

Sberbank of Russia

Interim Condensed Consolidated Financial Statements and
Review Report

30 September 2013

Interim Condensed Consolidated Financial Statements and Review Report

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Review Report

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Report on review of interim condensed consolidated financial statements

To the Shareholders and Supervisory Board of Sberbank of Russia

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Sberbank of Russia (the "Bank") and its subsidiaries (together the "Group") as at 30 September 2013, comprising of the interim consolidated statement of financial position as at 30 September 2013 and the related interim consolidated income statement and statement of comprehensive income for the three months and the nine months then ended, interim consolidated statements of changes in equity and of cash flows for the nine months then ended and selected explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standard IAS 34, *Interim Financial Reporting* ("IAS 34"). 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 financial information 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 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 are not prepared, in all material respects, in accordance with IAS 34.

CJSC Ernst & Young Vneshaudit

26 November 2013


Interim Consolidated Statement of Financial Position

<i>In billions of Russian Roubles</i>	Note	30 September 2013 (unaudited)	31 December 2012
ASSETS			
Cash and cash equivalents		1,117.4	1,290.8
Mandatory cash balances with central banks		270.3	211.2
Trading securities	5	79.8	90.4
Securities designated as at fair value through profit or loss	6	16.3	19.2
Due from banks		435.2	114.8
Loans and advances to customers	7	11,760.6	10,499.3
Securities pledged under repurchase agreements	8	988.2	949.7
Investment securities available-for-sale	9	761.7	804.5
Investment securities held-to-maturity	10	153.5	105.9
Deferred income tax asset		10.1	7.5
Premises and equipment		448.3	436.0
Other financial assets	11	307.2	227.6
Other non-financial assets	11	340.8	340.5
TOTAL ASSETS		16,689.4	15,097.4
LIABILITIES			
Due to banks		1,348.4	1,452.4
Due to individuals	12	7,593.1	6,983.2
Due to corporate customers	12	3,665.3	3,196.1
Debt securities in issue	13	825.8	691.7
Other borrowed funds		597.7	469.2
Deferred income tax liability		27.1	33.2
Other financial liabilities	14	339.2	227.7
Other non-financial liabilities	14	51.5	35.4
Subordinated debt	15	441.8	384.7
TOTAL LIABILITIES		14,889.9	13,473.6
EQUITY			
Share capital		87.7	87.7
Treasury shares		(6.1)	(7.6)
Share premium		232.6	232.6
Revaluation reserve for office premises		77.0	79.0
Fair value reserve for investment securities available-for-sale		7.2	37.3
Foreign currency translation reserve		(8.8)	(4.7)
Retained earnings		1,400.2	1,186.7
Total equity attributable to shareholders of the Bank		1,789.8	1,611.0
Non-controlling interest		9.7	12.8
TOTAL EQUITY		1,799.5	1,623.8
TOTAL LIABILITIES AND EQUITY		16,689.4	15,097.4

Approved for issue and signed on behalf of the Management Board on 26 November 2013.



Herman Gref, Chairman of the Management Board and CEO



Marina Lukianova, Acting Chief Accountant


Interim Consolidated Income Statement

<i>(unaudited)</i> in billions of Russian Roubles	Note	Nine months ended 30 September		Three months ended 30 September	
		2013	2012	2013	2012
Interest income	16	1,077.7	816.7	376.2	295.9
Interest expense	16	(433.4)	(295.4)	(151.5)	(110.2)
Deposit insurance expenses	16	(21.0)	(17.5)	(7.3)	(6.1)
Net interest income		623.3	503.8	217.4	179.6
Net provision charge for loan impairment	7	(106.8)	(10.6)	(44.1)	(11.7)
Net interest income after provision for loan impairment		516.5	493.2	173.3	167.9
Fee and commission income	17	170.9	131.9	62.7	46.6
Fee and commission expense	17	(16.9)	(11.8)	(6.2)	(4.8)
Net (losses)/ gains arising from trading securities		(3.6)	0.6	0.6	2.4
Net (losses)/ gains arising from securities designated as at fair value through profit or loss		(3.8)	1.7	(3.3)	0.5
Net gains/ (losses) arising from investment securities available-for-sale		10.7	3.7	3.9	(0.5)
Impairment of investment securities available-for-sale		(4.0)	–	(0.6)	–
Net gains arising from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation	18	10.7	4.4	10.9	3.0
Net gains/ (losses) arising from operations with precious metals and precious metals derivatives		1.8	4.5	0.4	(0.1)
Net gains/ (losses) arising from operations with other derivatives		6.4	7.9	(3.2)	0.8
Net (provision charge)/ recovery of provision for impairment of other assets		(3.8)	(2.4)	(2.6)	0.5
Revenue of non-financial business activities	19	19.9	36.5	6.7	12.4
Cost of sales of non-financial business activities	19	(18.6)	(27.1)	(6.7)	(8.9)
Other operating income		15.6	6.3	7.7	1.5
Operating income		701.8	649.4	243.6	221.3
Operating expenses	20	(362.1)	(309.0)	(123.3)	(108.4)
Profit before tax		339.7	340.4	120.3	112.9
Income tax expense		(71.4)	(77.6)	(26.5)	(25.4)
Profit for the reporting period		268.3	262.8	93.8	87.5
Attributable to:					
- shareholders of the Bank		269.7	263.3	94.6	87.7
- non-controlling interest		(1.4)	(0.5)	(0.8)	(0.2)
Earnings per ordinary share for profit attributable to the shareholders of the Bank, basic and diluted	21	12.40	12.13	4.40	4.08
(expressed in RR per share)					

Approved for issue and signed on behalf of the Management Board on 26 November 2013.



Herman Gref, Chairman of the Management Board and CEO



Marina Lukianova, Acting Chief Accountant

Interim Consolidated Statement of Other Comprehensive Income

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Nine months ended 30 September		Three months ended 30 September	
	2013	2012	2013	2012
Profit for the reporting period recognized in the income statement	268.3	262.8	93.8	87.5
Other comprehensive income:				
<i>Other comprehensive income which could be reclassified to profit or loss in subsequent period</i>				
Investment securities available-for-sale:				
- Net (losses)/ gains on revaluation of investment securities available-for-sale	(31.0)	32.3	10.4	18.7
- Impairment of investment securities available-for-sale transferred to Income statement	4.0	–	0.6	–
- Accumulated (gains)/ losses transferred to Income statement upon disposal of investment securities available-for-sale	(10.7)	(3.7)	(3.9)	0.5
Net foreign currency translation (losses)/ gains	(4.2)	4.8	(6.1)	2.1
Deferred income tax relating to other comprehensive income:				
- Investment securities available-for-sale	7.6	(5.6)	(1.4)	(3.8)
Total other comprehensive (loss)/ income, net of tax	(34.3)	27.8	(0.4)	17.5
Total comprehensive income for the reporting period	234.0	290.6	93.4	105.0
Attributable to:				
- shareholders of the Bank	235.5	291.1	94.3	105.2
- non-controlling interest	(1.5)	(0.5)	(0.9)	(0.2)

Interim Consolidated Statement of Changes in Equity

<i>(unaudited)</i> <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	Retained earnings	Total	Non-controlling interest	Total equity
Balance as at 31 December 2011 (audited)		87.7	(7.0)	232.6	81.5	(7.5)	(5.7)	882.9	1,264.5	3.5	1,268.0
Changes in equity for the nine months ended 30 September 2012											
Net result from treasury shares transactions		–	(1.4)	–	–	–	–	–	(1.4)	–	(1.4)
Dividends declared	21	–	–	–	–	–	–	(47.5)	(47.5)	–	(47.5)
Amortization of revaluation reserve for office premises		–	–	–	(2.0)	–	–	2.0	–	–	–
Changes in ownership interests in subsidiaries		–	–	–	–	–	–	0.1	0.1	13.9	14.0
Total comprehensive income for the nine months ended 30 September 2012		–	–	–	–	23.0	4.8	263.3	291.1	(0.5)	290.6
Balance as at 30 September 2012		87.7	(8.4)	232.6	79.5	15.5	(0.9)	1,100.8	1,506.8	16.9	1,523.7
Balance as at 31 December 2012 (audited)		87.7	(7.6)	232.6	79.0	37.3	(4.7)	1,186.7	1,611.0	12.8	1,623.8
Changes in equity for the nine months ended 30 September 2013											
Net result from treasury shares transactions		–	1.5	–	–	–	–	0.3	1.8	–	1.8
Dividends declared	21	–	–	–	–	–	–	(58.5)	(58.5)	–	(58.5)
Amortization of revaluation reserve for office premises		–	–	–	(2.0)	–	–	2.0	–	–	–
Changes in ownership interests in subsidiaries		–	–	–	–	–	–	–	–	(1.6)	(1.6)
Total comprehensive income for the nine months ended 30 September 2013		–	–	–	–	(30.1)	(4.1)	269.7	235.5	(1.5)	234.0
Balance as at 30 September 2013		87.7	(6.1)	232.6	77.0	7.2	(8.8)	1,400.2	1,789.8	9.7	1,799.5

Interim Consolidated Statement of Cash Flows

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Note	Nine months ended 30 September	
		2013	2012
Cash flows from operating activities			
Interest received		1,057.6	808.2
Interest paid		(366.1)	(260.3)
Expenses paid directly attributable to deposit insurance		(19.9)	(16.7)
Fees and commissions received		171.2	132.1
Fees and commissions paid		(17.9)	(12.2)
Net losses incurred from trading securities		(3.6)	(3.3)
Net gains received from securities designated as at fair value through profit or loss		0.7	0.4
Net losses incurred from trading in foreign currencies and from operations with foreign currency derivatives		(18.4)	(1.4)
Net (losses incurred)/ gains received from operations with other derivatives		(0.7)	0.3
Net gains received from operations with precious metals and precious metals derivatives		0.2	4.0
Revenue of non-financial business activities		24.4	39.8
Cost of sales of non-financial business activities		(32.5)	(24.5)
Other operating income received		18.1	2.4
Operating expenses paid		(275.0)	(235.1)
Income tax paid		(68.7)	(69.8)
Cash flows from operating activities before changes in operating assets and liabilities		469.4	363.9
Changes in operating assets and liabilities			
Net increase in mandatory cash balances with central banks		(64.7)	(20.7)
Net decrease in trading securities		58.1	34.3
Net decrease in securities designated as at fair value through profit or loss		1.1	30.0
Net increase in due from banks		(314.4)	(45.5)
Net increase in loans and advances to customers		(1,231.5)	(1,359.3)
Net decrease/ (increase) in other assets		11.5	(40.8)
Net (decrease)/ increase in due to banks		(106.7)	384.7
Net increase in due to individuals		572.5	361.2
Net increase in due to corporate customers		370.3	453.6
Net increase in debt securities in issue		92.9	166.3
Net increase in other liabilities		35.1	28.9
Net cash (used in)/ from operating activities		(106.4)	356.6
Cash flows from investing activities			
Purchase of investment securities available-for-sale		(508.0)	(303.7)
Proceeds from disposal and redemption of investment securities available-for-sale		340.9	186.3
Purchase of investment securities held-to-maturity		(29.9)	(4.2)
Proceeds from redemption of investment securities held-to-maturity		88.8	45.6
Acquisition of premises and equipment		(78.8)	(61.2)
Acquisition of investment property		–	(0.1)
Proceeds from disposal of premises and equipment including insurance payments		9.2	3.0
Proceeds from disposal of associates		4.5	–
Acquisition of subsidiaries net of cash acquired		(12.0)	(82.0)
Proceeds from disposal of subsidiaries net of cash disposed		0.2	5.9
Cash received from non-controlling shareholders		1.4	–
Dividends received		1.4	3.4
Net cash used in investing activities		(182.3)	(207.0)
Cash flows from financing activities			
Other borrowed funds received		218.2	92.4
Redemption of other borrowed funds		(101.7)	(139.1)
Repayment of interest on other borrowed funds		(6.9)	(3.0)
Subordinated debt received		35.6	0.4
Redemption of subordinated debt		–	(4.0)
Repayment of interest on subordinated debt		(2.0)	(0.1)
Funds received from loan participation notes issued under the MTN programme		43.7	137.2
Redemption of loan participation notes issued under the MTN programme		(35.5)	(0.7)
Repayment of interest on loan participation notes issued under the MTN programme		(15.9)	(9.1)
Acquisition of non-controlling interests in subsidiaries		(0.4)	–
Purchase of treasury shares		(47.4)	(1.4)
Proceeds from disposal of treasury shares		48.9	–
Dividends paid	21	(58.3)	(47.3)
Net cash from financing activities		78.3	25.3
Effect of exchange rate changes on cash and cash equivalents		37.2	0.5
Effect of inflation on cash and cash equivalents		(0.2)	(3.0)
Net (decrease)/ increase in cash and cash equivalents		(173.4)	172.4
Cash and cash equivalents at the beginning of the year		1,290.8	625.6
Cash and cash equivalents as at the end of the reporting period		1,117.4	798.0

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2013

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 2013. 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 29.

The Bank is an open joint stock commercial bank established in 1841 and operating in various forms since then. The Bank was incorporated and is domiciled in the Russian Federation. The Bank’s principal shareholder, the Central Bank of the Russian Federation (“Bank of Russia”), owns 52.3% of ordinary shares or 50.0% plus 1 voting share of the issued and outstanding shares as at 30 September 2013 (31 December 2012: 52.3% of ordinary shares or 50.0% plus 1 voting share of the issued and outstanding shares).

The Supervisory Board of the Bank includes representatives from both the Bank’s principal shareholder and other shareholders and 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 and by the Federal Service for Financial Markets. On 1 September 2013 the Federal Service for Financial Markets was abolished and all its powers were transferred to the Bank of Russia’s newly established special Financial Markets Service. 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 2013 the Group conducts its business in Russia through Sberbank with its network of 17 (31 December 2012: 17) regional head offices, 90 (31 December 2012: 193) branches and 18 229 (31 December 2012: 18 377) sub-branches, and through principal subsidiaries located in Russia such as CJSC Sberbank Leasing, LLC Sberbank Capital, companies of ex-Troika Dialog Group Ltd. 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 2013 was 298,172 (31 December 2012: 286,019).

