

**Sberbank of Russia and its subsidiaries**

Interim Condensed Consolidated Financial Statements  
and Report on Review

*30 June 2016*

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**Interim Condensed Consolidated Financial Statements**

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## ***Report on Review of Interim Condensed Consolidated Financial Statements***

To the Shareholders and the Supervisory Board of Sberbank

### **Introduction**

We have reviewed the accompanying interim consolidated statement of financial position of Sberbank and its subsidiaries (the "Group") as at 30 June 2016 and the related interim consolidated statements of profit or loss and comprehensive income for the three-month and six-month periods then ended, interim consolidated statements of changes in equity and cash flows for the six-month period then ended and selected explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

### **Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

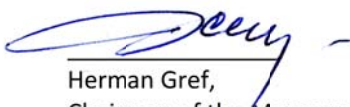
A handwritten signature in blue ink, which appears to read "AO PricewaterhouseCoopers Audit".

24 August 2016  
Moscow, Russian Federation

## Interim Consolidated Statement of Financial Position

| <i>in billions of Russian Roubles</i>  | Note | 30 June<br>2016<br>(unaudited) | 31 December<br>2015 |
|--|------|--------------------------------|---------------------|
| <b>ASSETS</b>  |      |                                |                     |
| Cash and cash equivalents  |      | 1,951.6                        | 2,333.6             |
| Mandatory cash balances with central banks   |      | 411.5                          | 387.9               |
| Financial assets at fair value through profit or loss  | 5    | 715.3                          | 866.8               |
| Due from banks   | 6    | 783.2                          | 750.6               |
| Loans and advances to customers  | 7    | 17,946.9                       | 18,727.8            |
| Securities pledged under repurchase agreements   | 8    | 141.2                          | 222.0               |
| Investment securities available-for-sale   | 9    | 2,085.2                        | 1,874.3             |
| Investment securities held-to-maturity   | 10   | 471.5                          | 477.7               |
| Deferred tax asset   |      | 16.5                           | 17.3                |
| Premises and equipment   |      | 484.8                          | 499.2               |
| Assets of the disposal groups and non-current assets held for sale                             | 11   | 128.7                          | 212.7               |
| Other financial assets   | 12   | 344.6                          | 671.0               |
| Other non-financial assets   | 12   | 313.0                          | 293.8               |
| <b>TOTAL ASSETS</b>  |      | <b>25,794.0</b>                | <b>27,334.7</b>     |
| <b>LIABILITIES</b>   |      |                                |                     |
| Due to banks   | 13   | 651.7                          | 1,045.9             |
| Due to individuals   | 14   | 11,957.1                       | 12,043.7            |
| Due to corporate customers   | 14   | 6,830.2                        | 7,754.6             |
| Debt securities in issue   | 15   | 1,305.9                        | 1,378.5             |
| Other borrowed funds   |      | 319.5                          | 398.0               |
| Financial liabilities at fair value through profit or loss other than debt securities in issue | 16   | 262.5                          | 426.6               |
| Deferred tax liability   |      | 91.0                           | 132.0               |
| Liabilities of the disposal groups   | 11   | 106.7                          | 185.9               |
| Provisions on insurance and pension operations   | 17   | 439.9                          | 323.6               |
| Other financial liabilities  | 17   | 357.1                          | 397.6               |
| Other non-financial liabilities  | 17   | 92.2                           | 66.8                |
| Subordinated debt  | 18   | 775.9                          | 806.5               |
| <b>TOTAL LIABILITIES</b>   |      | <b>23,189.7</b>                | <b>24,959.7</b>     |
| <b>EQUITY</b>  |      |                                |                     |
| Share capital  |      | 87.7                           | 87.7                |
| Treasury shares  |      | (6.9)                          | (6.7)               |
| Share premium  |      | 232.6                          | 232.6               |
| Revaluation reserve for office premises  |      | 67.4                           | 69.3                |
| Fair value reserve for investment securities available-for-sale                                |      | 16.6                           | (45.7)              |
| Foreign currency translation reserve   |      | 50.1                           | 101.1               |
| Remeasurement of defined benefit pension plans   |      | (1.3)                          | (0.7)               |
| Retained earnings  |      | 2,155.4                        | 1,935.2             |
| <b>Total equity attributable to shareholders of the Bank</b>                                   |      | <b>2,601.6</b>                 | <b>2,372.8</b>      |
| Non-controlling interest   |      | 2.7                            | 2.2                 |
| <b>TOTAL EQUITY</b>  |      | <b>2,604.3</b>                 | <b>2,375.0</b>      |
| <b>TOTAL LIABILITIES AND EQUITY</b>  |      | <b>25,794.0</b>                | <b>27,334.7</b>     |

Approved for issue and signed on behalf of the Management Board on 24 August 2016.



Herman Gref,  
Chairman of the Management Board and CEO



Marina Lukianova,  
Chief Accountant

## Interim Consolidated Statement of Profit or Loss

| <i>(unaudited)</i><br><i>in billions of Russian Roubles</i>  | Note      | Six months<br>ended 30 June |              | Three months<br>ended 30 June |              |
|--|-----------|-----------------------------|--------------|-------------------------------|--------------|
|  |           | 2016                        | 2015         | 2016                          | 2015         |
| Interest income  | 19        | 1,212.5                     | 1,106.5      | 599.5                         | 544.6        |
| Interest expense   | 19        | (525.4)                     | (661.0)      | (249.3)                       | (308.3)      |
| Deposit insurance expenses   | 19        | (22.3)                      | (18.1)       | (10.9)                        | (9.2)        |
| <b>Net interest income</b>   |           | <b>664.8</b>                | <b>427.4</b> | <b>339.3</b>                  | <b>227.1</b> |
| Net provision charge for impairment of debt financial assets   | 7,10      | (180.4)                     | (232.4)      | (96.5)                        | (117.1)      |
| <b>Net interest income after provision charge for impairment of debt financial assets</b>  |           | <b>484.4</b>                | <b>195.0</b> | <b>242.8</b>                  | <b>110.0</b> |
| Fee and commission income  | 20        | 199.3                       | 169.9        | 104.7                         | 86.5         |
| Fee and commission expense   | 20        | (36.2)                      | (28.4)       | (18.8)                        | (14.0)       |
| Net gains from trading securities  |           | 4.3                         | 2.2          | 2.0                           | 3.0          |
| Net gains from securities designated as at fair value through profit or loss   |           | 3.8                         | 7.7          | 2.2                           | 3.1          |
| Net gains from investment securities available-for-sale  |           | 6.7                         | 2.2          | 5.4                           | 0.4          |
| Impairment of investment securities available-for-sale   |           | (0.3)                       | —            | —                             | —            |
| Net (losses) / gains from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation | 21        | (42.9)                      | 44.5         | (18.0)                        | 17.4         |
| Net gains from operations with precious metals, precious metals derivatives and precious metals accounts translation                   |           | 4.8                         | 1.4          | 2.2                           | 5.6          |
| Net losses from operations with other derivatives  |           | (3.1)                       | (0.6)        | (2.0)                         | (1.7)        |
| Goodwill impairment  |           | (0.3)                       | (0.2)        | (0.3)                         | (0.2)        |
| Losses on initial recognition of financial instruments and on loans restructuring  |           | —                           | (1.5)        | —                             | —            |
| Net (charge for) / recovery of other provisions  | 12,17     | (8.2)                       | 3.2          | 7.6                           | 2.5          |
| Revenue of non-banking business activities   | 22        | 13.6                        | 9.8          | 6.1                           | 4.4          |
| Cost of sales and other expenses of non-banking business activities  | 22        | (12.0)                      | (10.8)       | (5.7)                         | (4.3)        |
| Net premiums from insurance and pension fund operations  | 23        | 139.5                       | 183.8        | 23.6                          | 174.5        |
| Net claims, benefits, change in contract liabilities and acquisition costs on insurance and pension fund operations                    | 23        | (134.8)                     | (179.0)      | (22.5)                        | (171.0)      |
| Other net operating income   |           | 21.4                        | 12.1         | 17.0                          | 5.5          |
| <b>Operating income</b>  |           | <b>640.0</b>                | <b>411.3</b> | <b>346.3</b>                  | <b>221.7</b> |
| Operating expenses   | 24        | (312.6)                     | (286.3)      | (168.8)                       | (146.6)      |
| <b>Profit before tax</b>   |           | <b>327.4</b>                | <b>125.0</b> | <b>177.5</b>                  | <b>75.1</b>  |
| Income tax expense   |           | (64.3)                      | (39.8)       | (32.1)                        | (20.5)       |
| <b>Profit for the period</b>   |           | <b>263.1</b>                | <b>85.2</b>  | <b>145.4</b>                  | <b>54.6</b>  |
| Attributable to:   |           |                             |              |                               |              |
| - shareholders of the Bank   |           | 262.6                       | 84.8         | 144.6                         | 54.2         |
| - non-controlling interest   |           | 0.5                         | 0.4          | 0.8                           | 0.4          |
| <b>Earnings per ordinary share attributable to the shareholders of the Bank, basic and diluted</b><br>(expressed in RR per share)      | <b>25</b> | <b>12.10</b>                | <b>3.92</b>  | <b>6.62</b>                   | <b>2.50</b>  |

Approved for issue and signed on behalf of the Management Board on 24 August 2016.



Herman Gref,  
Chairman of the Management Board and CEO



Marina Lukianova,  
Chief Accountant

## Interim Consolidated Statement of Comprehensive Income

| <i>(unaudited)</i><br><i>in billions of Russian Roubles</i>  | Six months<br>ended 30 June |              | Three months<br>ended 30 June |              |
|--|-----------------------------|--------------|-------------------------------|--------------|
|  | 2016                        | 2015         | 2016                          | 2015         |
| <b>Profit for the period</b>   | <b>263.1</b>                | <b>85.2</b>  | <b>145.4</b>                  | <b>54.6</b>  |
| <b>Other comprehensive income:</b>   |                             |              |                               |              |
| <i>Items to be reclassified to profit or loss in subsequent periods</i>  |                             |              |                               |              |
| Investment securities available-for-sale:  |                             |              |                               |              |
| - Net gains on revaluation of investment securities available-for-sale, net of tax   | 67.5                        | 105.8        | 31.7                          | 42.8         |
| - Impairment of investment securities available-for-sale transferred to statement of profit or loss, net of tax                      | 0.2                         | —            | —                             | —            |
| - Accumulated gains transferred to statement of profit or loss upon disposal of investment securities available-for-sale, net of tax | (5.4)                       | (1.8)        | (4.4)                         | (0.4)        |
| Exchange differences on translating foreign operations   | (51.0)                      | (35.9)       | (23.4)                        | (20.0)       |
| <b>Total other comprehensive income to be reclassified to profit or loss in subsequent periods, net of tax</b>                       | <b>11.3</b>                 | <b>68.1</b>  | <b>3.9</b>                    | <b>22.4</b>  |
| <i>Items that will not be reclassified to profit or loss in subsequent periods</i>   |                             |              |                               |              |
| Remeasurement of defined benefit pension plans   | (0.6)                       | (1.2)        | —                             | (0.1)        |
| <b>Total other comprehensive loss that will not be reclassified to profit or loss in subsequent periods</b>                          | <b>(0.6)</b>                | <b>(1.2)</b> | <b>—</b>                      | <b>(0.1)</b> |
| <b>Total other comprehensive income</b>  | <b>10.7</b>                 | <b>66.9</b>  | <b>3.9</b>                    | <b>22.3</b>  |
| <b>Total comprehensive income for the period</b>   | <b>273.8</b>                | <b>152.1</b> | <b>149.3</b>                  | <b>76.9</b>  |
| Attributable to:   |                             |              |                               |              |
| - shareholders of the Bank   | 273.3                       | 151.7        | 148.5                         | 76.5         |
| - non-controlling interest   | 0.5                         | 0.4          | 0.8                           | 0.4          |

## Interim Consolidated Statement of Changes in Equity

| <i>in billions of Russian Roubles</i>   | Note | Attributable to shareholders of the Bank |                 |               |   |   |                                      |  |                   |                |                          |                |
|---|------|--|-----------------|---------------|---|---|--------------------------------------|--|-------------------|----------------|--------------------------|----------------|
|   |      | Share capital                            | Treasury shares | Share premium | Revaluation reserve for office premises | Fair value reserve for investment securities available-for-sale | Foreign currency translation reserve | Remeasurement of defined benefit pension plans | Retained earnings | Total          | Non-controlling interest | Total equity   |
| <b>Balance as at 31 December 2014</b>   |      | <b>87.7</b>                              | <b>(7.6)</b>    | <b>232.6</b>  | <b>72.3</b>                             | <b>(171.4)</b>  | <b>83.2</b>                          | <b>—</b>                                       | <b>1,718.8</b>    | <b>2,015.6</b> | <b>4.5</b>               | <b>2,020.1</b> |
| <b>Changes in equity for the six months ended 30 June 2015 (unaudited)</b>        |      |  |                 |               |   |   |                                      |  |                   |                |                          |                |
| Net result from treasury shares transactions                                      |      | —  | 1.3             | —             | —                                       | —   | —                                    | —  | 0.1               | <b>1.4</b>     | —                        | <b>1.4</b>     |
| Dividends declared  | 25   | —  | —               | —             | —                                       | —   | —                                    | —  | (10.2)            | <b>(10.2)</b>  | —                        | <b>(10.2)</b>  |
| Transfer of revaluation reserve for office premises upon disposal or depreciation |      | —  | —               | —             | (1.4)                                   | —   | —                                    | —  | 1.4               | —              | —                        | —              |
| Changes in ownership interest in subsidiaries                                     |      | —  | —               | —             | —                                       | —   | —                                    | —  | —                 | —              | (0.8)                    | <b>(0.8)</b>   |
| <i>Profit for the period</i>  |      | —  | —               | —             | —                                       | —   | —                                    | —  | 84.8              | <b>84.8</b>    | 0.4                      | <b>85.2</b>    |
| <i>Other comprehensive income / (loss) for the period</i>                         |      | —  | —               | —             | —                                       | 104.0   | (35.9)                               | (1.2)  | —                 | <b>66.9</b>    | —                        | <b>66.9</b>    |
| Total comprehensive income / (loss) for the period                                |      | —  | —               | —             | —                                       | 104.0   | (35.9)                               | (1.2)  | 84.8              | <b>151.7</b>   | 0.4                      | <b>152.1</b>   |
| <b>Balance as at 30 June 2015 (unaudited)</b>                                     |      | <b>87.7</b>                              | <b>(6.3)</b>    | <b>232.6</b>  | <b>70.9</b>                             | <b>(67.4)</b>   | <b>47.3</b>                          | <b>(1.2)</b>                                   | <b>1,794.9</b>    | <b>2,158.5</b> | <b>4.1</b>               | <b>2,162.6</b> |
| <b>Balance as at 31 December 2015</b>   |      | <b>87.7</b>                              | <b>(6.7)</b>    | <b>232.6</b>  | <b>69.3</b>                             | <b>(45.7)</b>   | <b>101.1</b>                         | <b>(0.7)</b>                                   | <b>1,935.2</b>    | <b>2,372.8</b> | <b>2.2</b>               | <b>2,375.0</b> |
| <b>Changes in equity for the six months ended 30 June 2016 (unaudited)</b>        |      |  |                 |               |   |   |                                      |  |                   |                |                          |                |
| Net result from treasury shares transactions                                      |      | —  | (0.2)           | —             | —                                       | —   | —                                    | —  | 0.1               | <b>(0.1)</b>   | —                        | <b>(0.1)</b>   |
| Dividends declared  | 25   | —  | —               | —             | —                                       | —   | —                                    | —  | (44.4)            | <b>(44.4)</b>  | —                        | <b>(44.4)</b>  |
| Transfer of revaluation reserve for office premises upon disposal or depreciation |      | —  | —               | —             | (1.9)                                   | —   | —                                    | —  | 1.9               | —              | —                        | —              |
| <i>Profit for the period</i>  |      | —  | —               | —             | —                                       | —   | —                                    | —  | 262.6             | <b>262.6</b>   | 0.5                      | <b>263.1</b>   |
| <i>Other comprehensive income / (loss) for the period</i>                         |      | —  | —               | —             | —                                       | 62.3  | (51.0)                               | (0.6)  | —                 | <b>10.7</b>    | —                        | <b>10.7</b>    |
| Total comprehensive income / (loss) for the period                                |      | —  | —               | —             | —                                       | 62.3  | (51.0)                               | (0.6)  | 262.6             | <b>273.3</b>   | 0.5                      | <b>273.8</b>   |
| <b>Balance as at 30 June 2016 (unaudited)</b>                                     |      | <b>87.7</b>                              | <b>(6.9)</b>    | <b>232.6</b>  | <b>67.4</b>                             | <b>16.6</b>   | <b>50.1</b>                          | <b>(1.3)</b>                                   | <b>2,155.4</b>    | <b>2,601.6</b> | <b>2.7</b>               | <b>2,604.3</b> |

