

**Sberbank of Russia**

Interim Condensed Consolidated Financial Statements  
and Review Report

*30 June 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

We have reviewed the accompanying interim condensed consolidated financial statements of Sberbank and its subsidiaries, which comprise the interim consolidated statement of financial position as at 30 June 2013, and the related interim consolidated income statement and statement of comprehensive income for the three- and six- month periods then ended, interim consolidated statement of changes in equity and interim consolidated statement of cash flows for the six-month period then ended and selected explanatory notes.

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


### **Scope of review**

We conducted our review in accordance with the Federal law *On Auditing Activity*, Federal Rule (Standard) on Auditing No. 33 *Engagements to Review Financial Statements* and International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*.

A review of interim condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the federal standards on auditing effective in the Russian Federation and 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 for the period from 1 January 2013 till 30 June 2013 are not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.

A handwritten signature in blue ink, appearing to be 'O.V. Youshenkov', written in a cursive style.

O.V. Youshenkov  
Partner  
Ernst & Young Vneshaudit

27 August 2013

### **Details of the entity**

Name: Sberbank of Russia  
Information about state registration of credit institution by Central bank of Russia: #1481 dated 20 June 1991.  
Information about the State Register of Legal Entities Concerning a Legal Entity: certificate of state registration #1027700132195 dated 16 August 2002.  
Address: 19 Vavilova St., 117997 Moscow, Russia.

### **Details of the practitioner**

Name: Ernst & Young Vneshaudit CJSC  
Main State Registration Number 1027739199333.  
Address: Russia 115035, Moscow, Sadovnicheskaya naberezhnaya, 77, building 1.  
Ernst & Young Vneshaudit OJSC is a member of Non Profit partnership "Russian Audit Chamber" ("NP APR").  
Ernst & Young Vneshaudit OJSC is registered in the register of auditors and audit organizations of NP APR, number 3027, and also included in the control copy of the register of auditors and audit organizations, main registration number 10301017410.

## Interim Consolidated Statement of Financial Position

<i>In billions of Russian Roubles</i>	Note	30 June 2013 (unaudited)	31 December 2012
<b>ASSETS</b>			
Cash and cash equivalents		1,136.1	1,290.8
Mandatory cash balances with central banks		259.7	211.2
Trading securities	5	87.8	90.4
Securities designated at fair value through profit or loss	6	20.7	19.2
Due from banks		589.1	114.8
Loans and advances to customers	7	11,134.5	10,499.3
Securities pledged under repurchase agreements	8	689.0	949.7
Investment securities available-for-sale	9	1,009.1	804.5
Investment securities held-to-maturity	10	139.6	105.9
Deferred income tax asset		9.7	7.5
Premises and equipment		437.8	436.0
Other financial assets	11	279.7	227.6
Other non-financial assets	11	349.7	340.5
<b>TOTAL ASSETS</b>		<b>16,142.5</b>	<b>15,097.4</b>
<b>LIABILITIES</b>			
Due to banks		999.4	1,452.4
Due to individuals	12	7,467.9	6,983.2
Due to corporate customers	12	3,687.7	3,196.1
Debt securities in issue	13	865.7	691.7
Other borrowed funds		576.0	469.2
Deferred income tax liability		24.2	33.2
Other financial liabilities	14	325.8	227.7
Other non-financial liabilities	14	53.3	35.4
Subordinated debt		436.0	384.7
<b>TOTAL LIABILITIES</b>		<b>14,436.0</b>	<b>13,473.6</b>
<b>EQUITY</b>			
Share capital		87.7	87.7
Treasury shares		(5.4)	(7.6)
Share premium		232.6	232.6
Revaluation reserve for office premises		77.7	79.0
Fair value reserve for investment securities available-for-sale		1.5	37.3
Foreign currency translation reserve		(2.8)	(4.7)
Retained earnings		1,304.2	1,186.7
<b>Total equity attributable to shareholders of the Bank</b>		<b>1,695.5</b>	<b>1,611.0</b>
Non-controlling interest		11.0	12.8
<b>TOTAL EQUITY</b>		<b>1,706.5</b>	<b>1,623.8</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>16,142.5</b>	<b>15,097.4</b>

Approved for issue and signed on behalf of the Management Board on 27 August 2013.



Herman Gref, Chairman of the Management Board and CEO



Andrey Kruzhalov, Chief Accountant

## Interim Consolidated Income Statement

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>		Six months ended 30 June		Three months ended 30 June	
		Note	2013	2012	2013
Interest income	15	701.5	520.8	356.9	271.1
Interest expense	15	(281.9)	(185.2)	(144.1)	(97.4)
Deposit insurance expenses	15	(13.7)	(11.4)	(7.1)	(5.8)
<b>Net interest income</b>		<b>405.9</b>	<b>324.2</b>	<b>205.7</b>	<b>167.9</b>
(Net provision charge)/ net recovery of provision for loan impairment	7	(62.7)	1.1	(30.9)	(2.1)
<b>Net interest income after provision for loan impairment</b>		<b>343.2</b>	<b>325.3</b>	<b>174.8</b>	<b>165.8</b>
Fee and commission income	16	108.2	85.3	58.9	46.1
Fee and commission expense	16	(10.7)	(7.0)	(5.7)	(3.6)
Net losses arising from trading securities		(4.2)	(1.8)	(3.6)	(5.2)
Net (losses)/ gains arising from securities designated at fair value through profit or loss		(0.5)	1.2	(1.1)	0.2
Net gains arising from investment securities available-for-sale		6.8	4.2	2.9	2.0
Impairment of investment securities available-for-sale		(3.4)	–	(0.7)	–
Net (losses)/ gains arising from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation	17	(0.2)	1.4	(2.6)	5.0
Net gains arising from operations with precious metals and precious metals derivatives		1.4	4.6	0.6	1.3
Net gains arising from operations with other derivatives		9.6	7.1	8.8	4.3
Net provision charge for impairment of other assets		(1.2)	(2.9)	(0.9)	(2.1)
Revenue of non-core business activities	18	13.2	24.1	8.1	10.5
Cost of sales of non-core business activities	18	(11.9)	(18.2)	(7.2)	(8.2)
Other operating income		7.9	4.8	3.6	3.5
<b>Operating income</b>		<b>458.2</b>	<b>428.1</b>	<b>235.9</b>	<b>219.6</b>
Operating expenses	19	(238.8)	(200.6)	(127.0)	(106.9)
<b>Profit before tax</b>		<b>219.4</b>	<b>227.5</b>	<b>108.9</b>	<b>112.7</b>
Income tax expense		(44.9)	(52.2)	(22.9)	(29.6)
<b>Profit for the reporting period</b>		<b>174.5</b>	<b>175.3</b>	<b>86.0</b>	<b>83.1</b>
Attributable to:					
- shareholders of the Bank		175.1	175.6	86.5	83.4
- non-controlling interest		(0.6)	(0.3)	(0.5)	(0.3)
<b>Earnings per ordinary share for profit attributable to the shareholders of the Bank, basic and diluted</b>	20	<b>7.95</b>	<b>8.05</b>	<b>3.85</b>	<b>3.76</b>
(expressed in RR per share)					

Approved for issue and signed on behalf of the Management Board on 27 August 2013.



Herman Gref, Chairman of the Management Board and CEO



Andrey Kruzhalov, Chief Accountant

## Interim Consolidated Statement of Other Comprehensive Income

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Six months ended 30 June		Three months ended 30 June	
	2013	2012	2013	2012
<b>Profit for the reporting period recognized in the income statement</b>	<b>174.5</b>	<b>175.3</b>	<b>86.0</b>	<b>83.1</b>
<b>Other comprehensive income:</b>				
<i>Other comprehensive income which could be reclassified to profit or loss in subsequent period</i>				
Investment securities available-for-sale:				
- Net (losses)/ gains on revaluation of investment securities available-for-sale	(41.4)	13.6	(32.9)	(13.0)
- Impairment of investment securities available-for-sale transferred to Income statement	3.4	–	0.7	–
- Accumulated gains transferred to Income statement upon disposal of securities	(6.8)	(4.2)	(2.9)	(2.0)
Net foreign currency translation gains	1.9	2.7	0.3	1.8
Deferred income tax relating to other comprehensive income:				
- Investment securities available-for-sale	9.0	(1.8)	7.0	3.0
<b>Total other comprehensive income, net of tax</b>	<b>(33.9)</b>	<b>10.3</b>	<b>(27.8)</b>	<b>(10.2)</b>
<b>Total comprehensive income for the reporting period</b>	<b>140.6</b>	<b>185.6</b>	<b>58.2</b>	<b>72.9</b>
Attributable to:				
- shareholders of the Bank	141.2	185.9	58.7	73.2
- non-controlling interest	(0.6)	(0.3)	(0.5)	(0.3)

## Interim Consolidated Statement of Changes in Equity

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Note	Attributable to shareholders of the Bank									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	Total	Non-controlling interest	
<b>Balance as at 31 December 2011 (audited)</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 six months ended 30 June 2012</b>											
Purchase and disposal of treasury shares		–	(1.8)	–	–	–	–	–	(1.8)	–	(1.8)
Dividends declared	20	–	–	–	–	–	–	(47.5)	(47.5)	–	(47.5)
Amortization of revaluation reserve for office premises		–	–	–	(1.3)	–	–	1.3	–	–	–
Business combinations		–	–	–	–	–	–	0.2	0.2	10.8	11.0
Acquisition of non-controlling interests in subsidiaries		–	–	–	–	–	–	0.1	0.1	–	0.1
Total comprehensive income for the six months ended 30 June 2012		–	–	–	–	7.6	2.7	175.6	185.9	(0.3)	185.6
<b>Balance as at 30 June 2012</b>		<b>87.7</b>	<b>(8.8)</b>	<b>232.6</b>	<b>80.2</b>	<b>0.1</b>	<b>(3.0)</b>	<b>1,012.6</b>	<b>1,401.4</b>	<b>14.0</b>	<b>1,415.4</b>
<b>Balance as at 31 December 2012 (audited)</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 six months ended 30 June 2013</b>											
Purchase and disposal of treasury shares		–	2.2	–	–	–	–	(0.2)	2.0	–	2.0
Dividends declared	20	–	–	–	–	–	–	(58.7)	(58.7)	–	(58.7)
Amortization of revaluation reserve for office premises		–	–	–	(1.3)	–	–	1.3	–	–	–
Changes in ownership interests in subsidiaries		–	–	–	–	–	–	–	–	(1.2)	(1.2)
Total comprehensive income for the six months ended 30 June 2013		–	–	–	–	(35.8)	1.9	175.1	141.2	(0.6)	140.6
<b>Balance as at 30 June 2013</b>		<b>87.7</b>	<b>(5.4)</b>	<b>232.6</b>	<b>77.7</b>	<b>1.5</b>	<b>(2.8)</b>	<b>1,304.2</b>	<b>1,695.5</b>	<b>11.0</b>	<b>1,706.5</b>



## Interim Consolidated Statement of Cash Flows

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Note	Six months ended 30 June	
		2013	2012
<b>Cash flows from operating activities</b>			
Interest received		685.0	516.9
Interest paid		(228.7)	(158.5)
Expenses paid directly attributable to deposit insurance		(12.6)	(10.7)
Fees and commissions received		108.6	85.3
Fees and commissions paid		(11.2)	(7.4)
Net losses incurred from trading securities		(3.5)	(2.7)
Net losses incurred from securities designated at fair value through profit or loss		(0.3)	(0.3)
Net losses incurred from trading in foreign currencies and from operations with foreign currency derivatives		(14.1)	(4.4)
Net gains received from operations with other derivatives		0.7	0.6
Net gains received from operations with precious metals and precious metals derivatives		2.6	3.6
Revenue of non-core business activities		13.9	25.9
Cost of sales of non-core business activities		(21.6)	(15.4)
Other operating income received		12.9	3.9
Operating expenses paid		(170.5)	(146.7)
Income tax paid		(44.3)	(49.3)
<b>Cash flows from operating activities before changes in operating assets and liabilities</b>		<b>316.9</b>	<b>240.8</b>
<b>Changes in operating assets and liabilities</b>			
Net increase in mandatory cash balances with central banks		(47.2)	(13.6)
Net decrease in trading securities		61.7	24.1
Net decrease in securities designated at fair value through profit or loss		0.7	19.6
Net increase in due from banks		(463.4)	(20.1)
Net increase in loans and advances to customers		(500.0)	(823.0)
Net decrease in other assets		7.3	4.0
Net (decrease)/ increase in due to banks		(467.3)	273.8
Net increase in due to individuals		417.0	346.4
Net increase in due to corporate customers		384.4	249.8
Net increase in debt securities in issue		111.7	97.6
Net increase/ (decrease) in other liabilities		17.6	(5.3)
<b>Net cash (used in)/ from operating activities</b>		<b>(160.6)</b>	<b>394.1</b>
<b>Cash flows from investing activities</b>			
Purchase of investment securities available-for-sale		(353.5)	(172.5)
Proceeds from disposal and redemption of investment securities available-for-sale		243.0	135.4
Purchase of investment securities held-to-maturity		(8.1)	(20.2)
Proceeds from redemption of investment securities held-to-maturity		67.3	30.7
Acquisition of premises and equipment		(51.0)	(34.0)
Acquisition of investment property		–	(0.2)
Proceeds from disposal of investment property		–	0.7
Proceeds from disposal of premises and equipment including insurance payments		1.3	1.9
Acquisition of subsidiaries net of cash acquired		–	(16.5)
Proceeds from disposal of subsidiaries net of cash disposed		0.3	5.1
Dividends received		1.1	1.1
<b>Net cash used in investing activities</b>		<b>(99.6)</b>	<b>(68.5)</b>
<b>Cash flows from financing activities</b>			
Other borrowed funds received		145.2	50.8
Redemption of other borrowed funds		(64.1)	(111.2)
Repayment of interest on other borrowed funds		(5.0)	(2.4)
Subordinated debt received		33.4	0.4
Redemption of subordinated debt		–	(5.1)
Repayment of interest on subordinated debt		(1.8)	–
Funds received from loan participation notes issued under the MTN programme		44.1	98.8
Redemption of loan participation notes issued under the MTN programme		(17.8)	–
Repayment of interest on loan participation notes issued under the MTN programme		(8.3)	(4.4)
Acquisition of non-controlling interests in subsidiaries		–	(0.2)
Purchase of treasury shares		(36.5)	(1.8)
Proceeds from disposal of own shares purchased from shareholders		38.5	–
Dividends paid	20	(57.3)	(47.1)
<b>Net cash from/ (used in) financing activities</b>		<b>70.4</b>	<b>(22.2)</b>
Effect of exchange rate changes on cash and cash equivalents		35.4	4.8
Effect of inflation on cash and cash equivalents		(0.3)	(0.5)
Net (decrease)/ increase in cash and cash equivalents		(154.7)	307.7
Cash and cash equivalents at the beginning of the year		1,290.8	625.6
<b>Cash and cash equivalents as at the end of the reporting period</b>		<b>1,136.1</b>	<b>933.3</b>

## **Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 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 six months ended 30 June 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 30 June 2013 (31 December 2012: 52.3% of ordinary shares or 50.0% plus 1 voting share of the issued and outstanding shares).