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

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2013

1 Introduction (continued)

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 2013 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	0.253	280.877	4.753	0.023	0.028	0.063
USD/	32.345	8.180	9,084.988	153.740	0.741	0.909	2.031
EUR/	43.650	11.039	12,260.187	207.472	1.000	1.227	2.741

At 31 December 2012 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	0.266	282.985	4.948	0.025	0.030	0.059
USD/	30.373	8.080	8,595.009	150.280	0.755	0.912	1.790
EUR/	40.229	10.702	11,384.078	199.046	1.000	1.208	2.371

2 Operating Environment of the Group

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

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

Russian economy is influenced by market volatility and slowdown of the global economy. There is still some uncertainty concerning future economic growth, access to capital markets as well as cost of capital that can affect negatively financial position, operating results and economic perspectives of the Group.

In the first nine months of 2013 key trends of the previous year remained intact: (i) gradual slow-down of corporate lending on the back of the general cooling of the Russian economy; (ii) continuing rapid expansion of the retail lending market accompanied by an increased regulators' attention to the rise of corresponding risks.

Other jurisdictions. In addition to Russia the Group conducts operations in CIS (Ukraine, Belarus, Kazakhstan), 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 decrease or insignificant growth of GDP followed by shrinking in consumption as well as in investment activities. The primary goals of the local regulators were support of monetary stability, management of GDP deficit and inflation level regulation. In 2013 economy of the Republic Belarus remained hyperinflationary as defined by IAS 29.

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 2012.

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

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2013

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

The accounting policies and methods of computation applied in the preparation of these interim condensed consolidated financial statements are consistent with those disclosed in the annual consolidated financial statements of the Group for the year ended 31 December 2012, except for the changes introduced due to implementation of new and/or revised standards and interpretations as of 1 January 2013, noted below:

IFRS 10 Consolidated Financial Statements. IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 require management to exercise significant judgement to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in IAS 27. In addition IFRS 10 introduces specific application guidance for agency relationships. IFRS 10 replaces the portion of IAS 27 *Consolidated and Separate Financial Statements* that addresses the accounting for consolidated financial statements. It also includes the issues raised in SIC-12 *Consolidation – Special Purpose Entities*. It is effective for annual periods beginning on or after 1 January 2013.

IFRS 11 Joint Arrangements. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method. IFRS 11 supersedes IAS 31 *Interests in Joint Ventures* and SIC-13 *Jointly Controlled Entities – Non-monetary Contributions by Venturers* and is effective for annual periods beginning on or after 1 January 2013.

IFRS 12 Disclosure of Interests in Other Entities. IFRS 12 includes all of the disclosures that were previously in IAS 27 *Consolidated and Separate Financial Statements* related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 *Interests in joint Ventures* and IAS 28 *Investments in Associates*. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required. IFRS 12 is effective for annual periods beginning on or after 1 January 2013. Adoption of the standard did not require any new disclosures to be made in the interim condensed consolidated financial statements of the Group and had no impact on its financial position or performance.

IFRS 13 Fair Value Measurement. IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. IFRS 13 is effective for annual periods beginning on or after 1 January 2013. The adoption of the IFRS 13 had no effect on the measurement of the Group's assets and liabilities accounted for at fair value.

IAS 27 Separate Financial Statements (as revised in 2011). As a consequence of the new IFRS 10 and IFRS 12, what remains of IAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. The amendment becomes effective for annual periods beginning on or after 1 January 2013.

IAS 28 Investments in Associates and Joint Ventures (as revised in 2011). IAS 28 has been renamed IAS 28 *Investments in Associates and Joint Ventures*, and describes the application of the equity method to investments in joint ventures in addition to associates. The amendment becomes effective for annual periods beginning on or after 1 January 2013.

Amendments to IAS 19 Employee Benefits. The IASB has published amendments to IAS 19 *Employee Benefits*, effective for annual periods beginning on or after 1 January 2013, which proposes major changes to the accounting for employee benefits, including the removal of the option for deferred recognition of changes in pension plan assets and liabilities (known as the "corridor approach"). In addition, these amendments limit the changes in the net pension asset (liability) recognized in profit or loss to net interest income (expense) and service costs.

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2013

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

Amendments to IAS 1 Changes to the Presentation of Other Comprehensive Income. The amendment becomes effective for annual periods beginning on or after 1 July 2012. The amendments to IAS 1 *Presentation of Financial Statements* change the grouping of items presented in other comprehensive income. Items that could be reclassified to profit or loss at a future point in time (for example, on derecognition or settlement) would be presented separately from items that will never be reclassified (for example, revaluation of buildings). These amendments changed presentation in the statement of comprehensive income but had no effect on the financial position and performance.

Disclosures — Offsetting Financial Assets and Financial liabilities – Amendments to IFRS 7 Financial instruments: Disclosures (effective for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods, with retrospective application). These disclosures, which are similar to the new US GAAP requirements, provide users with information that is useful in (a) evaluating the effect or potential effect of netting arrangements on an entity's financial position and (b) analyzing and comparing financial statements prepared in accordance with IFRSs and US GAAP.

Improvements to IFRS. The amendments are effective for annual periods beginning on or after 1 January 2013.

- **IFRS 1 First-time Adoption of International Financial Reporting Standards:** This improvement clarifies that an entity that stopped applying IFRS in the past and chooses, or is required, to apply IFRS, has the option to re-apply IFRS 1. If IFRS 1 is not re-applied, an entity must retrospectively restate its financial statements as if it had never stopped applying IFRS.
- **IAS 1 Presentation of Financial Statements:** This improvement clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative information is the previous period.
- **IAS 16 Property Plant and Equipment:** This improvement clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory.
- **IAS 32 Financial Instruments, Presentation:** This improvement clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 *Income Taxes*.
- **IAS 34 Interim Financial Reporting:** The amendment aligns the disclosure requirements for total segment assets with total segment liabilities in interim financial statements. This clarification also ensures that interim disclosures are aligned with annual disclosures.

The above mentioned new or amended standards and interpretations effective from 1 January 2013 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 2012. Management has not identified new areas of judgement or critical estimates except for:

- The change in estimate of the maximum maturity from up to 30 days to up to 1 business day of interbank loans and repo deals which are considered as cash and cash equivalents.
- The change in estimate of expected useful life of office and computer equipment of the Group. Based on the results of analysis, beginning from 1 July 2013 expected useful life of office equipment was changed from 4 years to 7 years; expected useful life of computer equipment was changed from 4 years to 3 years. In case this change in the assessment was not carried out, depreciation charge for premises and equipment for the nine months ended 30 September 2013 would have been approximately RR 2 billion higher.

Comparative figures have not been adjusted.

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2013

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

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. Costs that occur unevenly during the financial year are anticipated or deferred in the interim report only if it would also be appropriate to anticipate or defer such costs at the end of the financial year.

Changes in presentation and reclassifications. Following the improved disclosure of other liabilities in the current period, the presentation of the comparative information has been adjusted to be consistent with the new presentation. The effect of changes on the interim consolidated statement of financial position and on the corresponding note as at 31 December 2012 is as follows:

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	As previously reported	Reclassification	As reclassified
Other financial liabilities			
Accrued employee benefit costs	–	29.3	29.3
Deferred commissions received on guarantees issued	1.3	(1.3)	–
Total other financial liabilities	1.3	28.0	29.3
Other non-financial liabilities			
Accrued employee benefit costs	29.3	(29.3)	–
Deferred commissions received on guarantees issued	–	1.3	1.3
Total other non-financial liabilities	29.3	(28.0)	1.3

Following the improved disclosure of revenues and cost of sales of non-financial business activities, the presentation of the comparative figures has been adjusted to be consistent with the new presentation. The effect of changes on the interim consolidated income statement for the nine months ended 30 September 2012 is as follows:

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	As previously reported	Reclassification	As reclassified
Revenue of non-financial business activities	–	36.5	36.5
Cost of sales of non-financial business activities	–	(27.1)	(27.1)
Other operating income	21.3	(15.0)	6.3
Operating expenses	(314.6)	5.6	(309.0)

The effect of changes on the interim consolidated income statement for the three months ended 30 September 2012 is as follows:

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	As previously reported	Reclassification	As reclassified
Revenue of non-financial business activities	–	12.4	12.4
Cost of sales of non-financial business activities	–	(8.9)	(8.9)
Other operating income	5.9	(4.4)	1.5
Operating expenses	(109.3)	0.9	(108.4)

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2013

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

The effect of corresponding reclassifications on disclosure of operating expenses for the nine months ended 30 September 2012 is as follows:

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	As previously reported	Reclassification	As reclassified
Operating expenses			
- Staff costs	(178.9)	1.0	(177.9)
- Depreciation of premises and equipment	(41.4)	2.8	(38.6)
- Other operating expenses	(15.8)	1.8	(14.0)
Cost of sales of non-financial business activities			
- Staff costs	–	(1.0)	(1.0)
- Depreciation of fixed assets	–	(2.8)	(2.8)
- Customs duties and taxes	–	(1.8)	(1.8)

The effect of corresponding reclassifications on disclosure of operating expenses for the three months ended 30 September 2012 is as follows:

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	As previously reported	Reclassification	As reclassified
Operating expenses			
- Staff costs	(60.2)	0.4	(59.8)
- Depreciation of premises and equipment	(13.5)	1.3	(12.2)
- Other operating expenses	(4.8)	(0.8)	(5.6)
Cost of sales of non-financial business activities			
- Depreciation of fixed assets	–	(1.3)	(1.3)
- Staff costs	–	(0.4)	(0.4)
- Customs duties and taxes	–	0.8	0.8

The effect of corresponding reclassifications on disclosure of the interim consolidated statement of cash flows for the nine months ended 30 September 2012 is as follows:

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	As previously reported	Reclassification	As reclassified
Revenue of non-financial business activities	–	39.8	39.8
Cost of sales of non-financial business activities	–	(24.5)	(24.5)
Other operating income received	17.7	(15.3)	2.4

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2013

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

The corresponding effect on the segment reporting of the Group's income and expenses for the nine months ended 30 September 2012 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
As previously reported						
Revenue of non-financial business activities	–	–	–	–	–	–
Cost of sales of non-financial business activities	–	–	–	–	–	–
Other operating income	10.3	4.0	4.4	11.7	(2.3)	28.1
Operating expenses	(100.8)	(61.2)	(51.0)	(80.9)	(16.2)	(310.1)
Reclassification						
Revenue of non-financial business activities	5.8	6.0	10.6	13.6	0.5	36.5
Cost of sales of non-financial business activities	(4.7)	(4.6)	(9.8)	(7.6)	(0.4)	(27.1)
Other operating income	(1.4)	(1.5)	(1.1)	(10.9)	(0.1)	(15.0)
Operating expenses	0.3	0.1	0.3	4.9	–	5.6
As reclassified						
Revenue of non-financial business activities	5.8	6.0	10.6	13.6	0.5	36.5
Cost of sales of non-financial business activities	(4.7)	(4.6)	(9.8)	(7.6)	(0.4)	(27.1)
Other operating income	8.9	2.5	3.3	0.8	(2.4)	13.1
Operating expenses	(100.5)	(61.1)	(50.7)	(76.0)	(16.2)	(304.5)

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2013

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

The corresponding effect on the segment reporting of the Group's income and expenses for the three months ended 30 September 2012 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
As previously reported						
Revenue of non-financial business activities	–	–	–	–	–	–
Cost of sales of non-financial business activities	–	–	–	–	–	–
Other operating income	7.4	5.4	7.1	6.6	(4.4)	22.1
Operating expenses	(40.3)	(22.5)	(18.6)	(29.6)	(4.6)	(115.6)
Reclassification						
Revenue of non-financial business activities	1.4	1.3	3.8	5.7	0.2	12.4
Cost of sales of non-financial business activities	(1.2)	(1.0)	(3.3)	(3.2)	(0.2)	(8.9)
Other operating income	(0.2)	(0.3)	(0.7)	(3.2)	–	(4.4)
Operating expenses	–	–	0.2	0.7	–	0.9
As reclassified						
Revenue of non-financial business activities	1.4	1.3	3.8	5.7	0.2	12.4
Cost of sales of non-financial business activities	(1.2)	(1.0)	(3.3)	(3.2)	(0.2)	(8.9)
Other operating income	7.2	5.1	6.4	3.4	(4.4)	17.7
Operating expenses	(40.3)	(22.5)	(18.4)	(28.9)	(4.6)	(114.7)

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2013

5 Trading Securities

	30 September 2013 (unaudited)	31 December 2012
<i>In billions of Russian Roubles</i>		
Corporate bonds	31.7	19.6
Federal loan bonds (OFZ bonds)	16.7	26.6
Russian Federation Eurobonds	8.6	12.4
Foreign government bonds	8.5	15.1
Municipal and subfederal bonds	1.7	0.8
Total debt trading securities	67.2	74.5
Corporate shares	9.6	14.8
Investments in mutual funds	3.0	1.1
Total trading securities	79.8	90.4

6 Securities Designated as at Fair Value through Profit or Loss

	30 September 2013 (unaudited)	31 December 2012
<i>In billions of Russian Roubles</i>		
Federal loan bonds (OFZ bonds)	11.9	8.5
Foreign government bonds	0.7	0.9
Corporate bonds	0.5	0.8
Municipal and subfederal bonds	0.1	–
Total debt securities designated as at fair value through profit or loss	13.2	10.2
Investments in mutual funds	1.7	2.0
Corporate shares	1.4	7.0
Total securities designated as at fair value through profit or loss	16.3	19.2

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2013

7 Loans and Advances to Customers

The tables below show credit quality of the Group's loan portfolio by loan classes as at 30 September 2013 and 31 December 2012.

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.

