

Sberbank of Russia and its subsidiaries

Interim Condensed Consolidated Financial Statements
and Report on Review

30 June 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

We have reviewed the accompanying interim condensed consolidated financial statements of Sberbank (the "Bank") and its subsidiaries (together the "Group"), which comprise the interim consolidated statement of financial position as at 30 June 2015 and the related interim consolidated statements of profit or loss and interim consolidated statements of comprehensive income for the three-month and the six-month periods then ended, interim consolidated statement of changes in equity and interim consolidated statement of cash flows for the six-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 30 June 2015 and for the period from 1 January 2015 till 30 June 2015 are not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.



25 August 2015

Moscow, Russia

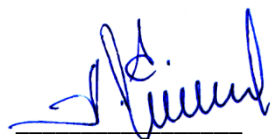
Interim Consolidated Statement of Financial Position

		30 June 2015 (unaudited)	31 December 2014
<i>in billions of Russian Roubles</i>	Note		
ASSETS			
Cash and cash equivalents		1,950.5	2,308.8
Mandatory cash balances with central banks		398.2	365.7
Financial assets at fair value through profit or loss	5	727.8	921.7
Due from banks	6	620.0	240.8
Loans and advances to customers	7	16,755.9	17,756.6
Securities pledged under repurchase agreements	8	404.8	1,169.3
Investment securities available-for-sale	9	1,262.4	829.7
Investment securities held-to-maturity	10	319.0	117.9
Deferred tax asset		18.2	19.1
Premises and equipment		499.9	496.4
Assets of the disposal group and non-current assets held for sale	33	68.0	72.0
Other financial assets	11	303.9	562.9
Other non-financial assets	11	328.4	339.9
TOTAL ASSETS		23,657.0	25,200.8
LIABILITIES			
Due to banks		2,023.6	3,640.0
Due to individuals	12	9,981.0	9,328.4
Due to corporate customers	12	5,869.1	6,234.5
Debt securities in issue	13	1,328.3	1,302.6
Other borrowed funds	14	362.2	537.2
Financial liabilities at fair value through profit or loss except for debt securities in issue	15	384.5	769.1
Deferred tax liability		80.2	45.3
Liabilities of the disposal group	33	56.9	58.2
Other financial liabilities	16	584.6	444.5
Other non-financial liabilities	16	53.8	51.4
Subordinated debt	17	770.2	769.5
TOTAL LIABILITIES		21,494.4	23,180.7
EQUITY			
Share capital		87.7	87.7
Treasury shares		(6.3)	(7.6)
Share premium		232.6	232.6
Revaluation reserve for office premises		70.9	72.3
Fair value reserve for investment securities available-for-sale		(67.4)	(171.4)
Foreign currency translation reserve		47.3	83.2
Remeasurement of defined benefit pension plans		(1.2)	—
Retained earnings		1,794.9	1,718.8
Total equity attributable to shareholders of the Bank		2,158.5	2,015.6
Non-controlling interest		4.1	4.5
TOTAL EQUITY		2,162.6	2,020.1
TOTAL LIABILITIES AND EQUITY		23,657.0	25,200.8

Approved for issue and signed on behalf of the Management Board on 25 August 2015.



Herman Gref,
Chairman of the Management Board and CEO



Alexey Minenko,
Acting Chief Accountant

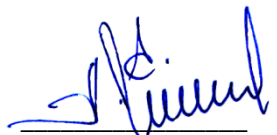
Interim Consolidated Statement of Profit or Loss

(unaudited) in billions of Russian Roubles	Note	Six months ended 30 June		Three months ended 30 June	
		2015	2014	2015	2014
Interest income	18	1,106.5	857.3	544.6	443.1
Interest expense	18	(661.0)	(351.2)	(308.3)	(184.7)
Deposit insurance expenses	18	(18.1)	(16.2)	(9.2)	(8.1)
Net interest income		427.4	489.9	227.1	250.3
Net provision charge for impairment of debt financial assets	7,10	(232.4)	(150.9)	(117.1)	(73.8)
Net interest income after provision charge for impairment of debt financial assets		195.0	339.0	110.0	176.5
Fee and commission income	19	175.2	145.7	91.3	77.3
Fee and commission expense	19	(28.4)	(20.6)	(14.0)	(12.8)
Net gains arising from trading securities		2.2	1.4	3.0	3.4
Net gains arising from securities designated as at fair value through profit or loss		7.7	0.8	3.1	1.6
Net gains arising from investment securities available-for-sale		2.2	1.9	0.4	2.9
Impairment of investment securities available-for-sale		—	(0.8)	—	(0.2)
Net gains arising from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation	20	44.5	0.2	17.4	6.7
Net gains arising from operations with precious metals, precious metals derivatives and precious metals accounts translation		1.4	0.1	5.6	1.1
Net (losses) / gains arising from operations with other derivatives		(0.6)	2.2	(1.7)	(4.3)
Goodwill impairment		(0.2)	—	(0.2)	—
Losses on initial recognition of financial instruments and on loans restructuring		(1.5)	—	—	—
Net recovery of / (charge for) other provisions		3.2	(5.9)	2.5	(1.0)
Revenue of non-banking business activities	21	9.8	13.0	4.4	7.2
Cost of sales and other expenses of non-banking business activities	21	(10.8)	(13.4)	(4.3)	(8.3)
Net (losses) / income from insurance and pension fund operations	22	(0.5)	2.4	(1.3)	2.2
Other operating income		12.1	4.2	5.5	1.8
Operating income		411.3	470.2	221.7	254.1
Operating expenses	23	(286.3)	(254.8)	(146.6)	(133.0)
Profit before tax		125.0	215.4	75.1	121.1
Income tax expense		(39.8)	(45.0)	(20.5)	(23.6)
Profit for the period		85.2	170.4	54.6	97.5
Attributable to:					
- shareholders of the Bank		84.8	171.0	54.2	97.6
- non-controlling interest		0.4	(0.6)	0.4	(0.1)
Earnings per ordinary share attributable to the shareholders of the Bank, basic and diluted	24	3.92	7.79	2.50	4.39
(expressed in RR per share)					

Approved for issue and signed on behalf of the Management Board on 25 August 2015.



Herman Gref,
Chairman of the Management Board and CEO



Alexey Minenko,
Acting Chief Accountant

Interim Consolidated Statement of Comprehensive Income

	Six months ended 30 June		Three months ended 30 June	
<i>(unaudited)</i>				
<i>in billions of Russian Roubles</i>	2015	2014	2015	2014
Profit for the period	85.2	170.4	54.6	97.5
Other comprehensive income:				
<i>Items 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	132.1	(19.4)	53.5	20.4
- Impairment of investment securities available-for-sale transferred to statement of profit or loss	—	0.8	—	0.2
- Accumulated gains transferred to statement of profit or loss upon disposal of investment securities available-for-sale	(2.2)	(1.9)	(0.4)	(2.9)
Deferred income tax relating to other comprehensive income on:				
- Investment securities available-for-sale	(25.9)	4.2	(10.7)	(3.3)
Net foreign currency translation effect	(35.9)	(4.7)	(20.0)	(8.0)
Total other comprehensive income / (losses) to be reclassified to profit or loss in subsequent periods, net of tax	68.1	(21.0)	22.4	6.4
<i>Items that will not be reclassified to profit or loss in subsequent periods</i>				
Remeasurement of defined benefit pension plans	(1.5)	—	(0.2)	—
Deferred income tax relating to other comprehensive income on:				
- Remeasurement of defined benefit pension plans	0.3	—	0.1	—
Total other comprehensive loss that will not be reclassified to profit or loss in subsequent periods, net of tax	(1.2)	—	(0.1)	—
Total other comprehensive income / (loss)	66.9	(21.0)	22.3	6.4
Total comprehensive income for the period	152.1	149.4	76.9	103.9
Attributable to:				
- shareholders of the Bank	151.7	150.0	76.5	104.0
- non-controlling interest	0.4	(0.6)	0.4	(0.1)

Interim Consolidated Statement of Changes in Equity

		Attributable to shareholders of the Bank										
					Revaluation reserve for office premises	Fair value reserve for investment securities available- for-sale	Foreign currency translation reserve	Remeasurement of defined benefit pension plans	Retained earnings	Total	Non- controlling interest	Total equity
<i>in billions of Russian Roubles</i>	Note	Share capital	Treasury shares	Share premium								
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 six months ended 30 June 2014 (unaudited)												
Net result from treasury shares transactions	24	—	0.7	—	—	—	—	—	(0.1)	0.6	—	0.6
Dividends declared		—	—	—	—	—	—	—	(72.1)	(72.1)	—	(72.1)
Transfer of revaluation reserve for office premises upon disposal or depreciation		—	—	—	(1.3)	—	—	—	1.3	—	—	—
Changes in ownership interest in subsidiaries		—	—	—	—	—	—	—	—	—	(3.5)	(3.5)
<i>Profit for the period</i>		—	—	—	—	—	—	—	171.0	171.0	(0.6)	170.4
<i>Other comprehensive loss for the period</i>		—	—	—	—	(16.3)	(4.7)	—	—	(21.0)	—	(21.0)
Total comprehensive income for the period		—	—	—	—	(16.3)	(4.7)	—	171.0	150.0	(0.6)	149.4
Balance as at 30 June 2014 (unaudited)		87.7	(6.5)	232.6	74.5	(15.0)	(18.4)	—	1,595.3	1,950.2	5.6	1,955.8
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 six months ended 30 June 2015 (unaudited)												
Net result from treasury shares transactions	24	—	1.3	—	—	—	—	—	0.1	1.4	—	1.4
Dividends declared		—	—	—	—	—	—	—	(10.2)	(10.2)	—	(10.2)
Transfer of revaluation reserve for office premises upon disposal or depreciation		—	—	—	(1.4)	—	—	—	1.4	—	—	—
Changes in ownership interest in subsidiaries		—	—	—	—	—	—	—	—	—	(0.8)	(0.8)
<i>Profit for the period</i>		—	—	—	—	—	—	—	84.8	84.8	0.4	85.2
<i>Other comprehensive income for the period</i>		—	—	—	—	104.0	(35.9)	(1.2)	—	66.9	—	66.9
Total comprehensive income for the period		—	—	—	—	104.0	(35.9)	(1.2)	84.8	151.7	0.4	152.1
Balance as at 30 June 2015 (unaudited)		87.7	(6.3)	232.6	70.9	(67.4)	47.3	(1.2)	1,794.9	2,158.5	4.1	2,162.6

Interim Consolidated Statement of Cash Flows

		Six months ended 30 June	
(unaudited) in billions of Russian Roubles			
	Note	2015	2014
Cash flows from operating activities before changes in operating assets and liabilities			
Interest received		1,074.4	845.6
Interest paid		(596.7)	(310.9)
Expenses paid directly attributable to deposit insurance		(17.2)	(15.4)
Fees and commissions received		177.2	146.5
Fees and commissions paid		(26.9)	(17.4)
Net losses incurred on trading securities		(1.1)	(3.7)
Dividends received		0.6	0.4
Net losses incurred on securities designated as at fair value through profit or loss		(1.5)	—
Net (losses incurred) / gains received from trading in foreign currencies and from operations with foreign currency derivatives		(150.9)	14.0
Net losses incurred from operations with other derivatives		(8.0)	(0.7)
Net gains received from operations with precious metals and precious metals derivatives		1.8	0.6
Revenue received from non-banking business activities		10.7	16.7
Expenses paid on non-banking business activities		(12.4)	(17.4)
Insurance premiums received		15.3	13.7
Payments on insurance operations		(0.5)	—
Payments on pension insurance agreements received		159.5	—
Payments on pension fund operations		(7.5)	—
Other operating income received		8.6	5.3
Operating expenses paid		(209.5)	(183.0)
Income tax paid		(26.6)	(35.2)
Cash flows from operating activities before changes in operating assets and liabilities		389.3	459.1
Changes in operating assets and liabilities			
Net increase in mandatory cash balances with central banks		(68.9)	(12.8)
Net (increase) / decrease in financial assets at fair value through profit or loss		(53.6)	51.0
Net (increase) / decrease in due from banks		(380.2)	92.3
Net decrease / (increase) in loans and advances to customers		473.3	(1,237.9)
Net decrease in other assets		190.9	17.3
Net decrease in due to banks		(1,584.2)	(39.6)
Net increase / (decrease) in due to individuals		884.6	(29.4)
Net (decrease) / increase in due to corporate customers		(110.1)	462.4
Net increase / (decrease) in debt securities in issue		56.8	(19.4)
Net decrease in financial liabilities at fair value through profit or loss except for debt securities in issue		(10.9)	(5.3)
Net (decrease) / increase in other liabilities		(36.5)	64.8
Net cash used in operating activities		(249.5)	(197.5)
Cash flows from investing activities			
Purchase of investment securities available-for-sale		(265.5)	(238.0)
Proceeds from disposal and redemption of investment securities available-for-sale		438.0	191.4
Purchase of investment securities held-to-maturity		(2.4)	(6.9)
Proceeds from redemption of investment securities held-to-maturity		21.0	36.0
Acquisition of premises and equipment and intangible assets		(42.8)	(36.4)
Proceeds from disposal of premises and equipment and intangible assets including insurance payments		3.5	7.8
Acquisition of investment property		(0.3)	(0.3)
Proceeds from disposal of investment property		0.2	0.5
Acquisition of subsidiaries net of cash acquired		0.2	9.0
Proceeds from disposal of subsidiaries net of cash disposed		0.6	0.5
Net cash from / (used in) investing activities		152.5	(36.4)
Cash flows from financing activities			
Other borrowed funds received		68.2	381.3
Redemption of other borrowed funds		(246.6)	(342.5)
Repayment of interest on other borrowed funds		(5.5)	(5.3)
Subordinated debt received		—	241.7
Redemption of subordinated debt		(10.6)	—
Repayment of interest on subordinated debt		(6.6)	(2.9)
Funds received from loan participation notes issued or reissued / other bonds issued		8.1	101.9
Redemption of loan participation notes / other bonds issued		(13.7)	(3.9)
Repayment of interest on loan participation notes / other bonds issued		(17.7)	(9.3)
Purchase of treasury shares		(3.2)	(9.0)
Proceeds from disposal of treasury shares		4.6	10.2
Dividends paid	24	(10.3)	(71.6)
Net cash (used in) / from financing activities		(233.3)	290.6
Effect of exchange rate changes on cash and cash equivalents		(29.6)	(10.0)
Effect of hyperinflation on cash and cash equivalents		—	(0.7)
Net (decrease) / increase in cash and cash equivalents		(359.9)	46.0
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		1.6	—
Cash and cash equivalents as at the end of the period		1,950.5	1,373.0

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 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 six months ended 30 June 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 33.

