

Sberbank of Russia and its subsidiaries

Interim Condensed Consolidated Financial Statements
and Report on Review

30 September 2015

CONTENTS

Report on Review of Interim Condensed Consolidated Financial Statements

Interim Condensed Consolidated Financial Statements

Interim Consolidated Statement of Financial Position	1
Interim Consolidated Statement of Profit or Loss	2
Interim Consolidated Statement of Comprehensive Income	3
Interim Consolidated Statement of Changes in Equity	4
Interim Consolidated Statement of Cash Flows	5

Selected Notes to the Interim Condensed Consolidated Financial Statements

1	Introduction.....	6
2	Operating Environment of the Group.....	7
3	Basis of Preparation.....	8
4	Accounting Policies, Critical Accounting Estimates and Judgements, Adoption of Revised Standards, and Reclassifications.....	9
5	Financial Assets at Fair Value through Profit or Loss.....	13
6	Due from Banks	14
7	Loans and Advances to Customers	15
8	Securities Pledged under Repurchase Agreements	26
9	Investment Securities Available-for-Sale	27
10	Investment Securities Held-to-Maturity	27
11	Other Assets	28
12	Due to Individuals and Corporate Customers.....	30
13	Debt Securities in Issue.....	31
14	Other Borrowed Funds	32
15	Financial Liabilities at Fair Value through Profit or Loss except for Debt Securities in Issue	33
16	Other Liabilities.....	33
17	Subordinated Debt	34
18	Interest Income and Expense	36
19	Fee and Commission Income and Expense.....	37
20	Net Results Arising from Trading in Foreign Currencies, Operations with Foreign Currency Derivatives and Foreign Exchange Translation.....	37
21	Net Results of Non-banking Business Activities.....	38
22	Net Results from Insurance and Pension Fund Operations	38
23	Operating Expenses	39
24	Earnings per Share and Dividends	39
25	Segment Analysis.....	40
26	Financial Risk Management.....	49
27	Credit Related Commitments	54
28	Fair Value Disclosures.....	54
29	Transfers of Financial Assets and Pledged Assets.....	68
30	Offsetting of Financial Instruments	69
31	Related Party Transactions	70
32	Operations with State-Controlled Entities and Government Bodies	72
33	Principal Subsidiaries	74
34	Capital Adequacy Ratio.....	74
35	Subsequent Events	75

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 September 2015 and the related interim consolidated statements of profit or loss and interim consolidated statements of comprehensive income for the three-month and the nine-month periods then ended, interim consolidated statement of changes in equity and interim consolidated statement of cash flows for the nine-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 September 2015 and for the period from 1 January 2015 till 30 September 2015 are not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.



24 November 2015

Moscow, Russia

Interim Consolidated Statement of Financial Position

<i>in billions of Russian Roubles</i>	Note	30 September 2015 (unaudited)	31 December 2014
ASSETS			
Cash and cash equivalents		2,519.2	2,308.8
Mandatory cash balances with central banks		364.5	365.7
Financial assets at fair value through profit or loss	5	840.8	921.7
Due from banks	6	821.1	240.8
Loans and advances to customers	7	17,948.7	17,756.6
Securities pledged under repurchase agreements	8	397.4	1,169.3
Investment securities available-for-sale	9	1,300.5	829.7
Investment securities held-to-maturity	10	373.0	117.9
Deferred tax asset		21.7	19.1
Premises and equipment		496.2	496.4
Assets of the disposal group and non-current assets held for sale		68.2	72.0
Other financial assets	11	475.3	562.9
Other non-financial assets	11	307.8	339.9
TOTAL ASSETS		25,934.4	25,200.8
LIABILITIES			
Due to banks		1,621.1	3,640.0
Due to individuals	12	10,893.1	9,328.4
Due to corporate customers	12	7,393.4	6,234.5
Debt securities in issue	13	1,304.9	1,302.6
Other borrowed funds	14	374.8	537.2
Financial liabilities at fair value through profit or loss except for debt securities in issue	15	438.2	769.1
Deferred tax liability		93.8	45.3
Liabilities of the disposal group		57.7	58.2
Other financial liabilities	16	639.0	444.5
Other non-financial liabilities	16	55.9	51.4
Subordinated debt	17	819.8	769.5
TOTAL LIABILITIES		23,691.7	23,180.7
EQUITY			
Share capital		87.7	87.7
Treasury shares		(6.4)	(7.6)
Share premium		232.6	232.6
Revaluation reserve for office premises		70.2	72.3
Fair value reserve for investment securities available-for-sale		(73.3)	(171.4)
Foreign currency translation reserve		67.9	83.2
Remeasurement of defined benefit pension plans		(1.0)	—
Retained earnings		1,861.1	1,718.8
Total equity attributable to shareholders of the Bank		2,238.8	2,015.6
Non-controlling interest		3.9	4.5
TOTAL EQUITY		2,242.7	2,020.1
TOTAL LIABILITIES AND EQUITY		25,934.4	25,200.8

Approved for issue and signed on behalf of the Management Board on 24 November 2015.



Herman Gref,
Chairman of the Management Board and CEO



Marina Lukianova,
Chief Accountant

Interim Consolidated Statement of Profit or Loss

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Note	Nine months ended 30 September		Three months ended 30 September	
		2015	2014	2015	2014
Interest income	18	1,680.7	1,316.7	574.2	459.4
Interest expense	18	(962.0)	(547.1)	(301.0)	(195.9)
Deposit insurance expenses	18	(27.9)	(24.5)	(9.8)	(8.3)
Net interest income		690.8	745.1	263.4	255.2
Net provision charge for impairment of debt financial assets	7,10	(362.5)	(255.4)	(130.1)	(104.5)
Net interest income after provision charge for impairment of debt financial assets		328.3	489.7	133.3	150.7
Fee and commission income	19	269.1	210.0	99.2	74.4
Fee and commission expense	19	(45.7)	(31.0)	(17.3)	(10.4)
Net gains / (losses) arising from trading securities		2.8	(0.8)	0.6	(2.2)
Net gains / (losses) arising from securities designated as at fair value through profit or loss		8.2	(0.1)	0.5	(0.9)
Net gains arising from investment securities available-for-sale		4.4	4.1	2.2	2.2
Impairment of investment securities available-for-sale		(0.4)	(0.8)	(0.4)	—
Net gains arising from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation	20	62.0	5.3	17.5	5.1
Net losses arising from operations with precious metals, precious metals derivatives and precious metals accounts translation		(1.2)	(4.8)	(2.6)	(4.9)
Net gains arising from operations with other derivatives		4.4	5.3	5.0	3.1
Goodwill impairment		(0.2)	—	—	—
Losses on initial recognition of financial instruments and on loans restructuring		(1.5)	—	—	—
Net charge for other provisions	11,16	(3.5)	(10.3)	(6.7)	(4.4)
Revenue of non-banking business activities	21	16.6	17.5	6.8	4.5
Cost of sales and other expenses of non-banking business activities	21	(17.2)	(17.0)	(6.4)	(3.6)
Net income from insurance and pension fund operations	22	5.9	20.5	1.1	8.0
Other operating income		16.7	6.7	4.6	2.5
Operating income		648.7	694.3	237.4	224.1
Operating expenses	23	(431.7)	(388.1)	(145.4)	(133.3)
Profit before tax		217.0	306.2	92.0	90.8
Income tax expense		(66.7)	(64.9)	(26.9)	(19.9)
Profit for the period		150.3	241.3	65.1	70.9
Attributable to:					
- shareholders of the Bank		150.2	242.3	65.4	71.3
- non-controlling interest		0.1	(1.0)	(0.3)	(0.4)
Earnings per ordinary share attributable to the shareholders of the Bank, basic and diluted (expressed in RR per share)	24	6.96	11.13	3.04	3.32

Approved for issue and signed on behalf of the Management Board on 24 November 2015.



Herman Gref,
Chairman of the Management Board and CEO



Marina Lukianova,
Chief Accountant

Interim Consolidated Statement of Comprehensive Income

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Nine months ended 30 September		Three months ended 30 September	
	2015	2014	2015	2014
Profit for the period	150.3	241.3	65.1	70.9
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	126.5	(58.6)	(5.6)	(39.2)
- Impairment of investment securities available-for-sale transferred to statement of profit or loss	0.4	0.8	0.4	—
- Accumulated gains transferred to statement of profit or loss upon disposal of investment securities available-for-sale	(4.4)	(4.1)	(2.2)	(2.2)
Deferred income tax relating to other comprehensive income on:				
- Investment securities available-for-sale	(24.4)	12.3	1.5	8.1
Net foreign currency translation effect	(15.3)	16.4	20.6	21.1
Total other comprehensive income / (loss) to be reclassified to profit or loss in subsequent periods, net of tax	82.8	(33.2)	14.7	(12.2)
<i>Items that will not be reclassified to profit or loss in subsequent periods</i>				
Remeasurement of defined benefit pension plans	(1.2)	—	0.3	—
Deferred income tax relating to other comprehensive income on:				
- Remeasurement of defined benefit pension plans	0.2	—	(0.1)	—
Total other comprehensive (loss) / income that will not be reclassified to profit or loss in subsequent periods, net of tax	(1.0)	—	0.2	—
Total other comprehensive income / (loss)	81.8	(33.2)	14.9	(12.2)
Total comprehensive income for the period	232.1	208.1	80.0	58.7
Attributable to:				
- shareholders of the Bank	232.0	209.1	80.3	59.1
- non-controlling interest	0.1	(1.0)	(0.3)	(0.4)

Interim Consolidated Statement of Changes in Equity

<i>in billions of Russian Roubles</i>	Note	Attributable to shareholders of the Bank										
		Share capital	Treasury shares	Share premium	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
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 nine months ended 30 September 2014 (unaudited)												
Net result from treasury shares transactions		—	(0.3)	—	—	—	—	—	0.2	(0.1)	—	(0.1)
Dividends declared	24	—	—	—	—	—	—	—	(72.1)	(72.1)	—	(72.1)
Transfer of revaluation reserve for office premises upon disposal or depreciation		—	—	—	(1.9)	—	—	—	1.9	—	—	—
Changes in ownership interest in subsidiaries		—	—	—	—	—	—	—	—	—	(3.5)	(3.5)
<i>Profit / (loss) for the period</i>		—	—	—	—	—	—	—	242.3	242.3	(1.0)	241.3
<i>Other comprehensive (loss) / income for the period</i>		—	—	—	—	(49.6)	16.4	—	—	(33.2)	—	(33.2)
Total comprehensive (loss) / income for the period		—	—	—	—	(49.6)	16.4	—	242.3	209.1	(1.0)	208.1
Balance as at 30 September 2014 (unaudited)		87.7	(7.5)	232.6	73.9	(48.3)	2.7	—	1,667.5	2,008.6	5.2	2,013.8
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 nine months ended 30 September 2015 (unaudited)												
Net result from treasury shares transactions		—	1.2	—	—	—	—	—	0.2	1.4	—	1.4
Dividends declared	24	—	—	—	—	—	—	—	(10.2)	(10.2)	—	(10.2)
Transfer of revaluation reserve for office premises upon disposal or depreciation		—	—	—	(2.1)	—	—	—	2.1	—	—	—
Changes in ownership interest in subsidiaries		—	—	—	—	—	—	—	—	—	(0.7)	(0.7)
<i>Profit for the period</i>		—	—	—	—	—	—	—	150.2	150.2	0.1	150.3
<i>Other comprehensive income / (loss) for the period</i>		—	—	—	—	98.1	(15.3)	(1.0)	—	81.8	—	81.8
Total comprehensive income / (loss) for the period		—	—	—	—	98.1	(15.3)	(1.0)	150.2	232.0	0.1	232.1
Balance as at 30 September 2015 (unaudited)		87.7	(6.4)	232.6	70.2	(73.3)	67.9	(1.0)	1,861.1	2,238.8	3.9	2,242.7

