

**Sberbank of Russia**

Interim Condensed Consolidated Financial Statements  
and Review Report

*31 March 2013*

## Interim Condensed Consolidated Financial Statements and Review Report

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## Report on review of interim condensed consolidated financial statements

To the Shareholders and Supervisory Board of Sberbank -

### 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 31 March 2013, comprising of the interim condensed consolidated statement of financial position as at 31 March 2013 and the related interim condensed consolidated income statement and statement of comprehensive income for the three months then ended, interim condensed consolidated statements of changes in equity and of cash flows for the three months then ended and selected explanatory notes. Management of the Bank 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

28 May 2013

## Interim Condensed Consolidated Statement of Financial Position

<i>In billions of Russian Roubles</i>	Note	31 March 2013 (Unaudited)	31 December 2012
<b>ASSETS</b>			
Cash and cash equivalents		1 208,6	1 290,8
Mandatory cash balances with central banks		244,7	211,2
Trading securities	5	90,9	90,4
Securities designated at fair value through profit or loss	6	18,7	19,2
Due from banks		148,9	114,8
Loans and advances to customers	7	10 630,4	10 499,3
Securities pledged under repurchase agreements	8	571,5	949,7
Investment securities available for sale	9	1 035,8	804,5
Investment securities held to maturity	10	171,1	105,9
Deferred income tax asset		8,6	7,5
Premises and equipment		433,1	436,0
Other financial assets	11	213,8	227,6
Other non-financial assets	11	339,5	340,5
<b>TOTAL ASSETS</b>		<b>15 115,6</b>	<b>15 097,4</b>
<b>LIABILITIES</b>			
Due to banks		1 046,0	1 452,4
Due to individuals	12	7 125,5	6 983,2
Due to corporate customers	12	3 199,5	3 196,1
Debt securities in issue	13	798,7	691,7
Other borrowed funds		521,5	469,2
Deferred income tax liability		31,2	33,2
Other financial liabilities	14	215,5	199,7
Other non-financial liabilities	14	76,8	63,4
Subordinated debt		393,3	384,7
<b>TOTAL LIABILITIES</b>		<b>13 408,0</b>	<b>13 473,6</b>
<b>EQUITY</b>			
Share capital		87,7	87,7
Treasury shares		(7,6)	(7,6)
Share premium		232,6	232,6
Revaluation reserve for office premises		78,4	79,0
Fair value reserve for investment securities available for sale		29,6	37,3
Foreign currency translation reserve		(3,1)	(4,7)
Retained earnings		1 275,9	1 186,7
<b>Total equity attributable to shareholders of the Bank</b>		<b>1 693,5</b>	<b>1 611,0</b>
Non-controlling interest		14,1	12,8
<b>TOTAL EQUITY</b>		<b>1 707,6</b>	<b>1 623,8</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>15 115,6</b>	<b>15 097,4</b>

Approved for issue and signed on behalf of the Management Board on 28 May 2013.



Herman Gref, Chairman of the Management Board and CEO



Andrey Kruzhalov, Chief Accountant

## Interim Condensed Consolidated Income Statement

<i>(Unaudited)</i>		<b>Three months ended 31 March</b>	
<i>In billions of Russian Roubles</i>	<b>Note</b>	<b>2013</b>	<b>2012</b>
Interest income	15	344,6	249,7
Interest expense	15	(137,8)	(87,8)
Deposit insurance expenses	15	(6,6)	(5,6)
<b>Net interest income</b>		<b>200,2</b>	<b>156,3</b>
(Net provision charge)/net recovery of provision for loan impairment	7	(31,8)	3,2
<b>Net interest income after provision charge / recovery of provision for loan impairment</b>		<b>168,4</b>	<b>159,5</b>
Fee and commission income	16	49,3	39,2
Fee and commission expense	16	(5,0)	(3,4)
Net (losses)/gains arising from trading securities		(0,6)	3,4
Net gains arising from securities designated at fair value through profit or loss		0,6	1,0
Net gains arising from investment securities available for sale		3,9	2,2
Impairment of investment securities available for sale		(2,7)	–
Net gains/(losses) arising from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation	17	2,4	(3,6)
Net gains arising from operations with precious metals and precious metals derivatives		0,8	3,3
Net gains arising from operations with other derivatives		0,8	2,8
Net provision charge for impairment of other assets		(0,3)	(0,8)
Revenue of non-core business activities	18	5,1	13,6
Cost of sales of non-core business activities	18	(4,7)	(10,0)
Other operating income		4,3	1,3
<b>Operating income</b>		<b>222,3</b>	<b>208,5</b>
Operating expenses	19	(111,8)	(93,7)
<b>Profit before tax</b>		<b>110,5</b>	<b>114,8</b>
Income tax expense		(22,0)	(22,6)
<b>Profit for the reporting period</b>		<b>88,5</b>	<b>92,2</b>
Attributable to:			
- shareholders of the Bank		88,6	92,2
- non-controlling interest		(0,1)	–
<b>Earnings per ordinary share for profit attributable to the shareholders of the Bank, basic and diluted</b>	<b>20</b>	<b>4.10</b>	<b>4.28</b>
(expressed in RR per share)			

Approved for issue and signed on behalf of the Management Board on 28 May 2013.



Herman Gref, Chairman of the Management Board and CEO



Andrey Kruzhalov, Chief Accountant

## Interim Condensed Consolidated Statement of Comprehensive Income

(Unaudited)

In billions of Russian Roubles

	Three months ended 31 March	
	2013	2012
<b>Profit for the reporting period recognised in the interim condensed consolidated income statement</b>	<b>88,5</b>	<b>92,2</b>
<b>Other comprehensive income:</b>		
Investment securities available for sale:		
- Net (losses)/gains on revaluation of investment securities available for sale	(8,5)	26,6
- Impairment of investment securities available for sale transferred to Income statement	2,7	-
- Accumulated gains transferred to Income statement upon disposal of securities	(3,9)	(2,2)
<b>Net foreign currency translation gains</b>	<b>1,6</b>	<b>0,9</b>
Deferred income tax relating to components of other comprehensive income:		
- Investment securities available for sale	2,0	(4,8)
<b>Other comprehensive income to be reclassified to profit or loss in subsequent periods, net of tax</b>	<b>(6,1)</b>	<b>20,5</b>
<b>Total comprehensive income for the reporting period</b>	<b>82,4</b>	<b>112,7</b>
Attributable to:		
- shareholders of the Bank	82,5	112,7
- non-controlling interest	(0,1)	-

## Interim Condensed Consolidated Statement of Changes in Equity

<i>In billions of Russian Roubles</i>	Attributable to shareholders of the Bank							Total	Non-controlling interest	Total equity
	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			
<b>Balance as at 1 January 2012</b>	<b>87,7</b>	<b>(7,0)</b>	<b>232,6</b>	<b>81,5</b>	<b>(7,5)</b>	<b>(5,7)</b>	<b>882,9</b>	<b>1 264,5</b>	<b>3,5</b>	<b>1 268,0</b>
<b>Changes in equity for the three months ended 31 March 2012 (Unaudited)</b>										
Purchase of treasury shares	–	(3,4)	–	–	–	–	–	(3,4)	–	(3,4)
Amortisation of revaluation reserve for office premises	–	–	–	(0,7)	–	–	0,7	–	–	–
Total comprehensive income for the three months ended 31 March 2012	–	–	–	–	19,6	0,9	92,2	112,7	–	112,7
<b>Balance as at 31 March 2012 (Unaudited)</b>	<b>87,7</b>	<b>(10,4)</b>	<b>232,6</b>	<b>80,8</b>	<b>12,1</b>	<b>(4,8)</b>	<b>975,8</b>	<b>1 373,8</b>	<b>3,5</b>	<b>1 377,3</b>
<b>Balance as at 1 January 2013</b>	<b>87,7</b>	<b>(7,6)</b>	<b>232,6</b>	<b>79,0</b>	<b>37,3</b>	<b>(4,7)</b>	<b>1 186,7</b>	<b>1 611,0</b>	<b>12,8</b>	<b>1 623,8</b>
<b>Changes in equity for the three months ended 31 March 2013 (Unaudited)</b>										
Amortisation of revaluation reserve for office premises	–	–	–	(0,6)	–	–	0,6	–	–	–
Acquisition of non-controlling interests in subsidiaries	–	–	–	–	–	–	–	–	0,9	0,9
Disposals of subsidiaries	–	–	–	–	–	–	–	–	0,5	0,5
Total comprehensive income for the three months ended 31 March 2013	–	–	–	–	(7,7)	1,6	88,6	82,5	(0,1)	82,4
<b>Balance as at 31 March 2013 (Unaudited)</b>	<b>87,7</b>	<b>(7,6)</b>	<b>232,6</b>	<b>78,4</b>	<b>29,6</b>	<b>(3,1)</b>	<b>1 275,9</b>	<b>1 693,5</b>	<b>14,1</b>	<b>1 707,6</b>

## Interim Condensed Consolidated Statement of Cash Flows

<i>(Unaudited)</i> <i>In billions of Russian Roubles</i>	<b>Three months ended 31 March</b>	
	<b>2013</b>	<b>2012</b>
<b>Cash flows from operating activities</b>		
Interest received	334,9	248,0
Interest paid	(107,6)	(67,7)
Expenses paid directly attributable to deposit insurance	(6,2)	(5,2)
Fees and commissions received	49,9	39,8
Fees and commissions paid	(5,0)	(3,8)
Net gains received from trading securities	2,3	1,5
Net gains received from securities designated at fair value through profit or loss	0,4	–
Net gains received/ (losses incurred) from trading in foreign currencies and from operations with foreign currency derivatives	2,1	(6,2)
Net gains received from operations with other derivatives	0,5	2,7
Net gains received from operations with precious metals and precious metals derivatives	3,6	2,1
Revenue of non-core business activities	5,7	13,6
Cost of sales of non-core business activities	(9,6)	(11,4)
Other operating income received	5,8	4,1
Operating expenses paid	(78,4)	(59,9)
Income tax paid	(25,4)	(14,5)
<b>Cash flows from operating activities before changes in operating assets and liabilities</b>	<b>173,0</b>	<b>143,1</b>
<b>Changes in operating assets and liabilities</b>		
Net increase in mandatory cash balances with central banks	(32,4)	(6,5)
Net decrease in trading securities	41,4	12,2
Net (increase)/decrease in securities designated at fair value through profit or loss	(0,2)	17,9
Net increase in due from banks	(29,5)	(78,3)
Net increase in loans and advances to customers	(115,8)	(347,2)
Net decrease in other assets	12,7	39,4
Net (decrease)/increase in due to banks	(406,2)	217,9
Net increase in due to individuals	127,4	89,9
Net (decrease)/increase in due to corporate customers	(18,5)	118,3
Net increase in debt securities in issue	56,1	47,3
Net increase/(decrease) in other liabilities	11,2	(27,1)
<b>Net cash (used in)/from operating activities</b>	<b>(180,8)</b>	<b>226,9</b>
<b>Cash flows from investing activities</b>		
Purchase of investment securities available for sale	(168,4)	(56,1)
Proceeds from disposal and redemption of investment securities available for sale	147,6	72,0
Purchase of investment securities held to maturity	(3,1)	(11,9)
Proceeds from redemption of investment securities held to maturity	55,7	15,1
Acquisition of premises and equipment	(14,6)	(12,9)
Proceeds from disposal of premises and equipment including insurance payments	1,6	1,7
Acquisition of associates	–	(6,8)
Proceeds from disposal of subsidiaries net of cash disposed	–	3,8
Dividends received	–	0,6
<b>Net cash from investing activities</b>	<b>18,8</b>	<b>5,5</b>
<b>Cash flows from financing activities</b>		
Other borrowed funds received	58,1	18,0
Redemption of other borrowed funds	(15,6)	(3,3)
Repayment of interest on other borrowed funds	(2,5)	(0,8)
Subordinated debt received	1,1	2,4
Repayment of interest on subordinated debt	(0,1)	–
Funds received from loan participation notes issued under the MTN programme	43,7	66,1
Redemption of loan participation notes issued under the MTN programme	(3,2)	–
Repayment of interest on loan participation notes issued under the MTN programme	(5,3)	(3,0)
Purchase of treasury shares	–	(3,4)
Dividends paid	(0,1)	(0,5)
<b>Net cash from financing activities</b>	<b>76,1</b>	<b>75,5</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>3,8</b>	<b>(10,3)</b>
<b>Effect of inflation on cash and cash equivalents</b>	<b>(0,1)</b>	<b>(1,0)</b>
<b>Net (decrease)/ increase in cash and cash equivalents</b>	<b>(82,2)</b>	<b>296,6</b>
Cash and cash equivalents at the beginning of the reporting period	1 290,8	625,6
<b>Cash and cash equivalents as at the end of the reporting period</b>	<b>1 208,6</b>	<b>922,2</b>



## **Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2013**

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### **1 Introduction**

These interim condensed consolidated financial statements of Sberbank of Russia (Sberbank, “the Bank”) and its subsidiaries (together referred to as “the Group” or “Sberbank Group”) have been prepared in accordance with IAS 34 “Interim Financial Reporting” for the three months ended 31 March 2013. Principal subsidiaries include foreign commercial banks and other Russian and foreign companies controlled by the Group. A list of principal subsidiaries included in these interim condensed consolidated financial statements is disclosed in Note 28.

