (Standard №1, in %)	16.5
2	Provisions for possible losses on loans, required by the Bank of Russia (RUB, ths)	23,478,148
3	Actual provisions for possible losses on loans (RUB, ths)	23,478,148
4	Provision for possible diminution in value of securities, required by the Bank of Russia (RUB, ths)	342,981
5	Actual provisions for possible diminution in value of securities (RUB, ths)	342,981
6	Provisions for possible losses, required by the Bank of Russia (RUB, ths), 1.10.2001 – 20% of calculated provisions 1.04.2002 – 50% of calculated provisions 1.10.2002 – 100% of calculated provisions	329,870
7	Actual provisions for possible losses (RUB, ths)	329,870

Chairman of the Board and CEO of Sberbank

/signed and sealed/
Andrei I. Kazmin

Chief Accountant
Director of the Accounting Department
of Sberbank

/signed/
Andrei V. Kruzhlov

In our opinion, the audited annual statutory accounting reports are prepared in all material aspects in accordance with the legislation and statutory requirements regulating the procedure of accounting and preparation of statutory accounting reports and the accepted principles of accounting in the Russian Federation. On this basis, the proper preparation of the balance sheet, of the profit and loss account, of the cash flow statement and information on compliance with basic requirements of the Bank of Russia is confirmed.

Detailed information on the trustworthiness of the accounting reports of the credit organisation including the data presented above is contained in our audit opinion on the trustworthiness of the accounting reports of the credit organisation as of 1 January 2002.

- name of the company: Closed joint-stock company "PricewaterhouseCoopers Audit"
- audit license № 0067
- date of issue of the license: 08 September 2000
- validity of the license: three years from 08 September 2000
- State body issuing the license: Central Bank of the Russian Federation
- Name of Director: Richard Buski
- Name and position of the person who signed the published financial statements (with the indication of date and number of the document verifying his authority): Director: T.Basunia is authorised to sign the auditors' report under the Power of Attorney dated 1 August 2001 № P-0405-0801-zao