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	30 September 2013		
	Not past due loans	Past due loans	Total
Commercial loans to legal entities	5,294.8	286.8	5,581.6
Specialized loans to legal entities	3,213.7	147.3	3,361.0
Consumer and other loans to individuals	1,709.3	165.0	1,874.3
Mortgage loans to individuals	1,348.1	62.8	1,410.9
Car loans to individuals	138.7	8.4	147.1
Total loans and advances to customers before provision for loan impairment	11,704.6	670.3	12,374.9
Less: Provision for loan impairment	(216.0)	(398.3)	(614.3)
Total loans and advances to customers net of provision for loan impairment	11,488.6	272.0	11,760.6

<i>In billions of Russian Roubles</i>	31 December 2012		
	Not past due loans	Past due loans	Total
Commercial loans to legal entities	5,033.7	247.8	5,281.5
Specialized loans to legal entities	2,836.0	110.3	2,946.3
Consumer and other loans to individuals	1,472.6	97.1	1,569.7
Mortgage loans to individuals	1,094.6	48.8	1,143.4
Car loans to individuals	118.2	5.2	123.4
Total loans and advances to customers before provision for loan impairment	10,555.1	509.2	11,064.3
Less: Provision for loan impairment	(237.1)	(327.9)	(565.0)
Total loans and advances to customers net of provision for loan impairment	10,318.0	181.3	10,499.3

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 2013

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. These loans include loans for current needs and overdrafts.

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.

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

The table below shows the analysis of loans and provisions for loan impairment as at 30 September 2013:

<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	5,210.7	(92.6)	5,118.1	1.8%
Loans up to 30 days overdue	35.9	(5.0)	30.9	13.9%
Loans 31 to 60 days overdue	13.1	(3.6)	9.5	27.5%
Loans 61 to 90 days overdue	8.7	(4.2)	4.5	48.3%
Loans 91 to 180 days overdue	19.8	(12.7)	7.1	64.1%
Loans over 180 days overdue	140.6	(131.4)	9.2	93.5%
Total collectively assessed loans	5,428.8	(249.5)	5,179.3	4.6%
Individually impaired				
Not past due	84.1	(19.5)	64.6	23.2%
Loans up to 30 days overdue	8.4	(4.9)	3.5	58.3%
Loans 31 to 60 days overdue	4.4	(2.3)	2.1	52.3%
Loans 61 to 90 days overdue	0.8	(0.1)	0.7	12.5%
Loans 91 to 180 days overdue	4.9	(2.8)	2.1	57.1%
Loans over 180 days overdue	50.2	(40.9)	9.3	81.5%
Total individually impaired loans	152.8	(70.5)	82.3	46.1%
Total commercial loans to legal entities	5,581.6	(320.0)	5,261.6	5.7%
Specialized loans to legal entities				
Collectively assessed				
Not past due	3,124.6	(75.5)	3,049.1	2.4%
Loans up to 30 days overdue	28.3	(3.2)	25.1	11.3%
Loans 31 to 60 days overdue	8.1	(1.2)	6.9	14.8%
Loans 61 to 90 days overdue	2.9	(0.6)	2.3	20.7%
Loans 91 to 180 days overdue	9.3	(5.1)	4.2	54.8%
Loans over 180 days overdue	40.1	(36.7)	3.4	91.5%
Total collectively assessed loans	3,213.3	(122.3)	3,091.0	3.8%
Individually impaired				
Not past due	89.1	(23.0)	66.1	25.8%
Loans up to 30 days overdue	7.2	(4.9)	2.3	68.1%
Loans 31 to 60 days overdue	3.1	(2.8)	0.3	90.3%
Loans 61 to 90 days overdue	3.4	(2.8)	0.6	82.4%
Loans 91 to 180 days overdue	9.7	(6.7)	3.0	69.1%
Loans over 180 days overdue	35.2	(27.3)	7.9	77.6%
Total individually impaired loans	147.7	(67.5)	80.2	45.7%
Total specialized loans to legal entities	3,361.0	(189.8)	3,171.2	5.6%
Total loans to legal entities	8,942.6	(509.8)	8,432.8	5.7%

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2013

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
Consumer and other loans to individuals				
Collectively assessed				
Not past due	1,709.3	(4.5)	1,704.8	0.3%
Loans up to 30 days overdue	70.6	(4.7)	65.9	6.7%
Loans 31 to 60 days overdue	16.4	(4.1)	12.3	25.0%
Loans 61 to 90 days overdue	9.8	(4.1)	5.7	41.8%
Loans 91 to 180 days overdue	18.7	(13.1)	5.6	70.1%
Loans over 180 days overdue	49.5	(44.2)	5.3	89.3%
Total consumer and other loans to individuals	1,874.3	(74.7)	1,799.6	4.0%
Mortgage loans to individuals				
Collectively assessed				
Not past due	1,348.1	(0.8)	1,347.3	0.1%
Loans up to 30 days overdue	24.8	(0.7)	24.1	2.8%
Loans 31 to 60 days overdue	5.4	(0.6)	4.8	11.1%
Loans 61 to 90 days overdue	3.2	(0.5)	2.7	15.6%
Loans 91 to 180 days overdue	4.2	(1.7)	2.5	40.5%
Loans over 180 days overdue	25.2	(21.9)	3.3	86.9%
Total mortgage loans to individuals	1,410.9	(26.2)	1,384.7	1.9%
Car loans to individuals				
Collectively assessed				
Not past due	138.7	(0.1)	138.6	0.1%
Loans up to 30 days overdue	3.6	(0.2)	3.4	5.6%
Loans 31 to 60 days overdue	0.8	(0.2)	0.6	25.0%
Loans 61 to 90 days overdue	0.5	(0.2)	0.3	40.0%
Loans 91 to 180 days overdue	1.0	(0.6)	0.4	60.0%
Loans over 180 days overdue	2.5	(2.3)	0.2	92.0%
Total car loans to individuals	147.1	(3.6)	143.5	2.4%
Total loans to individuals	3,432.3	(104.5)	3,327.8	3.0%
Total loans and advances to customers as at 30 September 2013	12,374.9	(614.3)	11,760.6	5.0%

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2013

7 Loans and Advances to Customers (continued)

The table below shows the analysis of loans and provisions for loan impairment as at 31 December 2012:

<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	4,972.5	(105.9)	4,866.6	2.1%
Loans up to 30 days overdue	29.3	(3.5)	25.8	11.9%
Loans 31 to 60 days overdue	11.0	(3.1)	7.9	28.2%
Loans 61 to 90 days overdue	6.6	(2.3)	4.3	34.8%
Loans 91 to 180 days overdue	14.9	(8.2)	6.7	55.0%
Loans over 180 days overdue	133.2	(121.8)	11.4	91.4%
Total collectively assessed loans	5,167.5	(244.8)	4,922.7	4.7%
Individually impaired				
Not past due	61.2	(26.1)	35.1	42.6%
Loans up to 30 days overdue	5.0	(2.5)	2.5	50.0%
Loans 31 to 60 days overdue	4.0	(2.6)	1.4	65.0%
Loans 61 to 90 days overdue	1.5	(0.5)	1.0	33.3%
Loans 91 to 180 days overdue	1.5	(0.1)	1.4	6.7%
Loans over 180 days overdue	40.8	(33.3)	7.5	81.6%
Total individually impaired loans	114.0	(65.1)	48.9	57.1%
Total commercial loans to legal entities	5,281.5	(309.9)	4,971.6	5.9%
Specialized loans to legal entities				
Collectively assessed				
Not past due	2,772.8	(76.1)	2,696.7	2.7%
Loans up to 30 days overdue	12.3	(1.4)	10.9	11.4%
Loans 31 to 60 days overdue	2.2	(0.4)	1.8	18.2%
Loans 61 to 90 days overdue	1.4	(0.7)	0.7	50.0%
Loans 91 to 180 days overdue	3.4	(2.2)	1.2	64.7%
Loans over 180 days overdue	43.7	(39.6)	4.1	90.6%
Total collectively assessed loans	2,835.8	(120.4)	2,715.4	4.2%
Individually impaired				
Not past due	63.2	(26.1)	37.1	41.3%
Loans up to 30 days overdue	5.8	(0.5)	5.3	8.6%
Loans 31 to 60 days overdue	1.9	(1.5)	0.4	78.9%
Loans 61 to 90 days overdue	3.5	(2.5)	1.0	71.4%
Loans 91 to 180 days overdue	2.9	(1.4)	1.5	48.3%
Loans over 180 days overdue	33.2	(28.2)	5.0	84.9%
Total individually impaired loans	110.5	(60.2)	50.3	54.5%
Total Specialized loans to legal entities	2,946.3	(180.6)	2,765.7	6.1%
Total loans to legal entities	8,227.8	(490.5)	7,737.3	6.0%

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2013

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
Consumer and other loans to individuals				
Collectively assessed				
Not past due	1,472.6	(2.0)	1,470.6	0.1%
Loans up to 30 days overdue	35.1	(2.1)	33.0	6.0%
Loans 31 to 60 days overdue	9.7	(1.9)	7.8	19.6%
Loans 61 to 90 days overdue	6.4	(2.1)	4.3	32.8%
Loans 91 to 180 days overdue	11.2	(7.0)	4.2	62.5%
Loans over 180 days overdue	34.7	(30.4)	4.3	87.6%
Total consumer and other loans to individuals	1,569.7	(45.5)	1,524.2	2.9%
Mortgage loans to individuals				
Collectively assessed				
Not past due	1,094.6	(0.8)	1,093.8	0.1%
Loans up to 30 days overdue	13.6	(0.5)	13.1	3.7%
Loans 31 to 60 days overdue	3.8	(0.4)	3.4	10.5%
Loans 61 to 90 days overdue	2.4	(0.4)	2.0	16.7%
Loans 91 to 180 days overdue	2.9	(1.0)	1.9	34.5%
Loans over 180 days overdue	26.1	(23.4)	2.7	89.7%
Total mortgage loans to individuals	1,143.4	(26.5)	1,116.9	2.3%
Car loans to individuals				
Collectively assessed				
Not past due	118.2	(0.1)	118.1	0.1%
Loans up to 30 days overdue	2.0	(0.1)	1.9	5.0%
Loans 31 to 60 days overdue	0.4	(0.1)	0.3	25.0%
Loans 61 to 90 days overdue	0.3	(0.1)	0.2	33.3%
Loans 91 to 180 days overdue	0.4	(0.2)	0.2	50.0%
Loans over 180 days overdue	2.1	(1.9)	0.2	90.5%
Total car loans to individuals	123.4	(2.5)	120.9	2.0%
Total loans to individuals	2,836.5	(74.5)	2,762.0	2.6%
Total loans and advances to customers as at 31 December 2012	11,064.3	(565.0)	10,499.3	5.1%

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2013

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 2013 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	215.5	(187.8)	27.7	87.1%
Spezialized loans to legal entities	94.3	(75.8)	18.5	80.4%
Consumer and other loans to individuals	68.2	(57.3)	10.9	84.0%
Mortgage loans to individuals	29.4	(23.6)	5.8	80.3%
Car loans to individuals	3.5	(2.9)	0.6	82.9%
Total non-performing loans and advances to customers as at 30 September 2013	410.9	(347.4)	63.5	84.5%

As at 31 December 2012 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	190.4	(163.4)	27.0	85.8%
Spezialized loans to legal entities	83.2	(71.4)	11.8	85.8%
Consumer and other loans to individuals	45.9	(37.4)	8.5	81.5%
Mortgage loans to individuals	29.0	(24.4)	4.6	84.1%
Car loans to individuals	2.5	(2.1)	0.4	84.0%
Total non-performing loans and advances to customers as at 31 December 2012	351.0	(298.7)	52.3	85.1%

Provisions for Loan Impairment. The analysis of changes in provisions for loan impairment for the nine months ended 30 September 2013 is presented in the table below:

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Commercial loans to legal entities	Specialized loans to legal entities	Consumer and other loans to individuals	Mortgage loans to individuals	Car loans to individuals	Total
Provision for loan impairment as at 1 January 2013 (audited)	309.9	180.6	45.5	26.5	2.5	565.0
Net provision charge for loan impairment during the reporting period	41.6	18.8	39.5	4.8	2.1	106.8
Foreign currencies translation	0.6	0.6	(0.6)	0.5	–	1.1
Loans and advances written off during the reporting period	(32.1)	(10.2)	(9.7)	(5.6)	(1.0)	(58.6)
Provision for loan impairment as at 30 September 2013	320.0	189.8	74.7	26.2	3.6	614.3

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2013

7 Loans and Advances to Customers (continued)

The analysis of changes in provisions for loan impairment for the three months ended 30 September 2013 is presented in the table below:

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Commercial loans to legal entities	Specialized loans to legal entities	Consumer and other loans to individuals	Mortgage loans to individuals	Car loans to individuals	Total
Provision for loan impairment as at 1 July 2013	309.0	180.1	65.3	26.2	3.1	583.7
Net provision charge for loan impairment during the reporting period	11.3	14.6	14.0	3.2	1.0	44.1
Foreign currencies translation	(0.2)	–	(0.8)	0.1	–	(0.9)
Loans and advances written off during the reporting period	(0.1)	(4.9)	(3.8)	(3.3)	(0.5)	(12.6)
Provision for loan impairment as at 30 September 2013	320.0	189.8	74.7	26.2	3.6	614.3

The analysis of changes in provisions for loan impairment for the nine months ended 30 September 2012 is presented in the table below:

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Commercial loans to legal entities	Specialized loans to legal entities	Consumer and other loans to individuals	Mortgage loans to individuals	Car loans to individuals	Total
Provision for loan impairment as at 1 January 2012 (audited)	299.6	293.7	37.3	28.8	3.1	662.5
Net provision charge/ (net recovery of provision) for loan impairment during the reporting period	30.6	(19.5)	2.8	(2.6)	(0.7)	10.6
Foreign currencies translation	(0.1)	(0.1)	–	(0.2)	–	(0.4)
Loans and advances written off during the reporting period	(19.8)	(78.2)	(1.6)	(0.7)	(0.2)	(100.5)
Provision for loan impairment as at 30 September 2012	310.3	195.9	38.5	25.3	2.2	572.2

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2013

7 Loans and Advances to Customers (continued)

The analysis of changes in provisions for loan impairment for the three months ended 30 September 2012 is presented in the table below:

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Commercial loans to legal entities	Specialized loans to legal entities	Consumer and other loans to individuals	Mortgage loans to individuals	Car loans to individuals	Total
Provision for loan impairment as at 1 July 2012	301.8	190.8	39.7	27.8	2.6	562.7
Net provision charge/ (net recovery of provision) for loan impairment during the reporting period	7.1	7.2	(0.1)	(2.2)	(0.3)	11.7
Foreign currencies translation	(0.2)	(0.1)	–	(0.2)	–	(0.5)
Loans and advances written off during the reporting period	1.6	(2.0)	(1.1)	(0.1)	(0.1)	(1.7)
Provision for loan impairment as at 30 September 2012	310.3	195.9	38.5	25.3	2.2	572.2

Renegotiated loans. Information on loans whose terms have been renegotiated, as at 30 September 2013 and 31 December 2012 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	Consumer and other loans to individuals	Mortgage loans to individuals	Car loans to individuals	Total
30 September 2013 (unaudited):						
Not past due collectively assessed loans	396.9	367.2	6.3	12.0	0.7	783.1
Other renegotiated loans	96.3	86.9	4.0	8.1	1.1	196.4
Total renegotiated loans	493.2	454.1	10.3	20.1	1.8	979.5
31 December 2012:						
Not past due collectively assessed loans	477.2	379.8	3.0	8.2	0.5	868.7
Other renegotiated loans	90.4	37.1	2.0	6.4	0.6	136.5
Total renegotiated loans	567.6	416.9	5.0	14.6	1.1	1,005.2

Disclosure of corporate loans before provision for loan impairment by business size of borrowers. Sberbank Group members apply its own management policies in allocating corporate borrowers according to business size.