The Supervisory Board of the Bank includes representatives from both the Bank’s principal shareholder and other shareholders and independent directors.

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

The Group’s principal business activity is corporate and retail banking. This includes, but is not limited to, deposit taking and commercial lending in freely convertible currencies, local currencies of countries where the subsidiary banks operate and in Russian roubles, support of clients’ export/import transactions, foreign exchange, securities trading, and trading in derivative financial instruments. The Group’s operations are conducted in both Russian and international markets. As at 30 June 2013 the Group conducts its business in Russia through Sberbank with its network of 17 (31 December 2012: 17) regional head offices, 126 (31 December 2012: 193) branches and 18 482 (31 December 2012: 18 377) sub-branches, and through principal subsidiaries located in Russia such as CJSC Sberbank Leasing, LLC Sberbank Capital, companies of ex-Troika Dialog Group Ltd. and Cetelem Bank LLC (former BNP Paribas Vostok LLC). The Group carries out banking operations in Turkey, Ukraine, Belarus, Kazakhstan, Austria, Switzerland and other countries of Central and Eastern Europe and also conducts operations through a branch office in India, representative offices in Germany and China and companies of ex-Troika Dialog Group Ltd. located in the United States of America, the United Kingdom, Cyprus and certain other jurisdictions.

The actual headcount of the Group’s employees as at 30 June 2013 was 289,027 (31 December 2012: 286,019).

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

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

### 1 Introduction (continued)

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

At 30 June 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
<b>RUR/</b>	1.000	0.249	268.733	4.637	0.023	0.029	0.059
<b>USD/</b>	32.709	8.155	8,790.001	151.660	0.766	0.946	1.924
<b>EUR/</b>	42.718	10.651	11,479.754	198.068	1.000	1.236	2.513

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
<b>RUR/</b>	1.000	0.266	282.985	4.948	0.025	0.030	0.059
<b>USD/</b>	30.373	8.080	8,595.009	150.280	0.755	0.912	1.790
<b>EUR/</b>	40.229	10.702	11,384.078	199.046	1.000	1.208	2.371

### 2 Operating Environment of the Group

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

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

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

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

**Other jurisdictions.** In addition to Russia the Group conducts operations in CIS (Ukraine, Belarus, Kazakhstan), CEU countries (Austria, Czech Republic, Slovakia, Bosnia and Herzegovina, Slovenia, Serbia, Hungary, Croatia), Turkey, Switzerland and some other countries. Tough economic and liquidity situation in many countries led to decrease or insignificant growth of GDP followed by shrinking in consumption as well as in investment activities. The primary goals of the local regulators were support of monetary stability, management of GDP deficit and inflation level regulation. In 2013 economy of the Republic Belarus remained hyperinflationary as defined by IAS 29.

### 3 Basis of Preparation

These interim condensed consolidated financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* and should be read in conjunction with the annual consolidated financial statements of the Group as at 31 December 2012.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The above mentioned new or amended standards and interpretations effective from 1 January 2013 did not have a material impact on the accounting policies, financial position or performance of the Group.

**Management's estimates and judgements.** Judgements and critical estimates made by Management in the process of applying the accounting policies were consistent with those disclosed in the annual consolidated financial statements for the year ended 31 December 2012. Management has not identified new areas of judgement or critical estimates except for the change in estimate of the maximum maturity from up to 30 days to up to 1 business day of interbank loans and repo deals which are considered as cash and cash equivalents. Comparative figures have not been adjusted.

Income tax expense is recognized in these interim condensed consolidated financial statements based on management's best estimates of the effective annual income tax rate expected for the full financial year. Costs that occur unevenly during the financial year are anticipated or deferred in the interim report only if it would also be appropriate to anticipate or defer such costs at the end of the financial year.

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

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

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

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

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 interim consolidated income statement for the six months ended 30 June 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	–	24.1	24.1
Cost of sales of non-core business activities	–	(18.2)	(18.2)
Other operating income	15.4	(10.6)	4.8
Operating expenses	(205.3)	4.7	(200.6)

The effect of changes on the interim consolidated income statement for the three months ended 30 June 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	–	10.5	10.5
Cost of sales of non-core business activities	–	(8.2)	(8.2)
Other operating income	8.1	(4.6)	3.5
Operating expenses	(109.2)	2.3	(106.9)

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

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

The effect of corresponding reclassifications on disclosure of operating expenses for the six months ended 30 June 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	(118.7)	0.6	(118.1)
- Depreciation of premises and equipment	(27.9)	1.5	(26.4)
- Other operating expenses	(11.0)	2.6	(8.4)
<b>Cost of sales of non-core business activities</b>			
- Depreciation of fixed assets	–	(1.5)	(1.5)
- Staff costs	–	(0.6)	(0.6)
- Customs duties and taxes	–	(2.6)	(2.6)

The effect of corresponding reclassifications on disclosure of operating expenses for the three months ended 30 June 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	(61.4)	0.1	(61.3)
- Depreciation of premises and equipment	(14.3)	0.9	(13.4)
- Other operating expenses	(4.5)	1.3	(3.2)
<b>Cost of sales of non-core business activities</b>			
- Depreciation of fixed assets	–	(0.9)	(0.9)
- Staff costs	–	(0.1)	(0.1)
- Customs duties and taxes	–	(1.3)	(1.3)

The effect of corresponding reclassifications on disclosure of the interim consolidated statement of cash flows for the six months ended 30 June 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	–	25.9	25.9
Cost of sales of non-core business activities	–	(15.4)	(15.4)
Other operating income received	29.8	(25.9)	3.9
Operating expenses paid	(162.1)	15.4	(146.7)

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

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

The corresponding effect on the segment reporting of the Group's income and expenses for the six months ended 30 June 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)	2.9	(1.4)	(2.7)	5.1	2.1	<b>6.0</b>
Operating expenses	(60.5)	(38.7)	(32.4)	(51.3)	(11.6)	<b>(194.5)</b>
<b>Reclassification</b>						
Revenue of non-core business activities	4.3	4.7	6.8	8.0	0.3	<b>24.1</b>
Cost of sales of non-core business activities	(3.5)	(3.6)	(6.5)	(4.4)	(0.2)	<b>(18.2)</b>
Other net operating gains/(losses)	0.2	(2.6)	(0.4)	(7.7)	(0.1)	<b>(10.6)</b>
Operating expenses	0.3	0.1	0.1	4.2	–	<b>4.7</b>
<b>As reclassified</b>						
Revenue of non-core business activities	4.3	4.7	6.8	8.0	0.3	<b>24.1</b>
Cost of sales of non-core business activities	(3.5)	(3.6)	(6.5)	(4.4)	(0.2)	<b>(18.2)</b>
Other net operating gains/(losses)	3.1	(4.0)	(3.1)	(2.6)	2.0	<b>(4.6)</b>
Operating expenses	(60.2)	(38.6)	(32.3)	(47.1)	(11.6)	<b>(189.8)</b>

The corresponding effect on the segment reporting of the Group's income and expenses for the three months ended 30 June 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 (losses)/ gains	(3.1)	(2.9)	(3.4)	2.1	1.6	<b>(5.7)</b>
Operating expenses	(33.8)	(21.9)	(18.3)	(29.1)	(6.0)	<b>(109.1)</b>
<b>Reclassification</b>						
Revenue of non-core business activities	1.5	1.5	3.6	3.7	0.2	<b>10.5</b>
Cost of sales of non-core business activities	(1.1)	(1.3)	(3.4)	(2.3)	(0.1)	<b>(8.2)</b>
Other net operating (losses)/ gains	0.9	(1.6)	(0.2)	(3.6)	(0.1)	<b>(4.6)</b>
Operating expenses	–	–	–	2.3	–	<b>2.3</b>
<b>As reclassified</b>						
Revenue of non-core business activities	1.5	1.5	3.6	3.7	0.2	<b>10.5</b>
Cost of sales of non-core business activities	(1.1)	(1.3)	(3.4)	(2.3)	(0.1)	<b>(8.2)</b>
Other net operating (losses)/ gains	(2.2)	(4.5)	(3.6)	(1.5)	1.5	<b>(10.3)</b>
Operating expenses	(33.8)	(21.9)	(18.3)	(26.8)	(6.0)	<b>(106.8)</b>



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

### 5 Trading Securities

<i>In billions of Russian Roubles</i>	<b>30 June 2013 (unaudited)</b>	<b>31 December 2012</b>
Corporate bonds	31.3	19.6
Foreign government bonds	19.5	15.1
Federal loan bonds (OFZ bonds)	15.0	26.6
Russian Federation Eurobonds	5.6	12.4
Municipal and subfederal bonds	0.8	0.8
<b>Total debt trading securities</b>	<b>72.2</b>	<b>74.5</b>
Corporate shares	14.8	14.8
Investments in mutual funds	0.8	1.1
<b>Total trading securities</b>	<b>87.8</b>	<b>90.4</b>

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

<i>In billions of Russian Roubles</i>	<b>30 June 2013 (unaudited)</b>	<b>31 December 2012</b>
Federal loan bonds (OFZ bonds)	11.8	8.5
Foreign government bonds	0.9	0.9
Corporate bonds	0.5	0.8
Municipal and subfederal bonds	0.1	–
<b>Total debt securities designated as at fair value through profit or loss</b>	<b>13.3</b>	<b>10.2</b>
Corporate shares	5.7	7.0
Investments in mutual funds	1.7	2.0
<b>Total securities designated as at fair value through profit or loss</b>	<b>20.7</b>	<b>19.2</b>

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

### 7 Loans and Advances to Customers

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

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

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	30 June 2013		
	Not past due loans	Past due loans	Total
Commercial loans to legal entities	5,187.0	268.6	5,455.6
Specialized loans to legal entities	2,982.1	133.5	3,115.6
Consumer and other loans to individuals	1,585.3	138.5	1,723.8
Mortgage loans to individuals	1,228.2	58.5	1,286.7
Car loans to individuals	129.4	7.1	136.5
<b>Total loans and advances to customers before provision for loan impairment</b>	<b>11,112.0</b>	<b>606.2</b>	<b>11,718.2</b>
Less: Provision for loan impairment	(215.6)	(368.1)	(583.7)
<b>Total loans and advances to customers net of provision for loan impairment</b>	<b>10,896.4</b>	<b>238.1</b>	<b>11,134.5</b>

<i>In billions of Russian Roubles</i>	31 December 2012		
	Not past due loans	Past due loans	Total
Commercial loans to legal entities	5,033.7	247.8	5,281.5
Specialized loans to legal entities	2,836.0	110.3	2,946.3
Consumer and other loans to individuals	1,472.6	97.1	1,569.7
Mortgage loans to individuals	1,094.6	48.8	1,143.4
Car loans to individuals	118.2	5.2	123.4
<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>