/signed/
Tam Basunia

EXHIBIT
To Audit Report of ZAO PricewaterhouseCoopers Audit
30 April 2002

BRANCH NETWORK

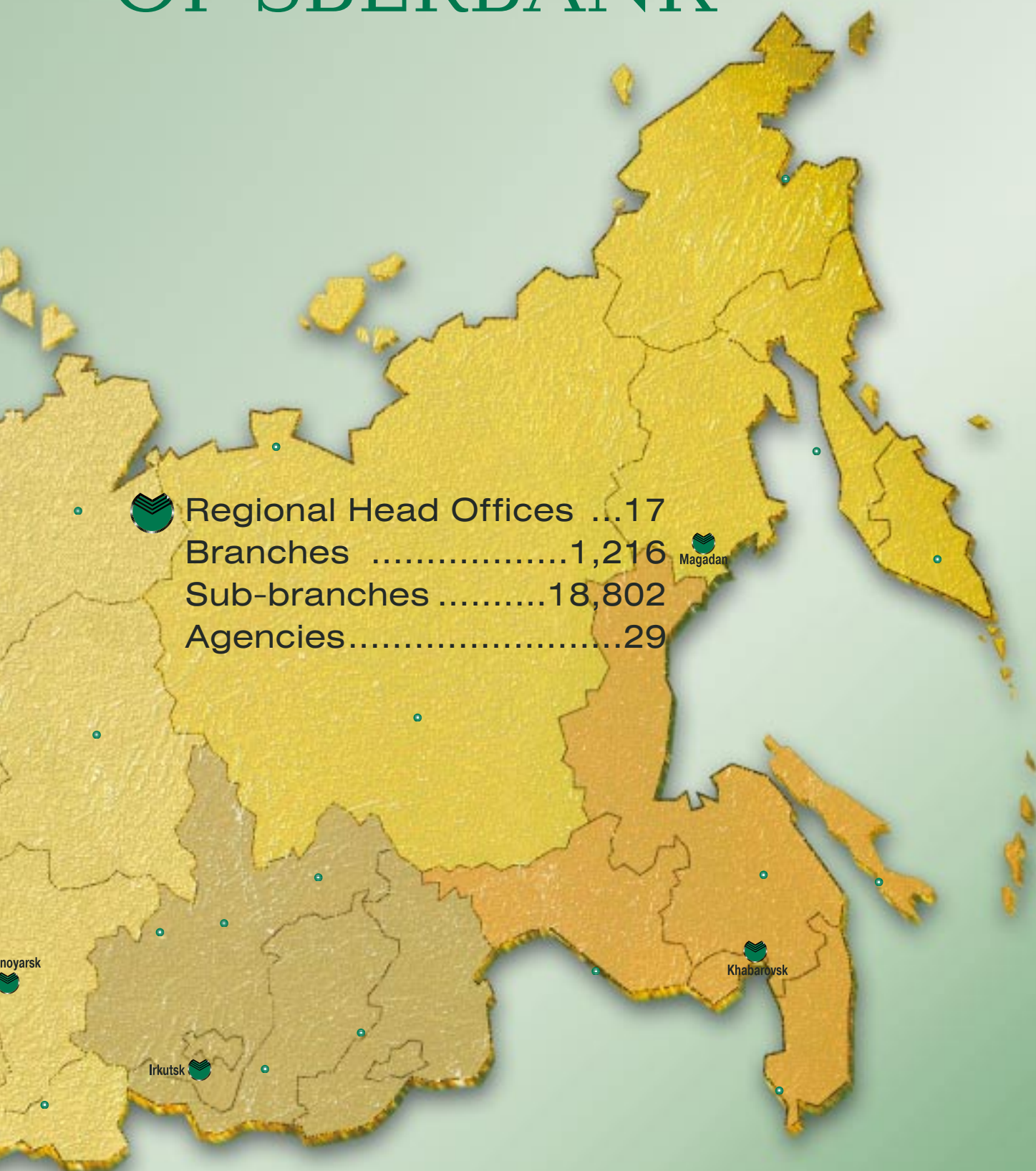


Established in 1841

SBERBANK



OF SBERBANK



REGIONAL HEAD OFFICES

Altaisky Head Office



*Vladimir F.
Pesotski*

*106-a Komsomolski Prospekt, 656038 Barnaul, Russia
tel.: (385-2) 39 92 11*

*Branches25
Sub-branches728
Agencies0*

Baikalsky Head Office



*Anatoli A.
Sizykh*

*32 Deputatskaya St., 664047 Irkutsk, Russia
tel.: (395-2) 33 95 55*

*Branches57
Sub-branches553
Agencies1*

Dalnevostochny Head Office



*Boris Z.
Gvozdev*

*4 Brestskaya St., 680011 Khabarovsk, Russia
tel.: (421-2) 34 21 16*

*Branches.....24
Sub-branches414
Agencies0*

OF SBERBANK

*Viktor V.
Shchurenkov*



Povolzhsky Head Office 



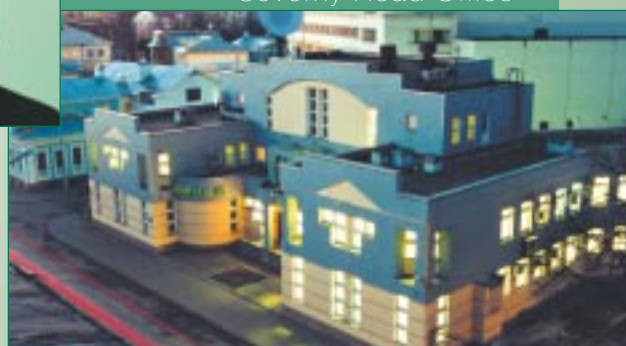
*305 Novo-Sadovaya St., 443011 Samara, Russia
tel.: (846-2) 98 11 04*