Interim Consolidated Statement of Cash Flows

<i>(unaudited)</i> in billions of Russian Roubles	Note	Nine months ended 30 September	
		2015	2014
Cash flows from operating activities before changes in operating assets and liabilities			
Interest received		1,636.6	1,298.8
Interest paid		(835.3)	(490.1)
Expenses paid directly attributable to deposit insurance		(26.3)	(23.5)
Fees and commissions received		289.6	225.9
Fees and commissions paid		(45.8)	(28.5)
Net losses incurred on trading securities		—	(3.5)
Dividends received		1.6	1.5
Net (losses incurred) / gains received on securities designated as at fair value through profit or loss		(1.6)	0.7
Net losses incurred from trading in foreign currencies and from operations with foreign currency derivatives		(99.5)	(2.0)
Net losses incurred from operations with other derivatives		(2.2)	(7.7)
Net losses incurred from operations with precious metals and precious metals derivatives		(2.5)	(5.0)
Revenue received from non-banking business activities		17.3	20.1
Expenses paid on non-banking business activities		(16.9)	(19.1)
Insurance premiums received		19.1	23.2
Payments on insurance operations		(0.7)	(0.1)
Payments on pension insurance agreements received		162.0	2.3
Payments on pension fund operations		(7.8)	(0.1)
Other operating income received		11.5	9.1
Operating expenses paid		(342.7)	(291.9)
Income tax paid		(9.8)	(70.5)
Cash flows from operating activities before changes in operating assets and liabilities		746.6	639.6
Changes in operating assets and liabilities			
Net increase in mandatory cash balances with central banks		(17.0)	(26.3)
Net (increase) / decrease in financial assets at fair value through profit or loss		(123.3)	51.8
Net (increase) / decrease in due from banks		(574.1)	99.1
Net increase in loans and advances to customers		(85.5)	(1,810.1)
Net decrease in other assets		49.0	47.4
Net (decrease) / increase in due to banks		(2,027.1)	273.4
Net increase / (decrease) in due to individuals		1,422.6	(40.7)
Net increase in due to corporate customers		912.4	778.8
Net increase / (decrease) in debt securities in issue		82.2	(7.9)
Net decrease in financial liabilities at fair value through profit or loss except for debt securities in issue		(10.4)	(9.7)
Net (decrease) / increase in other liabilities		(19.1)	37.3
Net cash from operating activities		356.3	32.7
Cash flows from investing activities			
Purchase of investment securities available-for-sale		(423.1)	(630.0)
Proceeds from disposal and redemption of investment securities available-for-sale		594.7	550.8
Purchase of investment securities held-to-maturity		(17.0)	(17.1)
Proceeds from redemption of investment securities held-to-maturity		33.0	64.8
Acquisition of premises and equipment and intangible assets		(52.0)	(68.6)
Proceeds from disposal of premises and equipment and intangible assets including insurance payments		5.6	11.0
Acquisition of investment property		(0.3)	(0.3)
Proceeds from disposal of investment property		0.3	1.0
Acquisition of subsidiaries net of cash acquired		—	9.6
Proceeds from disposal of subsidiaries net of cash disposed		0.6	0.6
Net cash from / (used in) investing activities		141.8	(78.2)
Cash flows from financing activities			
Other borrowed funds received		104.2	206.7
Redemption of other borrowed funds		(314.7)	(224.2)
Repayment of interest on other borrowed funds		(8.4)	(9.0)
Subordinated debt received		—	238.7
Redemption of subordinated debt		(14.2)	—
Repayment of interest on subordinated debt		(9.5)	(4.1)
Funds received from loan participation notes issued or reissued / other bonds issued		11.3	101.9
Redemption of loan participation notes / other bonds issued		(148.4)	(9.5)
Repayment of interest on loan participation notes / other bonds issued		(31.8)	(17.1)
Purchase of treasury shares		(3.8)	(29.8)
Proceeds from disposal of treasury shares		5.0	30.5
Dividends paid	24	(10.3)	(71.9)
Net cash (used in) / from financing activities		(420.6)	212.2
Effect of exchange rate changes on cash and cash equivalents		130.2	40.8
Effect of hyperinflation on cash and cash equivalents		—	0.8
Net increase in cash and cash equivalents		207.7	208.3
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		2.7	—
Cash and cash equivalents as at the end of the period		2,519.2	1,535.3

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 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 nine months ended 30 September 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 Bank 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 September 2015 (31 December 2014: 52.3% of ordinary shares or 50.0% plus 1 share of the issued and outstanding shares).

As at 30 September 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 September 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 16,514 (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 September 2015 was 328,166 (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 September 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	0.325	267.450	4.095	0.013	0.015	0.046
USD/	66.237	21.500	17,714.989	271.230	0.888	0.971	3.047
EUR/	74.583	24.209	19,947.072	305.404	1.000	1.093	3.430

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 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 nine months of 2015, GDP declined by 3.7%¹, year-on-year. In the first quarter of 2015 GDP decreased by 2.2%², the decline accelerated to 4.6%² in the second quarter and in the third quarter of 2015 the decrease was 4.1%¹, year-on-year. The deepening recession was largely caused by the following factors: reduction in investments and decline in the household consumption. Investments decreased by 3.6%² in the first quarter of 2015, in the second quarter - by 6.7%², in the third quarter - by 6.8%¹, year-on-year. Retail sales in the third quarter of 2015 decreased by 9.5%¹, in the second quarter of 2015 – by 9.2%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%² in the first quarter of 2015 to 4.4%² in the second quarter of 2015 and 3.8%² in the third quarter of 2015 compared to the same periods of 2014 (in the nine months of 2015 total decrease was 3.3%²), shift to the savings pattern of behavior by the public, actual stop in the retail lending growth and beginning of its contraction (the growth of 0.8%³ at the end of the first half of 2015 was followed by a contraction in retail lending by 3.1%³ at the end of the third quarter of 2015 compared to the same periods in 2014). The public's propensity to save was evidenced by the growth of the share of income allocated to savings, which amounted 12.8%¹ in the nine months of 2015 (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 22.6%³ in September 2015 (17.8%³ in June 2015) compared to the same period of 2014.

The index of industrial output decreased by 3.2%¹ in the nine months of 2015 (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, in the second quarter decline amounted to 4.9%², and in the third quarter the decline amounted to 4.2%², year-on-year.

Decline in the 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. In July - August 2015 there was acceleration of price growth due to the increase in utility tariffs and the repeated weakening of the Russian rouble (which mostly affected non-food products). Though inflation slowed down to 15.7%² in September 2015 but still remained above the low level reached in June 2015.

Reduction of inflation expectations, as well as the absence of monetary factors accelerating inflation 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. Summer acceleration of inflation led to a rise in inflation expectations, compelling the Bank of Russia initially to slowdown the decrease of the key rate to 0.5 percentage points, and later did suspend easing of monetary policy. As a result, the key rate remains at 11%.

In the first half of 2015 capital outflows gradually slowed down, to be followed by capital inflows of about USD 5 billion³ in the third quarter of 2015. The outflow of capital was mainly generated by the banking sector which reduced its external debt by USD 48 billion³ for the nine months of 2015. Adjusted for foreign currency provided within currency repo, currency swap transactions and correspondent accounts of resident banks with the Bank of Russia, net capital inflow to banks and enterprises reached USD 1.8 billion³ in the third quarter of 2015.

¹ Rosstat preliminary data

² Rosstat data

³ Bank of Russia assessment, Russian Accounting Standards data

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

2 Operating Environment of the Group (Continued)

Russia's banking sector finished the nine months of 2015 with a profit of RR 127 billion³ that is almost five times lower, year-on-year. 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 nine months of 2015 the share of overdue loans in the corporate loan portfolio rose from 4.2%³ to 5.8%³, and in the retail loan portfolio - from 5.9%³ to 8.0%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 963 billion³ in the nine months of 2015 compared to RR 649 billion³ in the nine months of 2014).

There was a multidirectional dynamics of the Russian rouble exchange rate in the nine months 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. In the third quarter of 2015 Russian rouble lost 19% of its value against USD and 21% against EUR. The main reason for this was the drop in oil prices, which reached a local minimum of USD 40.8 per barrel at the end of August 2015.

As the result, the situation on the financial markets in the third quarter of 2015 was tense. MICEX index fell by 0.7%, RTS – by 16%. From the beginning of 2015 MICEX index grew by 18%, RTS index fell by 0.1%. Rouble capitalization of the Bank for the third quarter of 2015 increased by 5%, for the nine months of 2015 - by 38%.

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 nine months ended 30 September 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 September 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.

³ Bank of Russia assessment, Russian Accounting Standards data

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

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.

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 September 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. Starting from the first quarter 2015 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 September 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.

Following the improved disclosure of operations on insurance activities, the presentation of the comparative figures has been adjusted to be consistent with the new presentation. The necessary adjustments to the presentation disclosed in the financial statements for the six months ended 30 June 2015 are shown in the table below.

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	As previously reported	Reclassification	As reclassified
Six months ended 30 June 2015:			
Fee and commission income	175.2	(5.3)	169.9
Net income from insurance and pension fund operations	(0.5)	5.3	4.8
Nine months ended 30 September 2014:			
Fee and commission income	214.5	(4.5)	210.0
Fee and commission expense	(22.2)	(8.8)	(31.0)
Net gains arising from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation	17.6	(12.3)	5.3
Net losses arising from operations with precious metals, precious metals derivatives and precious metals accounts translation	(3.7)	(1.1)	(4.8)
Revenue of non-banking business activities	45.0	(27.5)	17.5
Cost of sales and other expenses of non-banking business activities	(39.8)	22.8	(17.0)
Net income from insurance and pension fund operations	—	20.5	20.5
Operating expenses	(399.0)	10.9	(388.1)
Three months ended 30 September 2014:			
Fee and commission income	76.7	(2.3)	74.4
Fee and commission expense	(7.1)	(3.3)	(10.4)
Net gains arising from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation	9.1	(4.0)	5.1
Net losses arising from operations with precious metals, precious metals derivatives and precious metals accounts translation	(4.6)	(0.3)	(4.9)
Revenue of non-banking business activities	18.0	(13.5)	4.5
Cost of sales and other expenses of non-banking business activities	(14.8)	11.2	(3.6)
Net income from insurance and pension fund operations	—	8.0	8.0
Operating expenses	(137.5)	4.2	(133.3)

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

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

The effect of reclassifications mentioned above on the disclosure of the consolidated statement of cash flows for the nine months ended 30 September 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	214.6	11.3	225.9
Fees and commissions paid	(22.4)	(6.1)	(28.5)
Dividends received	—	1.5	1.5
Net (losses incurred) / gains received from trading in foreign currencies and from operations with foreign currency derivatives	10.3	(12.3)	(2.0)
Net losses incurred from operations with precious metals and precious metals derivatives	(3.9)	(1.1)	(5.0)
Operating expenses paid	(300.1)	8.2	(291.9)
Changes in operating assets and liabilities			
Net decrease in trading securities	58.0	(58.0)	—
Net (increase) / decrease in securities designated as at fair value through profit or loss	(15.9)	15.9	—
Net (increase) / decrease in financial assets at fair value through profit or loss	—	51.8	51.8
Net decrease in financial liabilities at fair value through profit or loss except for debt securities in issue	—	(9.7)	(9.7)
Cash flows from investing activities			
Dividends received	1.5	(1.5)	—

Following the improved presentation of dividend income for the six months ended 30 June 2014 the presentation of the information for the three months ended 30 September 2014 has been adjusted to be consistent with the new presentation. The presentation of dividend income for the nine months ended 30 September 2014 does not require any reclassifications.

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	As previously reported	Reclassification	As reclassified
Three months ended 30 September 2014:			
Other operating income	1.0	1.5	2.5
Net gains arising from investment securities available-for-sale	2.3	(0.1)	2.2
Net gains / (losses) arising from trading securities	(0.8)	(1.4)	(2.2)

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

5 Financial Assets at Fair Value through Profit or Loss

<i>in billions of Russian Roubles</i>	30 September 2015 (unaudited)	31 December 2014
Trading securities	50.2	37.3
Securities designated as at fair value through profit or loss	208.0	77.7
Derivative financial instruments	582.6	806.7
Total financial assets at fair value through profit or loss	840.8	921.7

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

<i>in billions of Russian Roubles</i>	30 September 2015 (unaudited)	31 December 2014
Corporate bonds	29.2	22.1
Russian Federation Eurobonds	10.0	—
Federal loan bonds (OFZ bonds)	3.7	8.3
Foreign government bonds	1.8	3.3
Municipal and subfederal bonds	0.6	0.2
Total debt trading securities	45.3	33.9
Corporate shares	4.9	3.4
Total trading securities	50.2	37.3

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

<i>in billions of Russian Roubles</i>	30 September 2015 (unaudited)	31 December 2014
Corporate bonds	162.6	38.0
Federal loan bonds (OFZ bonds)	17.4	12.4
Municipal and subfederal bonds	5.7	7.2
Foreign government bonds	0.5	1.4
Russian Federation Eurobonds	0.5	0.3
Total debt securities designated as at fair value through profit or loss	186.7	59.3
Corporate shares	17.0	13.8
Investments in mutual funds	4.3	4.6
Total securities designated as at fair value through profit or loss	208.0	77.7

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

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

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

	30 September 2015 (unaudited)	31 December 2014
<i>in billions of Russian Roubles</i>		
Foreign currency interest rate derivatives	286.3	282.6
Foreign currency derivatives	185.8	407.9
Interest rate derivatives	54.7	44.3
Commodity derivatives including precious metals derivatives	43.6	54.3
Credit risk derivatives	8.8	13.6
Equity securities derivatives	2.0	2.8
Debt securities derivatives	1.4	1.1
Other derivatives	—	0.1
Total derivative financial instruments	582.6	806.7

6 Due from Banks

	30 September 2015 (unaudited)	31 December 2014
<i>in billions of Russian Roubles</i>		
Term placements with banks	726.5	158.7
Reverse repo agreements with banks	94.6	82.1
Total due from banks	821.1	240.8

As at 30 September 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 September 2015

