

Sberbank of Russia and its subsidiaries

Interim Condensed Consolidated Financial Statements
and Report on Review

31 March 2015

Interim Condensed Consolidated Financial Statements and Report on Review

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Report on review of interim condensed consolidated financial statements

To the Shareholders and the Supervisory Board of Sberbank of Russia

We have reviewed the accompanying interim condensed consolidated financial statements of Sberbank of Russia (the "Bank") and its subsidiaries (together the "Group"), which comprise the interim consolidated statement of financial position as at 31 March 2015 and the related interim consolidated statement of profit or loss, interim consolidated statement of comprehensive income, interim consolidated statement of changes in equity and interim consolidated statement of cash flows for the three-month period then ended and selected explanatory notes.

Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*.

A review of interim condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements as at 31 March 2015 and for the period from 1 January 2015 till 31 March 2015 are not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.

CJSC Ernst & Young Vneshaudit

27 May 2015

Moscow, Russia

Interim Consolidated Statement of Financial Position

		31 March 2015 (unaudited)	31 December 2014
<i>in billions of Russian Roubles</i>	Note		
ASSETS			
Cash and cash equivalents		1,909.4	2,308.8
Mandatory cash balances with central banks		376.5	365.7
Financial assets at fair value through profit or loss	5	885.5	921.7
Due from banks		190.4	240.8
Loans and advances to customers	6	17,363.7	17,756.6
Securities pledged under repurchase agreements	7	371.2	1,169.3
Investment securities available-for-sale	8	1,457.5	829.7
Investment securities held-to-maturity	9	309.5	117.9
Deferred tax asset		17.1	19.1
Premises and equipment		493.9	496.4
Assets of the disposal group and non-current assets held for sale	31	68.2	72.0
Other financial assets	10	457.7	562.9
Other non-financial assets	10	345.3	339.9
TOTAL ASSETS		24,245.9	25,200.8
LIABILITIES			
Due to banks		2,407.3	3,640.0
Due to individuals	11	9,514.7	9,328.4
Due to corporate customers	11	6,301.0	6,234.5
Debt securities in issue	12	1,346.3	1,302.6
Other borrowed funds		522.5	537.2
Financial liabilities at fair value through profit or loss except for debt securities in issue	13	614.0	769.1
Deferred tax liability		69.3	45.3
Liabilities of the disposal group	31	56.6	58.2
Other financial liabilities	14	478.3	444.5
Other non-financial liabilities	14	51.1	51.4
Subordinated debt	15	787.9	769.5
TOTAL LIABILITIES		22,149.0	23,180.7
EQUITY			
Share capital		87.7	87.7
Treasury shares		(5.7)	(7.6)
Share premium		232.6	232.6
Revaluation reserve for office premises		71.6	72.3
Fair value reserve for investment securities available-for-sale		(109.8)	(171.4)
Foreign currency translation reserve		67.3	83.2
Remeasurements of defined benefit pension plans		(1.1)	—
Retained earnings		1,750.4	1,718.8
Total equity attributable to shareholders of the Bank		2,093.0	2,015.6
Non-controlling interest		3.9	4.5
TOTAL EQUITY		2,096.9	2,020.1
TOTAL LIABILITIES AND EQUITY		24,245.9	25,200.8

Approved for issue and signed on behalf of the Management Board on 27 May 2015.



Herman Gref, Chairman of the Management Board and CEO

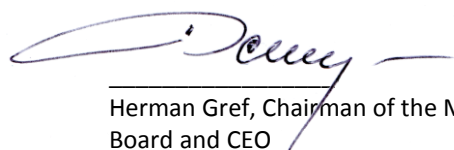


Marina Lukianova,
Chief Accountant

Interim Consolidated Statement of Profit or Loss

		Three months ended 31 March	
<i>(unaudited)</i>			
<i>in billions of Russian Roubles</i>			
	Note	2015	2014
Interest income	16	561.9	414.2
Interest expense	16	(352.7)	(166.5)
Deposit insurance expenses	16	(8.9)	(8.1)
Net interest income		200.3	239.6
Net provision charge for impairment of debt financial assets	6,9	(115.3)	(77.1)
Net interest income after provision charge for impairment of debt financial assets		85.0	162.5
Fee and commission income	17	83.9	68.4
Fee and commission expense	17	(14.4)	(7.8)
Net losses arising from trading securities		(0.8)	(2.0)
Net gains / (losses) arising from securities designated as at fair value through profit or loss		4.6	(0.8)
Net gains / (losses) arising from investment securities available-for-sale		1.8	(1.0)
Impairment of investment securities available-for-sale		—	(0.6)
Net gains / (losses) arising from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation	18	27.1	(6.5)
Net losses arising from operations with precious metals, precious metals derivatives and precious metals accounts translation		(4.2)	(1.0)
Net gains arising from operations with other derivatives		1.1	6.5
Losses on initial recognition of financial instruments and on loans restructuring		(1.5)	—
Net recovery of / (charge for) other provisions		0.7	(4.9)
Revenue of non-banking business activities	19	5.4	5.8
Cost of sales and other expenses of non-banking business activities	19	(6.5)	(5.1)
Net income from insurance and pension fund operations	20	0.8	0.2
Other operating income		6.6	2.4
Operating income		189.6	216.1
Operating expenses	21	(139.7)	(121.8)
Profit before tax		49.9	94.3
Income tax expense		(19.3)	(21.4)
Profit for the period		30.6	72.9
Attributable to:			
- shareholders of the Bank		30.6	73.4
- non-controlling interest		—	(0.5)
Earnings per ordinary share attributable to the shareholders of the Bank, basic and diluted	22	1.42	3.41
(expressed in RR per share)			

Approved for issue and signed on behalf of the Management Board on 27 May 2015.



Herman Gref, Chairman of the Management Board and CEO



Marina Lukianova,
Chief Accountant

Interim Consolidated Statement of Comprehensive Income

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Three months ended 31 March	
	2015	2014
Profit for the period	30.6	72.9
Other comprehensive income:		
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>		
Investment securities available-for-sale:		
- Net gains / (losses) on revaluation of investment securities available-for-sale	78.6	(39.8)
- Impairment of investment securities available-for-sale transferred to statement of profit or loss	—	0.6
- Accumulated (gains) / losses transferred to statement of profit or loss upon disposal of investment securities available-for-sale	(1.8)	1.0
Net foreign currency translation effect	(15.9)	3.3
Deferred income tax relating to other comprehensive income on:		
- Investment securities available-for-sale	(15.2)	7.5
Total other comprehensive income / (losses) to be reclassified to profit or loss in subsequent periods, net of tax	45.7	(27.4)
<i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods</i>		
Remeasurements of defined benefit pension plans	(1.3)	—
Deferred income tax relating to other comprehensive income on:		
- Remeasurements of defined benefit pension plans	0.2	—
Total other comprehensive loss that will not be reclassified to profit or loss in subsequent periods, net of tax	(1.1)	—
Total other comprehensive income / (loss)	44.6	(27.4)
Total comprehensive income for the period	75.2	45.5
Attributable to:		
- shareholders of the Bank	75.2	46.0
- non-controlling interest	—	(0.5)

Interim Consolidated Statement of Changes in Equity

	Attributable to shareholders of the Bank										
<i>in billions of Russian Roubles</i>	Share capital	Treasury shares	Share premium	Revaluation reserve for office premises	Fair value reserve for investment securities available-for-sale	Foreign currency translation reserve	Remeasurements of defined benefit pension plans	Retained earnings	Total	Non-controlling interest	Total equity
Balance as at 31 December 2013	87.7	(7.2)	232.6	75.8	1.3	(13.7)	—	1,495.2	1,871.7	9.7	1,881.4
Changes in equity for the three months ended 31 March 2014 (unaudited)											
Net result from treasury shares transactions	—	1.3	—	—	—	—	—	—	1.3	—	1.3
Transfer of revaluation reserve for office premises upon disposal or depreciation	—	—	—	(0.6)	—	—	—	0.6	—	—	—
Changes in ownership interests in subsidiaries	—	—	—	—	—	—	—	—	—	(2.5)	(2.5)
<i>Profit for the period</i>	—	—	—	—	—	—	—	73.4	73.4	(0.5)	72.9
<i>Other comprehensive loss for the period</i>	—	—	—	—	(30.7)	3.3	—	—	(27.4)	—	(27.4)
Total comprehensive income for the period	—	—	—	—	(30.7)	3.3	—	73.4	46.0	(0.5)	45.5
Balance as at 31 March 2014 (unaudited)	87.7	(5.9)	232.6	75.2	(29.4)	(10.4)	—	1,569.2	1,919.0	6.7	1,925.7
Balance as at 31 December 2014	87.7	(7.6)	232.6	72.3	(171.4)	83.2	—	1,718.8	2,015.6	4.5	2,020.1
Changes in equity for the three months ended 31 March 2015 (unaudited)											
Net result from treasury shares transactions	—	1.9	—	—	—	—	—	0.3	2.2	—	2.2
Transfer of revaluation reserve for office premises upon disposal or depreciation	—	—	—	(0.7)	—	—	—	0.7	—	—	—
Changes in ownership interests in subsidiaries	—	—	—	—	—	—	—	—	—	(0.6)	(0.6)
<i>Profit for the period</i>	—	—	—	—	—	—	—	30.6	30.6	—	30.6
<i>Other comprehensive income for the period</i>	—	—	—	—	61.6	(15.9)	(1.1)	—	44.6	—	44.6
Total comprehensive income for the period	—	—	—	—	61.6	(15.9)	(1.1)	30.6	75.2	—	75.2
Balance as at 31 March 2015 (unaudited)	87.7	(5.7)	232.6	71.6	(109.8)	67.3	(1.1)	1,750.4	2,093.0	3.9	2,096.9

Interim Consolidated Statement of Cash Flows

(unaudited) in billions of Russian Roubles	Three months ended 31 March	
	2015	2014
Cash flows from operating activities before changes in operating assets and liabilities		
Interest received	541.5	408.9
Interest paid	(301.5)	(137.5)
Expenses paid directly attributable to deposit insurance	(8.5)	(7.4)
Fees and commissions received	85.1	69.7
Fees and commissions paid	(13.8)	(7.6)
Net (losses incurred) / gains received on trading securities	(3.0)	2.5
Net losses incurred on securities designated as at fair value through profit or loss	(0.9)	—
Net losses incurred from trading in foreign currencies and from operations with foreign currency derivatives	(119.8)	(3.0)
Net losses incurred from operations with other derivatives	(4.6)	(1.5)
Net losses incurred from operations with precious metals and precious metals derivatives	(3.3)	(1.0)
Revenue received from non-banking business activities	6.2	6.4
Expenses paid on non-banking business activities	(6.0)	(6.3)
Insurance premiums received	8.2	4.3
Payments on insurance operations	(0.2)	—
Payments on pension insurance agreements received	0.1	—
Payments on pension fund operations	(0.1)	—
Other operating income received	4.0	6.9
Operating expenses paid	(96.1)	(78.0)
Income tax paid	(25.7)	(25.8)
Cash flows from operating activities before changes in operating assets and liabilities	61.6	230.6
Changes in operating assets and liabilities		
Net increase in mandatory cash balances with central banks	(30.2)	(35.0)
Net (increase) / decrease in financial assets at fair value through profit or loss	(7.5)	39.4
Net decrease in due from banks	56.9	85.0
Net decrease / (increase) in loans and advances to customers	287.4	(643.3)
Net decrease in other assets	63.5	74.0
Net decrease in due to banks	(1,243.3)	(13.9)
Net increase / (decrease) in due to individuals	287.8	(244.0)
Net increase in due to corporate customers	125.1	520.2
Net increase in debt securities in issue	34.6	17.4
Net increase / (decrease) in financial liabilities at fair value through profit or loss except for debt securities in issue	9.0	(5.4)
Net increase / (decrease) in other liabilities	1.8	(28.4)
Net cash used in operating activities	(353.3)	(3.4)
Cash flows from investing activities		
Purchase of investment securities available-for-sale	(181.8)	(140.6)
Proceeds from disposal and redemption of investment securities available-for-sale	204.0	94.4
Purchase of investment securities held-to-maturity	(1.8)	(3.1)
Proceeds from redemption of investment securities held-to-maturity	2.0	9.9
Acquisition of premises and equipment and intangible assets	(18.4)	(15.4)
Proceeds from disposal of premises and equipment and intangible assets including insurance payments	2.1	5.0
Acquisition of investment property	(0.3)	(0.2)
Acquisition of subsidiaries net of cash acquired	—	(0.1)
Proceeds from disposal of subsidiaries net of cash disposed	0.4	0.3
Net cash from / (used in) investing activities	6.2	(49.8)
Cash flows from financing activities		
Other borrowed funds received	66.2	132.0
Redemption of other borrowed funds	(109.0)	(47.8)
Repayment of interest on other borrowed funds	(2.8)	(2.4)
Subordinated debt received	—	40.9
Repayment of interest on subordinated debt	(2.3)	(0.1)
Funds received from loan participation notes issued or reissued / other bonds issued	5.6	42.8
Redemption of loan participation notes / other bonds issued	(11.1)	(2.0)
Repayment of interest on loan participation notes / other bonds issued	(12.7)	(6.6)
Purchase of treasury shares	(1.4)	(6.8)
Proceeds from disposal of treasury shares	3.1	8.1
Net cash (used in) / from financing activities	(64.4)	158.1
Effect of exchange rate changes on cash and cash equivalents	10.8	25.3
Effect of hyperinflation on cash and cash equivalents	—	0.6
Net (decrease) / increase in cash and cash equivalents	(400.7)	130.8
Cash and cash equivalents as at the beginning of the period	2,308.8	1,327.0
Reclassification of cash and cash equivalents to assets of the disposal group and non-current assets held for sale	1.3	—
Cash and cash equivalents as at the end of the period	1,909.4	1,457.8

Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2015

1 Introduction

These interim condensed consolidated financial statements of Sberbank of Russia (Sberbank, “the Bank”) and its subsidiaries (together referred to as “the Group” or “Sberbank Group”) have been prepared in accordance with IAS 34 *Interim Financial Reporting* for the three months ended 31 March 2015. Principal subsidiaries include Russian and foreign commercial banks and other companies controlled by the Group. A list of principal subsidiaries included in these interim condensed consolidated financial statements is disclosed in Note 31.

The Bank is an open joint stock commercial bank established in 1841 and operating in various forms since then. The Bank was incorporated and is domiciled in the Russian Federation. The Bank’s principal shareholder, the Central Bank of the Russian Federation (“Bank of Russia”), owns 52.3% of ordinary shares or 50.0% plus 1 share of the issued and outstanding shares as at 31 March 2015 (31 December 2014: 52.3% of ordinary shares or 50.0% plus 1 share of the issued and outstanding shares).

As at 31 March 2015 the Supervisory Board of the Bank is headed by Sergey M. Ignatiev, Chairman of the Bank of Russia in the period of 2002-2013. The Supervisory Board of the Bank includes representatives from both the Bank’s principal shareholder and other shareholders as well as independent directors.

The Bank operates under a full banking license issued by the Bank of Russia since 1991. In addition, the Bank holds licenses required for trading and holding securities and engaging in other securities-related activities, including acting as a broker, a dealer, a custodian, and provision of asset management services. The Bank is regulated and supervised by the Bank of Russia as a united regulator for banking and financial markets activities in the Russian Federation. The Group’s foreign banks/companies operate under the banking/companies regulatory regimes of their respective countries.

The Group’s principal business activity is corporate and retail banking. This includes, but is not limited to, deposit taking and commercial lending in freely convertible currencies, local currencies of countries where the subsidiary banks operate and in Russian Roubles, support of clients’ export/import transactions, foreign exchange, securities trading, and trading in derivative financial instruments. The Group’s operations are conducted in both Russian and international markets. As at 31 March 2015 the Group conducts its business in Russia through Sberbank with its network of 16 (31 December 2014: 16) regional head offices, 78 (31 December 2014: 78) branches and 16,880 (31 December 2014: 17,046) sub-branches, and through principal subsidiaries located in Russia such as CJSC Sberbank Leasing, LLC Sberbank Capital, companies of ex-Troika Dialog Group Ltd., CJSC Non-state Pension Fund of Sberbank and Cetelem Bank LLC (former BNP Paribas Vostok LLC). The Group carries out banking operations in Turkey, Ukraine, Belarus, Kazakhstan, Austria, Switzerland and other countries of Central and Eastern Europe and also conducts operations through a branch office in India, representative offices in Germany and China and companies of ex-Troika Dialog Group Ltd. located in the United States of America, the United Kingdom, Cyprus and certain other jurisdictions.

The actual headcount of the Group’s employees as at 31 March 2015 was 325,963 (31 December 2014: 329,566).

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

Presentation currency. These interim condensed consolidated financial statements are presented in Russian Roubles (“RR”). All amounts are expressed in RR billions unless otherwise stated.

At 31 March 2015 the principal rates of exchange used for translating each entity’s functional currency into the Group’s presentation currency and foreign currency monetary balances were as follows:

	/RR	/UAH	/BYR	/KZT	/EUR	/CHF	/TRY
RR/	1.000	0.400	251.436	3.178	0.016	0.016	0.045
USD/	58.464	23.412	14,700.012	185.805	0.923	0.964	2.614
EUR/	63.370	25.376	15,933.354	201.394	1.000	1.045	2.833

Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2015

1 Introduction (Continued)

At 31 December 2014 the principal rates of exchange used for translating each entity's functional currency into the Group's presentation currency and foreign currency monetary balances were as follows:

	/RR	/UAH	/BYR	/KZT	/EUR	/CHF	/TRY
RR/	1.000	0.281	257.739	3.244	0.015	0.018	0.041
USD/	56.258	15.819	14,499.999	182.505	0.823	0.987	2.318
EUR/	68.343	19.217	17,614.597	221.707	1.000	1.199	2.816

2 Operating Environment of the Group

The Group conducts its business in the Russian Federation, Turkey, Switzerland, Belarus, Kazakhstan, Ukraine, Austria and other countries of Central and Eastern Europe.

The Russian Federation. The most part of the Group operations are conducted in the Russian Federation.

In the first quarter of 2015 Russia's economy has entered a recession phase. GDP declined by 1.9% year-on-year and by 1.3% compared to the fourth quarter of 2014. As a result the first quarter of 2015 was the second consecutive quarter of economy shrinking. Sharp decline in imports (about 40% year-on-year) supported economic growth and mitigated rate of GDP decrease. The uprise of unemployment (from 5.2% to 5.6%) and a reduction in productive capacity utilization (from 64% to 61% in processing industry) in the first quarter of 2015 compared to the same period in 2014 were also consequences of entering into the recession phase.

The crisis adversely affected consumption, due to rapid fall in real wages (by 8.3% in the first quarter of 2015, year-on-year) and reduction of consumer lending (by 3.6% in January-February of 2015). Retail sales fell by 6.7% in the first quarter of 2015, year-on-year. This drop in sales of non-food products accelerated during the first quarter from 3.0% in January 2015 to 9.9% in March 2015, year-on-year. The decline in sales of food products reached 7.5% in February-March 2015, year-on-year.