*Branches157
Sub-branches2,837
Agencies1*

*Vladimir P.
Rybin*



Severyny Head Office 



*8 Prospekt Oktyabrya, 150028 Yaroslavl, Russia
tel. (085-2) 72 88 51*

*Branches48
Sub-branches753
Agencies0*

*Viktor V.
Gavrilov*



Severo-Kavkazsky Head Office 



*361 Lenina St., 355035 Stavropol, Russia
tel.: (865-2) 24 39 76*

*Branches35
Sub-branches478
Agencies0*

*Galina D.
Kozub*



Severo-Vostochny Head Office 



*11/11 Pushkina St., 685000 Magadan, Russia
tel.: (413-22) 2 26 32*

*Branches46
Sub-branches233
Agencies0*

Severo-Zapadny Head Office



Vladimir A.
Shorin

2 Krasnykh Tekstilshchikov St., 193124 St. Petersburg, Russia
tel. (812) 329 96 00

Branches74
Sub-branches930
Agencies0

Sibirsky Head Office



Alexander A.
Mikhin

46 Krasny Prospekt, 630091 Novosibirsk, Russia
tel.: (383-2) 22 18 81

Branches.....40
Sub-branches682
Agencies0

Srednerussky Head Office



Vladimir A.
Nikonov

8 Bolshaya Andronyevskaya St., 109544 Moscow, Russia
tel.: (095) 747 34 31

Branches.....113
Sub-branches1,556
Agencies0

Tsentralno-Chernozemny Head Office



Alexander K.
Solovyev

28 Devyatogo Yanvaryia St., 394006 Voronezh, Russia
tel.: (073-2) 55 05 83

Branches.....76
Sub-branches1,386
Agencies1

Uralsky Head Office



Vladimir A.
Cherkashin

31-v Malysheva St., 620014 Ekaterinburg, Russia
tel.: (343-2) 51 17 44

Branches.....128
Sub-branches1,615
Agencies1

*Yevgeni A.
Korolev*



Volgo-Vyatsky Head Office



35 Oktyabrskaya St., 603005 Nizhniy Novgorod, Russia
tel.: (831-2) 78 86 00

Branches153
Sub-branches2321
Agencies17



*Valeri I.
Aralkin*



Vostochno-Sibirsky Head Office



46 Svobodny Prospekt, 660028 Krasnoyarsk, Russia
tel.: (391-2) 59 80 03

Branches47
Sub-branches441
Agencies0



*Sergei V.
Kugaev*



Yugo-Zapadny Head Office



116 Pushkinskaya St., 344006 Rostov-On-Don, Russia
tel.: (863-2) 64 39 20

Branches64
Sub-branches1,340
Agencies0



*Nina Ya.
Bragina*



Zapadno-Sibirsky Head Office



61 Rizhskaya St., 625023 Tyumen, Russia
tel.: (345-2) 41 21 53

Branches63
Sub-branches940
Agencies5



*Vladimir A.
Verkholtantsev*

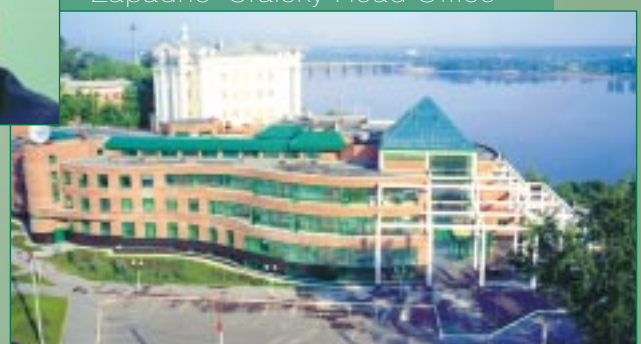


Zapadno-Uralsky Head Office



4 Ordzhonikidze St., 614990 Perm, Russia
tel.: (342-2) 10 26 00

Branches53
Sub-branches843
Agencies3



SBERBANK'S CORRESPONDENTS WORLDWIDE

Total number of correspondent banks worldwide – 260, including:

Europe

Total number of correspondent banks – 170

among them Nostro correspondents – 22

including main clearing banks:

EUR	Deutsche Bank AG, Frankfurt/Main ⁶
EUR	J.P. Morgan AG, Frankfurt/Main ⁷
CHF	UBS AG, Zurich
GBP	HSBC Bank Plc, London
SEK	Nordea Bank Sweden AB (publ), Stockholm
NOK	Den Norske Bank ASA, Oslo
DKK	Danske Bank A/S, Copenhagen
MULTI	Raiffeisen Centrobank AG, Vienna
CZK	Komerční Banka a.s., Prague
PLN	Bank Handlowy w Warszawie SA, Warsaw
BYR	Belvnesheconombank, Minsk
EEK, LTL, LVL	Hansapank, Tallinn

North America

Total number of correspondent banks – 26

among them Nostro correspondents – 5

including main clearing banks:

USD	The Bank of New York, New York
CAD	Canadian Imperial Bank of Commerce, Toronto

South America

Total number of correspondent banks – 8

Asia

Total number of correspondent banks – 47

among them Nostro correspondents – 2

including main clearing banks:

JPY	The Bank of Tokyo-Mitsubishi Ltd., Tokyo
KZT	Kazkommertsbank, Alma-Ata

Australia and Oceania

Total number of correspondent banks – 2

Africa

Total number of correspondent banks – 7

⁶For commercial payments

⁷For bank-to-bank payments



Established in 1841

SBERBANK

(SAVINGS BANK OF THE RUSSIAN FEDERATION)

BANK DETAILS

Registered with the Central Bank of the Russian Federation on June 20, 1991
General Licence of the Central Bank of the Russian Federation renewed August 12, 1999

Registration number: 1481

Legal and Mail Address	19 Vavilova St., 117997 Moscow, Russia
Telephone	(007 095) 957-58-62
Fax	(007 095) 957-57-31 (007 095) 747-37-31
Telex	414733 SBRF RU
Teletype	114569 SBRF RU
E-mail	sbrf@sbrf.ru
Internet	http:// www.sbrf.ru
SWIFT Code	SABR RU MM
Reuters Dealing Code	SBRF, SBRR, SBRO

Sberbank Reception

1/64 Dobrovolcheskaya St.,
Telephone: (007 095) 974-73-87

Sberbank Call Desk

Telephones: (007 095) 974 66-77, (007 095) 974-66-46, (007 095) 974-77-61

Public Relations Department

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Cover page: The postage stamp commemorating the 160th Anniversary
of Sberbank, grilled on the first day.