7 Loans and Advances to Customers

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	30 September 2015		
	Not past due loans	Past due loans	Total
Commercial loans to legal entities	8,387.6	775.4	9,163.0
Specialized loans to legal entities	4,754.1	287.6	5,041.7
Mortgage loans to individuals	2,346.5	138.1	2,484.6
Consumer and other loans to individuals	1,461.9	216.6	1,678.5
Credit cards and overdrafts	479.5	99.2	578.7
Car loans to individuals	127.5	18.9	146.4
Total loans and advances to customers before provision for loan impairment	17,557.1	1,535.8	19,092.9
Less: Provision for loan impairment	(234.8)	(909.4)	(1,144.2)
Total loans and advances to customers net of provision for loan impairment	17,322.3	626.4	17,948.7

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

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

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

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

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

7 Loans and Advances to Customers (Continued)

The table below shows the analysis of loans and provisions for loan impairment as at 30 September 2015:

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Gross loans	Provision for impairment	Net loans	Provision for impairment to gross loans
Commercial loans to legal entities				
Collectively assessed				
Not past due	8,247.8	(90.6)	8,157.2	1.1%
Loans up to 30 days overdue	97.6	(10.8)	86.8	11.1%
Loans 31 to 60 days overdue	19.6	(6.1)	13.5	31.1%
Loans 61 to 90 days overdue	19.3	(8.3)	11.0	43.0%
Loans 91 to 180 days overdue	35.1	(20.9)	14.2	59.5%
Loans over 180 days overdue	159.6	(140.9)	18.7	88.3%
Total collectively assessed loans	8,579.0	(277.6)	8,301.4	3.2%
Individually impaired				
Not past due	139.8	(35.5)	104.3	25.4%
Loans up to 30 days overdue	14.3	(5.8)	8.5	40.6%
Loans 31 to 60 days overdue	15.4	(8.4)	7.0	54.5%
Loans 61 to 90 days overdue	41.7	(23.7)	18.0	56.8%
Loans 91 to 180 days overdue	53.3	(43.8)	9.5	82.2%
Loans over 180 days overdue	319.5	(256.6)	62.9	80.3%
Total individually impaired loans	584.0	(373.8)	210.2	64.0%
Total commercial loans to legal entities	9,163.0	(651.4)	8,511.6	7.1%
Specialized loans to legal entities				
Collectively assessed				
Not past due	4,553.4	(64.2)	4,489.2	1.4%
Loans up to 30 days overdue	24.4	(2.4)	22.0	9.8%
Loans 31 to 60 days overdue	4.6	(0.6)	4.0	13.0%
Loans 61 to 90 days overdue	12.8	(5.7)	7.1	44.5%
Loans 91 to 180 days overdue	40.7	(7.9)	32.8	19.4%
Loans over 180 days overdue	25.8	(23.1)	2.7	89.5%
Total collectively assessed loans	4,661.7	(103.9)	4,557.8	2.2%
Individually impaired				
Not past due	200.7	(32.6)	168.1	16.2%
Loans up to 30 days overdue	20.2	(6.7)	13.5	33.2%
Loans 31 to 60 days overdue	3.9	(1.1)	2.8	28.2%
Loans 61 to 90 days overdue	10.8	(4.3)	6.5	39.8%
Loans 91 to 180 days overdue	19.6	(11.0)	8.6	56.1%
Loans over 180 days overdue	124.8	(71.0)	53.8	56.9%
Total individually impaired loans	380.0	(126.7)	253.3	33.3%
Total specialized loans to legal entities	5,041.7	(230.6)	4,811.1	4.6%
Total loans to legal entities	14,204.7	(882.0)	13,322.7	6.2%

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 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	2,346.5	(1.7)	2,344.8	0.1%
Loans up to 30 days overdue	57.8	(1.8)	56.0	3.1%
Loans 31 to 60 days overdue	12.2	(1.7)	10.5	13.9%
Loans 61 to 90 days overdue	6.3	(1.4)	4.9	22.2%
Loans 91 to 180 days overdue	10.5	(5.2)	5.3	49.5%
Loans over 180 days overdue	51.3	(43.8)	7.5	85.4%
Total mortgage loans to individuals	2,484.6	(55.6)	2,429.0	2.2%
Consumer and other loans to individuals				
Collectively assessed				
Not past due	1,461.9	(7.2)	1,454.7	0.5%
Loans up to 30 days overdue	59.1	(6.4)	52.7	10.8%
Loans 31 to 60 days overdue	15.2	(5.3)	9.9	34.9%
Loans 61 to 90 days overdue	10.0	(4.7)	5.3	47.0%
Loans 91 to 180 days overdue	23.7	(16.8)	6.9	70.9%
Loans over 180 days overdue	108.6	(98.9)	9.7	91.1%
Total consumer and other loans to individuals	1,678.5	(139.3)	1,539.2	8.3%
Credit cards and overdrafts				
Collectively assessed				
Not past due	479.5	(2.8)	476.7	0.6%
Loans up to 30 days overdue	35.4	(2.4)	33.0	6.8%
Loans 31 to 60 days overdue	7.4	(2.2)	5.2	29.7%
Loans 61 to 90 days overdue	4.2	(2.3)	1.9	54.8%
Loans 91 to 180 days overdue	10.1	(7.0)	3.1	69.3%
Loans over 180 days overdue	42.1	(38.4)	3.7	91.2%
Total credit cards and overdrafts	578.7	(55.1)	523.6	9.5%
Car loans to individuals				
Collectively assessed				
Not past due	127.5	(0.2)	127.3	0.2%
Loans up to 30 days overdue	4.3	(0.4)	3.9	9.3%
Loans 31 to 60 days overdue	1.5	(0.5)	1.0	33.3%
Loans 61 to 90 days overdue	0.9	(0.4)	0.5	44.4%
Loans 91 to 180 days overdue	2.2	(1.5)	0.7	68.2%
Loans over 180 days overdue	10.0	(9.2)	0.8	92.0%
Total car loans to individuals	146.4	(12.2)	134.2	8.3%
Total loans to individuals	4,888.2	(262.2)	4,626.0	5.4%
Total loans and advances to customers as at 30 September 2015	19,092.9	(1,144.2)	17,948.7	6.0%

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 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 September 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 September 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 September 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	567.5	(462.2)	105.3	81.4%
Specialized loans to legal entities	210.9	(113.0)	97.9	53.6%
Mortgage loans to individuals	61.8	(49.0)	12.8	79.3%
Consumer and other loans to individuals	132.3	(115.7)	16.6	87.5%
Credit cards and overdrafts	52.2	(45.4)	6.8	87.0%
Car loans to individuals	12.2	(10.7)	1.5	87.7%
Total non-performing loans and advances to customers as at 30 September 2015	1,036.9	(796.0)	240.9	76.8%

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 September 2015

7 Loans and Advances to Customers (Continued)

Provisions for Loan Impairment. The analysis of changes in provision for loan impairment for the nine months ended 30 September 2015 is presented in the table below:

<i>(unaudited)</i> in billions of Russian Roubles	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	231.1	32.2	17.7	54.6	21.3	3.9	360.8
Recovery of loans previously written off	0.8	0.2	3.5	1.2	—	0.5	6.2
Foreign currencies translation	(7.0)	(0.7)	(0.5)	(1.8)	(0.9)	(0.4)	(11.3)
Loans and advances to customers written off during the period	(29.9)	(22.5)	(4.7)	(20.3)	(3.5)	(0.1)	(81.0)
Provision for loan impairment as at 30 September 2015	651.4	230.6	55.6	139.3	55.1	12.2	1,144.2

The analysis of changes in provision for loan impairment for the three months ended 30 September 2015 is presented in the table below:

<i>(unaudited)</i> in billions of Russian Roubles	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 30 June 2015	569.7	213.3	49.4	132.4	49.2	11.1	1,025.1
Net provision charge for loan impairment during the period	78.1	24.9	3.6	14.4	6.5	0.9	128.4
Recovery of loans previously written off	0.4	—	0.2	0.4	—	0.2	1.2
Foreign currencies translation	6.3	2.6	2.4	1.2	0.5	—	13.0
Loans and advances written off during the period	(3.1)	(10.2)	—	(9.1)	(1.1)	—	(23.5)
Provision for loan impairment as at 30 September 2015	651.4	230.6	55.6	139.3	55.1	12.2	1,144.2

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

7 Loans and Advances to Customers (Continued)

The analysis of changes in provision for loan impairment for the nine months ended 30 September 2014 is presented in the table below:

<i>(unaudited)</i> in billions of Russian Roubles	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	142.6	30.7	10.6	49.5	16.6	3.6	253.6
Recovery of loans previously written off	0.5	0.5	0.1	0.5	—	0.1	1.7
Foreign currencies translation	1.4	1.0	0.4	0.8	0.8	(0.2)	4.2
Loans and advances to customers written off during the period	(29.1)	(17.5)	(2.5)	(12.8)	(3.0)	(0.3)	(65.2)
Provision for loan impairment as at 30 September 2014	408.8	220.8	34.8	98.1	35.0	7.1	804.6

The analysis of changes in provision for loan impairment for the three months ended 30 September 2014 is presented in the table below:

<i>(unaudited)</i> in billions of Russian Roubles	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 30 June 2014	360.6	203.3	30.3	87.9	29.8	6.1	718.0
Net provision charge for loan impairment during the period	58.3	16.6	5.3	15.2	6.0	1.3	102.7
Recovery of loans previously written off	0.5	0.5	0.1	0.5	—	0.1	1.7
Foreign currencies translation	4.2	1.3	1.1	1.0	0.7	(0.2)	8.1
Loans and advances written off during the period	(14.8)	(0.9)	(2.0)	(6.5)	(1.5)	(0.2)	(25.9)
Provision for loan impairment as at 30 September 2014	408.8	220.8	34.8	98.1	35.0	7.1	804.6

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

7 Loans and Advances to Customers (Continued)

Renegotiated loans. Information on loans whose terms have been renegotiated, as at 30 September 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 September 2015 (unaudited):							
Not past due collectively assessed loans	857.9	1,665.3	58.3	21.5	0.8	3.6	2,607.4
Other renegotiated loans	398.4	220.7	35.0	27.8	0.3	7.1	689.3
Total renegotiated loans as at 30 September 2015	1,256.3	1,886.0	93.3	49.3	1.1	10.7	3,296.7
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 September 2015 (unaudited)	31 December 2014
Gross investment in finance leases	314.9	279.1
Less unearned future finance income on finance leases	(91.1)	(78.7)
Net investment in finance leases before provision for impairment	223.8	200.4
Less provision for impairment	(13.2)	(11.5)
Net investment in finance leases after provision for impairment	210.6	188.9

The contractual maturity analysis of net investments in finance leases as at 30 September 2015 is as follows:

<i>(unaudited)</i> <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	47.4	(2.1)	45.3
From 1 to 5 years	110.0	(3.6)	106.4
More than 5 years	47.8	(1.3)	46.5
Overdue	18.6	(6.2)	12.4
Total net investments in finance leases as at 30 September 2015	223.8	(13.2)	210.6

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 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 September 2015 (unaudited)	31 December 2014
Within 1 year	53.1	47.2
From 1 to 5 years	154.6	137.5
More than 5 years	88.6	83.3
Overdue	18.6	11.1
Total minimum lease payments receivables	314.9	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 September 2015 (unaudited)		31 December 2014	
	Amount	%	Amount	%
Individuals	4,888.2	25.6	4,847.3	26.0
Services	3,724.1	19.5	3,700.6	19.9
Trade	2,082.2	10.9	2,017.2	10.8
Energy	1,131.9	5.9	961.9	5.2
Food and agriculture	1,014.6	5.3	1,041.0	5.6
Machinery	917.5	4.8	920.6	4.9
Metallurgy	833.5	4.4	752.7	4.0
Government and municipal bodies	771.3	4.0	837.5	4.5
Construction	705.1	3.7	688.3	3.7
Transport, aviation, space industry	677.5	3.5	619.8	3.3
Chemical industry	561.0	2.9	537.8	2.9
Telecommunications	503.4	2.6	484.9	2.6
Oil and gas	494.1	2.6	470.0	2.5
Timber industry	83.2	0.4	89.5	0.5
Other	705.3	3.9	657.0	3.6
Total loans and advances to customers before provision for loan impairment	19,092.9	100.0	18,626.1	100.0

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 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 September 2015 the Group had 20 largest corporate borrowers with aggregated loan amounts due from each of these borrowers exceeding RR 114.0 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 4,190.9 billion or 22.0% 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