<i>In billions of Russian Roubles</i>	30 September 2013 (unaudited)	31 December 2012
Largest clients	3,921.0	4,164.6
Large clients	2,042.4	1,964.4
Medium business	2,015.3	1,379.5
Small business	963.9	719.3
Total loans and advances to legal entities before provision for loan impairment	8,942.6	8,227.8

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2013

7 Loans and Advances to Customers (continued)

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

<i>In billions of Russian Roubles</i>	30 September 2013 (unaudited)	31 December 2012
Gross investment in finance lease	174.2	152.4
Unearned future finance income on finance lease	(49.5)	(46.5)
Net investment in finance lease before provision for impairment	124.7	105.9
Less provision for impairment	(5.7)	(3.3)
Net investment in finance lease after provision for impairment	119.0	102.6

The contractual maturity analysis of net investments in finance lease as at 30 September 2013 is as follows:

<i>(unaudited) in billions of Russian Roubles</i>	Net investment in finance lease before provision for impairment	Provision for impairment	Net investment in finance lease after provision for impairment
Not later than 1 year	31.5	(1.3)	30.2
Later than 1 year but not later than 5 years	72.6	(3.5)	69.1
Later than 5 years	20.6	(0.9)	19.7
Total as at 30 September 2013	124.7	(5.7)	119.0

The contractual maturity analysis of net investments in finance lease as at 31 December 2012 is as follows:

<i>In billions of Russian Roubles</i>	Net investment in finance lease before provision for impairment	Provision for impairment	Net investment in finance lease after provision for impairment
Not later than 1 year	31.3	(1.4)	29.9
Later than 1 year but not later than 5 years	62.8	(1.6)	61.2
Later than 5 years	11.8	(0.3)	11.5
Total as at 31 December 2012	105.9	(3.3)	102.6

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

<i>In billions of Russian Roubles</i>	30 September 2013 (unaudited)	31 December 2012
Not later than 1 year	34.8	34.5
Later than 1 year but not later than 5 years	97.8	88.9
Later than 5 years	41.6	29.0
Total	174.2	152.4

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2013

7 Loans and Advances to Customers (continued)

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 2013 (unaudited)		31 December 2012	
	Amount	%	Amount	%
Individuals	3,432.3	27.7%	2,836.5	25.6%
Services	2,269.9	18.3%	1,962.5	17.7%
Trade	1,358.5	11.0%	1,304.3	11.8%
Food and agriculture	889.3	7.2%	862.4	7.8%
Machine building	624.0	5.0%	528.6	4.8%
Energy	583.7	4.7%	512.2	4.6%
Construction	513.6	4.2%	402.7	3.6%
Telecommunications	464.5	3.8%	489.2	4.4%
Metallurgy	429.7	3.5%	410.6	3.7%
Transport, aviation, space industry	420.6	3.4%	387.0	3.5%
Chemical industry	401.9	3.2%	378.2	3.4%
Government and municipal bodies	399.1	3.2%	370.4	3.3%
Oil and gas	187.6	1.5%	162.2	1.5%
Timber industry	76.9	0.6%	72.3	0.7%
Other	323.3	2.7%	385.2	3.6%
Total loans and advances to customers before provision for loan impairment	12,374.9	100.0%	11,064.3	100.0%

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

As at 30 September 2013 the Group had 20 largest corporate borrowers with aggregated loan amounts due from each of these borrowers exceeding RR 62.1 billion (31 December 2012: 20 largest borrowers with loan amounts due from each of these borrowers exceeding RR 59.1 billion). The total aggregate amount of these loans was 2,279.4 billion or 18.4% of the total gross loan portfolio of the Group (31 December 2012: RR 2,140.3 billion or 19.3%).

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2013

8 Securities Pledged under Repurchase Agreements

	30 September 2013 (unaudited)	31 December 2012
<i>In billions of Russian Roubles</i>		
Trading securities pledged under repurchase agreements		
Corporate shares	3.5	8.0
Federal loan bonds (OFZ bonds)	2.4	19.7
Municipal and subfederal bonds	2.3	3.4
Corporate bonds	1.2	19.5
Russian Federation Eurobonds	0.1	0.5
Foreign government bonds	–	6.0
Total trading securities pledged under repurchase agreements	9.5	57.1
Securities designated as at fair value through profit or loss pledged under repurchase agreements		
Federal loan bonds (OFZ bonds)	5.4	8.7
Municipal and subfederal bonds	–	0.1
Total securities designated as at fair value through profit or loss pledged under repurchase agreements	5.4	8.8
Investment securities available-for-sale pledged under repurchase agreements		
Federal loan bonds (OFZ bonds)	512.2	401.7
Corporate bonds	264.7	150.2
Municipal and subfederal bonds	23.3	25.4
Foreign government bonds	3.8	26.7
Russian Federation Eurobonds	–	11.1
Corporate shares	–	1.2
Total investment securities available-for-sale pledged under repurchase agreements	804.0	616.3
Investment securities held-to-maturity pledged under repurchase agreements		
Corporate bonds	71.8	47.1
Municipal and subfederal bonds	50.3	60.1
Federal loan bonds (OFZ bonds)	37.9	160.3
Foreign government bonds	9.3	–
Total investment securities held-to-maturity pledged under repurchase agreements	169.3	267.5
Total securities pledged under repurchase agreements	988.2	949.7

Refer to Note 26 for the detailed 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 2013

9 Investment Securities Available-for-Sale

	30 September 2013 (unaudited)	31 December 2012
<i>In billions of Russian Roubles</i>		
Corporate bonds	220.8	320.2
Federal loan bonds (OFZ bonds)	211.0	149.6
Foreign government bonds	158.9	150.2
Russian Federation Eurobonds	109.0	117.7
Municipal and subfederal bonds	27.5	21.3
Total debt investment securities available-for-sale	727.2	759.0
Corporate shares	34.5	45.5
Total investment securities available-for-sale	761.7	804.5

10 Investment Securities Held-to-Maturity

	30 September 2013 (unaudited)	31 December 2012
<i>In billions of Russian Roubles</i>		
Corporate bonds	68.2	84.2
Federal loan bonds (OFZ bonds)	58.4	8.8
Foreign government bonds	18.3	6.1
Municipal and subfederal bonds	8.6	6.8
Total investment securities held-to-maturity	153.5	105.9

In the third quarter 2013 the Group changed its intention regarding the part of investments in foreign government bonds previously classified as available-for-sale. Taking into account changed intention and the ability of the Group to hold these securities to maturity, these investments were reclassified from available-for-sale category into held-to-maturity category. The fair value of reclassified securities as at the date of reclassification amounted to RR 26.4 billion.

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2013

11 Other Assets

	30 September 2013 (unaudited)	31 December 2012
<i>In billions of Russian Roubles</i>		
Other financial assets		
Receivables on bank cards settlements	106.0	107.5
Derivative financial instruments	102.1	74.4
Settlements on operations with securities	33.4	10.1
Funds in settlement	32.7	5.7
Settlements on currency conversion operations	11.1	16.7
Trade receivables	8.9	4.4
Accrued fees and commissions	3.8	4.5
Other	10.8	6.7
Provision for impairment of other financial assets	(1.6)	(2.4)
Total other financial assets	307.2	227.6
Other non-financial assets		
Prepayments for premises and other assets	99.4	67.7
Inventory of non-banking subsidiaries	61.6	58.9
Precious metals	49.8	84.8
Intangible assets acquired through business combinations	30.4	35.8
Goodwill	29.5	25.0
Investment property	15.2	15.3
Prepaid expenses	12.1	8.6
Non-exclusive licences	11.1	13.3
Tax settlements (other than on income)	8.1	8.0
Investments in associates	7.4	8.6
Non-current assets held for sale and assets of the disposal group	4.1	5.1
Prepayment on income tax	1.7	2.4
Other	18.4	13.1
Provision for impairment of other non-financial assets	(8.0)	(6.1)
Total other non-financial assets	340.8	340.5
Total other assets	648.0	568.1

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2013

12 Due to Individuals and Corporate Customers

<i>In billions of Russian Roubles</i>	30 September 2013 (unaudited)	31 December 2012
Individuals:		
- Current/demand accounts	1,380.9	1,401.1
- Term deposits	6,212.2	5,582.1
Total due to individuals	7,593.1	6,983.2
State and public organizations:		
- Current/settlement accounts	100.5	99.0
- Term deposits	496.7	270.1
Total due to state and public organizations	597.2	369.1
Other corporate customers:		
- Current/settlement accounts	1,449.1	1,130.1
- Term deposits	1,597.5	1,660.5
- Direct repo deals	21.5	36.4
Total due to other corporate customers	3,068.1	2,827.0
Total due to corporate customers	3,665.3	3,196.1
Total due to individuals and corporate customers	11,258.4	10,179.3

Economic sector concentrations within customer accounts are as follows:

<i>In billions of Russian Roubles</i>	30 September 2013 (unaudited)		31 December 2012	
	Amount	%	Amount	%
Individuals	7,593.1	67.4%	6,983.2	68.6%
Services	853.8	7.6%	826.3	8.1%
Oil and gas	615.2	5.5%	453.7	4.5%
Municipal bodies and state organizations	491.5	4.4%	208.4	2.0%
Trade	409.2	3.6%	404.8	4.0%
Construction	190.6	1.7%	253.8	2.5%
Machine building	163.4	1.5%	165.6	1.6%
Energy	161.2	1.4%	167.4	1.6%
Transport, aviation, space industry	141.1	1.3%	118.5	1.2%
Food and agriculture	96.2	0.9%	84.3	0.8%
Chemical	92.5	0.8%	96.6	0.9%
Metallurgy	73.2	0.7%	77.2	0.8%
Telecommunications	57.5	0.5%	59.4	0.6%
Timber industry	28.1	0.2%	26.2	0.3%
Other	291.8	2.5%	253.9	2.5%
Total due to individuals and corporate customers	11,258.4	100.0%	10,179.3	100.0%

As at 30 September 2013 included in Due to corporate customers are deposits of RR 96.1 billion (31 December 2012: RR 79.0 billion) held as collateral for irrevocable commitments under import letters of credit. Refer to Note 24.

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2013

12 Due to Individuals and Corporate Customers (continued)

As at 30 September 2013 the Group had 20 largest customers with balances above RR 15.6 billion each (31 December 2012: 20 customers with balances above RR 13.1 billion each). The aggregate balance of these customers was 1,375.1 billion (31 December 2012: RR 914.2 billion) or 12.2% (31 December 2012: 9.0%) of total due to individuals and corporate customers.

Refer to Note 26 for information on the amounts in due to corporate customers received under sale and repurchase agreements and fair value of securities pledged.

13 Debt Securities in Issue

<i>In billions of Russian Roubles</i>	30 September 2013 (unaudited)	31 December 2012
Savings certificates	327.7	227.2
Loan participation notes issued under the MTN programme	319.4	291.6
Promissory notes	75.4	110.1
Notes issued under the ECP programme	50.7	16.1
Bonds issued	49.9	44.3
Structured notes	1.5	2.3
Other debt securities issued	1.2	0.1
Total debt securities in issue	825.8	691.7

In January 2013 the Group issued the Series 13 of loan participation notes under the MTN issuance programme in the amount of RR 25 billion. The notes mature in January 2016 and have contractual fixed interest rate of 7.0% p.a. As at 30 September 2013 the notes were accounted for at amortized cost of RR 25.3 billion; the effective interest rate was 7.2% p.a.

In February 2013 the Group issued the Series 14 of loan participation notes under the MTN issuance programme in the amount of CHF 0.25 billion equivalent to RR 8.2 billion as at the date of issue. The notes mature in February 2017 and have contractual fixed interest rate of 2.065% p.a. As at 30 September 2013 the notes were accounted for at amortized cost of RR 9.0 billion; the effective interest rate was 2.1% p.a.

In March 2013 the Group issued the Series 15 of loan participation notes under the MTN issuance programme in the amount of TRY 0.55 billion equivalent to RR 9.4 billion as at the date of issue. The notes mature in March 2018 and have contractual fixed interest rate of 7.4% p.a. As at 30 September 2013 the notes were accounted for at amortized cost of RR 7.7 billion; the effective interest rate was 7.6% p.a.

In May 2013 the Group repaid in full the Series 1 of loan participation notes under the MTN issuance programme for the amount of USD 0.5 billion equivalent to RR 15.6 billion as at the date of redemption. The notes were issued in May 2006 and had contractual fixed interest rate of 6.5% p.a.

In July 2013 the Group repaid in full the Series 3 of loan participation notes under the MTN issuance programme for the amount of USD 0.5 billion equivalent to RR 16.4 billion as at the date of redemption. The notes were issued in July 2008 and had contractual fixed interest rate of 6.5% p.a.

As at 30 September 2013 the outstanding amount of funds attracted by the Group under the ECP programme which started up in November 2012 amounted to USD 1.6 billion. As at 30 September 2013 these notes were accounted for at amortized cost of RR 50.7 billion (31 December 2012: RR 16.1 billion). The issues include both discount and coupon issues. The notes issued have maturity dates from October 2013 to September 2014; effective interest rates vary from 0.4% p.a. to 1.8% p.a.