In contrast to the crisis of 2008-2009, investments reduction in the first quarter of 2015 looks quite moderate. Investments fell by 6% in the first quarter of 2015, year-on-year against 16.2% in the first quarter of 2009 and 19.4% in the second quarter of 2009, year-on-year. The index of industrial output in the first quarter of 2015 fell by only 0.4%, year-on-year. Industrial sector is supported by the accelerated budget expenditure on national defense (the amount for the first quarter 2015 reached 46.9% of the total amount scheduled for the entire 2015) and by the start of the construction of the gas pipeline "The Power of Siberia". The process of import substitution also played the role in the support of industrial output level, particularly in terms of growth in production of food products (by 3.5% in the first quarter of 2015, year-on-year), the import of which was restricted by the introduction of the food embargo.

In the first quarter of 2015 inflation accelerated and exceeded 16% (annualized) due to the devaluation of the Russian rouble, occurred in late 2014, and the introduction of the food embargo. As this acceleration was not directly related to the monetary factors, it did not prevent the Bank of Russia from lowering of its key rate sequentially by 3 percentage points to 14% in the 1st quarter of 2015.

In the first quarter of 2015 capital outflow slowed to USD 33 billion. Adjusted for foreign currency provided within currency repo, currency swaps and correspondent accounts of local banks with the Bank of Russia, net capital outflow of banks and enterprises fell by more than two times compared to the first quarter of 2014: down to USD 23 billion in the first quarter of 2015, compared to USD 61 billion in the first quarter of 2014. The external debt was reduced by 38 billion US dollars in the 1st quarter 2015. Both banking and corporate sector reduced their external debt amount: the external debt of banks was reduced by USD 17 billion, of the non-financial companies – by USD 19 billion.

Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2015

2 Operating Environment of the Group (continued)

Russia's banking sector completed the first quarter of 2015 without losses by the Russian accounting standards. The profit for the March 2015 was about RR 42 billion and compensated the loss of the first two months of 2015. This brought quarterly results to positive though quite small number: RR 6 billion against RR 232 billion in the first quarter of 2014. In view of the profit earned by Sberbank, the rest of the Russian banking system recorded a net loss. The reduction of key rate by the Bank of Russia may support the profitability of the Russian banking sector by reducing the cost of funding. Probable further deterioration in the quality of the loan portfolio may impair banking sector's profitability. The share of overdue loans in the corporate loan portfolio increased from 4.2% to 5.0%, and in the retail loan portfolio - from 5.9% to 6.9% during the first quarter of 2015 only. The growth of overdue loans volumes forces banks to allocate substantial amounts to provision charges (RR 308 billion in the first quarter of 2015).

In the first quarter of 2015 the financial markets situation remained complex and volatile. At the end of January 2015, Standard & Poor's rating agency, downgraded the Russian rating from the investment «BBB-» to the speculative «BB+» with a negative outlook. The situation began to improve in February 2015 after Minsk agreements on settlement of the conflict in Ukraine. Trends in the financial markets changed. As a result, the Russian rouble exchange rate has revalued considerably and by the end of the 1st quarter of 2015 almost reached the level of the end of 2014. In the first quarter of 2015, the RTS index rose by 11.3%, MICEX index - by 16.4%.

Sberbank's rating was also downgraded at the end of February 2015 by Moody's rating agency to the speculative grade following Russia sovereign rating downgrade, at the same time capitalization of Sberbank increased by 14.7% in the first quarter of 2015.

Other jurisdictions. In addition to Russia the Group conducts operations in Belarus, Kazakhstan, Ukraine, Central and Eastern Europe (Austria, Czech Republic, Slovakia, Bosnia and Herzegovina, Slovenia, Serbia, Hungary, Croatia), Turkey, Switzerland and some other countries. Tough economic and liquidity situation in many countries led to a decrease or insignificant growth of GDP followed by shrinking in consumption as well as in investment activities. The primary goals of the local regulators included supporting financial stability, management of GDP deficit and inflation level regulation. Beginning from 1 January 2015 economy of the Republic Belarus ceased to be hyperinflationary as defined by IAS 29 *Financial Reporting in Hyperinflationary Economies*.

During the three months ended 31 March 2015 political and economic situation in Ukraine remained unstable. As a result, Ukraine has experienced a sharp decrease in GDP, a significant negative balance of payments and a sharp reduction in foreign currency reserves. International rating agencies have downgraded Ukraine's sovereign debt ratings. The National Bank of Ukraine imposed certain restrictions on purchase of foreign currencies, cross border settlements, and also mandated obligatory conversion of foreign currency proceeds into UAH. The combination of the above events has resulted in deterioration of liquidity and much tighter credit conditions where credit is available. As at 31 March 2015, the Group's exposure to Ukrainian risk amounted to approximately 0.6% of total consolidated assets (31 December 2014: 0.6%). The exposure consists of net assets of and the Group funding to the Group's Ukrainian subsidiaries, as well as investments in equity and debt instruments issued by and loans to the Ukrainian government and corporate clients. Management is monitoring these developments in the current environment and taking actions where appropriate. These and any further possible negative developments in Ukraine could adversely impact results and financial position of the Group in a manner not currently determinable.

3 Basis of Preparation

These interim condensed consolidated financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* and should be read in conjunction with the annual consolidated financial statements of the Group as at 31 December 2014.

These interim condensed consolidated financial statements do not contain all the explanatory notes as required for a full set of consolidated financial statements.

Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2015

4 Accounting Policies, Critical Accounting Estimates and Judgements, Adoption of New or Revised Standards and Interpretations, and Reclassifications

The accounting policies and methods of computation applied in the preparation of these interim condensed consolidated financial statements are consistent with those disclosed in the annual consolidated financial statements of the Group for the year ended 31 December 2014, except for the changes introduced due to implementation of new and/or revised standards and interpretations as at 1 January 2015 or as at the date indicated, noted below:

Defined benefit plans: Employee contributions – Amendments to IAS 19 Employee Benefits (issued in November 2013 and effective for annual periods beginning 1 July 2014). The amendment allows entities to recognize employee contributions as a reduction in the service cost in the period in which the related employee service is rendered, instead of attributing the contributions to the periods of service, if the amount of the employee contributions is independent of the number of years of service.

Improvements to IFRSs 2010 – 2012 cycle (issued in December 2013 and effective for annual periods beginning on or after 1 July 2014, unless otherwise stated below).

- *IFRS 2 Share-based Payment* was amended to clarify the definition of a ‘vesting condition’ and to define separately ‘performance condition’ and ‘service condition’; The amendment is effective for share-based payment transactions for which the grant date is on or after 1 July 2014.
- *IFRS 3 Business Combinations* was amended to clarify that
 - an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity, on the basis of the definitions in IAS 32 *Financial Instruments: Presentation*, and
 - all non-equity contingent consideration, both financial and non-financial, is measured at fair value at each reporting date, with changes in fair value recognised in profit and loss.

Amendments to IFRS 3 are effective for business combinations where the acquisition date is on or after 1 July 2014.

- *IFRS 8 Operating Segments* was amended to require
 - disclosure of the judgements made by management in aggregating operating segments, including a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics, and
 - a reconciliation of segment assets to the entity’s assets when segment assets are reported.
- *IFRS 13 Fair Value Measurement*. The basis for conclusions on IFRS 13 was amended to clarify that deletion of certain paragraphs in IAS 39 *Financial Instruments: Recognition and Measurement* upon publishing of IFRS 13 was not made with an intention to remove the ability to measure short-term receivables and payables at invoice amount where the impact of discounting is immaterial.
- *IAS 16 Property, Plant and Equipment* and *IAS 38 Intangible Assets* were amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model.
- *IAS 24 Related Party Disclosures* was amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity (‘the management entity’), and to require to disclose the amounts charged to the reporting entity by the management entity for services provided.

Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2015

4 Accounting Policies, Critical Accounting Estimates and Judgements, Adoption of New or Revised Standards and Interpretations, and Reclassifications (Continued)

Improvements to IFRSs 2011–2013 Cycle (issued in December 2013 and effective for annual periods beginning on or after 1 July 2014).

- **IFRS 1 First-time Adoption of International Financial Reporting Standards.** The basis for conclusions on IFRS 1 is amended to clarify that, where a new version of a standard is not yet mandatory but is available for early adoption; a first-time adopter can use either the old or the new version, provided the same standard is applied in all periods presented.
- **IFRS 3 Business Combinations** was amended to clarify that it does not apply to the accounting for the formation of any joint arrangement under IFRS 11 *Joint Arrangements*. The amendment also clarifies that the scope exemption only applies in the financial statements of the joint arrangement itself.
- **IFRS 13 Fair Value Measurement.** The amendment of IFRS 13 clarifies that the portfolio exception in IFRS 13, which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts (including contracts to buy or sell non-financial items) that are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* or IFRS 9 *Financial Instruments*.
- **IAS 40 Investment Property** was amended to clarify that IAS 40 and IFRS 3 *Business Combinations* are not mutually exclusive. The guidance in IAS 40 assists preparers to distinguish between investment property and owner-occupied property. Preparers also need to refer to the guidance in IFRS 3 to determine whether the acquisition of an investment property is a business combination.

The above mentioned new or amended standards and interpretations effective for the Group from 1 January 2015 did not have a material impact on the accounting policies, financial position or performance of the Group.

Management's estimates and judgements. Judgements and critical estimates made by Management in the process of applying the accounting policies were consistent with those disclosed in the annual consolidated financial statements for the year ended 31 December 2014. Management has not identified new areas of judgement or critical estimates.

Income tax expense is recognized in these interim condensed consolidated financial statements based on management's best estimates of the effective annual income tax rate expected for the full financial year on a separate basis for certain Group entities, and is adjusted by the changes in unrecognized deferred tax assets. Costs that occur unevenly during the financial year are anticipated or deferred in the interim reporting only if it would also be appropriate to anticipate or defer such costs at the end of the financial year.

Changes in presentation and reclassifications. In these interim condensed consolidated financial statements the Group improved presentation of trading securities, securities designated as at fair value through profit or loss, derivative financial instruments and several other items accounted for at fair value through profit or loss by consolidating them on the face of the consolidated statement of financial position in two separate lines: financial assets at fair value through profit or loss and financial liabilities at fair value through profit or loss except for debt securities in issue, correspondingly. The effect of changes on the consolidated statement of financial position as at 31 December 2014 is as follows:

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	As previously reported	Reclassification	As reclassified
Assets			
Trading securities	37.3	(37.3)	—
Securities designated as at fair value through profit or loss	77.7	(77.7)	—
Financial assets at fair value through profit or loss	—	921.7	921.7
Other financial assets	1,369.6	(806.7)	562.9
Liabilities			
Financial liabilities at fair value through profit or loss except for debt securities in issue	—	769.1	769.1
Other financial liabilities	1,213.6	(769.1)	444.5

Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2015

4 Accounting Policies, Critical Accounting Estimates and Judgements, Adoption of New or Revised Standards and Interpretations, and Reclassifications (Continued)

Beginning from the consolidated financial statements for the year ended 31 December 2014 the Group revised and improved disclosure of the results from foreign currencies conversion and purchase or sale of precious metals operations received by the Group. The Group reallocated the relevant amounts to the fee and commission income to which it substantially relates. Also, the Group improved disclosure of the commissions on corporate loyalty programs paid by the Group and settlement commissions by its allocation to the fee and commission income and expenses to which it substantially relates. The presentation of the comparative information has been adjusted to be consistent with the new presentation:

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	As previously reported	Reclassification	As reclassified
Fee and commission income	63.7	4.7	68.4
Fee and commission expense	(5.7)	(2.1)	(7.8)
Net gains / (losses) arising from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation	(1.6)	(4.9)	(6.5)
Net losses arising from operations with precious metals, precious metals derivatives and precious metals accounts translation	(0.5)	(0.5)	(1.0)
Operating expenses	(124.6)	2.8	(121.8)

Following the improved disclosure of operations on insurance activities due to the growth of the insurance business of the Group, the presentation of the comparative figures has been adjusted to be consistent with the new presentation:

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	As previously reported	Reclassification	As reclassified
Revenue of non-banking business activities	10.3	(4.5)	5.8
Cost of sales and other expenses of non-banking business activities	(9.4)	4.3	(5.1)
Net income from insurance and pension fund operations	—	0.2	0.2

Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2015

4 Accounting Policies, Critical Accounting Estimates and Judgements, Adoption of New or Revised Standards and Interpretations, and Reclassifications (Continued)

The effect of reclassifications mentioned above on the disclosure of the consolidated statement of cash flows for the three months ended 31 March 2014 is as follows:

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	As previously reported	Reclassification	As reclassified
Cash flows from operating activities before changes in operating assets and liabilities			
Fees and commissions received	65.0	4.7	69.7
Fees and commissions paid	(5.5)	(2.1)	(7.6)
Net losses incurred from trading in foreign currencies and from operations with foreign currency derivatives	1.9	(4.9)	(3.0)
Net losses incurred from operations with precious metals and precious metals derivatives	(0.5)	(0.5)	(1.0)
Operating expenses paid	(80.8)	2.8	(78.0)
Changes in operating assets and liabilities			
Net decrease in trading securities	34.0	(34.0)	—
Net increase in securities designated as at fair value through profit or loss	(0.2)	0.2	—
Net decrease in other assets	74.3	(0.3)	74.0
Net (increase) / decrease in financial assets at fair value through profit or loss	—	39.4	39.4
Net increase in debt securities in issue	17.3	0.1	17.4
Net increase / (decrease) in financial liabilities at fair value through profit or loss except for debt securities in issue	—	(5.4)	(5.4)

5 Financial Assets at Fair Value through Profit or Loss

<i>in billions of Russian Roubles</i>	31 March 2015 (unaudited)	31 December 2014
Derivative financial instruments	735.1	806.7
Securities designated as at fair value through profit or loss	92.9	77.7
Trading securities	57.5	37.3
Total financial assets at fair value through profit or loss	885.5	921.7

The composition of derivative financial instruments as at 31 March 2015 and 31 December 2014 is presented below:

<i>in billions of Russian Roubles</i>	31 March 2015 (unaudited)	31 December 2014
Foreign currency derivatives	312.4	407.9
Foreign currency interest rate derivatives	304.9	282.6
Interest rate derivatives	53.7	44.3
Commodity derivatives including precious metals derivatives	51.5	54.3
Credit risk derivatives	9.7	13.6
Equity securities derivatives	1.5	2.8
Debt securities derivatives	1.4	1.1
Other derivatives	—	0.1
Total derivative financial instruments	735.1	806.7

Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2015

5 Financial Assets at Fair Value through Profit or Loss (Continued)

The composition of securities designated as at fair value through profit or loss as at 31 March 2015 and 31 December 2014 is presented below:

	31 March 2015 (unaudited)	31 December 2014
<i>in billions of Russian Roubles</i>		
Corporate bonds	42.7	38.0
Federal loan bonds (OFZ bonds)	22.3	12.4
Municipal and subfederal bonds	6.0	7.2
Foreign government bonds	1.5	1.4
Russian Federation Eurobonds	0.6	0.3
Total debt securities designated as at fair value through profit or loss	73.1	59.3
Corporate shares	15.1	13.8
Investments in mutual funds	4.7	4.6
Total securities designated as at fair value through profit or loss	92.9	77.7

The composition of trading securities as at 31 March 2015 and 31 December 2014 is presented below:

	31 March 2015 (unaudited)	31 December 2014
<i>in billions of Russian Roubles</i>		
Corporate bonds	23.0	22.1
Federal loan bonds (OFZ bonds)	17.7	8.3
Russian Federation Eurobonds	8.6	—
Foreign government bonds	4.1	3.3
Municipal and subfederal bonds	0.2	0.2
Total debt trading securities	53.6	33.9
Corporate shares	3.9	3.4
Total trading securities	57.5	37.3

Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2015

6 Loans and Advances to Customers

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	31 March 2015		
	Not past due loans	Past due loans	Total
Commercial loans to legal entities	8,357.1	613.7	8,970.8
Specialized loans to legal entities	4,300.4	280.0	4,580.4
Mortgage loans to individuals	2,209.1	113.9	2,323.0
Consumer and other loans to individuals	1,527.2	204.2	1,731.4
Credit cards and overdrafts	457.9	92.3	550.2
Car loans to individuals	140.2	16.3	156.5
Total loans and advances to customers before provision for loan impairment	16,991.9	1,320.4	18,312.3
Less: Provision for loan impairment	(236.8)	(711.8)	(948.6)
Total loans and advances to customers net of provision for loan impairment	16,755.1	608.6	17,363.7

<i>in billions of Russian Roubles</i>	31 December 2014		
	Not past due loans	Past due loans	Total
Commercial loans to legal entities	8,513.9	512.6	9,026.5
Specialized loans to legal entities	4,530.1	222.2	4,752.3
Mortgage loans to individuals	2,170.9	98.9	2,269.8
Consumer and other loans to individuals	1,696.4	171.9	1,868.3
Credit cards and overdrafts	463.3	75.5	538.8
Car loans to individuals	156.4	14.0	170.4
Total loans and advances to customers before provision for loan impairment	17,531.0	1,095.1	18,626.1
Less: Provision for loan impairment	(253.1)	(616.4)	(869.5)
Total loans and advances to customers net of provision for loan impairment	17,277.9	478.7	17,756.6

For the purposes of these interim condensed consolidated financial statements a loan is considered past due when the borrower fails to make any payment due under the loan agreement at the reporting date. In this case the aggregate amount of all amounts due from borrower under the respective loan agreement including accrued interest and commissions is recognized as past due.

Commercial lending to legal entities comprises corporate loans, loans to individual entrepreneurs, federal bodies and municipal authorities of the Russian Federation. Loans are granted for current needs (working capital financing, acquisition of movable and immovable property), portfolio investments, expansion and consolidation of business, etc. Majority of commercial loans are provided for periods up to 5 years depending on the borrowers' risk assessment. Commercial lending also includes overdraft lending and lending for export-import transactions. The repayment source is cash flow from current production and financial activities of the borrower.

Specialized lending to legal entities includes investment and construction project financing and also developers' financing. As a rule, loan terms are linked to payback periods of investment and construction projects, contract execution periods and exceed the terms of commercial loans to legal entities. The principal and interest may be repaid from cash flows generated by the investment project at the stage of its commercial operation.

Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2015

6 Loans and Advances to Customers (Continued)

Consumer and other individual loans comprise loans to individuals other than housing acquisition, construction and repair of real estate as well as car loans and credit cards and overdrafts. These loans include loans for current needs.

Mortgage loans to individuals include loans for acquisition, construction and reconstruction of real estate. These loans are mostly long-term and are collateralized by real estate.

Credit cards and overdrafts represent revolving credit lines. These loans are considered a comfortable instrument for customers as a reserve source of funds in case of need available everywhere and anytime. Credit card loans are provided up to 3 years period. Interest rates for such loans are higher than for consumer loans as they carry higher risks for the Group.

Car loans to individuals include loans for purchasing a car or other vehicle. Car loans are provided for up to 5 years periods.

Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2015

6 Loans and Advances to Customers (Continued)

The table below shows the analysis of loans and provisions for loan impairment as at 31 March 2015:

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Gross loans	Provision for impairment	Net loans	Provision for impairment to gross loans
Commercial loans to legal entities				
Collectively assessed				
Not past due	8,141.2	(93.8)	8,047.4	1.2%
Loans up to 30 days overdue	101.5	(12.2)	89.3	12.0%
Loans 31 to 60 days overdue	39.6	(9.5)	30.1	24.0%
Loans 61 to 90 days overdue	21.1	(8.8)	12.3	41.7%
Loans 91 to 180 days overdue	39.7	(23.7)	16.0	59.7%
Loans over 180 days overdue	162.8	(146.4)	16.4	89.9%
Total collectively assessed loans	8,505.9	(294.4)	8,211.5	3.5%
Individually impaired				
Not past due	215.9	(47.4)	168.5	22.0%
Loans up to 30 days overdue	65.9	(36.8)	29.1	55.8%
Loans 31 to 60 days overdue	7.4	(1.3)	6.1	17.6%
Loans 61 to 90 days overdue	26.0	(14.0)	12.0	53.8%
Loans 91 to 180 days overdue	43.8	(29.3)	14.5	66.9%
Loans over 180 days overdue	105.9	(92.8)	13.1	87.6%
Total individually impaired loans	464.9	(221.6)	243.3	47.7%
Total commercial loans to legal entities	8,970.8	(516.0)	8,454.8	5.8%
Specialized loans to legal entities				
Collectively assessed				
Not past due	4,152.9	(61.5)	4,091.4	1.5%
Loans up to 30 days overdue	52.1	(4.1)	48.0	7.9%
Loans 31 to 60 days overdue	14.6	(3.7)	10.9	25.3%
Loans 61 to 90 days overdue	6.0	(2.0)	4.0	33.3%
Loans 91 to 180 days overdue	11.9	(3.6)	8.3	30.3%
Loans over 180 days overdue	56.2	(38.2)	18.0	68.0%
Total collectively assessed loans	4,293.7	(113.1)	4,180.6	2.6%
Individually impaired				
Not past due	147.5	(23.7)	123.8	16.1%
Loans up to 30 days overdue	51.1	(18.3)	32.8	35.8%
Loans 31 to 60 days overdue	0.9	(0.4)	0.5	44.4%
Loans 61 to 90 days overdue	7.2	(1.8)	5.4	25.0%
Loans 91 to 180 days overdue	14.9	(9.4)	5.5	63.1%
Loans over 180 days overdue	65.1	(49.4)	15.7	75.9%
Total individually impaired loans	286.7	(103.0)	183.7	35.9%
Total specialized loans to legal entities	4,580.4	(216.1)	4,364.3	4.7%
Total loans to legal entities	13,551.2	(732.1)	12,819.1	5.4%

Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2015

6 Loans and Advances to Customers (Continued)

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Gross loans	Provision for impairment	Net loans	Provision for impairment to gross loans
Mortgage loans to individuals				
Collectively assessed				
Not past due	2,209.1	(1.0)	2,208.1	—
Loans up to 30 days overdue	49.3	(1.3)	48.0	2.6%
Loans 31 to 60 days overdue	9.9	(1.2)	8.7	12.1%
Loans 61 to 90 days overdue	7.2	(1.4)	5.8	19.4%
Loans 91 to 180 days overdue	12.0	(6.2)	5.8	51.7%
Loans over 180 days overdue	35.5	(29.6)	5.9	83.4%
Total mortgage loans to individuals	2,323.0	(40.7)	2,282.3	1.8%
Consumer and other loans to individuals				
Collectively assessed				
Not past due	1,527.2	(6.6)	1,520.6	0.4%
Loans up to 30 days overdue	62.5	(6.2)	56.3	9.9%
Loans 31 to 60 days overdue	15.9	(5.2)	10.7	32.7%
Loans 61 to 90 days overdue	13.1	(6.3)	6.8	48.1%
Loans 91 to 180 days overdue	26.5	(18.9)	7.6	71.3%
Loans over 180 days overdue	86.2	(78.5)	7.7	91.1%
Total consumer and other loans to individuals	1,731.4	(121.7)	1,609.7	7.0%
Credit cards and overdrafts				
Collectively assessed				
Not past due	457.9	(2.5)	455.4	0.5%
Loans up to 30 days overdue	40.7	(2.7)	38.0	6.6%
Loans 31 to 60 days overdue	7.3	(2.0)	5.3	27.4%
Loans 61 to 90 days overdue	4.3	(2.3)	2.0	53.5%
Loans 91 to 180 days overdue	9.7	(6.8)	2.9	70.1%
Loans over 180 days overdue	30.3	(27.8)	2.5	91.7%
Total credit cards and overdrafts	550.2	(44.1)	506.1	8.0%
Car loans to individuals				
Collectively assessed				
Not past due	140.2	(0.3)	139.9	0.2%
Loans up to 30 days overdue	4.1	(0.4)	3.7	9.8%
Loans 31 to 60 days overdue	1.4	(0.4)	1.0	28.6%
Loans 61 to 90 days overdue	1.1	(0.5)	0.6	45.5%
Loans 91 to 180 days overdue	2.2	(1.6)	0.6	72.7%
Loans over 180 days overdue	7.5	(6.8)	0.7	90.7%
Total car loans to individuals	156.5	(10.0)	146.5	6.4%
Total loans to individuals	4,761.1	(216.5)	4,544.6	4.5%
Total loans and advances to customers as at 31 March 2015	18,312.3	(948.6)	17,363.7	5.2%

Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2015

6 Loans and Advances to Customers (Continued)

The table below shows the analysis of loans and provisions for loan impairment as at 31 December 2014:

<i>In billions of Russian Roubles</i>	Gross loans	Provision for impairment	Net loans	Provision for impairment to gross loans
Commercial loans to legal entities				
Collectively assessed				
Not past due	8,302.6	(93.3)	8,209.3	1.1%
Loans up to 30 days overdue	87.7	(12.4)	75.3	14.1%
Loans 31 to 60 days overdue	30.3	(6.8)	23.5	22.4%
Loans 61 to 90 days overdue	17.9	(7.5)	10.4	41.9%
Loans 91 to 180 days overdue	24.9	(14.4)	10.5	57.8%
Loans over 180 days overdue	150.4	(136.5)	13.9	90.8%
Total collectively assessed loans	8,613.8	(270.9)	8,342.9	3.1%
Individually impaired				
Not past due	211.3	(51.0)	160.3	24.1%
Loans up to 30 days overdue	69.0	(34.4)	34.6	49.9%
Loans 31 to 60 days overdue	2.7	(1.7)	1.0	63.0%
Loans 61 to 90 days overdue	19.0	(9.8)	9.2	51.6%
Loans 91 to 180 days overdue	9.3	(5.1)	4.2	54.8%
Loans over 180 days overdue	101.4	(83.5)	17.9	82.3%
Total individually impaired loans	412.7	(185.5)	227.2	44.9%
Total commercial loans to legal entities	9,026.5	(456.4)	8,570.1	5.1%
Specialized loans to legal entities				
Collectively assessed				
Not past due	4,356.8	(69.5)	4,287.3	1.6%
Loans up to 30 days overdue	42.5	(7.2)	35.3	16.9%
Loans 31 to 60 days overdue	10.0	(1.6)	8.4	16.0%
Loans 61 to 90 days overdue	3.6	(1.4)	2.2	38.9%
Loans 91 to 180 days overdue	5.7	(3.8)	1.9	66.7%
Loans over 180 days overdue	48.7	(34.9)	13.8	71.7%
Total collectively assessed loans	4,467.3	(118.4)	4,348.9	2.7%
Individually impaired				
Not past due	173.3	(28.4)	144.9	16.4%
Loans up to 30 days overdue	29.7	(15.5)	14.2	52.2%
Loans 31 to 60 days overdue	2.5	(0.8)	1.7	32.0%
Loans 61 to 90 days overdue	7.6	(6.5)	1.1	85.5%
Loans 91 to 180 days overdue	10.9	(3.3)	7.6	30.3%
Loans over 180 days overdue	61.0	(48.5)	12.5	79.5%
Total individually impaired loans	285.0	(103.0)	182.0	36.1%
Total specialized loans to legal entities	4,752.3	(221.4)	4,530.9	4.7%
Total loans to legal entities	13,778.8	(677.8)	13,101.0	4.9%

Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2015

6 Loans and Advances to Customers (Continued)

<i>In billions of Russian Roubles</i>	Gross loans	Provision for impairment	Net loans	Provision for impairment to gross loans
Mortgage loans to individuals				
Collectively assessed				
Not past due	2,170.9	(1.1)	2,169.8	0.1%
Loans up to 30 days overdue	38.0	(1.0)	37.0	2.6%
Loans 31 to 60 days overdue	9.7	(1.1)	8.6	11.3%
Loans 61 to 90 days overdue	5.3	(1.1)	4.2	20.8%
Loans 91 to 180 days overdue	8.1	(3.4)	4.7	42.0%
Loans over 180 days overdue	37.8	(31.9)	5.9	84.4%
Total mortgage loans to individuals	2,269.8	(39.6)	2,230.2	1.7%
Consumer and other loans to individuals				
Collectively assessed				
Not past due	1,696.4	(6.9)	1,689.5	0.4%
Loans up to 30 days overdue	47.0	(4.6)	42.4	9.8%
Loans 31 to 60 days overdue	15.2	(4.9)	10.3	32.2%
Loans 61 to 90 days overdue	11.1	(5.2)	5.9	46.8%
Loans 91 to 180 days overdue	23.3	(16.4)	6.9	70.4%
Loans over 180 days overdue	75.3	(67.6)	7.7	89.8%
Total consumer and other loans to individuals	1,868.3	(105.6)	1,762.7	5.7%
Credit cards and overdrafts				
Collectively assessed				
Not past due	463.3	(2.6)	460.7	0.6%
Loans up to 30 days overdue	30.3	(2.0)	28.3	6.6%
Loans 31 to 60 days overdue	5.9	(1.7)	4.2	28.8%
Loans 61 to 90 days overdue	3.9	(2.1)	1.8	53.8%
Loans 91 to 180 days overdue	9.4	(6.4)	3.0	68.1%
Loans over 180 days overdue	26.0	(23.4)	2.6	90.0%
Total credit cards and overdrafts	538.8	(38.2)	500.6	7.1%
Car loans to individuals				
Collectively assessed				
Not past due	156.4	(0.3)	156.1	0.2%
Loans up to 30 days overdue	3.6	(0.3)	3.3	8.3%
Loans 31 to 60 days overdue	1.3	(0.4)	0.9	30.8%
Loans 61 to 90 days overdue	1.0	(0.4)	0.6	40.0%
Loans 91 to 180 days overdue	1.9	(1.3)	0.6	68.4%
Loans over 180 days overdue	6.2	(5.6)	0.6	90.3%
Total car loans to individuals	170.4	(8.3)	162.1	4.9%
Total loans to individuals	4,847.3	(191.7)	4,655.6	4.0%
Total loans and advances to customers as at 31 December 2014	18,626.1	(869.5)	17,756.6	4.7%

Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2015

6 Loans and Advances to Customers (Continued)

As defined by the Group for the purposes of internal credit risk assessment, loans fall into the “non-performing” category when a principal and/or interest payment becomes more than 90 days overdue.

As at 31 March 2015 the outstanding non-performing loans were as follows:

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Gross loans	Provision for impairment	Net loans	Provision for impairment to gross loans
Commercial loans to legal entities	352.2	(292.2)	60.0	83.0%
Specialized loans to legal entities	148.1	(100.6)	47.5	67.9%
Mortgage loans to individuals	47.5	(35.8)	11.7	75.4%
Consumer and other loans to individuals	112.7	(97.4)	15.3	86.4%
Credit cards and overdrafts	40.0	(34.6)	5.4	86.5%
Car loans to individuals	9.7	(8.4)	1.3	86.6%
Total non-performing loans and advances to customers as at 31 March 2015	710.2	(569.0)	141.2	80.1%

As at 31 December 2014 the outstanding non-performing loans were as follows:

<i>In billions of Russian Roubles</i>	Gross loans	Provision for impairment	Net loans	Provision for impairment to gross loans
Commercial loans to legal entities	286.0	(239.5)	46.5	83.7%
Specialized loans to legal entities	126.3	(90.5)	35.8	71.7%
Mortgage loans to individuals	45.9	(35.3)	10.6	76.9%
Consumer and other loans to individuals	98.6	(84.0)	14.6	85.2%
Credit cards and overdrafts	35.4	(29.8)	5.6	84.2%
Car loans to individuals	8.1	(6.9)	1.2	85.2%
Total non-performing loans and advances to customers as at 31 December 2014	600.3	(486.0)	114.3	81.0%

Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2015

6 Loans and Advances to Customers (Continued)

Provisions for Loan Impairment. The analysis of changes in provision for loan impairment for the three months ended 31 March 2015 is presented in the table below:

<i>(unaudited) in billions of Russian Roubles</i>	Commercial loans to legal entities	Specialized loans to legal entities	Mortgage loans to individuals	Consumer and other loans to individuals	Credit cards and overdrafts	Car loans to individuals	Total
Provision for loan impairment as at 31 December 2014 (audited)	456.4	221.4	39.6	105.6	38.2	8.3	869.5
Net provision charge for loan impairment during the period	77.4	0.7	6.6	20.9	7.6	1.7	114.9
Repayment of loans previously written off	0.1	0.2	—	0.5	—	0.1	0.9
Foreign currencies translation	(13.8)	(2.8)	(1.3)	(2.1)	(0.8)	(0.1)	(20.9)
Loans and advances to customers written off during the period	(4.1)	(3.4)	(4.2)	(3.2)	(0.9)	—	(15.8)
Provision for loan impairment as at 31 March 2015	516.0	216.1	40.7	121.7	44.1	10.0	948.6

The analysis of changes in provision for loan impairment for the three months ended 31 March 2014 is presented in the table below:

<i>(unaudited) in billions of Russian Roubles</i>	Commercial loans to legal entities	Specialized loans to legal entities	Mortgage loans to individuals	Consumer and other loans to individuals	Credit cards and overdrafts	Car loans to individuals	Total
Provision for loan impairment as at 31 December 2013 (audited)	293.4	206.1	26.2	60.1	20.6	3.9	610.3
Net provision charge for loan impairment during the period	44.5	5.0	3.1	18.0	5.3	1.2	77.1
Foreign currencies translation	(0.4)	0.6	—	0.2	0.2	—	0.6
Loans and advances to customers written off during the period	(6.1)	(2.3)	(0.2)	(1.9)	(0.4)	—	(10.9)
Provision for loan impairment as at 31 March 2014	331.4	209.4	29.1	76.4	25.7	5.1	677.1

Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2015

6 Loans and Advances to Customers (Continued)

Renegotiated loans. Information on loans whose terms have been renegotiated, as at 31 March 2015 and 31 December 2014 is presented in the table below. It shows the amount for renegotiated loans before provision for loan impairment by class.

<i>in billions of Russian Roubles</i>	Commercial loans to legal entities	Specialized loans to legal entities	Mortgage loans to individuals	Consumer and other loans to individuals	Credit cards and overdrafts	Car loans to individuals	Total
31 March 2015 (unaudited):							
Not past due collectively assessed loans	814.8	1,187.5	39.2	15.8	0.7	2.4	2,060.4
Other renegotiated loans	272.1	135.5	23.1	21.7	0.3	5.2	457.9
Total renegotiated loans as at 31 March 2015	1,086.9	1,323.0	62.3	37.5	1.0	7.6	2,518.3
31 December 2014:							
Not past due collectively assessed loans	932.8	1,090.0	37.0	15.1	1.0	2.2	2,078.1
Other renegotiated loans	185.8	145.3	21.5	17.9	0.3	3.6	374.4
Total renegotiated loans as at 31 December 2014	1,118.6	1,235.3	58.5	33.0	1.3	5.8	2,452.5

Investments in finance lease. Included in specialized loans to legal entities are net investments in finance leases. The analysis of net investments in finance leases is as follows:

<i>in billions of Russian Roubles</i>	31 March 2015 (unaudited)	31 December 2014
Gross investment in finance leases	281.2	279.1
Less unearned future finance income on finance leases	(80.5)	(78.7)
Net investment in finance leases before provision for impairment	200.7	200.4
Less provision for impairment	(11.7)	(11.5)
Net investment in finance leases after provision for impairment	189.0	188.9

The contractual maturity analysis of net investments in finance leases as at 31 March 2015 is as follows:

<i>(unaudited) in billions of Russian Roubles</i>	Net investment in finance leases before provision for impairment	Provision for impairment	Net investment in finance leases after provision for impairment
Within 1 year	42.9	(1.7)	41.2
From 1 to 5 years	99.8	(2.9)	96.9
More than 5 years	44.5	(0.9)	43.6
Overdue	13.5	(6.2)	7.3
Total net investments in finance leases as at 31 March 2015	200.7	(11.7)	189.0

Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2015

6 Loans and Advances to Customers (Continued)

The contractual maturity analysis of net investments in finance leases as at 31 December 2014 is as follows:

<i>in billions of Russian Roubles</i>	Net investment in finance leases before provision for impairment	Provision for impairment	Net investment in finance leases after provision for impairment
Within 1 year	42.9	(1.9)	41.0
From 1 to 5 years	102.0	(3.2)	98.8
More than 5 years	44.4	(1.0)	43.4
Overdue	11.1	(5.4)	5.7
Total net investments in finance leases as at 31 December 2014	200.4	(11.5)	188.9

The analysis of minimum finance lease payments receivables per contractual maturity is as follows:

<i>in billions of Russian Roubles</i>	31 March 2015 (unaudited)	31 December 2014
Within 1 year	47.4	47.2
From 1 to 5 years	137.7	137.5
More than 5 years	82.6	83.3
Overdue	13.5	11.1
Total minimum lease payments receivables	281.2	279.1

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

<i>in billions of Russian Roubles</i>	31 March 2015 (unaudited)		31 December 2014	
	Amount	%	Amount	%
Individuals	4,761.1	26.0	4,847.3	26.0
Services	3,594.5	19.6	3,700.6	19.9
Trade	1,942.2	10.6	2,017.2	10.8
Energy	1,033.3	5.6	961.9	5.2
Food and agriculture	995.5	5.4	1,041.0	5.6
Machinery	835.0	4.6	920.6	4.9
Government and municipal bodies	784.7	4.3	837.5	4.5
Metallurgy	747.0	4.1	752.7	4.0
Construction	683.9	3.7	688.3	3.7
Transport, aviation, space industry	635.0	3.5	619.8	3.3
Chemical industry	538.8	2.9	537.8	2.9
Telecommunications	504.9	2.8	484.9	2.6
Oil and gas	455.8	2.5	470.0	2.5
Timber industry	91.6	0.5	89.5	0.5
Other	709.0	3.9	657.0	3.6
Total loans and advances to customers before provision for loan impairment	18,312.3	100.0	18,626.1	100.0

Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2015

6 Loans and Advances to Customers (Continued)

“Services” category includes financial, insurance and other service companies, as well as loans granted to holding and multi-industry companies.

Refer to Note 27 for the information on amounts in loans and advances to customers which are collateralized by securities received under reverse sale and repurchase agreements and loans transferred without derecognition.

As at 31 March 2015 the Group had 20 largest corporate borrowers with aggregated loan amounts due from each of these borrowers exceeding RR 103.6 billion (31 December 2014: 20 largest borrowers with loan amounts due from each of these borrowers exceeding RR 103.3 billion). The total aggregate amount of these loans was RR 3,877.1 billion or 21.2% of the total gross loan portfolio of the Group (31 December 2014: RR 3,692.7 billion or 19.8%).

Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2015

7 Securities Pledged under Repurchase Agreements

	31 March 2015 (unaudited)	31 December 2014
<i>in billions of Russian Roubles</i>		
Trading securities pledged under repurchase agreements		
Federal loan bonds (OFZ bonds)	2.2	3.1
Russian Federation Eurobonds	—	7.8
Foreign government bonds	—	0.5
Municipal and subfederal bonds	—	0.1
Corporate shares	—	0.1
Total trading securities pledged under repurchase agreements	2.2	11.6
Securities designated as at fair value through profit or loss pledged under repurchase agreements		
Federal loan bonds (OFZ bonds)	2.8	9.0
Total securities designated as at fair value through profit or loss pledged under repurchase agreements	2.8	9.0
Investment securities available-for-sale pledged under repurchase agreements		
Federal loan bonds (OFZ bonds)	138.0	239.7
Foreign government bonds	82.7	55.0
Corporate bonds	1.2	311.6
Russian Federation Eurobonds	0.1	180.6
Municipal and subfederal bonds	—	21.8
Total investment securities available-for-sale pledged under repurchase agreements	222.0	808.7
Investment securities held-to-maturity pledged under repurchase agreements		
Federal loan bonds (OFZ bonds)	107.1	149.6
Foreign government bonds	31.1	23.4
Corporate bonds	6.0	104.3
Municipal and subfederal bonds	—	38.4
Russian Federation Eurobonds	—	24.3
Total investment securities held-to-maturity pledged under repurchase agreements	144.2	340.0
Total securities pledged under repurchase agreements	371.2	1,169.3

Refer to Note 27 for more information on securities pledged under sale and repurchase agreements with banks and corporate customers.

Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2015

8 Investment Securities Available-for-Sale

	31 March 2015 (unaudited)	31 December 2014
<i>in billions of Russian Roubles</i>		
Federal loan bonds (OFZ bonds)	501.8	364.4
Corporate bonds	499.3	197.1
Russian Federation Eurobonds	199.8	2.8
Foreign government bonds	188.3	218.1
Municipal and subfederal bonds	48.3	24.0
Promissory notes	0.4	0.4
Total debt investment securities available-for-sale	1,437.9	806.8
Corporate shares	19.6	22.9
Total investment securities available-for-sale	1,457.5	829.7

9 Investment Securities Held-to-Maturity

	31 March 2015 (unaudited)	31 December 2014
<i>in billions of Russian Roubles</i>		
Corporate bonds	142.3	44.0
Federal loan bonds (OFZ bonds)	64.3	21.4
Foreign government bonds	40.8	53.8
Municipal and subfederal bonds	40.0	1.6
Russian Federation Eurobonds	26.9	1.5
Total investment securities held-to-maturity before provision for impairment	314.3	122.3
Less provision for impairment	(4.8)	(4.4)
Total investment securities held-to-maturity after provision for impairment	309.5	117.9

The changes in provision for impairment of investment securities held-to-maturity for the three months ended 31 March 2015 and 31 March 2014 is presented below:

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	2015	2014
Provision for impairment of investment securities held-to-maturity as at 1 January (audited)	4.4	1.4
Net provision charge for impairment during the period	0.4	—
Securities held-to-maturity written off during the period	—	(1.4)
Provision for impairment of investment securities held-to-maturity as at 31 March	4.8	—

Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2015

10 Other Assets

	31 March 2015 (unaudited)	31 December 2014
<i>in billions of Russian Roubles</i>		
Other financial assets		
Margin calls given	168.5	223.2
Settlements on currency conversion operations	102.2	159.4
Receivables on bank cards settlements	89.6	81.9
Settlements on operations with securities	37.8	22.9
Trade receivables	15.5	17.3
Restricted cash balances	13.9	24.9
Receivables from Deposit Insurance Agency	13.1	17.1
Funds in settlement	9.7	6.8
Accrued fees and commissions	5.7	7.2
Other	4.6	5.3
Provision for impairment of other financial assets	(2.9)	(3.1)
Total other financial assets	457.7	562.9
Other non-financial assets		
Prepayment on income tax	84.1	69.7
Intangible assets	72.8	77.7
Inventory	64.8	66.8
Prepayments for premises and other assets	36.2	31.7
Precious metals	26.5	35.1
Goodwill	23.0	23.7
Prepaid expenses	8.6	8.5
Tax settlements (other than on income)	7.6	7.3
Investment property	7.2	7.1
Investments in associates	6.4	4.3
Other	18.1	18.1
Provision for impairment of other non-financial assets	(10.0)	(10.1)
Total other non-financial assets	345.3	339.9
Total other assets	803.0	902.8

Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2015

11 Due to Individuals and Corporate Customers

	31 March 2015 (unaudited)	31 December 2014
<i>in billions of Russian Roubles</i>		
Individuals:		
- Current/demand accounts	1,733.9	1,886.2
- Term deposits	7,780.7	7,442.1
- Direct repo deals	0.1	0.1
Total due to individuals	9,514.7	9,328.4
State and public organizations:		
- Current/settlement accounts	154.6	134.0
- Term deposits	681.6	605.2
Total due to state and public organizations	836.2	739.2
Other corporate customers:		
- Current/settlement accounts	1,921.1	1,685.7
- Term deposits	3,489.3	3,780.8
- Direct repo deals	54.4	28.8
Total due to other corporate customers	5,464.8	5,495.3
Total due to corporate customers	6,301.0	6,234.5
Total due to individuals and corporate customers	15,815.7	15,562.9

Economic sector concentrations within customer accounts are as follows:

	31 March 2015 (unaudited)		31 December 2014	
<i>in billions of Russian Roubles</i>	Amount	%	Amount	%
Individuals	9,514.7	60.2	9,328.4	59.9
Services	1,525.3	9.6	1,319.3	8.5
Oil and gas	1,107.4	7.0	1,022.9	6.6
Municipal bodies and state organizations	792.9	5.0	808.0	5.2
Trade	599.7	3.8	684.7	4.4
Machinery	424.3	2.7	319.4	2.1
Construction	312.5	2.0	352.4	2.3
Transport, aviation, space industry	198.0	1.3	232.7	1.5
Energy	192.4	1.2	216.4	1.4
Metallurgy	138.5	0.9	230.9	1.5
Food and agriculture	134.9	0.9	156.7	1.0
Chemical	107.8	0.7	125.4	0.8
Telecommunications	96.0	0.6	118.9	0.8
Timber industry	33.8	0.2	40.1	0.3
Other	637.5	3.9	606.7	3.7
Total due to individuals and corporate customers	15,815.7	100.0	15,562.9	100.0

As at 31 March 2015 included in Due to corporate customers are deposits of RR 112.7 billion (31 December 2014: RR 118.3 billion) held as collateral for irrevocable commitments under import letters of credit. Refer to Note 25.

As at 31 March 2015 the Group had 20 largest customers with balances above RR 34.0 billion each (31 December 2014: 20 customers with balances above RR 30.9 billion each). The aggregate balance of these customers was RR 2,584.8 billion (31 December 2014: RR 2,256.4 billion) or 16.3% (31 December 2014: 14.5%) of total due to individuals and corporate customers.

Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2015

11 Due to Individuals and Corporate Customers (Continued)

Refer to Note 27 for information on the amounts due to corporate customers received under sale and repurchase agreements and fair value of securities pledged.

12 Debt Securities in Issue

	31 March 2015 (unaudited)	31 December 2014
<i>in billions of Russian Roubles</i>		
Loan participation notes issued under the MTN programme of Sberbank	634.4	629.9
Savings certificates	525.3	456.8
Bonds issued:		
- on the local market	79.0	80.2
- on international capital markets	29.8	33.0
Promissory notes	59.0	73.3
Bonds issued under mortgage securitization programme of Sberbank	9.3	9.7
Notes issued under the ECP programme of Sberbank	6.5	15.9
Equity linked notes and credit linked notes	1.2	1.1
Other debt securities issued	1.8	2.7
Total debt securities in issue	1,346.3	1,302.6

In December 2014 the Group arranged a securitization transaction through a special purpose entity under which three tranches of mortgage-backed amortizing notes with nominal value of RR 11.1 billion were issued. The amortised cost of these securities as at 31 March 2015 amounted to RR 9.3 billion (31 December 2014: RR 9.7 billion). These securities were collateralized with portfolio mortgage loans to individuals secured by residential properties (loans were not derecognized by the Group) with amortized cost of RR 9.9 billion as at 31 March 2015 (31 December 2014: RR 10.3 billion). The first tranche with the nominal value of RR 6.7 billion has the coupon rate of 9.0% p.a.; the second tranche with the nominal value of RR 3.3 billion has the coupon rate of 3.0% p.a.; and the third junior tranche with the nominal value of RR 1.1 billion has a floating coupon rate. The first and the second tranches have equal seniority. The bonds final original maturity is December 2046, however, the early redemption option is available to the Group based on terms and volumes of repayment of securitized mortgage loans by individuals. As the third tranche was purchased by the Group, thus, it is eliminated in these financial statements.

Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2015

12 Debt Securities in Issue (Continued)

Description of the debt securities issued under MTN programme of Sberbank is presented in the table below:

Issue	Drawdown date	Maturity date	Currency	Nominal value in currency of issue, in millions of currency	Contractual interest rate, %p.a.	31 March 2015 (unaudited)		31 December 2014	
						Carrying value, in billions of RR	Effective interest rate, %p.a.	Carrying value, in billions of RR	Effective interest rate, %p.a.
Series 4	07 July 2010	07 July 2015	USD	1,500	5.5	88.4	5.4	86.2	5.4
Series 5	24 September 2010	24 March 2017	USD	1,250	5.4	71.8	5.4	70.0	5.4
Series 7	16 June 2011	16 June 2021	USD	1,000	5.7	56.8	5.8	54.1	5.8
Series 8	07 February 2012	07 February 2017	USD	1,300	5.0	72.9	4.8	71.0	4.8
Series 9	07 February 2012	07 February 2022	USD	1,500	6.1	89.0	5.6	87.6	5.6
Series 10	14 March 2012	14 September 2015	CHF	410	3.1	25.3	3.2	23.6	3.2
Series 11	28 June 2012	28 June 2019	USD	1,000	5.2	55.8	5.3	55.9	5.3
Series 13	31 January 2013	31 January 2016	RUB	25,000	7.0	24.7	7.2	24.6	7.2
Series 14	28 February 2013	28 February 2017	CHF	250	2.1	15.2	2.1	14.5	2.1
Series 15	04 March 2013	04 March 2018	TRY	550	7.4	11.1	7.6	12.6	7.6
Series 18	06 March 2014	06 March 2019	USD	500	4.2	29.3	4.2	28.5	4.2
Series 19	07 March 2014	07 March 2019	EUR	500	3.1	31.7	3.1	34.5	3.1
Series 20	26 June 2014	15 November 2019	EUR	1,000	3.4	62.4	3.4	66.8	3.4
Total loan participation notes issued under the MTN programme of Sberbank						634.4		629.9	

In November 2012 the Bank launched Euro-Commercial Paper programme (ECP programme) for the total amount of issues limited by USD 3 billion. As at 31 March 2015 the outstanding amount of funds issued totalled USD 0.08 billion and EUR 0.03 billion. As at 31 March 2015 these notes were accounted for at amortized cost of RR 6.5 billion (31 December 2014: RR 15.9 billion). The issues include both zero-coupon and coupon issues. The notes have maturity dates from April 2015 to July 2015 (31 December 2014: from January 2015 to July 2015) with effective interest rates varying from 1.5% to 1.7% p.a. (31 December 2014: from 1.2% to 1.7% p.a.).

In March 2015 the Group registered on PJSC «Moscow Exchange MICEX-RTS» Domestic Stock Exchange Traded Bonds Programme in Russian Roubles with nominal amount of RR 50 billion. The maximum maturity period of these bonds is 10 years.

Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2015

13 Financial Liabilities at Fair Value through Profit or Loss except for Debt Securities in Issue

	31 March 2015 (unaudited)	31 December 2014
<i>in billions of Russian Roubles</i>		
Derivative financial instruments	583.4	747.4
Obligation to deliver securities	30.6	21.7
Total financial liabilities at fair value through profit or loss except for debt securities in issue	614.0	769.1

The composition of derivative financial instruments as at 31 March 2015 and 31 December 2014 is presented below:

	31 March 2015 (unaudited)	31 December 2014
<i>in billions of Russian Roubles</i>		
Foreign currency derivatives	265.6	413.3
Foreign currency interest rate derivatives	238.7	252.0
Interest rate derivatives	41.0	33.9
Commodity derivatives including precious metals derivatives	36.4	44.7
Equity securities derivatives	1.4	3.0
Credit risk derivatives	0.2	0.4
Debt securities derivatives	0.1	0.1
Total derivative financial instruments	583.4	747.4

14 Other Liabilities

	31 March 2015 (unaudited)	31 December 2014
<i>in billions of Russian Roubles</i>		
Other financial liabilities		
Payables on insurance and pension fund operations	126.6	120.2
Margin calls received	84.3	89.1
Payables on bank card settlements	65.0	65.0
Accrued employee benefit costs	52.7	37.4
Trade payables	38.4	40.1
Funds in settlement	33.9	31.9
Settlements on currency conversion operations	32.8	29.8
Settlements on operations with securities	17.8	4.1
Deposit insurance system fees payable	8.7	8.6
Other	18.1	18.3
Total other financial liabilities	478.3	444.5
Other non-financial liabilities		
Taxes payable other than on income	23.6	20.6
Provisions for credit related commitments and legal claims	10.1	11.7
Advances received	5.5	4.3
Income tax payable	2.5	5.1
Provisions and advances received on pension and insurance operations	2.0	2.0
Deferred commissions received on guarantees issued	1.5	1.7
Other	5.9	6.0
Total other non-financial liabilities	51.1	51.4
Total other liabilities	529.4	495.9

Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2015

15 Subordinated Debt

	31 March 2015 (unaudited)	31 December 2014
<i>in billions of Russian Roubles</i>		
Subordinated debt received from the Bank of Russia	511.6	503.9
Subordinated debt received under the MTN programme of Sberbank	236.9	226.7
Other subordinated debt	39.4	38.9
Total subordinated debt	787.9	769.5

Description of the subordinated loans received by the Group from the Bank of Russia is presented in the table below:

Drawdown date	Interest rate repricing date	Currency	Nominal value in currency of issue, in millions of currency	Contractual interest rate, %p.a.	31 March 2015 (unaudited)		31 December 2014	
					Carrying value, in billions of RR	Effective interest rate, %p.a.	Carrying value, in billions of RR	Effective interest rate, %p.a.
16 December 2008	31 December 2019	RUB	300,000	6.5	308.1	6.5	303.3	6.5
18 June 2014	31 December 2019	RUB	200,000	6.5	203.5	6.5	200.6	6.5
Total subordinated debt received from the Bank of Russia					511.6		503.9	

In March 2015, following the amendments to the Federal Law of the Russian Federation “On additional measures for supporting the financial system of the Russian Federation” terms and conditions of the subordinated loans received from the Bank of Russia in the total nominal value of RR 500 billion were modified. As it was allowed by the Federal Law the Bank elected to prolong these subordinated loans for 50 years from the date of the original draw down with an ability to unilaterally (without consent from Bank of Russia) roll over this subordinated facility at its maturity. The subordinated loan facility bears an interest rate of 6.5% p.a. Based on the terms and conditions of the modified subordinated loan the interest rate can be reset after 31 December 2019.

The Group considers that the terms of initial financial instruments previously reported by the Group were not significantly modified. On the repricing date the Group will reassess its judgement provided the conditions of the subordinated loans are substantially revised.

Description of the subordinated loans received under the MTN programme of Sberbank is presented in the table below:

Issue	Drawdown date	Maturity date	Currency	Nominal value in currency of issue, in millions of currency	Contractual interest rate, %p.a.	31 March 2015 (unaudited)		31 December 2014	
						Carrying value, in billions of RR	Effective interest rate, %p.a.	Carrying value, in billions of RR	Effective interest rate, %p.a.
Series 12	29 October 2012	29 October 2022	USD	2,000	5.1	119.2	5.2	113.3	5.2
Series 16	23 May 2013	23 May 2023	USD	1,000	5.3	59.2	5.4	56.3	5.4
Series 17	26 February 2014	26 February 2024	USD	1,000	5.5	58.5	5.6	57.1	5.6
Total subordinated debt received under the MTN programme of Sberbank						236.9		226.7	

In the event of the Bank’s liquidation the holders of these debts would be subordinated to all other creditors.

Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2015

16 Interest Income and Expense

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Three months ended 31 March	
	2015	2014
Interest income		
Interest income on financial assets not at fair value through profit or loss		
Interest income on financial assets carried at amortized cost:		
- Loans and advances to customers	514.1	374.3
- Debt investment securities held-to-maturity	8.4	8.7
- Due from banks	6.0	4.1
- Correspondent accounts with banks	0.3	—
	528.8	387.1
Interest income on financial assets available-for-sale:		
- Debt investment securities available-for-sale	30.2	25.3
	30.2	25.3
Total interest income on financial assets not at fair value through profit or loss	559.0	412.4
Interest income on financial assets at fair value through profit or loss:		
- Debt trading securities	1.4	1.5
- Debt securities designated as at fair value through profit or loss	1.5	0.3
	2.9	1.8
Total interest income	561.9	414.2
Interest expense		
Interest expense on financial liabilities not at fair value through profit or loss		
Interest expense on financial liabilities carried at amortized cost:		
- Term deposits of individuals	(107.2)	(80.6)
- Term placements of banks	(90.7)	(25.6)
- Term deposits of legal entities	(90.7)	(28.2)
- Debt securities in issue at amortized cost	(21.2)	(12.2)
- Current/settlement accounts of legal entities	(20.1)	(7.3)
- Subordinated debt	(12.0)	(6.7)
- Other borrowed funds	(5.2)	(1.9)
- Current/demand accounts of individuals	(3.6)	(3.1)
- Correspondent accounts of banks	(1.5)	(0.5)
	(352.2)	(166.1)
Interest expense on financial liabilities at fair value through profit or loss:		
- Obligation to deliver securities	(0.5)	(0.4)
	(0.5)	(0.4)
Total interest expense	(352.7)	(166.5)
Deposit insurance expenses	(8.9)	(8.1)
Total interest expense including deposit insurance expenses	(361.6)	(174.6)
Net interest income	200.3	239.6

Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2015

17 Fee and Commission Income and Expense

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Three months ended 31 March	
	2015	2014
Fee and commission income		
Cash and settlements transactions with legal entities	43.2	34.4
Cash and settlements transactions with individuals	18.5	14.7
Operations with foreign currencies and precious metals	10.3	6.5
Documentary commissions	5.6	3.6
Agent commissions	1.9	6.1
Operations on financial markets on behalf of clients and investment banking operations	1.3	0.8
Cash collection	1.2	1.2
Other	1.9	1.1
Total fee and commission income	83.9	68.4
Fee and commission expense		
Settlement transactions	(12.6)	(7.5)
Cash collection	(0.1)	(0.1)
Operations with foreign currencies	(0.1)	—
Other	(1.6)	(0.2)
Total fee and commission expense	(14.4)	(7.8)
Net fee and commission income	69.5	60.6

18 Net Results Arising from Trading in Foreign Currencies, Operations with Foreign Currency Derivatives and Foreign Exchange Translation

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Three months ended 31 March	
	2015	2014
Net foreign exchange translation gains / (losses)	49.3	(13.0)
Net losses arising from operations with foreign currency derivatives	(50.6)	(0.4)
Net gains arising from trading in foreign currencies	28.4	6.9
Total gains / (losses) arising from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation	27.1	(6.5)

Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2015

19 Net Results of Non-banking Business Activities

	Three months ended 31 March	
<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	2015	2014
Revenue from sale of goods	2.3	2.7
Revenue from completed construction contracts	0.5	1.2
Revenue from rendering of services	0.1	—
Revenue from operating lease	—	0.1
Revenue from other activities	2.5	1.8
Total revenue of non-banking business activities	5.4	5.8
Cost of sales and other expenses:		
- cost of goods sold	(2.9)	(2.0)
- staff costs	(1.3)	(1.4)
- maintenance of premises and equipment	(0.8)	(0.1)
- depreciation of fixed assets	(0.5)	(0.1)
- other expenses	(1.0)	(1.5)
Total cost of sales and other expenses of non-banking business activities	(6.5)	(5.1)
Net result of non-banking business activities	(1.1)	0.7

20 Net Results from Insurance and Pension Fund Operations

	Three months ended 31 March	
<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	2015	2014
Net premium		
Gross premium written	9.1	4.5
Premium returns	(0.3)	—
Total net premiums	8.8	4.5
Net claims and benefits		
Gross benefits and claims paid	(0.3)	(0.1)
Net change in contract liabilities	(7.6)	(4.1)
Total net claims and benefits	(7.9)	(4.2)
Acquisition cost	(0.1)	(0.1)
Net income from insurance and pension contracts	0.8	0.2

21 Operating Expenses

	Three months ended 31 March	
<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	2015	2014
Staff costs	86.0	75.6
Depreciation of premises and equipment	15.4	13.9
Administrative expenses	7.0	4.3
Repairs and maintenance of premises and equipment	6.6	6.0
Operating lease expenses	6.1	4.7
Taxes other than on income	5.1	4.2
Amortization of intangible assets	4.0	3.6
Telecommunication expenses	3.2	2.3
Advertising and marketing services	1.8	2.6
Consulting and assurance services	1.2	0.8
Other	3.3	3.8
Total operating expenses	139.7	121.8

Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2015

22 Earnings per Share

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

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Three months ended 31 March	
	2015	2014
Profit for the period attributable to the shareholders of the Bank	30.6	73.4
Profit attributable to the ordinary shareholders of the Bank	30.6	73.4
Weighted average number of ordinary shares in issue (billions)	21.6	21.5
Earnings per ordinary share, basic and diluted (expressed in RR per share)	1.42	3.41

23 Segment Analysis

For the purposes of management the Group is divided into operating segments of activity – Central head office, 16 regional head offices and subsidiaries – which are defined on the basis of organizational structure of the Group and geographical areas. The principal activity of all operating segments is banking operations. For the purposes of presentation in these interim condensed consolidated financial statements the operating segments are aggregated in the following reportable segments:

- **Moscow, including:**
 - Central head office of the Group,
 - Regional head office of Moscow,
 - Subsidiaries of the Group located in the region.
- **Central and Northern regions of European part of Russia, including:**
Regional head offices:
 - Severny – Yaroslavl,
 - Severo-Zapadny – Saint-Petersburg,
 - Tsentralno-Chernozemny – Voronezh,
 - Srednerussky – Moscow;
 Subsidiaries of the Group located in the region.
- **Volga region and South of European part of Russia, including:**
Regional head offices:
 - Volgo-Vyatsky – Nizhniy Novgorod,
 - Povolzhsky – Samara,
 - Severo-Kavkazsky – Stavropol,
 - Yugo-Zapadny – Rostov-on-Don;
 Subsidiaries of the Group located in the region.
- **Ural, Siberia and Far East of Russia, including:**
Regional head offices:
 - Zapadno-Uralsky – Perm,
 - Uralsky – Ekaterinburg,
 - Sibirsky – Novosibirsk,
 - Zapadno-Sibirsky – Tumen,
 - Dalnevostochny – Khabarovsk,
 - Vostochno-Sibirsky – Krasnoyarsk,
 - Baikalsky – Irkutsk;
 Subsidiaries of the Group located in the region.

Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2015

23 Segment Analysis (Continued)

- **Other countries, including:**
 - Subsidiaries located in Turkey,
 - Subsidiaries located in Ukraine, Kazakhstan, Belarus,
 - Subsidiaries located in Austria and Switzerland,
 - Subsidiaries of Sberbank Europe AG located in Central and Eastern Europe,
 - Companies of ex-Troika Dialog Group Ltd. located in the USA, the United Kingdom, Cyprus and certain other jurisdictions,
 - A branch office in India.

The Management of the Group analyses operating results of every segment of activity for the purposes of making decision about allocation of resources and assessment of segments' business results. The segments' reporting and operating results which are provided to the Management of the Group for analysis are prepared under Russian accounting standards, except the segments' reporting of the subsidiaries which is prepared under International Financial Reporting Standards.

Intersegment operations are performed on the basis of internal transfer pricing rates which are established, approved and regularly revised by the Management of the Group.

The subsidiaries' activity is controlled by the Group integrally.

Segment reporting of the Group's assets and liabilities as at 31 March 2015 is as follows:

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Moscow	Central and Northern regions of European part of Russia	Volga region and South of European part of Russia	Ural, Siberia and Far East of Russia	Other countries	Total
Total assets	10,437.4	3,104.6	2,629.5	3,707.1	4,362.4	24,241.0
Total liabilities	9,784.3	3,373.6	2,386.4	3,015.3	3,625.3	22,184.9

Segment reporting of the Group's assets and liabilities as at 31 December 2014 is as follows:

<i>in billions of Russian Roubles</i>	Moscow	Central and Northern regions of European part of Russia	Volga region and South of European part of Russia	Ural, Siberia and Far East of Russia	Other countries	Total
Total assets	10,370.3	3,553.0	2,965.0	4,062.0	4,432.7	25,383.0
Total liabilities	10,329.8	3,499.3	2,517.1	3,321.8	3,702.8	23,370.8

Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2015

23 Segment Analysis (Continued)

Reconciliation of total assets and total liabilities as per the reportable segments with the Group's total assets and total liabilities under IFRS as of 31 March 2015 and 31 December 2014 is as follows:

	31 March 2015 (unaudited)		31 December 2014	
<i>in billions of Russian Roubles</i>	Total assets	Total liabilities	Total assets	Total liabilities
Total segments result	24,241.0	22,184.9	25,383.0	23,370.8
Financial assets and liabilities netting	(49.1)	(49.1)	(207.2)	(207.2)
Adjustment to staff expenses accrued (bonuses, annual leave, pension liabilities)	—	28.5	—	21.5
Adjustment of loans provisions	127.4	—	134.4	—
Accounting for derivatives at fair value	(51.7)	(20.6)	(43.6)	0.1
Accounting for loans by effective rate method	(18.2)	—	(19.3)	—
Write off of low value assets	(15.7)	—	(15.9)	—
Adjustment of other provisions	26.1	—	16.2	(1.1)
Adjustment of depreciation and initial cost or revalued amount of premises and equipment	(19.8)	—	(20.3)	—
Accounting for financial contracts with embedded derivatives	(9.8)	—	(10.7)	—
Accounting for financing by the effective rate method	—	(0.1)	—	0.4
Accrual of expenses from customer loyalty programs	—	10.2	—	9.1
Currency translation of investments in subsidiaries	(1.5)	—	(8.5)	—
Impairment on securities	(6.4)	—	(6.2)	—
Adjustment for guarantee provision	—	(33.8)	—	(30.5)
Adjustment for legal claims provision	—	1.9	—	1.6
Recognition of deferred commission income from guarantees	—	1.3	—	1.5
Reclassification of securities between portfolios	(0.6)	—	(0.6)	—
Accounting for mortgage loans securitisation	9.2	9.3	(0.6)	(0.5)
Adjustment for deferred tax	14.8	17.9	(0.4)	15.1
Other	0.2	(1.4)	0.5	(0.1)
The Group's total amount under IFRS	24,245.9	22,149.0	25,200.8	23,180.7

Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2015

23 Segment Analysis (Continued)

Segment reporting of the Group's income and expenses for the three months ended 31 March 2015 is as follows:

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Moscow	Central and Northern regions of European part of Russia	Volga region and South of European part of Russia	Ural, Siberia and Far East of Russia	Other countries	Inter- company eliminations	Total
Interest income	206.2	92.5	79.0	112.0	81.6	(17.8)	553.5
Interest expense	(209.5)	(49.1)	(32.7)	(39.5)	(43.6)	17.8	(356.6)
Inter-segment income / (expense)	1.2	(0.3)	(0.3)	(0.6)	—	—	—
Fee and commission income	16.1	19.1	15.1	22.9	13.3	(2.9)	83.6
Fee and commission expense	(3.1)	(2.5)	(1.6)	(3.4)	(3.8)	0.9	(13.5)
Net gains / (losses) arising from securities	3.4	—	—	—	(0.3)	(1.2)	1.9
Net gains arising from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation, other derivatives	1.7	0.2	0.5	—	4.4	—	6.8
Net (losses) / gains arising from operations with precious metals, precious metals derivatives and precious metals accounts translation	(2.5)	—	—	—	0.1	—	(2.4)
Revenue of non-banking business activities	1.4	0.3	3.1	—	1.1	(0.5)	5.4
Cost of sales and other expenses of non-banking business activities	(1.4)	(0.2)	(4.1)	—	(0.9)	0.1	(6.5)
Net gains / (losses) from insurance and pension fund operations	0.3	(0.6)	(0.5)	(0.6)	—	2.2	0.8
Net other operating (losses) / gains	(10.3)	(0.9)	—	1.8	0.8	(0.1)	(8.7)
Operating income before provision charge for loan impairment	3.5	58.5	58.5	92.6	52.7	(1.5)	264.3
Net provision charge for impairment of debt financial assets	(1.0)	(21.3)	(15.8)	(27.3)	(42.7)	—	(108.1)
Operating income	2.5	37.2	42.7	65.3	10.0	(1.5)	156.2
Operating expenses	(41.4)	(20.1)	(19.2)	(23.3)	(29.0)	0.5	(132.5)
(Loss) / profit before tax (Segment result)	(38.9)	17.1	23.5	42.0	(19.0)	(1.0)	23.7
Other disclosures							
Capital expenditure incurred (additions of fixed assets)	4.9	3.2	3.3	4.5	2.5	—	18.4
Depreciation of premises and equipment	(6.1)	(2.1)	(2.6)	(2.9)	(1.6)	—	(15.3)

Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2015

23 Segment Analysis (Continued)

Segment reporting of the Group's income and expenses for the three months ended 31 March 2014 is as follows:

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Moscow	Central and Northern regions of European part of Russia	Volga region and South of European part of Russia	Ural, Siberia and Far East of Russia	Other countries	Inter- company eliminations	Total
Interest income	140.2	73.4	64.2	95.1	49.3	(8.5)	413.7
Interest expense	(81.0)	(31.3)	(21.8)	(26.5)	(23.0)	8.5	(175.1)
Inter-segment (expense) / income	(8.7)	8.2	(0.2)	0.7	—	—	—
Fee and commission income	11.2	14.5	12.2	18.0	8.3	(1.1)	63.1
Fee and commission expense	(1.4)	(1.1)	(0.7)	(1.5)	(1.9)	0.8	(5.8)
Net losses arising from securities	(4.8)	—	—	—	(1.1)	1.1	(4.8)
Net gains arising from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation, other derivatives	3.1	1.5	0.4	1.2	9.1	—	15.3
Net (losses) / gains arising from operations with precious metals, precious metals derivatives and precious metals accounts translation	(3.2)	0.1	0.1	0.2	(0.3)	—	(3.1)
Revenue of non-banking business activities	3.5	—	2.8	—	0.7	(1.2)	5.8
Cost of sales of non-banking business activities and insurance	(2.9)	—	(2.4)	—	(0.5)	0.6	(5.2)
Net gains from insurance and pension fund operations	0.3	—	—	—	—	(0.1)	0.2
Net other operating gains / (losses)	16.4	2.9	(1.5)	(12.4)	0.7	—	6.1
Operating income before provision charge for loan impairment	72.7	68.2	53.1	74.8	41.3	0.1	310.2
Net provision charge for impairment of debt financial assets	(15.3)	(16.1)	(9.3)	(30.2)	(10.7)	—	(81.6)
Operating income	57.4	52.1	43.8	44.6	30.6	0.1	228.6
Operating expenses	(36.2)	(17.3)	(17.9)	(23.7)	(19.7)	1.1	(113.7)
Profit before tax (Segment result)	21.2	34.8	25.9	20.9	10.9	1.2	114.9
Other disclosures							
Capital expenditure incurred (additions of fixed assets)	3.1	2.9	53.1	4.0	0.8	—	63.9
Depreciation of premises and equipment	(5.3)	(2.1)	(2.2)	(2.8)	(1.0)	—	(13.4)

Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2015

23 Segment Analysis (Continued)

Reconciliation of profit before tax for the reportable segments with the Group's profit before tax under IFRS for the three months ended 31 March 2015 and 31 March 2014 is as follows:

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Three months ended 31 March	
	2015	2014
Segment result	23.7	114.9
Adjustment to staff expenses accrued (bonuses, annual leave, pension liabilities)	(6.4)	(12.1)
Adjustment of loans provisions	(7.1)	1.7
Accounting for derivatives at fair value	12.6	(0.9)
Accounting for loans by effective rate method	1.4	(1.6)
Write off of low value assets	0.2	0.1
Adjustment of other provisions	9.2	(1.6)
Adjustment of depreciation and initial cost or revalued amount of premises and equipment	0.9	2.7
Accounting for financial contracts with embedded derivatives	0.9	(3.3)
Accounting for financing by the effective rate method	0.3	—
Accrual of expenses from customer loyalty programs	(1.1)	(0.6)
Currency translation of investments in subsidiaries	7.0	—
Impairment on securities	(0.2)	0.8
Adjustment for guarantee provision	3.2	(3.2)
Adjustment for legal claims provision	(0.3)	(0.4)
Recognition of deferred commission income from guarantees	0.2	—
Reclassification of securities between portfolios	5.5	(1.6)
Accounting for mortgage loans securitisation	(0.1)	—
Other	—	(0.6)
The Group's total amount under IFRS	49.9	94.3

The differences shown above arise from classification variances as well as different accounting policies.

Adjustment of provisions is related to the difference between estimation methodology applied in statutory accounting records used as a basis for management reporting and estimation methodology according to IFRS.

Differences arising on securities' classification relate to gains/(losses) on revaluation of securities designated as at fair value through profit or loss in IFRS reporting but classified as available-for-sale in statutory accounting records.

The sum of the line Accounting for derivatives at fair value includes adjustments to reflect non-recognition of Day 1 gain from the complex structured transactions with embedded derivatives as well as recognition of embedded derivatives in the consolidated statement of financial position, the creation of CVA/DVA and the bid/offer provisions, as the necessary components of fair value.

Financial assets and liabilities netting is related to the difference between netting criteria applied in statutory accounting records used as a basis for management reporting and requirements for netting of financial assets and liabilities in IFRS.

Adjustment of depreciation and initial cost or revalued amount of premises and equipment is related mainly to the differences in the recognition of value added taxation from acquired fixed assets which is recognized as part of fixed assets under IFRS and the revaluation of fixed assets which has a different approach in statutory accounting records to the one in IFRS.

For the three months ended 31 March 2015 the Group's revenues from customers in the Russian Federation amounted to RR 591.9 billion (for the three months ended 31 March 2014: RR 438.3 billion); revenues from customers in all foreign countries from which the Group derives revenues amounted to RR 96.3 billion (for the three months ended 31 March 2014: RR 47.9 billion).

No revenue from transactions with a single external customer or counterparty amounted to 10.0% or more of the Group's total revenue during the three months ended 31 March 2015 and 31 March 2014.

Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2015

24 Financial Risk Management

The risk management function within the Group is carried out in respect of major types of risks: credit, market, liquidity and operational risks. Market risk includes interest rate risk, equity risk and currency risk. The Group's risk management policies are designed to identify and analyze these risks, to set appropriate risk limits and controls, and to monitor the risks and limits. The operational risk management functions are intended to ensure proper functioning of internal policies and procedures to minimize operational risk.

The Group's risk management policies and procedures are consistent with those disclosed in the annual consolidated financial statements of the Group for the year ended 31 December 2014.

Currency risk. Currency risk results from fluctuations in the prevailing foreign currency exchange rates. The Group is exposed to foreign exchange risk on open positions (mainly US dollar/Russian Rouble and Euro/Russian Rouble exchange rate fluctuations).

Foreign exchange risk on forward and future contracts is represented by their discounted positions. Foreign exchange options are disclosed in the amount that reflects theoretical sensitivity of their fair value to reasonable change in exchange rates. Commodity options are shown at their fair value in relative settlement currency. Equity instruments are classified based on the country of origin of issuer.

The table below summarizes the Group's exposure to foreign exchange risk in respect of financial assets, liabilities and derivatives as at 31 March 2015.

<i>(unaudited) in billions of Russian Roubles</i>	Russian Roubles	US Dollars	Euro	Turkish Lyra	Other	Total
Assets						
Cash and cash equivalents	914.8	648.1	236.7	13.8	96.0	1,909.4
Mandatory cash balances with central banks	157.1	126.5	31.1	12.1	49.7	376.5
Financial assets at fair value through profit or loss (less fair value of derivatives)	105.6	40.6	0.6	2.3	1.3	150.4
Due from banks	73.1	39.2	40.7	—	37.4	190.4
Loans and advances to customers	11,143.3	4,050.1	862.9	813.8	493.6	17,363.7
Securities pledged under repurchase agreements	251.4	6.1	—	102.8	10.9	371.2
Investment securities available-for-sale	837.9	386.4	109.2	90.3	33.7	1,457.5
Investment securities held-to-maturity	203.1	72.7	3.4	30.0	0.3	309.5
Other financial assets	159.8	201.5	65.0	9.5	21.9	457.7
Total financial assets	13,846.1	5,571.2	1,349.6	1,074.6	744.8	22,586.3
Liabilities						
Due to banks	2,010.2	75.7	197.0	48.7	75.7	2,407.3
Due to individuals	6,369.4	1,430.1	1,130.4	346.4	238.4	9,514.7
Due to corporate customers	2,774.5	2,447.8	557.7	289.8	231.2	6,301.0
Debt securities in issue	597.8	491.9	135.3	55.7	65.6	1,346.3
Other borrowed funds	1.4	381.3	94.7	35.9	9.2	522.5
Financial liabilities at fair value through profit or loss except for debt securities in issue (less fair value of derivatives)	3.1	26.9	0.5	—	0.1	30.6
Other financial liabilities	277.9	133.3	21.9	36.8	8.4	478.3
Subordinated debt	513.4	258.2	6.8	—	9.5	787.9
Total financial liabilities	12,547.7	5,245.2	2,144.3	813.3	638.1	21,388.6
Net financial assets/(liabilities)	1,298.4	326.0	(794.7)	261.3	106.7	1,197.7
Net derivatives	(96.8)	(382.7)	689.1	(107.2)	49.3	151.7
Credit related commitments before provision for impairment (Note 25)	2,751.6	980.7	346.3	767.0	113.5	4,959.1

Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2015

24 Financial Risk Management (Continued)

The table below summarizes the Group's exposure to foreign exchange risk in respect of financial assets, liabilities and derivatives as at 31 December 2014.