## Interim Consolidated Statement of Cash Flows

| <i>(unaudited)</i><br><i>in billions of Russian Roubles</i>  | <b>Six months ended 30 June</b> |                |
|--|---------------------------------|----------------|
|  | <b>2016</b>                     | <b>2015</b>    |
| <b>Cash flows from operating activities</b>  |                                 |                |
| Interest received  | 1,175.6                         | 1,074.4        |
| Interest paid  | (462.2)                         | (596.7)        |
| Deposit insurance expenses paid  | (21.5)                          | (17.2)         |
| Fees and commissions received  | 203.2                           | 171.9          |
| Fees and commissions paid  | (35.4)                          | (26.9)         |
| Net losses incurred on trading securities  | (0.1)                           | (1.1)          |
| Dividends received   | 1.8                             | 0.6            |
| Net gains received / (losses incurred) on securities designated as at fair value through profit or loss        | 0.6                             | (1.5)          |
| Net losses incurred from trading in foreign currencies and from operations with foreign currency derivatives   | (30.8)                          | (150.9)        |
| Net gains received / (losses incurred) from operations with other derivatives                                  | 5.8                             | (8.0)          |
| Net gains received from operations with precious metals and precious metals derivatives                        | 0.1                             | 1.8            |
| Revenue received from non-banking business activities  | 16.6                            | 10.7           |
| Expenses paid on non-banking business activities   | (12.8)                          | (12.4)         |
| Insurance premiums received  | 38.5                            | 20.6           |
| Claims, benefits and acquisition costs on insurance operations paid  | (0.9)                           | (0.5)          |
| Pension fund premiums received   | 99.5                            | 159.5          |
| Claims, benefits and acquisition costs on pension fund operations paid   | (18.5)                          | (7.5)          |
| Other operating income received  | 5.7                             | 8.6            |
| Operating expenses paid  | (222.5)                         | (209.5)        |
| Income tax paid  | (81.6)                          | (26.6)         |
| <b>Cash flows from operating activities before changes in operating assets and liabilities</b>                 | <b>661.1</b>                    | <b>389.3</b>   |
| <b>Changes in operating assets and liabilities</b>   |                                 |                |
| Net increase in mandatory cash balances with central banks   | (59.6)                          | (68.9)         |
| Net increase in financial assets at fair value through profit or loss  | (69.4)                          | (53.6)         |
| Net increase in due from banks   | (77.9)                          | (380.2)        |
| Net (increase) / decrease in loans and advances to customers   | (190.6)                         | 473.3          |
| Net decrease in other assets   | 245.8                           | 190.9          |
| Net decrease in due to banks   | (345.4)                         | (1,584.2)      |
| Net increase in due to individuals   | 333.2                           | 884.6          |
| Net decrease in due to corporate customers   | (398.1)                         | (110.1)        |
| Net increase in debt securities in issue   | 52.7                            | 56.8           |
| Net decrease in financial liabilities at fair value through profit or loss other than debt securities in issue | (9.6)                           | (10.9)         |
| Net decrease in other liabilities  | (42.4)                          | (36.5)         |
| <b>Net cash from / (used in) operating activities</b>  | <b>99.8</b>                     | <b>(249.5)</b> |



## Interim Consolidated Statement of Cash Flows (Continued)

| <i>(unaudited)</i><br><i>in billions of Russian Roubles</i>   | Note | Six months ended 30 June |                |
|---|------|--------------------------|----------------|
|   |      | 2016                     | 2015           |
| <b>Cash flows from investing activities</b>   |      |                          |                |
| Purchase of investment securities available-for-sale  |      | (945.1)                  | (265.5)        |
| Proceeds from disposal and redemption of investment securities available-for-sale                   |      | 735.5                    | 438.0          |
| Purchase of investment securities held-to-maturity  |      | (18.5)                   | (2.4)          |
| Proceeds from redemption of investment securities held-to-maturity                                  |      | 24.6                     | 21.0           |
| Acquisition of premises and equipment and intangible assets   |      | (28.5)                   | (42.8)         |
| Proceeds from disposal of premises and equipment and intangible assets including insurance payments |      | 15.1                     | 3.5            |
| Acquisition of investment property  |      | (0.1)                    | (0.3)          |
| Proceeds from disposal of investment property   |      | 0.4                      | 0.2            |
| Proceeds from disposal of associates  |      | 0.4                      | —              |
| Acquisition of subsidiaries net of cash acquired  |      | —                        | 0.2            |
| Proceeds from disposal of subsidiaries net of cash disposed   |      | 4.9                      | 0.6            |
| <b>Net cash (used in) / from investing activities</b>   |      | <b>(211.3)</b>           | <b>152.5</b>   |
| <b>Cash flows from financing activities</b>   |      |                          |                |
| Other borrowed funds received   |      | 145.7                    | 68.2           |
| Redemption of other borrowed funds  |      | (175.9)                  | (246.6)        |
| Repayment of interest on other borrowed funds   |      | (3.5)                    | (5.5)          |
| Funds received from subordinated debt issued or reissued  |      | 0.2                      | —              |
| Redemption of subordinated debt   |      | (12.0)                   | (10.6)         |
| Repayment of interest on subordinated debt  |      | (7.5)                    | (6.6)          |
| Funds received from loan participation notes issued or reissued / other bonds issued                |      | 2.0                      | 8.1            |
| Redemption of loan participation notes / other bonds issued   |      | (39.2)                   | (13.7)         |
| Repayment of interest on loan participation notes / other bonds issued                              |      | (16.8)                   | (17.7)         |
| Cash received from non-controlling shareholders   |      | 0.5                      | —              |
| Purchase of treasury shares   |      | (0.6)                    | (3.2)          |
| Proceeds from disposal of treasury shares   |      | 0.5                      | 4.6            |
| Dividends paid  | 25   | (44.4)                   | (10.3)         |
| <b>Net cash used in financing activities</b>  |      | <b>(151.0)</b>           | <b>(233.3)</b> |
| Effect of exchange rate changes on cash and cash equivalents  |      | (118.2)                  | (29.6)         |
| Net effect of changes in cash and cash equivalents included in disposal groups                      |      | (1.3)                    | 1.6            |
| <b>Net decrease in cash and cash equivalents</b>  |      | <b>(382.0)</b>           | <b>(358.3)</b> |
| <b>Cash and cash equivalents as at the beginning of the period</b>                                  |      | <b>2,333.6</b>           | <b>2,308.8</b> |
| <b>Cash and cash equivalents as at the end of the period</b>  |      | <b>1,951.6</b>           | <b>1,950.5</b> |

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2016

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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 2016. Principal subsidiaries include Russian and foreign commercial banks and other companies controlled by the Group. A list of principal subsidiaries included in these interim condensed consolidated financial statements is disclosed in Note 34.

The Bank is a public 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 (the “Bank of Russia”), owns 52.3% of ordinary shares or 50.0% plus 1 share of the issued and outstanding shares as at 30 June 2016 (31 December 2015: 52.3% of ordinary shares or 50.0% plus 1 share of the issued and outstanding shares).

As at 30 June 2016 the Supervisory Board of the Bank is headed by Sergey M. Ignatiev, Chairman of the Bank of Russia in the period of 2002-2013. The Supervisory Board of the Bank includes representatives from both the Bank’s principal shareholder and other shareholders as well as independent directors.

The Bank operates under a general banking license issued by the Bank of Russia since 1991. In addition, the Bank holds licenses required for trading and holding securities and engaging in other securities-related activities, including acting as a broker, a dealer, a custodian, and provision of asset management services. The Bank is regulated and supervised by the Bank of Russia as a united regulator for banking, insurance and financial markets activities in the Russian Federation. The Group’s 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 2016 the Group conducts its business in Russia through Sberbank with its network of 14 (31 December 2015: 16) regional head offices, 79 (31 December 2015: 78) branches and 15,968 (31 December 2015: 16,400) sub-branches, and through principal subsidiaries located in Russia such as JSC Sberbank Leasing, LLC Sberbank Capital, companies of ex-Troika Dialog Group Ltd., JSC Non-state Pension Fund of Sberbank, LLC Insurance company “Sberbank insurance life”, LLC Insurance company “Sberbank insurance”, LLC Sberbank Factoring and Cetelem Bank LLC (former BNP Paribas Vostok LLC). From 1 January 2016 Vostochno-Sibirsky Regional head office was reorganized by reallocation of its branch network into organizational structure of Sibirsky Regional head office whereas Severo-Kavkazsky Regional head office was reorganized by reallocation of its branch network into organizational structure of Yugo-Zapadny Regional head office. 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 2016 was 327,285 (31 December 2015: 330,677).

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

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

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2016

### 1 Introduction (Continued)

At 30 June 2016 the principal rates of exchange used for translating each entity's functional currency into the Group's presentation currency and foreign currency monetary balances were as follows:

|      | /RR    | /UAH   | /BYR       | /KZT    | /EUR  | /CHF  | /TRY  |
|------|--------|--------|------------|---------|-------|-------|-------|
| RR/  | 1.000  | 0.387  | 312.493    | 5.276   | 0.014 | 0.015 | 0.045 |
| USD/ | 64.258 | 24.855 | 20,080.029 | 339.000 | 0.902 | 0.981 | 2.897 |
| EUR/ | 71.210 | 27.544 | 22,252.701 | 375.680 | 1.000 | 1.087 | 3.210 |

At 31 December 2015 the principal rates of exchange used for translating each entity's functional currency into the Group's presentation currency and foreign currency monetary balances were as follows:

|      | /RR    | /UAH   | /BYR       | /KZT    | /EUR  | /CHF  | /TRY  |
|------|--------|--------|------------|---------|-------|-------|-------|
| RR/  | 1.000  | 0.328  | 256.755    | 4.648   | 0.013 | 0.014 | 0.040 |
| USD/ | 72.883 | 23.925 | 18,713.014 | 338.729 | 0.914 | 0.991 | 2.906 |
| EUR/ | 79.697 | 26.162 | 20,462.673 | 370.400 | 1.000 | 1.084 | 3.178 |

### 2 Operating Environment of the Group

The Group conducts its business in the Russian Federation, Turkey, Belarus, Kazakhstan, Ukraine, 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.

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

The Russian economy continues to show recessionary trend. The first half of 2016 economic indicators reflect maintaining the main negative factors for economic development. The duration and depth of the recession come out from unfavorable raw material market conjuncture, particularly, low oil prices, the effect of international sectoral sanctions against Russia and reduction in investments and decline in the household consumption.

At the end of the first half of 2016 GDP declined by 0.9%<sup>1</sup> year-on-year. The annualized decline in GDP has slowed from 1.2%<sup>1</sup> in the first quarter to 0.6%<sup>1</sup> in the second quarter of 2016. At the same time the GDP decline excluding the influence of seasonal factors has almost stopped (decline of 0.2% in April, 0.1% in May, 0% in June)<sup>2</sup>.

The industrial output increased by 0.4%<sup>1</sup> in the first half of 2016 year-on-year.

Retail sales decreased by 5.7%<sup>1</sup> in the first half of 2016 year-on-year. The grounds of the deepening recession in retail are continuing fall in the real disposable income (by 5.0%<sup>1</sup> in the first half of 2016 year-on-year), shift to the savings pattern of behaviour by the public and contraction of the retail lending (by 0.8%<sup>3</sup> in the first half of 2016, adjusted for the foreign exchange revaluation). The public's propensity to save was evidenced by the growth of the share of income allocated to savings which in June 2016 reached 13.1%<sup>1</sup> of disposable income, while in 2011-2014 the average rate was 9.3%<sup>1</sup> of income. At the same time the consumer confidence index which reflects the total consumer expectations of the public increased by 4 percentage points to 26%<sup>1</sup> in the second quarter of 2016 thus returning to the level at the beginning of 2016.

<sup>1</sup> Rosstat data

<sup>2</sup> Ministry of economic development data

<sup>3</sup> Bank of Russia assessment, Russian Accounting Standards data

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2016

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### 2 Operating Environment of the Group (continued)

In the first half of 2016, consumer price inflation reached 3.3%<sup>1</sup>, which is 2.6 times lower than a year ago (8.5%<sup>1</sup>). Annual consumer inflation slowed from 12.9%<sup>1</sup> in December 2015 to 7.3%<sup>1</sup> in March 2016 showing stabilization in the second quarter: in June 2016 the annual consumer inflation amounted to 7.5%<sup>1</sup>. The trend to lower inflation increases the likelihood of the Bank of Russia key rate cut in the coming months. During the first half of 2016 the Bank of Russia key rate was decreased by 50 basis points to 10.5%.

During the first half of 2016 the price per barrel of Urals oil fluctuated in the range of US 24-50 dollars per barrel, reaching a local minimum at US 24.5 dollars per barrel in January 2016. The dynamics of the Russian rouble exchange rate during the first half of 2016 was determined by the dynamics of oil prices and the reduction of geopolitical risk. By the end of January 2016 the exchange rate reached 82 Russian roubles per the US dollar after the drop in oil prices. But the gradual rise in oil prices and the ease of geopolitical tensions around Russia was followed by the rouble strengthening. By the end of the first half of 2016 the Russian rouble appreciated to 64.3 Russian roubles per US dollar, i.e. by 11.8% in the first half of 2016 as a whole.

In the first half of 2016 the capital outflow amounted to USD 10.6 billion<sup>2</sup>. The foreign debt of the Russian Federation continued to increase – by USD 3 billion<sup>2</sup> for the first half of 2016 due to the growth of the sovereign debt. At the same time the external debt of the private sector for the first half of 2016 remained almost unchanged as reduction in the banks' debt by USD 4.1<sup>2</sup> billion was offset by a similar increase in the debt of other Russian companies.

Russian banking sector completed the first half of 2016 with a profit of RR 360 billion<sup>2</sup> compared to RR 51 billion<sup>2</sup> in the first half of 2015. Taking into account profit earned by the Bank, the rest of the Russian banking system earned profit of RR 131 billion<sup>2</sup>.

In the first half of 2016 assets of the Russian banking system adjusted for the foreign exchange revaluation decreased by 0.1%<sup>2</sup>. The loan portfolio of the Russian banking sector adjusted for the foreign exchange revaluation declined by 1.6%<sup>2</sup> in the first half of 2016, primarily due to the reduction of the corporate portfolio by 1.9%<sup>2</sup>.

In the first half of 2016 deposits of individuals increased by 2.8%<sup>2</sup> (adjusted for the foreign exchange revaluation), while deposits and current/settlement accounts of corporate clients decreased by 1.6%<sup>2</sup> (adjusted for the foreign exchange revaluation).

During the first half of 2016 the share of overdue loans in the corporate loan portfolio grew up from 6.2%<sup>2</sup> to 6.8%<sup>2</sup>, and in the retail loan portfolio - from 8.1%<sup>2</sup> to 8.5%<sup>2</sup>. Banks continue to allocate substantial amounts to provisions for loan impairment. Additional provision charge for loan impairment recognized by the banks in the first half of 2016 amounted to RR 237 billion<sup>2</sup> increasing total provisions by 4.4%<sup>2</sup> since the beginning of the year. Dependence of the Russian banking sector on the borrowings from the Bank of Russia was lowering: its share in the total amount of liabilities and equity of the Russian banking system decreased from 6.5%<sup>2</sup> to 3.4%<sup>2</sup> (a decline of RR 2.6 trillion<sup>2</sup> in absolute terms) during the first half of 2016.

At the same time the situation in the financial markets has improved considerably during the first half of 2016. RTS index grew by 23% and MICEX index grew by 7%. Russian Rouble capitalization of the Bank increased by 31% in the first half of 2016.

**Other jurisdictions.** In addition to Russia the Group conducts operations in Belarus, Kazakhstan, Ukraine, Central and Eastern Europe (Austria, Czech Republic, Slovakia, Bosnia and Herzegovina, Slovenia, Serbia, Hungary, Croatia), Turkey, Switzerland and some other countries. Tough economic and liquidity situation in many countries led to a decrease or insignificant growth of GDP followed by shrinking in consumption as well as in investment activities. The primary goals of the local regulators included supporting financial stability, management of budget deficit and inflation level regulation.

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<sup>1</sup> Rosstat data

<sup>2</sup> Bank of Russia assessment, Russian Accounting Standards data

## **Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2016**

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

During the period ended 30 June 2016 political and economic situation in Ukraine remained unstable. National Bank of Ukraine (the “NBU”) retains forecasts regarding economic recovery as well as slight GDP growth during 2016. In addition by the end of the first half of 2016 there was an increase in foreign currency reserves and positive balance of payments took place. Nevertheless foreign trade deficit along with the NBU forecasts of inflation rate increase remain. From 1 January 2016 and up to 30 June 2016 the Ukrainian Hryvnia (the “UAH”) depreciated against major foreign currencies by approximately 4% calculated based on the NBU exchange rate of UAH to US Dollar (from 1 January 2015 to 31 December 2015: 52%). Although the NBU maintains the range of previously imposed restrictions on purchase of foreign currencies, cross border settlements (including payment of dividends) and obligatory conversion of foreign currency proceeds into UAH, during the first half of 2016 conditions of these restrictions were gradually mitigated in order to stabilize situation on monetary and foreign exchange markets. As at 30 June 2016, the Group’s exposure to Ukrainian risk amounted to approximately 0.2% of total consolidated assets (31 December 2015: 0.4%). The exposure consists of net assets of and the Group funding to the Group’s Ukrainian subsidiaries, as well as exposure of the Group (excluding that of its Ukrainian subsidiaries) to equity and debt instruments issued by and loans to the Ukrainian government and corporate clients. Management is monitoring these developments in the current environment and taking actions where appropriate. These and any further possible negative developments in Ukraine could adversely impact results and financial position of the Group in a manner not currently determinable.

### **3 Basis of Preparation**

These interim condensed consolidated financial statements have been prepared in accordance with IAS 34 “Interim Financial Reporting” and should be read in conjunction with the annual consolidated financial statements of the Group as at 31 December 2015.