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2013

14 Other Liabilities

	30 September 2013 (unaudited)	31 December 2012
<i>In billions of Russian Roubles</i>		
Other financial liabilities		
Payables on bank card settlements	98.5	63.7
Derivative financial instruments	58.0	41.7
Accrued employee benefit costs	49.0	29.3
Trade payables	36.1	11.7
Funds in settlement	35.3	36.5
Obligation to deliver securities	17.7	18.6
Settlements on operations with securities	13.9	4.1
Deposit insurance system fees payable	7.2	6.2
Deferred consideration on acquisition of subsidiaries	–	2.7
Other	23.5	13.2
Total other financial liabilities	339.2	227.7
Other non-financial liabilities		
Taxes payable other than on income	25.2	18.1
Advances received	6.5	2.8
Income tax payable	4.1	3.3
Deferred commissions received on guarantees issued	1.2	1.3
Deferred gains on initial recognition of financial instruments	–	0.4
Other	14.5	9.5
Total other non-financial liabilities	51.5	35.4
Total other liabilities	390.7	263.1

The second stage of payment for the acquisition of 100.0% Troika Dialog was settled in the third quarter of 2013. As the second stage of the deal USD 0.350 billion (RR 11.3 billion) was paid to Standard Bank and the Troika Dialog Partnership. This amount is disclosed in the cash flow statement as “Acquisition of subsidiaries net of cash acquired”.

15 Subordinated Debt

	30 September 2013 (unaudited)	31 December 2012
<i>In billions of Russian Roubles</i>		
Subordinated debt received from the Bank of Russia	318.0	303.3
Subordinated debt received under the MTN programme	98.7	61.1
Other subordinated debts	25.1	20.3
Total subordinated debt	441.8	384.7

In May 2013 the Group issued the Series 16 of loan participation notes under the MTN issuance programme in the amount of USD 1 billion equivalent to RR 31.3 billion as at the date of issue. The notes have the status of subordinated. The notes mature in May 2023 and have contractual fixed interest rate of 5.25% p.a. As at 30 September 2013 the notes were accounted for at amortized cost of RR 32.6 billion; the effective interest rate was 5.4% p.a.

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2013

16 Interest Income and Expense

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Nine months ended 30 September		Three months ended 30 September	
	2013	2012	2013	2012
Interest income				
Interest income on financial assets carried at amortized cost and on financial assets available-for-sale:				
- Loans and advances to customers	972.8	732.4	339.9	265.6
- Debt investment securities available-for-sale	72.2	53.2	25.3	20.4
- Debt investment securities held-to-maturity	18.5	21.9	6.2	7.2
- Due from banks	7.1	3.5	2.8	0.4
- Correspondent accounts with banks	0.4	0.5	0.1	0.3
	1,071.0	811.5	374.3	293.9
Interest income on financial assets carried at fair value through profit or loss:				
- Debt trading securities	5.7	3.8	1.5	1.6
- Debt securities designated as at fair value through profit or loss	0.9	1.3	0.3	0.3
- Other interest income	0.1	0.1	0.1	0.1
	6.7	5.2	1.9	2.0
Total interest income	1,077.7	816.7	376.2	295.9
Interest expense				
Term deposits of individuals	(226.3)	(167.4)	(78.8)	(57.7)
Term deposits of legal entities	(77.5)	(44.0)	(26.5)	(17.9)
Term placements of banks	(44.0)	(29.3)	(16.0)	(14.1)
Debt securities in issue	(33.6)	(15.8)	(11.8)	(6.9)
Subordinated debts	(18.6)	(15.2)	(6.7)	(5.1)
Current/settlement accounts of legal entities	(16.5)	(12.3)	(5.9)	(4.3)
Current/demand accounts of individuals	(7.9)	(5.8)	(2.8)	(2.1)
Other borrowed funds	(6.6)	(4.3)	(2.1)	(1.4)
Correspondent accounts of banks	(1.6)	(0.8)	(0.5)	(0.2)
Other interest expense	(0.8)	(0.5)	(0.4)	(0.5)
Total interest expense	(433.4)	(295.4)	(151.5)	(110.2)
Deposit insurance expenses	(21.0)	(17.5)	(7.3)	(6.1)
Total interest expense including deposit insurance expenses	(454.4)	(312.9)	(158.8)	(116.3)
Net interest income	623.3	503.8	217.4	179.6

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2013

17 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	
	2013	2012	2013	2012
Fee and commission income				
Bank cards operations	53.4	34.4	19.7	12.7
Cash and settlements transactions with individuals	40.2	34.7	14.1	12.6
Cash and settlements transactions with legal entities	36.6	33.6	13.2	12.1
Agent commissions on selling insurance contracts	17.6	12.9	7.3	4.1
Guarantees issued	7.1	4.8	2.4	1.7
Cash collection	3.8	3.6	1.4	1.3
Operations with foreign currencies	2.9	4.1	1.0	1.1
Transactions with securities	2.3	1.7	0.8	0.5
Other	7.0	2.1	2.8	0.5
Total fee and commission income	170.9	131.9	62.7	46.6
Fee and commission expense				
Settlement transactions	(14.0)	(7.7)	(5.2)	(2.9)
Cash collection	(0.3)	(0.2)	(0.1)	(0.1)
Operations with foreign currencies	(0.2)	(0.3)	(0.1)	(0.1)
Other	(2.4)	(3.6)	(0.8)	(1.7)
Total fee and commission expense	(16.9)	(11.8)	(6.2)	(4.8)
Net fee and commission income	154.0	120.1	56.5	41.8

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

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Nine months ended 30 September		Three months ended 30 September	
	2013	2012	2013	2012
Net gains arising from trading in foreign currencies	9.0	5.6	8.1	5.1
Net (losses)/ gains on revaluation of foreign currency derivatives	(3.5)	(2.6)	10.5	2.5
Net foreign exchange translation gains/(losses)	5.2	1.4	(7.7)	(4.6)
Total net gains arising from trading in foreign currencies, foreign exchange translation and revaluation of foreign currency derivatives	10.7	4.4	10.9	3.0

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2013

19 Net Income of Non-financial Business Activities

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Nine months ended 30 September		Three months ended 30 September	
	2013	2012	2013	2012
Revenue from sale of goods	16.3	34.5	5.9	12.0
Revenue from completed construction contracts	0.6	1.5	0.4	–
Revenue from operating lease	0.1	–	–	–
Revenue from other activities	2.9	0.5	0.4	0.4
Total revenue of non-financial business activities	19.9	36.5	6.7	12.4
Cost of sales:				
- cost of goods sold	(13.3)	(17.4)	(4.8)	(5.5)
- staff costs	(2.3)	(1.0)	(0.8)	(0.4)
- depreciation of fixed assets	(0.3)	(2.8)	(0.2)	(1.3)
- maintenance of premises and equipment	(0.2)	(0.3)	–	(0.1)
- customs duties and taxes	–	(3.6)	–	(1.0)
- transport costs	–	(0.7)	–	(0.3)
- other costs	(2.5)	(1.3)	(0.9)	(0.3)
Total cost of sales	(18.6)	(27.1)	(6.7)	(8.9)
Total net income of non-financial business activities	1.3	9.4	–	3.5

20 Operating Expenses

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Nine months ended 30 September		Three months ended 30 September	
	2013	2012	2013	2012
Staff costs	201.8	177.9	63.6	59.8
Depreciation of premises and equipment	40.6	38.6	13.0	12.2
Repairs and maintenance of premises and equipment	21.2	18.5	8.3	6.8
Administrative expenses	19.1	19.2	7.3	7.8
Operating lease expenses for premises and equipment	16.6	11.0	6.4	4.5
Taxes other than on income	15.0	12.2	6.1	4.3
Telecommunication expenses	11.3	9.0	4.7	4.1
Advertising and marketing services	8.6	5.6	3.3	1.9
Consulting and assurance services	3.5	3.0	1.7	1.4
Other	24.4	14.0	8.9	5.6
Total operating expenses	362.1	309.0	123.3	108.4

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2013

21 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 equals the basic earnings per share.

<i>(unaudited)</i> in billions of Russian Roubles	Nine months ended 30 September		Three months ended 30 September	
	2013	2012	2013	2012
Profit for the reporting period attributable to the shareholders of the Bank	269.7	263.3	94.6	87.7
Less preference dividends declared	(3.1)	(2.6)	–	–
Profit attributable to the ordinary shareholders of the Bank	266.6	260.7	94.6	87.7
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)	12.40	12.13	4.40	4.08

On 31 May 2013, the Annual General Shareholders' Meeting of the Bank declared dividends of RR 58.7 billion for 2012 including RR 0.2 billion paid to one of the subsidiary of the Bank. In June 2012 the Annual General Shareholders' Meeting of the Bank declared dividends of RR 47.5 billion for 2011.

<i>(unaudited)</i> in billions of Russian Roubles	2013		2012	
	Ordinary	Preference	Ordinary	Preference
Dividends payable at 1 January (audited)	0.2	0.1	0.1	–
Dividends declared during the nine months ended 30 September	55.4	3.1	44.9	2.6
Dividends paid during the nine months ended 30 September	(55.2)	(3.1)	(44.8)	(2.5)
Dividends payable as at 30 September	0.4	0.1	0.2	0.1
Dividends per share declared during the reporting period (RR per share)	2.6	3.1	2.1	2.7

All dividends were declared and paid in Russian Roubles.

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2013

22 Segment Analysis

For the purposes of management the Group is divided into operating segments of activity – central head office, 17 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,
 - Severo-Vostochny – Magadan,
 - 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 CIS (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.

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2013

22 Segment Analysis (continued)

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

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

The subsidiaries' activity is controlled by the Group integrally.

Segment reporting of the Group's assets and liabilities as at 30 September 2013 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	6,614.2	2,456.0	2,222.7	3,061.1	2,364.1	16,718.1
Total liabilities	6,183.7	2,570.6	1,929.9	2,389.4	1,830.2	14,903.8

Segment reporting of the Group's assets and liabilities as at 31 December 2012 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	6,226.8	2,299.7	1,971.7	2,694.2	1,913.9	15,106.3
Total liabilities	5,651.6	2,395.3	1,725.9	2,213.2	1,497.8	13,483.8

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2013

22 Segment Analysis (continued)

Reconciliation of total assets and total liabilities as per the reportable segments with the Group's total assets and total liabilities under IFRS as of 30 September 2013 and 31 December 2012 is as follows:

	Total assets		Total liabilities	
	30 September 2013 (unaudited)	31 December 2012	30 September 2013 (unaudited)	31 December 2012
<i>In billions of Russian Roubles</i>				
Total amount per segment information	16,718.1	15,106.3	14,903.8	13,483.8
Adjustment of provisions	79.4	96.4	(32.3)	(16.4)
Additional interest accrued on loans	6.0	4.6	–	0.1
Deferred commission income on loans	(20.3)	(23.7)	1.0	0.4
Adjustment of depreciation and cost or revalued amount of premises and equipment including effect of deferred tax	(59.5)	(57.1)	(0.6)	(2.0)
Differences arising on securities' classification and valuation	–	–	(4.8)	10.5
Loaned repo securities	(32.2)	(36.0)	(32.2)	(36.0)
Accounting for derivatives at fair value	(0.7)	2.4	0.2	(0.1)
Staff expenses accrued related to the reporting period (bonuses, annual leave, pension liabilities)	0.4	0.2	23.7	17.5
Adjustment of income tax	–	0.4	25.5	7.8
Deferred commission income on guarantees	–	–	1.2	1.3
Other adjustments	(1.8)	3.9	4.4	6.7
The Group's total amount under IFRS	16,689.4	15,097.4	14,889.9	13,473.6

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2013

22 Segment Analysis (continued)

Segment reporting of the Group's income and expenses for the nine months ended 30 September 2013 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
Interest income	354.3	186.1	164.1	238.3	125.5	1,068.3
Interest expense	(193.4)	(82.0)	(57.1)	(71.7)	(48.8)	(453.0)
Inter-segment (expense)/income	(27.6)	36.4	1.6	(10.4)	–	–
Fee and commission income	34.3	36.2	31.0	46.0	20.9	168.4
Fee and commission expense	(10.5)	(0.3)	(0.4)	(0.6)	(5.1)	(16.9)
Net gains arising from securities	1.4	–	–	–	3.1	4.5
Net gains arising from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation	9.0	2.7	1.6	2.4	0.8	16.5
Net gains arising from operations with other derivatives	1.1	–	–	–	2.0	3.1
Net gains arising from operations with precious metals	4.0	0.2	0.2	0.3	0.2	4.9
Revenue of non-financial business activities	6.0	0.1	11.7	0.9	1.2	19.9
Cost of sales of non-financial business activities	(5.3)	–	(11.5)	(0.6)	(1.1)	(18.5)
Other operating income	(2.0)	0.7	(0.8)	(0.6)	0.9	(1.8)
Operating income before provision charge for loan impairment	171.3	180.1	140.4	204.0	99.6	795.4
Net provision charge for loan impairment	(11.3)	(24.4)	(18.2)	(15.9)	(20.1)	(89.9)
Operating income	160.0	155.7	122.2	188.1	79.5	705.5
Operating expenses	(92.7)	(61.7)	(55.0)	(79.2)	(57.6)	(346.2)
Profit before tax (Segment result)	67.3	94.0	67.2	108.9	21.9	359.3
Other disclosures						
Capital expenditure incurred (additions of fixed assets)	16.0	12.4	15.3	17.4	4.1	65.2
Depreciation of premises and equipment	(14.0)	(5.8)	(4.8)	(7.8)	(2.5)	(34.9)