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

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

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

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

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

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

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

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

<i>(unaudited)</i> <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	5,127.0	(97.5)	5,029.5	1.9%
Loans up to 30 days overdue	29.3	(4.1)	25.2	14.0%
Loans 31 to 60 days overdue	10.9	(3.1)	7.8	28.4%
Loans 61 to 90 days overdue	11.1	(4.7)	6.4	42.3%
Loans 91 to 180 days overdue	19.5	(12.9)	6.6	66.2%
Loans over 180 days overdue	127.4	(116.7)	10.7	91.6%
<b>Total collectively assessed loans</b>	<b>5,325.2</b>	<b>(239.0)</b>	<b>5,086.2</b>	<b>4.5%</b>
<b>Individually impaired</b>				
Not past due	60.0	(18.6)	41.4	31.0%
Loans up to 30 days overdue	13.4	(9.2)	4.2	68.7%
Loans 31 to 60 days overdue	1.6	(0.2)	1.4	12.5%
Loans 61 to 90 days overdue	10.6	(8.0)	2.6	75.5%
Loans 91 to 180 days overdue	8.7	(6.7)	2.0	77.0%
Loans over 180 days overdue	36.1	(27.3)	8.8	75.6%
<b>Total individually impaired loans</b>	<b>130.4</b>	<b>(70.0)</b>	<b>60.4</b>	<b>53.7%</b>
<b>Total commercial loans to legal entities</b>	<b>5,455.6</b>	<b>(309.0)</b>	<b>5,146.6</b>	<b>5.7%</b>
<b>Specialized loans to legal entities</b>				
<b>Collectively assessed</b>				
Not past due	2,909.2	(72.1)	2,837.1	2.5%
Loans up to 30 days overdue	22.7	(1.9)	20.8	8.4%
Loans 31 to 60 days overdue	4.1	(0.8)	3.3	19.5%
Loans 61 to 90 days overdue	2.4	(0.5)	1.9	20.8%
Loans 91 to 180 days overdue	7.5	(5.0)	2.5	66.7%
Loans over 180 days overdue	41.9	(39.5)	2.4	94.3%
<b>Total collectively assessed loans</b>	<b>2,987.8</b>	<b>(119.8)</b>	<b>2,868.0</b>	<b>4.0%</b>
<b>Individually impaired</b>				
Not past due	72.9	(22.7)	50.2	31.1%
Loans up to 30 days overdue	8.6	(3.4)	5.2	39.5%
Loans 31 to 60 days overdue	6.6	(3.5)	3.1	53.0%
Loans 61 to 90 days overdue	2.5	(2.2)	0.3	88.0%
Loans 91 to 180 days overdue	4.2	(2.9)	1.3	69.0%
Loans over 180 days overdue	33.0	(25.6)	7.4	77.6%
<b>Total individually impaired loans</b>	<b>127.8</b>	<b>(60.3)</b>	<b>67.5</b>	<b>47.2%</b>
<b>Total specialized loans to legal entities</b>	<b>3,115.6</b>	<b>(180.1)</b>	<b>2,935.5</b>	<b>5.8%</b>
<b>Total loans to legal entities</b>	<b>8,571.2</b>	<b>(489.1)</b>	<b>8,082.1</b>	<b>5.7%</b>

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

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

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Gross loans	Provision for impairment	Net loans	Provision for impairment to gross loans
<b>Consumer and other loans to individuals</b>				
<b>Collectively assessed</b>				
Not past due	1,585.3	(3.9)	1,581.4	0.2%
Loans up to 30 days overdue	54.1	(3.2)	50.9	5.9%
Loans 31 to 60 days overdue	14.5	(3.6)	10.9	24.8%
Loans 61 to 90 days overdue	8.7	(3.5)	5.2	40.2%
Loans 91 to 180 days overdue	16.4	(11.4)	5.0	69.5%
Loans over 180 days overdue	44.8	(39.7)	5.1	88.6%
<b>Total consumer and other loans to individuals</b>	<b>1,723.8</b>	<b>(65.3)</b>	<b>1,658.5</b>	<b>3.8%</b>
<b>Mortgage loans to individuals</b>				
<b>Collectively assessed</b>				
Not past due	1,228.2	(0.7)	1,227.5	0.1%
Loans up to 30 days overdue	20.9	(0.5)	20.4	2.4%
Loans 31 to 60 days overdue	5.0	(0.5)	4.5	10.0%
Loans 61 to 90 days overdue	3.0	(0.5)	2.5	16.7%
Loans 91 to 180 days overdue	4.2	(1.7)	2.5	40.5%
Loans over 180 days overdue	25.4	(22.3)	3.1	87.8%
<b>Total mortgage loans to individuals</b>	<b>1,286.7</b>	<b>(26.2)</b>	<b>1,260.5</b>	<b>2.0%</b>
<b>Car loans to individuals</b>				
<b>Collectively assessed</b>				
Not past due	129.4	(0.1)	129.3	0.1%
Loans up to 30 days overdue	2.8	(0.1)	2.7	3.6%
Loans 31 to 60 days overdue	0.7	(0.1)	0.6	14.3%
Loans 61 to 90 days overdue	0.5	(0.2)	0.3	40.0%
Loans 91 to 180 days overdue	0.8	(0.5)	0.3	62.5%
Loans over 180 days overdue	2.3	(2.1)	0.2	91.3%
<b>Total car loans to individuals</b>	<b>136.5</b>	<b>(3.1)</b>	<b>133.4</b>	<b>2.3%</b>
<b>Total loans to individuals</b>	<b>3,147.0</b>	<b>(94.6)</b>	<b>3,052.4</b>	<b>3.0%</b>
<b>Total loans and advances to customers as at 30 June 2013</b>	<b>11,718.2</b>	<b>(583.7)</b>	<b>11,134.5</b>	<b>5.0%</b>

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 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>Specialized 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 Specialized 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 – 30 June 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>

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

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

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

As at 30 June 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	191.7	(163.6)	28.1	85.3%
Specialized loans to legal entities	86.6	(73.0)	13.6	84.3%
Consumer and other loans to individuals	61.2	(51.1)	10.1	83.5%
Mortgage loans to individuals	29.6	(24.0)	5.6	81.1%
Car loans to individuals	3.1	(2.6)	0.5	83.9%
<b>Total non-performing loans and advances to customers as at 30 June 2013</b>	<b>372.2</b>	<b>(314.3)</b>	<b>57.9</b>	<b>84.4%</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%
Specialized 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 six months ended 30 June 2013 is presented in the table below:

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Commercial loans to legal entities	Specialized loans to legal entities	Consumer and other loans to individuals	Mortgage loans to individuals	Car loans to individuals	Total
<b>Provision for loan impairment as at 1 January 2013 (audited)</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	30.3	4.2	25.5	1.6	1.1	<b>62.7</b>
Foreign currencies translation	0.8	0.6	0.2	0.4	–	<b>2.0</b>
Loans and advances written off during the reporting period	(32.0)	(5.3)	(5.9)	(2.3)	(0.5)	<b>(46.0)</b>
<b>Provision for loan impairment as at 30 June 2013</b>	<b>309.0</b>	<b>180.1</b>	<b>65.3</b>	<b>26.2</b>	<b>3.1</b>	<b>583.7</b>

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

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

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

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	<b>Commercial loans to legal entities</b>	<b>Specialized loans to legal entities</b>	<b>Consumer and other loans to individuals</b>	<b>Mortgage loans to individuals</b>	<b>Car loans to individuals</b>	<b>Total</b>
<b>Provision for loan impairment as at 1 April 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>
Net provision charge/ (net recovery of provision) for loan impairment during the reporting period	18.1	(2.0)	12.5	1.6	0.7	<b>30.9</b>
Foreign currencies translation	0.5	0.8	0.1	0.5	–	<b>1.9</b>
Loans and advances written off during the reporting period	(23.0)	(1.3)	(5.1)	(1.9)	(0.4)	<b>(31.7)</b>
<b>Provision for loan impairment as at 30 June 2013</b>	<b>309.0</b>	<b>180.1</b>	<b>65.3</b>	<b>26.2</b>	<b>3.1</b>	<b>583.7</b>

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

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	<b>Commercial loans to legal entities</b>	<b>Specialized loans to legal entities</b>	<b>Consumer and other loans to individuals</b>	<b>Mortgage loans to individuals</b>	<b>Car loans to individuals</b>	<b>Total</b>
<b>Provision for loan impairment as at 1 January 2012 (audited)</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	23.5	(26.7)	2.9	(0.4)	(0.4)	<b>(1.1)</b>
Foreign currencies translation	0.1	–	–	–	–	<b>0.1</b>
Loans and advances written off during the reporting period	(21.4)	(76.2)	(0.5)	(0.6)	(0.1)	<b>(98.8)</b>
<b>Provision for loan impairment as at 30 June 2012</b>	<b>301.8</b>	<b>190.8</b>	<b>39.7</b>	<b>27.8</b>	<b>2.6</b>	<b>562.7</b>



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

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

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

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Commercial loans to legal entities	Specialized loans to legal entities	Consumer and other loans to individuals	Mortgage loans to individuals	Car loans to individuals	Total
<b>Provision for loan impairment as at 1 April 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>
Net provision charge/ (net recovery of provision) for loan impairment during the reporting period	20.0	(23.1)	3.8	1.5	(0.1)	<b>2.1</b>
Foreign currencies translation	0.6	0.1	0.1	0.2	–	<b>1.0</b>
Loans and advances written off during the reporting period	(16.7)	(75.8)	(0.3)	(0.5)	–	<b>(93.3)</b>
<b>Provision for loan impairment as at 30 June 2012</b>	<b>301.8</b>	<b>190.8</b>	<b>39.7</b>	<b>27.8</b>	<b>2.6</b>	<b>562.7</b>

**Renegotiated loans.** Information on loans whose terms have been renegotiated, as at 30 June 2013 and 31 December 2012 is presented in the table below. It shows the amount for renegotiated loans before provision for loan impairment by class.

<i>In billions of Russian Roubles</i>	Commercial loans to legal entities	Specialized loans to legal entities	Consumer and other loans to individuals	Mortgage loans to individuals	Car loans to individuals	Total
<b>30 June 2013 (unaudited):</b>						
Not past due collectively assessed loans	454.1	384.7	5.6	10.6	0.6	<b>855.6</b>
Other renegotiated loans	96.4	62.0	3.5	7.0	0.9	<b>169.8</b>
<b>Total renegotiated loans</b>	<b>550.5</b>	<b>446.7</b>	<b>9.1</b>	<b>17.6</b>	<b>1.5</b>	<b>1,025.4</b>
<b>31 December 2012:</b>						
Not past due collectively assessed loans	477.2	379.8	3.0	8.2	0.5	<b>868.7</b>
Other renegotiated loans	90.4	37.1	2.0	6.4	0.6	<b>136.5</b>
<b>Total renegotiated loans</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>

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

<i>In billions of Russian Roubles</i>	30 June 2013 <i>(unaudited)</i>	31 December 2012
Largest clients	3,973.9	4,164.6
Large clients	1,966.1	1,964.4
Medium business	1,726.0	1,379.5
Small business	905.2	719.3
<b>Total loans and advances to legal entities before provision for loan impairment</b>	<b>8,571.2</b>	<b>8,227.8</b>

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

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

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

<i>In billions of Russian Roubles</i>	<b>30 June 2013 (unaudited)</b>	<b>31 December 2012</b>
Gross investment in finance lease	167.5	152.4
Unearned future finance income on finance lease	(49.4)	(46.5)
<b>Net investment in finance lease before provision for impairment</b>	<b>118.1</b>	<b>105.9</b>
Less provision for impairment	(5.6)	(3.3)
<b>Net investment in finance lease after provision for impairment</b>	<b>112.5</b>	<b>102.6</b>

The contractual maturity analysis of net investments in finance lease as at 30 June 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	32.1	(1.4)	30.7
Later than 1 year but not later than 5 years	70.4	(3.5)	66.9
Later than 5 years	15.6	(0.7)	14.9
<b>Total as at 30 June 2013</b>	<b>118.1</b>	<b>(5.6)</b>	<b>112.5</b>

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>	<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	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 per contractual maturity is as follows:

<i>In billions of Russian Roubles</i>	<b>30 June 2013 (unaudited)</b>	<b>31 December 2012</b>
Not later than 1 year	35.4	34.5
Later than 1 year but not later than 5 years	97.1	88.9
Later than 5 years	35.0	29.0
<b>Total</b>	<b>167.5</b>	<b>152.4</b>

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

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

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

<i>In billions of Russian Roubles</i>	30 June 2013 (unaudited)		31 December 2012	
	Amount	%	Amount	%
Individuals	3,147.0	26.9%	2,836.5	25.6%
Services	2,250.6	19.2%	1,962.5	17.7%
Trade	1,325.6	11.3%	1,304.3	11.8%
Food and agriculture	886.8	7.6%	862.4	7.8%
Machine building	561.8	4.8%	528.6	4.8%
Energy	528.8	4.5%	512.2	4.6%
Construction	481.1	4.1%	402.7	3.6%
Telecommunications	475.2	4.1%	489.2	4.4%
Metallurgy	428.7	3.7%	410.6	3.7%
Transport, aviation, space industry	416.2	3.6%	387.0	3.5%
Chemical industry	349.5	3.0%	378.2	3.4%
Government and municipal bodies	349.5	3.0%	370.4	3.3%
Oil and gas	186.3	1.6%	162.2	1.5%
Timber industry	77.5	0.7%	72.3	0.7%
Other	253.6	1.9%	385.2	3.6%
<b>Total loans and advances to customers before provision for loan impairment</b>	<b>11,718.2</b>	<b>100.0%</b>	<b>11,064.3</b>	<b>100.0%</b>

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

As at 30 June 2013 the Group had 20 largest corporate borrowers with aggregated loan amounts due from each of these borrowers exceeding RR 57.0 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 2,092.1 billion or 17.9% of the total gross loan portfolio of the Group (31 December 2012: RR 2,140.3 billion or 19.3%).