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

### **4 Accounting Policies, Critical Accounting Estimates and Judgements, Adoption of Revised Standards, and Reclassifications**

The accounting policies and methods of computation applied in the preparation of these interim condensed consolidated financial statements are consistent with those disclosed in the annual consolidated financial statements of the Group for the year ended 31 December 2015, except for income tax expense which 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, and except for the changes introduced due to implementation of new and/or revised standards and interpretations as at 1 January 2016 or as at the date indicated, noted below:

***IFRS 14 Regulatory Deferral Accounts*** (issued in January 2014 and effective for annual periods beginning on or after 1 January 2016). IFRS 14 permits first-time adopters to continue to recognize amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt IFRS. However, to enhance comparability with entities that already apply IFRS and do not recognize such amounts, the standard requires that the effect of rate regulation must be presented separately from other items.

***Accounting for Acquisitions of Interests - Amendments to IFRS 11 Joint Arrangements*** (issued on 6 May 2014 and effective for the periods beginning on or after 1 January 2016). The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant IFRS 3 *Business Combinations* principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2016

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

**Clarification of Acceptable Methods of Depreciation and Amortisation - Amendments to IAS 16 and IAS 38** (issued on 12 May 2014 and effective for the annual periods beginning on or after 1 January 2016). The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets.

**Agriculture: Bearer plants - Amendments to IAS 16 and IAS 41** (issued on 30 June 2014 and effective for annual periods beginning 1 January 2016). The amendments change the financial reporting for bearer plants, such as grape vines, rubber trees and oil palms, which now should be accounted for in the same way as property, plant and equipment because their operation is similar to that of manufacturing. Consequently, the amendments include them within the scope of IAS 16, instead of IAS 41. The produce growing on bearer plants will remain within the scope of IAS 41.

**Equity Method in Separate Financial Statements - Amendments to IAS 27** (issued on 12 August 2014 and effective for annual periods beginning on or after 1 January 2016). The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. First-time adopters of IFRS electing to use the equity method in its separate financial statements will be required to apply this method from the date of transition to IFRS.

**Amendments to IAS 1 – Disclosure Initiative** (issued in December 2014 and effective for annual periods on or after 1 January 2016). The amendments to IAS 1 clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

- The materiality requirements in IAS 1,
- That specific line items in the statement(s) of profit or loss and other comprehensive income (OCI) and the statement of financial position may be disaggregated,
- That entities have flexibility as to the order in which they present the notes to financial statements,
- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI.

**Amendment to IFRS 10, IFRS 12 and IAS 28 – Investment Entities: Applying the Consolidation Exception** (These amendments must be applied retrospectively. Issued in December 2014 and effective for annual periods on or after 1 January 2016).

The amendments address issues that have arisen in applying the investment entities exception under IFRS 10. The amendments to IFRS 10 clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.

Furthermore, the amendments to IFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. The amendments to IAS 28 allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries.

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2016

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

**Improvements to IFRSs 2012-2014 Cycle.** These improvements were issued on 25 September 2014 and are effective on or after 1 January 2016. They include:

- *IFRS 5 Non-current Assets Held for Sale and Discontinued Operations – changes in methods of disposal.* Assets (or disposal groups) are generally disposed of either through sale or through distribution to owners. The amendment to IFRS 5 clarifies that changing from one of these disposal methods to the other should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in IFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification. The amendment must be applied prospectively to changes in methods of disposal that occur in annual periods beginning on or after 1 January 2016.
- *IFRS 7 Financial Instruments: Disclosures – servicing contracts.* IFRS 7 requires an entity to provide disclosures for any continuing involvement in a transferred asset that is derecognized in its entirety. The IFRS Board was asked whether servicing contracts constitute continuing involvement for the purposes of applying these disclosure requirements. The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in paragraphs IFRS 7.B30 and IFRS 7.42C in order to assess whether the disclosures are required. The amendment must be applied for annual periods beginning on or after 1 January 2016. The amendment is to be applied such that the assessment of which servicing contracts constitute continuing involvement will need to be done retrospectively. However, the required disclosures would not need to be provided for any period beginning before the annual period in which the entity first applies the amendments.
- *IFRS 7 Financial Instruments: Disclosures – applicability of the offsetting disclosures to condensed interim financial statements.* In December 2011, IFRS 7 was amended to add guidance on offsetting of financial assets and financial liabilities. In the effective date and transition for that amendment IFRS 7 states that “An entity shall apply those amendments for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods”. The interim disclosure standard, IAS 34, does not reflect this requirement, however, and it is not clear whether those disclosures are required in the condensed interim financial report. The amendment removes the phrase ‘and interim periods within those annual periods’, clarifying that these IFRS 7 disclosures are not required in the condensed interim financial report. The amendment must be applied retrospectively for annual periods beginning on or after 1 January 2016.
- *IAS 19 Employee Benefits – regional market issue regarding discount rate.* The amendment to IAS 19 clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. The amendment must be applied for annual periods beginning on or after 1 January 2016.
- *IAS 34 Interim Financial Reporting – disclosure of information elsewhere in the interim financial report.* The amendment states that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report). The Board specified that the other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. If users do not have access to the other information in this manner, then the interim financial report is incomplete. The amendment should be applied retrospectively for annual periods beginning on or after 1 January 2016.

The above mentioned amended standards effective for the Group from 1 January 2016 did not have a material impact on the accounting policies, financial position or performance of the Group.

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2016

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

**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 2015.

Management has not identified new areas of judgement or critical estimates except for the updates in risk methodology on impairment provision.

**Impairment provision on credit risk.** Starting from the first quarter 2016 the Group introduced several updates in the provision for loan impairment methodology:

- based on the accumulated statistics on the default loans recovery and on the proceeds from collateral sale the Group has refined the approach for collective loans provisioning;
- in respect of the retail and some of the corporate loan portfolios instead of the previously used overdue loans migration models the Group now uses PD models duly adjusted to be in compliance with incurred loss model.

Developments in the methodology for loan impairment resulted in RR 26.1 billion provision release recognized in the interim consolidated statement of profit or loss within net provision charge for impairment of debt financial assets for the three months ended 31 March 2016 and six months ended 30 June 2016.

Also starting from the first quarter 2016 the Group introduced changes in the methodology for provisioning of credit related commitments which made it similar to provisioning methodology for loan impairment.

Implementation of the improved methodology resulted in the additional provision charge of RR 6.9 billion recognized in the interim consolidated statement of profit or loss within net (charge for) / recovery of other provisions for the three months ended 31 March 2016 and six months ended 30 June 2016.

**Changes in presentation and reclassifications.** During 2016 the Group improved presentation of investments in associates and other liabilities. The effect of changes on the consolidated statement of financial position as at 31 December 2015 is as follows:

| <i>(unaudited)</i><br><i>in billions of Russian Roubles</i> | <b>As previously<br/>reported</b> | <b>Reclassification</b> | <b>As reclassified</b> |
|---|-----------------------------------|-------------------------|------------------------|
| <b>Assets</b>   |                                   |                         |                        |
| Other financial assets                                      | 664.5                             | 6.5                     | 671.0                  |
| Other non-financial assets                                  | 300.3                             | (6.5)                   | 293.8                  |
| <b>Liabilities</b>  |                                   |                         |                        |
| Provisions on insurance and pension operations              | —                                 | 323.6                   | 323.6                  |
| Other financial liabilities                                 | 718.4                             | (320.8)                 | 397.6                  |
| Other non-financial liabilities                             | 69.6                              | (2.8)                   | 66.8                   |



## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2016

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

Following the improved disclosure of operations on insurance and pension fund activities, the presentation of the comparative figures has been adjusted to be consistent with the new presentation.

| <i>(unaudited)</i><br><i>in billions of Russian Roubles</i>   | <b>As previously<br/>reported</b> | <b>Reclassification</b> | <b>As reclassified</b> |
|---|-----------------------------------|-------------------------|------------------------|
| <b>Six months ended 30 June 2015:</b>   |                                   |                         |                        |
| Fee and commission income   | 175.2                             | (5.3)                   | 169.9                  |
| Net income from insurance and pension fund operations   | (0.5)                             | 0.5                     | —                      |
| Net premiums from insurance and pension fund operations   | —                                 | 183.8                   | 183.8                  |
| Net claims, benefits, change in contract liabilities and acquisition costs on insurance and pension fund operations | —                                 | (179.0)                 | (179.0)                |
| <b>Three months ended 30 June 2015:</b>   |                                   |                         |                        |
| Fee and commission income   | 91.3                              | (4.8)                   | 86.5                   |
| Net income from insurance and pension fund operations   | (1.3)                             | 1.3                     | —                      |
| Net premiums from insurance and pension fund operations   | —                                 | 174.5                   | 174.5                  |
| Net claims, benefits, change in contract liabilities and acquisition costs on insurance and pension fund operations | —                                 | (171.0)                 | (171.0)                |

In these interim condensed consolidated financial statements premiums returns relating to operations of JSC Non-state Pension Fund of Sberbank in the amount of RR 18.0 billion were included in net claims, benefits, change in contract liabilities and acquisition costs on insurance and pension fund operations in the interim consolidated statement of profit or loss. In the interim condensed consolidated financial statements for the three months ended 31 March 2016 the above premiums returns in the amount of RR 18.0 billion were deducted from net premiums from insurance and pension fund operations in the interim consolidated statement of profit or loss.

The effect of reclassifications mentioned above on the disclosure of the interim consolidated statement of cash flows for the six months ended 30 June 2015 is as follows:

| <i>(unaudited)</i><br><i>in billions of Russian Roubles</i>                                    | <b>As previously<br/>reported</b> | <b>Reclassification</b> | <b>As reclassified</b> |
|--|-----------------------------------|-------------------------|------------------------|
| <b>Cash flows from operating activities before changes in operating assets and liabilities</b> |                                   |                         |                        |
| Fees and commissions received  | 177.2                             | (5.3)                   | 171.9                  |
| Insurance premiums received  | 15.3                              | 5.3                     | 20.6                   |

### 5 Financial Assets at Fair Value through Profit or Loss

| <i>in billions of Russian Roubles</i>                              | <b>30 June<br/>2016<br/>(unaudited)</b> | <b>31 December<br/>2015</b> |
|--|---|-----------------------------|
| Trading securities   | 70.9                                    | 86.3                        |
| Securities designated as at fair value through profit or loss      | 299.4                                   | 245.7                       |
| Derivative financial instruments                                   | 345.0                                   | 534.8                       |
| <b>Total financial assets at fair value through profit or loss</b> | <b>715.3</b>                            | <b>866.8</b>                |

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2016

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

The composition of trading securities as at 30 June 2016 and 31 December 2015 is presented below:

| <i>in billions of Russian Roubles</i>  | <b>30 June<br/>2016<br/>(unaudited)</b> | <b>31 December<br/>2015</b> |
|--|---|-----------------------------|
| Corporate bonds                        | 34.9                                    | 47.3                        |
| Russian federal loan bonds (OFZ bonds) | 16.7                                    | 15.6                        |
| Russian Federation Eurobonds           | 10.2                                    | 10.7                        |
| Foreign government and municipal bonds | 2.3                                     | 2.8                         |
| Russian municipal and subfederal bonds | —                                       | 0.1                         |
| <b>Total debt trading securities</b>   | <b>64.1</b>                             | <b>76.5</b>                 |
| Corporate shares                       | 6.5                                     | 9.8                         |
| Investments in mutual funds            | 0.3                                     | —                           |
| <b>Total trading securities</b>        | <b>70.9</b>                             | <b>86.3</b>                 |

The composition of securities designated as at fair value through profit or loss as at 30 June 2016 and 31 December 2015 is presented below:

| <i>in billions of Russian Roubles</i>   | <b>30 June<br/>2016<br/>(unaudited)</b> | <b>31 December<br/>2015</b> |
|---|---|-----------------------------|
| Corporate bonds   | 220.6                                   | 186.0                       |
| Russian federal loan bonds (OFZ bonds)  | 39.9                                    | 24.7                        |
| Russian municipal and subfederal bonds  | 8.8                                     | 7.9                         |
| Foreign government and municipal bonds  | 2.6                                     | 0.5                         |
| Russian Federation Eurobonds  | 0.6                                     | 0.6                         |
| <b>Total debt securities designated as at fair value through profit or loss</b> | <b>272.5</b>                            | <b>219.7</b>                |
| Corporate shares  | 21.4                                    | 20.8                        |
| Investments in mutual funds   | 5.5                                     | 5.2                         |
| <b>Total securities designated as at fair value through profit or loss</b>      | <b>299.4</b>                            | <b>245.7</b>                |

The composition of derivative financial instruments as at 30 June 2016 and 31 December 2015 is presented below:

| <i>in billions of Russian Roubles</i>           | <b>30 June<br/>2016<br/>(unaudited)</b> | <b>31 December<br/>2015</b> |
|---|---|-----------------------------|
| Foreign currency interest rate derivatives      | 207.3                                   | 312.9                       |
| Interest rate derivatives                       | 64.2                                    | 48.0                        |
| Foreign currency derivatives                    | 37.4                                    | 121.3                       |
| Commodity including precious metals derivatives | 25.0                                    | 43.0                        |
| Equity securities derivatives                   | 6.5                                     | 1.6                         |
| Credit risk derivatives                         | 2.5                                     | 6.3                         |
| Debt securities derivatives                     | 2.1                                     | 1.7                         |
| <b>Total derivative financial instruments</b>   | <b>345.0</b>                            | <b>534.8</b>                |

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2016

### 6 Due from Banks

|                                       | 30 June<br>2016<br>(unaudited) | 31 December<br>2015 |
|---------------------------------------|--------------------------------|---------------------|
| <i>in billions of Russian Roubles</i> |                                |                     |
| Term placements with banks            | 553.2                          | 533.2               |
| Reverse repo agreements with banks    | 230.0                          | 217.4               |
| <b>Total due from banks</b>           | <b>783.2</b>                   | <b>750.6</b>        |

As at 30 June 2016 and 31 December 2015 term placements with banks and reverse repo agreements are represented by balances with original maturities over 1 business day mainly with the top and well-known foreign and Russian banks.

Refer to Note 30 for the information on amounts due from banks which are collateralized by securities received under reverse sale and repurchase agreements.

### 7 Loans and Advances to Customers

|   | 30 June 2016          |                   |                 |
|---|-----------------------|-------------------|-----------------|
| <i>(unaudited)</i><br><i>in billions of Russian Roubles</i>                       | Not past due<br>loans | Past due<br>loans | Total           |
| Commercial loans to legal entities  | 9,285.5               | 698.8             | 9,984.3         |
| Specialized loans to legal entities   | 4,007.1               | 259.5             | 4,266.6         |
| Mortgage loans to individuals   | 2,484.4               | 153.2             | 2,637.6         |
| Consumer and other loans to individuals   | 1,408.2               | 198.6             | 1,606.8         |
| Credit cards and overdrafts to individuals  | 496.4                 | 100.8             | 597.2           |
| Car loans to individuals  | 108.3                 | 19.7              | 128.0           |
| <b>Total loans and advances to customers before provision for loan impairment</b> | <b>17,789.9</b>       | <b>1,430.6</b>    | <b>19,220.5</b> |
| Less: Provision for loan impairment   | (472.7)               | (800.9)           | (1,273.6)       |
| <b>Total loans and advances to customers net of provision for loan impairment</b> | <b>17,317.2</b>       | <b>629.7</b>      | <b>17,946.9</b> |

|   | 31 December 2015      |                   |                 |
|---|-----------------------|-------------------|-----------------|
| <i>in billions of Russian Roubles</i>   | Not past due<br>loans | Past due<br>loans | Total           |
| Commercial loans to legal entities  | 9,640.7               | 727.3             | 10,368.0        |
| Specialized loans to legal entities   | 4,310.4               | 280.3             | 4,590.7         |
| Mortgage loans to individuals   | 2,431.1               | 123.5             | 2,554.6         |
| Consumer and other loans to individuals   | 1,489.2               | 192.6             | 1,681.8         |
| Credit cards and overdrafts to individuals  | 491.1                 | 96.1              | 587.2           |
| Car loans to individuals  | 124.0                 | 18.0              | 142.0           |
| <b>Total loans and advances to customers before provision for loan impairment</b> | <b>18,486.5</b>       | <b>1,437.8</b>    | <b>19,924.3</b> |
| Less: Provision for loan impairment   | (321.0)               | (875.5)           | (1,196.5)       |
| <b>Total loans and advances to customers net of provision for loan impairment</b> | <b>18,165.5</b>       | <b>562.3</b>      | <b>18,727.8</b> |

## **Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2016**

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

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

Commercial loans to legal entities comprise corporate loans, loans to individual entrepreneurs, federal bodies and municipal authorities. 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 loans to legal entities include investment and construction project financing and also developers' financing. As a rule, loan terms are linked to payback periods of investment and construction projects, contract execution periods and exceed the terms of commercial loans to legal entities. The principal and interest may be repaid from cash flows generated by the investment project at the stage of its commercial operation.

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

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

Credit cards and overdrafts to individuals represent revolving credit lines. These loans are considered a comfortable instrument for customers as a reserve source of funds in case of need available everywhere and anytime. Interest rates for such loans are higher than for consumer loans as they carry higher risks for the Group.