The Bank is a public joint-stock commercial bank established in 1841 and operating in various forms since then. In accordance with the requirements of Federal Law No. 99-FZ “On Amending Chapter 4 of Part 1 of the Civil Code of the Russian Federation, and on Recognizing Some Provisions of Russian Legislative Acts to be Void” and based on the resolution of the General Shareholders’ Meeting dated May 29, 2015, the Company changed its legal form from open joint-stock company (OJSC) to public joint-stock company (PJSC) and made the appropriate amendments to the foundation documents.

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 30 June 2015 (31 December 2014: 52.3% of ordinary shares or 50.0% plus 1 share of the issued and outstanding shares).

As at 30 June 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 30 June 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 16,604 (31 December 2014: 17,046) sub-branches, and through principal subsidiaries located in Russia such as JSC Sberbank Leasing, LLC Sberbank Capital, companies of ex-Troika Dialog Group Ltd., JSC 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 30 June 2015 was 324,813 (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 30 June 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	0.378	274.926	3.354	0.016	0.017	0.048
USD/	55.524	20.995	15,265.001	186.210	0.903	0.939	2.690
EUR/	61.521	23.262	16,913.624	206.321	1.000	1.040	2.981

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 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 half of 2015, GDP declined by 3.4%¹, year-on-year. In the first quarter of 2015 GDP decreased by 2.2%², the decline accelerated to 4.6%¹ in the second quarter, year-on-year. The deepening recession was largely caused by the following factors: reduction in investments in the second quarter of 2015 and decline in the household consumption. Investments decreased by 3.6%² in the first quarter of 2015, while in the second quarter - by 6.7%¹, year-on-year. Retail sales in the second quarter of 2015 decreased by 9.4%² against 6.4%² in the first quarter of 2015 compared to the same periods in 2014. The grounds of the deepening recession in retail are: speedup of the fall in the real disposable income from 1.3%¹ in the first quarter of 2015 to 4.6%¹ in the second quarter 2015 compared to the same periods of 2014, shift to the savings pattern of behavior by the public and the actual stop in the retail growth lending (growth slowed to 0.8%³ in June 2015 as compared to June 2014). The public's propensity to save was evidenced by the growth of the share of income allocated to savings, which amounted 14%² in the first half of 2015 compared to 7%² in 2014 and 10%² level attributable to the relatively stable 2011-2013. As a result, the growth rate of retail deposits reached 17.8%³ in June 2015 compared to the same period of the last year.

The index of industrial output decreased by 2.7%² in the first half of 2015, year-on-year. In the first quarter of 2015 production fell by 0.4%², and in the second quarter decline amounted to 4.9%², year-on-year. In the first quarter of 2015 the industrial sector was supported by accelerated budget expenditure on national defense (during the first quarter of 2015 the defense spending reached 49.3%⁴ of the amount scheduled for the entire 2015) and the start of the construction of the gas pipeline *The Power of Siberia*. In the second quarter of 2015 the development of national defense spending slowed significantly (14%⁴ of the volume scheduled for entire 2015). Weakening consumer demand also affected the decrease in the index of industrial output.

Decline in demand, as well as a gradual reduction in impact of the Russian rouble depreciation on the prices and food embargo factors, were the main contributors to restrain inflation in the second quarter of 2015. After reaching a peak of 16.9%² (annualized) in March 2015, inflation then slowed down to 15.3%² by June 2015. Reduction of inflation expectations, as well as the absence of accelerating inflation monetary factors has allowed the Bank of Russia to lower sequentially its key rate by 5.5 percentage points to 11.5% in the first half of 2015.

In the second quarter of 2015 capital outflow slowed to USD 20 billion³. Adjusted for foreign currency provided within currency repo, currency swap transactions and correspondent accounts of resident banks with the Bank of Russia, net capital outflow of banks and enterprises slowed down to USD 15.3 billion³. The outflow was basically generated by the banking sector, reducing the external liabilities by USD 12.3 billion³.

Russia's banking sector finished the first half of 2015 with a profit of RR 51.5 billion³ that is almost nine times less than the prior year amount. Taking into account profit earned by the Bank, the rest of the Russian banking system recorded a net loss. A significant decrease in profit, among other items, was the result of deterioration in the quality of the loan portfolio. In the first half of 2015 the share of overdue loans in the corporate loan portfolio rose from 4.2%³ to 5.9%³, and in the retail loan portfolio - from 5.9%³ to 7.5%³. Deterioration of the loan portfolio quality forces banks to allocate substantial amounts to provision charges (net increase in loan loss provisions amounted to RR 571 billion³ in the first half of 2015 compared to RR 399 billion³ in the first half of 2014).

¹ Rosstat preliminary data

² Rosstat data

³ Bank of Russia assessment, Russian Accounting Standards data

⁴ Russian State Treasury preliminary data

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2015

2 Operating Environment of the Group (continued)

There was a multidirectional dynamics of the Russian rouble exchange rate in the second quarter of 2015. By mid-May 2015 the Russian rouble strengthened by 18% against USD and 15% against EUR, having regained a considerable part of the December depreciation. Following the suspension by the Bank of Russia of foreign currency REPO deals for a year period and beginning of Russian rouble interventions, depreciation of the Russian national currency resumed. As a result the Russian rouble exchange rate has not changed significantly, strengthening by 5% against USD and 3% against EUR during the second quarter of 2015.

The situation on the financial markets during the second quarter of 2015 remained relatively stable in the absence of escalation of geopolitical tensions and revisions of the sovereign ratings. MICEX index grew by 2%, RTS - by 7%. From the beginning of 2015 MICEX index grew by 19%, RTS - by 19%. Rouble capitalization of the Bank for the second quarter of 2015 increased by 15%, for the six months of 2015 - by 32%.

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 six months ended 30 June 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 30 June 2015, the Group's exposure to Ukrainian risk amounted to approximately 0.4% 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.

4 Accounting Policies, Critical Accounting Estimates and Judgements, Adoption of Revised Standards, 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.

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2015

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

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 – 30 June 2015

4 Accounting Policies, Critical Accounting Estimates and Judgements, Adoption of Revised Standards, 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 amended standards 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 – 30 June 2015

4 Accounting Policies, Critical Accounting Estimates and Judgements, Adoption of Revised Standards, 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 exchange and precious metals operations. The Group reallocated the relevant amounts to the fee and commission income to which they substantially relate. Also, the Group improved disclosure of the commissions on corporate loyalty programs paid by the Group and settlement commissions by their allocation to the fee and commission income and expenses to which they substantially relate. 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
Six months ended 30 June 2014:			
Fee and commission income	137.8	7.9	145.7
Fee and commission expense	(15.1)	(5.5)	(20.6)
Net gains arising from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation	8.5	(8.3)	0.2
Net gains arising from operations with precious metals, precious metals derivatives and precious metals accounts translation	0.9	(0.8)	0.1
Operating expenses	(261.5)	6.7	(254.8)
Three months ended 30 June 2014:			
Fee and commission income	74.1	3.2	77.3
Fee and commission expense	(9.4)	(3.4)	(12.8)
Net gains arising from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation	10.1	(3.4)	6.7
Net gains arising from operations with precious metals, precious metals derivatives and precious metals accounts translation	1.4	(0.3)	1.1
Operating expenses	(136.9)	3.9	(133.0)

Following the improved presentation of dividend income 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
Six months ended 30 June 2014:			
Other operating income	5.7	(1.5)	4.2
Net gains arising from investment securities available-for-sale	1.8	0.1	1.9
Net gains arising from trading securities	—	1.4	1.4
Three months ended 30 June 2014:			
Other operating income	3.3	(1.5)	1.8
Net gains arising from investment securities available-for-sale	2.8	0.1	2.9
Net gains arising from trading securities	2.0	1.4	3.4

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2015

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

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
Six months ended 30 June 2014:			
Revenue of non-banking business activities	27.0	(14.0)	13.0
Cost of sales and other expenses of non-banking business activities	(25.0)	11.6	(13.4)
Net (losses) / income from insurance and pension fund operations	—	2.4	2.4
Three months ended 30 June 2014:			
Revenue of non-banking business activities	16.7	(9.5)	7.2
Cost of sales and other expenses of non-banking business activities	(15.6)	7.3	(8.3)
Net (losses) / income from insurance and pension fund operations	—	2.2	2.2

The effect of reclassifications mentioned above on the disclosure of the consolidated statement of cash flows for the six months ended 30 June 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	138.6	7.9	146.5
Fees and commissions paid	(14.5)	(2.9)	(17.4)
Net (losses incurred) / gains received from trading in foreign currencies and from operations with foreign currency derivatives	22.3	(8.3)	14.0
Net gains received from operations with precious metals and precious metals derivatives	1.4	(0.8)	0.6
Operating expenses paid	(187.1)	4.1	(183.0)
Changes in operating assets and liabilities			
Net decrease in trading securities	45.1	(45.1)	—
Net decrease in securities designated as at fair value through profit or loss	0.3	(0.3)	—
Net decrease in other assets	17.6	(0.3)	17.3
Net (increase) / decrease in financial assets at fair value through profit or loss	—	51.0	51.0
Net decrease in financial liabilities at fair value through profit or loss except for debt securities in issue	—	(5.3)	(5.3)

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2015

5 Financial Assets at Fair Value through Profit or Loss

	30 June 2015 (unaudited)	31 December 2014
<i>in billions of Russian Roubles</i>		
Trading securities	48.6	37.3
Securities designated as at fair value through profit or loss	140.8	77.7
Derivative financial instruments	538.4	806.7
Total financial assets at fair value through profit or loss	727.8	921.7

The composition of trading securities as at 30 June 2015 and 31 December 2014 is presented below:

	30 June 2015 (unaudited)	31 December 2014
<i>in billions of Russian Roubles</i>		
Corporate bonds	20.2	22.1
Federal loan bonds (OFZ bonds)	17.3	8.3
Russian Federation Eurobonds	4.9	—
Foreign government bonds	1.9	3.3
Municipal and subfederal bonds	—	0.2
Total debt trading securities	44.3	33.9
Corporate shares	4.3	3.4
Total trading securities	48.6	37.3

The composition of securities designated as at fair value through profit or loss as at 30 June 2015 and 31 December 2014 is presented below:

	30 June 2015 (unaudited)	31 December 2014
<i>in billions of Russian Roubles</i>		
Corporate bonds	94.1	38.0
Federal loan bonds (OFZ bonds)	21.2	12.4
Municipal and subfederal bonds	5.2	7.2
Russian Federation Eurobonds	0.4	0.3
Foreign government bonds	0.3	1.4
Total debt securities designated as at fair value through profit or loss	121.2	59.3
Corporate shares	15.5	13.8
Investments in mutual funds	4.1	4.6
Total securities designated as at fair value through profit or loss	140.8	77.7

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2015

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

The composition of derivative financial instruments as at 30 June 2015 and 31 December 2014 is presented below:

	30 June 2015 (unaudited)	31 December 2014
<i>in billions of Russian Roubles</i>		
Foreign currency interest rate derivatives	241.1	282.6
Foreign currency derivatives	206.9	407.9
Interest rate derivatives	43.8	44.3
Commodity derivatives including precious metals derivatives	35.8	54.3
Credit risk derivatives	7.8	13.6
Equity securities derivatives	1.5	2.8
Debt securities derivatives	1.5	1.1
Other derivatives	—	0.1
Total derivative financial instruments	538.4	806.7

6 Due from Banks

	30 June 2015 (unaudited)	31 December 2014
<i>in billions of Russian Roubles</i>		
Term placements with banks	583.6	158.7
Reverse repo agreements with banks	36.4	82.1
Total due from banks	620.0	240.8

As at 30 June 2015 and 31 December 2014 term placements with banks and reverse repo agreements are mainly represented by balances with the top and well-known foreign and Russian banks with original maturities over 1 business day.

Refer to Note 29 for the information on amounts due from banks which are collateralized by securities received under reverse sale and repurchase agreements.