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

### 8 Securities Pledged under Repurchase Agreements

<i>In billions of Russian Roubles</i>	<b>30 June 2013 (unaudited)</b>	<b>31 December 2012</b>
<b>Trading securities pledged under repurchase agreements</b>		
Municipal and subfederal bonds	2.3	3.4
Corporate shares	1.3	8.0
Federal loan bonds (OFZ bonds)	0.2	19.7
Corporate bonds	–	19.5
Foreign government bonds	–	6.0
Russian Federation Eurobonds	–	0.5
<b>Total trading securities pledged under repurchase agreements</b>	<b>3.8</b>	<b>57.1</b>
<b>Securities designated as at fair value through profit or loss pledged under repurchase agreements</b>		
Federal loan bonds (OFZ bonds)	5.3	8.7
Municipal and subfederal bonds	–	0.1
<b>Total securities designated as at fair value through profit or loss pledged under repurchase agreements</b>	<b>5.3</b>	<b>8.8</b>
<b>Investment securities available-for-sale pledged under repurchase agreements</b>		
Federal loan bonds (OFZ bonds)	300.0	401.7
Corporate bonds	158.8	150.2
Foreign government bonds	33.8	26.7
Municipal and subfederal bonds	11.5	25.4
Russian Federation Eurobonds	–	11.1
Corporate shares	–	1.2
<b>Total investment securities available-for-sale pledged under repurchase agreements</b>	<b>504.1</b>	<b>616.3</b>
<b>Investment securities held-to-maturity pledged under repurchase agreements</b>		
Corporate bonds	81.5	47.1
Federal loan bonds (OFZ bonds)	49.8	160.3
Municipal and subfederal bonds	44.5	60.1
<b>Total investment securities held-to-maturity pledged under repurchase agreements</b>	<b>175.8</b>	<b>267.5</b>
<b>Total securities pledged under repurchase agreements</b>	<b>689.0</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.

### 9 Investment Securities Available-for-Sale

<i>In billions of Russian Roubles</i>	<b>30 June 2013 (unaudited)</b>	<b>31 December 2012</b>
Federal loan bonds (OFZ bonds)	363.2	149.6
Corporate bonds	316.4	320.2
Foreign government bonds	146.3	150.2
Russian Federation Eurobonds	111.4	117.7
Municipal and subfederal bonds	40.3	21.3
<b>Total debt investment securities available-for-sale</b>	<b>977.6</b>	<b>759.0</b>
Corporate shares	31.5	45.5
<b>Total investment securities available-for-sale</b>	<b>1,009.1</b>	<b>804.5</b>

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

### 10 Investment Securities Held-to-Maturity

<i>In billions of Russian Roubles</i>	<b>30 June 2013 (unaudited)</b>	<b>31 December 2012</b>
Federal loan bonds (OFZ bonds)	64.6	8.8
Corporate bonds	59.2	84.2
Municipal and subfederal bonds	10.7	6.8
Foreign government bonds	5.1	6.1
<b>Total investment securities held-to-maturity</b>	<b>139.6</b>	<b>105.9</b>

### 11 Other Assets

<i>In billions of Russian Roubles</i>	<b>30 June 2013 (unaudited)</b>	<b>31 December 2012</b>
<b>Other financial assets</b>		
Derivative financial instruments	101.9	74.4
Receivables on bank cards settlements	86.0	107.5
Settlements on operations with securities	42.1	10.1
Funds in settlement	25.7	5.7
Settlements on currency conversion operations	9.1	16.7
Accrued fees and commissions	4.0	4.5
Trade receivables	1.4	4.4
Other	10.9	6.7
Provision for impairment of other financial assets	(1.4)	(2.4)
<b>Total other financial assets</b>	<b>279.7</b>	<b>227.6</b>
<b>Other non-financial assets</b>		
Prepayments for premises and other assets	89.8	67.7
Inventory of non-banking subsidiaries	63.4	58.9
Precious metals	54.0	84.8
Intangible assets acquired through business combinations	33.5	35.8
Goodwill	27.6	25.0
Investment property	15.3	15.3
Prepaid expenses	11.9	8.6
Non-exclusive licences	11.3	13.3
Investments in associates	9.3	8.6
Tax settlements (other than on income)	8.3	8.0
Non-current assets held for sale and assets of the disposal group	5.3	5.1
Prepayment on income tax	2.1	2.4
Other	25.0	13.1
Provision for impairment of other non-financial assets	(7.1)	(6.1)
<b>Total other non-financial assets</b>	<b>349.7</b>	<b>340.5</b>
<b>Total other assets</b>	<b>629.4</b>	<b>568.1</b>

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

### 12 Due to Individuals and Corporate Customers

<i>In billions of Russian Roubles</i>	30 June 2013 (unaudited)	31 December 2012
<b>Individuals:</b>		
- Current/demand accounts	1,402.5	1,401.1
- Term deposits	6,065.4	5,582.1
<b>Total due to individuals</b>	<b>7,467.9</b>	<b>6,983.2</b>
<b>State and public organizations:</b>		
- Current/settlement accounts	102.8	99.0
- Term deposits	288.6	270.1
<b>Total due to state and public organizations</b>	<b>391.4</b>	<b>369.1</b>
<b>Other corporate customers:</b>		
- Current/settlement accounts	1,312.4	1,130.1
- Term deposits	1,983.9	1,696.9
<b>Total due to other corporate customers</b>	<b>3,296.3</b>	<b>2,827.0</b>
<b>Total due to corporate customers</b>	<b>3,687.7</b>	<b>3,196.1</b>
<b>Total due to individuals and corporate customers</b>	<b>11,155.6</b>	<b>10,179.3</b>

Economic sector concentrations within customer accounts are as follows:

<i>In billions of Russian Roubles</i>	30 June 2013 (unaudited)		31 December 2012	
	Amount	%	Amount	%
Individuals	7,467.9	66.9%	6,983.2	68.6%
Services	986.8	8.8%	826.3	8.1%
Oil and gas	687.7	6.2%	453.7	4.5%
Trade	452.9	4.1%	404.8	4.0%
Construction	243.5	2.2%	253.8	2.5%
Municipal bodies and state organizations	242.1	2.2%	208.4	2.0%
Energy	179.7	1.6%	167.4	1.6%
Machine building	168.4	1.5%	165.6	1.6%
Transport, aviation, space industry	122.6	1.1%	118.5	1.2%
Food and agriculture	100.0	0.9%	84.3	0.8%
Chemical	89.5	0.8%	96.6	0.9%
Telecommunications	75.2	0.7%	59.4	0.6%
Metallurgy	65.2	0.6%	77.2	0.8%
Timber industry	25.0	0.2%	26.2	0.3%
Other	249.1	2.2%	253.9	2.5%
<b>Total due to individuals and corporate customers</b>	<b>11,155.6</b>	<b>100.0%</b>	<b>10,179.3</b>	<b>100.0%</b>

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

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

As at 30 June 2013 included in Due to corporate customers are deposits of RR 92.1 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 30 June 2013 the Group had 20 largest customers with balances above RR 17.0 billion (31 December 2012: 20 customers with balances above RR 13.1 billion). The aggregate balance of these customers was RR 1,317.7 billion (31 December 2012: RR 914.2 billion) or 11.8% (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

<i>In billions of Russian Roubles</i>	<b>30 June 2013 (unaudited)</b>	<b>31 December 2012</b>
Loan participation notes issued under the MTN programme	341.3	291.6
Savings certificates	309.9	227.2
Promissory notes	81.4	110.1
Notes issued under the ECP programme	72.5	16.1
Bonds issued	57.2	44.3
Structured notes	1.5	2.3
Other debt securities issued	1.9	0.1
<b>Total debt securities in issue</b>	<b>865.7</b>	<b>691.7</b>

In January 2013 the Group issued the Series 13 of loan participation notes under the MTN issuance programme in the amount of RR 25 billion. The notes mature in January 2016 and have contractual fixed interest rate of 7.0% p.a. As at 30 June 2013 the notes were accounted for at amortized cost of RR 25.7 billion; the effective interest rate was 7.2% p.a.

In February 2013 the Group issued the Series 14 of loan participation notes under the MTN issuance programme in the amount of CHF 0.25 billion equivalent to RR 8.2 billion as at the date of issue. The notes mature in February 2017 and have contractual fixed interest rate of 2.065% p.a. As at 30 June 2013 the notes were accounted for at amortized cost of RR 8.7 billion; the effective interest rate was 2.1% p.a.

In March 2013 the Group issued the Series 15 of loan participation notes under the MTN issuance programme in the amount of TRY 0.55 billion equivalent to RR 9.4 billion as at the date of issue. The notes mature in March 2018 and have contractual fixed interest rate of 7.4% p.a. As at 30 June 2013 the notes were accounted for at amortized cost of RR 8.3 billion; the effective interest rate was 7.6% p.a.

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

As at 30 June 2013 the Group has launched issues for the total amount of USD 2.2 billion under the ECP programme which started up in November 2012. As at 30 June 2013 these notes were accounted for at amortized cost of RR 72.5 billion (31 December 2012: RR 16.1 billion). The issues include both discount and coupon issues. The notes issued have maturity dates from July 2013 to June 2014; effective interest rates vary from 0.8% p.a. to 1.8% p.a.

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

### 14 Other Liabilities

	30 June 2013 (unaudited)	31 December 2012
<i>In billions of Russian Roubles</i>		
<b>Other financial liabilities</b>		
Payables on bank card settlements	85.8	63.7
Derivative financial instruments	70.3	41.7
Accrued employee benefit costs	52.5	29.3
Funds in settlement	27.3	36.5
Obligation to deliver securities	24.3	18.6
Settlements on operations with securities	21.6	4.1
Trade payables	16.3	11.7
Deposit insurance system fees payable	7.0	6.2
Deferred consideration on acquisition of subsidiaries	2.3	2.7
Other	18.4	13.2
<b>Total other financial liabilities</b>	<b>325.8</b>	<b>227.7</b>
<b>Other non-financial liabilities</b>		
Taxes payable other than on income	25.3	18.1
Advances received	5.8	2.8
Income tax payable	3.9	3.3
Deferred commissions received on guarantees issued	1.3	1.3
Deferred gains on initial recognition of financial instruments	0.2	0.4
Liabilities of the disposal group	0.1	–
Other	16.7	9.5
<b>Total other non-financial liabilities</b>	<b>53.3</b>	<b>35.4</b>
<b>Total other liabilities</b>	<b>379.1</b>	<b>263.1</b>



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

### 15 Interest Income and Expense

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Six months ended 30 June		Three months ended 30 June	
	2013	2012	2013	2012
<b>Interest income</b>				
<b>Interest income on financial assets carried at amortized cost and on financial assets available-for-sale:</b>				
- Loans and advances to customers	632.9	466.8	322.6	244.5
- Debt investment securities available-for-sale	46.9	32.8	23.5	16.7
- Debt investment securities held-to-maturity	12.3	14.7	6.0	7.3
- Due from banks	4.3	3.1	2.4	1.4
- Correspondent accounts with banks	0.3	0.2	0.2	–
	<b>696.7</b>	<b>517.6</b>	<b>354.7</b>	<b>269.9</b>
<b>Interest income on financial assets carried at fair value through profit or loss:</b>				
- Debt trading securities	4.2	2.2	1.9	0.7
- Debt securities designated at fair value through profit or loss	0.6	1.0	0.3	0.5
	<b>4.8</b>	<b>3.2</b>	<b>2.2</b>	<b>1.2</b>
<b>Total interest income</b>	<b>701.5</b>	<b>520.8</b>	<b>356.9</b>	<b>271.1</b>
<b>Interest expense</b>				
Term deposits of individuals	(147.5)	(109.7)	(76.1)	(57.0)
Term deposits of legal entities	(51.0)	(26.1)	(25.9)	(14.4)
Term placements of banks	(28.0)	(15.2)	(13.6)	(8.1)
Debt securities in issue	(21.8)	(8.9)	(11.4)	(5.1)
Subordinated debts	(11.9)	(10.1)	(6.1)	(5.1)
Current/settlement accounts of legal entities	(10.6)	(8.0)	(5.6)	(4.2)
Current/demand accounts of individuals	(5.1)	(3.7)	(2.7)	(2.0)
Other borrowed funds	(4.5)	(2.9)	(2.2)	(1.1)
Correspondent accounts of banks	(1.1)	(0.6)	(0.4)	(0.4)
Other interest expense	(0.4)	–	(0.1)	–
<b>Total interest expense</b>	<b>(281.9)</b>	<b>(185.2)</b>	<b>(144.1)</b>	<b>(97.4)</b>
Deposit insurance expenses	(13.7)	(11.4)	(7.1)	(5.8)
<b>Total interest expense including deposit insurance expenses</b>	<b>(295.6)</b>	<b>(196.6)</b>	<b>(151.2)</b>	<b>(103.2)</b>
<b>Net interest income</b>	<b>405.9</b>	<b>324.2</b>	<b>205.7</b>	<b>167.9</b>