<i>in billions of Russian Roubles</i>	30 September 2015 (unaudited)	31 December 2014
Trading securities pledged under repurchase agreements		
Federal loan bonds (OFZ bonds)	9.8	3.1
Foreign government bonds	0.6	0.5
Corporate shares	0.1	0.1
Russian Federation Eurobonds	—	7.8
Municipal and subfederal bonds	—	0.1
Total trading securities pledged under repurchase agreements	10.5	11.6
Securities designated as at fair value through profit or loss pledged under repurchase agreements		
Federal loan bonds (OFZ bonds)	7.9	9.0
Total securities designated as at fair value through profit or loss pledged under repurchase agreements	7.9	9.0
Investment securities available-for-sale pledged under repurchase agreements		
Federal loan bonds (OFZ bonds)	241.8	239.7
Foreign government bonds	66.9	55.0
Russian Federation Eurobonds	0.4	180.6
Corporate bonds	0.1	311.6
Municipal and subfederal bonds	—	21.8
Total investment securities available-for-sale pledged under repurchase agreements	309.2	808.7
Investment securities held-to-maturity pledged under repurchase agreements		
Foreign government bonds	36.1	23.4
Federal loan bonds (OFZ bonds)	33.7	149.6
Corporate bonds	—	104.3
Municipal and subfederal bonds	—	38.4
Russian Federation Eurobonds	—	24.3
Total investment securities held-to-maturity pledged under repurchase agreements	69.8	340.0
Total securities pledged under repurchase agreements	397.4	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 September 2015

9 Investment Securities Available-for-Sale

	30 September 2015 (unaudited)	31 December 2014
<i>in billions of Russian Roubles</i>		
Corporate bonds	491.0	197.1
Federal loan bonds (OFZ bonds)	342.2	364.4
Russian Federation Eurobonds	202.7	2.8
Foreign government bonds	196.5	218.1
Municipal and subfederal bonds	48.8	24.0
Promissory notes	0.4	0.4
Total debt investment securities available-for-sale	1,281.6	806.8
Corporate shares	18.9	22.9
Total investment securities available-for-sale	1,300.5	829.7

10 Investment Securities Held-to-Maturity

	30 September 2015 (unaudited)	31 December 2014
<i>in billions of Russian Roubles</i>		
Corporate bonds	157.2	44.0
Federal loan bonds (OFZ bonds)	132.4	21.4
Foreign government bonds	35.9	53.8
Russian Federation Eurobonds	30.3	1.5
Municipal and subfederal bonds	23.3	1.6
Total investment securities held-to-maturity before provision for impairment	379.1	122.3
Less provision for impairment	(6.1)	(4.4)
Total investment securities held-to-maturity after provision for impairment	373.0	117.9

The changes in provision for impairment of investment securities held-to-maturity for the nine months ended 30 September 2015 and 30 September 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
Net provision charge for impairment during the period	1.7	1.8
Investment securities held-to-maturity written off during the period	—	(1.4)
Provision for impairment of investment securities held-to-maturity as at 30 September	6.1	1.8

The changes in provision for impairment of investment securities held-to-maturity for the three months ended 30 September 2015 and 30 September 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 30 June	4.4	—
Net provision charge for impairment during the period	1.7	1.8
Provision for impairment of investment securities held-to-maturity as at 30 September	6.1	1.8

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

11 Other Assets

	30 September 2015 (unaudited)	31 December 2014
<i>in billions of Russian Roubles</i>		
Other financial assets		
Margin calls given	140.5	223.2
Settlements on currency conversion operations	100.6	159.4
Receivables from Deposit Insurance Agency	87.1	17.1
Receivables on bank cards settlements	76.6	81.9
Settlements on operations with securities	19.6	22.9
Funds in settlement	18.9	6.8
Trade receivables	17.2	17.3
Accrued fees and commissions	6.5	7.2
Restricted cash balances	2.1	24.9
Other	9.0	5.3
Provision for impairment of other financial assets	(2.8)	(3.1)
Total other financial assets	475.3	562.9
Other non-financial assets		
Intangible assets	73.7	77.7
Inventory	65.3	66.8
Precious metals	37.2	35.1
Prepayments for premises and other assets	35.1	31.7
Prepayment on income tax	34.8	69.7
Goodwill	24.2	23.7
Investment property	7.9	7.1
Prepaid expenses	7.8	8.5
Investments in associates	6.4	4.3
Tax settlements (other than on income)	5.8	7.3
Other	21.9	18.1
Provision for impairment of other non-financial assets	(12.3)	(10.1)
Total other non-financial assets	307.8	339.9
Total other assets	783.1	902.8

Movement in the provision for impairment of other assets during the nine months ended 30 September 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	0.6	(0.8)	2.4	2.6	4.8
Other assets written off during the period	(0.1)	(0.4)	(0.9)	(1.9)	(3.3)
Foreign currencies translation	—	0.4	—	—	0.4
Provision for impairment as at 30 September 2015	0.8	2.0	2.6	9.7	15.1

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

11 Other Assets (Continued)

Movement in the provision for impairment of other assets during the three months ended 30 September 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 30 June 2015	0.5	1.1	1.2	8.9	11.7
Net provision charge for impairment of other assets during the period	0.4	1.0	2.2	1.2	4.8
Other assets written off during the period	(0.1)	(0.4)	(0.8)	(0.4)	(1.7)
Foreign currencies translation	—	0.3	—	—	0.3
Provision for impairment as at 30 September 2015	0.8	2.0	2.6	9.7	15.1

Movement in the provision for impairment of other assets during the nine months ended 30 September 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 for impairment of other assets during the period	0.4	0.3	0.2	3.1	4.0
Other assets written off during the period	—	(0.2)	(0.2)	(1.4)	(1.8)
Foreign currencies translation	—	—	—	(0.3)	(0.3)
Provision for impairment as at 30 September 2014	1.2	1.1	2.1	8.7	13.1

Movement in the provision for impairment of other assets during the three months ended 30 September 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 30 June 2014	0.9	0.6	2.4	8.4	12.3
Net provision charge / (net recovery of provision) for impairment of other assets during the period	0.3	0.7	(0.1)	1.2	2.1
Other assets written off during the period	—	(0.2)	(0.2)	(0.9)	(1.3)
Provision for impairment as at 30 September 2014	1.2	1.1	2.1	8.7	13.1

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 September 2015

12 Due to Individuals and Corporate Customers

<i>in billions of Russian Roubles</i>	30 September 2015 (unaudited)	31 December 2014
Individuals:		
- Current/demand accounts	1,966.1	1,886.2
- Term deposits	8,926.9	7,442.1
- Direct repo deals	0.1	0.1
Total due to individuals	10,893.1	9,328.4
State and public organizations:		
- Current/settlement accounts	146.6	134.0
- Term deposits	724.4	605.2
- Direct repo deals	134.5	—
Total due to state and public organizations	1,005.5	739.2
Other corporate customers:		
- Current/settlement accounts	2,332.2	1,685.7
- Term deposits	4,002.0	3,780.8
- Direct repo deals	53.7	28.8
Total due to other corporate customers	6,387.9	5,495.3
Total due to corporate customers	7,393.4	6,234.5
Total due to individuals and corporate customers	18,286.5	15,562.9

Economic sector concentrations within customer accounts are as follows:

<i>in billions of Russian Roubles</i>	30 September 2015 (unaudited)		31 December 2014	
	Amount	%	Amount	%
Individuals	10,893.1	59.6	9,328.4	59.9
Services	1,753.0	9.6	1,319.3	8.5
Oil and gas	1,442.5	7.9	1,022.9	6.6
Trade	1,078.6	5.9	684.7	4.4
Municipal bodies and state organizations	552.6	3.0	808.0	5.2
Transport, aviation, space industry	427.0	2.3	232.7	1.5
Machinery	354.6	1.9	319.4	2.1
Metallurgy	333.4	1.8	230.9	1.5
Construction	316.0	1.7	352.4	2.3
Energy	228.8	1.3	216.4	1.4
Food and agriculture	177.4	1.0	156.7	1.0
Telecommunications	116.4	0.6	118.9	0.8
Chemical	104.1	0.6	125.4	0.8
Timber industry	25.6	0.1	40.1	0.3
Other	483.4	2.7	606.7	3.7
Total due to individuals and corporate customers	18,286.5	100.0	15,562.9	100.0

As at 30 September 2015 included in Due to corporate customers are deposits of RR 108.1 billion (31 December 2014: RR118.3 billion) held as collateral for irrevocable commitments under import letters of credit. Refer to Note 27.

As at 30 September 2015 the Group had 20 largest customers with balances above RR 40.2 billion each (31 December 2014: 20 customers with balances above RR 30.9 billion each). The aggregate balance of these customers was RR 3,436.0 billion (31 December 2014: RR 2,256.4 billion) or 18.8% (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 current value of assets pledged.

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

13 Debt Securities in Issue

<i>in billions of Russian Roubles</i>	30 September 2015 (unaudited)	31 December 2014
Loan participation notes issued under the MTN programme of Sberbank	570.1	629.9
Savings certificates	548.7	456.8
Bonds issued:		
- on the local market	68.9	80.2
- on international capital markets	32.9	33.0
Promissory notes	74.5	73.3
Bonds issued under mortgage securitization programme of Sberbank	7.7	9.7
Notes issued under the ECP programme of Sberbank	—	15.9
Equity linked notes and credit linked notes	—	1.1
Other debt securities issued	2.1	2.7
Total debt securities in issue	1,304.9	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 September 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	-	-	86.2	5.4
Series 5	24 September 2010	24 March 2017	USD	1,250	5.4	81.3	5.5	70.0	5.4
Series 7	16 June 2011	16 June 2021	USD	1,000	5.7	56.0	5.8	54.1	5.8
Series 8	07 February 2012	07 February 2017	USD	1,300	5.0	82.1	5.1	71.0	4.8
Series 9	07 February 2012	07 February 2022	USD	1,500	6.1	97.4	6.3	87.6	5.6
Series 10	14 March 2012	14 September 2015	CHF	410	3.1	-	-	23.6	3.2
Series 11	28 June 2012	28 June 2019	USD	1,000	5.2	64.3	5.3	55.9	5.3
Series 13	31 January 2013	31 January 2016	RUB	25,000	7.0	22.0	7.2	24.6	7.2
Series 14	28 February 2013	28 February 2017	CHF	250	2.1	17.3	2.1	14.5	2.1
Series 15	04 March 2013	04 March 2018	TRY	550	7.4	11.1	7.6	12.6	7.6
Series 18	06 March 2014	06 March 2019	USD	500	4.2	33.2	4.2	28.5	4.2
Series 19	07 March 2014	07 March 2019	EUR	500	3.1	37.4	3.1	34.5	3.1
Series 20	26 June 2014	15 November 2019	EUR	1,000	3.4	68.0	3.4	66.8	3.4
Total loan participation notes issued under the MTN programme of Sberbank						570.1		629.9	

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 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 September 2015 amounted to RR 7.7 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 9.0 billion as at 30 September 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 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 50.0 billion. The maximum maturity period of these bonds is 10 years.

14 Other Borrowed Funds

<i>in billions of Russian Roubles</i>	30 September 2015 (unaudited)	31 December 2014
Trade finance deals	374.8	453.0
Syndicated loans received	—	84.2
Total other borrowed funds	374.8	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 September 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 September 2015 trade finance deals were accounted for at amortised cost of RR 374.8 billion (31 December 2014: RR 453.0 billion), had interest rates varying from 0.1% to 14.9% p.a. (31 December 2014: from 0.2% to 14.0% p.a.) and maturity dates from October 2015 to September 2035 (31 December 2014: from January 2015 to June 2027).

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

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

	30 September 2015 (unaudited)	31 December 2014
<i>in billions of Russian Roubles</i>		
Derivative financial instruments	427.0	747.4
Obligation to deliver securities	11.2	21.7
Total financial liabilities at fair value through profit or loss except for debt securities in issue	438.2	769.1

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

	30 September 2015 (unaudited)	31 December 2014
<i>in billions of Russian Roubles</i>		
Foreign currency interest rate derivatives	199.2	252.0
Foreign currency derivatives	158.1	413.3
Interest rate derivatives	35.6	33.9
Commodity derivatives including precious metals derivatives	32.6	44.7
Equity securities derivatives	1.4	3.0
Debt securities derivatives	0.1	0.1
Credit risk derivatives	—	0.4
Total derivative financial instruments	427.0	747.4

16 Other Liabilities

	30 September 2015 (unaudited)	31 December 2014
<i>in billions of Russian Roubles</i>		
Other financial liabilities		
Payables on insurance and pension fund operations	306.0	120.2
Margin calls received	72.0	89.1
Funds in settlement	65.2	31.9
Accrued employee benefit costs	60.0	37.4
Payables on bank card settlements	47.3	65.0
Trade payables	38.0	40.1
Settlements on operations with securities	17.4	4.1
Deposit insurance system fees payable	9.8	8.6
Settlements on currency conversion operations	1.1	29.8
Other	22.2	18.3
Total other financial liabilities	639.0	444.5
Other non-financial liabilities		
Taxes payable other than on income	25.9	20.6
Provisions for credit related commitments and other commitments	11.0	11.7
Advances received	4.8	4.3
Provisions and advances received on pension and insurance operations	3.5	2.0
Income tax payable	2.3	5.1
Deferred commissions received on guarantees issued	2.1	1.7
Other	6.3	6.0
Total other non-financial liabilities	55.9	51.4
Total other liabilities	694.9	495.9

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

16 Other Liabilities (Continued)

Movement in the provision for impairment of credit related commitments and other commitments during the nine months ended 30 September 2015 is as follows:

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Credit related commitments	Other commitments	Total
Provision for impairment as at 31 December 2014 (audited)	9.3	2.4	11.7
Net (recovery of provision) / provision charge for impairment during the period	(4.7)	3.4	(1.3)
Written off during the period as uncollectible	(0.1)	(0.2)	(0.3)
Foreign currencies translation	0.1	0.8	0.9
Provision for impairment as at 30 September 2015	4.6	6.4	11.0

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

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Credit related commitments	Other commitments	Total
Provision for impairment as at 30 June 2015	4.1	4.6	8.7
Net provision charge for impairment during the period	0.4	1.5	1.9
Written off during the period as uncollectible	(0.1)	(0.2)	(0.3)
Foreign currencies translation	0.2	0.5	0.7
Provision for impairment as at 30 September 2015	4.6	6.4	11.0

Movement in the provision for impairment of credit related commitments and other commitments during the nine months ended 30 September 2014 is as follows:

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Credit related commitments	Other commitments	Total
Provision for impairment as at 31 December 2013 (audited)	2.1	3.1	5.2
Net provision charge for impairment during the period	6.2	0.1	6.3
Foreign currencies translation	(0.1)	(0.2)	(0.3)
Provision for impairment as at 30 September 2014	8.2	3.0	11.2

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

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Credit related commitments	Other commitments	Total
Provision for impairment as at 30 June 2014	6.1	3.1	9.2
Net provision charge for impairment during the period	2.2	0.1	2.3
Foreign currencies translation	(0.1)	(0.2)	(0.3)
Provision for impairment as at 30 September 2014	8.2	3.0	11.2

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

17 Subordinated Debt

	30 September 2015 (unaudited)	31 December 2014
<i>in billions of Russian Roubles</i>		
Subordinated debt received from the Bank of Russia	528.8	503.9
Subordinated debt received under the MTN programme of Sberbank	250.0	226.7
Other subordinated debt	41.0	38.9
Total subordinated debt	819.8	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 September 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	318.8	6.5	303.3	6.5
18 June 2014	31 December 2019	RUB	200,000	6.5	210.0	6.5	200.6	6.5
Total subordinated debt received from the Bank of Russia					528.8		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 September 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	116.9	5.2	113.3	5.2
Series 16	23 May 2013	23 May 2023	USD	1,000	5.3	66.8	5.4	56.3	5.4
Series 17	26 February 2014	26 February 2024	USD	1,000	5.5	66.3	5.6	57.1	5.6
Total subordinated debt received under the MTN programme of Sberbank						250.0		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 September 2015

18 Interest Income and Expense

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Nine months ended 30 September		Three months ended 30 September	
	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	1,539.9	1,196.0	527.5	419.6
- Debt investment securities held-to-maturity	25.6	25.6	8.1	8.1
- Due from banks	16.7	12.0	5.0	3.8
- Correspondent accounts with banks	1.0	0.3	0.3	—
	1,583.2	1,233.9	540.9	431.5
Interest income on financial assets available-for-sale:				
- Debt investment securities available-for-sale	86.2	78.3	27.9	26.7
	86.2	78.3	27.9	26.7
Total interest income on financial assets not at fair value through profit or loss	1,669.4	1,312.2	568.8	458.2
Interest income on financial assets at fair value through profit or loss:				
- Debt securities designated as at fair value through profit or loss	7.6	1.2	4.3	0.6
- Debt trading securities	3.4	3.2	0.9	0.5
- Other interest income	0.3	0.1	0.2	0.1
	11.3	4.5	5.4	1.2
Total interest income	1,680.7	1,316.7	574.2	459.4
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	(374.6)	(241.2)	(141.1)	(80.6)
- Term deposits of legal entities	(209.6)	(96.9)	(60.2)	(35.1)
- Term placements of banks	(193.8)	(99.8)	(43.0)	(40.5)
- Debt securities in issue at amortized cost	(68.4)	(38.1)	(22.9)	(13.4)
- Current/settlement accounts of legal entities	(53.8)	(24.2)	(13.7)	(7.7)
- Subordinated debt	(35.2)	(24.8)	(12.3)	(10.7)
- Current/demand accounts of individuals	(11.6)	(10.3)	(4.1)	(3.8)
- Other borrowed funds	(10.5)	(9.1)	(2.5)	(3.0)
- Correspondent accounts of banks	(3.6)	(1.6)	(1.0)	(0.6)
	(961.1)	(546.0)	(300.8)	(195.4)
Interest expense on financial liabilities at fair value through profit or loss:				
- Obligation to deliver securities	(0.9)	(1.1)	(0.2)	(0.5)
	(0.9)	(1.1)	(0.2)	(0.5)
Total interest expense	(962.0)	(547.1)	(301.0)	(195.9)
Deposit insurance expenses	(27.9)	(24.5)	(9.8)	(8.3)
Total interest expense including deposit insurance expenses	(989.9)	(571.6)	(310.8)	(204.2)
Net interest income	690.8	745.1	263.4	255.2

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

19 Fee and Commission Income and Expense

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Nine months ended 30 September		Three months ended 30 September	
	2015	2014	2015	2014
Fee and commission income				
Cash and settlements transactions with legal entities	145.5	116.0	53.6	42.3
Cash and settlements transactions with individuals	62.3	48.0	23.3	16.7
Operations with foreign currencies and precious metals	28.4	16.4	10.3	4.6
Documentary commissions	16.3	13.0	5.8	5.3
Agent commissions	5.1	5.3	2.2	1.8
Cash collection	4.6	4.4	1.8	1.7
Operations on financial markets on behalf of clients and investment banking operations	3.1	3.3	0.8	0.9
Other	3.8	3.6	1.4	1.1
Total fee and commission income	269.1	210.0	99.2	74.4
Fee and commission expense				
Settlement transactions	(42.2)	(28.6)	(16.3)	(10.3)
Operations with foreign currencies	(0.4)	(0.1)	(0.2)	—
Cash collection	(0.3)	(0.3)	(0.1)	(0.1)
Other	(2.8)	(2.0)	(0.7)	—
Total fee and commission expense	(45.7)	(31.0)	(17.3)	(10.4)
Net fee and commission income	223.4	179.0	81.9	64.0

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>	Nine months ended 30 September		Three months ended 30 September	
	2015	2014	2015	2014
Net foreign exchange translation (losses) / gains	(48.6)	32.3	(68.5)	49.8
Net gains / (losses) arising from operations with foreign currency derivatives	36.5	(31.0)	53.3	(35.2)
Net gains / (losses) arising from trading in foreign currencies	74.1	4.0	32.7	(9.5)
Total net gains arising from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation	62.0	5.3	17.5	5.1

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

21 Net Results of Non-banking Business Activities

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Nine months ended 30 September		Three months ended 30 September	
	2015	2014	2015	2014
Revenue from sale of goods	7.9	9.2	3.3	2.4
Revenue from construction contracts	1.2	4.2	0.3	1.0
Revenue from rendering of services	0.5	0.5	0.3	0.1
Revenue from operating lease	0.1	0.1	—	—
Revenue from other activities	6.9	3.5	2.9	1.0
Total revenue of non-banking business activities	16.6	17.5	6.8	4.5
Cost of sales and other expenses:				
- cost of goods sold	(7.0)	(6.8)	(2.6)	(1.5)
- staff costs	(3.6)	(3.1)	(1.5)	(0.3)
- maintenance of premises and equipment	(1.8)	(0.3)	(0.8)	(0.1)
- depreciation of fixed assets	(1.3)	(1.1)	—	(0.4)
- transport costs	(0.1)	(0.1)	—	—
- other expenses	(3.4)	(5.6)	(1.5)	(1.3)
Total cost of sales and other expenses of non-banking business activities	(17.2)	(17.0)	(6.4)	(3.6)
Net result of non-banking business activities	(0.6)	0.5	0.4	0.9

22 Net Results from Insurance and Pension Fund Operations

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Nine months ended 30 September		Three months ended 30 September	
	2015	2014	2015	2014
Net premium				
Gross premium written	203.8	43.3	19.2	19.2
Premium ceded to reinsurers	(0.1)	—	—	—
Premium returns	(8.3)	—	(0.4)	—
Total net premiums	195.4	43.3	18.8	19.2
Net claims and benefits				
Gross benefits and claims paid	(2.1)	(0.4)	(1.4)	(0.2)
Net change in contract liabilities	(187.3)	(22.3)	(16.3)	(11.0)
Total net claims and benefits	(189.4)	(22.7)	(17.7)	(11.2)
Acquisition cost	(0.1)	(0.1)	—	—
Net income from insurance and pension fund operations	5.9	20.5	1.1	8.0

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

23 Operating Expenses

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Nine months ended 30 September		Three months ended 30 September	
	2015	2014	2015	2014
Staff costs	246.9	228.9	79.1	75.1
Depreciation of premises and equipment	44.3	42.8	14.3	15.0
Repairs and maintenance of premises and equipment	25.6	22.9	8.9	8.7
Administrative expenses	24.2	21.5	8.7	8.2
Taxes other than on income	22.0	15.8	8.4	6.0
Operating lease expenses	20.2	16.1	7.1	5.8
Telecommunication expenses	15.9	10.9	6.2	5.5
Amortization of intangible assets	15.2	11.5	7.5	4.2
Consulting and assurance services	6.0	5.1	2.2	2.2
Advertising and marketing services	4.6	6.7	1.3	1.9
Other	6.8	5.9	1.7	0.7
Total operating expenses	431.7	388.1	145.4	133.3

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>	Nine months ended 30 September		Three months ended 30 September	
	2015	2014	2015	2014
Profit for the period attributable to the shareholders of the Bank	150.2	242.3	65.4	71.3
Less preference dividends declared	(0.5)	(3.1)	—	—
Profit attributable to the ordinary shareholders of the Bank	149.7	239.2	65.4	71.3
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)	6.96	11.13	3.04	3.32

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>	Nine months ended 30 September 2015		Nine months ended 30 September 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)	(68.9)	(3.0)
Dividends payable as at 30 September	0.4	0.1	0.5	0.2
Dividends per share declared during the period (RR per share)	0.45	0.45	3.20	3.20

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 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 September 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 September 2015 is as follows:

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Moscow	Central and Northern regions of European part of Russia	Volga region and South of European part of Russia	Ural, Siberia and Far East of Russia	Other countries	Total
Total assets	11,544.1	3,211.4	2,717.4	3,754.3	4,756.7	25,983.9
Total liabilities	10,181.4	3,792.9	2,582.3	3,462.2	3,841.1	23,859.9

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

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

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

25 Segment Analysis (Continued)

Reconciliation of total assets and total liabilities as per the reportable segments with the Group's total assets and total liabilities under IFRS as at 30 September 2015 and 31 December 2014 is as follows:

<i>in billions of Russian Roubles</i>	30 September 2015 (unaudited)		31 December 2014	
	Total assets	Total liabilities	Total assets	Total liabilities
Total assets and liabilities	25,983.9	23,859.9	25,383.0	23,370.8
Financial assets and liabilities netting	(167.2)	(167.2)	(207.2)	(207.2)
Adjustment to staff expenses accrued (bonuses, annual leave, pension liabilities)	—	24.9	—	21.5
Adjustment of loans provisions	160.6	—	134.4	—
Accounting for derivatives at fair value	(36.1)	(24.2)	(43.6)	0.1
Accounting for loans by effective rate method	(6.2)	—	(19.3)	—
Write off of low value assets	(16.5)	—	(15.9)	—
Adjustment of other provisions	35.0	—	16.2	—
Adjustment of depreciation and initial cost or revalued amount of premises and equipment	(21.4)	—	(20.3)	—
Accounting for financial contracts with embedded derivatives	(9.8)	—	(10.7)	—
Accounting for financing by the effective rate method	—	(2.8)	—	0.4
Accrual of expenses from customer loyalty programs	—	11.7	—	9.1
Currency translation of investments in subsidiaries	2.6	—	(8.5)	—
Impairment on securities	(7.8)	—	(6.2)	—
Adjustment for guarantee provision	—	(42.7)	—	(31.6)
Adjustment for legal claims provision	—	3.2	—	1.6
Recognition of deferred commission income from guarantees	—	1.9	—	1.5
Reclassification of securities between portfolios	(0.1)	—	(0.6)	—
Accounting for mortgage loans securitisation	7.6	7.7	(0.6)	(0.5)
Adjustment for deferred tax	—	20.6	—	15.1
Adjustment for current tax	8.7	—	(0.4)	—
Other	1.1	(1.3)	0.5	(0.1)
The Group's total amount under IFRS	25,934.4	23,691.7	25,200.8	23,180.7