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2015

7 Loans and Advances to Customers

	30 June 2015		
<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Not past due loans	Past due loans	Total
Commercial loans to legal entities	7,740.6	676.1	8,416.7
Specialized loans to legal entities	4,310.0	292.7	4,602.7
Mortgage loans to individuals	2,244.9	134.6	2,379.5
Consumer and other loans to individuals	1,459.5	216.1	1,675.6
Credit cards and overdrafts	462.1	91.9	554.0
Car loans to individuals	134.6	17.9	152.5
Total loans and advances to customers before provision for loan impairment	16,351.7	1,429.3	17,781.0
Less: Provision for loan impairment	(219.0)	(806.1)	(1,025.1)
Total loans and advances to customers net of provision for loan impairment	16,132.7	623.2	16,755.9

	31 December 2014		
<i>in billions of Russian Roubles</i>	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 – 30 June 2015

7 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 – 30 June 2015

7 Loans and Advances to Customers (Continued)

The table below shows the analysis of loans and provisions for loan impairment as at 30 June 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	7,571.9	(85.2)	7,486.7	1.1%
Loans up to 30 days overdue	96.7	(13.4)	83.3	13.9%
Loans 31 to 60 days overdue	32.7	(11.0)	21.7	33.6%
Loans 61 to 90 days overdue	21.0	(9.4)	11.6	44.8%
Loans 91 to 180 days overdue	43.5	(28.0)	15.5	64.4%
Loans over 180 days overdue	172.6	(156.0)	16.6	90.4%
Total collectively assessed loans	7,938.4	(303.0)	7,635.4	3.8%
Individually impaired				
Not past due	168.7	(38.2)	130.5	22.6%
Loans up to 30 days overdue	29.2	(18.1)	11.1	62.0%
Loans 31 to 60 days overdue	12.2	(1.6)	10.6	13.1%
Loans 61 to 90 days overdue	4.4	(1.8)	2.6	40.9%
Loans 91 to 180 days overdue	103.2	(76.2)	27.0	73.8%
Loans over 180 days overdue	160.6	(130.8)	29.8	81.4%
Total individually impaired loans	478.3	(266.7)	211.6	55.8%
Total commercial loans to legal entities	8,416.7	(569.7)	7,847.0	6.8%
Specialized loans to legal entities				
Collectively assessed				
Not past due	4,140.8	(55.9)	4,084.9	1.3%
Loans up to 30 days overdue	62.3	(7.7)	54.6	12.4%
Loans 31 to 60 days overdue	12.9	(2.6)	10.3	20.2%
Loans 61 to 90 days overdue	30.4	(1.9)	28.5	6.3%
Loans 91 to 180 days overdue	7.8	(4.4)	3.4	56.4%
Loans over 180 days overdue	58.1	(35.5)	22.6	61.1%
Total collectively assessed loans	4,312.3	(108.0)	4,204.3	2.5%
Individually impaired				
Not past due	169.2	(28.9)	140.3	17.1%
Loans up to 30 days overdue	10.6	(6.1)	4.5	57.5%
Loans 31 to 60 days overdue	10.6	(4.0)	6.6	37.7%
Loans 61 to 90 days overdue	9.0	(7.6)	1.4	84.4%
Loans 91 to 180 days overdue	25.4	(11.6)	13.8	45.7%
Loans over 180 days overdue	65.6	(47.1)	18.5	71.8%
Total individually impaired loans	290.4	(105.3)	185.1	36.3%
Total specialized loans to legal entities	4,602.7	(213.3)	4,389.4	4.6%
Total loans to legal entities	13,019.4	(783.0)	12,236.4	6.0%

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2015

7 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	2,244.9	(1.2)	2,243.7	—
Loans up to 30 days overdue	60.3	(1.8)	58.5	3.0%
Loans 31 to 60 days overdue	11.6	(1.5)	10.1	12.9%
Loans 61 to 90 days overdue	7.1	(1.5)	5.6	21.1%
Loans 91 to 180 days overdue	12.2	(5.6)	6.6	45.9%
Loans over 180 days overdue	43.4	(37.8)	5.6	87.1%
Total mortgage loans to individuals	2,379.5	(49.4)	2,330.1	2.1%
Consumer and other loans to individuals				
Collectively assessed				
Not past due	1,459.5	(6.7)	1,452.8	0.5%
Loans up to 30 days overdue	65.8	(7.0)	58.8	10.6%
Loans 31 to 60 days overdue	15.5	(5.4)	10.1	34.8%
Loans 61 to 90 days overdue	12.4	(6.0)	6.4	48.4%
Loans 91 to 180 days overdue	26.7	(19.4)	7.3	72.7%
Loans over 180 days overdue	95.7	(87.9)	7.8	91.8%
Total consumer and other loans to individuals	1,675.6	(132.4)	1,543.2	7.9%
Credit cards and overdrafts				
Collectively assessed				
Not past due	462.1	(2.6)	459.5	0.6%
Loans up to 30 days overdue	34.4	(2.3)	32.1	6.7%
Loans 31 to 60 days overdue	7.2	(2.1)	5.1	29.2%
Loans 61 to 90 days overdue	4.3	(2.3)	2.0	53.5%
Loans 91 to 180 days overdue	10.9	(7.8)	3.1	71.6%
Loans over 180 days overdue	35.1	(32.1)	3.0	91.5%
Total credit cards and overdrafts	554.0	(49.2)	504.8	8.9%
Car loans to individuals				
Collectively assessed				
Not past due	134.6	(0.3)	134.3	0.2%
Loans up to 30 days overdue	4.5	(0.4)	4.1	8.9%
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	2.3	(1.6)	0.7	69.6%
Loans over 180 days overdue	8.6	(7.9)	0.7	91.9%
Total car loans to individuals	152.5	(11.1)	141.4	7.3%
Total loans to individuals	4,761.6	(242.1)	4,519.5	5.1%
Total loans and advances to customers as at 30 June 2015	17,781.0	(1,025.1)	16,755.9	5.8%

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2015

7 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 – 30 June 2015

7 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 – 30 June 2015

7 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 30 June 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	479.9	(391.0)	88.9	81.5%
Specialized loans to legal entities	156.9	(98.6)	58.3	62.8%
Mortgage loans to individuals	55.6	(43.4)	12.2	78.1%
Consumer and other loans to individuals	122.4	(107.3)	15.1	87.7%
Credit cards and overdrafts	46.0	(39.9)	6.1	86.7%
Car loans to individuals	10.9	(9.5)	1.4	87.2%
Total non-performing loans and advances to customers as at 30 June 2015	871.7	(689.7)	182.0	79.1%

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 – 30 June 2015

7 Loans and Advances to Customers (Continued)

Provisions for Loan Impairment. The analysis of changes in provision for loan impairment for the six months ended 30 June 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	153.0	7.3	14.1	40.2	14.8	3.0	232.4
Recovery of loans previously written off	0.4	0.2	3.3	0.8	—	0.3	5.0
Foreign currencies translation	(13.3)	(3.3)	(2.9)	(3.0)	(1.4)	(0.4)	(24.3)
Loans and advances to customers written off during the period	(26.8)	(12.3)	(4.7)	(11.2)	(2.4)	(0.1)	(57.5)
Provision for loan impairment as at 30 June 2015	569.7	213.3	49.4	132.4	49.2	11.1	1,025.1

The analysis of changes in provision for loan impairment for the three months ended 30 June 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 March 2015	516.0	216.1	40.7	121.7	44.1	10.0	948.6
Net provision charge for loan impairment during the period	75.6	6.6	7.5	19.3	7.2	1.3	117.5
Recovery of loans previously written off	0.3	—	3.3	0.3	—	0.2	4.1
Foreign currencies translation	0.5	(0.5)	(1.6)	(0.9)	(0.6)	(0.3)	(3.4)
Loans and advances written off during the period	(22.7)	(8.9)	(0.5)	(8.0)	(1.5)	(0.1)	(41.7)
Provision for loan impairment as at 30 June 2015	569.7	213.3	49.4	132.4	49.2	11.1	1,025.1

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2015

7 Loans and Advances to Customers (Continued)

The analysis of changes in provision for loan impairment for the six months ended 30 June 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	84.3	14.1	5.3	34.3	10.6	2.3	150.9
Foreign currencies translation	(2.8)	(0.3)	(0.7)	(0.2)	0.1	—	(3.9)
Loans and advances to customers written off during the period	(14.3)	(16.6)	(0.5)	(6.3)	(1.5)	(0.1)	(39.3)
Provision for loan impairment as at 30 June 2014	360.6	203.3	30.3	87.9	29.8	6.1	718.0

The analysis of changes in provision for loan impairment for the three months ended 30 June 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 March 2014	331.4	209.4	29.1	76.4	25.7	5.1	677.1
Net provision charge for loan impairment during the period	39.8	9.1	2.2	16.3	5.3	1.1	73.8
Foreign currencies translation	(2.4)	(0.9)	(0.7)	(0.4)	(0.1)	—	(4.5)
Loans and advances written off during the period	(8.2)	(14.3)	(0.3)	(4.4)	(1.1)	(0.1)	(28.4)
Provision for loan impairment as at 30 June 2014	360.6	203.3	30.3	87.9	29.8	6.1	718.0

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2015

7 Loans and Advances to Customers (Continued)

Renegotiated loans. Information on loans whose terms have been renegotiated, as at 30 June 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
30 June 2015 (unaudited):							
Not past due collectively assessed loans	820.4	1,297.4	47.8	18.2	0.7	2.9	2,187.4
Other renegotiated loans	304.8	168.4	31.2	24.9	0.3	6.3	535.9
Total renegotiated loans as at 30 June 2015	1,125.2	1,465.8	79.0	43.1	1.0	9.2	2,723.3
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>	30 June 2015 (unaudited)	31 December 2014
Gross investment in finance leases	296.3	279.1
Less unearned future finance income on finance leases	(89.2)	(78.7)
Net investment in finance leases before provision for impairment	207.1	200.4
Less provision for impairment	(11.6)	(11.5)
Net investment in finance leases after provision for impairment	195.5	188.9

The contractual maturity analysis of net investments in finance leases as at 30 June 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	44.7	(1.5)	43.2
From 1 to 5 years	100.9	(2.7)	98.2
More than 5 years	45.5	(0.9)	44.6
Overdue	16.0	(6.5)	9.5
Total net investments in finance leases as at 30 June 2015	207.1	(11.6)	195.5

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2015

7 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>	30 June 2015 (unaudited)	31 December 2014
Within 1 year	49.7	47.2
From 1 to 5 years	144.4	137.5
More than 5 years	86.2	83.3
Overdue	16.0	11.1
Total minimum lease payments receivables	296.3	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>	30 June 2015 (unaudited)		31 December 2014	
	Amount	%	Amount	%
Individuals	4,761.6	26.8	4,847.3	26.0
Services	3,398.0	19.1	3,700.6	19.9
Trade	1,928.5	10.8	2,017.2	10.8
Energy	1,020.1	5.7	961.9	5.2
Food and agriculture	989.8	5.6	1,041.0	5.6
Machinery	817.7	4.6	920.6	4.9
Government and municipal bodies	751.8	4.2	837.5	4.5
Metallurgy	700.9	3.9	752.7	4.0
Construction	662.2	3.7	688.3	3.7
Transport, aviation, space industry	601.8	3.4	619.8	3.3
Chemical industry	510.9	2.9	537.8	2.9
Telecommunications	490.5	2.8	484.9	2.6
Oil and gas	426.3	2.4	470.0	2.5
Timber industry	87.3	0.5	89.5	0.5
Other	633.6	3.6	657.0	3.6
Total loans and advances to customers before provision for loan impairment	17,781.0	100.0	18,626.1	100.0

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2015

7 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 29 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 30 June 2015 the Group had 20 largest corporate borrowers with aggregated loan amounts due from each of these borrowers exceeding RR 99.7 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 3,745.9 billion or 21.1% of the total gross loan portfolio of the Group (31 December 2014: RR 3,692.7 billion or 19.8%).