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 31 March 2013 (31 December 2012: 52.3% of ordinary shares or 50.0% plus 1 voting share of the issued and outstanding shares).

As at 31 March 2013 the Supervisory Board of the Bank is headed by the Chairman of the Bank of Russia. The Supervisory Board also includes representatives from the Bank’s other shareholders and independent directors. Two First Deputy Chairmen of the Bank of Russia are Deputy Chairmen of the Supervisory Board.

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. The Group’s foreign banks/companies operate under the banking/companies regulatory regimes of their respective countries.

The Group’s principal business activity is corporate and retail banking. This includes, but is not limited to, deposit taking and commercial lending in freely convertible currencies, local currencies of countries where the subsidiary banks operate and in Russian roubles, support of clients’ export/import transactions, foreign exchange, securities trading, and trading in derivative financial instruments. The Group’s operations are conducted in both Russian and international markets. As at 31 March 2013 the Group conducts its business in Russia through Sberbank with its network of 17 (31 December 2012: 17) regional head offices, 153 (31 December 2012: 193) branches and 18 473 (31 December 2012: 18 377) sub-branches, and through principal subsidiaries located in Russia such as CJSC Sberbank Leasing, LLC Sberbank Capital, companies of Troika Dialog Group Ltd. and 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 Troika Dialog Group Ltd. located in the United States of America, the United Kingdom, Cyprus and certain other jurisdictions.

The actual headcount of the Group’s employees as at 31 March 2013 was 290 314 (31 December 2012: 286 019).

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

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

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2013

### 1 Introduction (Continued)

At 31 March 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:

	/RUR	/UAH	/BYR	/KZT	/EUR	/CHF	/TRY
RUR/	1	0,262	279,248	4,854	0,025	0,031	0,058
USD/	31,083	8,145	8 679,992	150,890	0,781	0,950	1,811
EUR/	39,802	10,430	11 114,732	193,215	1	1,216	2,319

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:

	/RUR	/UAH	/BYR	/KZT	/EUR	/CHF	/TRY
RUR/	1	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	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 pace of world economy development. 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, operation results and economic perspectives of the Group despite certain economic recovery indicators taking place.

Ministry of Economic Affairs estimates that economic growth rebounded to 2.3% year-on-year in March from a decline of 0.4% year-on-year in February, but this was not enough to prevent GDP from slowing further in the first quarter 2013 to 1.1% year-on-year in comparison with 2.1% in the fourth quarter 2012. Exports fell 4.6% year-on-year as the oil price deflated to \$110.7/bbl (from \$116.8/bbl), while imports grew by 3.7%. This data demonstrates that consumption expansion has become more balanced, while import substitution is developing.

In the first quarter 2013 the government budget was in deficit and liquidity was absorbed in January when the Ministry of Finance closed most of the deposits that it had previously opened with banks, which was largely a seasonal effect. All in all, the cumulative effect of the Ministry of Finance money market interactions was relatively neutral.

In the beginning of 2013 key trends of the previous year remained strong: (i) a slow-down in deposit inflows into Russian banking system followed by the statement of CBR repos as the key source of liquidity for Russian banks in conditions of floating exchange rate and inflation targeting policy; (ii) decrease of corporate lending development on the base of rapid development of the local bond market and the favorable conditions in foreign debt capital markets; (iii) rapid expansion of the retail lending market accompanied by an increased regulators' attention to the rise of corresponding risks.

## **Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2013**

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### **2 Operating Environment of the Group (Continued)**

**Turkey.** Significant part of the Group's operations were conducted in Turkey following the acquisition of DenizBank in September 2012. The macro-prudential measures mainly applied by the Central Bank of Turkey in 2011 and 2012 yielded the intended results, decreasing Turkey's twin imbalances: internal (inflation) and more importantly external (Current account deficit). Inflation (CPI) and CA Deficit to GDP ratio were down to 7.3% and 6.0% in the first quarter 2013, respectively, from 10.4% and 9.7% a year ago. Due to the macro-prudential measures taken (mainly the ones slowing banking sector loan growth), the economic growth has eased to 2.2% in the first quarter 2013 from 8.8% a year ago. On the bright side, loan growth has started to accelerate in the first quarter 2013, helping to increase economic activity again.

**Other jurisdictions.** In addition to Russia and Turkey the Group conducts operations in the CIS (Ukraine, Belarus, Kazakhstan), CEU countries (Austria, Czech Republic, Slovakia, Bosnia and Herzegovina, Slovenia, Serbia, Hungary, Croatia), Switzerland and some other countries. Tough economic and liquidity situation in many jurisdictions led to decrease or insignificant growth of GDP followed by shrinking in consumption as well as in investment activities. The primary targets of the local regulators included support of monetary stability, management of GDP deficit and inflation level regulation. In first quarter of 2013 economy of Republic Belarus remained hyperinflationary for accounting policies.

### **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 for the year ended 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.

### **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.

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2013

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

**IFRS 12 Disclosure of Interests in Other Entities.** IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. 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 requires new disclosures to be made in the financial statements of the Group but has 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.

**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 will limit the changes in the net pension asset (liability) recognised in profit or loss to net interest income (expense) and service costs.

**Amendments to IAS 1 Changes to the Presentation of Other Comprehensive Income.** The amendments to IAS 1 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). The amendment becomes effective for annual periods beginning on or after 1 July 2012.

**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 with retrospective application). These disclosures, which are similar to the new US GAAP requirements, would 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) analysing 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.

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2013

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

- *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.

Income tax expense is recognised 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 revenues and cost of sales of non-core business activities, the presentation of the comparative figures has been adjusted to be consistent with the new presentation. The effect of changes on the consolidated income statement for the three months ended 31 March 2012 is as follows:

<i>(Unaudited)</i> <i>In billions of Russian Roubles</i>	<b>As previously reported</b>	<b>Reclassification</b>	<b>As reclassified</b>
Revenue of non-core business activities	–	13,6	13,6
Cost of sales of non-core business activities	–	(10,0)	(10,0)
Other operating income	7,3	(6,0)	1,3
Operating expenses	(96,1)	2,4	(93,7)

The effect of corresponding reclassifications on disclosure of operating expenses for the three months ended 31 March 2012 is as follows:

<i>(Unaudited)</i> <i>In billions of Russian Roubles</i>	<b>As previously reported</b>	<b>Reclassification</b>	<b>As reclassified</b>
<b>Operating expenses</b>			
- Staff costs	(57,3)	0,5	(56,8)
- Depreciation of premises and equipment	(13,6)	0,6	(13,0)
- Other operating expenses	(6,5)	1,3	(5,2)
<b>Cost of sales of non-core business activities</b>			
- Depreciation of fixed assets	-	(0,6)	(0,6)
- Staff costs	-	(0,5)	(0,5)
- Customs duties and taxes	-	(1,3)	(1,3)

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 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 the interim condensed consolidated statement of cash flows for the three months ended 31 March 2012 is as follows:

<i>(Unaudited)</i> <i>In billions of Russian Roubles</i>	<b>As previously reported</b>	<b>Reclassification</b>	<b>As reclassified</b>
Revenue of non-core business activities	–	13,6	13,6
Cost of sales of non-core business activities	–	(11,4)	(11,4)
Other operating income received	17,7	(13,6)	4,1
Operating expenses paid	(71,3)	11,4	(59,9)

The corresponding effect on the segment reporting of the Group's income and expenses for the three months ended 31 March 2012 is as follows:

<i>(Unaudited)</i> <i>In billions of Russian Roubles</i>	<b>Moscow</b>	<b>Central and Northern regions of European part of Russia</b>	<b>Volga region and South of European part of Russia</b>	<b>Ural, Siberia and Far East of Russia</b>	<b>Other countries</b>	<b>Total</b>
<b>As previously reported</b>						
Revenue of non-core business activities	–	–	–	–	–	–
Cost of sales of non-core business activities	–	–	–	–	–	–
Other net operating gains/(losses)	6,0	1,5	0,7	3,0	0,5	<b>11,7</b>
Operating expenses	(26,7)	(16,8)	(14,1)	(22,2)	(5,6)	<b>(85,4)</b>
<b>Reclassification</b>						
Revenue of non-core business activities	2,8	3,2	3,2	4,3	0,1	<b>13,6</b>
Cost of sales of non-core business activities	(2,4)	(2,3)	(3,1)	(2,1)	(0,1)	<b>(10,0)</b>
Other net operating gains/(losses)	(0,7)	(1,0)	(0,2)	(4,1)	–	<b>(6,0)</b>
Operating expenses	0,3	0,1	0,1	1,9	–	<b>2,4</b>
<b>As reclassified</b>						
Revenue of non-core business activities	2,8	3,2	3,2	4,3	0,1	<b>13,6</b>
Cost of sales of non-core business activities	(2,4)	(2,3)	(3,1)	(2,1)	(0,1)	<b>(10,0)</b>
Other net operating gains/(losses)	5,3	0,5	0,5	(1,1)	0,5	<b>5,7</b>
Operating expenses	(26,4)	(16,7)	(14,0)	(20,3)	(5,6)	<b>(83,0)</b>

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2013

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### 5 Trading securities

<i>In billions of Russian Roubles</i>	<b>31 March 2013 (Unaudited)</b>	<b>31 December 2012</b>
Corporate bonds	28,8	19,6
Foreign government bonds	24,4	15,1
Russian Federation Eurobonds	15,3	12,4
Federal loan bonds (OFZ bonds)	6,2	26,6
Municipal and subfederal bonds	1,0	0,8
<b>Total debt trading securities</b>	<b>75,7</b>	<b>74,5</b>
Corporate shares	14,4	14,8
Investments in mutual funds	0,8	1,1
<b>Total trading securities</b>	<b>90,9</b>	<b>90,4</b>

### 6 Securities Designated at Fair Value through Profit or Loss

<i>In billions of Russian Roubles</i>	<b>31 March 2013 (Unaudited)</b>	<b>31 December 2012</b>
Federal loan bonds (OFZ bonds)	8,7	8,5
Foreign government bonds	1,0	0,9
Corporate bonds	1,0	0,8
Municipal and subfederal bonds	0,1	–
<b>Total debt securities designated at fair value through profit or loss</b>	<b>10,8</b>	<b>10,2</b>
Corporate shares	6,2	7,0
Investments in mutual funds	1,7	2,0
<b>Total securities designated at fair value through profit or loss</b>	<b>18,7</b>	<b>19,2</b>

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2013

### 7 Loans and Advances to Customers

The tables below show credit quality of the Group's loan portfolio by loan classes as at 31 March 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 recognised as past due.

#### 31 March 2013:

<i>(Unaudited)</i> <i>In billions of Russian Roubles</i>	<b>Not past due loans</b>	<b>Past due loans</b>	<b>Total</b>
Commercial loans to legal entities	5 037,9	276,8	5 314,7
Specialised loans to legal entities	2 865,9	122,1	2 988,0
Consumer and other loans to individuals	1 468,6	128,1	1 596,7
Mortgage loans to individuals	1 132,9	53,6	1 186,5
Car loans to individuals	120,7	6,4	127,1
<b>Total loans and advances to customers before provision for loan impairment</b>	<b>10 626,0</b>	<b>587,0</b>	<b>11 213,0</b>
Less: Provision for loan impairment	(230,2)	(352,4)	(582,6)
<b>Total loans and advances to customers net of provision for loan impairment</b>	<b>10 395,8</b>	<b>234,6</b>	<b>10 630,4</b>

#### 31 December 2012:

<i>In billions of Russian Roubles</i>	<b>Not past due loans</b>	<b>Past due loans</b>	<b>Total</b>
Commercial loans to legal entities	5 033,7	247,8	5 281,5
Specialised 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
<b>Total loans and advances to customers before provision for loan impairment</b>	<b>10 555,1</b>	<b>509,2</b>	<b>11 064,3</b>
Less: Provision for loan impairment	(237,1)	(327,9)	(565,0)
<b>Total loans and advances to customers net of provision for loan impairment</b>	<b>10 318,0</b>	<b>181,3</b>	<b>10 499,3</b>



## **Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2013**

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### **7 Loans and Advances to Customers (Continued)**

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.