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2013

22 Segment Analysis (continued)

Segment reporting of the Group's income and expenses for the three months ended 30 September 2013 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
Interest income	122.3	66.2	57.7	85.5	42.0	373.7
Interest expense	(67.4)	(28.0)	(19.9)	(25.0)	(17.8)	(158.1)
Inter-segment (expense)/income	(7.9)	12.3	0.7	(5.1)	–	–
Fee and commission income	10.6	12.9	11.4	17.0	7.4	59.3
Fee and commission expense	(1.3)	(0.1)	(0.2)	(0.3)	(1.8)	(3.7)
Net gains arising from securities	–	–	–	–	0.5	0.5
Net gains/(losses) arising from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation	9.6	1.1	0.7	0.9	(5.0)	7.3
Net gains arising from operations with other derivatives	0.4	–	–	–	0.6	1.0
Net gains/(losses) arising from operations with precious metals	2.8	0.1	0.1	0.1	(0.3)	2.8
Revenue of non-financial business activities	1.4	0.1	4.9	–	0.4	6.8
Cost of sales of non-financial business activities	(1.3)	–	(4.9)	–	(0.4)	(6.6)
Other operating income	(3.0)	–	–	(0.9)	1.7	(2.2)
Operating income before provision charge for loan impairment	66.2	64.6	50.5	72.2	27.3	280.8
Net provision charge for loan impairment	(5.8)	(10.2)	(4.5)	(7.2)	(6.0)	(33.7)
Operating income	60.4	54.4	46.0	65.0	21.3	247.1
Operating expenses	(33.3)	(22.5)	(20.5)	(28.4)	(18.7)	(123.4)
Profit before tax (Segment result)	27.1	31.9	25.5	36.6	2.6	123.7
Other disclosures						
Capital expenditure incurred (additions of fixed assets)	6.1	4.9	7.0	6.5	1.5	26.0
Depreciation of premises and equipment	(4.8)	(1.9)	(1.8)	(2.7)	(0.9)	(12.1)

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2013

22 Segment Analysis (continued)

Segment reporting of the Group's income and expenses for the nine months ended 30 September 2012 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
Interest income	305.2	149.1	130.2	183.3	38.1	805.9
Interest expense	(139.6)	(54.7)	(38.1)	(47.8)	(14.9)	(295.1)
Inter-segment (expense)/income	(17.7)	22.8	0.2	(5.3)	–	–
Fee and commission income	28.8	32.0	27.0	39.7	6.1	133.6
Fee and commission expense	(3.9)	(2.1)	(1.4)	(2.9)	(1.7)	(12.0)
Net gains/(losses) arising from securities	5.9	–	–	–	(2.5)	3.4
Net gains/ (losses) arising from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation	7.4	3.0	1.9	2.2	(2.2)	12.3
Net gains arising from operations with other derivatives	0.2	–	–	–	3.8	4.0
Net gains/ (losses) arising from operations with precious metals	0.7	0.3	0.3	0.5	(0.8)	1.0
Revenue of non-financial business activities	5.8	6.0	10.6	13.6	0.5	36.5
Cost of sales of non-financial business activities	(4.7)	(4.6)	(9.8)	(7.6)	(0.4)	(27.1)
Other operating income	8.9	2.5	3.3	0.8	(2.4)	13.1
Operating income before provision charge for loan impairment	197.0	154.3	124.2	176.5	23.6	675.6
Net provision charge for loan impairment	(8.8)	(16.7)	(9.5)	(0.9)	(7.8)	(43.7)
Operating income	188.2	137.6	114.7	175.6	15.8	631.9
Operating expenses	(100.5)	(61.1)	(50.7)	(76.0)	(16.2)	(304.5)
Profit/ (loss) before tax (Segment result)	87.7	76.5	64.0	99.6	(0.4)	327.4
Other disclosures						
Capital expenditure incurred (additions of fixed assets)	38.2	12.2	11.0	16.5	1.8	79.7
Depreciation of premises and equipment	(10.7)	(5.1)	(4.6)	(6.7)	(1.1)	(28.2)

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2013

22 Segment Analysis (continued)

Segment reporting of the Group's income and expenses for the three months ended 30 September 2012 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
Interest income	111.6	53.1	46.8	67.4	13.8	292.7
Interest expense	(55.6)	(19.3)	(13.4)	(16.7)	(5.1)	(110.1)
Inter-segment (expense)/ income	(7.5)	9.2	0.5	(2.2)	–	–
Fee and commission income	7.6	11.5	9.6	14.1	2.1	44.9
Fee and commission expense	(2.1)	(0.8)	(0.4)	(1.1)	(0.4)	(4.8)
Net gains arising from securities	0.8	–	–	–	0.6	1.4
Net gains/ (losses) arising from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation	2.4	1.1	0.8	1.0	(3.2)	2.1
Net (losses)/gains arising from operations with other derivatives	(0.1)	–	–	–	2.4	2.3
Net gains/ (losses) arising from operations with precious metals	0.2	0.1	0.1	0.2	(1.0)	(0.4)
Revenue of non-financial business activities	1.4	1.3	3.8	5.7	0.2	12.4
Cost of sales of non-financial business activities	(1.2)	(1.0)	(3.3)	(3.2)	(0.2)	(8.9)
Other operating income	7.2	5.1	6.4	3.4	(4.4)	17.7
Operating income before provision charge for loan impairment	64.7	60.3	50.9	68.6	4.8	249.3
Net provision charge for loan impairment	(3.3)	(12.9)	(14.2)	(5.2)	(4.8)	(40.4)
Operating income	61.4	47.4	36.7	63.4	–	208.9
Operating expenses	(40.3)	(22.5)	(18.4)	(28.9)	(4.6)	(114.7)
Profit /(loss) before tax (Segment result)	21.1	24.9	18.3	34.5	(4.6)	94.2
Other disclosures						
Capital expenditure incurred (additions of fixed assets)	30.2	5.4	4.8	7.3	0.7	48.4
Depreciation of premises and equipment	(4.2)	(1.7)	(1.6)	(2.3)	(0.4)	(10.2)

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2013

22 Segment Analysis (continued)

Reconciliation of profit before tax for the reportable segments with the Group's income statement profit before tax under IFRS for the nine months and for the three months ended 30 September 2013 and 30 September 2012 is as follows:

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Nine months ended 30 September		Three months ended 30 September	
	2013	2012	2013	2012
Total amount per segment information	359.3	327.4	123.7	94.2
Adjustment of provisions	(8.0)	29.4	(4.8)	16.5
Staff expenses accrued related to the reporting period (bonuses, annual leave, pension liabilities)	(6.3)	(8.6)	1.9	3.3
Differences arising on securities' classification and valuation	(0.9)	4.2	1.1	2.5
Accounting for derivatives at fair value	(5.3)	1.8	(3.4)	0.3
Additional interest and deferred commission income accrued on loans	4.9	1.9	1.2	0.9
Adjustment of depreciation and cost or revalued amount of premises and equipment	(3.2)	(12.4)	(0.2)	(2.1)
Other adjustments	(0.8)	(3.3)	0.8	(2.7)
The Group's total amount under IFRS	339.7	340.4	120.3	112.9

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.

For the nine months ended 30 September 2013 the Group's revenues from customers in the Russian Federation amounted to RR 1,160.8 billion (for the nine months ended 30 September 2012: RR 973.5 billion); revenues from customers in all foreign countries from which the Group derives revenues amounted to RR 145.5 billion (for the nine months ended 30 September 2012: RR 40.7 billion).

For the three months ended 30 September 2013 the Group's revenues from customers in the Russian Federation amounted to RR 408.7 billion (for the three months ended 30 September 2012: RR 346.3 billion); revenues from customers in all foreign countries from which the Group derives revenues amounted to RR 53.9 billion (for the three months ended 30 September 2012: RR 16.2 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 2013 and 30 September 2012.

23 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.

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2013

23 Financial Risk Management (continued)

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 2012.

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).

The table below summarizes the Group's exposure to foreign exchange risk in respect of financial assets, liabilities and derivatives as at 30 September 2013. 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.

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Russian Roubles	US Dollars	Euro	Turkish Lyra	Other	Total
Assets						
Cash and cash equivalents	677.4	238.1	99.0	8.2	94.7	1,117.4
Mandatory cash balances with central banks	147.7	47.2	39.2	5.2	31.0	270.3
Trading securities	48.5	20.6	2.5	7.5	0.7	79.8
Securities designated as at fair value through profit or loss	13.5	2.6	0.1	–	0.1	16.3
Due from banks	159.7	229.2	22.3	0.5	23.5	435.2
Loans and advances to customers	8,592.8	1,959.9	451.4	454.1	302.4	11,760.6
Securities pledged under repurchase agreements	974.7	0.4	–	13.1	–	988.2
Investment securities available-for- sale	336.7	228.1	81.1	64.7	51.1	761.7
Investment securities held-to- maturity	109.1	24.3	2.7	15.7	1.7	153.5
Other financial assets (less fair value of derivatives)	137.4	44.1	6.3	8.6	8.7	205.1
Total financial assets	11,197.5	2,794.5	704.6	577.6	513.9	15,788.1
Liabilities						
Due to banks	1,162.0	71.0	65.0	14.6	35.8	1,348.4
Due to individuals	6,026.7	627.0	538.4	216.2	184.8	7,593.1
Due to corporate customers	2,058.2	1,078.9	210.7	126.5	191.0	3,665.3
Debt securities in issue	409.6	320.2	21.7	28.6	45.7	825.8
Other borrowed funds	–	476.5	97.4	22.4	1.4	597.7
Other financial liabilities (less fair value of derivatives)	173.0	62.5	13.5	29.4	2.8	281.2
Subordinated debt	317.9	109.9	5.4	–	8.6	441.8
Total financial liabilities	10,147.4	2,746.0	952.1	437.7	470.1	14,753.3
Net financial assets/(liabilities)	1,050.1	48.5	(247.5)	139.9	43.8	1,034.8
Net derivatives	169.6	(194.1)	124.3	(60.9)	5.2	44.1
Credit related commitments (Note 24)	2,233.9	770.9	259.0	318.7	59.9	3,642.4

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2013

23 Financial Risk Management (continued)

The table below summarizes the Group's exposure to foreign exchange risk in respect of financial assets, liabilities and notional positions on derivatives as at 31 December 2012.

<i>In billions of Russian Roubles</i>	Russian Roubles	US Dollars	Euro	Turkish Lyra	Other	Total
Assets						
Cash and cash equivalents	946.0	125.6	118.8	19.8	80.6	1,290.8
Mandatory cash balances with central banks	122.6	32.8	31.5	5.6	18.7	211.2
Trading securities	47.3	31.6	0.5	7.9	3.1	90.4
Securities designated as at fair value through profit or loss	11.2	2.9	4.4	–	0.7	19.2
Due from banks	60.6	1.7	39.6	–	12.9	114.8
Loans and advances to customers	7,714.9	1,783.9	366.4	367.9	266.2	10,499.3
Securities pledged under repurchase agreements	888.8	28.3	–	32.6	–	949.7
Investment securities available-for- sale	394.8	222.3	72.0	77.9	37.5	804.5
Investment securities held-to- maturity	85.0	13.2	2.5	2.4	2.8	105.9
Other financial assets (less fair value of derivatives)	123.8	18.7	3.0	6.5	1.2	153.2
Total financial assets	10,395.0	2,261.0	638.7	520.6	423.7	14,239.0
Liabilities						
Due to banks	1,289.4	52.7	57.7	22.3	30.3	1,452.4
Due to individuals	5,660.1	521.8	452.1	170.5	178.7	6,983.2
Due to corporate customers	1,958.3	747.8	171.6	153.3	165.1	3,196.1
Debt securities in issue	297.7	327.3	17.2	12.9	36.6	691.7
Other borrowed funds	0.7	362.9	76.8	25.4	3.4	469.2
Other financial liabilities (less fair value of derivatives)	123.3	32.0	5.0	23.1	2.6	186.0
Subordinated debt	303.4	71.6	4.7	–	5.0	384.7
Total financial liabilities	9,632.9	2,116.1	785.1	407.5	421.7	13,363.3
Net financial assets/ (liabilities)	762.1	144.9	(146.4)	113.1	2.0	875.7
Net derivatives	(323.4)	223.9	178.9	(39.1)	(7.6)	32.7
Credit related commitments (Note 24)	1,848.2	621.7	236.8	258.4	64.6	3,029.7

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2013

23 Financial Risk Management (continued)

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

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

- Cash and cash equivalents represent highly liquid assets and are classified as "on demand and less than 30 days";
- 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 30 days";
- 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 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 other banks, other assets, debt securities in issue, amounts due to other banks, other borrowed funds and other liabilities are included into gap analysis table based on remaining contractual maturities;
- Customer deposits aren't disclosed as "on demand and less than 30 days" 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 2013

23 Financial Risk Management (continued)

The liquidity position of the Group's assets and liabilities as at 30 September 2013 is set out below.