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

### 16 Fee and Commission Income and Expense

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Six months ended 30 June		Three months ended 30 June	
	2013	2012	2013	2012
<b>Fee and commission income</b>				
Bank cards operations	33.7	21.7	18.4	11.8
Cash and settlements transactions with individuals	26.1	22.1	13.7	11.7
Cash and settlements transactions with legal entities	23.4	21.5	12.2	11.5
Agent commissions on selling insurance contracts	10.3	8.8	6.3	5.0
Guarantees issued	4.7	3.1	2.8	1.7
Cash collection	2.4	2.3	1.3	1.2
Operations with foreign currencies	1.9	3.0	1.1	1.7
Transactions with securities	1.5	1.2	0.9	0.7
Other	4.2	1.6	2.2	0.8
<b>Total fee and commission income</b>	<b>108.2</b>	<b>85.3</b>	<b>58.9</b>	<b>46.1</b>
<b>Fee and commission expense</b>				
Settlement transactions	(8.8)	(4.8)	(4.9)	(2.7)
Operations with foreign currencies	(0.1)	(0.2)	–	(0.1)
Cash collection	(0.2)	(0.1)	(0.1)	–
Other	(1.6)	(1.9)	(0.7)	(0.8)
<b>Total fee and commission expense</b>	<b>(10.7)</b>	<b>(7.0)</b>	<b>(5.7)</b>	<b>(3.6)</b>
<b>Net fee and commission income</b>	<b>97.5</b>	<b>78.3</b>	<b>53.2</b>	<b>42.5</b>

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

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Six months ended 30 June		Three months ended 30 June	
	2013	2012	2013	2012
Net gains/(losses) arising from trading in foreign currencies	0.9	0.5	(1.5)	(0.1)
Net losses on revaluation of foreign currency derivatives	(14.0)	(5.1)	(9.0)	(7.9)
Net foreign exchange translation gains	12.9	6.0	7.9	13.0
<b>Total net (losses)/gains arising from trading in foreign currencies, foreign exchange translation and revaluation of foreign currency derivatives</b>	<b>(0.2)</b>	<b>1.4</b>	<b>(2.6)</b>	<b>5.0</b>

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

### 18 Net Income/(Expenses) of Non-core Business Activities

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Six months ended 30 June		Three months ended 30 June	
	2013	2012	2013	2012
Revenue from sale of goods	10.4	22.5	6.5	10.5
Revenue from completed construction contracts	0.2	1.5	0.1	–
Revenue from operating lease	0.1	–	0.1	–
Revenue from other activities	2.5	0.1	1.4	–
<b>Total revenue of non-core business activities</b>	<b>13.2</b>	<b>24.1</b>	<b>8.1</b>	<b>10.5</b>
Cost of sales:				
- cost of goods sold	(8.5)	(11.9)	(5.5)	(5.6)
- staff costs	(1.5)	(0.6)	(0.7)	(0.1)
- maintenance of premises and equipment	(0.2)	(0.2)	–	(0.1)
- depreciation of fixed assets	(0.1)	(1.5)	–	(0.9)
- customs duties and taxes	–	(2.6)	–	(1.3)
- transport costs	–	(0.4)	–	(0.1)
- other costs	(1.6)	(1.0)	(1.0)	(0.1)
<b>Total cost of sales</b>	<b>(11.9)</b>	<b>(18.2)</b>	<b>(7.2)</b>	<b>(8.2)</b>
<b>Total net income of non-core business activities</b>	<b>1.3</b>	<b>5.9</b>	<b>0.9</b>	<b>2.3</b>

### 19 Operating Expenses

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Six months ended 30 June		Three months ended 30 June	
	2013	2012	2013	2012
Staff costs	138.2	118.1	70.1	61.3
Depreciation of premises and equipment	27.6	26.4	13.7	13.4
Repairs and maintenance of premises and equipment	12.9	11.7	7.8	6.8
Administrative expenses	11.8	11.4	6.8	7.4
Operating lease expenses for premises and equipment	10.2	6.5	5.4	3.5
Taxes other than on income	8.9	7.9	5.3	4.6
Telecommunication expenses	6.6	4.9	4.4	3.3
Advertising and marketing services	5.3	3.7	3.1	2.5
Consulting and assurance services	1.8	1.6	1.2	0.9
Other	15.5	8.4	9.2	3.2
<b>Total operating expenses</b>	<b>238.8</b>	<b>200.6</b>	<b>127.0</b>	<b>106.9</b>

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

### 20 Earnings per Share and Dividends

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

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Six months ended 30 June		Three months ended 30 June	
	2013	2012	2013	2012
Profit for the reporting period attributable to the shareholders of the Bank	175.1	175.6	86.5	83.4
Less preference dividends declared	(3.3)	(2.6)	(3.3)	(2.6)
<b>Profit attributable to the ordinary shareholders of the Bank</b>	<b>171.8</b>	<b>173.0</b>	<b>83.2</b>	<b>80.8</b>
Weighted average number of ordinary shares in issue (billions)	21.6	21.5	21.6	21.5
<b>Earnings per ordinary share, basic and diluted (expressed in RR per share)</b>	<b>7.95</b>	<b>8.05</b>	<b>3.85</b>	<b>3.76</b>

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

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Six months ended 30 June 2013		Six months ended 30 June 2012	
	Ordinary	Preference	Ordinary	Preference
Dividends payable at 1 January (audited)	0.2	0.1	0.1	–
Dividends declared during the six months ended 30 June	55.4	3.3	44.9	2.6
Dividends paid during the six months ended 30 June	(54.0)	(3.3)	(44.6)	(2.5)
<b>Dividends payable as at 30 June</b>	<b>1.6</b>	<b>0.1</b>	<b>0.4</b>	<b>0.1</b>
<b>Dividends per share declared during the reporting period (RR per share)</b>	<b>2.6</b>	<b>3.3</b>	<b>2.1</b>	<b>2.7</b>

All dividends were declared and paid in Russian Roubles.

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

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### 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.

- **Ural, Siberia and Far East of Russia, including:**

Regional head offices:

- Zapadno-Uralsky – Perm,
- Uralsky – Ekaterinburg,
- Sibirsky – Novosibirsk,
- Zapadno-Sibirsky – Tumen,
- Severo-Vostochny – Magadan,
- Dalnevostochny – Khabarovsk,
- Vostochno-Sibirsky – Krasnoyarsk,
- Baikalsky – Irkutsk,

Subsidiaries of the Group located in the region.

- **Other countries, including:**

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

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

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### 21 Segment Analysis (continued)

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

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

The subsidiaries' activity is controlled by the Group integrally.

Segment reporting of the Group's assets and liabilities as at 30 June 2013 is as follows:

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Moscow	Central and Northern regions of European part of Russia	Volga region and South of European part of Russia	Ural, Siberia and Far East of Russia	Other countries	Total
<b>Total assets</b>	<b>6,653.3</b>	<b>2,326.2</b>	<b>2,040.0</b>	<b>2,860.0</b>	<b>2,283.4</b>	<b>16,162.9</b>
<b>Total liabilities</b>	<b>5,884.8</b>	<b>2,519.9</b>	<b>1,859.7</b>	<b>2,300.1</b>	<b>1,882.8</b>	<b>14,447.3</b>

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>

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

### 21 Segment Analysis (continued)

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

	Total assets		Total liabilities	
	30 June 2013 (unaudited)	31 December 2012	30 June 2013 (unaudited)	31 December 2012
<i>In billions of Russian Roubles</i>				
<b>Total amount per segment information</b>	<b>16,162.9</b>	<b>15,106.3</b>	<b>14,447.3</b>	<b>13,483.8</b>
Adjustment of provisions	89.3	96.4	(25.8)	(16.4)
Additional interest accrued on loans	5.8	4.6	–	0.1
Deferred commission income on loans	(21.2)	(23.7)	0.7	0.4
Adjustment of depreciation and cost or revalued amount of premises and equipment including effect of deferred tax	(59.4)	(57.1)	(0.6)	(2.0)
Differences arising on securities' classification and valuation	–	–	(6.8)	10.5
Loaned repo securities	(36.7)	(36.0)	(36.7)	(36.0)
Accounting for derivatives at fair value	1.5	2.4	(0.3)	(0.1)
Staff expenses accrued related to the reporting period (bonuses, annual leave, pension liabilities)	0.3	0.2	25.2	17.5
Adjustment of income tax	–	0.4	25.1	7.8
Deferred commission income on guarantees	–	–	1.2	1.3
Other adjustments	–	3.9	6.7	6.7
<b>The Group's total amount under IFRS</b>	<b>16,142.5</b>	<b>15,097.4</b>	<b>14,436.0</b>	<b>13,473.6</b>

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

### 21 Segment Analysis (continued)

Segment reporting of the Group's income and expenses for the six months ended 30 June 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	232.0	119.9	106.4	152.8	83.5	<b>694.6</b>
Interest expense	(126.0)	(54.0)	(37.2)	(46.7)	(31.0)	<b>(294.9)</b>
Inter-segment (expense)/income	(19.7)	24.1	0.9	(5.3)	–	–
Fee and commission income	23.7	23.3	19.6	29.0	13.5	<b>109.1</b>
Fee and commission expense	(9.2)	(0.2)	(0.2)	(0.3)	(3.3)	<b>(13.2)</b>
Net gains arising from securities	1.4	–	–	–	2.6	<b>4.0</b>
Net (losses)/gains arising from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation	(0.6)	1.6	0.9	1.5	5.8	<b>9.2</b>
Net gains arising from operations with other derivatives	0.7	–	–	–	1.4	<b>2.1</b>
Net gains arising from operations with precious metals	1.2	0.1	0.1	0.2	0.5	<b>2.1</b>
Revenue of non-core business activities	4.6	–	6.8	0.9	0.8	<b>13.1</b>
Cost of sales of non-core business activities	(4.0)	–	(6.6)	(0.6)	(0.7)	<b>(11.9)</b>
Other net operating gains/(losses)	1.0	0.7	(0.8)	0.3	(0.8)	<b>0.4</b>
<b>Operating income before provision charge for loan impairment</b>	<b>105.1</b>	<b>115.5</b>	<b>89.9</b>	<b>131.8</b>	<b>72.3</b>	<b>514.6</b>
Net provision charge for loan impairment	(5.5)	(14.2)	(13.7)	(8.7)	(14.1)	<b>(56.2)</b>
<b>Operating income</b>	<b>99.6</b>	<b>101.3</b>	<b>76.2</b>	<b>123.1</b>	<b>58.2</b>	<b>458.4</b>
Operating expenses	(59.4)	(39.2)	(34.5)	(50.8)	(38.9)	<b>(222.8)</b>
<b>Profit before tax (Segment result)</b>	<b>40.2</b>	<b>62.1</b>	<b>41.7</b>	<b>72.3</b>	<b>19.3</b>	<b>235.6</b>
Other disclosures						
Capital expenditure incurred (additions of fixed assets)	9.9	7.5	8.3	10.9	2.6	<b>39.2</b>
Depreciation of premises and equipment	(9.2)	(3.9)	(3.0)	(5.1)	(1.6)	<b>(22.8)</b>



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

### 21 Segment Analysis (continued)

Segment reporting of the Group's income and expenses for the three months ended 30 June 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	117.6	61.5	54.8	78.6	40.2	<b>352.7</b>
Interest expense	(64.5)	(27.7)	(19.3)	(23.7)	(15.6)	<b>(150.8)</b>
Inter-segment (expense)/income	(11.7)	12.9	1.0	(2.2)	–	–
Fee and commission income	13.2	12.9	10.8	16.2	7.0	<b>60.1</b>
Fee and commission expense	(6.0)	(0.1)	(0.1)	(0.2)	(1.8)	<b>(8.2)</b>
Net gains/(losses) arising from securities	0.6	–	–	0.3	(0.5)	<b>0.4</b>
Net (losses)/gains arising from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation	(4.2)	0.9	0.5	0.9	5.9	<b>4.0</b>
Net gains arising from operations with other derivatives	0.4	–	–	–	1.3	<b>1.7</b>
Net gains arising from operations with precious metals	0.6	–	–	0.1	0.1	<b>0.8</b>
Revenue of non-core business activities	3.3	–	3.8	0.5	0.4	<b>8.0</b>
Cost of sales of non-core business activities	(2.8)	–	(3.8)	(0.3)	(0.3)	<b>(7.2)</b>
Other net operating gains/(losses)	1.1	0.8	(0.1)	0.6	(1.2)	<b>1.2</b>
<b>Operating income before provision charge for loan impairment</b>	<b>47.6</b>	<b>61.2</b>	<b>47.6</b>	<b>70.8</b>	<b>35.5</b>	<b>262.7</b>
Net provision charge for loan impairment	(7.0)	(4.3)	(6.9)	(2.3)	(4.8)	<b>(25.3)</b>
<b>Operating income</b>	<b>40.6</b>	<b>56.9</b>	<b>40.7</b>	<b>68.5</b>	<b>30.7</b>	<b>237.4</b>
Operating expenses	(35.2)	(21.7)	(20.1)	(28.3)	(20.2)	<b>(125.5)</b>
<b>Profit before tax (Segment result)</b>	<b>5.4</b>	<b>35.2</b>	<b>20.6</b>	<b>40.2</b>	<b>10.5</b>	<b>111.9</b>
Other disclosures						
Capital expenditure incurred (additions of fixed assets)	5.9	5.3	5.4	7.8	1.3	<b>25.7</b>
Depreciation of premises and equipment	(4.5)	(1.9)	(1.2)	(2.6)	(0.7)	<b>(10.9)</b>