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

25 Segment Analysis (Continued)

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

<i>(unaudited)</i> in billions of Russian Roubles	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	616.3	282.8	239.3	342.7	227.8	(51.7)	1,657.2
Interest expense	(525.2)	(156.6)	(103.8)	(127.7)	(118.2)	51.4	(980.1)
Inter-segment income / (expense)	4.2	(1.2)	(1.0)	(2.0)	—	—	—
Fee and commission income	42.4	64.4	53.1	78.0	37.6	(9.7)	265.8
Fee and commission expense	(15.0)	(8.0)	(5.4)	(11.0)	(11.2)	5.2	(45.4)
Net gains arising from securities	9.8	—	—	—	2.0	(2.3)	9.5
Net gains arising from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation, other derivatives	34.0	0.3	0.1	0.1	10.7	1.5	46.7
Net (losses) / gains arising from operations with precious metals, precious metals derivatives and precious metals accounts translation	(2.1)	—	—	—	1.8	0.2	(0.1)
Revenue of non-banking business activities	16.5	1.0	9.3	0.1	3.0	(13.3)	16.6
Cost of sales of non-banking business activities	(4.3)	(0.6)	(10.6)	(0.1)	(2.2)	0.6	(17.2)
Net gains / (losses) from insurance and pension fund operations	10.9	(4.3)	(3.7)	(3.9)	—	6.9	5.9
Goodwill impairment	—	(0.2)	—	—	—	—	(0.2)
Net other operating (losses) / gains	(15.6)	(0.5)	1.7	3.2	2.7	(1.7)	(10.2)
Operating income before provision charge for impairment of debt financial assets	171.9	177.1	179.0	279.4	154.0	(12.9)	948.5
Net provision charge for impairment of debt financial assets	(69.9)	(51.3)	(44.8)	(79.5)	(123.8)	2.3	(367.0)
Operating income	102.0	125.8	134.2	199.9	30.2	(10.6)	581.5
Operating expenses	(133.7)	(68.5)	(63.5)	(81.7)	(83.9)	6.4	(424.9)
(Loss) / profit before tax (Segment result)	(31.7)	57.3	70.7	118.2	(53.7)	(4.2)	156.6
Other disclosures							
Capital expenditure incurred (additions of fixed assets)	18.3	10.5	11.2	14.7	7.3	—	62.0
Depreciation of premises and equipment	(17.4)	(6.5)	(7.6)	(8.5)	(6.3)	—	(46.3)

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

25 Segment Analysis (continued)

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

<i>(unaudited)</i> in billions of Russian Roubles	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	212.8	97.6	81.6	117.1	76.3	(16.7)	568.7
Interest expense	(151.4)	(53.3)	(36.2)	(44.6)	(39.7)	16.4	(308.8)
Inter-segment income / (expense)	1.5	(0.6)	(0.3)	(0.6)	—	—	—
Fee and commission income	8.6	23.4	20.2	28.7	13.1	(3.1)	90.9
Fee and commission expense	(6.8)	(3.0)	(2.1)	(4.1)	(4.1)	2.6	(17.5)
Net gains arising from securities	1.5	—	—	—	2.8	(1.4)	2.9
Net gains / (losses) arising from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation, other derivatives	18.2	—	(0.4)	0.1	7.8	1.5	27.2
Net (losses) / gains arising from operations with precious metals, precious metals derivatives and precious metals accounts translation	(3.0)	—	—	—	0.8	0.2	(2.0)
Revenue of non-banking business activities	14.2	0.4	4.0	0.1	0.9	(12.7)	6.9
Cost of sales of non-banking business activities	(2.2)	(0.1)	(4.2)	—	(0.3)	0.5	(6.3)
Net gains / (losses) from insurance and pension fund operations	9.0	(1.9)	(1.7)	(1.8)	—	2.7	6.3
Net other operating gains / (losses)	2.3	(0.5)	1.3	(4.0)	0.8	(1.6)	(1.7)
Operating income before provision charge for impairment of debt financial assets	104.7	62.0	62.2	90.9	58.4	(11.6)	366.6
Net provision charge for impairment of debt financial assets	(73.8)	(12.6)	(5.1)	(17.8)	(45.0)	2.3	(152.0)
Operating income	30.9	49.4	57.1	73.1	13.4	(9.3)	214.6
Operating expenses	(49.8)	(23.5)	(22.0)	(28.8)	(30.4)	5.7	(148.8)
(Loss) / profit before tax (Segment result)	(18.9)	25.9	35.1	44.3	(17.0)	(3.6)	65.8
Other disclosures							
Capital expenditure incurred (additions of fixed assets)	5.7	2.6	3.5	3.7	2.8	—	18.3
Depreciation of premises and equipment	(5.8)	(2.2)	(2.1)	(2.9)	(2.3)	—	(15.3)

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

25 Segment Analysis (Continued)

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

<i>(unaudited)</i> in billions of Russian Roubles	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	446.7	235.1	205.5	298.9	150.1	(31.8)	1,304.5
Interest expense	(274.6)	(99.8)	(70.4)	(84.8)	(71.9)	31.7	(569.8)
Inter-segment income / (expense)	0.2	35.9	(8.2)	(27.9)	—	—	—
Fee and commission income	23.4	50.1	43.1	64.6	28.0	(4.3)	204.9
Fee and commission expense	(19.8)	(4.0)	(2.7)	(5.5)	(7.0)	1.8	(37.2)
Net (losses) / gains arising from securities	(4.9)	—	—	—	1.7	1.4	(1.8)
Net gains / (losses) arising from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation, other derivatives	11.0	2.2	(0.5)	(1.5)	7.8	—	19.0
Net losses arising from operations with precious metals, precious metals derivatives and precious metals accounts translation	(3.0)	—	—	(0.1)	(0.4)	—	(3.5)
Revenue of non-banking business activities	6.9	0.6	8.7	0.1	1.5	(0.2)	17.6
Cost of sales of non-banking business activities	(7.3)	(0.3)	(7.4)	(0.1)	(1.8)	(0.1)	(17.0)
Net gains / (losses) from insurance and pension fund operations	18.6	(0.3)	(0.3)	(0.3)	—	2.8	20.5
Net other operating gains / (losses)	7.9	2.9	1.1	(2.0)	0.5	(0.5)	9.9
Operating income before provision charge for impairment of debt financial assets	205.1	222.4	168.9	241.4	108.5	0.8	947.1
Net provision charge for impairment of debt financial assets	(58.2)	(43.5)	(31.6)	(76.9)	(34.3)	0.6	(243.9)
Operating income	146.9	178.9	137.3	164.5	74.2	1.4	703.2
Operating expenses	(107.0)	(63.8)	(63.0)	(83.3)	(60.7)	0.1	(377.7)
Profit before tax (Segment result)	39.9	115.1	74.3	81.2	13.5	1.5	325.5
Other disclosures							
Capital expenditure incurred (additions of fixed assets)	16.1	12.6	44.1	17.5	5.2	—	95.5
Depreciation of premises and equipment	(15.0)	(6.0)	(6.8)	(8.5)	(3.0)	—	(39.3)

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

25 Segment Analysis (continued)

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

<i>(unaudited)</i> in billions of Russian Roubles	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	156.4	83.1	72.1	104.0	51.0	(13.1)	453.5
Interest expense	(98.5)	(35.0)	(24.9)	(30.3)	(27.3)	13.1	(202.9)
Inter-segment (expense) / income	(0.6)	14.0	(3.0)	(10.4)	—	—	—
Fee and commission income	(2.4)	18.1	15.9	24.0	9.9	(1.6)	63.9
Fee and commission expense	(14.6)	(1.7)	(1.2)	(2.3)	(2.3)	1.5	(20.6)
Net (losses) / gains arising from securities	(5.0)	—	—	—	0.5	1.4	(3.1)
Net gains / (losses) arising from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation, other derivatives	12.8	0.1	(1.4)	(1.8)	(4.2)	—	5.5
Net (losses) / gains arising from operations with precious metals, precious metals derivatives and precious metals accounts translation	(2.2)	(0.1)	(0.1)	(0.3)	0.5	—	(2.2)
Revenue of non-banking business activities	1.6	0.3	2.3	0.1	0.3	—	4.6
Cost of sales of non-banking business activities	(1.6)	(0.1)	(1.0)	(0.1)	(0.6)	(0.2)	(3.6)
Net gains / (losses) from insurance and pension fund operations	17.9	(0.3)	(0.3)	(0.3)	—	1.1	18.1
Net other operating (losses) / gains	(0.1)	(6.0)	(0.2)	2.3	(0.4)	(0.3)	(4.7)
Operating income before provision charge for impairment of debt financial assets	63.7	72.4	58.2	84.9	27.4	1.9	308.5
Net provision charge for impairment of debt financial assets	(22.3)	(17.3)	(11.7)	(17.4)	(14.5)	0.6	(82.6)
Operating income	41.4	55.1	46.5	67.5	12.9	2.5	225.9
Operating expenses	(28.1)	(23.0)	(22.6)	(30.0)	(20.2)	(3.5)	(127.4)
Profit / (loss) before tax (Segment result)	13.3	32.1	23.9	37.5	(7.3)	(1.0)	98.5
Other disclosures							
Capital expenditure incurred (additions of fixed assets)	6.6	4.9	8.9	6.8	1.4	—	28.6
Depreciation of premises and equipment	(4.8)	(2.0)	(2.3)	(2.8)	(0.9)	—	(12.8)

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 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 nine months and for the three months ended 30 September 2015 and 30 September 2014 is as follows:

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Nine months ended 30 September		Three months ended 30 September	
	2015	2014	2015	2014
Total segments result	156.6	325.5	65.8	98.5
Adjustment to staff expenses accrued (bonuses, annual leave, pension liabilities)	(2.9)	(7.6)	4.6	4.2
Adjustment of loans provisions	2.4	(6.1)	19.7	(21.2)
Accounting for derivatives at fair value	6.8	(3.9)	(4.3)	(1.4)
Accounting for loans by effective rate method	6.5	(2.4)	1.2	(0.8)
Write off of low value assets	(0.6)	(0.5)	(0.5)	(0.3)
Adjustment of other provisions	17.7	9.3	5.1	11.9
Adjustment of depreciation and initial cost or revalued amount of premises and equipment	(0.9)	5.9	(0.3)	1.3
Accounting for financial contracts with embedded derivatives	0.9	(3.5)	—	(0.2)
Accounting for financing by the effective rate method	3.9	0.1	3.8	—
Accrual of expenses from customer loyalty programs	(1.2)	(3.2)	(0.2)	(0.1)
Currency translation of investments in subsidiaries	11.1	0.5	(1.1)	(0.5)
Impairment on securities	(2.0)	(1.1)	(2.1)	(1.7)
Adjustment for guarantee provision	12.0	(6.0)	1.3	(1.8)
Adjustment for legal claims provision	(1.6)	—	0.6	—
Recognition of deferred commission income from guarantees	(0.4)	0.2	(0.2)	0.1
Reclassification of securities between portfolios	7.9	5.1	(2.7)	3.2
Accounting for mortgage loans securitisation	(0.1)	—	—	—
Other	0.9	(6.1)	1.3	(0.4)
The Group's total amount under IFRS	217.0	306.2	92.0	90.8

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 September 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 nine months ended 30 September 2015 the Group's revenues from customers in the Russian Federation amounted to RR 1,808.7 billion (for the nine months ended 30 September 2014: RR 1,412.3 billion); revenues from customers in all foreign countries from which the Group derives revenues amounted to RR 260.9 billion (for the nine months ended 30 September 2014: RR 168.1 billion).

For the three months ended 30 September 2015 the Group's revenues from customers in the Russian Federation amounted to RR 618.6 billion (for the three months ended 30 September 2014: RR 494.1 billion); revenues from customers in all foreign countries from which the Group derives revenues amounted to RR 90.5 billion (for the three months ended 30 September 2014: RR 57.1 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 nine months and the three months ended 30 September 2015 and 30 September 2014.