8 Securities Pledged under Repurchase Agreements

	30 June 2015 (unaudited)	31 December 2014
<i>in billions of Russian Roubles</i>		
Trading securities pledged under repurchase agreements		
Federal loan bonds (OFZ bonds)	4.9	3.1
Russian Federation Eurobonds	3.3	7.8
Foreign government bonds	—	0.5
Municipal and subfederal bonds	—	0.1
Corporate shares	—	0.1
Total trading securities pledged under repurchase agreements	8.2	11.6
Securities designated as at fair value through profit or loss pledged under repurchase agreements		
Federal loan bonds (OFZ bonds)	5.8	9.0
Total securities designated as at fair value through profit or loss pledged under repurchase agreements	5.8	9.0
Investment securities available-for-sale pledged under repurchase agreements		
Federal loan bonds (OFZ bonds)	107.0	239.7
Foreign government bonds	81.2	55.0
Corporate bonds	72.6	311.6
Russian Federation Eurobonds	12.3	180.6
Municipal and subfederal bonds	8.8	21.8
Total investment securities available-for-sale pledged under repurchase agreements	281.9	808.7
Investment securities held-to-maturity pledged under repurchase agreements		
Federal loan bonds (OFZ bonds)	45.7	149.6
Foreign government bonds	32.4	23.4
Corporate bonds	25.9	104.3
Municipal and subfederal bonds	3.8	38.4
Russian Federation Eurobonds	1.1	24.3
Total investment securities held-to-maturity pledged under repurchase agreements	108.9	340.0
Total securities pledged under repurchase agreements	404.8	1,169.3

Refer to Note 29 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 – 30 June 2015

9 Investment Securities Available-for-Sale

	30 June 2015 (unaudited)	31 December 2014
<i>in billions of Russian Roubles</i>		
Federal loan bonds (OFZ bonds)	520.0	364.4
Corporate bonds	393.7	197.1
Foreign government bonds	166.2	218.1
Russian Federation Eurobonds	127.3	2.8
Municipal and subfederal bonds	38.3	24.0
Promissory notes	0.4	0.4
Total debt investment securities available-for-sale	1,245.9	806.8
Corporate shares	16.5	22.9
Total investment securities available-for-sale	1,262.4	829.7

10 Investment Securities Held-to-Maturity

	30 June 2015 (unaudited)	31 December 2014
<i>in billions of Russian Roubles</i>		
Federal loan bonds (OFZ bonds)	125.6	21.4
Corporate bonds	117.0	44.0
Foreign government bonds	36.2	53.8
Russian Federation Eurobonds	24.2	1.5
Municipal and subfederal bonds	20.4	1.6
Total investment securities held-to-maturity before provision for impairment	323.4	122.3
Less provision for impairment	(4.4)	(4.4)
Total investment securities held-to-maturity after provision for impairment	319.0	117.9

The changes in provision for impairment of investment securities held-to-maturity for the six months ended 30 June 2015 and 30 June 2014 are 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
Investment securities held-to-maturity written off during the period	—	(1.4)
Provision for impairment of investment securities held-to-maturity as at 30 June	4.4	—

The changes in provision for impairment of investment securities held-to-maturity for the three months ended 30 June 2015 and 30 June 2014 are 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 31 March	4.8	—
Net recovery of provision during the period	(0.4)	—
Provision for impairment of investment securities held-to-maturity as at 30 June	4.4	—

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2015

11 Other Assets

	30 June 2015 (unaudited)	31 December 2014
<i>in billions of Russian Roubles</i>		
Other financial assets		
Margin calls given	107.1	223.2
Receivables on bank cards settlements	61.9	81.9
Settlements on currency conversion operations	56.8	159.4
Settlements on operations with securities	23.5	22.9
Receivables from Deposit Insurance Agency	16.3	17.1
Trade receivables	15.6	17.3
Funds in settlement	12.0	6.8
Accrued fees and commissions	5.5	7.2
Restricted cash balances	1.9	24.9
Other	4.9	5.3
Provision for impairment of other financial assets	(1.6)	(3.1)
Total other financial assets	303.9	562.9
Other non-financial assets		
Intangible assets	72.7	77.7
Inventory	64.4	66.8
Prepayment on income tax	64.1	69.7
Prepayments for premises and other assets	33.6	31.7
Precious metals	33.2	35.1
Goodwill	22.4	23.7
Investment property	7.7	7.1
Prepaid expenses	7.6	8.5
Tax settlements (other than on income)	7.4	7.3
Investments in associates	6.2	4.3
Other	19.2	18.1
Provision for impairment of other non-financial assets	(10.1)	(10.1)
Total other non-financial assets	328.4	339.9
Total other assets	632.3	902.8

Movement in the provision for impairment of other assets during the six months ended 30 June 2015 is as follows:

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Funds in settlement	Other financial assets	Prepayments for premises and other assets	Other non- financial assets	Total
Provision for impairment as at 31 December 2014 (audited)	0.3	2.8	1.1	9.0	13.2
Net provision charge / (net recovery of provision) for impairment of other assets during the period	0.2	(1.8)	0.2	1.4	—
Other assets written off during the period	—	—	(0.1)	(1.5)	(1.6)
Foreign currencies translation	—	0.1	—	—	0.1
Provision for impairment as at 30 June 2015	0.5	1.1	1.2	8.9	11.7

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2015

11 Other Assets (Continued)

Movement in the provision for impairment of other assets during the three months ended 30 June 2015 is as follows:

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Funds in settlement	Other financial assets	Prepayments for premises and other assets	Other non- financial assets	Total
Provision for impairment as at 31 March 2015	0.4	2.5	1.2	8.8	12.9
Net provision charge / (net recovery of provision) for impairment of other assets during the period	0.1	(1.9)	—	0.1	(1.7)
Foreign currencies translation	—	0.5	—	—	0.5
Provision for impairment as at 30 June 2015	0.5	1.1	1.2	8.9	11.7

Movement in the provision for impairment of other assets during the six months ended 30 June 2014 is as follows:

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Funds in settlement	Other financial assets	Prepayments for premises and other assets	Other non- financial assets	Total
Provision for impairment as at 31 December 2013 (audited)	0.8	1.0	2.1	7.3	11.2
Net provision charge / (net recovery of provision) for impairment of other assets during the period	0.1	(0.4)	0.3	1.9	1.9
Other assets written off during the period	—	—	—	(0.5)	(0.5)
Foreign currencies translation	—	—	—	(0.3)	(0.3)
Provision for impairment as at 30 June 2014	0.9	0.6	2.4	8.4	12.3

Movement in the provision for impairment of other assets during the three months ended 30 June 2014 is as follows:

<i>In billions of Russian Roubles</i>	Funds in settlement	Other financial assets	Prepayments for premises and other assets	Other non- financial assets	Total
Provision for impairment as at 31 March 2014	1.2	1.6	2.4	8.1	13.3
(Net recovery of provision) / net provision charge for impairment of other assets during the period	(0.3)	(1.0)	—	1.8	0.5
Other assets written off during the period	—	—	—	(0.8)	(0.8)
Foreign currencies translation	—	—	—	(0.7)	(0.7)
Provision for impairment as at 30 June 2014	0.9	0.6	2.4	8.4	12.3

Provision for impairment of other assets is recognized by the Group on operations conducted in the normal course of the Group's business. Provision is assessed on the basis of the Group's best estimates of recoverability of other assets.

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2015

12 Due to Individuals and Corporate Customers

	30 June 2015 (unaudited)	31 December 2014
<i>in billions of Russian Roubles</i>		
Individuals:		
- Current/demand accounts	1,861.7	1,886.2
- Term deposits	8,119.3	7,442.1
- Direct repo deals	—	0.1
Total due to individuals	9,981.0	9,328.4
State and public organizations:		
- Current/settlement accounts	144.7	134.0
- Term deposits	474.6	605.2
Total due to state and public organizations	619.3	739.2
Other corporate customers:		
- Current/settlement accounts	1,811.8	1,685.7
- Term deposits	3,366.2	3,780.8
- Direct repo deals	71.8	28.8
Total due to other corporate customers	5,249.8	5,495.3
Total due to corporate customers	5,869.1	6,234.5
Total due to individuals and corporate customers	15,850.1	15,562.9

Economic sector concentrations within customer accounts are as follows:

	30 June 2015 (unaudited)		31 December 2014	
<i>in billions of Russian Roubles</i>	Amount	%	Amount	%
Individuals	9,981.0	63.0	9,328.4	59.9
Services	1,370.4	8.6	1,319.3	8.5
Oil and gas	1,141.7	7.2	1,022.9	6.6
Trade	627.3	4.0	684.7	4.4
Machinery	394.4	2.5	319.4	2.1
Municipal bodies and state organizations	333.9	2.1	808.0	5.2
Transport, aviation, space industry	299.2	1.9	232.7	1.5
Construction	275.5	1.7	352.4	2.3
Energy	234.2	1.5	216.4	1.4
Chemical	180.0	1.1	125.4	0.8
Metallurgy	153.4	1.0	230.9	1.5
Food and agriculture	145.1	0.9	156.7	1.0
Telecommunications	114.8	0.7	118.9	0.8
Timber industry	23.6	0.1	40.1	0.3
Other	575.6	3.7	606.7	3.7
Total due to individuals and corporate customers	15,850.1	100.0	15,562.9	100.0

As at 30 June 2015 included in Due to corporate customers are deposits of RR 102.9 billion (31 December 2014: RR 118.3 billion) held as collateral for irrevocable commitments under import letters of credit. Refer to Note 27.

As at 30 June 2015 the Group had 20 largest customers with balances above RR 29.9 billion each (31 December 2014: 20 customers with balances above RR 30.9 billion each). The aggregate balance of these customers was RR 2,297.6 billion (31 December 2014: RR 2,256.4 billion) or 14.5% (31 December 2014: 14.5%) of total due to individuals and corporate customers.

Refer to Note 29 for information on the amounts due to corporate customers received under sale and repurchase agreements and fair value of securities pledged.

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2015

13 Debt Securities in Issue

	30 June 2015 (unaudited)	31 December 2014
<i>in billions of Russian Roubles</i>		
Loan participation notes issued under the MTN programme of Sberbank	607.4	629.9
Savings certificates	552.2	456.8
Bonds issued:		
- on the local market	68.2	80.2
- on international capital markets	28.4	33.0
Promissory notes	60.0	73.3
Bonds issued under mortgage securitization programme of Sberbank	8.2	9.7
Notes issued under the ECP programme of Sberbank	1.8	15.9
Equity linked notes and credit linked notes	—	1.1
Other debt securities issued	2.1	2.7
Total debt securities in issue	1,328.3	1,302.6

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.	30 June 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	85.4	5.6	86.2	5.4
Series 5	24 September 2010	24 March 2017	USD	1,250	5.4	69.1	5.5	70.0	5.4
Series 7	16 June 2011	16 June 2021	USD	1,000	5.7	50.9	5.8	54.1	5.8
Series 8	07 February 2012	07 February 2017	USD	1,300	5.0	69.7	5.1	71.0	4.8
Series 9	07 February 2012	07 February 2022	USD	1,500	6.1	84.0	6.3	87.6	5.6
Series 10	14 March 2012	14 September 2015	CHF	410	3.1	24.8	3.2	23.6	3.2
Series 11	28 June 2012	28 June 2019	USD	1,000	5.2	53.3	5.3	55.9	5.3
Series 13	31 January 2013	31 January 2016	RUB	25,000	7.0	25.3	7.2	24.6	7.2
Series 14	28 February 2013	28 February 2017	CHF	250	2.1	14.9	2.1	14.5	2.1
Series 15	04 March 2013	04 March 2018	TRY	550	7.4	10.8	7.6	12.6	7.6
Series 18	06 March 2014	06 March 2019	USD	500	4.2	28.1	4.2	28.5	4.2
Series 19	07 March 2014	07 March 2019	EUR	500	3.1	31.1	3.1	34.5	3.1
Series 20	26 June 2014	15 November 2019	EUR	1,000	3.4	60.0	3.4	66.8	3.4
Total loan participation notes issued under the MTN programme of Sberbank						607.4		629.9	

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2015

13 Debt Securities in Issue (Continued)

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 30 June 2015 amounted to RR 8.2 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 9.4 billion as at 30 June 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.

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 30 June 2015 the outstanding amount of funds issued totalled EUR 30 million. As at 30 June 2015 these notes were accounted for at amortized cost of RR 1.8 billion (31 December 2014: RR 15.9 billion). The outstanding issue bears coupon and has maturity date on 23 July 2015 (31 December 2014: from January 2015 to July 2015) and effective interest rate of 1.7% p.a. (31 December 2014: from 1.2% to 1.7% p.a.). These notes were fully repaid by the Group upon maturity.

In March 2015 the Group registered at 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.

14 Other Borrowed Funds

	30 June 2015 (unaudited)	31 December 2014
<i>in billions of Russian Roubles</i>		
Trade finance deals	362.2	453.0
Syndicated loans received	—	84.2
Total other borrowed funds	362.2	537.2

Description of the syndicated loans issued by the Group is presented in the table below:

Issue	Drawdown date	Original maturity date	Currency	Nominal value in currency of issue, in millions of currency	Contractual interest rate, % p.a.	30 June 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.
Issue 2	30 October 2012	30 October 2015	USD	1,500	3m LIBOR + 1.50%	-	-	84.2	2.2
Total syndicated loans						-		84.2	

In May 2015 the Group made early redemption of the syndicated loan in the amount of USD 1.5 billion which was received in October 2012 from a consortium of foreign banks and had original maturity in October 2015 and contractual floating interest rate of 3 months LIBOR + 1.5% p.a.

As at 30 June 2015 trade finance deals were accounted for at amortised cost of RR 362.2 billion (31 December 2014: RR 453.0 billion), had interest rates varying from 0.2% to 12.0% p.a. (31 December 2014: from 0.2% to 14.0% p.a.) and maturity dates from July 2015 to June 2027 (31 December 2014: from January 2015 to June 2027).