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

### 21 Segment Analysis (continued)

Segment reporting of the Group's income and expenses for the six months ended 30 June 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	193.6	96.0	83.4	115.9	24.3	<b>513.2</b>
Interest expense	(84.0)	(35.4)	(24.7)	(31.1)	(9.8)	<b>(185.0)</b>
Inter-segment (expense)/income	(10.2)	13.6	(0.3)	(3.1)	–	–
Fee and commission income	21.2	20.5	17.4	25.6	4.0	<b>88.7</b>
Fee and commission expense	(1.8)	(1.3)	(1.0)	(1.8)	(1.3)	<b>(7.2)</b>
Net gains/(losses) arising from securities	5.1	–	–	–	(3.1)	<b>2.0</b>
Net gains arising from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation	5.0	1.9	1.1	1.2	1.0	<b>10.2</b>
Net gains arising from operations with other derivatives	0.3	–	–	–	1.4	<b>1.7</b>
Net gains arising from operations with precious metals	0.5	0.2	0.2	0.3	0.2	<b>1.4</b>
Revenue of non-core business activities	4.3	4.7	6.8	8.0	0.3	<b>24.1</b>
Cost of sales of non-core business activities	(3.5)	(3.6)	(6.5)	(4.4)	(0.2)	<b>(18.2)</b>
Other net operating gains/(losses)	3.1	(4.0)	(3.1)	(2.6)	2.0	<b>(4.6)</b>
<b>Operating income before provision charge / recovery of provision for loan impairment</b>	<b>133.6</b>	<b>92.6</b>	<b>73.3</b>	<b>108.0</b>	<b>18.8</b>	<b>426.3</b>
(Net provision charge)/ net recovery of provision for loan impairment	(5.5)	(3.8)	4.7	4.3	(3.0)	<b>(3.3)</b>
<b>Operating income</b>	<b>128.1</b>	<b>88.8</b>	<b>78.0</b>	<b>112.3</b>	<b>15.8</b>	<b>423.0</b>
Operating expenses	(60.2)	(38.6)	(32.3)	(47.1)	(11.6)	<b>(189.8)</b>
<b>Profit before tax (Segment result)</b>	<b>67.9</b>	<b>50.2</b>	<b>45.7</b>	<b>65.2</b>	<b>4.2</b>	<b>233.2</b>
Other disclosures						
Capital expenditure incurred (additions of fixed assets)	8.0	6.8	6.2	9.2	1.1	<b>31.3</b>
Depreciation of premises and equipment	(6.5)	(3.4)	(3.0)	(4.4)	(2.6)	<b>(19.9)</b>

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

### 21 Segment Analysis (continued)

Segment reporting of the Group's income and expenses for the three months ended 30 June 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	99.7	49.8	43.6	60.3	12.2	<b>265.6</b>
Interest expense	(45.1)	(18.5)	(12.8)	(16.3)	(4.6)	<b>(97.3)</b>
Inter-segment income/(expense)	–	5.3	(1.6)	(3.7)	–	–
Fee and commission income	11.5	11.0	9.4	14.0	2.2	<b>48.1</b>
Fee and commission expense	(0.9)	(0.7)	(0.6)	(1.0)	(0.5)	<b>(3.7)</b>
Net gains /(losses) arising from securities	2.1	–	–	–	(4.6)	<b>(2.5)</b>
Net gains arising from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation	8.8	0.9	0.4	0.3	2.3	<b>12.7</b>
Net gains/(losses) arising from operations with other derivatives	0.7	–	–	–	(1.4)	<b>(0.7)</b>
Net gains arising from operations with precious metals	0.3	0.1	0.1	0.2	0.6	<b>1.3</b>
Revenue of non-core business activities	1.5	1.5	3.6	3.7	0.2	<b>10.5</b>
Cost of sales of non-core business activities	(1.1)	(1.3)	(3.4)	(2.3)	(0.1)	<b>(8.2)</b>
Other net operating (losses)/ gains	(2.2)	(4.5)	(3.6)	(1.5)	1.5	<b>(10.3)</b>
<b>Operating income before provision charge / recovery of provision for loan impairment</b>	<b>75.3</b>	<b>43.6</b>	<b>35.1</b>	<b>53.7</b>	<b>7.8</b>	<b>215.5</b>
Net recovery of provision/ (net provision charge) for loan impairment	6.3	3.5	3.7	(0.5)	(2.2)	<b>10.8</b>
<b>Operating income</b>	<b>81.6</b>	<b>47.1</b>	<b>38.8</b>	<b>53.2</b>	<b>5.6</b>	<b>226.3</b>
Operating expenses	(33.8)	(21.9)	(18.3)	(26.8)	(6.0)	<b>(106.8)</b>
<b>Profit /(loss) before tax (Segment result)</b>	<b>47.8</b>	<b>25.2</b>	<b>20.5</b>	<b>26.4</b>	<b>(0.4)</b>	<b>119.5</b>
Other disclosures						
Capital expenditure incurred (additions of fixed assets)	3.3	4.4	4.0	6.0	0.7	<b>18.4</b>
Depreciation of premises and equipment	(3.5)	(1.7)	(1.5)	(2.2)	(2.1)	<b>(11.0)</b>

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 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 six months and for the three months ended 30 June 2013 and 30 June 2012 is as follows:

<i>(unaudited)</i> in billions of Russian Roubles	Six months ended 30 June		Three months ended 30 June	
	2013	2012	2013	2012
<b>Total amount per segment information</b>	<b>235.6</b>	<b>233.2</b>	<b>111.9</b>	<b>119.5</b>
Adjustment of provisions	(3.2)	12.9	(3.5)	(1.0)
Staff expenses accrued related to the reporting period (bonuses, annual leave, pension liabilities)	(8.2)	(11.9)	1.4	0.4
Differences arising on securities' classification and valuation	(2.0)	1.7	(2.1)	(0.1)
Accounting for derivatives at fair value	(1.9)	1.5	0.8	(1.9)
Additional interest and deferred commission income accrued on loans	3.7	1.0	1.7	0.7
Adjustment of depreciation and cost of premises and equipment	(3.0)	(10.3)	(0.5)	(4.3)
Other adjustments	(1.6)	(0.6)	(0.8)	(0.6)
<b>The Group's total amount under IFRS</b>	<b>219.4</b>	<b>227.5</b>	<b>108.9</b>	<b>112.7</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 as at fair value through profit or loss in IFRS reporting but classified as available-for-sale in statutory accounting records.

For the six months ended 30 June 2013 the Group's revenues from customers in the Russian Federation amounted to RR 752.1 billion (for the six months ended 30 June 2012: RR 627.2 billion); revenues from customers in all foreign countries from which the Group derives revenues amounted to RR 91.6 billion (for the six months ended 30 June 2012: RR 24.5 billion).

For the three months ended 30 June 2013 the Group's revenues from customers in the Russian Federation amounted to RR 388.5 billion (for the three months ended 30 June 2012: RR 329.7 billion); revenues from customers in all foreign countries from which the Group derives revenues amounted to RR 44.0 billion (for the three months ended 30 June 2012: RR 9.1 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 six months and the three months ended 30 June 2013 and 30 June 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 – 30 June 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/Russian Rouble and Euro/Russian Rouble exchange rate fluctuations).

The table below summarizes the Group's exposure to foreign exchange risk in respect of financial assets, liabilities and derivatives as at 30 June 2013. Foreign exchange risk on forward and future contracts is represented by their discounted positions. Foreign exchange options are disclosed in the amount that reflects theoretical sensitivity of their fair value to reasonable change in exchange rates. Commodity options are shown at their fair value in relative settlement currency. Equity instruments are classified based on the country of origin of issuer.

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	<b>Russian Roubles</b>	<b>US Dollars</b>	<b>Euro</b>	<b>Turkish Lyra</b>	<b>Other</b>	<b>Total</b>
<b>Assets</b>						
Cash and cash equivalents	687.1	299.3	69.0	7.4	73.3	<b>1,136.1</b>
Mandatory cash balances with central banks	140.0	42.7	40.2	15.7	21.1	<b>259.7</b>
Trading securities	41.4	32.9	1.4	9.9	2.2	<b>87.8</b>
Securities designated at fair value through profit or loss	14.1	2.7	3.6	–	0.3	<b>20.7</b>
Due from banks	90.2	412.1	71.9	0.2	14.7	<b>589.1</b>
Loans and advances to customers	7,975.1	2,023.0	413.6	440.4	282.4	<b>11,134.5</b>
Securities pledged under repurchase agreements	654.7	0.5	–	33.8	–	<b>689.0</b>
Investment securities available-for- sale	601.1	219.2	76.2	64.9	47.7	<b>1,009.1</b>
Investment securities held-to- maturity	108.9	23.7	2.7	2.5	1.8	<b>139.6</b>
Other financial assets (less fair value of derivatives)	110.8	45.8	6.7	5.9	8.6	<b>177.8</b>
<b>Total financial assets</b>	<b>10,423.4</b>	<b>3,101.9</b>	<b>685.3</b>	<b>580.7</b>	<b>452.1</b>	<b>15,243.4</b>
<b>Liabilities</b>						
Due to banks	791.6	91.3	67.5	24.3	24.7	<b>999.4</b>
Due to individuals	5,993.5	591.7	505.6	204.2	172.9	<b>7,467.9</b>
Due to corporate customers	2,015.1	1,130.6	199.1	156.8	186.1	<b>3,687.7</b>
Debt securities in issue	400.8	363.7	20.8	35.7	44.7	<b>865.7</b>
Other borrowed funds	–	460.1	88.5	22.4	5.0	<b>576.0</b>
Other financial liabilities (less fair value of derivatives)	167.4	57.6	10.0	17.4	3.1	<b>255.5</b>
Subordinated debt	313.0	110.1	5.2	–	7.7	<b>436.0</b>
<b>Total financial liabilities</b>	<b>9,681.4</b>	<b>2,805.1</b>	<b>896.7</b>	<b>460.8</b>	<b>444.2</b>	<b>14,288.2</b>
<b>Net financial assets/(liabilities)</b>	<b>742.0</b>	<b>296.8</b>	<b>(211.4)</b>	<b>119.9</b>	<b>7.9</b>	<b>955.2</b>
<b>Net derivatives</b>	<b>210.8</b>	<b>(270.5)</b>	<b>109.2</b>	<b>(37.8)</b>	<b>19.9</b>	<b>31.6</b>
<b>Credit related commitments (Note 23)</b>	<b>2,070.6</b>	<b>647.9</b>	<b>242.3</b>	<b>464.3</b>	<b>60.9</b>	<b>3,486.0</b>

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

### 22 Financial Risk Management (continued)

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

<i>In billions of Russian Roubles</i>	<b>Russian Roubles</b>	<b>US Dollars</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	<b>1,290.8</b>
Mandatory cash balances with central banks	122.6	32.8	31.5	5.6	18.7	<b>211.2</b>
Trading securities	47.3	31.6	0.5	7.9	3.1	<b>90.4</b>
Securities designated at fair value through profit or loss	11.2	2.9	4.4	–	0.7	<b>19.2</b>
Due from banks	60.6	1.7	39.6	–	12.9	<b>114.8</b>
Loans and advances to customers	7,714.9	1,783.9	366.4	367.9	266.2	<b>10,499.3</b>
Securities pledged under repurchase agreements	888.8	28.3	–	32.6	–	<b>949.7</b>
Investment securities available-for- sale	394.8	222.3	72.0	77.9	37.5	<b>804.5</b>
Investment securities held-to- maturity	85.0	13.2	2.5	2.4	2.8	<b>105.9</b>
Other financial assets (less fair value of derivatives)	123.8	18.7	3.0	6.5	1.2	<b>153.2</b>
<b>Total financial assets</b>	<b>10,395.0</b>	<b>2,261.0</b>	<b>638.7</b>	<b>520.6</b>	<b>423.7</b>	<b>14,239.0</b>
<b>Liabilities</b>						
Due to banks	1,289.4	52.7	57.7	22.3	30.3	<b>1,452.4</b>
Due to individuals	5,660.1	521.8	452.1	170.5	178.7	<b>6,983.2</b>
Due to corporate customers	1,958.3	747.8	171.6	153.3	165.1	<b>3,196.1</b>
Debt securities in issue	297.7	327.3	17.2	12.9	36.6	<b>691.7</b>
Other borrowed funds	0.7	362.9	76.8	25.4	3.4	<b>469.2</b>
Other financial liabilities (less fair value of derivatives)	123.3	32.0	5.0	23.1	2.6	<b>186.0</b>
Subordinated debt	303.4	71.6	4.7	–	5.0	<b>384.7</b>
<b>Total financial liabilities</b>	<b>9,632.9</b>	<b>2,116.1</b>	<b>785.1</b>	<b>407.5</b>	<b>421.7</b>	<b>13,363.3</b>
<b>Net financial assets/ (liabilities)</b>	<b>762.1</b>	<b>144.9</b>	<b>(146.4)</b>	<b>113.1</b>	<b>2.0</b>	<b>875.7</b>
<b>Net derivatives</b>	<b>(323.4)</b>	<b>223.9</b>	<b>178.9</b>	<b>(39.1)</b>	<b>(7.6)</b>	<b>32.7</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 – 30 June 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 as at fair value through profit or loss and highly liquid portion of investment securities available-for-sale are considered to be liquid assets as these securities could be easily converted into cash within short period of time. Such financial instruments are disclosed in gap analysis table as "on demand and less than 30 days"
- Investment securities available-for-sale which are less liquid are disclosed according to remaining contractual maturities (for debt instruments) or as "no stated maturity" (for equities)
- Investment securities held-to-maturity including those pledged under repurchase agreements are classified based on the remaining maturities
- Highly liquid portion of securities pledged under repurchase agreements is disclosed based on the remaining maturities of repurchase agreements
- Loans and advances to customers, amounts due from other banks, other assets, debt securities in issue, amounts due to other banks, other borrowed funds and other liabilities are included into gap analysis table based on remaining contractual maturities
- Customer deposits aren't disclosed as "on demand and less than 30 days" although customers have an opportunity to withdraw money from any account, including term deposits, before maturity date, losing the right on accrued interest. Customer deposits diversification by number and type of depositors and the past experience of the Group indicate that such accounts and deposits provide a long-term and stable source of funding, and as a result they are allocated per expected time of funds outflow in the gap analysis table on the basis of statistical data accumulated by the Group during the previous periods and assumptions regarding the "permanent" part of current account balances.