<i>(unaudited)</i> in billions of Russian Roubles	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	Total
Assets							
Cash and cash equivalents	1,117.4	–	–	–	–	–	1,117.4
Mandatory cash balances with central banks	74.6	44.6	29.0	102.3	19.8	–	270.3
Trading securities	79.8	–	–	–	–	–	79.8
Securities designated as at fair value through profit or loss	16.3	–	–	–	–	–	16.3
Due from banks	227.3	184.1	11.5	9.7	2.6	–	435.2
Loans and advances to customers	688.0	1,505.6	1,724.3	3,902.9	3,939.8	–	11,760.6
Securities pledged under repurchase agreements	829.6	5.3	28.0	68.8	56.5	–	988.2
Investment securities available-for-sale	721.8	3.8	2.3	9.7	23.7	0.4	761.7
Investment securities held-to-maturity	2.5	6.8	18.7	51.1	74.4	–	153.5
Deferred income tax asset	–	–	–	–	–	10.1	10.1
Premises and equipment	–	–	–	–	–	448.3	448.3
Other assets	230.4	70.9	18.9	129.1	77.3	121.4	648.0
Total assets	3,987.7	1,821.1	1,832.7	4,273.6	4,194.1	580.2	16,689.4
Liabilities							
Due to banks	1,035.1	124.0	116.8	33.5	39.0	–	1,348.4
Due to individuals	1,966.7	1,352.8	926.6	2,950.7	396.3	–	7,593.1
Due to corporate customers	1,281.3	477.4	222.2	1,432.1	252.3	–	3,665.3
Debt securities in issue	87.5	164.7	145.5	190.2	237.9	–	825.8
Other borrowed funds	21.7	201.8	151.4	184.2	38.6	–	597.7
Deferred income tax liability	–	–	–	–	–	27.1	27.1
Other liabilities	220.0	79.8	22.6	27.1	19.2	22.0	390.7
Subordinated debt	0.4	0.1	–	0.4	440.9	–	441.8
Total liabilities	4,612.7	2,400.6	1,585.1	4,818.2	1,424.2	49.1	14,889.9
Net liquidity gap	(625.0)	(579.5)	247.6	(544.6)	2,769.9	531.1	1,799.5
Cumulative liquidity gap as at 30 September 2013	(625.0)	(1,204.5)	(956.9)	(1,501.5)	1,268.4	1,799.5	–

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2013

23 Financial Risk Management (continued)

The liquidity position of the Group's assets and liabilities as at 31 December 2012 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	Total
Assets							
Cash and cash equivalents	1,290.8	–	–	–	–	–	1,290.8
Mandatory cash balances with central banks	61.4	32.4	25.6	80.7	11.1	–	211.2
Trading securities	90.4	–	–	–	–	–	90.4
Securities designated as at fair value through profit or loss	19.2	–	–	–	–	–	19.2
Due from other banks	57.0	46.2	0.6	2.4	8.6	–	114.8
Loans and advances to customers	469.5	1,403.5	1,538.5	3,496.5	3,591.3	–	10,499.3
Securities pledged under repurchase agreements	723.6	21.4	39.4	89.4	75.9	–	949.7
Investment securities available-for-sale	788.3	2.7	2.6	8.4	2.2	0.3	804.5
Investment securities held-to-maturity	0.2	5.8	8.8	38.5	52.6	–	105.9
Deferred income tax asset	–	–	–	–	–	7.5	7.5
Premises and equipment	–	–	–	–	–	436.0	436.0
Other assets	174.3	72.7	36.3	94.3	46.3	144.2	568.1
Total assets	3,674.7	1,584.7	1,651.8	3,810.2	3,788.0	588.0	15,097.4
Liabilities							
Due to other banks	1,046.3	226.6	115.4	18.5	45.6	–	1,452.4
Due to individuals	1,848.2	1,162.9	1,091.2	2,521.1	359.8	–	6,983.2
Due to corporate customers	1,245.5	363.4	82.3	1,500.7	4.2	–	3,196.1
Debt securities in issue	70.9	140.6	142.5	131.2	206.5	–	691.7
Other borrowed funds	29.1	69.9	169.6	160.1	40.5	–	469.2
Deferred income tax liability	–	–	–	–	–	33.2	33.2
Other liabilities	135.5	53.4	21.2	21.9	6.0	25.1	263.1
Subordinated debt	–	0.1	0.7	–	383.9	–	384.7
Total liabilities	4,375.5	2,016.9	1,622.9	4,353.5	1,046.5	58.3	13,473.6
Net liquidity gap	(700.8)	(432.2)	28.9	(543.3)	2,741.5	529.7	1,623.8
Cumulative liquidity gap as at 31 December 2012							
	(700.8)	(1,133.0)	(1,104.1)	(1,647.4)	1,094.1	1,623.8	–

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2013

24 Credit Related Commitments

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

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

Outstanding credit related commitments are as follows:

<i>In billions of Russian Roubles</i>	30 September 2013 (unaudited)	31 December 2012
Commitments to extend credit	1,382.3	1,112.0
Guarantees issued	1,145.3	934.2
Undrawn credit lines	542.8	495.2
Export letters of credit	355.2	302.8
Import letters of credit and letters of credit for domestic settlements	216.8	185.5
Total credit related commitments	3,642.4	3,029.7

At 30 September 2013 included in Due to corporate customers are deposits of RR 96.1 billion (31 December 2012: RR 79.0 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.

25 Fair Value of Financial Instruments

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 2013

25 Fair Value of Financial Instruments (continued)

The following tables show an analysis of financial instruments recorded as at fair value by level of the fair value hierarchy:

	30 September 2013			
<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Level 1	Level 2	Level 3	Total
Financial assets				
Trading securities	76.0	2.8	1.0	79.8
Securities designated as at fair value through profit or loss	13.0	0.6	2.7	16.3
Securities pledged under repurchase agreements	817.0	1.9	–	818.9
Investment securities available-for-sale	699.9	56.5	5.3	761.7
Derivative financial instruments	0.6	84.7	16.8	102.1
Total financial assets at fair value	1,606.5	146.5	25.8	1,778.8
Financial liabilities				
Derivative financial instruments	0.6	57.2	0.2	58.0
Obligation to deliver securities	17.6	0.1	–	17.7
Structured notes	–	0.5	1.0	1.5
Total financial liabilities at fair value	18.2	57.8	1.2	77.2

	31 December 2012			
<i>In billions of Russian Roubles</i>	Level 1	Level 2	Level 3	Total
Financial assets				
Trading securities	81.5	8.0	0.9	90.4
Securities designated as at fair value through profit or loss	11.5	0.6	7.1	19.2
Securities pledged under repurchase agreements	677.9	4.3	–	682.2
Investment securities available-for-sale	734.3	52.1	18.1	804.5
Derivative financial instruments	–	52.2	22.2	74.4
Total financial assets at fair value	1,505.2	117.2	48.3	1,670.7
Financial liabilities				
Obligation to deliver securities	15.9	2.7	–	18.6
Derivative financial instruments	–	41.4	0.3	41.7
Structured notes	–	1.3	1.0	2.3
Total financial liabilities at fair value	15.9	45.4	1.3	62.6

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. Financial characteristics of comparable financial instruments actively traded on the market were used as inputs for the fair valuation models.

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2013

25 Fair Value of Financial Instruments (continued)

The following table shows transfers between Level 1 and Level 2 of the fair value hierarchy for financial assets and liabilities measured as at fair value during the nine months ended 30 September 2013:

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Transfers between Level 1 and Level 2	
	From Level 1 to Level 2	From Level 2 to Level 1
Financial assets		
Trading securities	0.2	6.2
Securities designated as at fair value through profit or loss	0.6	–
Investment securities available-for-sale	2.1	–
Total transfers for financial assets	2.9	6.2
Financial liabilities		
Obligation to deliver securities	(0.1)	(2.3)
Total transfers for financial liabilities	(0.1)	(2.3)

The above financial instruments were transferred from Level 2 to Level 1 as they became actively traded during the reporting period and fair values were consequently determined using quoted prices in an active market.

The above financial instruments were transferred from Level 1 to Level 2 as they ceased to be actively traded during the reporting period. The liquidity of the market was not sufficient to use the market quotation for its valuation and fair values were consequently obtained from valuation techniques using observable market inputs.

The following table shows a reconciliation of the opening and closing amount of Level 3 financial assets and liabilities which are recorded as at fair value as at 30 September 2013:

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	At 1 January 2013 (audited)	Total (losses)/gains reported in income statement	Total (losses)/gains reported in other compre- hensive income	Sales	Transfers from Level 3	Transfers to Level 3	At
							30 September 2013
Financial assets							
Trading securities	0.9	(0.1)	–	–	–	0.2	1.0
Securities designated as at fair value through profit or loss	7.1	(4.4)	–	–	–	–	2.7
Investment securities available-for-sale	18.1	0.2	(0.1)	–	(12.9)	–	5.3
Derivative financial instruments	22.2	0.2	–	(5.3)	(0.3)	–	16.8
Total level 3 financial assets	48.3	(4.1)	(0.1)	(5.3)	(13.2)	0.2	25.8
Financial liabilities							
Derivative financial instruments	0.3	–	–	(0.1)	–	–	0.2
Structured notes	1.0	–	–	–	–	–	1.0
Total level 3 financial liabilities	1.3	–	–	(0.1)	–	–	1.2

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2013

25 Fair Value of Financial Instruments (continued)

During the nine months ended 30 September 2013 there was a transfer of Investment securities available-for-sale from Level 3 to Level 1 as they became actively traded during the nine months 2013. The carrying amount of a stock exchange shares as at the date of transfer was RR 13.7 billion.

For the nine months ended 30 September 2013 the losses in the amount of RR 4.8 billion reported in income statement on Level 3 financial assets were unrealized.

For the nine months ended 30 September 2013 the gains in the amount of RR 0.1 billion reported in components of other comprehensive income 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 income statement within net (losses)/gains arising from trading securities.

Total losses 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 income statement within net (losses)/gains arising from securities designated as at fair value through profit or loss.

Total gains recognized as profit or loss on investment securities available-for-sale which are presented in the table above are reported in income statement within net gains/(losses) arising from investment securities available-for-sale.

Total losses recognized as profit or loss on derivative financial instruments which are presented in the table above are reported in income statement within net gains/(losses) arising from operations with other derivatives.

Valuation of available-for-sale shares in a real estate company of RR 3.4 billion using valuation techniques based on non-observable inputs

The Group determined fair value of investments based on discounted cash flow model using the following key assumptions: type of WACC and estimated capitalization rate which depend on forecasts on property prices. As at 30 September 2013 the estimated value of the WACC used by the Group comprised 12.0%.

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 0.1 billion lower / RR 0.1 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 0.3 billion lower / RR 0.3 billion higher.

Valuation of investments in mutual fund which main assets comprised real estate investments of RR 1.7 billion using valuation techniques based on non-observable inputs

Fair value of investments in mutual funds' units which main assets comprised real estate investments are determined based on fair value of property units. Each property unit is revalued regularly by independent appraisals using sales comparison approach. Application of market average rates, which is considered to be a reasonably possible change of assumptions used in valuation model for calculation of fair value of such units, resulted in increase/decrease of fair value by RR 0.07 billion in case of application of the highest/lowest level of the range respectively.

Valuation of available-for-sale non-voting shares in a special oil and gas investment fund (SIF) of RR 1.6 billion using valuation techniques based on non-observable inputs

The Group determined fair value of investments based on discounted cash flow model using the following key assumptions: type of WACC and estimated guaranteed fixed yield on exit. Guaranteed fixed yield has not linked to the market and so has immaterial influence on the value of the financial instrument. As at 30 September 2013 the estimated value of the WACC used by the Group comprised 10.0%.

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 0.03 billion lower / RR 0.03 billion higher.

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2013

25 Fair Value of Financial Instruments (continued)

Valuation of foreign currency derivatives contracts of RR 16.3 billion using non-observable inputs

The inputs used for estimation of fair values of foreign currency derivatives as at 30 September 2013 were the yield to maturity of the Belarusian Eurobonds in USD 10.59%. The obligations in Belarusian roubles were estimated against the prevailing rate of attracting funds in Belarusian roubles at the reporting date 38.3%. Should the input rate for Belarusian roubles decrease for 1000 base points the carrying value of the foreign currency derivatives would be 1.9% lower.

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

<i>In billions of Russian Roubles</i>	30 September 2013 (unaudited)		31 December 2012	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets carried at amortized cost				
Cash and cash equivalents	1,117.4	1,117.4	1,290.8	1,290.8
Mandatory cash balances with central banks	270.3	270.3	211.2	211.2
Due from banks	435.2	435.1	114.8	114.8
Loans and advances to customers:				
- Commercial loans to legal entities	5,261.6	5,370.9	4,971.6	5,029.4
- Specialized loans to legal entities	3,171.2	3,221.6	2,765.7	2,734.4
- Consumer and other loans to individuals	1,799.6	1,698.0	1,524.2	1,464.2
- Mortgage loans to individuals	1,384.7	1,388.4	1,116.9	1,094.1
- Car loans to individuals	143.5	144.1	120.9	118.2
Securities pledged under repurchase agreements:				
- Investment securities held-to-maturity pledged under repurchase agreements	169.3	170.0	267.5	266.8
Investment securities held-to-maturity	153.5	150.5	105.9	105.5
Other financial assets	205.1	205.1	153.2	153.2
Total financial assets carried at amortized cost	14,111.4	14,171.4	12,642.7	12,582.6

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2013

25 Fair Value of Financial Instruments (continued)

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

<i>In billions of Russian Roubles</i>	30 September 2013 (unaudited)		31 December 2012	
	Carrying value	Fair value	Carrying value	Fair value
Financial liabilities carried at amortized cost				
Due to banks	1,348.4	1,348.4	1,452.4	1,452.4
Due to Individuals:				
- Current/demand accounts	1,380.9	1,380.9	1,401.1	1,401.1
- Term deposits	6,212.2	6,222.6	5,582.1	5,541.7
Due to corporate customers:				
- Current/settlement accounts of state and public organizations	100.5	100.5	99.0	99.0
- Term deposits of state and public organizations	496.7	505.4	270.1	273.9
- Current/settlement accounts of other corporate customers	1,449.1	1,449.1	1,130.1	1,130.1
- Term deposits of other corporate customers	1,597.5	1,623.4	1,660.5	1,685.7
- Direct repo deals	21.5	21.5	36.4	36.4
Debt securities in issue:				
- Loan participation notes issued under the MTN programme	319.4	329.9	291.6	315.0
- Savings certificates	327.7	329.6	227.2	231.6
- Promissory notes	75.4	76.0	110.1	109.7
- Notes issued under the ECP programme	50.7	50.7	16.1	16.1
- Bonds issued	49.9	51.2	44.3	44.5
- Other debt securities except for structured notes	1.2	1.2	0.1	0.1
Other borrowed funds	597.7	598.5	469.2	467.4
Other financial liabilities	263.5	263.5	164.7	164.7
Subordinated debt:				
- Subordinated debt received by the Group from the Bank of Russia	318.0	318.0	303.3	303.3
- Subordinated debt received under the MTN programme	98.7	91.8	61.1	62.3
- Other subordinated debts	25.1	23.8	20.3	19.0
Total financial liabilities carried at amortized cost	14,734.1	14,786.0	13,339.7	13,354.0

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2013

26 Transfers of Financial Assets

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

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

<i>In billions of Russian Roubles</i>	30 September 2013 (unaudited)				31 December 2012			
	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	983.0	935.5	5.2	5.4	919.2	845.9	30.5	23.8
Securities issued by the Bank pledged under repurchase agreements	–	–	–	–	0.4	0.3	0.8	0.7
Securities of clients pledged under repurchase agreements	38.5	22.7	16.2	16.1	10.2	8.8	17.6	11.9
Trading securities	0.8	0.8	–	–	–	–	–	–
Total before margin calls	1,022.3	959.0	21.4	21.5	929.8	855.0	48.9	36.4
Other financial assets (margin calls under repurchase agreements)	7.0	–	3.9	–	2.4	–	1.1	–
Total	1,029.3	959.0	25.3	21.5	932.2	855.0	50.0	36.4

Refer to Note 8 for detailed information on types of securities pledged under repurchase agreements.