<i>in billions of Russian Roubles</i>	Russian Roubles	US Dollars	Euro	Turkish Lira	Other	Total
Assets						
Cash and cash equivalents	1,090.5	793.6	280.2	48.8	95.7	2,308.8
Mandatory cash balances with central banks	142.8	132.8	33.2	5.7	51.2	365.7
Financial assets at fair value through profit or loss (less fair value of derivatives)	83.5	27.2	0.5	2.6	1.2	115.0
Due from banks	116.8	22.0	69.1	0.2	32.7	240.8
Loans and advances to customers	11,443.0	4,015.0	938.4	831.5	528.7	17,756.6
Securities pledged under repurchase agreements	682.1	332.6	77.1	67.3	10.2	1,169.3
Investment securities available-for-sale	547.8	75.9	56.5	112.9	36.6	829.7
Investment securities held-to-maturity	47.4	23.4	3.7	42.8	0.6	117.9
Other financial assets	187.4	268.8	81.0	10.2	15.5	562.9
Total financial assets	14,341.3	5,691.3	1,539.7	1,122.0	772.4	23,466.7
Liabilities						
Due to banks	2,819.2	494.9	218.3	44.0	63.6	3,640.0
Due to individuals	6,473.1	1,203.8	1,047.8	366.5	237.2	9,328.4
Due to corporate customers	2,858.3	2,314.2	520.6	268.8	272.6	6,234.5
Debt securities in issue	548.3	485.2	147.2	59.1	62.8	1,302.6
Other borrowed funds	—	392.2	103.2	32.5	9.3	537.2
Financial liabilities at fair value through profit or loss except for debt securities in issue (less fair value of derivatives)	6.1	15.4	0.2	—	—	21.7
Other financial liabilities	280.1	105.2	14.0	40.0	5.2	444.5
Subordinated debt	505.6	247.3	7.3	—	9.3	769.5
Total financial liabilities	13,490.7	5,258.2	2,058.6	810.9	660.0	22,278.4
Net financial assets/ (liabilities)	850.6	433.1	(518.9)	311.1	112.4	1,188.3
Net derivatives	242.8	(551.7)	467.9	(159.7)	60.0	59.3
Credit related commitments before provision for impairment (Note 25)	2,890.1	1,131.5	372.4	767.0	114.4	5,275.4

The Group provides loans and advances to customers in foreign currency. Fluctuations of foreign currency exchange rates may negatively affect the ability of borrowers to repay loans, which will in turn increase the probability of loan loss.

Liquidity Risk. Liquidity risk is defined as the risk of mismatch between the maturities of assets and liabilities. The Group is exposed to daily calls on its available cash resources from overnight deposits, customer's current accounts, term deposits, loan drawdowns, guarantees and from margin and other calls on cash settled derivative instruments.

Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2015

24 Financial Risk Management (Continued)

Following principles underlying gap analysis presentation and the Group liquidity risk management are based on the mix of CBR initiatives and the Bank's practice:

- Cash and cash equivalents represent highly liquid assets and are classified as "on demand and less than 1 month";
- Trading securities, securities designated as at fair value through profit or loss and highly liquid portion of investment securities available-for-sale are considered to be liquid assets as these securities could be easily converted into cash within short period of time. Such financial instruments are disclosed in gap analysis table as "on demand and less than 1 month";
- Investment securities available-for-sale which are less liquid are disclosed according to remaining contractual maturities (for debt instruments) or as "no stated maturity" (for equities);
- Investment securities held-to-maturity including those pledged under repurchase agreements are classified based on the remaining contractual maturities;
- Highly liquid portion of securities pledged under repurchase agreements is disclosed based on the remaining maturities of repurchase agreements;
- Loans and advances to customers, amounts due from banks, derivative financial instruments, other assets, debt securities in issue, amounts due to banks, other borrowed funds and other liabilities are included into gap analysis table based on remaining contractual maturities (for loans and advances to customers "overdue" category represents only actual payments which were overdue);
- Customer deposits aren't disclosed as "on demand and less than 1 month" although customers have an opportunity to withdraw money from any account, including term deposits, before maturity date, losing the right on accrued interest. Customer deposits diversification by number and type of depositors and the past experience of the Group indicate that such accounts and deposits provide a long-term and stable source of funding, and as a result they are allocated per expected time of funds outflow in the gap analysis table on the basis of statistical data accumulated by the Group during the previous periods and assumptions regarding the "permanent" part of current account balances.

Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2015

24 Financial Risk Management (Continued)

The liquidity position of the Group's assets and liabilities as at 31 March 2015 is set out below.

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	On demand and less than 1 month	From 1 to 6 months	From 6 to 12 months	From 1 to 3 years	More than 3 years	No stated maturity/ overdue	Total
Assets							
Cash and cash equivalents	1,909.4	—	—	—	—	—	1,909.4
Mandatory cash balances with central banks	157.8	62.2	37.0	85.9	33.6	—	376.5
Financial assets at fair value through profit or loss	177.3	234.8	171.8	235.0	66.6	—	885.5
Due from banks	107.2	32.0	29.7	12.1	9.4	—	190.4
Loans and advances to customers	872.5	1,709.2	2,283.4	5,207.2	7,038.1	253.3	17,363.7
Securities pledged under repurchase agreements	227.0	7.3	—	101.4	35.5	—	371.2
Investment securities available-for- sale	1,429.7	1.3	3.1	13.0	9.8	0.6	1,457.5
Investment securities held-to- maturity	4.0	33.0	32.2	109.8	130.5	—	309.5
Deferred income tax asset	—	—	—	—	—	17.1	17.1
Premises and equipment	—	—	—	—	—	493.9	493.9
Assets of the disposal group and non- current assets held for sale	68.2	—	—	—	—	—	68.2
Other assets	458.8	96.6	102.4	48.0	53.0	44.2	803.0
Total assets	5,411.9	2,176.4	2,659.6	5,812.4	7,376.5	809.1	24,245.9
Liabilities							
Due to banks	1,157.9	1,103.6	24.1	82.5	39.2	—	2,407.3
Due to individuals	2,725.7	1,347.4	1,657.5	3,316.3	467.8	—	9,514.7
Due to corporate customers	1,789.2	950.2	220.9	2,158.3	1,182.4	—	6,301.0
Debt securities in issue	70.7	379.5	258.9	245.6	391.6	—	1,346.3
Other borrowed funds	54.6	124.4	191.9	96.4	55.2	—	522.5
Financial liabilities at fair value through profit or loss except for debt securities in issue	81.4	207.1	132.8	132.2	60.5	—	614.0
Deferred income tax liability	—	—	—	—	—	69.3	69.3
Liabilities of the disposal group	56.6	—	—	—	—	—	56.6
Other liabilities	135.9	102.2	27.2	8.5	136.1	119.5	529.4
Subordinated debt	—	0.6	—	29.5	757.8	—	787.9
Total liabilities	6,072.0	4,215.0	2,513.3	6,069.3	3,090.6	188.8	22,149.0
Net liquidity gap	(660.1)	(2,038.6)	146.3	(256.9)	4,285.9	620.3	2,096.9
Cumulative liquidity gap as at 31 March 2015	(660.1)	(2,698.7)	(2,552.4)	(2,809.3)	1,476.6	2,096.9	—

Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2015

24 Financial Risk Management (Continued)

The liquidity position of the Group's assets and liabilities as at 31 December 2014 is set out below.

<i>in billions of Russian Roubles</i>	On demand and less than 1 month	From 1 to 6 months	From 6 to 12 months	From 1 to 3 years	More than 3 years	No stated maturity/ overdue	Total
Assets							
Cash and cash equivalents	2,308.8	—	—	—	—	—	2,308.8
Mandatory cash balances with central banks	150.9	70.3	34.6	77.2	32.7	—	365.7
Financial assets at fair value through profit or loss	161.2	173.3	243.1	281.3	62.8	—	921.7
Due from banks	143.9	28.3	24.4	29.0	15.2	—	240.8
Loans and advances to customers	937.8	1,817.1	2,425.6	5,252.0	7,131.6	192.5	17,756.6
Securities pledged under repurchase agreements	828.5	18.8	37.3	131.5	153.2	—	1,169.3
Investment securities available-for- sale	782.7	1.8	3.1	11.8	29.7	0.6	829.7
Investment securities held-to- maturity	1.5	5.2	7.4	21.9	81.9	—	117.9
Deferred income tax asset	—	—	—	—	—	19.1	19.1
Premises and equipment	—	—	—	—	—	496.4	496.4
Assets of the disposal group and non- current assets held for sale	72.0	—	—	—	—	—	72.0
Other assets	512.7	91.7	108.6	40.7	60.9	88.2	902.8
Total assets	5,900.0	2,206.5	2,884.1	5,845.4	7,568.0	796.8	25,200.8
Liabilities							
Due to banks	1,835.3	1,410.9	274.0	74.9	44.9	—	3,640.0
Due to individuals	1,958.0	1,700.7	1,659.3	3,551.7	458.7	—	9,328.4
Due to corporate customers	2,433.8	891.0	178.2	1,711.6	1,019.9	—	6,234.5
Debt securities in issue	64.4	239.2	320.0	271.9	407.1	—	1,302.6
Other borrowed funds	52.6	152.6	200.3	90.0	41.7	—	537.2
Financial liabilities at fair value through profit or loss except for debt securities in issue	104.7	231.1	188.8	182.1	62.4	—	769.1
Deferred income tax liability	—	—	—	—	—	45.3	45.3
Liabilities of the disposal group	58.2	—	—	—	—	—	58.2
Other liabilities	117.3	98.2	46.1	7.2	129.3	97.8	495.9
Subordinated debt	—	0.8	—	17.9	750.8	—	769.5
Total liabilities	6,624.3	4,724.5	2,866.7	5,907.3	2,914.8	143.1	23,180.7
Net liquidity gap	(724.3)	(2,518.0)	17.4	(61.9)	4,653.2	653.7	2,020.1
Cumulative liquidity gap as at 31 December 2014	(724.3)	(3,242.3)	(3,224.9)	(3,286.8)	1,366.4	2,020.1	—

Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2015

25 Credit Related Commitments

The primary purpose of credit related commitments instruments is to ensure that funds are available to a customer when required. Guarantees and standby letters of credit, which represent irrevocable assurances that the Group will make payments in the event that a customer cannot meet the obligations to third parties, carry the same credit risk as loans. Documentary and commercial letters of credit, which are written undertakings by the Group on behalf of a customer authorizing a third party to draw drafts on the Group up to a stipulated amount under specific terms and conditions, are collateralized by the underlying shipments of goods to which they relate or cash deposits and therefore carry less risk than direct lending.

Commitments to extend credit represent unused portions of authorizations to extend credit. With respect to credit risk on commitments to extend credit, the Group is potentially exposed to a loss equal to the total amount of unused commitments. However, the likely amount of loss is less than the total unused commitments since most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Group monitors the maturities of credit related commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

Outstanding credit related commitments are as follows:

	31 March 2015 (unaudited)	31 December 2014
<i>in billions of Russian Roubles</i>		
Guarantees issued	1,925.5	1,951.7
Commitments to extend credit	1,678.0	1,710.8
Undrawn credit lines	796.9	820.3
Export letters of credit	350.2	541.9
Import letters of credit and letters of credit for domestic settlements	208.5	250.7
Total credit related commitments before provision	4,959.1	5,275.4
Provision	(6.8)	(9.3)
Total credit related commitments after provision	4,952.3	5,266.1

As at 31 March 2015 included in Due to corporate customers are deposits of RR 112.7 billion (31 December 2014: RR 118.3 billion) held as collateral for irrevocable commitments under import letters of credit. Refer to Note 11.

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

26 Fair Value Disclosures

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2015

26 Fair Value Disclosures (Continued)

The following table shows an analysis of classes of assets carried at fair value by level of the fair value hierarchy as at 31 March 2015:

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Level 1	Level 2	Level 3	Total
Assets carried at fair value				
Trading securities	56.0	1.0	0.5	57.5
Corporate bonds	22.4	0.6	—	23.0
Federal loan bonds (OFZ bonds)	17.7	—	—	17.7
Russian Federation Eurobonds	8.6	—	—	8.6
Foreign government bonds	3.9	0.2	—	4.1
Corporate shares	3.3	0.1	0.5	3.9
Municipal and subfederal bonds	0.1	0.1	—	0.2
Securities designated as at fair value through profit or loss	68.8	8.4	15.7	92.9
Corporate bonds	40.1	2.6	—	42.7
Federal loan bonds (OFZ bonds)	22.3	—	—	22.3
Corporate shares	0.3	—	14.8	15.1
Municipal and subfederal bonds	5.5	0.5	—	6.0
Investments in mutual funds	—	3.8	0.9	4.7
Foreign government bonds	—	1.5	—	1.5
Russian Federation Eurobonds	0.6	—	—	0.6
Securities pledged under repurchase agreements	227.0	—	—	227.0
Federal loan bonds (OFZ bonds)	143.0	—	—	143.0
Foreign government bonds	82.7	—	—	82.7
Corporate bonds	1.2	—	—	1.2
Russian Federation Eurobonds	0.1	—	—	0.1
Investment securities available-for-sale	1,399.2	58.2	0.1	1,457.5
Federal loan bonds (OFZ bonds)	501.8	—	—	501.8
Corporate bonds	462.5	36.8	—	499.3
Russian Federation Eurobonds	199.8	—	—	199.8
Foreign government bonds	168.9	19.4	—	188.3
Municipal and subfederal bonds	47.2	1.1	—	48.3
Corporate shares	19.0	0.5	0.1	19.6
Promissory notes	—	0.4	—	0.4
Derivative financial instruments	2.6	708.4	24.1	735.1
OTC swaps	—	400.9	22.2	423.1
OTC options	—	227.9	—	227.9
Forwards	—	78.5	—	78.5
Market options	—	0.9	1.9	2.8
Futures	2.6	—	—	2.6
Market swaps	—	0.2	—	0.2
Total assets carried at fair value	1,753.6	776.0	40.4	2,570.0

Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2015

26 Fair Value Disclosures (Continued)

The following table shows an analysis of classes of assets for which fair values are disclosed, by level of the fair value hierarchy as at 31 March 2015:

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Level 1	Level 2	Level 3	Total
Assets for which fair values are disclosed				
Due from banks	—	190.4	—	190.4
Loans and advances to customers	—	712.5	15,454.1	16,166.6
Investment securities held-to-maturity	290.2	1.3	—	291.5
Investment securities held-to-maturity pledged under repurchase agreement	134.8	—	—	134.8
Total assets for which fair values are disclosed	425.0	904.2	15,454.1	16,783.3

The following tables show an analysis of classes of liabilities carried at fair value and of liabilities for which fair values are disclosed, by level of the fair value hierarchy as at 31 March 2015:

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Level 1	Level 2	Level 3	Total
Liabilities carried at fair value				
Derivative financial instruments	3.9	579.5	—	583.4
OTC swaps	—	388.6	—	388.6
OTC options	—	160.5	—	160.5
Forwards	—	29.6	—	29.6
Futures	3.9	—	—	3.9
Market options	—	0.7	—	0.7
Market swaps	—	0.1	—	0.1
Obligation to deliver securities	30.5	0.1	—	30.6
Russian Federation Eurobonds	18.3	—	—	18.3
Corporate bonds	7.4	0.1	—	7.5
Corporate shares	2.4	—	—	2.4
Federal loan bonds (OFZ bonds)	1.6	—	—	1.6
Foreign government bonds	0.8	—	—	0.8
Equity linked notes and credit linked notes	—	1.2	—	1.2
Total liabilities carried at fair value	34.4	580.8	—	615.2
Liabilities for which fair values are disclosed				
Due to banks	—	2,389.5	17.9	2,407.4
Due to individuals	—	1,195.1	8,300.1	9,495.2
Due to corporate customers	—	815.7	5,281.2	6,096.9
Debt securities in issue	608.3	700.0	1.2	1,309.5
Other borrowed funds	—	521.8	—	521.8
Subordinated debt	190.4	549.3	—	739.7
Total liabilities for which fair values are disclosed	798.7	6,171.4	13,600.4	20,570.5

Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2015

26 Fair Value Disclosures (Continued)

Level 2 includes debt securities of first-class borrowers and derivative financial instruments that are not actively traded on the market. Fair value of these financial instruments was calculated using techniques for which all inputs which have a significant effect on the recorded fair value are observable on the active market. Financial characteristics of comparable financial instruments actively traded on the market were used as inputs for the fair valuation models.

The following describes the methodologies and assumptions used to determine fair values for financial instruments.

Derivatives

Derivatives valued using a valuation technique with market observable inputs derived from well-known market information systems are mainly interest rate swaps, currency swaps, forward foreign exchange contracts and foreign exchange option contracts. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. Option-pricing is mostly done with Black-Scholes model and for certain types of options with stochastic local volatility model. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, interest rate curves and implied volatility.

Trading securities, securities designated as at fair value through profit or loss and investment securities available-for-sale

Trading securities, securities designated as at fair value through profit or loss and investment securities available-for-sale valued using a valuation technique or pricing models primarily consist of unquoted equity and debt securities. These securities are valued using models which sometimes only incorporate data observable in the market and at other times use both observable and non-observable data. The non-observable inputs to the models include assumptions regarding the future financial performance of the investee, its risk profile, and economic assumptions regarding the industry and geographical jurisdiction in which the investee operates.

The following table shows transfers between Level 1 and Level 2 of the fair value hierarchy for financial assets and liabilities measured as at fair value during the three months ended 31 March 2015:

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Transfers between Level 1 and Level 2	
	From Level 1 to Level 2	From Level 2 to Level 1
Financial assets		
Trading securities	—	12.5
Securities designated as at fair value through profit or loss	1.2	0.4
Investment securities available-for-sale	3.9	6.0
Total transfers of financial assets	5.1	18.9
Financial liabilities		
Obligation to deliver securities	—	7.5
Total transfers of financial liabilities	—	7.5

The financial instruments are transferred from Level 2 and Level 3 to Level 1 when they become actively traded and fair values are determined using quoted prices in an active market.

The financial instruments are transferred from Level 1 to Level 2 when they ceased to be actively traded. The liquidity of the market is not sufficient to use the market quotation for its valuation and fair values are consequently obtained from valuation techniques using observable market inputs.

The financial instruments are transferred to Level 3 when they ceased to be actively traded and there is no possibility to use valuation techniques with observable market inputs.

Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2015

26 Fair Value Disclosures (Continued)

The following table shows a reconciliation of the opening and closing amount of Level 3 assets and liabilities which are recorded as at fair value as at 31 March 2015:

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	At 31 December 2014	Total (losses)/gains reported in statement of profit or loss	Foreign currency revaluation	Purchases	Sales	At 31 March 2015
Financial assets						
Trading securities	0.6	(0.1)	—	—	—	0.5
Securities designated as at fair value through profit or loss	14.5	1.2	—	—	—	15.7
Investment securities available-for-sale	—	—	—	0.1	—	0.1
Derivative financial instruments	19.2	4.3	0.3	0.4	(0.1)	24.1
Total level 3 financial assets	34.3	5.4	0.3	0.5	(0.1)	40.4

For the three months ended 31 March 2015 the gains in the amount of RR 5.4 billion reported in the consolidated statement of profit or loss on Level 3 financial assets were unrealized.

Total losses recognized as profit or loss on trading securities which are presented in the table above are reported in the statement of profit or loss within net losses arising from trading securities.

Total gains recognized as profit or loss on securities designated as at fair value through profit or loss which are presented in the table above are reported in the statement of profit or loss within net gains / (losses) arising from securities designated as at fair value through profit or loss.

Total gains recognized as profit or loss on derivative financial instruments which are presented in the table above are reported in the statement of profit or loss within net gains / (losses) arising from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation and within net losses arising from operations with precious metals, precious metals derivatives and precious metals accounts translation.

Valuation of share in a real estate company of RR 6.7 billion using valuation techniques based on non-observable inputs

The Group determined fair value of investments based on discounted cash flow model using the following key assumptions: type of WACC and estimated capitalization rate which depend on forecasts on property prices. WACC as at 31 March 2015 is 18.6%.

Should the discount rate used by the Group in the valuation model increase/decrease by 1.0%, the carrying value of the financial instrument would be RR 0.5 billion lower / RR 0.5 billion higher. Should the capitalization rate used by the Group in the valuation model increase/decrease by 1.0%, the carrying value of the financial instrument would be RR 0.9 billion lower / RR 1.0 billion higher.

Valuation of non-voting share in a special investment fund (SIF) with investments in oil companies of RR 4.2 billion using valuation techniques based on non-observable inputs

The Group determined fair value of investments based on discounted cash flow model using the following key assumptions: type of WACC and estimated guaranteed fixed yield on exit. Guaranteed fixed yield is not linked to the market and so has immaterial influence on the value of the financial instrument. WACC as at 31 March 2015 is 13.5%.

Should the discount rate used by the Group in the valuation model increase/decrease by 1.0%, the carrying value of the financial instrument would be RR 0.04 billion lower / RR 0.04 billion higher.

Valuation of investment in a mining company of RR 2.6 billion using valuation techniques based on non-observable inputs

Fair value of investments was determined based on net assets value, while valuation of the investments in the company's operational subsidiaries was based on discounted cash flow model using the following key assumptions: type of WACC, operational expenses, cost of investments, price and volume of sale.

Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2015

26 Fair Value Disclosures (Continued)

WACC of operational companies as at 31 March 2015 is 11.7%, 14.5%, 15.6%, 13.1% and 17.8%. Should the discount rate used by the Group in the valuation model increase/decrease by 1.0%, the carrying value of the financial instrument would be RR 0.2 billion lower / RR 0.2 billion higher.

Valuation of share in a company with a real estate located in Moscow of RR 1.2 billion using valuation techniques based on non-observable inputs

The Group determined fair value of investments based on discounted cash flow model using the following income parameters: sale price and rental rate.

Should the income parameters used by the Group in the valuation model increase/decrease by 5.0%, the carrying value of the financial instrument would be RR 0.04 billion lower / RR 0.05 billion higher.

Valuation of investments in mutual fund which main assets comprised real estate investments of RR 0.8 billion using valuation techniques based on non-observable inputs

Fair value of investments in mutual funds whose main assets comprise real estate investments are determined based on fair value of properties. Each property is revalued regularly by independent appraisers using sales comparison and income approaches. Application of market average ranges, which is considered to be a reasonably possible change of assumptions used in valuation model for calculation of fair value of such units, results in increase/decrease of fair value by RR 0.08 billion in case of application of the highest/lowest end of the range respectively.

Valuation of share in an airline company of RR 0.4 billion using valuation techniques based on non-observable inputs

Investment in an airline company is valued using guideline companies method (combination of trading and transaction multiples). Following multiples were applied for calculation of fair value of the investment: EV/EBITDA.

The following significant assumptions were used in the model: ratio (50% / 50%) applied to the results derived from trading and transaction multiples valuation models, discount (58.4%) related to current market risks applied to trading and transaction multiples. As of 31 March 2015 the most significant assumption used in the model was the discount.

The potential effect of measuring the fair value based on the trading and deals multiple without applying the discount, which is considered a reasonably possible alternative assumption, would result in an increase of the fair value by RR 0.6 billion.

Valuation of foreign currency and precious metals derivatives contracts of RR 22.2 billion using non-observable inputs

The inputs used for estimation of fair values of foreign currency derivatives as at 31 March 2015 were the adjusted yields to maturity of the Belarusian Eurobonds in USD with different maturity dates varying from 11.4% to 12.1%. The input used for estimation of fair values of precious metals derivatives as at 31 March 2015 was the interest rate of attracting deposits in precious metals from individuals, which is 6.0%.

The obligations in Belarusian roubles were estimated against the prevailing rate of attracting funds in Belarusian roubles which is 30.0%. Should the input rate for Belarusian roubles decrease for 1 000 base points the carrying value of the foreign currency derivatives would be RR 0.3 billion lower, the carrying value of the precious metals derivatives would be RR 0.1 billion lower.

Valuation of market index derivatives contracts of RR 1.9 billion using non-observable inputs

These derivative financial assets are options whose underlying assets are quotes of certain market indices, published on a daily basis. The evaluation of these assets is based on the model valuation of derivatives. The model uses Black - Scholes option pricing model on the basis of market information about quotations benchmark indices, the historical volatility of the quotations with additional expert assumptions regarding the discount rate and the expiration date of the options. On the basis of the volatility of the reporting period most likely evolution of the underlying assets from +/-5.41% to +/- 14.57% would impact on the fair value of derivatives in the range of RR+/- 0.1 billion.

Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2015

26 Fair Value Disclosures (Continued)

The following table shows an analysis of classes of assets carried at fair value by level of the fair value hierarchy as at 31 December 2014:

<i>in billions of Russian Roubles</i>	Level 1	Level 2	Level 3	Total
Assets carried at fair value				
Trading securities	30.5	6.2	0.6	37.3
Corporate bonds	16.1	6.0	—	22.1
Federal loan bonds (OFZ bonds)	8.3	—	—	8.3
Corporate shares	2.6	0.2	0.6	3.4
Foreign government bonds	3.3	—	—	3.3
Municipal and subfederal bonds	0.2	—	—	0.2
Securities designated as at fair value through profit or loss	56.1	7.1	14.5	77.7
Corporate bonds	36.2	1.8	—	38.0
Corporate shares	0.2	—	13.6	13.8
Federal loan bonds (OFZ bonds)	12.4	—	—	12.4
Municipal and subfederal bonds	7.0	0.2	—	7.2
Investments in mutual funds	—	3.7	0.9	4.6
Foreign government bonds	—	1.4	—	1.4
Russian Federation Eurobonds	0.3	—	—	0.3
Securities pledged under repurchase agreements	825.5	3.8	—	829.3
Corporate bonds	307.8	3.8	—	311.6
Federal loan bonds (OFZ bonds)	251.8	—	—	251.8
Russian Federation Eurobonds	188.4	—	—	188.4
Foreign government bonds	55.5	—	—	55.5
Municipal and subfederal bonds	21.9	—	—	21.9
Corporate shares	0.1	—	—	0.1
Investment securities available-for-sale	772.5	57.2	—	829.7
Federal loan bonds (OFZ bonds)	364.4	—	—	364.4
Foreign government bonds	200.8	17.3	—	218.1
Corporate bonds	158.1	39.0	—	197.1
Municipal and subfederal bonds	24.0	—	—	24.0
Corporate shares	22.4	0.5	—	22.9
Russian Federation Eurobonds	2.8	—	—	2.8
Promissory notes	—	0.4	—	0.4
Derivative financial instruments	3.5	784.0	19.2	806.7
OTC swaps	—	391.9	17.7	409.6
OTC options	—	274.7	—	274.7
Forwards	—	100.9	—	100.9
Market swaps	—	15.6	—	15.6
Futures	3.5	—	—	3.5
Market options	—	0.9	1.5	2.4
Total assets carried at fair value	1,688.1	858.3	34.3	2,580.7

Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2015

26 Fair Value Disclosures (Continued)

The following table shows an analysis of classes of assets for which fair values are disclosed, by level of the fair value hierarchy as at 31 December 2014:

<i>in billions of Russian Roubles</i>	Level 1	Level 2	Level 3	Total
Assets for which fair values are disclosed				
Due from banks	—	240.8	—	240.8
Loans and advances to customers	—	745.7	16,791.0	17,536.7
Investment securities held-to-maturity	119.7	1.7	—	121.4
Investment securities held-to-maturity pledged under repurchase agreement	297.7	—	—	297.7
Total assets for which fair values are disclosed	417.4	988.2	16,791.0	18,196.6

The following tables show an analysis of classes of liabilities carried at fair value and of liabilities for which fair values are disclosed, by level of the fair value hierarchy as at 31 December 2014:

<i>in billions of Russian Roubles</i>	Level 1	Level 2	Level 3	Total
Liabilities carried at fair value				
Derivative financial instruments	6.5	740.9	—	747.4
OTC swaps	—	414.0	—	414.0
OTC options	—	213.5	—	213.5
Forwards	—	76.6	—	76.6
Market swaps	—	35.1	—	35.1
Futures	6.5	—	—	6.5
Market options	—	1.7	—	1.7
Obligation to deliver securities	15.9	5.8	—	21.7
Russian Federation Eurobonds	9.2	—	—	9.2
Corporate shares	5.2	—	—	5.2
Corporate bonds	0.1	4.9	—	5.0
Foreign government bonds	0.3	0.9	—	1.2
Federal loan bonds (OFZ bonds)	1.1	—	—	1.1
Equity linked notes and credit linked notes	—	1.1	—	1.1
Total liabilities carried at fair value	22.4	747.8	—	770.2
Liabilities for which fair values are disclosed				
Due to banks	—	3,640.8	—	3,640.8
Due to individuals	—	1,096.8	8,225.1	9,321.9
Due to corporate customers	—	885.9	5,313.1	6,199.0
Debt securities in issue	574.1	667.1	1.3	1,242.5
Other borrowed funds	—	543.7	—	543.7
Subordinated debt	169.9	542.1	—	712.0
Total liabilities for which fair values are disclosed	744.0	7,376.4	13,539.5	21,659.9

Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2015

26 Fair Value Disclosures (Continued)

The following table shows transfers between Level 1 and Level 2 of the fair value hierarchy for financial assets and liabilities measured as at fair value during 31 December 2014:

<i>in billions of Russian Roubles</i>	Transfers between Level 1 and Level 2	
	From Level 1 to Level 2	From Level 2 to Level 1
Financial assets		
Trading securities	7.9	0.1
Securities designated as at fair value through profit or loss	0.8	0.4
Investment securities available-for-sale	4.8	3.5
Total transfers of financial assets	13.5	4.0
Financial liabilities		
Obligation to deliver securities	3.6	0.1
Total transfers of financial liabilities	3.6	0.1

The financial instruments are transferred from Level 2 and Level 3 to Level 1 when they become actively traded and fair values are determined using quoted prices in an active market.

The financial instruments are transferred from Level 1 to Level 2 when they ceased to be actively traded. The liquidity of the market is not sufficient to use the market quotation for its valuation and fair values are consequently obtained from valuation techniques using observable market inputs.

The financial instruments are transferred to Level 3 when they ceased to be actively traded and there is no possibility to use valuation techniques with observable market inputs.

The following table shows a reconciliation of the opening and closing amount of Level 3 financial assets and liabilities which are recorded as at fair value as at 31 December 2014:

<i>in billions of Russian Roubles</i>	At 31 December 2013	Total (losses)/gains reported in statement of profit or loss	Foreign currency revaluation	Purchases	Sales	Transfers from Level 3	At 31 December 2014
Financial assets							
Trading securities	1.8	(1.1)	—	—	(0.1)	—	0.6
Securities designated as at fair value through profit or loss	9.1	2.2	0.1	3.2	(0.1)	—	14.5
Derivative financial instruments	17.6	2.5	2.2	2.1	(5.0)	(0.2)	19.2
Total level 3 financial assets	28.5	3.6	2.3	5.3	(5.2)	(0.2)	34.3
Financial liabilities							
Derivative financial instruments	0.1	(0.1)	—	—	—	—	—
Equity linked notes and credit linked notes	1.0	—	—	—	(1.0)	—	—
Total level 3 financial liabilities	1.1	(0.1)	—	—	(1.0)	—	—

For the year ended 31 December 2014 the gains in the amount of RR 4.2 billion reported in the consolidated statement of profit or loss on Level 3 financial assets were unrealized.

Total losses recognized as profit or loss on trading securities which are presented in the table above are reported in the statement of profit or loss within net losses arising from trading securities.

Total gains recognized as profit or loss on securities designated as at fair value through profit or loss which are presented in the table above are reported in the statement of profit or loss within net losses arising from securities designated as at fair value through profit or loss.

Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2015

26 Fair Value Disclosures (Continued)

Total results recognized as profit or loss on derivative financial instruments which are presented in the table above are reported in the statement of profit or loss within net gains arising from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation and within net (losses) / gains arising from operations with precious metals, precious metals derivatives and precious metals accounts translation.

Valuation of share in a real estate company of RR 5.9 billion using valuation techniques based on non-observable inputs

The Group determined fair value of investments based on discounted cash flow model using the following key assumptions: type of WACC and estimated capitalization rate which depend on forecasts on property prices. WACC as at 31 December 2014 is 18.6%.

Should the discount rate used by the Group in the valuation model increase/decrease by 1.0%, the carrying value of the financial instrument would be RR 0.5 billion lower / RR 0.5 billion higher. Should the capitalization rate used by the Group in the valuation model increase/decrease by 1.0%, the carrying value of the financial instrument would be RR 0.9 billion lower / RR 1.0 billion higher.

Valuation of non-voting share in a special investment fund (SIF) with investments in oil companies of RR 3.9 billion using valuation techniques based on non-observable inputs

The Group determined fair value of investments based on discounted cash flow model using the following key assumptions: type of WACC and estimated guaranteed fixed yield on exit. Guaranteed fixed yield is not linked to the market and so has immaterial influence on the value of the financial instrument. WACC as at 31 December 2014 is 13.5%.

Should the discount rate used by the Group in the valuation model increase/decrease by 1.0%, the carrying value of the financial instrument would be RR 0.04 billion lower / RR 0.04 billion higher.

Valuation of investment in a mining company of RR 2.4 billion using valuation techniques based on non-observable inputs

Fair value of investments was determined based on net assets value, while valuation of the investments in the company's operational subsidiaries was based on discounted cash flow model using the following key assumptions: type of WACC, operational expenses, cost of investments, price and volume of sale.

WACC of operational companies as at 31 December 2014 is 11.9%, 14.7%, 15.8% and 18.0%. Should the discount rate used by the Group in the valuation model increase/decrease by 1.0%, the carrying value of the financial instrument would be RR 0.2 billion lower / RR 0.2 billion higher.

Valuation of share in a company with a real estate located in Moscow of RR 1.2 billion using valuation techniques based on non-observable inputs

The Group determined fair value of investments based on discounted cash flow model using the following income parameters: sale price and rental rate.

Should the income parameters used by the Group in the valuation model increase/decrease by 5.0%, the carrying value of the financial instrument would be RR 0.04 billion lower / RR 0.04 billion higher.

Valuation of investments in mutual fund which main assets comprised real estate investments of RR 0.8 billion using valuation techniques based on non-observable inputs

Fair value of investments in mutual funds' units whose main assets comprise real estate investments are determined based on fair value of properties. Each property is revalued regularly by independent appraisers using sales comparison and income approaches. Application of market average ranges, which is considered to be a reasonably possible change of assumptions used in valuation model for calculation of fair value of such units, results in increase/decrease of fair value by RR 0.08 billion in case of application of the highest/lowest end of the range respectively.

Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2015

26 Fair Value Disclosures (Continued)

Valuation of share in an airline company of RR 0.6 billion using valuation techniques based on non-observable inputs

Investment in an airline company is valued using guideline companies method (combination of trading and transaction multiples). Following multiples were applied for calculation of fair value of the investment: EV/EBITDA.

The following significant assumptions were used in the model: ratio (50% / 50%) applied to the results derived from trading and transaction multiples valuation models, discount (53.4%) related to current market risks applied to trading and transaction multiples. As of 31 December 2014 the most significant assumption used in the model was the discount.

The potential effect of measuring the fair value based on the trading and deals multiple without applying the discount, which is considered a reasonably possible alternative assumption, would result in an increase of the fair value by RR 0.7 billion.

Valuation of foreign currency and precious metals derivatives contracts of RR 17.7 billion using non-observable inputs

The inputs used for estimation of fair values of foreign currency derivatives as at 31 December 2014 were the adjusted yields to maturity of the Belarusian Eurobonds in USD with different maturity dates varying from 16.5% to 19.2%. The input used for estimation of fair values of precious metals derivatives as at 31 December 2014 was the interest rate of attracting deposits in precious metals from individuals, which is 6.0%.

The obligations in Belarusian roubles were estimated against the prevailing rate of attracting funds in Belarusian roubles which is 50.0%. Should the input rate for Belarusian roubles decrease for 2000 base points the carrying value of the foreign currency derivatives would be RR 0.6 billion lower, the carrying value of the precious metals derivatives would be RR 0.3 billion lower.

Valuation of market index derivatives contracts of RR 1.5 billion using non-observable inputs

These derivative financial assets are options whose underlying assets are quotes of certain market indices, published on a daily basis. The evaluation of these assets is based on the model valuation of derivatives. The model uses Black - Scholes option pricing model on the basis of market information about quotations benchmark indices, the historical volatility of the quotations with additional expert assumptions regarding the discount rate and the expiration date of the options.

On the basis of the volatility of the previous reporting period most likely evolution of the underlying assets from +/-4.46% to +/- 15.79% would impact on the fair value of derivatives in the range of RR+/- 0.1 billion.

Fair values of financial assets and liabilities not accounted at fair value in the financial statements are disclosed below. There are following financial assets and financial liabilities not disclosed in the table below because their carrying amount is a reasonable approximation of fair value due to their short-term nature or repricing to current market rates:

- cash and cash equivalents;
- mandatory cash balances with central banks;
- other financial assets;
- other financial liabilities.

Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2015

26 Fair Value Disclosures (Continued)

Fair values of financial assets not accounted at fair value in the financial statements are as follows:

<i>in billions of Russian Roubles</i>	31 March 2015 (unaudited)		31 December 2014	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets carried at amortized cost				
Due from banks	190.4	190.4	240.8	240.8
Loans and advances to customers:				
- Commercial loans to legal entities	8,454.8	8,124.9	8,570.1	8,605.4
- Specialized loans to legal entities	4,364.3	4,012.7	4,530.9	4,489.4
- Consumer and other loans to individuals	1,609.7	1,346.4	1,762.7	1,642.7
- Mortgage loans to individuals	2,282.3	2,034.3	2,230.2	2,139.6
- Credit cards and overdrafts	506.1	506.1	500.6	500.6
- Car loans to individuals	146.5	142.2	162.1	159.0
Securities pledged under repurchase agreements:				
- Investment securities held-to-maturity pledged under repurchase agreements	144.2	134.8	340.0	297.7
Investment securities held-to-maturity	309.5	291.5	117.9	121.4
Total financial assets carried at amortized cost	18,007.8	16,783.3	18,455.3	18,196.6

Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2015

26 Fair Value Disclosures (Continued)

Fair values of financial liabilities not accounted at fair value in the financial statements are as follows:

<i>in billions of Russian Roubles</i>	31 March 2015 (unaudited)		31 December 2014	
	Carrying value	Fair value	Carrying value	Fair value
Financial liabilities carried at amortized cost				
Due to banks	2,407.3	2,407.4	3,640.0	3,640.8
Due to Individuals:				
- Current/demand accounts	1,733.9	1,733.9	1,886.2	1,886.2
- Term deposits	7,780.7	7,761.2	7,442.1	7,435.6
- Direct repo deals	0.1	0.1	0.1	0.1
Due to corporate customers:				
- Current/settlement accounts of state and public organizations	154.6	154.6	134.0	134.0
- Term deposits of state and public organizations	681.6	632.2	605.2	588.7
- Current/settlement accounts of other corporate customers	1,921.1	1,921.1	1,685.7	1,685.7
- Term deposits of other corporate customers	3,489.3	3,334.6	3,780.8	3,761.8
- Direct repo deals	54.4	54.4	28.8	28.8
Debt securities in issue:				
- Loan participation notes issued under the MTN programme of Sberbank	634.4	608.3	629.9	571.1
- Savings certificates	525.3	521.3	456.8	457.2
- Bonds issued:				
- on the local market	79.0	78.5	80.2	79.9
- on international capital markets	29.8	26.0	33.0	33.1
- Promissory notes	59.0	57.8	73.3	72.9
- Notes issued under the ECP programme of Sberbank	6.5	6.5	15.9	15.9
- Bonds issued under mortgage securitization programme of Sberbank	9.3	9.3	9.7	9.7
- Other debt securities issued	1.8	1.8	2.7	2.7
Other borrowed funds	522.5	521.8	537.2	543.7
Subordinated debt:				
- Subordinated debt received by the Group from the Bank of Russia	511.6	511.6	503.9	503.9
- Subordinated debt received under the MTN programme of Sberbank	236.9	190.4	226.7	169.9
- Other subordinated debt	39.4	37.7	38.9	38.2
Total financial liabilities carried at amortized cost	20,878.5	20,570.5	21,811.1	21,659.9

Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2015

27 Transfers of Financial Assets

The following note provides a summary of financial assets which have been transferred in such a way that part or all of the transferred financial assets do not qualify for derecognition.

The table below shows the amount of operations under sale and repurchase agreements which the Group enters into in the normal course of business.

	31 March 2015 (unaudited)				31 December 2014			
	Due to banks		Due to customers		Due to banks		Due to customers	
	Current value of assets	Carrying value of related liability	Current value of assets	Carrying value of related liability	Current value of assets	Carrying value of related liability	Current value of assets	Carrying value of related liability
<i>in billions of Russian Roubles</i>								
Securities pledged under repurchase agreements	316.2	301.3	55.0	53.9	1,139.7	1,051.4	29.6	28.4
Securities issued by the Bank pledged under repurchase agreements	—	—	0.2	0.2	—	—	0.2	0.2
Securities of clients pledged under repurchase agreements	90.1	61.5	1.3	0.4	0.8	1.0	0.3	0.3
Total before margin calls	406.3	362.8	56.5	54.5	1,140.5	1,052.4	30.1	28.9
Other financial assets (margin calls under repurchase agreements)	—	—	0.1	—	0.1	—	0.2	—
Total	406.3	362.8	56.6	54.5	1,140.6	1,052.4	30.3	28.9

Refer to Note 7 for information on details of own securities portfolio pledged under repurchase agreements.

In the normal course of business, the Group makes borrowings on interbank market using different financial instruments as collateral to support its everyday operations in terms of liquidity.

The summary of the assets transferred without derecognition is presented below:

	31 March 2015 (unaudited)		31 December 2014	
	Carrying value of assets	Carrying value of related liability	Carrying value of assets	Carrying value of related liability
<i>in billions of Russian Roubles</i>				
Cash and cash equivalents	0.5	0.4	0.1	0.1
Loans to corporate customers	1,960.5	1,445.4	2,104.0	2,012.6
Loans to individuals	9.9	9.3	10.3	9.7
Securities	40.1	36.5	44.1	40.3
Other assets	112.6	296.2	152.3	346.2
Total	2,123.6	1,787.8	2,310.8	2,408.9

Refer to Note 12 for detailed information on bonds issued under mortgage securitization programme of Sberbank.

Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2015

27 Transfers of Financial Assets (Continued)

The Group also enters into reverse sale and repurchase agreements. The summary of such operations is provided in the table below:

	31 March 2015 (unaudited)		31 December 2014	
	Amount of loans granted under repo agreements	Fair value of securities received as collateral	Amount of loans granted under repo agreements	Fair value of securities received as collateral
<i>in billions of Russian Roubles</i>				
Cash and cash equivalents	16.5	21.5	36.0	38.8
Due from banks	43.4	58.0	82.1	102.4
Loans and advances to customers	137.2	230.7	121.5	210.1
Total	197.1	310.2	239.6	351.3

28 Offsetting of Financial Instruments

Financial instruments subject to offsetting, enforceable master netting (ISDA, RISDA, etc.) and similar arrangements are as follows as at 31 March 2015:

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Gross amount of recognized financial assets/ liabilities	Gross amount of recognized financial assets/ liabilities set off in the statement of financial position	Net amount of financial assets/ liabilities presented in the statement of financial position	Related amounts not set off in the statement of financial position		
				Financial instruments	Cash collateral received	Net amount
Financial assets						
Derivative financial assets	608.5	(0.1)	608.4	(303.6)	(22.3)	282.5
Reverse repurchase agreements	197.1	—	197.1	(197.1)	—	—
Total financial assets	805.6	(0.1)	805.5	(500.7)	(22.3)	282.5
Financial liabilities						
Derivative financial liabilities	574.1	(0.1)	574.0	(303.5)	(89.7)	180.8
Direct repurchase agreements	417.3	—	417.3	(417.3)	—	—
Total financial liabilities	991.4	(0.1)	991.3	(720.8)	(89.7)	180.8

Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2015

28 Offsetting of Financial Instruments (Continued)

The comparative information as at 31 December 2014 is presented in the table below:

	Gross amount of recognized financial assets/ liabilities	Gross amount of recognized financial assets/ liabilities set off in the statement of financial position	Net amount of financial assets/ liabilities presented in the statement of financial position	Related amounts not set off in the statement of financial position		
				Financial instruments	Cash collateral received	Net amount
<i>in billions of Russian Roubles</i>						
Financial assets						
Derivative financial assets	705.7	(0.1)	705.6	(403.6)	(42.4)	259.6
Reverse repurchase agreements	239.6	—	239.6	(239.6)	—	—
Total financial assets	945.3	(0.1)	945.2	(643.2)	(42.4)	259.6
Financial liabilities						
Derivative financial liabilities	747.4	(0.1)	747.3	(403.6)	(147.6)	196.1
Direct repurchase agreements	1,081.3	—	1,081.3	(1,081.3)	—	—
Total financial liabilities	1,828.7	(0.1)	1,828.6	(1,484.9)	(147.6)	196.1

The Group has master netting arrangements with counterparty banks, which are enforceable in case of default. The Group also made margin deposits with clearing house counterparty as collateral for its outstanding derivative positions. The counterparty may set off the Group's liabilities with the margin deposit in case of default.

The disclosure does not apply to loans and advances to customers and related customer deposits unless they are set off in the statement of financial position.

29 Related Party Transactions

For the purposes of these interim condensed consolidated financial statements, parties are considered to be related if one party has the ability to control the other party, is under common control, or can exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

The Group's principal shareholder is the Bank of Russia (refer to Note 1). Other related parties in the tables below comprise key management personnel, their close family members, associated companies of the Group. Disclosures are made in Note 30 for significant transactions with state-controlled entities and government bodies.

Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2015

29 Related Party Transactions (Continued)

As at 31 March 2015 and 31 December 2014, the outstanding balances with the Bank of Russia and other related parties were as follows:

<i>in billions of Russian Roubles</i>	31 March 2015 (unaudited)		31 December 2014	
	Bank of Russia	Other related parties	Bank of Russia	Other related parties
Assets				
Cash and cash equivalents	432.5	—	228.8	—
Mandatory cash balances with the Bank of Russia	157.1	—	142.7	—
Due from banks	1.2	—	1.6	—
Gross loans and advances to customers	—	19.5	—	18.9
Non-current assets held for sale and assets of the disposal group	—	—	—	5.6
Other assets	—	1.3	—	1.4
Liabilities				
Due to banks	1,895.6	—	3,027.9	—
Due to individuals	—	5.7	—	5.8
Due to corporate customers	—	2.6	—	2.0
Subordinated debt	511.6	—	503.9	—
Other liabilities	—	0.9	—	1.0

The income and expense items with the Bank of Russia and other related parties for the three months ended 31 March 2015 and 31 March 2014 were as follows:

<i>(unaudited) in billions of Russian Roubles</i>	Three months ended 31 March			
	2015		2014	
	Bank of Russia	Other related parties	Bank of Russia	Other related parties
Interest income	0.1	0.5	—	—
Interest expense on subordinated debt	(7.9)	—	(4.7)	—
Interest expense other than on subordinated debt	(79.4)	(0.2)	(21.6)	(0.1)
Revenue of non-banking business activities	—	0.5	—	—
Commission expense	(0.4)	(0.1)	—	—
Other operating income	—	—	—	1.2
Operating expenses	—	—	(0.5)	—

For the three months ended 31 March 2015, remuneration of the members of the key management personnel comprised salaries and bonuses totaling RR 0.2 billion (for the three months ended 31 March 2014: RR 0.2 billion).

Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2015

30 Operations with State-Controlled Entities and Government Bodies

In the normal course of business, the Group enters into contractual agreements with the government of the Russian Federation and entities controlled or significantly influenced by it. The Group provides the government-related entities with a full range of banking services including, but not limited to, lending, deposit-taking, issue of guarantees, operations with securities, cash and settlement transactions. Operations with government-related entities are carried out on general market terms and constitute the minority of the Group's operations.

Balances with government-related entities which are significant in terms of the carrying amount as at 31 March 2015 are disclosed below:

		31 March 2015		
<i>(unaudited)</i> <i>in billions of Russian</i> <i>Roubles</i>		Loans and advances to customers / Due from banks	Due to corporate customers / Due to banks	Guarantees issued
Client	Sector			
Client 1	Energy	209.6	147.3	12.2
Client 2	Oil and gas	153.7	176.1	27.8
Client 3	Machinery	161.6	119.2	41.5
Client 4	Machinery	167.4	57.7	14.0
Client 5	Energy	173.1	49.1	—
Client 6	Government and municipal bodies	—	220.5	—
Client 7	Machinery	83.1	105.7	24.5
Client 8	Machinery	37.5	38.0	110.1
Client 9	Machinery	102.7	30.7	8.7
Client 10	Government and municipal bodies	—	122.3	—
Client 11	Telecommunications	102.5	9.5	6.2
Client 12	Banking	57.2	52.3	—
Client 13	Banking	—	4.8	100.0
Client 14	Oil and gas	40.9	12.6	40.9
Client 15	Energy	49.9	37.5	0.1
Client 16	Other	64.5	4.8	—
Client 17	Machinery	49.7	14.8	—
Client 18	Government and municipal bodies	49.2	15.0	—
Client 19	Machinery	5.1	24.8	31.7
Client 20	Machinery	59.8	0.2	—

Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2015

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

Additionally as at 31 March 2015 balances from operations with state-controlled entities and government bodies include receivables from Deposit Insurance Agency of RR 13.1 billion (31 December 2014: RR 17.1 billion) which represent receivables recognized from settlements on deposit compensations to clients of the banks whose license was withdrawn by the Bank of Russia. These balances are included in other financial assets in the consolidated statement of financial position. Refer to Note 10.

Balances with government-related entities as at 31 December 2014 disclosed below contain balances which are significant in terms of the carrying amount as at 31 March 2015 (Clients 1-20), and additional list of Clients with the balances which were significant as at 31 December 2014 (Clients 21-25):

<i>in billions of Russian Roubles</i>		Loans and advances to customers / Due from banks	Due to corporate customers / Due to banks	Guarantees issued
Client	Sector			
Client 1	Energy	172.8	97.6	3.9
Client 2	Oil and gas	119.7	133.9	25.5
Client 3	Machinery	169.6	51.4	37.2
Client 4	Machinery	179.0	45.2	15.2
Client 5	Energy	173.2	39.5	—
Client 6	Government and municipal bodies	—	217.5	—
Client 7	Machinery	93.8	33.6	25.8
Client 8	Machinery	42.5	10.6	109.8
Client 9	Machinery	126.9	30.6	9.0
Client 10	Government and municipal bodies	—	89.5	—
Client 11	Telecommunications	103.1	14.7	7.3
Client 12	Banking	57.0	51.7	—
Client 13	Banking	—	—	100.0
Client 14	Oil and gas	40.3	12.6	34.7
Client 15	Energy	51.3	47.6	0.1
Client 16	Other	65.8	6.9	3.3
Client 17	Machinery	62.5	14.8	—
Client 18	Government and municipal bodies	49.1	—	—
Client 19	Machinery	5.8	19.4	20.7
Client 20	Machinery	59.0	0.2	—
Client 21	Oil and gas	—	62.8	—
Client 22	Machinery	30.7	2.1	8.4
Client 23	Transport, aviation, space industry	6.0	9.1	25.6
Client 24	Transport, aviation, space industry	14.1	2.7	14.4
Client 25	Machinery	15.6	0.6	14.4

As at 31 March 2015 and 31 December 2014 the Group's investments in securities issued by government-related corporate entities were as follows:

<i>in billions of Russian Roubles</i>	31 March 2015 (unaudited)		31 December 2014	
	Corporate bonds	Corporate shares	Corporate bonds	Corporate shares
Trading securities	7.2	1.3	11.4	1.0
Securities designated as at fair value through profit or loss	29.4	—	36.3	0.2
Securities pledged under repurchase agreements	1.2	—	261.4	0.1
Investment securities available-for-sale	265.2	19.2	87.3	22.0
Investment securities held-to-maturity	59.4	—	15.8	—

For disclosures on investments in government debt securities please refer to Notes 5, 7, 8 and 9.

Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2015

31 Principal Subsidiaries

The table below provides details on principal subsidiaries of the Bank as at 31 March 2015:

Name	Nature of business	Percentage of ownership	Country of registration
DenizBank (DenizBank AS)	banking	99.85%	Turkey
Sberbank Europe AG	banking	100.00%	Austria
OJSC BPS-Sberbank	banking	98.43%	Belarus
SB JSC Sberbank	banking	100.00%	Kazakhstan
JSC Sberbank of Russia	banking	100.00%	Ukraine
Sberbank (Switzerland) AG	banking	99.15%	Switzerland
Cetelem Bank LLC	banking	74.00%	Russia
CJSC Sberbank Leasing	leasing	100.00%	Russia
LLC Sberbank Capital	finance	100.00%	Russia
Troika Dialog Group Ltd.	finance	100.00%	Cayman islands
LLC Insurance company "Sberbank insurance life"	finance	100.00%	Russia
CJSC Rublevo-Archangelskoe	construction	100.00%	Russia
LLC Sberbank Investments	finance	100.00%	Russia
LLC Aukcion	services	100.00%	Russia
PS Yandex.Money LLC	telecommunications	75.00% minus one Russian Rouble	Russia
CJSC Non-state Pension Fund of Sberbank	finance	100.00%	Russia

In February 2015 following negotiations held in 2014 the Group has signed share sale agreement to dispose of NPJSC Krasnaya Polyana. The execution of the share sale agreement is subject to the fulfilment of conditions precedent. The Group expects the share sale agreement to be executed within a period of less than twelve months after 31 December 2014 and classified assets in the amount of RR 63.5 billion (31 December 2014: RR 66.8 billion) and liabilities in the amount of RR 56.6 billion (31 December 2014: RR 58.0 billion) of NPJSC Krasnaya Polyana as a disposal group as of 31 March 2015.

The share of the subsidiaries of the Bank in the consolidated assets of the Group as at 31 March 2015 was 20.7% (31 December 2014: 20.4%).

32 Capital Adequacy Ratio

The Group's objectives when managing capital are (i) to comply with the regulatory capital requirements set by the Bank of Russia and (ii) to safeguard the Group's ability to continue as a going concern.

According to requirements set by the Bank of Russia statutory capital ratio has to be maintained by the Bank above the minimum level of 10.0%. As at 31 March 2015 this regulatory capital adequacy ratio N1 was 12.8% (31 December 2014: 11.4%). Compliance with capital adequacy ratios set by the Bank of Russia is monitored monthly with reports outlining the calculation.

Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2015

32 Capital Adequacy Ratio (Continued)

The Group also monitors capital adequacy ratio based on Basel Accord to make sure it maintains a level of at least 8.0%. As at 31 March 2015 and 31 December 2014, Capital Adequacy Ratios calculated by the Group in accordance with the International Convergence of Capital Measurement and Capital Standards (July 1988, updated to November 2005) and Amendment to the Capital Accord to incorporate market risks (updated November 2005), commonly known as Basel 1 requirements, were as follows:

	31 March 2015 (unaudited)	31 December 2014
<i>in billions of Russian Roubles</i>		
Tier 1 capital		
Share capital	87.7	87.7
Share premium	232.6	232.6
Retained earnings	1,750.4	1,718.8
Treasury shares	(5.7)	(7.6)
less Goodwill	(23.0)	(23.7)
Total Tier 1 capital	2,042.0	2,007.8
Tier 2 capital		
Revaluation reserve for premises	71.6	72.3
Fair value reserve for investment securities available-for-sale	(49.4)	(77.1)
Foreign currency translation reserve	67.3	83.2
Eligible subordinated debt	769.8	753.4
less Investments in associates	(6.4)	(4.3)
Total Tier 2 capital	852.9	827.5
Total capital	2,894.9	2,835.3
Risk weighted assets (RWA)		
Credit risk	22,214.3	22,845.3
Market risk	572.2	519.7
Total risk weighted assets (RWA)	22,786.5	23,365.0
Core capital adequacy ratio (Total Tier 1 capital / Total RWA), %	9.0	8.6
Total capital adequacy ratio (Total capital / Total RWA), %	12.7	12.1

33 Subsequent Events

On 17 April 2015 Supervisory Board recommended to the General Shareholders Meeting to pay RR 10.2 billion to shareholders as dividends for the year ended 31 December 2014: on ordinary shares of the Bank - in the amount of RR 0.45 per one share, on preference shares of the Bank – in the amount of RR 0.45 per one share.

In April 2015 CJSC Non-state Pension Fund of Sberbank received the cash transfer of RR 131.0 billion from Pension Fund of the Russian Federation which represents saving part of obligatory pension insurance of individuals who elected to transfer from Pension Fund of the Russian Federation to CJSC Non-state Pension Fund of Sberbank during 2013-2014.