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

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Russian Roubles	US Dollars	Euro	Turkish Lyra	Other	Total
Assets						
Cash and cash equivalents	963.3	1,107.0	278.4	19.2	151.3	2,519.2
Mandatory cash balances with central banks	110.0	131.1	48.4	16.7	58.3	364.5
Financial assets at fair value through profit or loss (less fair value of derivatives)	212.0	42.8	1.4	0.5	1.5	258.2
Due from banks	137.1	555.2	49.4	—	79.4	821.1
Loans and advances to customers	11,174.1	4,363.2	1,064.1	873.5	473.8	17,948.7
Securities pledged under repurchase agreements	293.2	0.5	1.4	90.2	12.1	397.4
Investment securities available-for-sale	652.3	407.6	127.8	72.8	40.0	1,300.5
Investment securities held-to-maturity	256.5	87.4	4.0	24.8	0.3	373.0
Other financial assets	218.9	149.9	76.7	3.5	26.3	475.3
Total financial assets	14,017.4	6,844.7	1,651.6	1,101.2	843.0	24,457.9
Liabilities						
Due to banks	1,173.0	128.6	224.9	45.8	48.8	1,621.1
Due to individuals	6,919.3	1,904.7	1,445.9	358.9	264.3	10,893.1
Due to corporate customers	2,660.9	3,478.0	639.8	263.9	350.8	7,393.4
Debt securities in issue	615.8	455.0	148.2	44.7	41.2	1,304.9
Other borrowed funds	—	255.2	96.9	11.6	11.1	374.8
Financial liabilities at fair value through profit or loss except for debt securities in issue (less fair value of derivatives)	3.0	8.1	0.1	—	—	11.2
Other financial liabilities	461.2	97.5	22.0	49.9	8.4	639.0
Subordinated debt	530.8	274.4	7.3	—	7.3	819.8
Total financial liabilities	12,364.0	6,601.5	2,585.1	774.8	731.9	23,057.3
Net financial assets/(liabilities)	1,653.4	243.2	(933.5)	326.4	111.1	1,400.6
Net derivatives	(312.0)	(257.0)	866.1	(177.7)	36.2	155.6
Credit related commitments before provision for impairment (Note 27)	2,972.0	1,061.9	423.1	729.2	104.1	5,290.3

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

26 Financial Risk Management (Continued)

The liquidity position of the Group's assets and liabilities as at 30 September 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	2,519.2	—	—	—	—	—	2,519.2
Mandatory cash balances with central banks	181.9	60.7	31.0	68.4	22.5	—	364.5
Financial assets at fair value through profit or loss	299.2	196.4	117.8	174.2	53.2	—	840.8
Due from banks	729.2	46.5	15.7	28.1	1.6	—	821.1
Loans and advances to customers	990.0	1,917.2	2,018.7	5,469.4	7,289.3	264.1	17,948.7
Securities pledged under repurchase agreements	327.6	—	—	37.4	32.4	—	397.4
Investment securities available-for- sale	1,277.3	1.4	3.7	10.5	7.0	0.6	1,300.5
Investment securities held-to- maturity	14.5	16.3	44.6	167.6	130.0	—	373.0
Deferred income tax asset	—	—	—	—	—	21.7	21.7
Premises and equipment	—	—	—	—	—	496.2	496.2
Assets of the disposal group and non- current assets held for sale	68.2	—	—	—	—	—	68.2
Other assets	455.5	125.1	29.8	23.4	72.4	76.9	783.1
Total assets	6,862.6	2,363.6	2,261.3	5,979.0	7,608.4	859.5	25,934.4
Liabilities							
Due to banks	701.1	426.7	146.3	316.4	30.6	—	1,621.1
Due to individuals	2,717.2	3,026.9	1,173.4	3,448.5	527.1	—	10,893.1
Due to corporate customers	2,553.3	874.9	364.4	2,742.5	858.3	—	7,393.4
Debt securities in issue	87.5	401.2	165.5	281.1	369.6	—	1,304.9
Other borrowed funds	14.0	126.0	81.2	92.5	61.1	—	374.8
Financial liabilities at fair value through profit or loss except for debt securities in issue	44.9	156.3	65.1	103.6	68.3	—	438.2
Deferred income tax liability	—	—	—	—	—	93.8	93.8
Liabilities of the disposal group	57.7	—	—	—	—	—	57.7
Other liabilities	207.6	110.0	27.6	12.3	336.0	1.4	694.9
Subordinated debt	12.7	26.1	6.3	115.4	659.3	—	819.8
Total liabilities	6,396.0	5,148.1	2,029.8	7,112.3	2,910.3	95.2	23,691.7
Net liquidity gap	466.6	(2,784.5)	231.5	(1,133.3)	4,698.1	764.3	2,242.7
Cumulative liquidity gap as at 30 September 2015	466.6	(2,317.9)	(2,086.4)	(3,219.7)	1,478.4	2,242.7	—

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 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 September 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 can not 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:

<i>in billions of Russian Roubles</i>	30 September 2015 (unaudited)	31 December 2014
Guarantees issued	1,946.3	1,951.7
Commitments to extend credit	1,805.1	1,710.8
Undrawn credit lines	1,034.8	820.3
Export letters of credit	304.4	541.9
Import letters of credit and letters of credit for domestic settlements	199.7	250.7
Total credit related commitments before provision	5,290.3	5,275.4
Provision	(4.6)	(9.3)
Total credit related commitments after provision	5,285.7	5,266.1

As at 30 September 2015 included in Due to corporate customers are deposits of RR 108.1 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 September 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 September 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	43.7	6.4	0.1	50.2
Corporate bonds	24.5	4.7	—	29.2
Russian Federation Eurobonds	10.0	—	—	10.0
Corporate shares	3.3	1.5	0.1	4.9
Federal loan bonds (OFZ bonds)	3.7	—	—	3.7
Foreign government bonds	1.6	0.2	—	1.8
Municipal and subfederal bonds	0.6	—	—	0.6
Securities designated as at fair value through profit or loss	99.7	90.9	17.4	208.0
Corporate bonds	75.8	86.8	—	162.6
Federal loan bonds (OFZ bonds)	17.4	—	—	17.4
Corporate shares	0.4	—	16.6	17.0
Municipal and subfederal bonds	5.6	0.1	—	5.7
Investments in mutual funds	—	3.5	0.8	4.3
Russian Federation Eurobonds	0.5	—	—	0.5
Foreign government bonds	—	0.5	—	0.5
Securities pledged under repurchase agreements	326.0	1.6	—	327.6
Federal loan bonds (OFZ bonds)	259.5	—	—	259.5
Foreign government bonds	65.9	1.6	—	67.5
Russian Federation Eurobonds	0.4	—	—	0.4
Corporate bonds	0.1	—	—	0.1
Corporate shares	0.1	—	—	0.1
Investment securities available-for-sale	1,241.1	59.4	—	1,300.5
Corporate bonds	468.9	22.1	—	491.0
Federal loan bonds (OFZ bonds)	342.2	—	—	342.2
Russian Federation Eurobonds	202.7	—	—	202.7
Foreign government bonds	161.3	35.2	—	196.5
Municipal and subfederal bonds	47.6	1.2	—	48.8
Corporate shares	18.4	0.5	—	18.9
Promissory notes	—	0.4	—	0.4
Derivative financial instruments	4.3	552.8	25.5	582.6
Foreign currency interest rate derivatives	—	286.3	—	286.3
Foreign currency derivatives	1.1	170.1	14.6	185.8
Interest rate derivatives	1.4	53.3	—	54.7
Commodity derivatives including precious metals derivatives	1.1	33.0	9.5	43.6
Credit risk derivatives	—	8.8	—	8.8
Equity securities derivatives	0.5	1.3	0.2	2.0
Debt securities derivatives	0.2	—	1.2	1.4
Total assets carried at fair value	1,714.8	711.1	43.0	2,468.9

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

(unaudited)
in billions of Russian Roubles

	Level 1	Level 2	Level 3	Total
Assets for which fair values are disclosed				
Due from banks	—	821.1	—	821.1
Loans and advances to customers	—	788.1	16,723.9	17,512.0
Investment securities held-to-maturity	313.1	47.1	—	360.2
Investment securities held-to-maturity pledged under repurchase agreement	67.5	—	—	67.5
Total assets for which fair values are disclosed	380.6	1,656.3	16,723.9	18,760.8

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:

in billions of Russian Roubles

	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	16,628.5	17,374.2
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	16,628.5	18,034.1

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

(unaudited)
in billions of Russian Roubles

	Level 1	Level 2	Level 3	Total
Liabilities carried at fair value				
Derivative financial instruments	2.7	424.3	—	427.0
Foreign currency interest rate derivatives	—	199.2	—	199.2
Foreign currency derivatives	1.0	157.1	—	158.1
Interest rate derivatives	0.8	34.8	—	35.6
Commodity derivatives including precious metals derivatives	0.7	31.9	—	32.6
Equity securities derivatives	0.1	1.3	—	1.4
Debt securities derivatives	0.1	—	—	0.1
Obligation to deliver securities	11.0	0.2	—	11.2
Corporate bonds	7.1	—	—	7.1
Federal loan bonds (OFZ bonds)	2.0	—	—	2.0
Corporate shares	0.9	0.2	—	1.1
Foreign government bonds	0.6	—	—	0.6
Russian Federation Eurobonds	0.4	—	—	0.4
Total liabilities carried at fair value	13.7	424.5	—	438.2
Liabilities for which fair values are disclosed				
Due to banks	—	1,620.9	—	1,620.9
Due to individuals	—	1,453.5	9,487.3	10,940.8
Due to corporate customers	—	889.6	6,495.0	7,384.6
Debt securities in issue	575.7	732.8	1.3	1,309.8
Other borrowed funds	—	373.9	—	373.9
Subordinated debt	221.8	563.5	—	785.3
Total liabilities for which fair values are disclosed	797.5	5,634.2	15,983.6	22,415.3

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 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

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.

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

28 Fair Value Disclosures (Continued)

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 nine months ended 30 September 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	5.5	14.6
Securities designated as at fair value through profit or loss	0.1	1.1
Investment securities available-for-sale	14.8	25.1
Total transfers of financial assets	20.4	40.8
Financial liabilities		
Obligation to deliver securities	0.2	6.3
Total transfers of financial liabilities	0.2	6.3

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 year ended 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.

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

28 Fair Value Disclosures (Continued)

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 September 2015:

<i>(unaudited)</i> in billions of Russian Roubles	At 31 December 2014	Total (losses)/gains reported in statement of profit or loss	Foreign currency revaluation	Purchases	Sales	Transfers to Level 3	At 30 September 2015
Financial assets							
Trading securities	0.6	(0.6)	—	—	—	0.1	0.1
Securities designated as at fair value through profit or loss	14.5	1.6	—	1.3	—	—	17.4
Derivative financial instruments	19.2	8.3	(0.8)	1.4	(2.6)	—	25.5
Total level 3 financial assets	34.3	9.3	(0.8)	2.7	(2.6)	0.1	43.0

For the nine months ended 30 September 2015 the gains in the amount of RR 9.8 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 / (losses) arising from trading securities.

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

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

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: WACC and estimated capitalization rate (CapRate) which depend on forecasts on property prices. WACC as at 30 September 2015 is 15.0%, CapRate – 10%.

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 0.9 billion higher.

Valuation of non-voting share in a special investment fund (SIF) with investments in oil companies of RR 4.8 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: 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 September 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.

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

28 Fair Value Disclosures (Continued)

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

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

WACC of operational companies as at 30 September 2015 is 13.0%, 15.8%, 17.3%, 14.7% and 19.6%. 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 0.2 billion lower / RR 0.2 billion higher.

Valuation of investment in a packaging company of RR 1.3 billion using valuation techniques based on non-observable inputs

Fair value of investment was determined based on discounted cash flow model. Valuation of the investments in the company's operational subsidiaries was based on discounted cash flow model using the following key assumptions: rate of return on equity (ROE), price and volume of sale, operational expenses, cost of investments.

The estimated value of the required return on equity (ROE) for the operating companies amounted to 19.8%. Should ROE used by the Group in the valuation model increase / decrease by 1%, the carrying value of a financial instrument would be RR 0.1 billion lower / RR 0.1 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 higher / RR 0.04 billion lower.

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 fund 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 September 2015

28 Fair Value Disclosures (Continued)

Valuation of foreign currency and precious metals derivatives contracts of RR 23.8 billion using non-observable inputs

The input used for estimation of fair values of foreign currency derivatives for 30 September 2015 was the yield to maturity of the Belarusian Eurobonds in USD with maturity date in January, 2018, amounting to 8.66%. The input used for estimation of fair values of precious metals derivatives as at 30 September 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 29.0%. Should the input rate for Belarusian roubles decrease for 1,000 base points the carrying value of the foreign currency derivatives would be unchangeable, the carrying value of the precious metals derivatives would be RR 0.2 billion lower.

Valuation of market index derivatives contracts of RR 1.6 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 +/-5.53% to +/- 21.7% would impact on the fair value of derivatives in the range of RR+/- 0.07 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 September 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: WACC and estimated capitalization rate (CapRate) which depend on forecasts on property prices. WACC as at 31 December 2014 is 18.6%, CapRate – 11%.

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: 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: 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 higher / RR 0.04 billion lower.

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 fund 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 September 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 2,000 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.

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

28 Fair Value Disclosures (Continued)

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.