Specialised 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.

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.

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2013

### 7 Loans and Advances to Customers (Continued)

The table below shows the analysis of loans and provisions for loan impairment as at 31 March 2013:

<i>(Unaudited)</i> <i>In billions of Russian Roubles</i>	<b>Gross loans</b>	<b>Provision for impairment</b>	<b>Net loans</b>	<b>Provision for impairment to gross loans</b>
<b>Commercial loans to legal entities</b>				
<b>Collectively assessed</b>				
Not past due	4 975,1	(101,0)	4 874,1	2.0%
Loans up to 30 days overdue	41,0	(5,4)	35,6	13.2%
Loans 31 to 60 days overdue	15,5	(4,1)	11,4	26.5%
Loans 61 to 90 days overdue	11,5	(4,6)	6,9	40.0%
Loans 91 to 180 days overdue	14,5	(8,2)	6,3	56.6%
Loans over 180 days overdue	137,5	(126,9)	10,6	92.3%
<b>Total collectively assessed loans</b>	<b>5 195,1</b>	<b>(250,2)</b>	<b>4 944,9</b>	<b>4.8%</b>
<b>Individually impaired</b>				
Not past due	62,8	(25,3)	37,5	40.3%
Loans up to 30 days overdue	10,3	(3,2)	7,1	31.1%
Loans 31 to 60 days overdue	2,5	(1,5)	1,0	60.0%
Loans 61 to 90 days overdue	3,7	(1,5)	2,2	40.5%
Loans 91 to 180 days overdue	2,1	(0,4)	1,7	19.0%
Loans over 180 days overdue	38,2	(31,3)	6,9	81.9%
<b>Total individually impaired loans</b>	<b>119,6</b>	<b>(63,2)</b>	<b>56,4</b>	<b>52.8%</b>
<b>Total commercial loans to legal entities</b>	<b>5 314,7</b>	<b>(313,4)</b>	<b>5 001,3</b>	<b>5.9%</b>
<b>Specialised loans to legal entities</b>				
<b>Collectively assessed</b>				
Not past due	2 798,8	(73,8)	2 725,0	2.6%
Loans up to 30 days overdue	19,7	(2,0)	17,7	10.2%
Loans 31 to 60 days overdue	2,3	(0,7)	1,6	30.4%
Loans 61 to 90 days overdue	3,0	(1,1)	1,9	36.7%
Loans 91 to 180 days overdue	3,0	(1,4)	1,6	46.7%
Loans over 180 days overdue	42,5	(38,9)	3,6	91.5%
<b>Total collectively assessed loans</b>	<b>2 869,3</b>	<b>(117,9)</b>	<b>2 751,4</b>	<b>4.1%</b>
<b>Individually impaired</b>				
Not past due	67,1	(26,5)	40,6	39.5%
Loans up to 30 days overdue	8,9	(4,9)	4,0	55.1%
Loans 31 to 60 days overdue	1,4	(0,3)	1,1	21.4%
Loans 61 to 90 days overdue	0,8	(0,1)	0,7	12.5%
Loans 91 to 180 days overdue	5,9	(3,3)	2,6	55.9%
Loans over 180 days overdue	34,6	(29,6)	5,0	85.5%
<b>Total individually impaired loans</b>	<b>118,7</b>	<b>(64,7)</b>	<b>54,0</b>	<b>54.5%</b>
<b>Total specialised loans to legal entities</b>	<b>2 988,0</b>	<b>(182,6)</b>	<b>2 805,4</b>	<b>6.1%</b>
<b>Total loans to legal entities</b>	<b>8 302,7</b>	<b>(496,0)</b>	<b>7 806,7</b>	<b>6.0%</b>

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2013

### 7 Loans and Advances to Customers (Continued)

<i>(Unaudited)</i> <i>In billions of Russian Roubles</i>	<b>Gross loans</b>	<b>Provision for impairment</b>	<b>Net loans</b>	<b>Provision for impairment to gross loans</b>
<b>Consumer and other loans to individuals</b>				
<b>Collectively assessed</b>				
Not past due	1 468,6	(2,9)	1 465,7	0.2%
Loans up to 30 days overdue	51,3	(2,5)	48,8	4.9%
Loans 31 to 60 days overdue	13,0	(2,7)	10,3	20.8%
Loans 61 to 90 days overdue	8,0	(3,1)	4,9	38.8%
Loans 91 to 180 days overdue	14,0	(9,5)	4,5	67.9%
Loans over 180 days overdue	41,8	(37,1)	4,7	88.8%
<b>Total consumer and other loans to individuals</b>	<b>1 596,7</b>	<b>(57,8)</b>	<b>1 538,9</b>	<b>3.6%</b>
<b>Mortgage loans to individuals</b>				
<b>Collectively assessed</b>				
Not past due	1 132,9	(0,6)	1 132,3	0.1%
Loans up to 30 days overdue	17,0	(0,5)	16,5	2.9%
Loans 31 to 60 days overdue	5,2	(0,5)	4,7	9.6%
Loans 61 to 90 days overdue	2,6	(0,4)	2,2	15.4%
Loans 91 to 180 days overdue	3,7	(1,5)	2,2	40.5%
Loans over 180 days overdue	25,1	(22,5)	2,6	89.6%
<b>Total mortgage loans to individuals</b>	<b>1 186,5</b>	<b>(26,0)</b>	<b>1 160,5</b>	<b>2.2%</b>
<b>Car loans to individuals</b>				
<b>Collectively assessed</b>				
Not past due	120,7	(0,1)	120,6	0.1%
Loans up to 30 days overdue	2,4	(0,1)	2,3	4.2%
Loans 31 to 60 days overdue	0,7	(0,1)	0,6	14.3%
Loans 61 to 90 days overdue	0,4	(0,1)	0,3	25.0%
Loans 91 to 180 days overdue	0,6	(0,3)	0,3	50.0%
Loans over 180 days overdue	2,3	(2,1)	0,2	91.3%
<b>Total car loans to individuals</b>	<b>127,1</b>	<b>(2,8)</b>	<b>124,3</b>	<b>2.2%</b>
<b>Total loans to individuals</b>	<b>2 910,3</b>	<b>(86,6)</b>	<b>2 823,7</b>	<b>3.0%</b>
<b>Total loans and advances to customers as at 31 March 2013</b>	<b>11 213,0</b>	<b>(582,6)</b>	<b>10 630,4</b>	<b>5.2%</b>

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 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
<b>Commercial loans to legal entities</b>				
<b>Collectively assessed</b>				
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%
<b>Total collectively assessed loans</b>	<b>5 167,5</b>	<b>(244,8)</b>	<b>4 922,7</b>	<b>4.7%</b>
<b>Individually impaired</b>				
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%
<b>Total individually impaired loans</b>	<b>114,0</b>	<b>(65,1)</b>	<b>48,9</b>	<b>57.1%</b>
<b>Total commercial loans to legal entities</b>	<b>5 281,5</b>	<b>(309,9)</b>	<b>4 971,6</b>	<b>5.9%</b>
<b>Specialised loans to legal entities</b>				
<b>Collectively assessed</b>				
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%
<b>Total collectively assessed loans</b>	<b>2 835,8</b>	<b>(120,4)</b>	<b>2 715,4</b>	<b>4.2%</b>
<b>Individually impaired</b>				
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%
<b>Total individually impaired loans</b>	<b>110,5</b>	<b>(60,2)</b>	<b>50,3</b>	<b>54.5%</b>
<b>Total specialised loans to legal entities</b>	<b>2 946,3</b>	<b>(180,6)</b>	<b>2 765,7</b>	<b>6.1%</b>
<b>Total loans to legal entities</b>	<b>8 227,8</b>	<b>(490,5)</b>	<b>7 737,3</b>	<b>6.0%</b>

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 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
<b>Consumer and other loans to individuals</b>				
<b>Collectively assessed</b>				
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%
<b>Total consumer and other loans to individuals</b>	<b>1 569,7</b>	<b>(45,5)</b>	<b>1 524,2</b>	<b>2.9%</b>
<b>Mortgage loans to individuals</b>				
<b>Collectively assessed</b>				
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%
<b>Total mortgage loans to individuals</b>	<b>1 143,4</b>	<b>(26,5)</b>	<b>1 116,9</b>	<b>2.3%</b>
<b>Car loans to individuals</b>				
<b>Collectively assessed</b>				
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%
<b>Total car loans to individuals</b>	<b>123,4</b>	<b>(2,5)</b>	<b>120,9</b>	<b>2.0%</b>
<b>Total loans to individuals</b>	<b>2 836,5</b>	<b>(74,5)</b>	<b>2 762,0</b>	<b>2.6%</b>
<b>Total loans and advances to customers as at 31 December 2012</b>	<b>11 064,3</b>	<b>(565,0)</b>	<b>10 499,3</b>	<b>5.1%</b>

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.

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2013

### 7 Loans and Advances to Customers (Continued)

As at 31 March 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	192,3	(166,8)	25,5	86.7%
Specialised loans to legal entities	86,0	(73,2)	12,8	85.1%
Consumer and other loans to individuals	55,8	(46,6)	9,2	83.5%
Mortgage loans to individuals	28,8	(24,0)	4,8	83.3%
Car loans to individuals	2,9	(2,4)	0,5	82.8%
<b>Total non-performing loans and advances to customers as at 31 March 2013</b>	<b>365,8</b>	<b>(313,0)</b>	<b>52,8</b>	<b>85.6%</b>

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%
Specialised 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%
<b>Total non-performing loans and advances to customers as at 31 December 2012</b>	<b>351,0</b>	<b>(298,7)</b>	<b>52,3</b>	<b>85.1%</b>

**Provisions for Loan Impairment.** The analysis of changes in provisions for loan impairment for the three months ended 31 March 2013 is presented in the table below:

<i>(Unaudited)</i> <i>In billions of Russian Roubles</i>	Commercial loans to legal entities	Specialised loans to legal entities	Consumer and other loans to individuals	Mortgage loans to individuals	Car loans to individuals	Total
<b>Provision for loan impairment as at 1 January 2013</b>	<b>309,9</b>	<b>180,6</b>	<b>45,5</b>	<b>26,5</b>	<b>2,5</b>	<b>565,0</b>
Net provision charge for loan impairment during the reporting period	12,2	6,2	13,0	–	0,4	31,8
Foreign currencies translation	0,3	(0,2)	0,1	(0,1)	–	0,1
Loans and advances written off during the reporting period	(9,0)	(4,0)	(0,8)	(0,4)	(0,1)	(14,3)
<b>Provision for loan impairment as at 31 March 2013</b>	<b>313,4</b>	<b>182,6</b>	<b>57,8</b>	<b>26,0</b>	<b>2,8</b>	<b>582,6</b>

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2013

### 7 Loans and Advances to Customers (Continued)

The analysis of changes in provisions for loan impairment for the three months ended 31 March 2012 is presented in the table below:

<i>(Unaudited)</i> <i>In billions of Russian Roubles</i>	Commercial loans to legal entities	Specialised loans to legal entities	Consumer and other loans to individuals	Mortgage loans to individuals	Car loans to individuals	Total
<b>Provision for loan impairment as at 1 January 2012</b>	<b>299,6</b>	<b>293,7</b>	<b>37,3</b>	<b>28,8</b>	<b>3,1</b>	<b>662,5</b>
Net provision charge / (net recovery of provision) for loan impairment during the reporting period	3,5	(3,6)	(0,9)	(1,9)	(0,3)	(3,2)
Foreign currencies translation	(0,5)	(0,1)	(0,1)	(0,2)	–	(0,9)
Loans and advances written off during the reporting period	(4,7)	(0,4)	(0,2)	(0,1)	(0,1)	(5,5)
<b>Provision for loan impairment as at 31 March 2012</b>	<b>297,9</b>	<b>289,6</b>	<b>36,1</b>	<b>26,6</b>	<b>2,7</b>	<b>652,9</b>