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2015

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

	30 June 2015 (unaudited)	31 December 2014
<i>in billions of Russian Roubles</i>		
Derivative financial instruments	373.8	747.4
Obligation to deliver securities	10.7	21.7
Total financial liabilities at fair value through profit or loss except for debt securities in issue	384.5	769.1

The composition of derivative financial instruments as at 30 June 2015 and 31 December 2014 is presented below:

	30 June 2015 (unaudited)	31 December 2014
<i>in billions of Russian Roubles</i>		
Foreign currency interest rate derivatives	172.3	252.0
Foreign currency derivatives	152.0	413.3
Interest rate derivatives	26.6	33.9
Commodity derivatives including precious metals derivatives	21.8	44.7
Equity securities derivatives	0.9	3.0
Credit risk derivatives	0.1	0.4
Debt securities derivatives	0.1	0.1
Total derivative financial instruments	373.8	747.4

16 Other Liabilities

	30 June 2015 (unaudited)	31 December 2014
<i>in billions of Russian Roubles</i>		
Other financial liabilities		
Payables on insurance and pension fund operations	289.7	120.2
Payables on bank card settlements	74.6	65.0
Accrued employee benefit costs	57.4	37.4
Margin calls received	49.6	89.1
Funds in settlement	42.9	31.9
Trade payables	32.4	40.1
Settlements on operations with securities	10.2	4.1
Deposit insurance system fees payable	9.0	8.6
Settlements on currency conversion operations	0.2	29.8
Other	18.6	18.3
Total other financial liabilities	584.6	444.5
Other non-financial liabilities		
Taxes payable other than on income	25.8	20.6
Provisions for credit related commitments and legal claims	8.7	11.7
Advances received	4.9	4.3
Provisions and advances received on pension and insurance operations	2.2	2.0
Deferred commissions received on guarantees issued	1.8	1.7
Income tax payable	1.7	5.1
Other	8.7	6.0
Total other non-financial liabilities	53.8	51.4
Total other liabilities	638.4	495.9

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2015

16 Other Liabilities (Continued)

Movement in the provision for impairment of credit related commitments and legal claims during the six months ended 30 June 2015 is as follows:

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Credit related commitments	Other claims	Total
Provision for impairment as at 31 December 2014 (audited)	9.3	2.4	11.7
(Net recovery of provision) / net provision charge for impairment during the period	(5.1)	1.9	(3.2)
Foreign currencies translation	(0.1)	0.3	0.2
Provision for impairment at 30 June 2015	4.1	4.6	8.7

Movement in the provision for impairment of credit related commitments and legal claims during the three months ended 30 June 2015 is as follows:

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Credit related commitments	Other claims	Total
Provision for impairment as at 31 March 2015	6.8	3.3	10.1
(Net recovery of provision) / net provision charge for impairment during the period	(2.7)	1.9	(0.8)
Foreign currencies translation	—	(0.6)	(0.6)
Provision for impairment at 30 June 2015	4.1	4.6	8.7

Movement in the provision for impairment of credit related commitments and legal claims during the six months ended 30 June 2014 is as follows:

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Credit related commitments	Other claims	Total
Provision for impairment as at 31 December 2013 (audited)	2.3	2.9	5.2
Net provision charge for impairment during the period	4.0	—	4.0
Provision for impairment as at 30 June 2014	6.3	2.9	9.2

Movement in the provision for impairment of credit related commitments and legal claims during the three months ended 30 June 2014 is as follows:

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Credit related commitments	Other claims	Total
Provision for impairment as at 31 March 2014	5.2	3.5	8.7
Net provision charge / (net recovery of provision) for impairment during the period	1.1	(0.6)	0.5
Provision for impairment as at 30 June 2014	6.3	2.9	9.2

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2015

17 Subordinated Debt

	30 June 2015 (unaudited)	31 December 2014
<i>in billions of Russian Roubles</i>		
Subordinated debt received from the Bank of Russia	520.6	503.9
Subordinated debt received under the MTN programme of Sberbank	212.4	226.7
Other subordinated debt	37.2	38.9
Total subordinated debt	770.2	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.	30 June 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	313.8	6.5	303.3	6.5
18 June 2014	31 December 2019	RUB	200,000	6.5	206.8	6.5	200.6	6.5
Total subordinated debt received from the Bank of Russia					520.6		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.	30 June 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	100.5	5.2	113.3	5.2
Series 16	23 May 2013	23 May 2023	USD	1,000	5.3	55.5	5.4	56.3	5.4
Series 17	26 February 2014	26 February 2024	USD	1,000	5.5	56.4	5.6	57.1	5.6
Total subordinated debt received under the MTN programme of Sberbank						212.4		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 – 30 June 2015

18 Interest Income and Expense

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Six months ended 30 June		Three months ended 30 June	
	2015	2014	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	1,012.4	776.4	498.3	402.1
- Debt investment securities held-to-maturity	17.5	17.5	9.1	8.8
- Due from banks	11.7	8.2	5.7	4.1
- Correspondent accounts with banks	0.7	0.3	0.4	0.3
	1,042.3	802.4	513.5	415.3
Interest income on financial assets available-for-sale:				
- Debt investment securities available-for-sale	58.3	51.6	28.1	26.3
	58.3	51.6	28.1	26.3
Total interest income on financial assets not at fair value through profit or loss	1,100.6	854.0	541.6	441.6
Interest income on financial assets at fair value through profit or loss:				
- Debt securities designated as at fair value through profit or loss	3.3	0.6	1.8	0.3
- Debt trading securities	2.5	2.7	1.1	1.2
- Other interest income	0.1	—	0.1	—
	5.9	3.3	3.0	1.5
Total interest income	1,106.5	857.3	544.6	443.1
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	(233.5)	(160.6)	(126.3)	(80.0)
- Term placements of banks	(150.8)	(59.3)	(60.1)	(33.7)
- Term deposits of legal entities	(149.4)	(61.8)	(58.7)	(33.6)
- Debt securities in issue at amortized cost	(45.5)	(24.7)	(24.3)	(12.5)
- Current/settlement accounts of legal entities	(40.1)	(16.5)	(20.0)	(9.2)
- Subordinated debt	(22.9)	(14.1)	(10.9)	(7.4)
- Other borrowed funds	(8.0)	(6.1)	(2.8)	(4.2)
- Current/demand accounts of individuals	(7.5)	(6.5)	(3.9)	(3.4)
- Correspondent accounts of banks	(2.6)	(1.0)	(1.1)	(0.5)
	(660.3)	(350.6)	(308.1)	(184.5)
Interest expense on financial liabilities at fair value through profit or loss:				
- Obligation to deliver securities	(0.7)	(0.6)	(0.2)	(0.2)
	(0.7)	(0.6)	(0.2)	(0.2)
Total interest expense	(661.0)	(351.2)	(308.3)	(184.7)
Deposit insurance expenses	(18.1)	(16.2)	(9.2)	(8.1)
Total interest expense including deposit insurance expenses	(679.1)	(367.4)	(317.5)	(192.8)
Net interest income	427.4	489.9	227.1	250.3

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2015

19 Fee and Commission Income and Expense

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Six months ended 30 June		Three months ended 30 June	
	2015	2014	2015	2014
Fee and commission income				
Cash and settlements transactions with legal entities	91.9	73.7	48.7	39.3
Cash and settlements transactions with individuals	39.0	31.3	20.5	16.6
Operations with foreign currencies and precious metals	18.1	11.8	7.8	5.3
Documentary commissions	10.5	7.7	4.9	4.1
Agent commissions	8.2	13.6	6.3	7.5
Cash collection	2.8	2.7	1.6	1.5
Operations on financial markets on behalf of clients and investment banking operations	2.3	2.4	1.0	1.6
Other	2.4	2.5	0.5	1.4
Total fee and commission income	175.2	145.7	91.3	77.3
Fee and commission expense				
Settlement transactions	(25.9)	(18.3)	(13.3)	(10.8)
Cash collection	(0.2)	(0.2)	(0.1)	(0.1)
Operations with foreign currencies	(0.2)	(0.1)	(0.1)	(0.1)
Other	(2.1)	(2.0)	(0.5)	(1.8)
Total fee and commission expense	(28.4)	(20.6)	(14.0)	(12.8)
Net fee and commission income	146.8	125.1	77.3	64.5

20 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>	Six months ended 30 June		Three months ended 30 June	
	2015	2014	2015	2014
Net foreign exchange translation gains / (losses)	19.9	(17.5)	(29.4)	(4.5)
Net (losses) / gains arising from operations with foreign currency derivatives	(16.8)	4.2	33.8	4.6
Net gains arising from trading in foreign currencies	41.4	13.5	13.0	6.6
Total gains arising from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation	44.5	0.2	17.4	6.7

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2015

21 Net Results of Non-banking Business Activities

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Six months ended 30 June		Three months ended 30 June	
	2015	2014	2015	2014
Revenue from sale of goods	4.6	6.8	2.3	4.1
Revenue from completed construction contracts	0.9	3.2	0.4	2.0
Revenue from rendering of services	0.2	0.4	0.1	0.4
Revenue from operating lease	0.1	0.1	0.1	—
Revenue from other activities	4.0	2.5	1.5	0.7
Total revenue of non-banking business activities	9.8	13.0	4.4	7.2
Cost of sales and other expenses:				
- cost of goods sold	(4.4)	(5.3)	(1.5)	(3.3)
- staff costs	(2.1)	(2.8)	(0.8)	(1.4)
- depreciation of fixed assets	(1.3)	(0.7)	(0.8)	(0.6)
- maintenance of premises and equipment	(1.0)	(0.2)	(0.2)	(0.1)
- transport costs	(0.1)	(0.1)	—	(0.1)
- other expenses	(1.9)	(4.3)	(1.0)	(2.8)
Total cost of sales and other expenses of non-banking business activities	(10.8)	(13.4)	(4.3)	(8.3)
Net result of non-banking business activities	(1.0)	(0.4)	0.1	(1.1)

22 Net Results from Insurance and Pension Fund Operations

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Six months ended 30 June		Three months ended 30 June	
	2015	2014	2015	2014
Net premium				
Gross premium written	179.3	14.0	170.2	9.5
Premium ceded to reinsurers	(0.1)	—	—	—
Premium returns	(7.9)	—	(7.6)	—
Total net premiums	171.3	14.0	162.6	9.5
Net claims and benefits				
Gross benefits and claims paid	(0.7)	(0.2)	(0.4)	(0.1)
Net change in contract liabilities	(171.0)	(11.3)	(163.5)	(7.2)
Total net claims and benefits	(171.7)	(11.5)	(163.9)	(7.3)
Acquisition cost	(0.1)	(0.1)	—	—
Net (losses) / income from insurance and pension fund operations	(0.5)	2.4	(1.3)	2.2

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2015

23 Operating Expenses

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Six months ended 30 June		Three months ended 30 June	
	2015	2014	2015	2014
Staff costs	167.8	153.8	81.8	78.2
Depreciation of premises and equipment	30.0	27.8	14.6	13.9
Repairs and maintenance of premises and equipment	16.7	14.2	10.1	8.2
Administrative expenses	15.5	13.3	8.5	9.0
Taxes other than on income	13.6	9.8	8.5	5.6
Operating lease expenses	13.1	10.3	7.0	5.6
Telecommunication expenses	9.7	5.4	6.5	3.1
Amortization of intangible assets	7.7	7.3	3.7	3.7
Consulting and assurance services	3.8	2.9	2.6	2.1
Advertising and marketing services	3.3	4.8	1.5	2.2
Other	5.1	5.2	1.8	1.4
Total operating expenses	286.3	254.8	146.6	133.0

24 Earnings per Share and Dividends

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>	Six months ended 30 June		Three months ended 30 June	
	2015	2014	2015	2014
Profit for the period attributable to the shareholders of the Bank	84.8	171.0	54.2	97.6
Less preference dividends declared	(0.5)	(3.1)	(0.5)	(3.1)
Profit attributable to the ordinary shareholders of the Bank	84.3	167.9	53.7	94.5
Weighted average number of ordinary shares in issue (billions)	21.5	21.5	21.5	21.5
Earnings per ordinary share, basic and diluted (expressed in RR per share)	3.92	7.79	2.50	4.39

On 29 May 2015, the Annual General Shareholders' Meeting of the Bank declared dividends of RR 10.2 billion for 2014. On 6 June 2014, the Annual General Shareholders' Meeting of the Bank declared dividends of RR 72.3 billion for 2013 including RR 0.2 billion paid to one of the subsidiaries of the Bank.

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Six months ended 30 June 2015		Six months ended 30 June 2014	
	Ordinary	Preference	Ordinary	Preference
Dividends payable as at 1 January (audited)	0.5	0.1	0.4	0.1
Dividends declared during the period	9.7	0.5	69.0	3.1
Dividends paid during the period	(9.8)	(0.5)	(68.6)	(3.0)
Dividends payable as at 30 June	0.4	0.1	0.8	0.2
Dividends per share declared during the period (RR per share)	0.45	0.45	3.20	3.30

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2015

25 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.
- **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.

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2015

25 Segment Analysis (Continued)

The subsidiaries' activity is controlled by the Group integrally.