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

### 22 Financial Risk Management (continued)

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

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	<b>On demand and less than</b>	<b>From 1 to</b>	<b>From 6 to</b>	<b>From 1 to</b>	<b>More than</b>	<b>No stated</b>	<b>Total</b>
	<b>1 month</b>	<b>6 months</b>	<b>12 months</b>	<b>3 years</b>	<b>3 years</b>	<b>maturity</b>	
<b>Assets</b>							
Cash and cash equivalents	1,136.1	–	–	–	–	–	<b>1,136.1</b>
Mandatory cash balances with central banks	73.3	41.1	29.4	93.6	22.3	–	<b>259.7</b>
Trading securities	87.8	–	–	–	–	–	<b>87.8</b>
Securities designated at fair value through profit or loss	20.7	–	–	–	–	–	<b>20.7</b>
Due from banks	518.3	64.6	3.9	1.1	1.2	–	<b>589.1</b>
Loans and advances to customers	658.0	1,534.7	1,506.1	3,609.2	3,826.5	–	<b>11,134.5</b>
Securities pledged under repurchase agreements	530.8	24.6	20.0	61.1	52.5	–	<b>689.0</b>
Investment securities available-for-sale	980.2	3.4	1.9	8.3	14.9	0.4	<b>1,009.1</b>
Investment securities held- to-maturity	0.9	8.4	10.7	56.6	63.0	–	<b>139.6</b>
Deferred income tax asset	–	–	–	–	–	9.7	<b>9.7</b>
Premises and equipment	–	–	–	–	–	437.8	<b>437.8</b>
Other assets	205.1	58.2	22.4	127.4	85.5	130.8	<b>629.4</b>
<b>Total assets</b>	<b>4,211.2</b>	<b>1,735.0</b>	<b>1,594.4</b>	<b>3,957.3</b>	<b>4,065.9</b>	<b>578.7</b>	<b>16,142.5</b>
<b>Liabilities</b>							
Due to banks	741.3	149.3	37.9	37.7	33.2	–	<b>999.4</b>
Due to individuals	1,976.9	1,245.6	1,016.6	2,843.5	385.3	–	<b>7,467.9</b>
Due to corporate customers	1,329.6	444.5	199.7	1,307.4	406.5	–	<b>3,687.7</b>
Debt securities in issue	85.3	214.0	142.5	183.2	240.7	–	<b>865.7</b>
Other borrowed funds	21.5	141.0	193.0	181.4	39.1	–	<b>576.0</b>
Deferred income tax liability	–	–	–	–	–	24.2	<b>24.2</b>
Other liabilities	216.3	64.9	16.6	40.0	17.7	23.6	<b>379.1</b>
Subordinated debt	–	0.8	–	0.4	434.8	–	<b>436.0</b>
<b>Total liabilities</b>	<b>4,370.9</b>	<b>2,260.1</b>	<b>1,606.3</b>	<b>4,593.6</b>	<b>1,557.3</b>	<b>47.8</b>	<b>14,436.0</b>
<b>Net liquidity gap</b>	<b>(159.7)</b>	<b>(525.1)</b>	<b>(11.9)</b>	<b>(636.3)</b>	<b>2,508.6</b>	<b>530.9</b>	<b>1,706.5</b>
<b>Cumulative liquidity gap at 30 June 2013</b>	<b>(159.7)</b>	<b>(684.8)</b>	<b>(696.7)</b>	<b>(1,333.0)</b>	<b>1,175.6</b>	<b>1,706.5</b>	<b>–</b>



## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 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						Total
	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	
<b>Assets</b>							
Cash and cash equivalents	1,290.8	–	–	–	–	–	<b>1,290.8</b>
Mandatory cash balances with central banks	61.4	32.4	25.6	80.7	11.1	–	<b>211.2</b>
Trading securities	90.4	–	–	–	–	–	<b>90.4</b>
Securities designated at fair value through profit or loss	19.2	–	–	–	–	–	<b>19.2</b>
Due from other banks	57.0	46.2	0.6	2.4	8.6	–	<b>114.8</b>
Loans and advances to customers	469.5	1,403.5	1,538.5	3,496.5	3,591.3	–	<b>10,499.3</b>
Securities pledged under repurchase agreements	723.6	21.4	39.4	89.4	75.9	–	<b>949.7</b>
Investment securities available-for-sale	788.3	2.7	2.6	8.4	2.2	0.3	<b>804.5</b>
Investment securities held-to-maturity	0.2	5.8	8.8	38.5	52.6	–	<b>105.9</b>
Deferred income tax asset	–	–	–	–	–	7.5	<b>7.5</b>
Premises and equipment	–	–	–	–	–	436.0	<b>436.0</b>
Other assets	174.3	72.7	36.3	94.3	46.3	144.2	<b>568.1</b>
<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	–	<b>1,452.4</b>
Due to individuals	1,848.2	1,162.9	1,091.2	2,521.1	359.8	–	<b>6,983.2</b>
Due to corporate customers	1,245.5	363.4	82.3	1,500.7	4.2	–	<b>3,196.1</b>
Debt securities in issue	70.9	140.6	142.5	131.2	206.5	–	<b>691.7</b>
Other borrowed funds	29.1	69.9	169.6	160.1	40.5	–	<b>469.2</b>
Deferred income tax liability	–	–	–	–	–	33.2	<b>33.2</b>
Other liabilities	135.5	53.4	21.2	21.9	6.0	25.1	<b>263.1</b>
Subordinated debt	–	0.1	0.7	–	383.9	–	<b>384.7</b>
<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</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 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 – 30 June 2013

### 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 authorizing a third party to draw drafts on the Group up to a stipulated amount under specific terms and conditions, are collateralized by the underlying shipments of goods to which they relate or cash deposits and therefore carry less risk than direct lending.

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

Outstanding credit related commitments are as follows:

<i>In billions of Russian Roubles</i>	<b>30 June 2013 (unaudited)</b>	<b>31 December 2012</b>
Commitments to extend credit	1,359.2	1,112.0
Guarantees issued	1,075.4	934.2
Undrawn credit lines	577.4	495.2
Export letters of credit	269.2	302.8
Import letters of credit and letters of credit for domestic settlements	204.8	185.5
<b>Total credit related commitments</b>	<b>3,486.0</b>	<b>3,029.7</b>

At 30 June 2013 included in Due to corporate customers are deposits of RR 92.1 billion (31 December 2012: RR 79.0 billion) held as collateral for irrevocable commitments under import letters of credit. Refer to Note 12.

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

### 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 – 30 June 2013

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

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

	30 June 2013			
<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Trading securities	82.0	4.8	1.0	<b>87.8</b>
Securities designated as at fair value through profit or loss	13.1	0.8	6.8	<b>20.7</b>
Securities pledged under repurchase agreements	511.3	1.9	–	<b>513.2</b>
Investment securities available-for-sale	948.6	55.1	5.4	<b>1,009.1</b>
Derivative financial instruments	0.7	82.4	18.8	<b>101.9</b>
<b>Total financial assets at fair value</b>	<b>1,555.7</b>	<b>145.0</b>	<b>32.0</b>	<b>1,732.7</b>
<b>Financial liabilities</b>				
Derivative financial instruments	1.1	68.9	0.3	<b>70.3</b>
Obligation to deliver securities	21.9	2.4	–	<b>24.3</b>
Structured notes	–	0.5	1.0	<b>1.5</b>
<b>Total financial liabilities at fair value</b>	<b>23.0</b>	<b>71.8</b>	<b>1.3</b>	<b>96.1</b>

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

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

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

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

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

<i>(unaudited)</i> in billions of Russian Roubles	Transfers between Level 1 and Level 2	
	From Level 1 to Level 2	From Level 2 to Level 1
<b>Financial assets</b>		
Trading securities	1.4	3.2
Securities designated as at fair value through profit or loss	0.6	–
Investment securities available-for-sale	0.5	–
<b>Total transfers for financial assets</b>	<b>2.5</b>	<b>3.2</b>
<b>Financial liabilities</b>		
Obligation to deliver securities	(0.5)	(1.0)
<b>Total transfers for financial liabilities</b>	<b>(0.5)</b>	<b>(1.0)</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.

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

<i>(unaudited)</i> in billions of Russian Roubles	At 1 January 2013 (audited)	Total gains reported in income statement	Total gains reported in other compre- hensive income	Purchases	Sales	Transfers from Level 3	Transfers to Level 3	At 30 June 2013
<b>Financial assets</b>								
Trading securities	0.9	–	–	–	–	–	0.1	1.0
Securities designated as at fair value through profit or loss	7.1	(0.3)	–	–	–	–	–	6.8
Investment securities available-for-sale	18.1	0.2	–	–	0.8	(13.7)	–	5.4
Derivative financial instruments	22.2	(1.7)	1.1	0.2	(2.7)	(0.3)	–	18.8
<b>Total level 3 financial assets</b>	<b>48.3</b>	<b>(1.8)</b>	<b>1.1</b>	<b>0.2</b>	<b>(1.9)</b>	<b>(14.0)</b>	<b>0.1</b>	<b>32.0</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>–</b>	<b>–</b>	<b>1.3</b>

## **Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2013**

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

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

For the six months ended 30 June 2013 the losses in the amount of RR 1.6 billion reported in income statement on Level 3 financial assets were unrealized.

For the six months ended 30 June 2013 the gains in the amount of RR 1.1 billion reported in components of other comprehensive income on Level 3 financial assets were unrealized.

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

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

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

#### **Valuation of investments in shares of an associated company involved in innovation business as at fair value through profit and loss of RR 3.6 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 30 June 2013 the estimated value of the WACC used by the Group comprised 19.59%.

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 available-for-sale shares in a real estate company of RR 3.3 billion using valuation techniques based on non-observable inputs**

The Group determined fair value of investments based on discounted cash flow model using the following key assumptions: type of WACC and estimated capitalization rate which depend on forecasts on property prices. As at 30 June 2013 the estimated value of the WACC used by the Group comprised 12%.

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 30 June 2013 the estimated value of the WACC used by the Group comprised 10%.

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.

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

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

#### 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.

Fair value of the underlying shares as at 30 June 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.

#### Valuation of foreign currency derivatives contracts of RR 15.3 billion using non-observable inputs

The inputs used for estimation of fair values of foreign currency derivatives as at 30 June 2013 were the yield to maturity of the Belarusian Eurobonds in USD 8.16%. The obligations in Belarusian roubles were estimated against the prevailing rate of attracting funds in Belarusian roubles at the reporting date 25.5%. Should the input rate for Belarusian roubles decrease for 1000 base points the carrying value of the foreign currency derivatives would be 4.1% lower.