**Renegotiated loans.** Information on loans whose terms have been renegotiated, as at 31 March 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	Specialised loans to legal entities	Consumer and other loans to individuals	Mortgage loans to individuals	Car loans to individuals	Total
<b>31 March 2013:</b> <i>(Unaudited)</i>						
Not past due collectively assessed loans	491,9	388,8	4,4	9,3	0,5	894,9
Other renegotiated loans	95,6	43,0	3,4	6,9	0,9	149,8
<b>Total renegotiated loans before provision for loan impairment</b>	<b>587,5</b>	<b>431,8</b>	<b>7,8</b>	<b>16,2</b>	<b>1,4</b>	<b>1 044,7</b>
<b>31 December 2012:</b>						
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
<b>Total renegotiated loans before provision for loan impairment</b>	<b>567,6</b>	<b>416,9</b>	<b>5,0</b>	<b>14,6</b>	<b>1,1</b>	<b>1 005,2</b>

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2013

### 7 Loans and Advances to Customers (Continued)

**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>	<b>31 March 2013 (Unaudited)</b>	<b>31 December 2012</b>
Major clients	4 034,2	4 164,6
Large clients	1 894,0	1 964,4
Medium business	1 547,2	1 379,5
Small business	827,3	719,3
<b>Total loans and advances to legal entities before provision for loan impairment</b>	<b>8 302,7</b>	<b>8 227,8</b>

**Investments in finance lease.** Included in specialised loans to legal entities are net investments in finance lease. The analysis of net investments in finance lease as at 31 March 2013 and as at 31 December 2012 is as follows:

<i>In billions of Russian Roubles</i>	<b>31 March 2013 (Unaudited)</b>	<b>31 December 2012</b>
Gross investment in finance lease	163,8	152,4
Unearned future finance income on finance lease	(49,0)	(46,5)
<b>Net investment in finance lease before provision for impairment</b>	<b>114,8</b>	<b>105,9</b>
Less provision for impairment	(5,2)	(3,3)
<b>Net investment in finance lease after provision for impairment</b>	<b>109,6</b>	<b>102,6</b>

The contractual maturity analysis of net investments in finance lease as at 31 March 2013 is as follows:

<i>(Unaudited) In billions of Russian Roubles</i>	<b>Net investment in finance lease before provision for impairment</b>	<b>Provision for impairment</b>	<b>Net investment in finance lease after provision for impairment</b>
Not later than 1 year	32,3	(1,4)	30,9
Later than 1 year but not later than 5 years	68,1	(3,2)	64,9
Later than 5 years	14,4	(0,6)	13,8
<b>Total as at 31 March 2013</b>	<b>114,8</b>	<b>(5,2)</b>	<b>109,6</b>



## Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2013

### 7 Loans and Advances to Customers (Continued)

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
<b>Total as at 31 December 2012</b>	<b>105,9</b>	<b>(3,3)</b>	<b>102,6</b>

The analysis of minimal finance lease receivables as at 31 March 2013 and as at 31 December 2012 per contractual maturity is as follows:

<i>In billions of Russian Roubles</i>	31 March 2013 (Unaudited)	31 December 2012
Not later than 1 year	35,6	34,5
Later than 1 year but not later than 5 years	95,3	88,9
Later than 5 years	32,9	29,0
<b>Total</b>	<b>163,8</b>	<b>152,4</b>

**Economic sector risk concentration.** Economic sector risk concentrations within the customer loan portfolio as at 31 March 2013 and as at 31 December 2012 are as follows:

<i>In billions of Russian Roubles</i>	31 March 2013 (Unaudited)		31 December 2012	
	Amount	%	Amount	%
Individuals	2 910,3	26.0	2 836,5	25.6
Services	2 161,2	19.3	1 962,5	17.7
Trade	1 295,9	11.6	1 304,3	11.8
Food and agriculture	859,3	7.7	862,4	7.8
Energy	522,7	4.7	512,2	4.6
Machine building	508,8	4.5	528,6	4.8
Telecommunications	486,8	4.3	489,2	4.4
Construction	447,1	4.0	402,7	3.6
Metallurgy	420,5	3.8	410,6	3.7
Transport, aviation, space industry	409,2	3.6	387,0	3.5
Chemical industry	370,2	3.3	378,2	3.4
Government and municipal bodies	316,8	2.8	370,4	3.3
Oil and gas	190,8	1.7	162,2	1.5
Timber industry	77,1	0.7	72,3	0.7
Other	236,3	2.0	385,2	3.6
<b>Total loans and advances to customers before provision for loan impairment</b>	<b>11 213,0</b>	<b>100.0</b>	<b>11 064,3</b>	<b>100.0</b>

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2013

### 7 Loans and Advances to Customers (Continued)

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

As at 31 March 2013 the Group had 20 largest corporate borrowers with aggregated loan amounts due from each of these borrowers exceeding RR 55,0 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 RR 2 083,6 billion or 18.6% of the total gross loan portfolio of the Group (31 December 2012: RR 2 140,3 billion or 19.3%).

### 8 Securities Pledged under Repurchase Agreements

<i>In billions of Russian Roubles</i>	<b>31 March 2013 (Unaudited)</b>	<b>31 December 2012</b>
<b>Trading securities pledged under repurchase agreements</b>		
Federal loan bonds (OFZ bonds)	9,3	19,7
Municipal and subfederal bonds	2,3	3,4
Corporate shares	0,5	8,0
Corporate bonds	–	19,5
Foreign government bonds	–	6,0
Russian Federation Eurobonds	–	0,5
<b>Total trading securities pledged under repurchase agreements</b>	<b>12,1</b>	<b>57,1</b>
<b>Securities designated at fair value through profit or loss pledged under repurchase agreements</b>		
Federal loan bonds (OFZ bonds)	8,5	8,7
Municipal and subfederal bonds	–	0,1
<b>Total securities designated at fair value through profit or loss pledged under repurchase agreements</b>	<b>8,5</b>	<b>8,8</b>
<b>Investment securities available for sale pledged under repurchase agreements</b>		
Federal loan bonds (OFZ bonds)	277,5	401,7
Corporate bonds	97,3	150,2
Foreign government bonds	14,6	26,7
Municipal and subfederal bonds	13,0	25,4
Russian Federation Eurobonds	–	11,1
Corporate shares	–	1,2
<b>Total investment securities available for sale pledged under repurchase agreements</b>	<b>402,4</b>	<b>616,3</b>
<b>Investment securities held to maturity pledged under repurchase agreements</b>		
Federal loan bonds (OFZ bonds)	96,9	160,3
Corporate bonds	44,1	47,1
Municipal and subfederal bonds	7,5	60,1
<b>Total investment securities held to maturity pledged under repurchase agreements</b>	<b>148,5</b>	<b>267,5</b>
<b>Total securities pledged under repurchase agreements</b>	<b>571,5</b>	<b>949,7</b>

Refer to Note 25 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 – 31 March 2013

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### 9 Investment Securities Available for Sale

<i>In billions of Russian Roubles</i>	<b>31 March 2013 (Unaudited)</b>	<b>31 December 2012</b>
Corporate bonds	392,7	320,2
Federal loan bonds (OFZ bonds)	291,5	149,6
Foreign government bonds	158,0	150,2
Russian Federation Eurobonds	127,5	117,7
Municipal and subfederal bonds	33,1	21,3
<b>Total debt investment securities available for sale</b>	<b>1 002,8</b>	<b>759,0</b>
Corporate shares	33,0	45,5
<b>Total investment securities available for sale</b>	<b>1 035,8</b>	<b>804,5</b>

### 10 Investment Securities Held to Maturity

<i>In billions of Russian Roubles</i>	<b>31 March 2013 (Unaudited)</b>	<b>31 December 2012</b>
Corporate bonds	89,8	84,2
Municipal and subfederal bonds	59,3	6,8
Federal loan bonds (OFZ bonds)	17,1	8,8
Foreign government bonds	4,9	6,1
<b>Total investment securities held to maturity</b>	<b>171,1</b>	<b>105,9</b>

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2013

### 11 Other Assets

	31 March 2013 (Unaudited)	31 December 2012
<i>In billions of Russian Roubles</i>		
<b>Other financial assets</b>		
Receivables on bank cards settlements	93,7	107,5
Derivative financial instruments	69,7	74,4
Settlements on operations with securities	15,3	10,1
Settlements on currency conversion operations	14,7	16,7
Funds in settlement	7,2	5,7
Accrued fees and commissions	4,0	4,5
Trade receivables	1,8	4,4
Other	8,7	6,7
Provision for impairment of other financial assets	(1,3)	(2,4)
<b>Total other financial assets</b>	<b>213,8</b>	<b>227,6</b>
<b>Other non-financial assets</b>		
Precious metals	80,3	84,8
Prepayments for premises and other assets	67,3	67,7
Inventory of non-banking subsidiaries	58,3	58,9
Intangible assets acquired through business combinations	35,2	35,8
Goodwill	24,2	25,0
Investment property	15,2	15,3
Non-exclusive licences	12,1	13,3
Prepaid expenses	10,2	8,6
Investments in associates	9,2	8,6
Tax settlements (other than on income)	7,7	8,0
Non-current assets held for sale and assets of the disposal group	5,3	5,1
Prepayment on income tax	4,6	2,4
Other	16,3	13,1
Provision for impairment of other non-financial assets	(6,4)	(6,1)
<b>Total other non-financial assets</b>	<b>339,5</b>	<b>340,5</b>
<b>Total other assets</b>	<b>553,3</b>	<b>568,1</b>

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2013

### 12 Due to Individuals and Corporate Customers

<i>In billions of Russian Roubles</i>	<b>31 March 2013 (Unaudited)</b>	<b>31 December 2012</b>
<b>Individuals:</b>		
- Current/demand accounts	1 285,1	1 401,1
- Term deposits	5 840,4	5 582,1
<b>Total due to individuals</b>	<b>7 125,5</b>	<b>6 983,2</b>
<b>State and public organisations:</b>		
- Current/settlement accounts	111,9	99,0
- Term deposits	193,5	270,1
<b>Total due to state and public organisations</b>	<b>305,4</b>	<b>369,1</b>
<b>Other corporate customers:</b>		
- Current/settlement accounts	1 245,2	1 130,1
- Term deposits	1 648,9	1 696,9
<b>Total due to other corporate customers</b>	<b>2 894,1</b>	<b>2 827,0</b>
<b>Total due to corporate customers</b>	<b>3 199,5</b>	<b>3 196,1</b>
<b>Total due to individuals and corporate customers</b>	<b>10 325,0</b>	<b>10 179,3</b>

Economic sector concentrations within customer accounts are as follows:

<i>In billions of Russian Roubles</i>	<b>31 March 2013 (Unaudited)</b>		<b>31 December 2012</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
Individuals	7 125,5	69.0	6 983,2	68.6
Services	886,4	8.6	826,3	8.1
Oil and gas	549,7	5.3	453,7	4.5
Trade	397,0	3.8	404,8	4.0
Machine building	218,3	2.1	165,6	1.6
Construction	172,5	1.7	253,8	2.5
Municipal bodies and state organisations	155,2	1.5	208,4	2.0
Energy	152,9	1.5	167,4	1.6
Transport, aviation, space industry	109,5	1.1	118,5	1.2
Chemical	88,3	0.9	96,6	0.9
Food and agriculture	78,3	0.8	84,3	0.8
Metallurgy	73,9	0.7	77,2	0.8
Telecommunications	52,0	0.5	59,4	0.6
Timber industry	27,5	0.3	26,2	0.3
Other	238,0	2.2	253,9	2.5
<b>Total due to individuals and corporate customers</b>	<b>10 325,0</b>	<b>100.0</b>	<b>10 179,3</b>	<b>100.0</b>

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2013

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### 12 Due to Individuals and Corporate Customers (Continued)

As at 31 March 2013 included in Due to corporate customers are deposits of RR 87,3 billion (31 December 2012: RR 79,0 billion) held as collateral for irrevocable commitments under import letters of credit. Refer to Note 23.

As at 31 March 2013 the Group had 20 largest customers with balances above RR 14,0 billion (31 December 2012: 20 customers with balances above RR 13,1 billion). The aggregate balance of these customers was RR 1 011,7 billion (31 December 2012: RR 914,2 billion) or 9.8% (31 December 2012: 9.0%) of total due to individuals and corporate customers.