Segment reporting of the Group's assets and liabilities as at 30 June 2015 is as follows:

<i>(unaudited) 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	10,254.5	3,127.6	2,685.4	3,757.6	4,114.7	23,939.8
Total liabilities	8,870.4	3,599.6	2,572.8	3,375.5	3,432.9	21,851.2

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

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 30 June 2015 and 31 December 2014 is as follows:

	30 June 2015 (unaudited)		31 December 2014	
<i>in billions of Russian Roubles</i>	Total assets	Total liabilities	Total assets	Total liabilities
Total segments result	23,939.8	21,851.2	25,383.0	23,370.8
Financial assets and liabilities netting	(372.5)	(372.5)	(207.2)	(207.2)
Adjustment to staff expenses accrued (bonuses, annual leave, pension liabilities)	—	29.6	—	21.5
Adjustment of loans provisions	141.7	—	134.4	—
Accounting for derivatives at fair value	(26.0)	(15.9)	(43.6)	0.1
Accounting for loans by effective rate method	(14.8)	—	(19.3)	—
Write off of low value assets	(16.1)	—	(15.9)	—
Adjustment of other provisions	29.5	(0.1)	16.2	(1.1)
Adjustment of depreciation and initial cost or revalued amount of premises and equipment	(21.2)	—	(20.3)	—
Accounting for financial contracts with embedded derivatives	(9.8)	—	(10.7)	—
Accounting for financing by the effective rate method	—	—	—	0.4
Accrual of expenses from customer loyalty programs	—	11.0	—	9.1
Currency translation of investments in subsidiaries	3.7	—	(8.5)	—
Impairment on securities	(6.2)	—	(6.2)	—
Adjustment for guarantee provision	—	(41.2)	—	(30.5)
Adjustment for legal claims provision	—	3.3	—	1.6
Recognition of deferred commission income from guarantees	—	1.7	—	1.5
Reclassification of securities between portfolios	(0.6)	(3.4)	(0.6)	—
Accounting for mortgage loans securitisation	8.1	8.2	(0.6)	(0.5)
Adjustment for deferred tax	—	22.4	(0.4)	15.1
Other	1.4	0.1	0.5	(0.1)
The Group's total amount under IFRS	23,657.0	21,494.4	25,200.8	23,180.7

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2015

25 Segment Analysis (Continued)

Segment reporting of the Group's income and expenses for the six months ended 30 June 2015 is as follows:

<i>(unaudited) 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	403.5	185.2	157.7	225.6	151.5	(35.0)	1,088.5
Interest expense	(373.8)	(103.3)	(67.6)	(83.1)	(78.5)	35.0	(671.3)
Inter-segment income / (expense)	2.7	(0.6)	(0.7)	(1.4)	—	—	—
Fee and commission income	33.8	41.0	32.9	49.3	24.5	(6.6)	174.9
Fee and commission expense	(8.2)	(5.0)	(3.3)	(6.9)	(7.1)	2.6	(27.9)
Net gains / (losses) arising from securities	8.3	—	—	—	(0.8)	(0.9)	6.6
Net gains arising from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation, other derivatives	15.8	0.3	0.5	—	2.9	—	19.5
Net gains arising from operations with precious metals, precious metals derivatives and precious metals accounts translation	0.9	—	—	—	1.0	—	1.9
Revenue of non-banking business activities	2.3	0.6	5.3	—	2.1	(0.6)	9.7
Cost of sales and other expenses of non-banking business activities	(2.1)	(0.5)	(6.4)	(0.1)	(1.9)	0.1	(10.9)
Net gains / (losses) from insurance and pension fund operations	1.9	(2.4)	(2.0)	(2.1)	—	4.2	(0.4)
Goodwill impairment	—	(0.2)	—	—	—	—	(0.2)
Net other operating (losses) / gains	(17.9)	—	0.4	7.2	1.9	(0.1)	(8.5)
Operating income before provision charge for impairment of debt financial assets	67.2	115.1	116.8	188.5	95.6	(1.3)	581.9
Net recovery of provision / (net provision charge) for impairment of debt financial assets	3.9	(38.7)	(39.7)	(61.7)	(78.8)	—	(215.0)
Operating income	71.1	76.4	77.1	126.8	16.8	(1.3)	366.9
Operating expenses	(83.9)	(45.0)	(41.5)	(52.9)	(53.5)	0.7	(276.1)
(Loss) / profit before tax (Segment result)	(12.8)	31.4	35.6	73.9	(36.7)	(0.6)	90.8
Other disclosures							
Capital expenditure incurred (additions of fixed assets)	12.6	7.9	7.7	11.0	4.5	—	43.7
Depreciation of premises and equipment	(11.6)	(4.3)	(5.5)	(5.6)	(4.0)	—	(31.0)

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2015

25 Segment Analysis (continued)

Segment reporting of the Group's income and expenses for the three months ended 30 June 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	197.3	92.7	78.7	113.6	69.9	(17.2)	535.0
Interest expense	(164.3)	(54.2)	(34.9)	(43.6)	(34.9)	17.2	(314.7)
Inter-segment income / (expense)	1.5	(0.3)	(0.4)	(0.8)	—	—	—
Fee and commission income	17.7	21.9	17.8	26.4	11.2	(3.7)	91.3
Fee and commission expense	(5.1)	(2.5)	(1.7)	(3.5)	(3.3)	1.7	(14.4)
Net gains / (losses) arising from securities	4.9	—	—	—	(0.5)	0.3	4.7
Net gains / (losses) arising from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation, other derivatives	14.1	0.1	—	—	(1.5)	—	12.7
Net gains arising from operations with precious metals, precious metals derivatives and precious metals accounts translation	3.4	—	—	—	0.9	—	4.3
Revenue of non-banking business activities	0.9	0.3	2.2	—	1.0	(0.1)	4.3
Cost of sales and other expenses of non-banking business activities	(0.7)	(0.3)	(2.3)	(0.1)	(1.0)	—	(4.4)
Net gains / (losses) from insurance and pension fund operations	1.6	(1.8)	(1.5)	(1.5)	—	2.0	(1.2)
Goodwill impairment	—	(0.2)	—	—	—	—	(0.2)
Net other operating (losses) / gains	(7.6)	0.9	0.4	5.4	1.1	—	0.2
Operating income before provision charge for impairment of debt financial assets	63.7	56.6	58.3	95.9	42.9	0.2	317.6
Net recovery of provision / (net provision charge) for impairment of debt financial assets	4.9	(17.4)	(23.9)	(34.4)	(36.1)	—	(106.9)
Operating income	68.6	39.2	34.4	61.5	6.8	0.2	210.7
Operating expenses	(42.5)	(24.9)	(22.3)	(29.6)	(24.5)	0.2	(143.6)
Profit / (loss) before tax (Segment result)	26.1	14.3	12.1	31.9	(17.7)	0.4	67.1
Other disclosures							
Capital expenditure incurred (additions of fixed assets)	7.7	4.7	4.4	6.5	2.0	—	25.3
Depreciation of premises and equipment	(5.5)	(2.2)	(2.9)	(2.7)	(2.4)	—	(15.7)

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2015

25 Segment Analysis (Continued)

Segment reporting of the Group's income and expenses for the six months ended 30 June 2014 is as follows:

<i>(unaudited) 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	290.3	152.0	133.4	194.9	99.1	(18.7)	851.0
Interest expense	(176.1)	(64.8)	(45.5)	(54.5)	(44.6)	18.6	(366.9)
Inter-segment (expense) / income	(19.9)	17.9	—	2.0	—	—	—
Fee and commission income	25.8	32.0	27.2	40.6	18.1	(2.7)	141.0
Fee and commission expense	(5.2)	(2.3)	(1.5)	(3.2)	(4.7)	0.3	(16.6)
Net gains arising from securities	0.1	—	—	—	1.2	—	1.3
Net (losses) / gains arising from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation, other derivatives	(1.8)	2.1	0.9	0.3	12.0	—	13.5
Net (losses) / gains arising from operations with precious metals, precious metals derivatives and precious metals accounts translation	(0.8)	0.1	0.1	0.2	(0.9)	—	(1.3)
Revenue of non-banking business activities	5.3	0.3	6.4	—	1.2	(0.2)	13.0
Cost of sales of non-banking business activities and insurance	(5.7)	(0.2)	(6.4)	—	(1.2)	0.1	(13.4)
Net gains from insurance and pension fund operations	0.7	—	—	—	—	1.7	2.4
Net other operating gains / (losses)	37.4	5.8	(5.4)	(23.9)	0.9	(0.2)	14.6
Operating income before provision charge for impairment of debt financial assets	150.1	142.9	109.2	156.4	81.1	(1.1)	638.6
Net provision charge for impairment of debt financial assets	(35.9)	(26.2)	(19.9)	(59.5)	(19.8)	—	(161.3)
Operating income	114.2	116.7	89.3	96.9	61.3	(1.1)	477.3
Operating expenses	(78.9)	(40.8)	(40.4)	(53.3)	(40.5)	3.6	(250.3)
Profit before tax (Segment result)	35.3	75.9	48.9	43.6	20.8	2.5	227.0
Other disclosures							
Capital expenditure incurred (additions of fixed assets)	9.5	7.7	35.2	10.7	3.8	—	66.9
Depreciation of premises and equipment	(10.2)	(4.0)	(4.5)	(5.7)	(2.1)	—	(26.5)

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2015

25 Segment Analysis (continued)

Segment reporting of the Group's income and expenses for the three months ended 30 June 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	150.1	78.6	69.2	99.8	49.8	(10.2)	437.3
Interest expense	(95.1)	(33.5)	(23.7)	(28.0)	(21.6)	10.1	(191.8)
Inter-segment (expense) / income	(11.2)	9.7	0.2	1.3	—	—	—
Fee and commission income	14.6	17.5	15.0	22.6	9.8	(1.6)	77.9
Fee and commission expense	(3.8)	(1.2)	(0.8)	(1.7)	(2.8)	(0.5)	(10.8)
Net gains arising from securities	4.9	—	—	—	2.3	(1.1)	6.1
Net (losses) / gains arising from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation, other derivatives	(4.9)	0.6	0.5	(0.9)	2.9	—	(1.8)
Net gains / (losses) arising from operations with precious metals, precious metals derivatives and precious metals accounts translation	2.4	—	—	—	(0.6)	—	1.8
Revenue of non-banking business activities	1.8	0.3	3.6	—	0.5	1.0	7.2
Cost of sales of non-banking business activities and insurance	(2.8)	(0.2)	(4.0)	—	(0.7)	(0.5)	(8.2)
Net gains from insurance and pension fund operations	0.4	—	—	—	—	1.8	2.2
Net other operating gains / (losses)	21.0	2.9	(3.9)	(11.5)	0.2	(0.2)	8.5
Operating income before provision charge for impairment of debt financial assets	77.4	74.7	56.1	81.6	39.8	(1.2)	328.4
Net provision charge for impairment of debt financial assets	(20.6)	(10.1)	(10.6)	(29.3)	(9.1)	—	(79.7)
Operating income	56.8	64.6	45.5	52.3	30.7	(1.2)	248.7
Operating expenses	(42.7)	(23.5)	(22.5)	(29.6)	(20.8)	2.5	(136.6)
Profit before tax (Segment result)	14.1	41.1	23.0	22.7	9.9	1.3	112.1
Other disclosures							
Capital expenditure incurred (additions of fixed assets)	6.4	4.8	(17.9)	6.7	3.0	—	3.0
Depreciation of premises and equipment	(4.9)	(1.9)	(2.3)	(2.9)	(1.1)	—	(13.1)

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2015

25 Segment Analysis (Continued)

Reconciliation of profit before tax for the reportable segments with the Group's profit before tax under IFRS for the six months and for the three months ended 30 June 2015 and 30 June 2014 is as follows:

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Six months ended 30 June		Three months ended 30 June	
	2015	2014	2015	2014
Segment result	90.8	227.0	67.1	112.1
Adjustment to staff expenses accrued (bonuses, annual leave, pension liabilities)	(7.5)	(11.8)	(1.1)	0.3
Adjustment of loans provisions	(17.3)	15.1	(10.2)	13.4
Accounting for derivatives at fair value	11.1	(2.5)	(1.5)	(1.6)
Accounting for loans by effective rate method	5.3	(1.6)	3.9	—
Write off of low value assets	(0.1)	(0.2)	(0.3)	(0.3)
Adjustment of other provisions	12.6	(2.6)	3.4	(1.0)
Adjustment of depreciation and initial cost or revalued amount of premises and equipment	(0.6)	4.6	(1.5)	1.9
Accounting for financial contracts with embedded derivatives	0.9	(3.3)	—	—
Accounting for financing by the effective rate method	0.1	0.1	(0.2)	0.1
Accrual of expenses from customer loyalty programs	(1.0)	(3.1)	0.1	(2.5)
Currency translation of investments in subsidiaries	12.2	1.0	5.2	1.0
Impairment on securities	0.1	0.6	0.3	(0.2)
Adjustment for guarantee provision	10.7	(4.2)	7.5	(1.0)
Adjustment for legal claims provision	(2.2)	—	(1.9)	0.4
Recognition of deferred commission income from guarantees	(0.2)	0.1	(0.4)	0.1
Reclassification of securities between portfolios	10.6	1.9	5.1	3.5
Accounting for mortgage loans securitisation	(0.1)	—	—	—
Other	(0.4)	(5.7)	(0.4)	(5.1)
The Group's total amount under IFRS	125.0	215.4	75.1	121.1

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.

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2015

25 Segment Analysis (Continued)

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 six months ended 30 June 2015 the Group's revenues from customers in the Russian Federation amounted to RR 1,190.1 billion (for the six months ended 30 June 2014: RR 918.2 billion); revenues from customers in all foreign countries from which the Group derives revenues amounted to RR 170.4 billion (for the six months ended 30 June 2014: RR 111.0 billion).

For the three months ended 30 June 2015 the Group's revenues from customers in the Russian Federation amounted to RR 598.2 billion (for the three months ended 30 June 2014: RR 479.9 billion); revenues from customers in all foreign countries from which the Group derives revenues amounted to RR 74.1 billion (for the three months ended 30 June 2014: RR 63.1 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 six months and the three months ended 30 June 2015 and 30 June 2014.

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2015

26 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 30 June 2015.