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

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2016

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

The table below shows the analysis of loans and provisions for loan impairment as at 30 June 2016:

| <i>(unaudited)</i><br><i>in billions of Russian Roubles</i> | Gross loans     | Provision for<br>impairment | Net loans       | Provision for<br>impairment to<br>gross loans |
|---|-----------------|-----------------------------|-----------------|---|
| <b>Commercial loans to legal entities</b>                   |                 |                             |                 |   |
| <b>Collectively assessed</b>                                |                 |                             |                 |   |
| Not past due  | 8,985.9         | (153.0)                     | 8,832.9         | 1.7%  |
| Loans up to 30 days overdue                                 | 107.5           | (16.8)                      | 90.7            | 15.6%   |
| Loans 31 to 60 days overdue                                 | 30.6            | (9.0)                       | 21.6            | 29.4%   |
| Loans 61 to 90 days overdue                                 | 17.3            | (6.3)                       | 11.0            | 36.4%   |
| Loans 91 to 180 days overdue                                | 41.6            | (22.7)                      | 18.9            | 54.6%   |
| Loans over 180 days overdue                                 | 229.5           | (179.2)                     | 50.3            | 78.1%   |
| <b>Total collectively assessed loans</b>                    | <b>9,412.4</b>  | <b>(387.0)</b>              | <b>9,025.4</b>  | <b>4.1%</b>                                   |
| <b>Individually impaired</b>                                |                 |                             |                 |   |
| Not past due  | 299.6           | (120.7)                     | 178.9           | 40.3%   |
| Loans up to 30 days overdue                                 | 34.9            | (22.5)                      | 12.4            | 64.5%   |
| Loans 31 to 60 days overdue                                 | 10.6            | (9.3)                       | 1.3             | 87.7%   |
| Loans 61 to 90 days overdue                                 | 0.9             | (0.5)                       | 0.4             | 55.6%   |
| Loans 91 to 180 days overdue                                | 4.0             | (1.4)                       | 2.6             | 35.0%   |
| Loans over 180 days overdue                                 | 221.9           | (176.2)                     | 45.7            | 79.4%   |
| <b>Total individually impaired loans</b>                    | <b>571.9</b>    | <b>(330.6)</b>              | <b>241.3</b>    | <b>57.8%</b>                                  |
| <b>Total commercial loans to legal entities</b>             | <b>9,984.3</b>  | <b>(717.6)</b>              | <b>9,266.7</b>  | <b>7.2%</b>                                   |
| <b>Specialized loans to legal entities</b>                  |                 |                             |                 |   |
| <b>Collectively assessed</b>                                |                 |                             |                 |   |
| Not past due  | 3,789.6         | (121.9)                     | 3,667.7         | 3.2%  |
| Loans up to 30 days overdue                                 | 27.5            | (6.6)                       | 20.9            | 24.0%   |
| Loans 31 to 60 days overdue                                 | 15.0            | (4.5)                       | 10.5            | 30.0%   |
| Loans 61 to 90 days overdue                                 | 14.4            | (1.2)                       | 13.2            | 8.3%  |
| Loans 91 to 180 days overdue                                | 7.6             | (4.0)                       | 3.6             | 52.6%   |
| Loans over 180 days overdue                                 | 73.8            | (38.1)                      | 35.7            | 51.6%   |
| <b>Total collectively assessed loans</b>                    | <b>3,927.9</b>  | <b>(176.3)</b>              | <b>3,751.6</b>  | <b>4.5%</b>                                   |
| <b>Individually impaired</b>                                |                 |                             |                 |   |
| Not past due  | 217.5           | (43.4)                      | 174.1           | 20.0%   |
| Loans up to 30 days overdue                                 | 11.8            | (4.1)                       | 7.7             | 34.7%   |
| Loans 31 to 60 days overdue                                 | —               | —                           | —               | —   |
| Loans 61 to 90 days overdue                                 | 5.3             | (1.5)                       | 3.8             | 28.3%   |
| Loans 91 to 180 days overdue                                | 28.8            | (9.8)                       | 19.0            | 34.0%   |
| Loans over 180 days overdue                                 | 75.3            | (49.1)                      | 26.2            | 65.2%   |
| <b>Total individually impaired loans</b>                    | <b>338.7</b>    | <b>(107.9)</b>              | <b>230.8</b>    | <b>31.9%</b>                                  |
| <b>Total specialized loans to legal entities</b>            | <b>4,266.6</b>  | <b>(284.2)</b>              | <b>3,982.4</b>  | <b>6.7%</b>                                   |
| <b>Total loans to legal entities</b>                        | <b>14,250.9</b> | <b>(1,001.8)</b>            | <b>13,249.1</b> | <b>7.0%</b>                                   |

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2016

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

| <i>(unaudited)</i><br><i>in billions of Russian Roubles</i>         | Gross loans     | Provision for<br>impairment | Net loans       | Provision for<br>impairment to<br>gross loans |
|---|-----------------|-----------------------------|-----------------|---|
| <b>Mortgage loans to individuals</b>                                |                 |                             |                 |   |
| <b>Collectively assessed</b>  |                 |                             |                 |   |
| Not past due  | 2,484.4         | (5.1)                       | 2,479.3         | 0.2%  |
| Loans up to 30 days overdue   | 67.8            | (1.9)                       | 65.9            | 2.8%  |
| Loans 31 to 60 days overdue   | 14.4            | (2.1)                       | 12.3            | 14.6%   |
| Loans 61 to 90 days overdue   | 5.8             | (0.8)                       | 5.0             | 13.8%   |
| Loans 91 to 180 days overdue  | 9.6             | (2.9)                       | 6.7             | 30.2%   |
| Loans over 180 days overdue   | 55.6            | (35.9)                      | 19.7            | 64.6%   |
| <b>Total mortgage loans to individuals</b>                          | <b>2,637.6</b>  | <b>(48.7)</b>               | <b>2,588.9</b>  | <b>1.8%</b>                                   |
| <b>Consumer and other loans to individuals</b>                      |                 |                             |                 |   |
| <b>Collectively assessed</b>  |                 |                             |                 |   |
| Not past due  | 1,408.2         | (23.9)                      | 1,384.3         | 1.7%  |
| Loans up to 30 days overdue   | 50.8            | (8.0)                       | 42.8            | 15.7%   |
| Loans 31 to 60 days overdue   | 12.9            | (5.3)                       | 7.6             | 41.1%   |
| Loans 61 to 90 days overdue   | 7.9             | (3.5)                       | 4.4             | 44.3%   |
| Loans 91 to 180 days overdue  | 16.9            | (12.1)                      | 4.8             | 71.6%   |
| Loans over 180 days overdue   | 110.1           | (98.5)                      | 11.6            | 89.5%   |
| <b>Total consumer and other loans to<br/>individuals</b>            | <b>1,606.8</b>  | <b>(151.3)</b>              | <b>1,455.5</b>  | <b>9.4%</b>                                   |
| <b>Credit cards and overdrafts to individuals</b>                   |                 |                             |                 |   |
| <b>Collectively assessed</b>  |                 |                             |                 |   |
| Not past due  | 496.4           | (4.5)                       | 491.9           | 0.9%  |
| Loans up to 30 days overdue   | 29.1            | (2.0)                       | 27.1            | 6.9%  |
| Loans 31 to 60 days overdue   | 6.6             | (2.2)                       | 4.4             | 33.3%   |
| Loans 61 to 90 days overdue   | 3.4             | (1.6)                       | 1.8             | 47.1%   |
| Loans 91 to 180 days overdue  | 8.6             | (5.2)                       | 3.4             | 60.5%   |
| Loans over 180 days overdue   | 53.1            | (44.3)                      | 8.8             | 83.4%   |
| <b>Total credit cards and overdrafts to<br/>individuals</b>         | <b>597.2</b>    | <b>(59.8)</b>               | <b>537.4</b>    | <b>10.0%</b>                                  |
| <b>Car loans to individuals</b>                                     |                 |                             |                 |   |
| <b>Collectively assessed</b>  |                 |                             |                 |   |
| Not past due  | 108.3           | (0.2)                       | 108.1           | 0.2%  |
| Loans up to 30 days overdue   | 3.7             | (0.2)                       | 3.5             | 5.4%  |
| Loans 31 to 60 days overdue   | 1.3             | (0.3)                       | 1.0             | 23.1%   |
| Loans 61 to 90 days overdue   | 0.8             | (0.3)                       | 0.5             | 37.5%   |
| Loans 91 to 180 days overdue  | 1.6             | (1.1)                       | 0.5             | 68.8%   |
| Loans over 180 days overdue   | 12.3            | (9.9)                       | 2.4             | 80.5%   |
| <b>Total car loans to individuals</b>                               | <b>128.0</b>    | <b>(12.0)</b>               | <b>116.0</b>    | <b>9.4%</b>                                   |
| <b>Total loans to individuals</b>                                   | <b>4,969.6</b>  | <b>(271.8)</b>              | <b>4,697.8</b>  | <b>5.5%</b>                                   |
| <b>Total loans and advances to customers as<br/>at 30 June 2016</b> | <b>19,220.5</b> | <b>(1,273.6)</b>            | <b>17,946.9</b> | <b>6.6%</b>                                   |

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2016

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

The table below shows the analysis of loans and provisions for loan impairment as at 31 December 2015:

| <i>in billions of Russian Roubles</i>            | <b>Gross loans</b> | <b>Provision for<br/>impairment</b> | <b>Net loans</b> | <b>Provision for<br/>impairment to<br/>gross loans</b> |
|--|--------------------|-------------------------------------|------------------|--|
| <b>Commercial loans to legal entities</b>        |                    |                                     |                  |  |
| <b>Collectively assessed</b>                     |                    |                                     |                  |  |
| Not past due                                     | 9,196.5            | (103.0)                             | 9,093.5          | 1.1%   |
| Loans up to 30 days overdue                      | 68.2               | (8.2)                               | 60.0             | 12.0%  |
| Loans 31 to 60 days overdue                      | 28.0               | (6.2)                               | 21.8             | 22.1%  |
| Loans 61 to 90 days overdue                      | 13.6               | (5.2)                               | 8.4              | 38.2%  |
| Loans 91 to 180 days overdue                     | 37.9               | (20.7)                              | 17.2             | 54.6%  |
| Loans over 180 days overdue                      | 202.2              | (180.2)                             | 22.0             | 89.1%  |
| <b>Total collectively assessed loans</b>         | <b>9,546.4</b>     | <b>(323.5)</b>                      | <b>9,222.9</b>   | <b>3.4%</b>  |
| <b>Individually impaired</b>                     |                    |                                     |                  |  |
| Not past due                                     | 444.2              | (100.6)                             | 343.6            | 22.6%  |
| Loans up to 30 days overdue                      | 16.4               | (7.1)                               | 9.3              | 43.3%  |
| Loans 31 to 60 days overdue                      | 16.4               | (8.3)                               | 8.1              | 50.6%  |
| Loans 61 to 90 days overdue                      | 11.8               | (4.1)                               | 7.7              | 34.7%  |
| Loans 91 to 180 days overdue                     | 53.9               | (41.1)                              | 12.8             | 76.3%  |
| Loans over 180 days overdue                      | 278.9              | (211.5)                             | 67.4             | 75.8%  |
| <b>Total individually impaired loans</b>         | <b>821.6</b>       | <b>(372.7)</b>                      | <b>448.9</b>     | <b>45.4%</b>   |
| <b>Total commercial loans to legal entities</b>  | <b>10,368.0</b>    | <b>(696.2)</b>                      | <b>9,671.8</b>   | <b>6.7%</b>  |
| <b>Specialized loans to legal entities</b>       |                    |                                     |                  |  |
| <b>Collectively assessed</b>                     |                    |                                     |                  |  |
| Not past due                                     | 4,094.0            | (70.5)                              | 4,023.5          | 1.7%   |
| Loans up to 30 days overdue                      | 58.5               | (3.4)                               | 55.1             | 5.8%   |
| Loans 31 to 60 days overdue                      | 19.9               | (3.5)                               | 16.4             | 17.6%  |
| Loans 61 to 90 days overdue                      | 21.7               | (5.9)                               | 15.8             | 27.2%  |
| Loans 91 to 180 days overdue                     | 3.1                | (0.9)                               | 2.2              | 29.0%  |
| Loans over 180 days overdue                      | 64.4               | (38.6)                              | 25.8             | 59.9%  |
| <b>Total collectively assessed loans</b>         | <b>4,261.6</b>     | <b>(122.8)</b>                      | <b>4,138.8</b>   | <b>2.9%</b>  |
| <b>Individually impaired</b>                     |                    |                                     |                  |  |
| Not past due                                     | 216.4              | (34.4)                              | 182.0            | 15.9%  |
| Loans up to 30 days overdue                      | 9.1                | (4.8)                               | 4.3              | 52.7%  |
| Loans 31 to 60 days overdue                      | 14.6               | (10.1)                              | 4.5              | 69.2%  |
| Loans 61 to 90 days overdue                      | 3.2                | (1.1)                               | 2.1              | 34.4%  |
| Loans 91 to 180 days overdue                     | 13.1               | (7.5)                               | 5.6              | 57.3%  |
| Loans over 180 days overdue                      | 72.7               | (56.2)                              | 16.5             | 77.3%  |
| <b>Total individually impaired loans</b>         | <b>329.1</b>       | <b>(114.1)</b>                      | <b>215.0</b>     | <b>34.7%</b>   |
| <b>Total specialized loans to legal entities</b> | <b>4,590.7</b>     | <b>(236.9)</b>                      | <b>4,353.8</b>   | <b>5.2%</b>  |
| <b>Total loans to legal entities</b>             | <b>14,958.7</b>    | <b>(933.1)</b>                      | <b>14,025.6</b>  | <b>6.2%</b>  |

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2016

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

| <i>in billions of Russian Roubles</i>                                   | Gross loans     | Provision for<br>impairment | Net loans       | Provision for<br>impairment to<br>gross loans |
|---|-----------------|-----------------------------|-----------------|---|
| <b>Mortgage loans to individuals</b>                                    |                 |                             |                 |   |
| <b>Collectively assessed</b>  |                 |                             |                 |   |
| Not past due  | 2,431.1         | (1.5)                       | 2,429.6         | 0.1%  |
| Loans up to 30 days overdue   | 42.4            | (1.4)                       | 41.0            | 3.3%  |
| Loans 31 to 60 days overdue   | 12.0            | (1.6)                       | 10.4            | 13.3%   |
| Loans 61 to 90 days overdue   | 5.0             | (1.1)                       | 3.9             | 22.0%   |
| Loans 91 to 180 days overdue  | 9.4             | (4.2)                       | 5.2             | 44.7%   |
| Loans over 180 days overdue   | 54.7            | (47.5)                      | 7.2             | 86.8%   |
| <b>Total mortgage loans to individuals</b>                              | <b>2,554.6</b>  | <b>(57.3)</b>               | <b>2,497.3</b>  | <b>2.2%</b>                                   |
| <b>Consumer and other loans to individuals</b>                          |                 |                             |                 |   |
| <b>Collectively assessed</b>  |                 |                             |                 |   |
| Not past due  | 1,489.2         | (7.9)                       | 1,481.3         | 0.5%  |
| Loans up to 30 days overdue   | 38.7            | (4.0)                       | 34.7            | 10.3%   |
| Loans 31 to 60 days overdue   | 13.1            | (4.4)                       | 8.7             | 33.6%   |
| Loans 61 to 90 days overdue   | 8.1             | (3.8)                       | 4.3             | 46.9%   |
| Loans 91 to 180 days overdue  | 19.6            | (13.1)                      | 6.5             | 66.8%   |
| Loans over 180 days overdue   | 113.1           | (102.1)                     | 11.0            | 90.3%   |
| <b>Total consumer and other loans to<br/>individuals</b>                | <b>1,681.8</b>  | <b>(135.3)</b>              | <b>1,546.5</b>  | <b>8.0%</b>                                   |
| <b>Credit cards and overdrafts to individuals</b>                       |                 |                             |                 |   |
| <b>Collectively assessed</b>  |                 |                             |                 |   |
| Not past due  | 491.1           | (2.9)                       | 488.2           | 0.6%  |
| Loans up to 30 days overdue   | 27.9            | (1.8)                       | 26.1            | 6.5%  |
| Loans 31 to 60 days overdue   | 6.5             | (1.9)                       | 4.6             | 29.2%   |
| Loans 61 to 90 days overdue   | 4.0             | (2.2)                       | 1.8             | 55.0%   |
| Loans 91 to 180 days overdue  | 9.8             | (6.7)                       | 3.1             | 68.4%   |
| Loans over 180 days overdue   | 47.9            | (43.1)                      | 4.8             | 90.0%   |
| <b>Total credit cards and overdrafts to<br/>individuals</b>             | <b>587.2</b>    | <b>(58.6)</b>               | <b>528.6</b>    | <b>10.0%</b>                                  |
| <b>Car loans to individuals</b>   |                 |                             |                 |   |
| <b>Collectively assessed</b>  |                 |                             |                 |   |
| Not past due  | 124.0           | (0.2)                       | 123.8           | 0.2%  |
| Loans up to 30 days overdue   | 3.3             | (0.3)                       | 3.0             | 9.1%  |
| Loans 31 to 60 days overdue   | 1.4             | (0.4)                       | 1.0             | 28.6%   |
| Loans 61 to 90 days overdue   | 0.9             | (0.4)                       | 0.5             | 44.4%   |
| Loans 91 to 180 days overdue  | 2.0             | (1.3)                       | 0.7             | 65.0%   |
| Loans over 180 days overdue   | 10.4            | (9.6)                       | 0.8             | 92.3%   |
| <b>Total car loans to individuals</b>                                   | <b>142.0</b>    | <b>(12.2)</b>               | <b>129.8</b>    | <b>8.6%</b>                                   |
| <b>Total loans to individuals</b>                                       | <b>4,965.6</b>  | <b>(263.4)</b>              | <b>4,702.2</b>  | <b>5.3%</b>                                   |
| <b>Total loans and advances to customers as<br/>at 31 December 2015</b> | <b>19,924.3</b> | <b>(1,196.5)</b>            | <b>18,727.8</b> | <b>6.0%</b>                                   |



## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2016

### 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 2016 the outstanding non-performing loans were as follows:

| <i>(unaudited)</i><br><i>in billions of Russian Roubles</i>                        | <b>Gross loans</b> | <b>Provision for<br/>impairment</b> | <b>Net loans</b> | <b>Provision for<br/>impairment to<br/>gross loans</b> |
|--|--------------------|-------------------------------------|------------------|--|
| Commercial loans to legal entities   | 497.0              | (379.5)                             | 117.5            | 76.4%  |
| Specialized loans to legal entities  | 185.5              | (101.0)                             | 84.5             | 54.4%  |
| Mortgage loans to individuals  | 65.2               | (38.8)                              | 26.4             | 59.5%  |
| Consumer and other loans to individuals  | 127.0              | (110.6)                             | 16.4             | 87.1%  |
| Credit cards and overdrafts to individuals   | 61.7               | (49.5)                              | 12.2             | 80.2%  |
| Car loans to individuals   | 13.9               | (11.0)                              | 2.9              | 79.1%  |
| <b>Total non-performing loans and advances<br/>to customers as at 30 June 2016</b> | <b>950.3</b>       | <b>(690.4)</b>                      | <b>259.9</b>     | <b>72.7%</b>   |

As at 31 December 2015 the outstanding non-performing loans were as follows:

| <i>in billions of Russian Roubles</i>  | <b>Gross loans</b> | <b>Provision for<br/>impairment</b> | <b>Net loans</b> | <b>Provision for<br/>impairment to<br/>gross loans</b> |
|--|--------------------|-------------------------------------|------------------|--|
| Commercial loans to legal entities   | 572.9              | (453.5)                             | 119.4            | 79.2%  |
| Specialized loans to legal entities  | 153.3              | (103.2)                             | 50.1             | 67.3%  |
| Mortgage loans to individuals  | 64.1               | (51.7)                              | 12.4             | 80.7%  |
| Consumer and other loans to individuals  | 132.7              | (115.2)                             | 17.5             | 86.8%  |
| Credit cards and overdrafts to individuals   | 57.7               | (49.8)                              | 7.9              | 86.3%  |
| Car loans to individuals   | 12.4               | (10.9)                              | 1.5              | 87.9%  |
| <b>Total non-performing loans and advances<br/>to customers as at 31 December 2015</b> | <b>993.1</b>       | <b>(784.3)</b>                      | <b>208.8</b>     | <b>79.0%</b>   |

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2016

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

**Provisions for Loan Impairment.** The analysis of changes in provision for loan impairment for the six months ended 30 June 2016 is presented in the table below:

| <i>(unaudited)</i><br>in billions of Russian<br>Roubles                                       | Commercial<br>loans to<br>legal<br>entities | Specialized<br>loans to<br>legal<br>entities | Mortgage<br>loans to<br>individuals | Consumer<br>and other<br>loans to<br>individuals | Credit<br>cards and<br>overdrafts<br>to individuals | Car<br>loans to<br>individuals | Total          |
|---|---|--|-------------------------------------|--|---|--------------------------------|----------------|
| <b>Provision for loan<br/>impairment as at<br/>31 December 2015<br/>(audited)</b>             | <b>696.2</b>                                | <b>236.9</b>                                 | <b>57.3</b>                         | <b>135.3</b>                                     | <b>58.6</b>   | <b>12.2</b>                    | <b>1,196.5</b> |
| Net provision charge /<br>(recovery of provision)<br>for loan impairment<br>during the period | 86.9  | 51.8   | (6.6)                               | 42.9   | 8.1   | (0.5)                          | <b>182.6</b>   |
| Recovery of loans<br>previously<br>written off  | 1.0   | 0.2  | 0.3                                 | 1.0  | —   | 0.5                            | <b>3.0</b>     |
| Loans and advances to<br>customers written off<br>during the period                           | (44.5)                                      | (0.5)  | (0.4)                               | (24.7)   | (5.5)   | (0.1)                          | <b>(75.7)</b>  |
| Transfers to assets held for<br>sale  | (0.2)                                       | —  | —                                   | (0.2)  | —   | —                              | <b>(0.4)</b>   |
| Exchange differences on<br>translating foreign<br>operations                                  | (21.8)                                      | (4.2)  | (1.9)                               | (3.0)  | (1.4)   | (0.1)                          | <b>(32.4)</b>  |
| <b>Provision for loan<br/>impairment as at<br/>30 June 2016</b>                               | <b>717.6</b>                                | <b>284.2</b>                                 | <b>48.7</b>                         | <b>151.3</b>                                     | <b>59.8</b>   | <b>12.0</b>                    | <b>1,273.6</b> |

The analysis of changes in provisions for loan impairment for the three months ended 30 June 2016 is presented in the table below:

| <i>(unaudited)</i><br>in billions of Russian<br>Roubles                                       | Commercial<br>loans to<br>legal<br>entities | Specialized<br>loans to<br>legal<br>entities | Mortgage<br>loans to<br>individuals | Consumer<br>and other<br>loans to<br>individuals | Credit<br>cards and<br>overdrafts<br>to individuals | Car<br>loans to<br>individuals | Total          |
|---|---|--|-------------------------------------|--|---|--------------------------------|----------------|
| <b>Provision for loan<br/>impairment as at 31<br/>March 2016</b>                              | <b>694.7</b>                                | <b>264.2</b>                                 | <b>50.1</b>                         | <b>157.8</b>                                     | <b>59.5</b>   | <b>12.0</b>                    | <b>1,238.3</b> |
| Net provision charge /<br>(recovery of provision)<br>for loan impairment<br>during the period | 63.0  | 21.5   | (0.4)                               | 9.2  | 5.2   | (0.2)                          | <b>98.3</b>    |
| Recovery of loans<br>previously<br>written off  | 0.5   | —  | 0.1                                 | 0.6  | —   | 0.3                            | <b>1.5</b>     |
| Loans and advances written<br>off during the reporting<br>period                              | (30.8)                                      | —  | (0.2)                               | (14.8)   | (4.2)   | (0.1)                          | <b>(50.1)</b>  |
| Transfers to assets held for<br>sale  | (0.2)                                       | —  | —                                   | (0.2)  | —   | —                              | <b>(0.4)</b>   |
| Exchange differences on<br>translating foreign<br>operations                                  | (9.6)                                       | (1.5)  | (0.9)                               | (1.3)  | (0.7)   | —                              | <b>(14.0)</b>  |
| <b>Provision for loan<br/>impairment as at 30 June<br/>2016</b>                               | <b>717.6</b>                                | <b>284.2</b>                                 | <b>48.7</b>                         | <b>151.3</b>                                     | <b>59.8</b>   | <b>12.0</b>                    | <b>1,273.6</b> |

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2016

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

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

| <i>(unaudited)</i><br>in billions of Russian<br>Roubles                           | Commercial<br>loans to<br>legal<br>entities | Specialized<br>loans to<br>legal<br>entities | Mortgage<br>loans to<br>individuals | Consumer<br>and other<br>loans to<br>individuals | Credit<br>cards and<br>overdrafts<br>to individuals | Car<br>loans to<br>individuals | Total          |
|---|---|--|-------------------------------------|--|---|--------------------------------|----------------|
| <b>Provision for loan<br/>impairment as at<br/>31 December 2014<br/>(audited)</b> | <b>456.4</b>                                | <b>221.4</b>                                 | <b>39.6</b>                         | <b>105.6</b>                                     | <b>38.2</b>   | <b>8.3</b>                     | <b>869.5</b>   |
| Net provision charge for loan<br>impairment during the<br>period                  | 153.0                                       | 7.3  | 14.1                                | 40.2   | 14.8  | 3.0                            | <b>232.4</b>   |
| Recovery of loans previously<br>written off                                       | 0.4   | 0.2  | 3.3                                 | 0.8  | —   | 0.3                            | <b>5.0</b>     |
| Loans and advances to<br>customers written off<br>during the period               | (26.8)                                      | (12.3)                                       | (4.7)                               | (11.2)   | (2.4)   | (0.1)                          | <b>(57.5)</b>  |
| Exchange differences on<br>translating foreign<br>operations                      | (13.3)                                      | (3.3)  | (2.9)                               | (3.0)  | (1.4)   | (0.4)                          | <b>(24.3)</b>  |
| <b>Provision for loan<br/>impairment as at<br/>30 June 2015</b>                   | <b>569.7</b>                                | <b>213.3</b>                                 | <b>49.4</b>                         | <b>132.4</b>                                     | <b>49.2</b>   | <b>11.1</b>                    | <b>1,025.1</b> |

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

| <i>(unaudited)</i><br>in billions of Russian<br>Roubles                    | Commercial<br>loans to<br>legal<br>entities | Specialized<br>loans to<br>legal<br>entities | Mortgage<br>loans to<br>individuals | Consumer<br>and other<br>loans to<br>individuals | Credit<br>cards and<br>overdrafts<br>to individuals | Car<br>loans to<br>individuals | Total          |
|--|---|--|-------------------------------------|--|---|--------------------------------|----------------|
| <b>Provision for loan<br/>impairment as at 31<br/>March 2015</b>           | <b>516.0</b>                                | <b>216.1</b>                                 | <b>40.7</b>                         | <b>121.7</b>                                     | <b>44.1</b>   | <b>10.0</b>                    | <b>948.6</b>   |
| Net provision charge for<br>loan impairment during<br>the reporting period | 75.6  | 6.6  | 7.5                                 | 19.3   | 7.2   | 1.3                            | <b>117.5</b>   |
| Recovery of loans<br>previously<br>written off                             | 0.3   | —  | 3.3                                 | 0.3  | —   | 0.2                            | <b>4.1</b>     |
| Loans and advances written<br>off during the reporting<br>period           | (22.7)                                      | (8.9)  | (0.5)                               | (8.0)  | (1.5)   | (0.1)                          | <b>(41.7)</b>  |
| Exchange differences on<br>translating foreign<br>operations               | 0.5   | (0.5)  | (1.6)                               | (0.9)  | (0.6)   | (0.3)                          | <b>(3.4)</b>   |
| <b>Provision for loan<br/>impairment as at<br/>30 June 2015</b>            | <b>569.7</b>                                | <b>213.3</b>                                 | <b>49.4</b>                         | <b>132.4</b>                                     | <b>49.2</b>   | <b>11.1</b>                    | <b>1,025.1</b> |

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2016

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

**Renegotiated loans.** Information on loans whose terms have been renegotiated, as at 30 June 2016 and 31 December 2015 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<br/>Roubles</i>                  | Commercial<br>loans to<br>legal<br>entities | Specialized<br>loans to<br>legal<br>entities | Mortgage<br>loans to<br>individuals | Consumer<br>and other<br>loans to<br>individuals | Credit<br>cards and<br>overdrafts<br>to individuals | Car<br>loans to<br>individuals | Total          |
|--|---|--|-------------------------------------|--|---|--------------------------------|----------------|
| <b>30 June 2016 (unaudited):</b>                           |   |  |                                     |  |   |                                |                |
| Not past due collectively<br>assessed loans                | 1,482.6                                     | 1,412.9                                      | 91.6                                | 31.8   | 0.5   | 4.5                            | <b>3,023.9</b> |
| Other renegotiated loans                                   | 459.9                                       | 248.6  | 41.9                                | 37.5   | 0.3   | 8.7                            | <b>796.9</b>   |
| <b>Total renegotiated loans<br/>as at 30 June 2016</b>     | <b>1,942.5</b>                              | <b>1,661.5</b>                               | <b>133.5</b>                        | <b>69.3</b>                                      | <b>0.8</b>  | <b>13.2</b>                    | <b>3,820.8</b> |
| <b>31 December 2015:</b>                                   |   |  |                                     |  |   |                                |                |
| Not past due collectively<br>assessed loans                | 1,283.4                                     | 1,293.3                                      | 76.7                                | 27.4   | 0.7   | 4.7                            | <b>2,686.2</b> |
| Other renegotiated loans                                   | 427.6                                       | 236.4  | 35.2                                | 30.7   | 0.3   | 7.4                            | <b>737.6</b>   |
| <b>Total renegotiated loans<br/>as at 31 December 2015</b> | <b>1,711.0</b>                              | <b>1,529.7</b>                               | <b>111.9</b>                        | <b>58.1</b>                                      | <b>1.0</b>  | <b>12.1</b>                    | <b>3,423.8</b> |

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

| <i>in billions of Russian Roubles</i>                                   | 30 June<br>2016<br>(unaudited) | 31 December<br>2015 |
|---|--------------------------------|---------------------|
| Gross investment in finance leases                                      | 306.6                          | 328.0               |
| Less unearned future finance income on finance leases                   | (85.6)                         | (94.8)              |
| <b>Net investment in finance leases before provision for impairment</b> | <b>221.0</b>                   | <b>233.2</b>        |
| Less provision for impairment   | (10.7)                         | (11.4)              |
| <b>Net investment in finance leases after provision for impairment</b>  | <b>210.3</b>                   | <b>221.8</b>        |

The contractual maturity analysis of net investments in finance leases as at 30 June 2016 is as follows:

| <i>(unaudited)<br/>in billions of Russian Roubles</i>                 | Net investment<br>in finance leases<br>before<br>provision for<br>impairment | Provision for<br>impairment | Net investment<br>in finance leases<br>after provision<br>for impairment |
|---|--|-----------------------------|--|
| Within 1 year   | 47.8   | (1.5)                       | 46.3   |
| From 1 to 5 years   | 104.1  | (2.4)                       | 101.7  |
| More than 5 years   | 54.7   | (0.8)                       | 53.9   |
| Overdue   | 14.4   | (6.0)                       | 8.4  |
| <b>Total net investments in finance leases as at<br/>30 June 2016</b> | <b>221.0</b>   | <b>(10.7)</b>               | <b>210.3</b>   |

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2016

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

The contractual maturity analysis of net investments in finance leases as at 31 December 2015 is as follows:

| <i>in billions of Russian Roubles</i>                                     | Net investment<br>in finance leases<br>before<br>provision for<br>impairment | Provision for<br>impairment | Net investment<br>in finance leases<br>after provision<br>for impairment |
|---|--|-----------------------------|--|
| Within 1 year   | 50.0   | (1.9)                       | 48.1   |
| From 1 to 5 years   | 115.7  | (3.2)                       | 112.5  |
| More than 5 years   | 53.5   | (1.1)                       | 52.4   |
| Overdue   | 14.0   | (5.2)                       | 8.8  |
| <b>Total net investments in finance leases as at<br/>31 December 2015</b> | <b>233.2</b>   | <b>(11.4)</b>               | <b>221.8</b>   |

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

| <i>in billions of Russian Roubles</i>           | 30 June<br>2016<br>(unaudited) | 31 December<br>2015 |
|---|--------------------------------|---------------------|
| Within 1 year                                   | 53.0                           | 55.7                |
| From 1 to 5 years                               | 143.9                          | 162.0               |
| More than 5 years                               | 95.3                           | 96.3                |
| Overdue   | 14.4                           | 14.0                |
| <b>Total minimum lease payments receivables</b> | <b>306.6</b>                   | <b>328.0</b>        |

**Economic sector risk concentration.** Economic sector risk concentrations based on Russian classifier of economic activities within the customer loan portfolio are as follows:

| <i>in billions of Russian Roubles</i>   | 30 June<br>2016<br>(unaudited) |              | 31 December<br>2015 |              |
|---|--------------------------------|--------------|---------------------|--------------|
|   | Amount                         | %            | Amount              | %            |
| Individuals   | 4,969.6                        | 25.9         | 4,965.6             | 24.9         |
| Services  | 3,799.2                        | 19.8         | 3,843.1             | 19.3         |
| Trade   | 2,056.4                        | 10.7         | 2,134.6             | 10.7         |
| Energy  | 1,075.2                        | 5.6          | 1,180.4             | 5.9          |
| Food and agriculture  | 1,074.7                        | 5.6          | 1,062.8             | 5.3          |
| Metallurgy  | 1,005.9                        | 5.2          | 883.1               | 4.4          |
| Machinery   | 873.8                          | 4.5          | 976.2               | 4.9          |
| Government and municipal bodies   | 732.8                          | 3.8          | 899.5               | 4.5          |
| Construction  | 679.2                          | 3.5          | 715.1               | 3.6          |
| Oil and gas   | 600.3                          | 3.1          | 616.5               | 3.1          |
| Transport, aviation, space industry   | 549.7                          | 2.9          | 702.4               | 3.5          |
| Chemical industry   | 527.8                          | 2.7          | 575.1               | 2.9          |
| Telecommunications  | 424.4                          | 2.2          | 447.1               | 2.2          |
| Timber industry   | 69.7                           | 0.4          | 78.0                | 0.4          |
| Other   | 781.8                          | 4.1          | 844.8               | 4.4          |
| <b>Total loans and advances to customers<br/>before provision for loan impairment</b> | <b>19,220.5</b>                | <b>100.0</b> | <b>19,924.3</b>     | <b>100.0</b> |

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2016

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

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

Refer to Note 30 for the information on amounts in loans and advances to customers which are collateralized by securities received under reverse sale and repurchase agreements and loans transferred without derecognition.