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 September 2015 (unaudited)		31 December 2014	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets carried at amortized cost				
Due from banks	821.1	821.1	240.8	240.8
Loans and advances to customers:				
- Commercial loans to legal entities	8,511.6	8,466.1	8,570.1	8,388.6
- Specialized loans to legal entities	4,811.1	4,497.5	4,530.9	4,543.7
- Consumer and other loans to individuals	1,539.2	1,509.6	1,762.7	1,642.7
- Mortgage loans to individuals	2,429.0	2,384.9	2,230.2	2,139.6
- Credit cards and overdrafts	523.6	523.6	500.6	500.6
- Car loans to individuals	134.2	130.3	162.1	159.0
Securities pledged under repurchase agreements:				
- Investment securities held-to-maturity pledged under repurchase agreements	69.8	67.5	340.0	297.7
Investment securities held-to-maturity	373.0	360.2	117.9	121.4
Total financial assets carried at amortized cost	19,212.6	18,760.8	18,455.3	18,034.1

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 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 September 2015 (unaudited)		31 December 2014	
	Carrying value	Fair value	Carrying value	Fair value
Financial liabilities carried at amortized cost				
Due to banks	1,621.1	1,620.9	3,640.0	3,640.8
Due to Individuals:				
- Current/demand accounts	1,966.1	1,966.1	1,886.2	1,886.2
- Term deposits	8,926.9	8,974.6	7,442.1	7,435.6
- Direct repo deals	0.1	0.1	0.1	0.1
Due to corporate customers:				
- Current/settlement accounts of state and public organizations	146.6	146.6	134.0	134.0
- Term deposits of state and public organizations	724.4	714.0	605.2	588.7
- Direct repo deals with state and public organizations	134.5	134.5	—	—
- Current/settlement accounts of other corporate customers	2,332.2	2,332.2	1,685.7	1,685.7
- Term deposits of other corporate customers	4,002.0	4,003.6	3,780.8	3,761.8
- Direct repo deals with other corporate customers	53.7	53.7	28.8	28.8
Debt securities in issue:				
- Loan participation notes issued under the MTN programme of Sberbank	570.1	571.4	629.9	571.1
- Savings certificates	548.7	549.3	456.8	457.2
- Bonds issued:				
- on the local market	68.9	71.9	80.2	79.9
- on international capital markets	32.9	33.1	33.0	33.1
- Promissory notes	74.5	74.3	73.3	72.9
- Bonds issued under mortgage securitization programme of Sberbank	7.7	7.7	9.7	9.7
- Notes issued under the ECP programme of Sberbank	—	—	15.9	15.9
- Other debt securities issued	2.1	2.1	2.7	2.7
Other borrowed funds	374.8	373.9	537.2	543.7
Subordinated debt:				
- Subordinated debt received by the Group from the Bank of Russia	528.8	528.8	503.9	503.9
- Subordinated debt received under the MTN programme of Sberbank	250.0	221.8	226.7	169.9
- Other subordinated debt	41.0	34.7	38.9	38.2
Total financial liabilities carried at amortized cost	22,407.1	22,415.3	21,811.1	21,659.9

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

29 Transfers of Financial Assets and Pledged Assets

The following note provides a summary of financial assets which have been pledged or 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 September 2015 (unaudited)				31 December 2014			
	Due to banks		Due to customers		Due to banks		Due to customers	
	Carrying value of assets	Carrying value of related liability	Carrying value of assets	Carrying value of related liability	Carrying value of assets	Carrying value of related liability	Carrying value of assets	Carrying value of related liability
Securities pledged under repurchase agreements	208.6	198.9	188.8	188.3	1,139.7	1,051.4	29.6	28.4
Securities issued by the Bank pledged under repurchase agreements	—	—	—	—	—	—	0.2	0.2
Securities of clients pledged under repurchase agreements	4.0	3.6	—	—	0.8	1.0	0.3	0.3
Total before margin calls	212.6	202.5	188.8	188.3	1,140.5	1,052.4	30.1	28.9
Other financial assets (margin calls under repurchase agreements)	—	—	0.1	—	0.1	—	0.2	—
Total	212.6	202.5	188.9	188.3	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 and pledged assets is presented below:

<i>in billions of Russian Roubles</i>	30 September 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	1,209.7	967.5	2,104.0	2,012.6
Loans to individuals	9.0	7.7	10.3	9.7
Securities	46.3	32.7	44.1	40.3
Other assets	8.0	6.9	7.5	6.5
Total	1,273.1	1,014.9	2,166.0	2,069.2

Assets transferred without derecognition are represented by loans to individuals pledged under mortgage securitization programme of Sberbank. Refer to Note 13 for detailed information on bonds issued under this programme. Other assets represented in the table above are pledged.

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

29 Transfers of Financial Assets and Pledged Assets (Continued)

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 September 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	87.3	99.8	36.0	38.8
Due from banks	94.6	115.1	82.1	102.4
Loans and advances to customers	75.2	102.6	121.5	210.1
Total	257.1	317.5	239.6	351.3

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 September 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		Net amount
				Financial instruments	Cash collateral	
Financial assets						
Derivative financial assets	471.8	—	471.8	(254.5)	(54.9)	162.4
Reverse repurchase agreements	257.1	—	257.1	(257.1)	—	—
Total financial assets	728.9	—	728.9	(511.6)	(54.9)	162.4
Financial liabilities						
Derivative financial liabilities	419.8	—	419.8	(254.5)	(92.3)	73.0
Direct repurchase agreements	390.8	—	390.8	(390.8)	—	—
Total financial liabilities	810.6	—	810.6	(645.3)	(92.3)	73.0

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		Net amount
				Financial instruments	Cash collateral	
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

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

30 Offsetting of Financial Instruments (Continued)

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.

As at 30 September 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 September 2015 (unaudited)		31 December 2014	
	Bank of Russia	Other related parties	Bank of Russia	Other related parties
Assets				
Cash and cash equivalents	390.9	—	228.8	—
Mandatory cash balances with the Bank of Russia	110.0	—	142.7	—
Due from banks	1.5	—	1.6	—
Gross loans and advances to customers	—	35.1	—	18.9
Non-current assets held for sale and assets of the disposal group	—	—	—	5.6
Other assets	—	1.0	—	1.4
Liabilities				
Due to banks	1,013.3	—	3,027.9	—
Due to individuals	—	7.3	—	5.8
Due to corporate customers	—	2.4	—	2.0
Subordinated debt	528.8	—	503.9	—
Other liabilities	—	0.6	—	1.0

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

31 Related Party Transactions (Continued)

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

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Nine months ended 30 September			
	2015		2014	
	Bank of Russia	Other related parties	Bank of Russia	Other related parties
Interest income	0.1	3.3	0.2	2.0
Interest expense on subordinated debt	(24.2)	—	(18.3)	—
Interest expense other than on subordinated debt	(169.9)	(4.0)	(88.2)	(0.3)
Revenue of non-banking business activities	—	1.2	—	3.8
Commission expense	(1.3)	(0.3)	(1.2)	(0.2)

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

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Three months ended 30 September			
	2015		2014	
	Bank of Russia	Other related parties	Bank of Russia	Other related parties
Interest income	—	2.2	0.1	1.3
Interest expense on subordinated debt	(8.3)	—	(8.3)	—
Interest expense other than on subordinated debt	(36.7)	(3.7)	(35.7)	(0.1)
Revenue of non-banking business activities	—	0.3	—	0.9
Commission expense	(0.4)	(0.1)	(0.5)	(0.1)

For the nine months ended 30 September 2015, remuneration of the members of the key management personnel comprised salaries and bonuses totaling RR 0.8 billion (for the nine months ended 30 September 2014: RR 0.9 billion).

For the three months ended 30 September 2015, remuneration of the members of the key management personnel comprised salaries and bonuses totaling RR 0.2 billion (for the three months ended 30 September 2014: RR 0.3 billion).

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

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 by it. The Group provides the state-controlled entities and government bodies 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 state-controlled entities and government bodies are carried out on general market terms and constitute the minority of the Group's operations.

Balances with state-controlled entities and government bodies which are significant in terms of the carrying amount as at 30 September 2015 are disclosed below:

		30 September 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	Oil and gas	28.3	526.6	—
Client 2	Energy	182.0	246.9	8.7
Client 3	Government and municipal bodies	—	375.4	—
Client 4	Oil and gas	223.2	106.4	21.5
Client 5	Machinery	180.1	85.0	40.2
Client 6	Machinery	152.4	68.0	16.2
Client 7	Oil and gas	—	230.8	—
Client 8	Energy	169.0	38.1	—
Client 9	Machinery	39.1	20.3	110.0
Client 10	Machinery	78.2	62.8	24.9
Client 11	Machinery	113.7	21.7	8.5
Client 12	Telecommunications	93.7	3.5	6.8
Client 13	Banking	44.6	54.5	—
Client 14	Energy	58.9	29.4	—
Client 15	Machinery	2.4	20.2	49.1
Client 16	Other	67.3	0.7	—
Client 17	Machinery	60.8	0.1	—
Client 18	Machinery	45.4	5.9	2.5
Client 19	Transport, aviation, space industry	24.2	1.7	24.4
Client 20	Government and municipal bodies	49.3	—	—

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

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

Additionally as at 30 September 2015 balances from operations with state-controlled entities and government bodies include receivables from Deposit Insurance Agency of RR 87.1 billion (31 December 2014: RR 17.1 billion) which represent receivables recognized from settlements on deposit compensations to clients of the banks whose license was withdrawn by the Bank of Russia. These balances are included in other financial assets in the consolidated statement of financial position. Refer to Note 11.

Balances with state-controlled entities and government bodies as at 31 December 2014 disclosed below contain balances which are significant in terms of the carrying amount as at 30 September 2015 (Clients 1-20), and additional list of Clients with the balances which were significant as at 31 December 2014 (Clients 21-25):

<i>in billions of Russian Roubles</i>		Loans and advances to customers / Due from banks	Due to corporate customers / Due to banks	Guarantees issued
Client	Sector			
Client 1	Oil and gas	8.5	24.2	—
Client 2	Energy	172.8	97.6	3.9
Client 3	Government and municipal bodies	—	217.5	—
Client 4	Oil and gas	119.7	133.9	25.5
Client 5	Machinery	169.6	51.4	37.2
Client 6	Machinery	179.0	45.2	15.2
Client 7	Oil and gas	—	62.8	—
Client 8	Energy	173.2	39.5	—
Client 9	Machinery	42.5	10.6	109.8
Client 10	Machinery	93.8	33.6	25.8
Client 11	Machinery	126.9	30.6	9.0
Client 12	Telecommunications	103.1	14.7	7.3
Client 13	Banking	57.0	51.7	—
Client 14	Energy	51.3	47.6	0.1
Client 15	Machinery	5.8	19.4	20.7
Client 16	Other	65.8	6.9	3.3
Client 17	Machinery	59.0	0.2	—
Client 18	Machinery	62.5	14.8	—
Client 19	Transport, aviation, space industry	6.0	9.1	25.6
Client 20	Government and municipal bodies	49.1	—	—
Client 21	Banking	—	—	100.0
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

As at 30 September 2015 and 31 December 2014 the Group's investments in securities issued by government-controlled corporate entities were as follows:

<i>in billions of Russian Roubles</i>	30 September 2015 (unaudited)		31 December 2014	
	Corporate bonds	Corporate shares	Corporate bonds	Corporate shares
Trading securities	19.2	1.6	11.4	1.0
Securities designated as at fair value through profit or loss	146.5	0.4	36.3	0.2
Securities pledged under repurchase agreements	0.1	—	261.4	0.1
Investment securities available-for-sale	307.0	18.3	87.3	22.0
Investment securities held-to-maturity	72.0	—	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 September 2015

33 Principal Subsidiaries

The table below provides details on principal subsidiaries of the Bank as at 30 September 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 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 September 2015 was 21.4% (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 September 2015 this regulatory capital adequacy ratio N1.0 was 12.4% (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 September 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 September 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:

<i>in billions of Russian Roubles</i>	30 September 2015 (unaudited)	31 December 2014
<i>Tier 1 capital</i>		
Share capital	87.7	87.7
Share premium	232.6	232.6
Retained earnings	1,861.1	1,718.8
Treasury shares	(6.4)	(7.6)
less Goodwill	(24.2)	(23.7)
<i>Total Tier 1 capital</i>	2,150.8	2,007.8
<i>Tier 2 capital</i>		
Revaluation reserve for premises	70.2	72.3
Fair value reserve for investment securities available-for-sale	(33.0)	(77.1)
Foreign currency translation reserve	67.9	83.2
Eligible subordinated debt	797.2	753.4
less Investments in associates	(6.4)	(4.3)
<i>Total Tier 2 capital</i>	895.9	827.5
Total capital	3,046.7	2,835.3
<i>Risk weighted assets (RWA)</i>		
Credit risk	23,018.3	22,845.3
Market risk	600.5	519.7
Total risk weighted assets (RWA)	23,618.8	23,365.0
Core capital adequacy ratio (Total Tier 1 capital / Total RWA), %	9.1	8.6
Total capital adequacy ratio (Total capital / Total RWA), %	12.9	12.1

35 Subsequent Events

On 12 October 2015 following an open tender the Group signed an agreement to sell its stake in NP JSC Krasnaya Polyana representing 96.914% of share capital of the company. The sale price of the transaction is RR 35 billion. According to the agreed payment schedule the sale price and amount of interest accrued on outstanding debt is payable in several tranches through 31 December 2022. The transfer of ownership of the shares under the contract is subject to fulfilment of conditions agreed up on by the parties. These conditions include but are not limited to obtaining all necessary corporate and legal approvals, completion of collateral transfer to the Group and the receipt of the first two payments under the contract schedule. As of the date of this report the Group had received the first payment in the amount of RR 3 billion. As of the date of this report the completion of some conditions is still pending.

In November 2015 the Supervisory Board approved the implementation of a long-term remuneration programme in Sberbank. At the initial stage, the programme is designed for a small number of top managers of the Bank and links a substantial part of their compensation to the performance of the Bank's shares. The programme starts from the financial results for 2015, i.e. a part of the Bank's top managers' variable compensation for the year 2015 will be deferred for 3 years and paid in installments. The Management of the Group does not expect the long-term remuneration programme to have material impact on the Group's financial statements.