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

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

<i>In billions of Russian Roubles</i>	30 September 2013 (unaudited)		31 December 2012	
	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	–	–
Loans to corporate customers	126.7	109.8	224.8	170.7
Securities	43.0	39.6	20.0	17.6
Other assets	7.6	4.6	–	–
Total	177.4	154.1	244.8	188.3

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2013

26 Transfers of Financial Assets (continue)

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 2013 (unaudited)		31 December 2012	
	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	43.3	51.2	81.1	88.7
Due from banks	76.2	92.0	9.8	12.1
Loans and advances to customers	153.8	218.3	133.5	167.3
Total	273.3	361.5	224.4	268.1

27 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 28 for significant transactions with state-controlled entities and government bodies.

As at 30 September 2013 and 31 December 2012, the outstanding balances with the Bank of Russia and other related parties were as follows:

<i>In billions of Russian Roubles</i>	30 September 2013 (unaudited)		31 December 2012	
	the Bank of Russia	Other related parties	the Bank of Russia	Other related parties
Assets				
Cash and cash equivalents	188.7	–	260.4	–
Mandatory cash balances with the Bank of Russia	147.7	–	122.6	–
Gross amount of loans and advances to customers	–	0.2	–	0.1
Other assets	–	52.1	–	23.0
Liabilities				
Due to banks	1,003.5	–	1,070.8	–
Due to individuals	–	5.9	–	8.3
Due to corporate customers	–	0.8	–	0.9
Subordinated debt	318.0	–	303.3	–
Other liabilities	–	3.3	–	–

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2013

27 Related Party Transactions (continue)

The income and expense items with the Bank of Russia and other related parties for the nine months ended 30 September 2013 and 30 September 2012 were as follows:

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Nine months ended 30 September			
	2013		2012	
	the Bank of Russia	Other related parties	the Bank of Russia	Other related parties
Interest income	–	0.1	–	0.1
Interest expense on subordinated debt	(14.6)	–	(14.7)	–
Interest expense other than on subordinated debt	(25.9)	(0.3)	(25.1)	(0.1)
Net provision charge for loan impairment	–	–	–	(0.3)
Operating expenses	(1.0)	(0.8)	(1.0)	–

The income and expense items with the Bank of Russia and other related parties for the three months ended 30 September 2013 and 30 September 2012 were as follows:

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Three months ended 30 September			
	2013		2012	
	the Bank of Russia	Other related parties	the Bank of Russia	Other related parties
Interest income	–	0.1	–	0.1
Interest expense on subordinated debt	(5.0)	–	(5.0)	–
Interest expense other than on subordinated debt	(5.9)	(0.1)	(11.8)	–
Operating expenses	(0.4)	(0.7)	(0.4)	–

For the nine months ended 30 September 2013, remuneration of the members of the key management personnel comprised salaries and bonuses totaling RR 0.7 billion (for the nine months ended 30 September 2012: RR 0.7 billion).

For the three months ended 30 September 2013, 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 2012: RR 0.3 billion).

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2013

28 Operations with State-Controlled Entities and Government Bodies

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

Balances with government-related entities which are significant in terms of the carrying amount as at 30 September 2013 are disclosed below:

<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	109.4	61.4	22.2
Client 2	Oil and gas	–	62.9	–
Client 3	Oil and gas	0.3	20.8	–
Client 4	Energy	125.9	27.4	–
Client 5	Energy	121.1	31.6	–
Client 6	Energy	67.6	72.0	–
Client 7	Telecommunications	132.0	–	4.5
Client 8	Machine building	106.6	36.9	23.8
Client 9	Machine building	104.5	30.2	16.9
Client 10	Machine building	95.7	–	14.3
Client 11	Machine building	–	–	29.6
Client 12	Transport, aviation, space industry	8.4	–	18.1
Client 13	Government and municipal bodies	–	250.4	–
Client 14	Government and municipal bodies	–	119.4	–
Client 15	Government and municipal bodies	–	20.0	–
Client 16	Government and municipal bodies	–	17.1	–
Client 17	Banking	44.4	36.3	–
Client 18	Banking	81.3	–	–
Client 19	Services	15.5	–	44.1
Client 20	Other	66.5	–	–

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2013

28 Operations with State-Controlled Entities and Government Bodies (continued)

Balances with government-related entities which are significant in terms of the carrying amount as at 31 December 2012 are disclosed below:

<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	77.0	23.4	–
Client 2	Oil and gas	4.3	16.7	–
Client 3	Oil and gas	4.4	–	0.2
Client 4	Energy	106.7	35.0	0.6
Client 5	Energy	110.9	23.7	–
Client 6	Energy	62.5	63.3	–
Client 7	Telecommunications	137.4	–	–
Client 8	Machine building	81.5	25.1	8.4
Client 9	Machine building	84.2	25.0	–
Client 10	Machine building	79.0	–	8.9
Client 11	Machine building	–	–	17.6
Client 12	Transport, aviation, space industry	3.1	–	17.3
Client 13	Government and municipal bodies	–	55.7	–
Client 14	Government and municipal bodies	–	73.8	–
Client 16	Government and municipal bodies	–	17.4	–
Client 17	Banking	33.3	25.2	–
Client 18	Banking	0.9	20.2	100.0
Client 19	Services	5.7	–	15.7
Client 20	Other	57.4	–	–
Client 21	Transport, aviation, space industry	–	–	21.6
Client 22	Government and municipal bodies	–	32.0	–
Client 23	Government and municipal bodies	–	15.0	–
Client 24	Services	–	17.6	–

As at 30 September 2013 and 31 December 2012 the Group's investments in securities issued by government-related corporate entities were as follows:

<i>In billions of Russian Roubles</i>	30 September 2013 (unaudited)		31 December 2012	
	Corporate bonds	Corporate shares	Corporate bonds	Corporate shares
Trading securities	12.4	1.6	11.2	1.4
Securities designated as at fair value through profit or loss	–	–	0.1	–
Securities pledged under repurchase agreements	224.7	0.7	98.9	3.9
Investment securities available-for-sale	100.7	14.0	166.9	15.2
Investment securities held-to-maturity	16.0	–	8.9	–

For disclosures on investments in government debt securities please refer to Notes 5, 6, 8, 9 and 10.

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2013

29 Principal Subsidiaries

The table below provides details on principal subsidiaries of the Bank as at 30 September 2013:

Name	Nature of business	Percentage of ownership	Country of registration
Subsidiaries:			
DenizBank (DenizBank AS)	banking	99.85%	Turkey
Sberbank Europe AG	banking	100.00%	Austria
OJSC BPS-Sberbank	banking	97.91%	Belarus
SB JSC Sberbank	banking	100.00%	Kazakhstan
JSC Sberbank of Russia	banking	100.00%	Ukraine
Sberbank (Switzerland) AG	banking	99.15%	Switzerland
Cetelem Bank LLC (former BNP Paribas Vostok LLC)	banking	74.00%	Russia
CJSC Sberbank Leasing	leasing	100.00%	Russia
LLC Sberbank Capital	finance	100.00%	Russia
Troika Dialog Group Ltd.	finance	100.00%	Cayman islands
CJSC Rublevo-Archangelskoe	construction	100.00%	Russia
LLC Sberbank Investments	finance	100.00%	Russia
LLC Aukcion	services	100.00%	Russia
OJSC Krasnaya Polyana	construction	50.03%	Russia
PS Yandex.Money LLC	telecommunications	75.00% minus one Russian Rouble	Russia
LLC Khrustalnye Bashni	construction	50.01%	Russia

In the first quarter 2013 final purchase price allocation of DenizBank AS was performed. The final fair values of identifiable assets and liabilities of DenizBank AS at the acquisition date do not differ significantly from preliminary results.

In April 2013, DenizBank and Citibank signed an agreement to purchase consumer banking business of Citibank Turkey. The transaction was approved by Turkish Authorities in June 2013. At the approval date, Citibank Turkey's consumer banking business had consumer banking portfolio with more than 600,000 customers with preliminarily loans/receivables carrying value of TRY 1.2 billion, and preliminarily carrying value of deposits of TRY 1.6 billion. The deal on acquisition of Citibank retail business in Turkey was finalized in July 2013. Final amounts and composition of identifiable assets acquired and liabilities assumed during the business combination and the amount of goodwill are not finalized yet.

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2013

29 Principal Subsidiaries (continued)

Provisional amount of goodwill and provisional fair values of assets/liabilities from the business combination at the acquisition date were as follows:

(unaudited)

in billions of Russian Roubles

	Fair value
Loans and advances to customers	19.2
Premises and equipment	0.1
Other financial assets	0.1
Total assets	19.4
Due to individuals	(22.3)
Due to corporate customers	(0.6)
Other financial liabilities	(4.1)
Other non-financial liabilities	(0.1)
Total liabilities	(27.1)
Fair value of net assets of subsidiaries	(7.7)
Calculation of goodwill:	
Total purchase consideration	(7.1)
Fair value of net assets of subsidiaries	7.7
Goodwill on acquisition	0.6

The Group's consolidated net profit for the nine months ended 30 September 2013 would not change materially if the acquisition occurred on 1 January 2013.

The Group has finalized purchase price allocation of identifiable assets and liabilities of OJSC Krasnaya Polyana and several other companies based on the final results of an independent external appraisal. Final goodwill from the business combination at the acquisition date was as follows:

(unaudited)

in billions of Russian Roubles

	Fair value
Cash and cash equivalents	1.5
Due from banks	0.6
Loans and advances to customers	1.5
Premises and equipment	1.3
Other non-financial assets	10.2
Total assets	15.1
Due to banks	(5.6)
Other financial liabilities	(0.2)
Other non-financial liabilities	(2.1)
Total liabilities	(7.9)
Fair value of net assets of subsidiaries	7.2
Calculation of goodwill:	
Total purchase consideration	13.3
Non-controlling interest at fair value	3.4
Fair value of net assets of subsidiaries	(7.2)
Goodwill on acquisition	9.5

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2013

29 Principal Subsidiaries (continued)

In the third quarter 2013 the Group and BNP Paribas Personal Finance completed the deal under which the Group increased its stake in Cetelem Bank LLC from 70.0% up to 74.0%. In accordance with the terms of the transaction the governance remained unchanged. The amount paid by the Group equaled RR 0.4 billion. After three years, the Group has an option to increase its stake in the Cetelem Bank LLC up to 80.0% subject to achieving certain agreed business performance metrics.

In July 2013 the Group and Yandex, the Russian internet company, completed acquisition by the Group of 75.0% share minus one Russian Rouble in PS Yandex.Money LLC for USD 59.1 million. The key objective of this deal is to drive innovation in online retail payment solutions. Yandex will retain a substantial interest of 25.0% plus one Russian Rouble.

Final amount of goodwill and final values for assets/liabilities from the business combination at the acquisition date were as follows:

(unaudited)

in billions of Russian Roubles

	Fair value
Cash and cash equivalents	1.2
Premises and equipment	0.8
Other financial assets	0.5
Total assets	2.5
Due to individuals	(0.3)
Other financial liabilities	(1.4)
Total liabilities	(1.7)
Fair value of net assets of subsidiaries	0.8
Calculation of goodwill:	
Total purchase consideration	2.0
Non-controlling interest at fair value	0.2
Fair value of net assets of subsidiaries	(0.8)
Goodwill on acquisition	1.4

The share of the subsidiaries of the Bank in the consolidated assets of the Group as at 30 September 2013 was 16.1% (31 December 2012: 14.5%).

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2013

30 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 2013 this regulatory capital adequacy ratio N1 was 13.3% (31 December 2012: 12.6%). Compliance with capital adequacy ratios set by the Bank of Russia is monitored monthly with reports outlining the calculation.

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 2013 and 31 December 2012, 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 2013 (unaudited)	31 December 2012
<i>Tier 1 capital</i>		
Share capital	87.7	87.7
Share premium	232.6	232.6
Retained earnings	1,400.2	1,186.7
Treasury shares	(6.1)	(7.6)
Less goodwill	(29.5)	(25.0)
<i>Total Tier 1 capital</i>	1,684.9	1,474.4
<i>Tier 2 capital</i>		
Revaluation reserve for premises	77.0	79.0
Fair value reserve for investment securities available-for-sale	3.2	16.8
Foreign currency translation reserve	(8.8)	(4.7)
Subordinated capital	437.9	382.7
Less investments in associates	(7.4)	(8.6)
<i>Total Tier 2 capital</i>	501.9	465.2
Total capital	2,186.8	1,939.6
<i>Risk weighted assets (RWA)</i>		
Credit risk	15,448.8	13,693.1
Market risk	503.3	452.5
Total risk weighted assets (RWA)	15,952.1	14,145.6
Core capital adequacy ratio (Total Tier 1 capital to Total RWA)	10.6	10.4
Total capital adequacy ratio (Total capital to Total RWA)	13.7	13.7

Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2013

31 Subsequent Events

Additional share issue of OJSC Krasnaya Polyana was registered in October 2013. In accordance with the report 18 342 additional shares of nominal value RR 50 000 each were issued. Price of a share was RR 755 thousand. All the shares were purchased by the Group for RR 13.9 billion. As a result effective share of ownership in OJSC Krasnaya Polyana grew up to 92.104%.

In October 2013 Fitch Ratings has assigned Sberbank Europe AG a Long-term Issuer Default Rating of BBB- with a Stable Outlook. This is the first-time that Sberbank Europe AG has been rated. Availability of the rating will allow Sberbank Europe AG to establish itself on international market according to strategic positions and to get access to a wider range of clients and counterparties.

In November 2013 the Group received a multicurrency syndicated loan from a consortium of foreign banks equivalent to RR 32.7 billion as at the date of issue. The loan was received in two tranches in two different currencies: 0.3 billion in USD and 0.5 billion in Euro. The loan matures in November 2014 and has contractual floating interest rates of LIBOR + 0.75% p.a. for the tranche in USD dollars and EURIBOR + 0.75% p.a. for the tranche in Euro.