<i>(unaudited) in billions of Russian Roubles</i>	Russian Roubles	US Dollars	Euro	Turkish Lira	Other	Total
Assets						
Cash and cash equivalents	873.1	724.6	224.9	14.0	113.9	1,950.5
Mandatory cash balances with central banks	154.2	117.5	40.5	34.7	51.3	398.2
Financial assets at fair value through profit or loss (less fair value of derivatives)	155.5	31.5	0.6	0.5	1.3	189.4
Due from banks	159.2	366.2	36.0	0.1	58.5	620.0
Loans and advances to customers	10,994.7	3,670.4	833.2	792.0	465.6	16,755.9
Securities pledged under repurchase agreements	238.3	31.9	20.9	110.6	3.1	404.8
Investment securities available-for-sale	800.0	275.8	81.8	68.3	36.5	1,262.4
Investment securities held-to-maturity	216.7	73.0	3.4	25.7	0.2	319.0
Other financial assets	112.7	107.1	58.9	13.0	12.2	303.9
Total financial assets	13,704.4	5,398.0	1,300.2	1,058.9	742.6	22,204.1
Liabilities						
Due to banks	1,663.2	101.8	167.6	46.9	44.1	2,023.6
Due to individuals	6,711.3	1,525.3	1,178.8	331.0	234.6	9,981.0
Due to corporate customers	2,388.5	2,426.8	523.6	266.4	263.8	5,869.1
Debt securities in issue	625.5	462.4	130.5	47.1	62.8	1,328.3
Other borrowed funds	—	244.0	90.6	18.1	9.5	362.2
Financial liabilities at fair value through profit or loss except for debt securities in issue (less fair value of derivatives)	2.1	7.5	1.1	—	—	10.7
Other financial liabilities	436.8	80.7	15.8	43.9	7.4	584.6
Subordinated debt	522.4	232.7	6.1	—	9.0	770.2
Total financial liabilities	12,349.8	5,081.2	2,114.1	753.4	631.2	20,929.7
Net financial assets/(liabilities)	1,354.6	316.8	(813.9)	305.5	111.4	1,274.4
Net derivatives	(150.2)	(340.1)	801.8	(165.0)	18.1	164.6
Credit related commitments before provision for impairment (Note 27)	2,949.1	767.4	332.2	793.7	107.7	4,950.1

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2015

26 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 27)	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.

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2015

26 Financial Risk Management (Continued)

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.

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 – 30 June 2015

26 Financial Risk Management (Continued)

The liquidity position of the Group's assets and liabilities as at 30 June 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	1,950.5	—	—	—	—	—	1,950.5
Mandatory cash balances with central banks	172.9	65.5	40.0	88.1	31.7	—	398.2
Financial assets at fair value through profit or loss	227.5	187.7	94.4	163.9	54.3	—	727.8
Due from banks	511.6	80.8	8.0	16.0	3.6	—	620.0
Loans and advances to customers	864.4	1,883.8	2,040.5	5,045.1	6,653.0	269.1	16,755.9
Securities pledged under repurchase agreements	295.9	1.7	1.2	48.9	57.1	—	404.8
Investment securities available-for- sale	1,243.9	1.8	2.9	11.9	1.4	0.5	1,262.4
Investment securities held-to- maturity	3.0	40.4	25.4	153.6	96.6	—	319.0
Deferred income tax asset	—	—	—	—	—	18.2	18.2
Premises and equipment	—	—	—	—	—	499.9	499.9
Assets of the disposal group and non- current assets held for sale	68.0	—	—	—	—	—	68.0
Other assets	238.7	191.6	22.5	32.6	41.9	105.0	632.3
Total assets	5,576.4	2,453.3	2,234.9	5,560.1	6,939.6	892.7	23,657.0
Liabilities							
Due to banks	1,109.3	712.9	98.3	80.0	23.1	—	2,023.6
Due to individuals	2,549.6	1,901.5	1,732.4	3,307.8	489.7	—	9,981.0
Due to corporate customers	1,502.3	735.7	275.6	2,277.8	1,077.7	—	5,869.1
Debt securities in issue	186.7	345.8	220.1	254.8	320.9	—	1,328.3
Other borrowed funds	39.7	99.6	89.2	81.3	52.4	—	362.2
Financial liabilities at fair value through profit or loss except for debt securities in issue	29.2	136.2	75.1	85.6	58.4	—	384.5
Deferred income tax liability	—	—	—	—	—	80.2	80.2
Liabilities of the disposal group	56.9	—	—	—	—	—	56.9
Other liabilities	133.3	93.8	20.9	2.9	302.9	84.6	638.4
Subordinated debt	—	37.3	5.3	106.0	621.6	—	770.2
Total liabilities	5,607.0	4,062.8	2,516.9	6,196.2	2,946.7	164.8	21,494.4
Net liquidity gap	(30.6)	(1,609.5)	(282.0)	(636.1)	3,992.9	727.9	2,162.6
Cumulative liquidity gap as at 30 June 2015	(30.6)	(1,640.1)	(1,922.1)	(2,558.2)	1,434.7	2,162.6	—

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2015

26 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 – 30 June 2015

27 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:

	30 June 2015 (unaudited)	31 December 2014
<i>in billions of Russian Roubles</i>		
Guarantees issued	1,930.3	1,951.7
Commitments to extend credit	1,813.7	1,710.8
Undrawn credit lines	918.4	820.3
Import letters of credit and letters of credit for domestic settlements	190.5	250.7
Export letters of credit	97.2	541.9
Total credit related commitments before provision	4,950.1	5,275.4
Provision	(8.7)	(9.3)
Total credit related commitments after provision	4,941.4	5,266.1

As at 30 June 2015 included in Due to corporate customers are deposits of RR 102.9 billion (31 December 2014: RR 118.3 billion) held as collateral for irrevocable commitments under import letters of credit. Refer to Note 12.

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.

28 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 – 30 June 2015

28 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 30 June 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	46.7	1.9	—	48.6
Corporate bonds	19.5	0.7	—	20.2
Federal loan bonds (OFZ bonds)	17.2	0.1	—	17.3
Russian Federation Eurobonds	4.9	—	—	4.9
Corporate shares	3.4	0.9	—	4.3
Foreign government bonds	1.7	0.2	—	1.9
Securities designated as at fair value through profit or loss	91.8	33.6	15.4	140.8
Corporate bonds	64.4	29.7	—	94.1
Federal loan bonds (OFZ bonds)	21.2	—	—	21.2
Corporate shares	0.9	—	14.6	15.5
Municipal and subfederal bonds	4.9	0.3	—	5.2
Investments in mutual funds	—	3.3	0.8	4.1
Russian Federation Eurobonds	0.4	—	—	0.4
Foreign government bonds	—	0.3	—	0.3
Securities pledged under repurchase agreements	287.3	8.6	—	295.9
Federal loan bonds (OFZ bonds)	117.7	—	—	117.7
Foreign government bonds	81.2	—	—	81.2
Corporate bonds	64.3	8.3	—	72.6
Russian Federation Eurobonds	15.6	—	—	15.6
Municipal and subfederal bonds	8.5	0.3	—	8.8
Investment securities available-for-sale	1,199.1	63.3	—	1,262.4
Federal loan bonds (OFZ bonds)	520.0	—	—	520.0
Corporate bonds	347.8	45.9	—	393.7
Foreign government bonds	151.0	15.2	—	166.2
Russian Federation Eurobonds	127.3	—	—	127.3
Municipal and subfederal bonds	37.0	1.3	—	38.3
Corporate shares	16.0	0.5	—	16.5
Promissory notes	—	0.4	—	0.4
Derivative financial instruments	2.2	513.8	22.4	538.4
Foreign currency interest rate derivatives	—	241.1	—	241.1
Foreign currency derivatives	0.8	193.5	12.6	206.9
Interest rate derivatives	0.8	43.0	—	43.8
Commodity derivatives including precious metals derivatives	0.4	27.2	8.2	35.8
Credit risk derivatives	—	7.8	—	7.8
Equity securities derivatives	0.2	1.1	0.2	1.5
Debt securities derivatives	—	0.1	1.4	1.5
Total assets carried at fair value	1,627.1	621.2	37.8	2,286.1

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2015

28 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
Foreign currency derivatives	1.6	394.9	11.4	407.9
Foreign currency interest rate derivatives	—	282.6	—	282.6
Commodity derivatives including precious metals derivatives	0.7	47.1	6.5	54.3
Interest rate derivatives	0.7	43.6	—	44.3
Credit risk derivatives	—	13.6	—	13.6
Equity securities derivatives	0.4	2.2	0.2	2.8
Debt securities derivatives	0.1	—	1.0	1.1
Other derivatives	—	—	0.1	0.1
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 – 30 June 2015

28 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 30 June 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	—	620.0	—	620.0
Loans and advances to customers	—	682.7	15,319.3	16,002.0
Investment securities held-to-maturity	310.9	0.7	—	311.6
Investment securities held-to-maturity pledged under repurchase agreement	102.6	—	—	102.6
Total assets for which fair values are disclosed	413.5	1,303.4	15,319.3	17,036.2

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

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2015

28 Fair Value Disclosures (Continued)

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 30 June 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	2.9	370.9	—	373.8
Foreign currency interest rate derivatives	—	172.3	—	172.3
Foreign currency derivatives	2.0	150.0	—	152.0
Interest rate derivatives	0.5	26.1	—	26.6
Commodity derivatives including precious metals derivatives	0.3	21.5	—	21.8
Equity securities derivatives	0.1	0.8	—	0.9
Credit risk derivatives	—	0.1	—	0.1
Debt securities derivatives	—	0.1	—	0.1
Obligation to deliver securities	10.4	0.3	—	10.7
Corporate bonds	7.5	0.1	—	7.6
Federal loan bonds (OFZ bonds)	1.6	—	—	1.6
Corporate shares	0.4	0.2	—	0.6
Foreign government bonds	0.5	—	—	0.5
Russian Federation Eurobonds	0.4	—	—	0.4
Total liabilities carried at fair value	13.3	371.2	—	384.5
Liabilities for which fair values are disclosed				
Due to banks	—	2,011.0	12.4	2,023.4
Due to individuals	—	1,228.8	8,778.6	10,007.4
Due to corporate customers	—	789.1	4,965.6	5,754.7
Debt securities in issue	565.3	715.8	1.1	1,282.2
Other borrowed funds	—	361.4	—	361.4
Subordinated debt	178.3	555.8	0.6	734.7
Total liabilities for which fair values are disclosed	743.6	5,661.9	13,758.3	20,163.8

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2015

28 Fair Value Disclosures (Continued)

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
Foreign currency derivatives	5.1	408.2	—	413.3
Foreign currency interest rate derivatives	—	252.0	—	252.0
Commodity derivatives including				
precious metals derivatives	0.2	44.5	—	44.7
Interest rate derivatives	0.6	33.3	—	33.9
Equity securities derivatives	0.5	2.5	—	3.0
Credit risk derivatives	—	0.4	—	0.4
Debt securities derivatives	0.1	—	—	0.1
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 – 30 June 2015

28 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 six months ended 30 June 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	0.9	11.4
Securities designated as at fair value through profit or loss	1.0	1.1
Investment securities available-for-sale	12.5	6.0
Total transfers of financial assets	14.4	18.5
Financial liabilities		
Obligation to deliver securities	0.2	6.9
Total transfers of financial liabilities	0.2	6.9

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2015

28 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 assets which are recorded as at fair value as at 30 June 2015:

<i>(unaudited) 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 30 June 2015
Financial assets						
Trading securities	0.6	(0.6)	—	—	—	—
Securities designated as at fair value through profit or loss	14.5	1.0	(0.1)	—	—	15.4
Derivative financial instruments	19.2	4.7	(1.3)	0.9	(1.1)	22.4
Total level 3 financial assets	34.3	5.1	(1.4)	0.9	(1.1)	37.8

For the six months ended 30 June 2015 the gains in the amount of RR 5.3 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 gains 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 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 arising from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation; within net gains arising from operations with precious metals, precious metals derivatives and precious metals accounts translation and within net (losses) / gains arising from operations with other derivatives.

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2015

28 Fair Value Disclosures (Continued)

Valuation of share in a real estate company of RR 6.6 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 30 June 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 4.0 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 30 June 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 2.8 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 30 June 2015 is 12.2%, 14.9%, 16.2%, 13.6% and 18.3%. 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 0.7 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.

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2015

28 Fair Value Disclosures (Continued)

Valuation of foreign currency and precious metals derivatives contracts of RR 20.5 billion using non-observable inputs

The inputs used for estimation of fair values of foreign currency derivatives as at 30 June 2015 were the adjusted yields to maturity of the Belarusian Eurobonds in USD with different maturity dates varying from 12.8% to 14.1%. The input used for estimation of fair values of precious metals derivatives as at 30 June 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 0.1 billion lower, the carrying value of the precious metals derivatives would be RR 0.5 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 +/-5.69% to +/- 18.18% would impact on the fair value of derivatives in the range of RR+/- 0.1 billion.

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.

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.