Refer to Note 25 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

	<b>31 March 2013 (Unaudited)</b>	<b>31 December 2012</b>
<i>In billions of Russian Roubles</i>		
Loan participation notes issued under the MTN programme	336,9	291,6
Savings certificates	275,7	227,2
Promissory notes	84,6	110,1
Notes issued under the ECP programme	51,9	16,1
Bonds issued	47,8	44,3
Structured notes	1,6	2,3
Other debt securities issued	0,2	0,1
<b>Total debt securities in issue</b>	<b>798,7</b>	<b>691,7</b>

In January 2013 the Group issued the thirteenth series of loan participation notes under the MTN issuance programme in the amount of RR 25 billion equivalent. The notes mature in January 2016 and have contractual fixed interest rate of 7.0% p.a. As at 31 March 2013 the notes were accounted for at amortised cost of RR 25,3 billion; the effective interest rate was 7.2% p.a.

In February 2013 the Group issued the fourteenth series 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 31 March 2013 the notes were accounted for at amortised cost of RR 8,2 billion; the effective interest rate was 2.1% p.a.

In March 2013 the Group issued the fifteenth series 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 31 March 2013 the notes were accounted for at amortised cost of RR 8,2 billion; the effective interest rate was 7.6% p.a.

As at 31 March 2013 the Group has launched issues for the total amount of USD 1,7 billion under the ECP programme which started up in November 2012. As at 31 March 2013 these notes were accounted for at amortised cost of RR 51,9 billion (31 December 2012: 16,1 billion). The issues include both discount and coupon issues. The notes issued have maturity dates from May 2013 to March 2014; effective interest rates vary from 0.7% p.a. to 1.8% p.a.

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2013

### 14 Other Liabilities

	31 March 2013 (Unaudited)	31 December 2012
<i>In billions of Russian Roubles</i>		
<b>Other financial liabilities</b>		
Payables on bank card settlements	87,5	63,7
Derivative financial instruments	43,7	41,7
Funds in settlement	25,6	36,5
Securities sold, not yet purchased	17,8	18,6
Trade payables	10,9	11,7
Settlements on operations with securities	7,2	4,1
Deposit insurance system fees payable	6,5	6,2
Deferred consideration on acquisition of subsidiaries	2,0	2,7
Deferred commissions received on guarantees issued	1,5	1,3
Other	12,8	13,2
<b>Total other financial liabilities</b>	<b>215,5</b>	<b>199,7</b>
<b>Other non-financial liabilities</b>		
Accrued employee benefit costs	43,6	29,3
Taxes payable other than on income	20,2	18,1
Income tax payable	2,1	3,3
Advances received	2,1	2,8
Deferred gains on initial recognition of financial instruments	0,2	0,4
Liabilities of the disposal group	0,1	–
Other	8,5	9,5
<b>Total other non-financial liabilities</b>	<b>76,8</b>	<b>63,4</b>
<b>Total other liabilities</b>	<b>292,3</b>	<b>263,1</b>

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2013

### 15 Interest Income and Expense

(Unaudited)

In billions of Russian Roubles

Three months ended 31 March

2013 2012

#### Interest income

##### Interest income on financial assets carried at amortised cost and on financial assets available for sale:

- Loans and advances to customers	310,3	222,3
- Debt investment securities available for sale	23,4	16,1
- Debt investment securities held to maturity	6,3	7,4
- Due from banks	1,9	1,7
- Correspondent accounts with banks	0,1	0,2
	<b>342,0</b>	<b>247,7</b>

##### Interest income on financial assets carried at fair value through profit or loss:

- Debt trading securities	2,3	1,5
- Debt securities designated at fair value through profit or loss	0,3	0,5
	<b>2,6</b>	<b>2,0</b>

#### Total interest income

**344,6 249,7**

#### Interest expense

Term deposits of individuals	(71,4)	(52,7)
Term deposits of legal entities	(25,1)	(11,7)
Term placements of banks	(14,4)	(7,1)
Debt securities in issue	(10,4)	(3,8)
Subordinated debt	(5,8)	(5,0)
Current/settlement accounts of legal entities	(5,0)	(3,8)
Current/demand accounts of individuals	(2,4)	(1,7)
Other borrowed funds	(2,3)	(1,8)
Correspondent accounts of banks	(0,7)	(0,2)
Other interest expense	(0,3)	-

#### Total interest expense

**(137,8) (87,8)**

#### Deposit insurance expenses

(6,6) (5,6)

#### Total interest expense including deposit insurance expenses

**(144,4) (93,4)**

#### Net interest income

**200,2 156,3**



## Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2013

### 16 Fee and Commission Income and Expense

<i>(Unaudited)</i> <i>In billions of Russian Roubles</i>	Three months ended 31 March	
	2013	2012
<b>Fee and commission income</b>		
Bank cards operations	15,3	9,9
Cash and settlements transactions with individuals	12,4	10,4
Cash and settlements transactions with legal entities	11,2	10,0
Agent commissions on selling insurance contracts	4,0	3,8
Guarantees issued	1,9	1,4
Cash collection	1,1	1,1
Operations with foreign currencies	0,8	1,3
Transactions with securities	0,6	0,5
Other	2,0	0,8
<b>Total fee and commission income</b>	<b>49,3</b>	<b>39,2</b>
<b>Fee and commission expense</b>		
Settlement transactions	(3,9)	(2,1)
Operations with foreign currencies	(0,1)	(0,1)
Cash collection	(0,1)	(0,1)
Other	(0,9)	(1,1)
<b>Total fee and commission expense</b>	<b>(5,0)</b>	<b>(3,4)</b>
<b>Net fee and commission income</b>	<b>44,3</b>	<b>35,8</b>

### 17 Net Gains/ (Losses) 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>	Three months ended 31 March	
	2013	2012
Net gains arising from trading in foreign currencies	2,4	0,6
Net (losses)/gains on revaluation of foreign currency derivatives	(5,0)	2,8
Net foreign exchange translation gains/(losses)	5,0	(7,0)
<b>Total net gains/(losses) arising from trading in foreign currencies, foreign exchange translation and revaluation of foreign currency derivatives</b>	<b>2,4</b>	<b>(3,6)</b>

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2013

### 18 Net income of non-core business activities

<i>(Unaudited)</i> <i>In billions of Russian Roubles</i>	Three months ended 31 March	
	2013	2012
Revenue from sale of goods	3,9	12,0
Revenue from completed construction contracts	0,1	1,5
Revenue from other activities	1,1	0,1
<b>Total revenue of non-core business activities</b>	<b>5,1</b>	<b>13,6</b>
Cost of sales:		
- cost of goods sold	(3,0)	(6,3)
- staff costs	(0,8)	(0,5)
- maintenance of premises and equipment	(0,2)	(0,1)
- depreciation of fixed assets	(0,1)	(0,6)
- customs duties and taxes	–	(1,3)
- transport costs	–	(0,3)
- other costs	(0,6)	(0,9)
<b>Total cost of sales</b>	<b>(4,7)</b>	<b>(10,0)</b>
<b>Total net income of non-core business activities</b>	<b>0,4</b>	<b>3,6</b>

### 19 Operating Expenses

<i>(Unaudited)</i> <i>In billions of Russian Roubles</i>	Three months ended 31 March	
	2013	2012
Staff costs	68,1	56,8
Depreciation of premises and equipment	13,9	13,0
Repairs and maintenance of premises and equipment	5,1	4,9
Administrative expenses	5,0	4,0
Operating lease expenses for premises and equipment	4,8	3,0
Taxes other than on income	3,6	3,3
Telecommunication expenses	2,2	1,6
Advertising and marketing services	2,2	1,2
Consulting and assurance services	0,6	0,7
Other	6,3	5,2
<b>Total operating expenses</b>	<b>111,8</b>	<b>93,7</b>

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2013

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### 20 Earnings per Share

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

<i>(Unaudited)</i> In billions of Russian Roubles	Three months ended 31 March	
	2013	2012
Profit for the reporting period attributable to the shareholders of the Bank	88,6	92,2
<b>Profit attributable to the ordinary shareholders of the Bank</b>	<b>88,6</b>	<b>92,2</b>
Weighted average number of ordinary shares in issue (billions)	21,6	21,5
<b>Earnings per ordinary share, basic and diluted (expressed in RR per share)</b>	<b>4.10</b>	<b>4.28</b>

### 21 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.

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2013

### 21 Segment Analysis (Continued)

- **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 the CIS (Ukraine, Kazakhstan, Republic of Belarus),
- Subsidiaries located in Austria and Switzerland,
- Subsidiaries of Sberbank Europe AG located in Central and Eastern Europe,
- Companies of Troika Dialog Group Ltd. located in the USA, the United Kingdom, Cyprus and certain other jurisdictions,
- A branch office in India.

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

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

The subsidiaries' activity is controlled by the Group integrally.

Segment reporting of the Group's assets and liabilities as at 31 March 2013 is as follows:

<i>(Unaudited)</i> <i>In billions of Russian</i> <i>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
<b>Total assets</b>	6 241,5	2 212,0	1 951,2	2 711,1	1 994,2	15 110,0
<b>Total liabilities</b>	5 398,3	2 433,4	1 760,2	2 203,9	1 597,4	13 393,2

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2013

### 21 Segment Analysis (Continued)

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
<b>Total assets</b>	<b>6 226,8</b>	<b>2 299,7</b>	<b>1 971,7</b>	<b>2 694,2</b>	<b>1 913,9</b>	<b>15 106,3</b>
<b>Total liabilities</b>	<b>5 651,6</b>	<b>2 395,3</b>	<b>1 725,9</b>	<b>2 213,2</b>	<b>1 497,8</b>	<b>13 483,8</b>

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

<i>In billions of Russian Roubles</i>	Total assets		Total liabilities	
	31 March 2013 (Unaudited)	31 December 2012	31 March 2013 (Unaudited)	31 December 2012
<b>Total amount per segment information</b>	<b>15 110,0</b>	<b>15 106,3</b>	<b>13 393,2</b>	<b>13 483,8</b>
Adjustment of provisions	94,4	96,4	(23,5)	(16,4)
Additional interest accrued on loans	5,3	4,6	0,1	0,1
Deferred commission income on loans	(22,3)	(23,7)	0,3	0,4
Adjustment of depreciation and cost or revalued amount of premises and equipment including effect of deferred tax	(59,2)	(57,1)	(0,5)	(2,0)
Differencies arising on securities classification	0,6	–	(1,0)	10,5
Loaned repo securities	(12,6)	(36,0)	(12,6)	(36,0)
Accounting for derivatives at fair value	0,6	2,4	(0,5)	(0,1)
Staff expenses accrued related to the reporting period (bonuses, annual leave, pension liabilities)	0,2	0,2	26,2	17,5
Adjustment of income tax	2,4	0,4	23,4	7,8
Deferred commission income on guarantees	–	–	1,4	1,3
Other adjustments	(3,8)	3,9	1,5	6,7
<b>The Group's total amount under IFRS</b>	<b>15 115,6</b>	<b>15 097,4</b>	<b>13 408,0</b>	<b>13 473,6</b>

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2013

### 21 Segment Analysis (Continued)

Segment reporting of the Group's income and expenses for the three months ended 31 March 2013 is as follows:

<i>(Unaudited)</i> <i>In billions of Russian Roubles</i>	<b>Moscow</b>	<b>Central and Northern regions of European part of Russia</b>	<b>Volga region and South of European part of Russia</b>	<b>Ural, Siberia and Far East of Russia</b>	<b>Other countries</b>	<b>Total</b>
Interest income	114,4	58,4	51,6	74,2	43,3	341,9
Interest expense	(61,5)	(26,3)	(17,9)	(23,0)	(15,4)	(144,1)
Inter-segment (expense)/income	(8,0)	11,2	(0,1)	(3,1)	–	–
Fee and commission income	10,5	10,4	8,8	12,8	6,5	49,0
Fee and commission expense	(3,2)	(0,1)	(0,1)	(0,1)	(1,5)	(5,0)
Net gains/(losses) arising from securities	0,8	–	–	(0,3)	3,1	3,6
Net gains/(losses) arising from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation	3,6	0,7	0,4	0,6	(0,1)	5,2
Net gains arising from operations with other derivatives	0,3	–	–	–	0,1	0,4
Net gains arising from operations with precious metals	0,6	0,1	0,1	0,1	0,4	1,3
Revenue of non-core business activities	1,3	–	3,0	0,4	0,4	5,1
Cost of sales of non-core business activities	(1,2)	–	(2,8)	(0,3)	(0,4)	(4,7)
Other net operating (losses)/gains	(0,1)	(0,1)	(0,7)	(0,3)	0,4	(0,8)
<b>Operating income before provision charge for loan impairment</b>	<b>57,5</b>	<b>54,3</b>	<b>42,3</b>	<b>61,0</b>	<b>36,8</b>	<b>251,9</b>
Net recovery of provision / (net provision charge) for loan impairment	1,5	(9,9)	(6,8)	(6,4)	(9,3)	(30,9)
<b>Operating income</b>	<b>59,0</b>	<b>44,4</b>	<b>35,5</b>	<b>54,6</b>	<b>27,5</b>	<b>221,0</b>
Operating expenses	(24,2)	(17,5)	(14,4)	(22,5)	(18,7)	(97,3)
<b>Profit before tax (Segment result)</b>	<b>34,8</b>	<b>26,9</b>	<b>21,1</b>	<b>32,1</b>	<b>8,8</b>	<b>123,7</b>
<b>Other disclosures</b>						
Capital expenditure incurred (additions of fixed assets)	4,0	2,2	2,9	3,1	1,3	13,5
Depreciation of premises and equipment	(4,7)	(2,0)	(1,8)	(2,5)	(0,9)	(11,9)

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2013

### 21 Segment Analysis (Continued)

Segment reporting of the Group's income and expenses for the three months ended 31 March 2012 is as follows:

<i>(Unaudited)</i> <i>In billions of Russian Roubles</i>	<b>Moscow</b>	<b>Central and Northern regions of European part of Russia</b>	<b>Volga region and South of European part of Russia</b>	<b>Ural, Siberia and Far East of Russia</b>	<b>Other countries</b>	<b>Total</b>
Interest income	93,9	46,2	39,8	55,6	12,1	247,6
Interest expense	(38,9)	(16,9)	(11,9)	(14,8)	(5,2)	(87,7)
Inter-segment (expense)/income	(10,2)	8,3	1,3	0,6	–	–
Fee and commission income	9,7	9,5	8,0	11,6	1,8	40,6
Fee and commission expense	(0,9)	(0,6)	(0,4)	(0,8)	(0,8)	(3,5)
Net gains arising from securities	3,0	–	–	–	1,5	4,5
Net (losses)/gains arising from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation	(3,8)	1,0	0,7	0,9	(1,3)	(2,5)
Net (losses)/gains arising from operations with other derivatives	(0,4)	–	–	–	2,8	2,4
Net gains/(losses) arising from operations with precious metals	0,2	0,1	0,1	0,1	(0,4)	0,1
Revenue of non-core business activities	2,8	3,2	3,2	4,3	0,1	13,6
Cost of sales of non-core business activities	(2,4)	(2,3)	(3,1)	(2,1)	(0,1)	(10,0)
Other net operating gains/ (losses)	5,3	0,5	0,5	(1,1)	0,5	5,7
<b>Operating income before recovery of provision / provision charge for loan impairment</b>	<b>58,3</b>	<b>49,0</b>	<b>38,2</b>	<b>54,3</b>	<b>11,0</b>	<b>210,8</b>
(Net provision charge) / net recovery of provision for loan impairment	(11,8)	(7,3)	1,0	4,8	(0,8)	(14,1)
<b>Operating income</b>	<b>46,5</b>	<b>41,7</b>	<b>39,2</b>	<b>59,1</b>	<b>10,2</b>	<b>196,7</b>
Operating expenses	(26,4)	(16,7)	(14,0)	(20,3)	(5,6)	(83,0)
<b>Profit before tax (Segment result)</b>	<b>20,1</b>	<b>25,0</b>	<b>25,2</b>	<b>38,8</b>	<b>4,6</b>	<b>113,7</b>
<b>Other disclosures</b>						
Capital expenditure incurred (additions of fixed assets)	4,7	2,4	2,2	3,2	0,4	12,9
Depreciation of premises and equipment	(3,0)	(1,7)	(1,5)	(2,2)	(0,5)	(8,9)

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2013

### 21 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 three months ended 31 March 2013 and 31 March 2012 is as follows:

<i>(Unaudited)</i> <i>In billions of Russian Roubles</i>	Three months ended 31 March	
	2013	2012
<b>Total amount per segment information</b>	<b>123,7</b>	<b>113,7</b>
Adjustment of provisions	0,3	13,9
Staff expenses accrued related to the reporting period (bonuses, annual leave, pension liabilities)	(9,6)	(12,3)
Differences arising on securities' classification	0,1	1,8
Accounting for derivatives at fair value	(2,7)	3,4
Additional interest and deferred commission income accrued on loans	2,0	0,3
Adjustment of depreciation and cost of premises and equipment	(2,5)	(6,0)
Other adjustments	(0,8)	–
<b>The Group's total amount under IFRS</b>	<b>110,5</b>	<b>114,8</b>

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 at fair value through profit or loss in IFRS reporting but classified as available for sale in statutory accounting records used as a basis for management reporting.

For the three months ended 31 March 2013 the Group's revenues from customers in the Russian Federation amounted to RR 363,6 billion (for the three months ended 31 March 2012: RR 297,5 billion); revenues from customers in all foreign countries from which the Group derives revenues amounted to RR 47,6 billion (for the three months ended 31 March 2012: RR 15,4 billion).

No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Group's total revenue during the three months ended 31 March 2013 and during the three months ended 31 March 2012.

### 22 Financial Risk Management

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

The Group's risk management policies and procedures are consistent with those disclosed in the annual consolidated financial statements of the Group for the year ended 31 December 2012.



## Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2013

### 22 Financial Risk Management (Continued)

**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/RUB and EUR/RUB exchange rate fluctuations).

The table below summarizes the Group's exposure to foreign exchange risk in respect of monetary assets, liabilities and foreign exchange derivatives as at 31 March 2013. Foreign exchange risk on forward and future contracts is represented by the fair value of their notional positions. Foreign exchange options are disclosed in the amount that reflects theoretical sensitivity of their fair value to reasonable change in exchange rates.

<i>(Unaudited)</i> <i>In billions of Russian Roubles</i>	<b>Russian Roubles</b>	<b>USD</b>	<b>Euro</b>	<b>Turkish Lyra</b>	<b>Other</b>	<b>Total</b>
<b>Assets</b>						
Cash and cash equivalents	676,2	303,9	151,5	8,9	68,1	1 208,6
Mandatory cash balances with central banks	138,3	40,7	36,1	7,1	22,5	244,7
Debt trading securities	26,8	32,4	0,6	12,6	3,3	75,7
Debt securities designated at fair value through profit or loss	9,5	0,6	–	–	0,7	10,8
Due from banks	50,1	78,6	8,3	–	11,9	148,9
Loans and advances to customers	7 703,4	1 889,8	364,6	410,6	262,0	10 630,4
Debt securities pledged under repurchase agreements	556,4	–	–	12,8	1,8	571,0
Debt investment securities available for sale	571,2	232,0	71,6	90,1	37,9	1 002,8
Debt investment securities held to maturity	147,5	17,0	2,5	2,4	1,7	171,1
Other financial assets (less fair value of derivatives)	112,0	21,5	5,2	4,5	0,9	144,1
<b>Total monetary assets</b>	<b>9 991,4</b>	<b>2 616,5</b>	<b>640,4</b>	<b>549,0</b>	<b>410,8</b>	<b>14 208,1</b>
<b>Liabilities</b>						
Due to banks	882,6	56,2	59,7	20,5	27,0	1 046,0
Due to individuals	5 722,5	555,0	470,4	191,7	185,9	7 125,5
Due to corporate customers	1 807,1	898,1	179,8	141,4	173,1	3 199,5
Debt securities in issue	367,2	343,5	17,5	27,0	42,6	797,8
Other borrowed funds	0,6	406,9	86,6	22,6	4,8	521,5
Other financial liabilities (less fair value of derivatives)	112,2	26,6	8,5	13,4	2,0	162,7
Subordinated debt	308,1	74,1	4,8	–	6,3	393,3
<b>Total monetary liabilities</b>	<b>9 200,3</b>	<b>2 360,4</b>	<b>827,3</b>	<b>416,6</b>	<b>441,7</b>	<b>13 246,3</b>
<b>Net monetary assets/(liabilities)</b>	<b>791,1</b>	<b>256,1</b>	<b>(186,9)</b>	<b>132,4</b>	<b>(30,9)</b>	<b>961,8</b>
<b>Net foreign exchange derivatives</b>	<b>161,4</b>	<b>(220,3)</b>	<b>97,4</b>	<b>(54,5)</b>	<b>19,8</b>	<b>3,8</b>
<b>Credit related commitments (Note 23)</b>	<b>1 882,5</b>	<b>622,8</b>	<b>240,4</b>	<b>323,2</b>	<b>46,3</b>	<b>3 115,2</b>

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2013

### 22 Financial Risk Management (Continued)

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

<i>In billions of Russian Roubles</i>	<b>Russian Roubles</b>	<b>USD</b>	<b>Euro</b>	<b>Turkish Lyra</b>	<b>Other</b>	<b>Total</b>
<b>Assets</b>						
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
Debt trading securities	40,5	23,9	0,4	7,3	2,4	74,5
Debt securities designated at fair value through profit or loss	8,9	0,6	–	–	0,7	10,2
Due from other 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
Debt securities pledged under repurchase agreements	882,1	25,8	–	32,6	–	940,5
Debt investment securities available for sale	356,1	216,9	71,4	77,6	37,0	759,0
Debt 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
<b>Total monetary assets</b>	<b>10 340,5</b>	<b>2 243,1</b>	<b>633,6</b>	<b>519,7</b>	<b>422,5</b>	<b>14 159,4</b>
<b>Liabilities</b>						
Due to other 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)	97,2	21,9	4,5	20,5	2,0	146,1
Subordinated debt	303,4	71,6	4,7	–	5,0	384,7
<b>Total monetary liabilities</b>	<b>9 606,8</b>	<b>2 106,0</b>	<b>784,6</b>	<b>404,9</b>	<b>421,1</b>	<b>13 323,4</b>
<b>Net monetary assets/(liabilities)</b>	<b>733,7</b>	<b>137,1</b>	<b>(151,0)</b>	<b>114,8</b>	<b>1,4</b>	<b>836,0</b>
<b>Net foreign exchange derivatives</b>	<b>(323,3)</b>	<b>223,9</b>	<b>178,9</b>	<b>(39,1)</b>	<b>(7,6)</b>	<b>32,8</b>
<b>Credit related commitments (Note 23)</b>	<b>1 848,2</b>	<b>621,7</b>	<b>236,8</b>	<b>258,4</b>	<b>64,6</b>	<b>3 029,7</b>

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2013

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### 22 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 at fair value through profit or loss and highly liquid portion of investment securities available for sale, including those pledged under repurchase agreements 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
- 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 – 31 March 2013

### 22 Financial Risk Management (Continued)

The liquidity position of the Group's assets and liabilities as at 31 March 2013 is set out below.