As at 30 June 2016 the Group had 20 largest groups of related corporate borrowers with aggregated loan amounts due from each of these groups exceeding RR 134.1 billion (31 December 2015: 20 largest groups of related corporate borrowers with loan amounts due from each of these groups exceeding RR 120.8 billion). The total aggregate amount of these loans was RR 4,642.2 billion or 24.2% of the total gross loan portfolio of the Group (31 December 2015: RR 4,557.5 billion or 22.9%).

### 8 Securities Pledged under Repurchase Agreements

| <i>in billions of Russian Roubles</i>   | <b>30 June<br/>2016<br/>(unaudited)</b> | <b>31 December<br/>2015</b> |
|---|---|-----------------------------|
| <b>Trading securities pledged under repurchase agreements</b>                             |   |                             |
| Russian federal loan bonds (OFZ bonds)  | 0.1                                     | —                           |
| Corporate shares  | —                                       | 0.3                         |
| <b>Total trading securities pledged under repurchase agreements</b>                       | <b>0.1</b>                              | <b>0.3</b>                  |
| <b>Investment securities available-for-sale pledged under repurchase agreements</b>       |   |                             |
| Foreign government and municipal bonds  | 94.5                                    | 124.9                       |
| Russian federal loan bonds (OFZ bonds)  | 1.6                                     | 24.4                        |
| Russian Federation Eurobonds  | 0.5                                     | —                           |
| Corporate bonds   | 0.2                                     | —                           |
| <b>Total investment securities available-for-sale pledged under repurchase agreements</b> | <b>96.8</b>                             | <b>149.3</b>                |
| <b>Investment securities held-to-maturity pledged under repurchase agreements</b>         |   |                             |
| Foreign government and municipal bonds  | 40.6                                    | 40.0                        |
| Russian federal loan bonds (OFZ bonds)  | 3.7                                     | 32.4                        |
| <b>Total investment securities held-to-maturity pledged under repurchase agreements</b>   | <b>44.3</b>                             | <b>72.4</b>                 |
| <b>Total securities pledged under repurchase agreements</b>                               | <b>141.2</b>                            | <b>222.0</b>                |

Refer to Note 30 for more information on securities pledged under sale and repurchase agreements with banks and corporate customers.

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2016

### 9 Investment Securities Available-for-Sale

|  | 30 June<br>2016<br>(unaudited) | 31 December<br>2015 |
|--|--------------------------------|---------------------|
| <i>in billions of Russian Roubles</i>                      |                                |                     |
| Corporate bonds  | 783.8                          | 682.5               |
| Russian federal loan bonds (OFZ bonds)                     | 777.1                          | 639.6               |
| Russian Federation Eurobonds                               | 257.4                          | 281.2               |
| Foreign government and municipal bonds                     | 209.1                          | 200.2               |
| Russian municipal and subfederal bonds                     | 29.8                           | 45.1                |
| Promissory notes   | 0.4                            | 0.4                 |
| <b>Total debt investment securities available-for-sale</b> | <b>2,057.6</b>                 | <b>1,849.0</b>      |
| Corporate shares   | 27.6                           | 25.3                |
| <b>Total investment securities available-for-sale</b>      | <b>2,085.2</b>                 | <b>1,874.3</b>      |

### 10 Investment Securities Held-to-Maturity

|   | 30 June<br>2016<br>(unaudited) | 31 December<br>2015 |
|---|--------------------------------|---------------------|
| <i>in billions of Russian Roubles</i>   |                                |                     |
| Corporate bonds   | 213.7                          | 247.6               |
| Russian federal loan bonds (OFZ bonds)  | 168.6                          | 135.5               |
| Foreign government and municipal bonds  | 35.7                           | 44.6                |
| Russian Federation Eurobonds  | 30.9                           | 33.2                |
| Russian municipal and subfederal bonds  | 23.9                           | 23.3                |
| <b>Total investment securities held-to-maturity before provision for impairment</b> | <b>472.8</b>                   | <b>484.2</b>        |
| Less provision for impairment   | (1.3)                          | (6.5)               |
| <b>Total investment securities held-to-maturity after provision for impairment</b>  | <b>471.5</b>                   | <b>477.7</b>        |

The changes in provision for impairment of investment securities held-to-maturity for the six months ended 30 June 2016 and 30 June 2015 are presented below:

| <i>(unaudited)</i><br><i>in billions of Russian Roubles</i>   | 2016       | 2015       |
|---|------------|------------|
| <b>Provision for impairment of investment securities held-to-maturity as at 1 January (audited)</b> | <b>6.5</b> | <b>4.4</b> |
| Net recovery of provision for impairment during the period  | (2.2)      | —          |
| Investment securities held-to-maturity written off during the period                                | (3.0)      | —          |
| <b>Provision for impairment of investment securities held-to-maturity as at 30 June</b>             | <b>1.3</b> | <b>4.4</b> |

The changes in provision for impairment of investment securities held-to-maturity for the three months ended 30 June 2016 and 30 June 2015 are presented below:

| <i>(unaudited)</i><br><i>in billions of Russian Roubles</i>                              | 2016       | 2015       |
|--|------------|------------|
| <b>Provision for impairment of investment securities held-to-maturity as at 31 March</b> | <b>6.1</b> | <b>4.8</b> |
| Net recovery of provision for impairment during the period                               | (1.8)      | (0.4)      |
| Investment securities held-to-maturity written off during the period                     | (3.0)      | —          |
| <b>Provision for impairment of investment securities held-to-maturity as at 30 June</b>  | <b>1.3</b> | <b>4.4</b> |

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2016

### 11 Assets and Liabilities of the Disposal Groups and Non-current Assets Held for Sale

| <i>in billions of Russian Roubles</i>   | <b>30 June<br/>2016<br/>(unaudited)</b> | <b>31 December<br/>2015</b> |
|---|---|-----------------------------|
| Assets of the disposal groups and non-current assets held for sale              |   |                             |
| - assets of the disposal groups   | 123.2                                   | 207.4                       |
| - non-current assets held for sale  | 5.5                                     | 5.3                         |
| <b>Total assets of the disposal groups and non-current assets held for sale</b> | <b>128.7</b>                            | <b>212.7</b>                |
| Liabilities of the disposal groups  | 106.7                                   | 185.9                       |
| <b>Total liabilities of the disposal groups</b>                                 | <b>106.7</b>                            | <b>185.9</b>                |

Non-current assets held for sale represent non-current assets held for sale by the subsidiaries of the Group.

On 17 December 2015, Management announced a plan to dispose of the subsidiary Sberbank Slovensko a.s. based in Slovakia. Based on the signed agreement, Penta Investments Group will become the new owner of 99.5% of Sberbank Slovensko a.s. shares. The decision to sell Sberbank Slovensko a.s. is consistent with the Group's strategic review of the markets in which Sberbank Europe AG operates. Confidentiality has been agreed concerning the purchase price. The closing of the transaction took place in July 2016 when the transfer of ownership on the shares of Sberbank Slovensko a.s. was completed. As at 30 June 2016, Sberbank Slovensko a.s. was classified as non-current assets held for sale. Refer to Note 36.

In May 2016 transfer of ownership on the shares of NP JSC Krasnaya Polyana representing 96.914% of the company share capital was completed following the fulfilment of conditions agreed by the parties to the contract. Thus the Group transferred control over NP JSC Krasnaya Polyana to the buyer. Upon the sale of NP JSC Krasnaya Polyana the Group has recognized a gain of RR 12.2 billion which was included in other net operating income in the interim consolidated statement of profit or loss.

The table below shows assets and liabilities of significant disposal groups.

| <i>In billions of Russian Roubles</i>           | <b>30 June<br/>2016<br/>(unaudited)</b> | <b>Sberbank<br/>Slovensko a.s.<br/>31 December<br/>2015</b> | <b>NP JSC<br/>Krasnaya Polyana<br/>31 December<br/>2015</b> |
|---|---|---|---|
| <b>ASSETS</b>                                   |   |   |   |
| Cash and cash equivalents                       | 4.4                                     | 3.6   | 0.5   |
| Mandatory cash balances with central banks      | 13.1                                    | 12.8  | —   |
| Due from banks                                  | 0.3                                     | —   | —   |
| Loans and advances to customers                 | 83.6                                    | 106.1   | —   |
| Investment securities available-for-sale        | 18.3                                    | 18.2  | —   |
| Deferred tax asset                              | 0.7                                     | 1.3   | 0.6   |
| Premises and equipment                          | —                                       | —   | 39.0  |
| Other financial assets                          | 0.2                                     | 0.1   | 1.4   |
| Other non-financial assets                      | 0.8                                     | 1.0   | 21.3  |
| <b>Total assets of the disposal groups</b>      | <b>121.4</b>                            | <b>143.1</b>  | <b>62.8</b>   |
| <b>LIABILITIES</b>                              |   |   |   |
| Due to banks                                    | 0.1                                     | 2.5   | 52.7  |
| Due to individuals                              | 67.0                                    | 74.7  | —   |
| Due to corporate customers                      | 30.4                                    | 38.8  | —   |
| Debt securities in issue                        | 2.9                                     | 3.3   | —   |
| Other borrowed funds                            | 1.8                                     | 2.0   | —   |
| Deferred tax liability                          | —                                       | —   | 1.8   |
| Other financial liabilities                     | 2.2                                     | 2.5   | —   |
| Other non-financial liabilities                 | 1.6                                     | 1.4   | 5.9   |
| <b>Total liabilities of the disposal groups</b> | <b>106.0</b>                            | <b>125.2</b>  | <b>60.4</b>   |



## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2016

### 12 Other Assets

|   | 30 June<br>2016<br>(unaudited) | 31 December<br>2015 |
|---|--------------------------------|---------------------|
| <i>in billions of Russian Roubles</i>                                   |                                |                     |
| <b>Other financial assets</b>   |                                |                     |
| Receivables on bank cards settlements                                   | 112.7                          | 299.7               |
| Margin calls transferred  | 70.0                           | 148.6               |
| Settlements on currency conversion operations                           | 62.3                           | 79.9                |
| Settlements on operations with securities                               | 25.4                           | 7.2                 |
| Trade receivables   | 20.4                           | 20.4                |
| Funds in settlement   | 11.5                           | 8.8                 |
| Receivables from Deposit Insurance Agency                               | 9.4                            | 73.2                |
| Accrued fees and commissions  | 9.2                            | 11.8                |
| Investments in associates   | 6.8                            | 6.5                 |
| Restricted cash balances  | 1.9                            | 2.5                 |
| Other   | 17.6                           | 15.7                |
| <b>Total other financial assets before provision for impairment</b>     | <b>347.2</b>                   | <b>674.3</b>        |
| Less provision for impairment of other financial assets                 | (2.6)                          | (3.3)               |
| <b>Total other financial assets</b>                                     | <b>344.6</b>                   | <b>671.0</b>        |
| <b>Other non-financial assets</b>                                       |                                |                     |
| Inventory   | 79.5                           | 65.4                |
| Intangible assets   | 68.8                           | 83.3                |
| Precious metals   | 48.4                           | 25.8                |
| Prepayments for premises and other assets                               | 47.5                           | 37.7                |
| Goodwill  | 20.5                           | 22.1                |
| Investment property   | 13.1                           | 11.1                |
| Prepaid expenses  | 8.3                            | 8.2                 |
| Tax settlements (other than on income)                                  | 5.4                            | 5.8                 |
| Prepayment on income tax  | 3.3                            | 19.6                |
| Other   | 29.9                           | 27.0                |
| <b>Total other non-financial assets before provision for impairment</b> | <b>324.7</b>                   | <b>306.0</b>        |
| Less provision for impairment of other non-financial assets             | (11.7)                         | (12.2)              |
| <b>Total other non-financial assets</b>                                 | <b>313.0</b>                   | <b>293.8</b>        |
| <b>Total other assets</b>   | <b>657.6</b>                   | <b>964.8</b>        |

Movement in the provision for impairment of other assets during the six months ended 30 June 2016 is as follows:

| <i>(unaudited)</i><br><i>in billions of Russian Roubles</i>   | Funds in<br>settlement | Other<br>financial<br>assets | Prepayments<br>for premises<br>and other<br>assets | Other non-<br>financial<br>assets | Total        |
|---|------------------------|------------------------------|--|-----------------------------------|--------------|
| <b>Provision for impairment<br/>as at 31 December 2015 (audited)</b>                                      | <b>1.4</b>             | <b>1.9</b>                   | <b>2.7</b>   | <b>9.5</b>                        | <b>15.5</b>  |
| (Net recovery of provision) / net<br>provision charge for impairment<br>of other assets during the period | (0.1)                  | (0.1)                        | —  | 1.1                               | <b>0.9</b>   |
| Other assets written off<br>during the period   | —                      | (0.4)                        | (0.1)  | (1.5)                             | <b>(2.0)</b> |
| Foreign currencies translation  | —                      | (0.1)                        | —  | —                                 | <b>(0.1)</b> |
| <b>Provision for impairment<br/>as at 30 June 2016</b>  | <b>1.3</b>             | <b>1.3</b>                   | <b>2.6</b>   | <b>9.1</b>                        | <b>14.3</b>  |

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2016

### 12 Other Assets (Continued)

Movement in the provision for impairment of other assets during the three months ended 30 June 2016 is as follows:

| <i>(unaudited)</i><br><i>in billions of Russian Roubles</i>   | <b>Funds in<br/>settlement</b> | <b>Other<br/>financial<br/>assets</b> | <b>Prepayments<br/>for premises<br/>and other<br/>assets</b> | <b>Other non-<br/>financial<br/>assets</b> | <b>Total</b> |
|---|--------------------------------|---------------------------------------|--|--|--------------|
| <b>Provision for impairment<br/>as at 31 March 2016</b>   | <b>1.2</b>                     | <b>2.2</b>                            | <b>3.2</b>   | <b>9.3</b>                                 | <b>15.9</b>  |
| Net provision charge / (net recovery<br>of provision) for impairment<br>of other assets during the period | 0.1                            | (0.3)                                 | (0.7)  | 0.6  | <b>(0.3)</b> |
| Other assets written off<br>during the period   | —                              | (0.4)                                 | (0.1)  | (0.8)                                      | <b>(1.3)</b> |
| Foreign currencies translation  | —                              | (0.2)                                 | 0.2  | —  | —            |
| <b>Provision for impairment<br/>as at 30 June 2016</b>  | <b>1.3</b>                     | <b>1.3</b>                            | <b>2.6</b>   | <b>9.1</b>                                 | <b>14.3</b>  |

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

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

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

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

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

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2016

### 13 Due to Banks

|  | 30 June<br>2016<br>(unaudited) | 31 December<br>2015 |
|--|--------------------------------|---------------------|
| <i>in billions of Russian Roubles</i>                    |                                |                     |
| Term placements of banks                                 | 446.4                          | 773.8               |
| Correspondent accounts and overnight placements of banks | 147.6                          | 153.7               |
| Direct repo agreements with banks                        | 57.7                           | 118.4               |
| <b>Total due to banks</b>                                | <b>651.7</b>                   | <b>1,045.9</b>      |

Term placements of banks represent funds received on interbank market.

Refer to Note 30 for information on the amounts included in due to banks received under sale and repurchase agreements and fair value of securities pledged.

### 14 Due to Individuals and Corporate Customers

|   | 30 June<br>2016<br>(unaudited) | 31 December<br>2015 |
|---|--------------------------------|---------------------|
| <i>in billions of Russian Roubles</i>                   |                                |                     |
| <b>Individuals:</b>                                     |                                |                     |
| - Current/demand accounts                               | 2,353.0                        | 2,415.4             |
| - Term deposits   | 9,604.0                        | 9,627.9             |
| - Direct repo agreements                                | 0.1                            | 0.4                 |
| <b>Total due to individuals</b>                         | <b>11,957.1</b>                | <b>12,043.7</b>     |
| <b>State and public organizations:</b>                  |                                |                     |
| - Current/settlement accounts                           | 162.3                          | 134.3               |
| - Term deposits   | 258.7                          | 325.3               |
| <b>Total due to state and public organizations</b>      | <b>421.0</b>                   | <b>459.6</b>        |
| <b>Other corporate customers:</b>                       |                                |                     |
| - Current/settlement accounts                           | 2,247.6                        | 2,226.9             |
| - Term deposits   | 4,078.1                        | 4,957.4             |
| - Direct repo agreements                                | 83.5                           | 110.7               |
| <b>Total due to other corporate customers</b>           | <b>6,409.2</b>                 | <b>7,295.0</b>      |
| <b>Total due to corporate customers</b>                 | <b>6,830.2</b>                 | <b>7,754.6</b>      |
| <b>Total due to individuals and corporate customers</b> | <b>18,787.3</b>                | <b>19,798.3</b>     |

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2016

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

Economic sector concentrations based on Russian classifier of economic activities within customer accounts are as follows:

| <i>in billions of Russian Roubles</i>                   | 30 June<br>2016<br>(unaudited) |              | 31 December<br>2015 |              |
|---|--------------------------------|--------------|---------------------|--------------|
|   | Amount                         | %            | Amount              | %            |
| Individuals   | 11,957.1                       | 63.6         | 12,043.7            | 60.8         |
| Services  | 1,586.6                        | 8.4          | 1,914.4             | 9.7          |
| Oil and gas   | 1,291.6                        | 6.9          | 1,393.9             | 7.0          |
| Trade   | 1,002.7                        | 5.3          | 1,086.0             | 5.5          |
| Machinery   | 426.8                          | 2.3          | 488.3               | 2.5          |
| Metallurgy  | 366.4                          | 2.0          | 432.1               | 2.2          |
| Construction  | 357.9                          | 1.9          | 395.0               | 2.0          |
| Transport, aviation, space industry                     | 343.0                          | 1.8          | 368.0               | 1.9          |
| Municipal bodies and state organizations                | 325.1                          | 1.7          | 223.8               | 1.1          |
| Energy  | 266.0                          | 1.4          | 377.7               | 1.9          |
| Food and agriculture                                    | 185.1                          | 1.0          | 188.0               | 0.9          |
| Chemical  | 174.6                          | 0.9          | 242.1               | 1.2          |
| Telecommunications                                      | 100.7                          | 0.5          | 142.6               | 0.7          |
| Timber industry   | 24.9                           | 0.1          | 28.4                | 0.1          |
| Other   | 378.8                          | 2.2          | 474.3               | 2.5          |
| <b>Total due to individuals and corporate customers</b> | <b>18,787.3</b>                | <b>100.0</b> | <b>19,798.3</b>     | <b>100.0</b> |

As at 30 June 2016 included in due to corporate customers are deposits of RR 96.9 billion (31 December 2015: RR 116.2 billion) held as collateral for irrevocable commitments under import letters of credit. Refer to Note 28.