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2015

28 Fair Value Disclosures (Continued)

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 – 30 June 2015

28 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 – 30 June 2015

28 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>	30 June 2015 (unaudited)		31 December 2014	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets carried at amortized cost				
Due from banks	620.0	620.0	240.8	240.8
Loans and advances to customers:				
- Commercial loans to legal entities	7,847.0	7,702.5	8,570.1	8,605.4
- Specialized loans to legal entities	4,389.4	3,904.2	4,530.9	4,489.4
- Consumer and other loans to individuals	1,543.2	1,498.1	1,762.7	1,642.7
- Mortgage loans to individuals	2,330.1	2,254.3	2,230.2	2,139.6
- Credit cards and overdrafts	504.8	504.8	500.6	500.6
- Car loans to individuals	141.4	138.1	162.1	159.0
Securities pledged under repurchase agreements:				
- Investment securities held-to-maturity pledged under repurchase agreements	108.9	102.6	340.0	297.7
Investment securities held-to-maturity	319.0	311.6	117.9	121.4
Total financial assets carried at amortized cost	17,803.8	17,036.2	18,455.3	18,196.6

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2015

28 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>	30 June 2015 (unaudited)		31 December 2014	
	Carrying value	Fair value	Carrying value	Fair value
Financial liabilities carried at amortized cost				
Due to banks	2,023.6	2,023.4	3,640.0	3,640.8
Due to Individuals:				
- Current/demand accounts	1,861.7	1,861.7	1,886.2	1,886.2
- Term deposits	8,119.3	8,145.7	7,442.1	7,435.6
- Direct repo deals	—	—	0.1	0.1
Due to corporate customers:				
- Current/settlement accounts of state and public organizations	144.7	144.7	134.0	134.0
- Term deposits of state and public organizations	474.6	451.4	605.2	588.7
- Current/settlement accounts of other corporate customers	1,811.8	1,811.8	1,685.7	1,685.7
- Term deposits of other corporate customers	3,366.2	3,275.0	3,780.8	3,761.8
- Direct repo deals	71.8	71.8	28.8	28.8
Debt securities in issue:				
- Loan participation notes issued under the MTN programme of Sberbank	607.4	565.3	629.9	571.1
- Savings certificates	552.2	550.3	456.8	457.2
- Bonds issued:				
- on the local market	68.2	70.3	80.2	79.9
- on international capital markets	28.4	25.1	33.0	33.1
- Promissory notes	60.0	59.1	73.3	72.9
- Bonds issued under mortgage securitization programme of Sberbank	8.2	8.2	9.7	9.7
- Notes issued under the ECP programme of Sberbank	1.8	1.8	15.9	15.9
- Other debt securities issued	2.1	2.1	2.7	2.7
Other borrowed funds	362.2	361.4	537.2	543.7
Subordinated debt:				
- Subordinated debt received by the Group from the Bank of Russia	520.6	520.6	503.9	503.9
- Subordinated debt received under the MTN programme of Sberbank	212.4	178.3	226.7	169.9
- Other subordinated debt	37.2	35.8	38.9	38.2
Total financial liabilities carried at amortized cost	20,334.4	20,163.8	21,811.1	21,659.9

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2015

29 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.

<i>in billions of Russian Roubles</i>	30 June 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
Securities pledged under repurchase agreements	332.0	310.4	72.8	71.4	1,139.7	1,051.4	29.6	28.4
Securities issued by the Bank pledged under repurchase agreements	0.2	0.1	0.2	0.2	—	—	0.2	0.2
Securities of clients pledged under repurchase agreements	30.9	27.9	0.5	0.2	0.8	1.0	0.3	0.3
Total before margin calls	363.1	338.4	73.5	71.8	1,140.5	1,052.4	30.1	28.9
Other financial assets (margin calls under repurchase agreements)	—	—	0.2	—	0.1	—	0.2	—
Total	363.1	338.4	73.7	71.8	1,140.6	1,052.4	30.3	28.9

Refer to Note 8 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:

<i>in billions of Russian Roubles</i>	30 June 2015 (unaudited)		31 December 2014	
	Carrying value of assets	Carrying value of related liability	Carrying value of assets	Carrying value of related liability
Cash and cash equivalents	0.1	0.1	0.1	0.1
Loans to corporate customers	1,714.3	1,219.1	2,104.0	2,012.6
Loans to individuals	9.4	8.2	10.3	9.7
Securities	35.4	26.7	44.1	40.3
Other assets	9.6	5.8	7.5	6.5
Total	1,768.8	1,259.9	2,166.0	2,069.2

Refer to Note 13 for detailed information on bonds issued under mortgage securitization programme of Sberbank.

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

<i>in billions of Russian Roubles</i>	30 June 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
Cash and cash equivalents	41.6	50.1	36.0	38.8
Due from banks	36.4	45.8	82.1	102.4
Loans and advances to customers	64.6	86.8	121.5	210.1
Total	142.6	182.7	239.6	351.3

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2015

30 Offsetting of Financial Instruments

Financial instruments subject to offsetting, enforceable master netting (ISDA, RISDA, etc.) and similar arrangements are as follows as at 30 June 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	447.4	(0.1)	447.3	(212.8)	(43.4)	191.1
Reverse repurchase agreements	142.6	—	142.6	(142.6)	—	—
Total financial assets	590.0	(0.1)	589.9	(355.4)	(43.4)	191.1
Financial liabilities						
Derivative financial liabilities	370.4	0.1	370.5	(212.8)	(81.3)	76.4
Direct repurchase agreements	410.2	—	410.2	(410.2)	—	—
Total financial liabilities	780.6	0.1	780.7	(623.0)	(81.3)	76.4

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

<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	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.

31 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 32 for significant transactions with state-controlled entities and government bodies.

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2015

31 Related Party Transactions (Continued)

As at 30 June 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>	30 June 2015 (unaudited)		31 December 2014	
	Bank of Russia	Other related parties	Bank of Russia	Other related parties
Assets				
Cash and cash equivalents	340.1	—	228.8	—
Mandatory cash balances with the Bank of Russia	154.2	—	142.7	—
Due from banks	1.4	—	1.6	—
Gross loans and advances to customers	—	20.0	—	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	1,530.2	—	3,027.9	—
Due to individuals	—	6.2	—	5.8
Due to corporate customers	—	1.9	—	2.0
Subordinated debt	520.6	—	503.9	—
Other liabilities	—	0.7	—	1.0

The income and expense items with the Bank of Russia and other related parties for the six months ended 30 June 2015 and 30 June 2014 were as follows:

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Six months ended 30 June			
	2015		2014	
	Bank of Russia	Other related parties	Bank of Russia	Other related parties
Interest income	0.1	1.1	0.1	0.7
Interest expense on subordinated debt	(15.9)	—	(10.0)	—
Interest expense other than on subordinated debt	(133.2)	(0.3)	(52.5)	(0.2)
Revenue of non-banking business activities	—	0.9	—	2.9
Commission expense	(0.9)	(0.2)	(0.7)	(0.1)

The income and expense items with the Bank of Russia and other related parties for the three months ended 30 June 2015 and 30 June 2014 were as follows:

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Three months ended 30 June			
	2015		2014	
	Bank of Russia	Other related parties	Bank of Russia	Other related parties
Interest income	—	0.6	0.1	0.7
Interest expense on subordinated debt	(8.0)	—	(5.3)	—
Interest expense other than on subordinated debt	(53.8)	(0.1)	(30.9)	(0.1)
Revenue of non-banking business activities	—	0.4	—	1.7
Commission expense	(0.5)	(0.1)	(0.2)	(0.1)

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2015

31 Related Party Transactions (Continued)

For the six months ended 30 June 2015, remuneration of the members of the key management personnel comprised salaries and bonuses totaling RR 0.6 billion (for the six months ended 30 June 2014: RR 0.6 billion).

For the three months ended 30 June 2015, remuneration of the members of the key management personnel comprised salaries and bonuses totaling RR 0.4 billion (for the three months ended 30 June 2014: RR 0.4 billion).

32 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 30 June 2015 are disclosed below:

		30 June 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	172.6	188.7	10.8
Client 2	Machinery	165.6	110.9	41.5
Client 3	Oil and gas	152.0	77.1	26.3
Client 4	Energy	170.2	49.8	—
Client 5	Machinery	160.8	41.7	14.3
Client 6	Machinery	78.2	78.3	24.4
Client 7	Machinery	37.7	24.6	105.8
Client 8	Oil and gas	—	153.0	—
Client 9	Machinery	100.4	25.7	9.1
Client 10	Telecommunications	101.0	6.7	5.5
Client 11	Banking	—	1.8	100.0
Client 12	Banking	48.1	53.4	—
Client 13	Energy	53.0	37.6	0.1
Client 14	Oil and gas	40.9	25.0	12.2
Client 15	Other	66.9	3.7	—
Client 16	Government and municipal bodies	49.2	10.9	—
Client 17	Oil and gas	—	58.8	—
Client 18	Machinery	55.2	3.0	—
Client 19	Machinery	42.1	9.8	—
Client 20	Transport, aviation, space industry	23.7	—	24.4

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

Additionally as at 30 June 2015 balances from operations with state-controlled entities and government bodies include receivables from Deposit Insurance Agency of RR 16.3 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 11.

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 30 June 2015 (Clients 1-20), and additional list of Clients with the balances which were significant as at 31 December 2014 (Clients 21-26):

<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	Machinery	169.6	51.4	37.2
Client 3	Oil and gas	119.7	133.9	25.5
Client 4	Energy	173.2	39.5	—
Client 5	Machinery	179.0	45.2	15.2
Client 6	Machinery	93.8	33.6	25.8
Client 7	Machinery	42.5	10.6	109.8
Client 8	Oil and gas	—	62.8	—
Client 9	Machinery	126.9	30.6	9.0
Client 10	Telecommunications	103.1	14.7	7.3
Client 11	Banking	—	—	100.0
Client 12	Banking	57.0	51.7	—
Client 13	Energy	51.3	47.6	0.1
Client 14	Oil and gas	40.3	12.6	34.7
Client 15	Other	65.8	6.9	3.3
Client 16	Government and municipal bodies	49.1	—	—
Client 17	Oil and gas	8.5	24.2	—
Client 18	Machinery	59.0	0.2	—
Client 19	Machinery	62.5	14.8	—
Client 20	Transport, aviation, space industry	6.0	9.1	25.6
Client 21	Government and municipal bodies	—	217.5	—
Client 22	Government and municipal bodies	—	89.5	—
Client 23	Machinery	30.7	2.1	8.4
Client 24	Transport, aviation, space industry	14.1	2.7	14.4
Client 25	Machinery	15.6	0.6	14.4
Client 26	Machinery	5.8	19.4	20.7

As at 30 June 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>	30 June 2015 (unaudited)		31 December 2014	
	Corporate bonds	Corporate shares	Corporate bonds	Corporate shares
Trading securities	16.6	1.6	11.4	1.0
Securities designated as at fair value through profit or loss	89.3	0.4	36.3	0.2
Securities pledged under repurchase agreements	81.9	—	261.4	0.1
Investment securities available-for-sale	229.5	15.9	87.3	22.0
Investment securities held-to-maturity	45.2	—	15.8	—

For disclosures on investments in government debt securities please refer to Notes 5, 8, 9 and 10.

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2015

33 Principal Subsidiaries

The table below provides details on principal subsidiaries of the Bank as at 30 June 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	99.28%	Switzerland
Cetelem Bank LLC	banking	79.20%	Russia
JSC 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
JSC 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
JSC Non-state Pension Fund of Sberbank	finance	100.00%	Russia

In accordance with the requirements of Federal Law No. 99-FZ "On Amending Chapter 4 of Part 1 of the Civil Code of the Russian Federation, and on Recognizing Some Provisions of Russian Legislative Acts to be Void" several subsidiaries of the Bank changed its legal form from Closed joint-stock company (CJSC) to Joint-stock company (JSC).

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 60.3 billion (31 December 2014: RR 58.0 billion) of NPJSC Krasnaya Polyana as a disposal group as of 30 June 2015.

In April 2015 JSC 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 JSC Non-state Pension Fund of Sberbank during 2013-2014.

The share of the subsidiaries of the Bank in the consolidated assets of the Group as at 30 June 2015 was 20.6% (31 December 2014: 20.4%).

34 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 30 June 2015 this regulatory capital adequacy ratio N1 was 12.7% (31 December 2014: 11.6%). 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 – 30 June 2015

34 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 30 June 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:

	30 June 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	1,794.9	1,718.8
Treasury shares	(6.3)	(7.6)
less Goodwill	(22.4)	(23.7)
Total Tier 1 capital	2,086.5	2,007.8
Tier 2 capital		
Revaluation reserve for premises	70.9	72.3
Fair value reserve for investment securities available-for-sale	(30.3)	(77.1)
Foreign currency translation reserve	47.3	83.2
Eligible subordinated debt	751.7	753.4
less Investments in associates	(6.2)	(4.3)
Total Tier 2 capital	833.4	827.5
Total capital	2,919.9	2,835.3
Risk weighted assets (RWA)		
Credit risk	21,361.4	22,845.3
Market risk	452.7	519.7
Total risk weighted assets (RWA)	21,814.1	23,365.0
Core capital adequacy ratio (Total Tier 1 capital / Total RWA), %	9.6	8.6
Total capital adequacy ratio (Total capital / Total RWA), %	13.4	12.1

35 Subsequent Events

On 7 July 2015 the Group fully redeemed upon maturity the 4th Series of the loan participation notes issued under the MTN programme of Sberbank. Refer to Note 13.

Subsequent to the reporting date, the Russian economy was negatively impacted by a significant devaluation of the Russian Rouble, a significant drop in crude oil prices and drop of both Russian and international main stock market indexes.