<i>(Unaudited)</i> <i>In billions of Russian Roubles</i>	<b>On demand and less than 1 month</b>	<b>From 1 to 6 months</b>	<b>From 6 to 12 months</b>	<b>From 1 to 3 years</b>	<b>More than 3 years</b>	<b>No stated maturity</b>	<b>Total</b>
<b>Assets</b>							
Cash and cash equivalents	1 208,6	–	–	–	–	–	1 208,6
Mandatory cash balances with central banks	68,1	37,3	32,7	91,3	15,3	–	244,7
Trading securities	90,9	–	–	–	–	–	90,9
Securities designated at fair value through profit or loss	18,7	–	–	–	–	–	18,7
Due from banks	93,1	43,6	2,8	3,4	6,0	–	148,9
Loans and advances to customers	599,4	1 333,9	1 523,1	3 512,8	3 661,2	–	10 630,4
Securities pledged under repurchase agreements	423,5	15,8	15,4	70,0	46,8	–	571,5
Investment securities available for sale	1 008,9	5,2	3,0	7,7	10,6	0,4	1 035,8
Investment securities held to maturity	0,4	23,0	9,3	59,9	78,5	–	171,1
Deferred income tax asset	–	–	–	–	–	8,6	8,6
Premises and equipment	–	–	–	–	–	433,1	433,1
Other assets	174,5	85,3	33,2	92,4	45,2	122,7	553,3
<b>Total assets</b>	<b>3 686,1</b>	<b>1 544,1</b>	<b>1 619,5</b>	<b>3 837,5</b>	<b>3 863,6</b>	<b>564,8</b>	<b>15 115,6</b>
<b>Liabilities</b>							
Due to banks	763,9	157,3	67,7	32,0	25,1	–	1 046,0
Due to individuals	1 851,8	1 144,9	1 197,3	2 596,9	334,6	–	7 125,5
Due to corporate customers	1 174,7	386,0	116,2	1 386,3	136,3	–	3 199,5
Debt securities in issue	68,5	165,1	172,1	167,5	225,5	–	798,7
Other borrowed funds	43,9	92,0	179,1	174,1	32,4	–	521,5
Deferred income tax liability	–	–	–	–	–	31,2	31,2
Other liabilities	177,3	50,0	10,0	30,6	5,8	18,6	292,3
Subordinated debt	–	0,1	0,7	0,4	392,1	–	393,3
<b>Total liabilities</b>	<b>4 080,1</b>	<b>1 995,4</b>	<b>1 743,1</b>	<b>4 387,8</b>	<b>1 151,8</b>	<b>49,8</b>	<b>13 408,0</b>
<b>Net liquidity (gap)/surplus</b>	<b>(394,0)</b>	<b>(451,3)</b>	<b>(123,6)</b>	<b>(550,3)</b>	<b>2 711,8</b>	<b>515,0</b>	<b>1 707,6</b>
<b>Cumulative liquidity (gap)/ surplus at 31 March 2013</b>	<b>(394,0)</b>	<b>(845,3)</b>	<b>(968,9)</b>	<b>(1 519,2)</b>	<b>1 192,6</b>	<b>1 707,6</b>	<b>–</b>

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2013

### 22 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
<b>Assets</b>							
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 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
<b>Total assets</b>	<b>3 674,7</b>	<b>1 584,7</b>	<b>1 651,8</b>	<b>3 810,2</b>	<b>3 788,0</b>	<b>588,0</b>	<b>15 097,4</b>
<b>Liabilities</b>							
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
<b>Total liabilities</b>	<b>4 375,5</b>	<b>2 016,9</b>	<b>1 622,9</b>	<b>4 353,5</b>	<b>1 046,5</b>	<b>58,3</b>	<b>13 473,6</b>
<b>Net liquidity (gap)/surplus</b>	<b>(700,8)</b>	<b>(432,2)</b>	<b>28,9</b>	<b>(543,3)</b>	<b>2 741,5</b>	<b>529,7</b>	<b>1 623,8</b>
<b>Cumulative liquidity (gap)/ surplus at 31 December 2012</b>	<b>(700,8)</b>	<b>(1 133,0)</b>	<b>(1 104,1)</b>	<b>(1 647,4)</b>	<b>1 094,1</b>	<b>1 623,8</b>	<b>–</b>

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2013

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### 23 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 authorising a third party to draw drafts on the Group up to a stipulated amount under specific terms and conditions, are collateralised 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 authorisations 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>	<b>31 March 2013 (Unaudited)</b>	<b>31 December 2012</b>
Commitments to extend credit	1 154,8	1 112,0
Guarantees issued	1 012,6	934,2
Undrawn credit lines	461,2	495,2
Export letters of credit	297,0	302,8
Import letters of credit and letters of credit for domestic settlements	189,6	185,5
<b>Total credit related commitments</b>	<b>3 115,2</b>	<b>3 029,7</b>

At 31 March 2013 included in Due to corporate customers are deposits of RR 87,3 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.

### 24 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 – 31 March 2013

### 24 Fair Value of Financial Instruments (Continued)

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

*(Unaudited)*

*(In billions of Russian Roubles)*

<b>At 31 March 2013</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets</b>				
Trading securities	86,2	3,8	0,9	90,9
Securities designated at fair value through profit or loss	10,1	1,3	7,3	18,7
Securities pledged under repurchase agreements	421,0	2,0	–	423,0
Investment securities available for sale	980,5	50,8	4,5	1 035,8
Derivative financial instruments	0,5	48,8	20,4	69,7
<b>Total financial assets at fair value</b>	<b>1 498,3</b>	<b>106,7</b>	<b>33,1</b>	<b>1 638,1</b>

<b>Financial liabilities</b>				
Derivative financial instruments	0,6	42,8	0,3	43,7
Securities sold, not yet purchased	16,1	1,7	–	17,8
Structured notes	–	0,6	1,0	1,6
<b>Total financial liabilities at fair value</b>	<b>16,7</b>	<b>45,1</b>	<b>1,3</b>	<b>63,1</b>

### As at 31 December 2012

*(in billions of Russian Roubles)*

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets</b>				
Trading securities	81,5	8,0	0,9	90,4
Securities designated 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
<b>Total financial assets at fair value</b>	<b>1 505,2</b>	<b>117,2</b>	<b>48,3</b>	<b>1 670,7</b>

<b>Financial liabilities</b>				
Derivative financial instruments	–	41,4	0,3	41,7
Securities sold, not yet purchased	15,9	2,7	–	18,6
Structured notes	–	1,3	1,0	2,3
<b>Total financial liabilities at fair value</b>	<b>15,9</b>	<b>45,4</b>	<b>1,3</b>	<b>62,6</b>

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2013

### 24 Fair Value of Financial Instruments (Continued)

Level 2 includes securities of first-class issuers that are not actively traded on the market. Fair value of the securities 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.

The following table shows transfers between Level 1 and Level 2 of the fair value hierarchy for financial assets and liabilities measured at fair value during the three months ended 31 March 2013:

<i>(Unaudited)</i> <i>(In billions of Russian Roubles)</i>	<b>Transfers between Level 1 and Level 2</b>	
	<b>From Level 1 to Level 2</b>	<b>From Level 2 to Level 1</b>
<b>Financial assets</b>		
Trading securities	0,2	2,5
Securities designated at fair value through profit or loss	0,6	-
Investment securities available for sale	0,1	-
<b>Total transfers for financial assets</b>	<b>0,9</b>	<b>2,5</b>
<b>Financial liabilities</b>		
Securities sold, not yet purchased	(0,1)	(0,9)
<b>Total transfers for financial liabilities</b>	<b>(0,1)</b>	<b>(0,9)</b>

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.



## Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2013

### 24 Fair Value of Financial Instruments (Continued)

The following table shows a reconciliation of the opening and closing amount of Level 3 financial assets and liabilities which are recorded at fair value as at 31 March 2013:

<i>(Unaudited)</i> <i>(In billions of Russian Roubles)</i>	At 1 January 2013	Total net gains reported in income statement	Purchases	Sales	Transfers from Level 3	At 31 March 2013
<b>Financial assets</b>						
Trading securities	0,9	–	–	–	–	0,9
Securities designated at fair value through profit or loss	7,1	0,2	–	–	–	7,3
Investment securities available for sale	18,1	0,1	–	–	(13,7)	4,5
Derivative financial instruments	22,2	0,8	0,2	(2,5)	(0,3)	20,4
<b>Total level 3 financial assets</b>	<b>48,3</b>	<b>1,1</b>	<b>0,2</b>	<b>(2,5)</b>	<b>(14,0)</b>	<b>33,1</b>
<b>Financial liabilities</b>						
Derivative financial instruments	0,3	–	–	–	–	0,3
Structured notes	1,0	–	–	–	–	1,0
<b>Total level 3 financial liabilities</b>	<b>1,3</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1,3</b>

During the three months ended 31 March 2013 there was a transfer of Investment securities available for sale from Level 3 to Level 1 as they became actively traded during the first quarter 2013. The carrying amount of a stock exchange shares as at the date of transfer was RR 13,7 billion.

For the three months ended 31 March 2013 the gains in the amount of RR 1,3 billion reported in income statement on Level 3 financial assets were unrealized.

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

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

## **Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2013**

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### **24 Fair Value of Financial Instruments (Continued)**

#### **Valuation of available for sale shares in a real estate company of RR 3,2 billion using valuation techniques based on non-observable inputs**

The Group determined fair value of investments based on discounted cash flow model using the following key assumptions: type of WACC and estimated capitalization rate which depend on forecasts on property prices. As at 31 March 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%, 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%, the carrying value of the financial instrument would be RR 0,3 billion lower / RR 0,3 billion higher.

#### **Valuation of available for sale non-voting shares in a special 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 31 March 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%, the carrying value of the financial instrument would be RR 0,03 billion lower / RR 0,03 billion higher.

#### **Valuation of investments in shares of an associated company involved in innovation business at fair value through profit and loss of RR 4,6 billion using a valuation technique based on non-observable inputs**

The Group determined the fair value of the investments based on discounted cash flow model with the following principal assumptions underlying the estimation of the fair value: type of the weighted average cost of capital (hereinafter – “WACC”); volume of production, sale price of goods sold (in particular crystal polysilicon), cost of sales. When determining the sale price of goods sold the Group used current market prices and forecasts of analytical companies. As at 31 March 2013 the estimated value of the WACC used by the Group comprised 18,38%.

Should the WACC used by the Group in the valuation model increase/decrease by 1%, the carrying value of the financial instrument would be RR 0,3 billion lower / RR 0,3 billion higher.

#### **Valuation of foreign currency derivatives contracts of RR 16,8 billion using non-observable inputs**

The inputs used for estimation of fair values of foreign currency derivatives as at 31 March 2013 were the yield to maturity of the Belarusian Eurobonds in USD (6.79%). The obligations in Belarusian roubles were estimated against the prevailing rate of attracting funds in Belarusian roubles at the reporting date (33.0%). Should the input rate for Belarusian roubles decrease for 1000 base points the carrying value of the foreign currency derivatives would be 3.4% lower.

#### **Valuation of a put option on unquoted retail trading company shares of RR 2,8 billion using non-observable inputs**

The fair value of the option was determined using the Black-Scholes option pricing model. The inputs of the model include fair value of underlying shares, historical volatility of comparable traded analogues, option strike price and market risk-free rate of return, the principal input being the price of the shares.

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2013

### 24 Fair Value of Financial Instruments (Continued)

Fair value of the underlying shares as at 31 March 2013 was estimated using the discounted cash flow model and comprised RR 7,5 billion. Should the estimated value of shares used by the Group in the valuation model increase/decrease by 10%, the carrying value of the financial instrument would be RR 0,2 billion lower/ RR 0,2 billion higher.

Fair values of financial assets carried at amortised cost are as follows:

<i>In billions of Russian Roubles</i>	<b>31 March 2013 (Unaudited)</b>		<b>31 December 2012</b>	
	<b>Carrying value</b>	<b>Fair value</b>	<b>Carrying value</b>	<b>Fair value</b>
<b>Financial assets carried at amortised cost</b>				
Cash and cash equivalents	1 208,6	1 208,6	1 290,8	1 290,8
Mandatory cash balances with central banks	244,7	244,7	211,2	211,2
Due from other banks	148,9	148,4	114,8	114,8
Loans and advances to customers:				
- Commercial loans to legal entities	5 001,3	5 124,7	4 971,6	5 029,4
- Specialized loans to legal entities	2 805,4	2 776,1	2 765,7	2 734,4
- Consumer and other loans to individuals	1 538,9	1 506,1	1 524,2	1 464,2
- Mortgage loans to individuals	1 160,5	1 153,8	1 116,9	1 094,1
- Car loans to individuals	124,3	121,4	120,9	118,2
Securities pledged under repurchase agreements:				
- Investment securities held to maturity pledged under repurchase agreements	148,5	150,0	267,5	266,8
Investment securities held to maturity	171,1	171,2	105,9	105,5
Other financial assets	144,1	144,1	153,2	153,2
<b>Total financial assets carried at amortised cost</b>	<b>12 696,3</b>	<b>12 749,1</b>	<b>12 642,7</b>	<b>12 582,6</b>

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2013

### 24 Fair Value of Financial Instruments (Continued)

Fair values of financial liabilities carried at amortised cost are as follows:

<i>In millions of Russian Roubles</i>	<b>31 March 2013 (Unaudited)</b>		<b>31 December 2012</b>	
	<b>Carrying value</b>	<b>Fair value</b>	<b>Carrying value</b>	<b>Fair value</b>
<b>Financial liabilities carried at amortised cost</b>				
Due to other banks	1 046,0	1 045,3	1 452,4	1 452,4
Due to Individuals:				
- Current/demand accounts	1 285,1	1 285,1	1 401,1	1 401,1
- Term deposits	5 840,4	5 837,7	5 582,1	5 541,7
Due to corporate customers:				
- Current/settlement accounts of state and public organisations	111,9	111,9	99,0	99,0
- Term deposits of state and public organisations	193,5	198,4	270,1	273,9
- Current/settlement accounts of other corporate customers	1 245,2	1 245,2	1 130,1	1 130,1
- Term deposits of other corporate customers	1 648,9	1 690,3	1 696,9	1 722,1
Debt securities in issue:				
- Loan participation notes issued under the MTN programme	336,9	341,9	291,6	315,0
- Savings certificates	275,7	274,5	227,2	231,6
- Promissory notes	84,6	90,5	110,1	109,7
- Notes issued under the ECP programme	51,9	52,1	16,1	16,1
- Bonds issued	47,8	48,1	44,3	44,5
- Other debt securities except for structured notes	0,2	0,2	0,1	0,1
Other borrowed funds	521,5	521,3	469,2	467,4
<b>Other financial liabilities</b>	<b>152,0</b>	<b>152,0</b>	<b>136,7</b>	<b>136,7</b>
<b>Subordinated debt:</b>				
- Subordinated debt received by the Group from the Bank of Russia	308,1	308,1	303,3	303,3
- Subordinated debt received under the MTN programme	63,2	62,9	61,1	62,3
- Other subordinated debts	22,0	20,6	20,3	19,0
<b>Total financial liabilities carried at amortised cost</b>	<b>13 234,9</b>	<b>13 286,1</b>	<b>13 311,7</b>	<b>13 326,0</b>

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2013

### 25 Transferred financial assets and assets held or pledged as collateral

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>	31 March 2013 (Unaudited)				31 December 2012			
	Due to banks		Due to customers		Due to banks		Due to customers	
	Assets pledged	Related liabilities	Assets pledged	Related liabilities	Assets pledged	Related liabilities	Assets pledged	Related liabilities
Securities pledged under repurchase agreements	569,5	538,7	11,9	11,0	919,2	845,9	30,5	23,8
Securities of clients pledged under repurchase agreements	37,5	25,7	33,9	22,1	10,2	8,8	17,6	11,9
<b>Total</b>	<b>607,0</b>	<b>564,4</b>	<b>45,8</b>	<b>33,1</b>	<b>929,4</b>	<b>854,7</b>	<b>48,1</b>	<b>35,7</b>

Included in Securities pledged under repurchase agreements are securities in the amount of RR 9,1 billion received as collateral under reverse repo agreements.

There is additional collateral under sale and repurchase agreements in case of decreasing in value of securities pledged represented by margin calls for the amount of RR 6 billion.

Refer to Note 11 for detailed information on types of securities pledged under repurchase agreements.

**Assets pledged and restricted.** In the normal course of business, the Group make borrowings on interbank market using different financial instruments as collateral to support its everyday operations in terms of liquidity. The summary of the assets pledged is presented below:

<i>(in billions of Russian Roubles)</i>	31 March 2013 (Unaudited)	
	Carrying value of assets pledged	Related liabilities
Cash	16,1	11,6
Due from banks	6,8	5,8
Loans to customers	231,3	164,9
Securities	23,6	9,6
<b>Total</b>	<b>277,8</b>	<b>191,9</b>

As at 31 December 2012 the Group has pledged loans to customers, securities and other assets in the amount of RR 262,5 billion as a collateral against interbank borrowings. The amount of related liabilities comprised RR 188,3 billion.

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2013

### 25 Transferred financial assets and assets held or pledged as collateral (Continued)

As at 31 March 2013 and 31 December 2012 the Group has also pledged federal loan bonds (OFZ bonds) and Eurobonds of the Russian Federation on the special accounts with the Bank of Russia as collateral against overnight interbank borrowings that the Group attracts on a regular basis from the Bank of Russia. The carrying value of assets pledged is as follows:

<i>In billions of Russian Roubles</i>	Notes	31 March 2013 (Unaudited)	31 December 2012
Trading securities	8		
- Federal loan bonds (OFZ bonds)		5,0	5,4
- Russian Federation Eurobonds		2,7	–
Securities designated at fair value through profit or loss	9		
- Federal loan bonds (OFZ bonds)		8,1	8,3
Investment securities available for sale	12		
- Federal loan bonds (OFZ bonds)		254,1	142,5
- Russian Federation Eurobonds		16,3	56,8
- Corporate bonds		1,0	2,5
Investment securities held to maturity	13		
- Federal loan bonds (OFZ bonds)		7,7	11,3
<b>Total</b>		<b>294,9</b>	<b>226,8</b>

Mandatory cash balances with central banks in the amount of RR 244,7 billion (2012: RR 211,2 billion) represent mandatory reserve deposits, which are not available to finance the Group's day-to-day operations.

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

<i>(in billions of Russian Roubles)</i>	31 March 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	57,6	67,2	81,1	88,7
Due from banks	16,0	18,9	9,8	12,1
Loans and advances to customers	149,0	211,8	133,5	167,3
<b>Total</b>	<b>222,6</b>	<b>297,9</b>	<b>224,4</b>	<b>268,1</b>

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2013

### 26 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 personal, their close family members, associated companies of the Group. Disclosures are made in Note 27 for significant transactions with state-controlled entities and government bodies.

As at 31 March 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>	<b>31 March 2013 (Unaudited)</b>		<b>31 December 2012</b>	
	<b>the Bank of Russia</b>	<b>Other related parties</b>	<b>the Bank of Russia</b>	<b>Other related parties</b>
<b>Assets</b>				
Cash and cash equivalents	139,5	–	260,4	–
Mandatory cash balances with the Bank of Russia	138,2	–	122,6	–
Gross amount of loans and advances to customers	–	0,2	–	0,1
Other assets	–	29,8	–	23,0
<b>Liabilities</b>				
Due to banks	651,8	–	1 070,8	–
Due to individuals	–	3,6	–	8,3
Due to corporate customers	–	0,7	–	0,9
Subordinated debt	308,1	–	303,3	–

The income and expense items with the Bank of Russia and other related parties for the three months ended 31 March 2013 and 31 March 2012 were as follows:

<i>(Unaudited)</i> <i>In billions of Russian Roubles</i>	<b>Three months ended 31 March</b>			
	<b>2013</b>		<b>2012</b>	
	<b>the Bank of Russia</b>	<b>Other related parties</b>	<b>the Bank of Russia</b>	<b>Other related parties</b>
Interest expense on subordinated debt	(4,7)	–	(4,9)	–
Interest expense other than on subordinated debt	(10,7)	(0,1)	(5,7)	–
Net provision charge for loan impairment	–	–	–	(0,3)
Operating expenses	(0,3)	(0,1)	(0,3)	–

For the three months ended 31 March 2013, remuneration of the members of the key management personnel comprised salaries and bonuses totaling RR 0,2 billion (for the three months ended 31 March 2012: RR 0,2 billion).

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2013

### 27 Operations with State-Controlled Entities and Government Bodies

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

Balances with government-related entities which are significant in terms of the carrying amount as at 31 March 2013 are disclosed below:

*(Unaudited)*

*In billions of Russian Roubles*

Client	Sector	31 March 2013		
		Loans and advances to customers	Due to corporate customers	Guarantees issued
Client 1	Oil and gas	–	59,5	–
Client 2	Oil and gas	40,2	33,5	17,7
Client 3	Oil and gas	–	14,0	0,2
Client 4	Energy	107,0	37,5	–
Client 5	Energy	105,2	–	–
Client 6	Energy	59,6	33,8	–
Client 7	Energy	–	14,0	2,2
Client 8	Telecommunications	130,5	–	10,5
Client 9	Machine building	81,8	54,5	20,2
Client 10	Machine building	80,2	22,6	–
Client 11	Machine building	74,9	13,4	8,9
Client 12	Machine building	3,6	–	14,4
Client 13	Transport, aviation, space industry	–	–	22,0
Client 14	Transport, aviation, space industry	–	–	17,3
Client 15	Government and municipal bodies	–	84,0	–
Client 16	Government and municipal bodies	–	13,0	–
Client 17	Banking	31,9	–	100,0
Client 18	Banking	32,4	75,1	–
Client 19	Services	2,4	–	15,1
Client 20	Services	55,0	–	–



## Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2013

### 27 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:

*In billions of Russian Roubles*

Client	Sector	31 December 2012		
		Loans and advances to customers	Due to corporate customers	Guarantees issued
Client 1	Oil and gas	4,3	16,7	–
Client 2	Oil and gas	77,0	23,4	–
Client 3	Oil and gas	–	–	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 8	Telecommunications	137,4	–	11,9
Client 9	Machine building	81,5	25,1	18,2
Client 10	Machine building	84,2	25,0	–
Client 11	Machine building	79,0	–	8,9
Client 12	Machine building	3,5	–	14,4
Client 13	Transport, aviation, space industry	–	–	21,6
Client 14	Transport, aviation, space industry	3,1	–	17,3
Client 15	Government and municipal bodies	–	73,8	–
Client 17	Banking	0,9	20,2	100,0
Client 18	Banking	33,3	25,2	–
Client 19	Services	1,9	–	15,1
Client 20	Services	57,4	–	–
Client 21	Machine building	–	–	17,6
Client 22	Government and municipal bodies	–	55,7	–
Client 23	Government and municipal bodies	–	32,0	–
Client 24	Government and municipal bodies	–	15,0	–
Client 25	Services	–	17,6	–

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

*In billions of Russian Roubles*

	31 March 2013 (Unaudited)		31 December 2012	
	Corporate bonds	Corporate shares	Corporate bonds	Corporate shares
Trading securities	16,1	0,8	11,2	1,4
Securities designated at fair value through profit or loss	–	–	0,1	–
Securities pledged under repurchase agreements	88,1	0,4	98,9	3,9
Investment securities available for sale	186,4	14,6	166,9	15,2
Investment securities held to maturity	44,9	–	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 – 31 March 2013

### 28 Principal Subsidiaries

The table below provides details on principal subsidiaries of the Bank as at 31 March 2013:

Name	Nature of business	Percentage of ownership	Country of registration
<b>Subsidiaries:</b>			
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
BNP Pariba Vostok LLC	banking	70.00%	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 Poliana	construction	50.03%	Russia
LLC Khristalnye Bashni	construction	50.01%	Russia

During the three months ended 31 March 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.

The share of the subsidiaries of the Bank in the consolidated assets of the Group as at 31 March 2013 was 15.3% (31 December 2012: 14.5%).

### 29 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 above the minimum level of 10%. As at 31 March 2013 the regulatory capital adequacy ratio was 13.1% (31 December 2012: 12.6%). Compliance with capital adequacy ratios set by the Bank of Russia is monitored monthly with reports outlining the calculation.

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 31 March 2013

### 29 Capital Adequacy Ratio (continued)

The Group also monitors capital adequacy ratio based on Basel Accord to make sure it maintains a level of at least 8%. As at 31 March 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>	<b>31 March 2013 (Unaudited)</b>	<b>31 December 2012</b>
<b>Tier 1 capital</b>		
Share capital	87,7	87,7
Share premium	232,6	232,6
Retained earnings	1 275,9	1 186,7
Treasury shares	(7,6)	(7,6)
Less goodwill	(24,2)	(25,0)
<b>Total Tier 1 capital</b>	<b>1 564,4</b>	<b>1 474,4</b>
<b>Tier 2 capital</b>		
Revaluation reserve for premises	78,4	79,0
Fair value reserve for investment securities available for sale	13,3	16,8
Foreign currency translation reserve	(3,1)	(4,7)
Subordinated capital	390,6	382,7
Less investments in associates	(9,2)	(8,6)
<b>Total Tier 2 capital</b>	<b>470,0</b>	<b>465,2</b>
<b>Total capital</b>	<b>2 034,4</b>	<b>1 939,6</b>
<b>Risk weighted assets (RWA)</b>		
Credit risk	13 980,1	13 693,1
Market risk	361,0	452,5
<b>Total risk weighted assets (RWA)</b>	<b>14 341,1</b>	<b>14 145,6</b>
<b>Core capital adequacy ratio (Total Tier 1 capital to Total RWA)</b>	<b>10,9</b>	<b>10,4</b>
<b>Total capital adequacy ratio (Total capital to Total RWA)</b>	<b>14,2</b>	<b>13,7</b>

### 30 Subsequent Events

In May 2013 the Group issued the sixteen series 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.