As at 30 June 2016 the Group had 20 largest groups of related customers with balances above RR 31.0 billion each (31 December 2015: 20 largest groups of related customers with balances above RR 38.8 billion each). The aggregate balance of these customers was RR 2,984.4 billion (31 December 2015: RR 3,143.3 billion) or 15.9% (31 December 2015: 15.9%) of total due to individuals and corporate customers.

Refer to Note 30 for information on the amounts due to corporate customers received under sale and repurchase agreements and carrying value of assets pledged.

### 15 Debt Securities in Issue

| <i>in billions of Russian Roubles</i>                               | 30 June<br>2016<br>(unaudited) | 31 December<br>2015 |
|---|--------------------------------|---------------------|
| Savings certificates  | 596.0                          | 577.7               |
| Loan participation notes issued under the MTN programme of Sberbank | 509.4                          | 607.0               |
| Bonds issued:   |                                |                     |
| - on the local market   | 79.3                           | 70.1                |
| - on international capital markets                                  | 26.7                           | 34.5                |
| Promissory notes  | 87.0                           | 80.7                |
| Bonds issued under mortgage securitization programme of Sberbank    | 6.3                            | 7.2                 |
| Other debt securities issued  | 1.2                            | 1.3                 |
| <b>Total debt securities in issue</b>                               | <b>1,305.9</b>                 | <b>1,378.5</b>      |

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2016

### 15 Debt Securities in Issue (Continued)

Description of the debt securities issued under MTN programme of Sberbank is presented in the table below:

| Issue  | Drawdown date     | Maturity date    | Currency | Nominal value in currency of issue, in millions of currency | Contractual interest rate, % p.a. | 30 June 2016 (unaudited)          |                                 | 31 December 2015                  |                                 |
|--|-------------------|------------------|----------|---|-----------------------------------|-----------------------------------|---------------------------------|-----------------------------------|---------------------------------|
|  |                   |                  |          |   |                                   | Carrying value, in billions of RR | Effective interest rate, % p.a. | Carrying value, in billions of RR | Effective interest rate, % p.a. |
| Series 5   | 24 September 2010 | 24 March 2017    | USD      | 1,250   | 5.4                               | 79.1                              | 5.4                             | 89.8                              | 5.4                             |
| Series 7   | 16 June 2011      | 16 June 2021     | USD      | 1,000   | 5.7                               | 53.6                              | 5.8                             | 60.8                              | 5.8                             |
| Series 8   | 07 February 2012  | 07 February 2017 | USD      | 1,300   | 5.0                               | 79.0                              | 4.8                             | 89.6                              | 4.8                             |
| Series 9   | 07 February 2012  | 07 February 2022 | USD      | 1,500   | 6.1                               | 97.0                              | 5.6                             | 108.8                             | 5.6                             |
| Series 11  | 28 June 2012      | 28 June 2019     | USD      | 1,000   | 5.2                               | 58.9                              | 5.3                             | 66.9                              | 5.3                             |
| Series 13  | 31 January 2013   | 31 January 2016  | RUB      | 25,000  | 7.0                               | —                                 | —                               | 22.2                              | 7.2                             |
| Series 14  | 28 February 2013  | 28 February 2017 | CHF      | 250   | 2.1                               | 16.5                              | 2.1                             | 18.7                              | 2.1                             |
| Series 15  | 04 March 2013     | 04 March 2018    | TRY      | 550   | 7.4                               | 10.8                              | 7.6                             | 12.6                              | 7.6                             |
| Series 18  | 06 March 2014     | 06 March 2019    | USD      | 500   | 4.2                               | 32.5                              | 4.2                             | 36.9                              | 4.2                             |
| Series 19  | 07 March 2014     | 07 March 2019    | EUR      | 500   | 3.1                               | 35.9                              | 3.1                             | 40.2                              | 3.1                             |
| Series 20  | 26 June 2014      | 15 November 2019 | EUR      | 1,000   | 3.4                               | 46.1                              | 3.4                             | 60.5                              | 3.4                             |
| <b>Total loan participation notes issued under the MTN programme of Sberbank</b> |                   |                  |          |   |                                   | <b>509.4</b>                      |                                 | <b>607.0</b>                      |                                 |

During the six months ended 30 June 2016 the Group repurchased a portion of the loan participation notes issued under the MTN programme from the market. The gain from early redemption of these notes amounted to RR 0.1 billion and is presented within other net operating income in the interim consolidated statement of profit or loss (during the six months ended 30 June 2015: RR 3.6 billion).

In December 2014 the Group arranged a securitization transaction through a special purpose entity under which three tranches of mortgage-backed amortizing notes with nominal value of RR 11.1 billion were issued. The amortised cost of these securities as at 30 June 2016 amounted to RR 6.3 billion (31 December 2015: RR 7.2 billion). These securities were collateralized with portfolio of mortgage loans to individuals secured by residential properties (loans were not derecognized by the Group) with amortized cost of RR 7.6 billion as at 30 June 2016 (31 December 2015: RR 8.5 billion). The first tranche with the nominal value of RR 6.7 billion has the coupon rate of 9.0% p.a.; the second tranche with the nominal value of RR 3.3 billion has the coupon rate of 3.0% p.a.; and the third junior tranche with the nominal value of RR 1.1 billion has a floating coupon rate. The first and the second tranches have equal seniority. The bonds final original maturity is December 2046, however, the early redemption option is available to the Group based on terms and volumes of repayment of securitized mortgage loans by individuals. As the third tranche was purchased by the Group, thus, it is eliminated in these interim condensed consolidated financial statements.

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2016

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### 16 Financial Liabilities at Fair Value through Profit or Loss other than Debt Securities in Issue

|   | <b>30 June<br/>2016<br/>(unaudited)</b> | <b>31 December<br/>2015</b> |
|---|---|-----------------------------|
| <i>in billions of Russian Roubles</i>   |   |                             |
| Derivative financial instruments  | 242.6                                   | 397.2                       |
| Obligation to deliver securities  | 19.9                                    | 29.4                        |
| <b>Total financial liabilities at fair value through profit or loss other than debt securities in issue</b> | <b>262.5</b>                            | <b>426.6</b>                |

The composition of derivative financial instruments as at 30 June 2016 and 31 December 2015 is presented below:

|   | <b>30 June<br/>2016<br/>(unaudited)</b> | <b>31 December<br/>2015</b> |
|---|---|-----------------------------|
| <i>in billions of Russian Roubles</i>           |   |                             |
| Foreign currency interest rate derivatives      | 111.2                                   | 210.4                       |
| Foreign currency derivatives                    | 58.2                                    | 121.6                       |
| Interest rate derivatives                       | 49.8                                    | 23.5                        |
| Commodity including precious metals derivatives | 22.2                                    | 40.4                        |
| Equity securities derivatives                   | 1.1                                     | 1.0                         |
| Credit risk derivatives                         | 0.1                                     | 0.1                         |
| Debt securities derivatives                     | —                                       | 0.2                         |
| <b>Total derivative financial instruments</b>   | <b>242.6</b>                            | <b>397.2</b>                |

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2016

### 17 Other Liabilities

|   | 30 June<br>2016<br>(unaudited) | 31 December<br>2015 |
|---|--------------------------------|---------------------|
| <i>in billions of Russian Roubles</i>                           |                                |                     |
| <b>Other financial liabilities</b>                              |                                |                     |
| Settlements on operations with securities                       | 84.8                           | 5.3                 |
| Accrued employee benefit costs                                  | 65.7                           | 34.9                |
| Payables on bank card settlements                               | 50.9                           | 158.2               |
| Funds in settlement   | 47.4                           | 43.0                |
| Margin calls received   | 43.2                           | 79.0                |
| Payables  | 34.0                           | 44.9                |
| Deposit insurance system fees payable                           | 10.8                           | 10.2                |
| Settlements on currency conversion operations                   | 0.2                            | 0.1                 |
| Other   | 20.1                           | 22.0                |
| <b>Total other financial liabilities</b>                        | <b>357.1</b>                   | <b>397.6</b>        |
| <b>Other non-financial liabilities</b>                          |                                |                     |
| Taxes payable other than on income                              | 38.2                           | 28.6                |
| Provisions for credit related commitments and other commitments | 17.5                           | 13.4                |
| Income tax payable  | 13.3                           | 2.8                 |
| Advances received   | 9.9                            | 11.5                |
| Deferred commissions received on guarantees issued              | 2.7                            | 2.4                 |
| Other   | 10.6                           | 8.1                 |
| <b>Total other non-financial liabilities</b>                    | <b>92.2</b>                    | <b>66.8</b>         |
| <b>Provisions on insurance and pension operations</b>           |                                |                     |
| Provisions on pension operations                                | 350.8                          | 256.6               |
| Provisions on insurance operations                              | 85.3                           | 64.2                |
| Provision on unearned premium                                   | 3.8                            | 2.8                 |
| <b>Total provisions on insurance and pension operations</b>     | <b>439.9</b>                   | <b>323.6</b>        |
| <b>Total other liabilities</b>                                  | <b>889.2</b>                   | <b>788.0</b>        |

Movement in the provision for impairment of credit related commitments and other commitments during the six months ended 30 June 2016 is as follows:

| <i>(unaudited)</i><br><i>in billions of Russian Roubles</i>          | Guarantees<br>issued | Commitments<br>to extend credit<br>and undrawn<br>credit lines | Letters<br>of credit | Other<br>commitments | Total        |
|--|----------------------|--|----------------------|----------------------|--------------|
| <b>Provision for impairment<br/>as at 31 December 2015 (audited)</b> | <b>4.5</b>           | <b>0.2</b>   | <b>0.3</b>           | <b>8.4</b>           | <b>13.4</b>  |
| Net provision charge /<br>(net recovery of provision)                |                      |  |                      |                      |              |
| for impairment during the period                                     | 5.3                  | 4.4  | —                    | (2.4)                | <b>7.3</b>   |
| Write-off and utilization  | —                    | —  | —                    | (2.5)                | <b>(2.5)</b> |
| Foreign currencies translation                                       | (0.3)                | (0.1)  | (0.1)                | (0.2)                | <b>(0.7)</b> |
| <b>Provision for impairment<br/>as at 30 June 2016</b>               | <b>9.5</b>           | <b>4.5</b>   | <b>0.2</b>           | <b>3.3</b>           | <b>17.5</b>  |

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2016

### 17 Other Liabilities (continued)

Movement in the provision for impairment of credit related commitments and other commitments during the three months ended 30 June 2016 is as follows:

| <i>(unaudited)</i><br><i>in billions of Russian Roubles</i>                               | <b>Guarantees<br/>issued</b> | <b>Commitments<br/>to extend credit<br/>and undrawn<br/>credit lines</b> | <b>Letters<br/>of credit</b> | <b>Other<br/>commitments</b> | <b>Total</b> |
|---|------------------------------|--|------------------------------|------------------------------|--------------|
| <b>Provision for impairment<br/>as at 31 March 2016</b>                                   | <b>10.0</b>                  | <b>8.9</b>   | <b>0.3</b>                   | <b>6.2</b>                   | <b>25.4</b>  |
| (Net recovery of provision) / net<br>provision charge for impairment<br>during the period | (0.4)                        | (4.3)  | —                            | (2.6)                        | <b>(7.3)</b> |
| Write-off and utilization   | —                            | —  | —                            | (0.1)                        | <b>(0.1)</b> |
| Foreign currencies translation  | (0.1)                        | (0.1)  | (0.1)                        | (0.2)                        | <b>(0.5)</b> |
| <b>Provision for impairment<br/>as at 30 June 2016</b>                                    | <b>9.5</b>                   | <b>4.5</b>   | <b>0.2</b>                   | <b>3.3</b>                   | <b>17.5</b>  |

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

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

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

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



## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2016

### 17 Other Liabilities (continued)

**Liabilities on insurance and pension fund operations.** The liabilities on insurance and pension fund operations consist predominantly of actuarial provision. The tables below represent the movement of this provision for insurance contract liabilities with/without discretionary participation features (“DPF”) and for investment contract liabilities with DPF.

The table below represents the movement of actuarial provision on insurance operations for the six months ended 30 June 2016:

| <i>(unaudited)</i><br><i>in billions of Russian Roubles</i> | <b>Insurance<br/>contract<br/>liabilities<br/>with DPF</b> | <b>Insurance<br/>contract<br/>liabilities<br/>without DPF</b> | <b>Total<br/>gross<br/>insurance<br/>contract<br/>liabilities</b> |
|---|--|---|---|
| <b>Provision as at 31 December 2015 (audited)</b>           | <b>5.1</b>   | <b>61.9</b>   | <b>67.0</b>   |
| Increase related to new contracts                           | 2.0  | 19.0  | <b>21.0</b>   |
| Other movements including changes on run-off contracts      | 0.1  | (0.7)   | <b>(0.6)</b>  |
| Foreign currency translation                                | 0.1  | 1.6   | <b>1.7</b>  |
| <b>Provision as at 30 June 2016</b>                         | <b>7.3</b>   | <b>81.8</b>   | <b>89.1</b>   |

The table below represents the movement of actuarial provision on insurance operations for the three months ended 30 June 2016:

| <i>(unaudited)</i><br><i>in billions of Russian Roubles</i> | <b>Insurance<br/>contract<br/>liabilities<br/>with DPF</b> | <b>Insurance<br/>contract<br/>liabilities<br/>without DPF</b> | <b>Total<br/>gross<br/>insurance<br/>contract<br/>liabilities</b> |
|---|--|---|---|
| <b>Provision as at 31 March 2016</b>                        | <b>5.2</b>   | <b>73.5</b>   | <b>78.7</b>   |
| Increase related to new contracts                           | 1.9  | 8.0   | <b>9.9</b>  |
| Other movements including changes on run-off contracts      | 0.1  | (0.2)   | <b>(0.1)</b>  |
| Foreign currency translation                                | 0.1  | 0.5   | <b>0.6</b>  |
| <b>Provision as at 30 June 2016</b>                         | <b>7.3</b>   | <b>81.8</b>   | <b>89.1</b>   |

The table below represents the movement of actuarial provision on insurance operations for the six months ended 30 June 2015:

| <i>(unaudited)</i><br><i>in billions of Russian Roubles</i> | <b>Insurance<br/>contract<br/>liabilities<br/>with DPF</b> | <b>Insurance<br/>contract<br/>liabilities<br/>without DPF</b> | <b>Total<br/>gross<br/>insurance<br/>contract<br/>liabilities</b> |
|---|--|---|---|
| <b>Provision as at 31 December 2014 (audited)</b>           | <b>2.8</b>   | <b>31.8</b>   | <b>34.6</b>   |
| Increase related to new contracts                           | 0.7  | 11.6  | <b>12.3</b>   |
| Other movements including changes on run-off contracts      | 0.1  | (0.6)   | <b>(0.5)</b>  |
| <b>Provision as at 30 June 2015</b>                         | <b>3.6</b>   | <b>42.8</b>   | <b>46.4</b>   |

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2016

### 17 Other Liabilities (continued)

The table below represents the movement of actuarial provision on insurance operations for the three months ended 30 June 2015:

| <i>(unaudited)</i><br><i>in billions of Russian Roubles</i> | <b>Insurance<br/>contract<br/>liabilities<br/>with DPF</b> | <b>Insurance<br/>contract<br/>liabilities<br/>without DPF</b> | <b>Total<br/>gross<br/>insurance<br/>contract<br/>liabilities</b> |
|---|--|---|---|
| <b>Provision as at 31 March 2015</b>                        | <b>3.1</b>   | <b>37.3</b>   | <b>40.4</b>   |
| Increase related to new contracts                           | 0.5  | 5.8   | <b>6.3</b>  |
| Other movements including changes on run-off contracts      | —  | (0.3)   | <b>(0.3)</b>  |
| <b>Provision as at 30 June 2015</b>                         | <b>3.6</b>   | <b>42.8</b>   | <b>46.4</b>   |