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

<i>In billions of Russian Roubles</i>	30 June 2013 (unaudited)		31 December 2012	
	Carrying value	Fair value	Carrying value	Fair value
<b>Financial assets carried at amortized cost</b>				
Cash and cash equivalents	1,136.1	1,136.1	1,290.8	1,290.8
Mandatory cash balances with central banks	259.7	259.7	211.2	211.2
Due from banks	589.1	590.0	114.8	114.8
Loans and advances to customers:				
- Commercial loans to legal entities	5,146.6	5,361.2	4,971.6	5,029.4
- Specialized loans to legal entities	2,935.5	3,022.7	2,765.7	2,734.4
- Consumer and other loans to individuals	1,658.5	1,529.7	1,524.2	1,464.2
- Mortgage loans to individuals	1,260.5	1,237.3	1,116.9	1,094.1
- Car loans to individuals	133.4	130.6	120.9	118.2
Securities pledged under repurchase agreements:				
- Investment securities held-to-maturity pledged under repurchase agreements	175.8	177.6	267.5	266.8
Investment securities held-to-maturity	139.6	138.5	105.9	105.5
Other financial assets	177.8	177.8	153.2	153.2
<b>Total financial assets carried at amortized cost</b>	<b>13,612.6</b>	<b>13,761.2</b>	<b>12,642.7</b>	<b>12,582.6</b>

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

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

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

<i>In billions of Russian Roubles</i>	30 June 2013 (unaudited)		31 December 2012	
	Carrying value	Fair value	Carrying value	Fair value
<b>Financial liabilities carried at amortized cost</b>				
Due to banks	999.4	999.6	1,452.4	1,452.4
Due to Individuals:				
- Current/demand accounts	1,402.5	1,402.5	1,401.1	1,401.1
- Term deposits	6,065.4	6,054.6	5,582.1	5,541.7
Due to corporate customers:				
- Current/settlement accounts of state and public organisations	102.8	102.8	99.0	99.0
- Term deposits of state and public organisations	288.6	290.3	270.1	273.9
- Current/settlement accounts of other corporate customers	1,312.4	1,312.4	1,130.1	1,130.1
- Term deposits of other corporate customers	1,983.9	2,065.7	1,696.9	1,722.1
Debt securities in issue:				
- Loan participation notes issued under the MTN programme	341.3	348.5	291.6	315.0
- Savings certificates	309.9	312.5	227.2	231.6
- Promissory notes	81.4	81.7	110.1	109.7
- Notes issued under the ECP programme	72.5	72.6	16.1	16.1
- Bonds issued	57.2	57.5	44.3	44.5
- Other debt securities except for structured notes	1.9	1.9	0.1	0.1
Other borrowed funds	576.0	578.0	469.2	467.4
Other financial liabilities	228.9	228.9	164.7	164.7
Subordinated debt:				
- Subordinated debt received by the Group from the Bank of Russia	313.0	313.0	303.3	303.3
- Subordinated debt received under the MTN programme	98.6	92.8	61.1	62.3
- Other subordinated debts	24.4	23.0	20.3	19.0
<b>Total financial liabilities carried at amortized cost</b>	<b>14,260.1</b>	<b>14,338.3</b>	<b>13,339.7</b>	<b>13,354.0</b>

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

### 25 Transfers of Financial Assets

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

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

<i>In billions of Russian Roubles</i>	30 June 2013 (unaudited)				31 December 2012			
	Due to banks		Due to customers		Due to banks		Due to customers	
	Carrying value of assets	Carrying value of related liability	Carrying value of assets	Carrying value of related liability	Carrying value of assets	Carrying value of related liability	Carrying value of assets	Carrying value of related liability
Securities pledged under repurchase agreements	687.3	643.1	0.5	18.7	919.2	845.9	30.5	23.8
Securities issued by the Bank pledged under repurchase agreements	1.9	1.7	0.6	0.5	0.4	0.3	0.8	0.7
Securities of clients pledged under repurchase agreements	65.7	48.6	30.0	22.0	10.2	8.8	17.6	11.9
Trading securities	1.2	1.2	–	–	–	–	–	–
<b>Total before margin calls</b>	<b>756.1</b>	<b>694.6</b>	<b>31.1</b>	<b>41.2</b>	<b>929.8</b>	<b>855.0</b>	<b>48.9</b>	<b>36.4</b>
Other financial assets (margin calls under repurchase agreements)	24.7	–	5.1	–	2.4	–	1.1	–
<b>Total</b>	<b>780.8</b>	<b>694.6</b>	<b>36.2</b>	<b>41.2</b>	<b>932.2</b>	<b>855.0</b>	<b>50.0</b>	<b>36.4</b>

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

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

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

<i>In billions of Russian Roubles</i>	30 June 2013 (unaudited)		31 December 2012	
	Carrying value of assets	Carrying value of related liability	Carrying value of assets	Carrying value of related liability
Loans to corporate customers	12.4	8.7	224.8	170.7
Loans to individuals	6.1	5.1	–	–
Securities	21.9	20.7	20.0	17.6
Other assets	7.4	6.0	–	–
<b>Total</b>	<b>47.8</b>	<b>40.5</b>	<b>244.8</b>	<b>188.3</b>

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>	30 June 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	45.9	52.5	81.1	88.7
Due from banks	52.9	61.1	9.8	12.1
Loans and advances to customers	155.3	210.2	133.5	167.3
<b>Total</b>	<b>254.1</b>	<b>323.8</b>	<b>224.4</b>	<b>268.1</b>



## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 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 personnel, 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 30 June 2013 and 31 December 2012, the outstanding balances with the Bank of Russia and other related parties were as follows:

<i>In billions of Russian Roubles</i>	30 June 2013 (unaudited)		31 December 2012	
	the Bank of Russia	Other related parties	the Bank of Russia	Other related parties
<b>Assets</b>				
Cash and cash equivalents	172.7	–	260.4	–
Mandatory cash balances with the Bank of Russia	140.0	–	122.6	–
Gross amount of loans and advances to customers	–	0.1	–	0.1
Other assets	–	44.9	–	23.0
<b>Liabilities</b>				
Due to banks	602.4	–	1,070.8	–
Due to individuals	–	4.1	–	8.3
Due to corporate customers	–	0.7	–	0.9
Subordinated debt	313.0	–	303.3	–

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

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Six months ended 30 June			
	2013		2012	
	the Bank of Russia	Other related parties	the Bank of Russia	Other related parties
Interest expense on subordinated debt	(9.6)	–	(9.7)	–
Interest expense other than on subordinated debt	(20.0)	(0.2)	(13.3)	(0.1)
Net provision charge for loan impairment	–	–	–	(0.3)
Operating expenses	(0.6)	(0.1)	(0.6)	–

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

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Three months ended 30 June			
	2013		2012	
	the Bank of Russia	Other related parties	the Bank of Russia	Other related parties
Interest expense on subordinated debt	(4.9)	–	(4.8)	–
Interest expense other than on subordinated debt	(9.3)	(0.1)	(7.6)	(0.1)
Operating expenses	(0.3)	–	(0.3)	–

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

### 26 Related Party Transactions (continued)

For the six months ended 30 June 2013, remuneration of the members of the key management personnel comprised salaries and bonuses totaling RR 0.5 billion (for the six months ended 30 June 2012: RR 0.4 billion).

For the three months ended 30 June 2013, remuneration of the members of the key management personnel comprised salaries and bonuses totaling RR 0.3 billion (for the three months ended 30 June 2012: RR 0.2 billion).

### 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 30 June 2013 are disclosed below:

<i>(unaudited)</i> <i>in billions of Russian</i> <i>Roubles</i>		<b>Loans and advances to customers/Due from banks</b>	<b>Due to corporate customers/Due to banks</b>	<b>Guarantees issued</b>
<b>Client</b>	<b>Sector</b>			
Client 1	Oil and gas	35.2	148.3	22.5
Client 2	Oil and gas	–	111.9	–
Client 3	Oil and gas	3.6	17.4	0.2
Client 4	Energy	117.3	37.1	–
Client 5	Energy	93.4	19.1	0.1
Client 6	Energy	63.5	66.5	–
Client 7	Telecommunications	120.8	–	10.6
Client 8	Machine building	94.8	41.1	23.4
Client 9	Machine building	90.0	26.4	15.5
Client 10	Machine building	85.3	–	12.0
Client 11	Machine building	–	–	27.9
Client 12	Machine building	4.7	–	11.3
Client 13	Transport, aviation, space industry	–	–	23.3
Client 14	Transport, aviation, space industry	2.8	–	17.8
Client 15	Government and municipal bodies	–	93.2	–
Client 16	Government and municipal bodies	–	62.1	–
Client 17	Banking	29.6	63.9	–
Client 18	Banking	37.9	–	–
Client 19	Services	8.0	–	29.0
Client 20	Other	66.1	–	–

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

<i>In billions of Russian Roubles</i>		Loans and advances to customers/Due from banks	Due to corporate customers/Due to banks	Guarantees issued
Client	Sector			
Client 1	Oil and gas	77.0	23.4	–
Client 2	Oil and gas	4.3	16.7	–
Client 3	Oil and gas	4.4	–	0.2
Client 4	Energy	106.7	35.0	0.6
Client 5	Energy	110.9	23.7	–
Client 6	Energy	62.5	63.3	–
Client 7	Telecommunications	137.4	–	–
Client 8	Machine building	81.5	25.1	8.4
Client 9	Machine building	84.2	25.0	–
Client 10	Machine building	79.0	–	8.9
Client 11	Machine building	–	–	17.6
Client 12	Machine building	3.7	–	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	–	55.7	–
Client 16	Government and municipal bodies	–	73.8	–
Client 17	Banking	33.3	25.2	–
Client 18	Banking	0.9	20.2	100.0
Client 19	Services	5.7	–	15.7
Client 20	Other	57.4	–	–
Client 21	Government and municipal bodies	–	32.0	–
Client 22	Government and municipal bodies	–	15.0	–
Client 23	Services	–	17.6	–

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

<i>In billions of Russian Roubles</i>	30 June 2013 (unaudited)		31 December 2012	
	Corporate bonds	Corporate shares	Corporate bonds	Corporate shares
Trading securities	13.3	3.4	11.2	1.4
Securities designated at fair value through profit or loss	–	–	0.1	–
Securities pledged under repurchase agreements	159.0	4.1	98.9	3.9
Investment securities available-for-sale	151.2	11.5	166.9	15.2
Investment securities held-to-maturity	9.7	–	8.9	–

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

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

### 28 Principal Subsidiaries

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

Name	Nature of business	Percentage of ownership	Country of registration
<b>Subsidiaries:</b>			
DenizBank (DenizBank AS)	banking	99.85%	Turkey
Sberbank Europe AG	banking	100.00%	Austria
OJSC BPS-Sberbank	banking	97.91%	Belarus
SB JSC Sberbank	banking	100.00%	Kazakhstan
JSC Sberbank of Russia	banking	100.00%	Ukraine
Sberbank (Switzerland) AG	banking	99.15%	Switzerland
Cetelem Bank LLC (former BNP Paribas Vostok LLC)	banking	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 Polyana	construction	50.03%	Russia
LLC Khrustalnye Bashni	construction	50.01%	Russia

During the six months ended 30 June 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 Group has finalized purchase price allocation of identifiable assets and liabilities of OJSC Krasnaya Polyana and several other companies based on the final results of an independent external appraisal. Final goodwill from the business combination at the acquisition date was as follows:

*(unaudited)*

*in billions of Russian Roubles*

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

The share of the subsidiaries of the Bank in the consolidated assets of the Group as at 30 June 2013 was 16.0% (31 December 2012: 14.5%).

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

### 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 by the Bank above the minimum level of 10%. As at 30 June 2013 this regulatory capital adequacy ratio N1 was 13.2% (31 December 2012: 12.6%). Compliance with capital adequacy ratios set by the Bank of Russia is monitored monthly with reports outlining the calculation.

The Group also monitors capital adequacy ratio based on Basel Accord to make sure it maintains a level of at least 8%. As at 30 June 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>30 June 2013 (unaudited)</b>	<b>31 December 2012</b>
<b><i>Tier 1 capital</i></b>		
Share capital	87.7	87.7
Share premium	232.6	232.6
Retained earnings	1,304.2	1,186.7
Treasury shares	(5.4)	(7.6)
Less goodwill	(27.6)	(25.0)
<b><i>Total Tier 1 capital</i></b>	<b>1,591.5</b>	<b>1,474.4</b>
<b><i>Tier 2 capital</i></b>		
Revaluation reserve for premises	77.7	79.0
Fair value reserve for investment securities available-for-sale	0.7	16.8
Foreign currency translation reserve	(2.8)	(4.7)
Subordinated capital	432.2	382.7
Less investments in associates	(9.3)	(8.6)
<b><i>Total Tier 2 capital</i></b>	<b>498.5</b>	<b>465.2</b>
<b>Total capital</b>	<b>2,090.0</b>	<b>1,939.6</b>
<b>Risk weighted assets (RWA)</b>		
Credit risk	14,777.7	13,693.1
Market risk	311.5	452.5
<b>Total risk weighted assets (RWA)</b>	<b>15,089.2</b>	<b>14,145.6</b>
<b>Core capital adequacy ratio (Total Tier 1 capital to Total RWA)</b>	<b>10.5</b>	<b>10.4</b>
<b>Total capital adequacy ratio (Total capital to Total RWA)</b>	<b>13.9</b>	<b>13.7</b>

## **Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2013**

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### **30 Subsequent Events**

On 4 July 2013 the Bank and Yandex, the Russian internet company, announced the completion of the previously announced acquisition by the Bank of 75% share minus one Russian Rouble in Yandex. Money for USD 60 million. The key objective of this deal is to drive innovation in online retail payment solutions. Yandex will retain a substantial interest of 25% plus one Russian Rouble. Final amounts of identifiable assets acquired and liabilities assumed during the business combination and the amount of goodwill / bargain purchase gain are not finalized yet.

On 9 July 2013 the Bank, Standard Bank and the Troika Dialog Partnership have agreed on preschedule settlements for the acquisition of 100% of Troika Dialog Group Ltd. As part of the second stage of the deal, Standard Bank and the Troika Dialog Partnership, the selling shareholders, are entitled to additional compensation in the amount of USD 400 million: USD 350 million is paid upon the signing of the agreement and the remaining USD 50 million is paid subject to the successful completion of the integration and the achievement of the net profit target for 2013.

On 18 July 2013 the Bank and BNP Paribas Personal Finance have agreed to expand the car loan market on the platform of Cetelem Bank LLC by transferring the Bank's car loan business, generated through partnerships with car manufacturers and car dealers, to Cetelem Bank LLC. In accordance with the terms of the transaction, the Bank will increase its share in Cetelem Bank LLC in 2013 from 70% up to 74% leaving the governance unchanged. After three years, the Bank has an option to increase its share in Cetelem Bank LLC up to 80%.

On 19 July 2013 the Group disposed of a 25% share in the Russian retail company OJSC Detskiy Mir. In these interim condensed consolidated financial statements the company was accounted for as an associate using equity method.

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

In July 2013 the Group increased share capital of its subsidiary OJSC Krasnaya Polyana by additional share issue in the amount of RR 13.9 billion. As at the date of issue of these interim condensed financial statements the results of additional share issue were not yet registered.