The table below represents the movement of actuarial provision on pension fund operations for the six months ended 30 June 2016:

| <i>(unaudited)</i><br><i>in billions of Russian Roubles</i> | <b>Insurance<br/>contract<br/>liabilities<br/>with DPF</b> | <b>Investment<br/>contract<br/>liabilities<br/>with DPF</b> | <b>Total<br/>gross<br/>pension<br/>contract<br/>liabilities</b> |
|---|--|---|---|
| <b>Provision as at 31 December 2015 (audited)</b>           | <b>243.4</b>   | <b>13.2</b>   | <b>256.6</b>  |
| Increase related to new contracts                           | 98.1   | —   | <b>98.1</b>   |
| Payments and transfers                                      | (18.4)   | (0.1)   | <b>(18.5)</b>   |
| Other movements including changes on run-off contracts      | 14.0   | 0.6   | <b>14.6</b>   |
| <b>Provision as at 30 June 2016</b>                         | <b>337.1</b>   | <b>13.7</b>   | <b>350.8</b>  |

The table below represents the movement of actuarial provision on pension fund operations for the three months ended 30 June 2016:

| <i>(unaudited)</i><br><i>in billions of Russian Roubles</i> | <b>Insurance<br/>contract<br/>liabilities<br/>with DPF</b> | <b>Investment<br/>contract<br/>liabilities<br/>with DPF</b> | <b>Total<br/>gross<br/>pension<br/>contract<br/>liabilities</b> |
|---|--|---|---|
| <b>Provision as at 31 March 2016</b>                        | <b>326.0</b>   | <b>13.4</b>   | <b>339.4</b>  |
| Increase related to new contracts                           | 1.9  | —   | <b>1.9</b>  |
| Payments and transfers                                      | (0.2)  | —   | <b>(0.2)</b>  |
| Other movements including changes on run-off contracts      | 9.4  | 0.3   | <b>9.7</b>  |
| <b>Provision as at 30 June 2016</b>                         | <b>337.1</b>   | <b>13.7</b>   | <b>350.8</b>  |

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2016

### 17 Other Liabilities (continued)

The table below represents the movement of actuarial provision on pension fund operations for the six months ended 30 June 2015:

| <i>(unaudited)</i><br><i>in billions of Russian Roubles</i> | <b>Insurance<br/>contract<br/>liabilities<br/>with DPF</b> | <b>Investment<br/>contract<br/>liabilities<br/>with DPF</b> | <b>Total<br/>gross<br/>pension<br/>contract<br/>liabilities</b> |
|---|--|---|---|
| <b>Provision as at 31 December 2014 (audited)</b>           | <b>74.6</b>  | <b>9.7</b>  | <b>84.3</b>   |
| Increase related to new contracts                           | 147.1  | —   | <b>147.1</b>  |
| Payments and transfers                                      | (7.4)  | (0.1)   | <b>(7.5)</b>  |
| Other movements including changes on run-off contracts      | 18.7   | 0.9   | <b>19.6</b>   |
| <b>Provision as at 30 June 2015</b>                         | <b>233.0</b>   | <b>10.5</b>   | <b>243.5</b>  |

The table below represents the movement of actuarial provision on pension fund operations for the three months ended 30 June 2015:

| <i>(unaudited)</i><br><i>in billions of Russian Roubles</i> | <b>Insurance<br/>contract<br/>liabilities<br/>with DPF</b> | <b>Investment<br/>contract<br/>liabilities<br/>with DPF</b> | <b>Total<br/>gross<br/>pension<br/>contract<br/>liabilities</b> |
|---|--|---|---|
| <b>Provision as at 31 March 2015</b>                        | <b>76.0</b>  | <b>10.1</b>   | <b>86.1</b>   |
| Increase related to new contracts                           | 147.1  | —   | <b>147.1</b>  |
| Payments and transfers                                      | (7.3)  | —   | <b>(7.3)</b>  |
| Other movements including changes on run-off contracts      | 17.2   | 0.4   | <b>17.6</b>   |
| <b>Provision as at 30 June 2015</b>                         | <b>233.0</b>   | <b>10.5</b>   | <b>243.5</b>  |

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2016

### 18 Subordinated Debt

|  | 30 June<br>2016<br>(unaudited) | 31 December<br>2015 |
|--|--------------------------------|---------------------|
| <i>in billions of Russian Roubles</i>                        |                                |                     |
| Subordinated debt received from the Bank of Russia           | 520.6                          | 504.5               |
| Subordinated debt issued under the MTN programme of Sberbank | 216.8                          | 259.0               |
| Other subordinated debt                                      | 38.5                           | 43.0                |
| <b>Total subordinated debt</b>                               | <b>775.9</b>                   | <b>806.5</b>        |

Description of the subordinated debt received by the Group from the Bank of Russia is presented in the table below:

| Drawdown date   | Interest rate<br>repricing date | Currency | Nominal value<br>in currency of<br>issue, in<br>millions of<br>currency | Contractual<br>interest<br>rate,<br>% p.a. | 30 June 2016<br>(unaudited)                |  | 31 December 2015                           |  |
|---|---------------------------------|----------|---|--|--|--|--|--|
|   |                                 |          |   |  | Carrying<br>value, in<br>billions<br>of RR | Effective<br>interest<br>rate,<br>% p.a. | Carrying<br>value, in<br>billions<br>of RR | Effective<br>interest<br>rate,<br>% p.a. |
| 16 December 2008  | 31 December 2019                | RUB      | 300,000   | 6.5  | 313.7                                      | 6.5                                      | 304.1                                      | 6.5                                      |
| 18 June 2014  | 31 December 2019                | RUB      | 200,000   | 6.5  | 206.9                                      | 6.5                                      | 200.4                                      | 6.5                                      |
| <b>Total subordinated debt received from the Bank of Russia</b> |                                 |          |   |  | <b>520.6</b>                               |  | <b>504.5</b>                               |  |

In March 2015, following the amendments to the Federal Law of the Russian Federation “On additional measures for supporting the financial system of the Russian Federation” terms and conditions of the subordinated loans received from the Bank of Russia in the total nominal value of RR 500 billion were modified. As it was allowed by the Federal Law the Bank elected to prolong these subordinated loans for 50 years from the date of the original draw down with an ability to unilaterally (without consent from Bank of Russia) roll over this subordinated facility at its maturity. The subordinated loan facility bears an interest rate of 6.5% p.a. Based on the terms and conditions of the modified subordinated loan the interest rate can be reset after 31 December 2019.

The Group considers that the terms of initial financial instruments previously reported by the Group were not significantly modified. On the repricing date the Group will reassess its judgement provided the conditions of the subordinated loans are substantially revised.

Description of the subordinated debt issued under the MTN programme of Sberbank is presented in the table below:

| Issue   | Drawdown<br>date    | Maturity<br>date    | Currency | Nominal<br>value in<br>currency<br>of issue, in<br>millions of<br>currency | Contractual<br>interest<br>rate,<br>% p.a. | 30 June 2016<br>(unaudited)                |  | 31 December 2015                           |  |
|---|---------------------|---------------------|----------|--|--|--|--|--|--|
|   |                     |                     |          |  |  | Carrying<br>value, in<br>billions<br>of RR | Effective<br>interest<br>rate,<br>% p.a. | Carrying<br>value, in<br>billions<br>of RR | Effective<br>interest<br>rate,<br>% p.a. |
| Series 12   | 29 October<br>2012  | 29 October<br>2022  | USD      | 2,000  | 5.1  | 89.8                                       | 5.2                                      | 113.7                                      | 5.2                                      |
| Series 16   | 23 May 2013         | 23 May 2023         | USD      | 1,000  | 5.3  | 63.6                                       | 5.4                                      | 72.3                                       | 5.4                                      |
| Series 17   | 26 February<br>2014 | 26 February<br>2024 | USD      | 1,000  | 5.5  | 63.4                                       | 5.6                                      | 73.0                                       | 5.6                                      |
| <b>Total subordinated debt issued under the MTN programme of Sberbank</b> |                     |                     |          |  |  | <b>216.8</b>                               |  | <b>259.0</b>                               |  |

During the six months ended 30 June 2016 the Group repurchased a portion of the subordinated loan participation notes issued under the MTN programme from the market. The gain from early redemption of these notes amounted to RR 0.5 billion and is presented within other net operating income in the interim consolidated statement of profit or loss (during the six months ended 30 June 2015: RR 0.9 billion).

In the event of the Bank’s liquidation the claims of the holders of the subordinated debt would be subordinated to all other creditors.

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2016

### 19 Interest Income and Expense

| <i>(unaudited)</i><br><i>in billions of Russian Roubles</i>                               | Six months ended 30<br>June |                | Three months<br>ended 30 June |                |
|---|-----------------------------|----------------|-------------------------------|----------------|
|   | 2016                        | 2015           | 2016                          | 2015           |
| <b>Interest income</b>  |                             |                |                               |                |
| <b>Interest income on financial assets not at fair value through profit or loss</b>       |                             |                |                               |                |
| <b>Interest income on financial assets carried at amortized cost:</b>                     |                             |                |                               |                |
| - Loans and advances to customers   | 1,090.7                     | 1,012.4        | 539.1                         | 498.3          |
| - Debt investment securities held-to-maturity   | 19.8                        | 17.5           | 8.7                           | 9.1            |
| - Due from banks  | 18.7                        | 11.7           | 10.3                          | 5.7            |
| - Correspondent/current accounts with banks   | 1.8                         | 0.7            | 1.0                           | 0.4            |
|   | <b>1,131.0</b>              | <b>1,042.3</b> | <b>559.1</b>                  | <b>513.5</b>   |
| <b>Interest income on financial assets available-for-sale:</b>                            |                             |                |                               |                |
| - Debt investment securities available-for-sale   | 68.4                        | 58.3           | 33.7                          | 28.1           |
|   | <b>68.4</b>                 | <b>58.3</b>    | <b>33.7</b>                   | <b>28.1</b>    |
| <b>Total interest income on financial assets not at fair value through profit or loss</b> | <b>1,199.4</b>              | <b>1,100.6</b> | <b>592.8</b>                  | <b>541.6</b>   |
| <b>Interest income on financial assets at fair value through profit or loss:</b>          |                             |                |                               |                |
| - Debt securities designated as at fair value through profit or loss                      | 12.2                        | 3.3            | 6.4                           | 1.8            |
| - Debt trading securities   | 0.8                         | 2.5            | 0.2                           | 1.1            |
| - Other interest income   | 0.1                         | 0.1            | 0.1                           | 0.1            |
|   | <b>13.1</b>                 | <b>5.9</b>     | <b>6.7</b>                    | <b>3.0</b>     |
| <b>Total interest income</b>  | <b>1,212.5</b>              | <b>1,106.5</b> | <b>599.5</b>                  | <b>544.6</b>   |
| <b>Interest expense</b>   |                             |                |                               |                |
| <b>Interest expense on financial liabilities not at fair value through profit or loss</b> |                             |                |                               |                |
| <b>Interest expense on financial liabilities carried at amortized cost:</b>               |                             |                |                               |                |
| - Term deposits of individuals  | (275.9)                     | (233.5)        | (132.7)                       | (126.3)        |
| - Term deposits of legal entities   | (108.6)                     | (149.4)        | (50.0)                        | (58.7)         |
| - Debt securities in issue at amortized cost  | (45.2)                      | (45.5)         | (23.0)                        | (24.3)         |
| - Current/settlement accounts of legal entities   | (30.0)                      | (40.1)         | (15.5)                        | (20.0)         |
| - Term placements of banks  | (25.5)                      | (150.8)        | (8.4)                         | (60.1)         |
| - Subordinated debt   | (23.4)                      | (22.9)         | (11.6)                        | (10.9)         |
| - Current/demand accounts of individuals  | (8.9)                       | (7.5)          | (4.5)                         | (3.9)          |
| - Other borrowed funds  | (5.7)                       | (8.0)          | (2.8)                         | (2.8)          |
| - Correspondent/current accounts of banks   | (1.5)                       | (2.6)          | (0.5)                         | (1.1)          |
|   | <b>(524.7)</b>              | <b>(660.3)</b> | <b>(249.0)</b>                | <b>(308.1)</b> |
| <b>Interest expense on financial liabilities at fair value through profit or loss:</b>    |                             |                |                               |                |
| - Obligation to deliver securities  | (0.7)                       | (0.7)          | (0.3)                         | (0.2)          |
|   | <b>(0.7)</b>                | <b>(0.7)</b>   | <b>(0.3)</b>                  | <b>(0.2)</b>   |
| <b>Total interest expense</b>   | <b>(525.4)</b>              | <b>(661.0)</b> | <b>(249.3)</b>                | <b>(308.3)</b> |
| Deposit insurance expenses  | (22.3)                      | (18.1)         | (10.9)                        | (9.2)          |
| <b>Total interest expense including deposit insurance expenses</b>                        | <b>(547.7)</b>              | <b>(679.1)</b> | <b>(260.2)</b>                | <b>(317.5)</b> |
| <b>Net interest income</b>  | <b>664.8</b>                | <b>427.4</b>   | <b>339.3</b>                  | <b>227.1</b>   |

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2016

### 20 Fee and Commission Income and Expense

| <i>(unaudited)</i><br><i>in billions of Russian Roubles</i>                            | Six months ended 30 June |               | Three months ended 30 June |               |
|--|--------------------------|---------------|----------------------------|---------------|
|  | 2016                     | 2015          | 2016                       | 2015          |
| <b>Fee and commission income</b>   |                          |               |                            |               |
| Cash and settlements transactions with legal entities                                  | 113.8                    | 91.9          | 60.7                       | 48.7          |
| Cash and settlements transactions with individuals                                     | 47.4                     | 39.0          | 24.9                       | 20.5          |
| Documentary commissions  | 12.4                     | 10.5          | 6.1                        | 4.9           |
| Operations with foreign currencies and precious metals                                 | 10.9                     | 18.1          | 5.0                        | 7.8           |
| Agent commissions  | 3.7                      | 2.9           | 1.4                        | 1.5           |
| Cash collection  | 3.2                      | 2.8           | 1.9                        | 1.6           |
| Operations on financial markets on behalf of clients and investment banking operations | 2.4                      | 2.3           | 1.3                        | 1.0           |
| Other  | 5.5                      | 2.4           | 3.4                        | 0.5           |
| <b>Total fee and commission income</b>   | <b>199.3</b>             | <b>169.9</b>  | <b>104.7</b>               | <b>86.5</b>   |
| <b>Fee and commission expense</b>  |                          |               |                            |               |
| Settlement transactions  | (34.5)                   | (25.9)        | (18.0)                     | (13.3)        |
| Operations with foreign currencies   | (0.2)                    | (0.2)         | (0.1)                      | (0.1)         |
| Cash collection  | (0.2)                    | (0.2)         | (0.1)                      | (0.1)         |
| Other  | (1.3)                    | (2.1)         | (0.6)                      | (0.5)         |
| <b>Total fee and commission expense</b>  | <b>(36.2)</b>            | <b>(28.4)</b> | <b>(18.8)</b>              | <b>(14.0)</b> |
| <b>Net fee and commission income</b>   | <b>163.1</b>             | <b>141.5</b>  | <b>85.9</b>                | <b>72.5</b>   |

### 21 Net Results from Trading in Foreign Currencies, Operations with Foreign Currency Derivatives and Foreign Exchange Translation

| <i>(unaudited)</i><br><i>in billions of Russian Roubles</i>   | Six months ended 30 June |             | Three months ended 30 June |             |
|---|--------------------------|-------------|----------------------------|-------------|
|   | 2016                     | 2015        | 2016                       | 2015        |
| Net foreign exchange translation gains / (losses)   | 0.7                      | 19.9        | 7.8                        | (29.4)      |
| Net (losses) / gains from operations with foreign currency and foreign currency interest rate derivatives   | (49.7)                   | (16.8)      | (29.3)                     | 33.8        |
| Net gains from trading in foreign currencies  | 6.1                      | 41.4        | 3.5                        | 13.0        |
| <b>Total net (losses) / gains from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation</b> | <b>(42.9)</b>            | <b>44.5</b> | <b>(18.0)</b>              | <b>17.4</b> |

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2016

### 22 Net Results of Non-banking Business Activities

| <i>(unaudited)</i><br><i>in billions of Russian Roubles</i>                      | Six months ended 30 June |               | Three months ended 30 June |              |
|--|--------------------------|---------------|----------------------------|--------------|
|  | 2016                     | 2015          | 2016                       | 2015         |
| Revenue from sale of goods   | 7.0                      | 4.6           | 4.0                        | 2.3          |
| Revenue from operating lease   | 0.2                      | 0.1           | —                          | 0.1          |
| Revenue from construction contracts  | 0.2                      | 0.9           | 0.1                        | 0.4          |
| Revenue from rendering of services   | 0.2                      | 0.2           | 0.1                        | 0.1          |
| Revenue from other activities  | 6.0                      | 4.0           | 1.9                        | 1.5          |
| <b>Total revenue of non-banking business activities</b>                          | <b>13.6</b>              | <b>9.8</b>    | <b>6.1</b>                 | <b>4.4</b>   |
| Cost of sales and other expenses:  |                          |               |                            |              |
| - cost of goods sold   | (5.8)                    | (4.4)         | (2.9)                      | (1.5)        |
| - staff costs  | (2.8)                    | (2.1)         | (1.2)                      | (0.8)        |
| - maintenance of premises and equipment  | (0.7)                    | (1.0)         | (0.4)                      | (0.2)        |
| - depreciation of fixed assets   | (0.7)                    | (1.3)         | (0.3)                      | (0.8)        |
| - transport costs  | (0.1)                    | (0.1)         | (0.1)                      | —            |
| - other expenses   | (1.9)                    | (1.9)         | (0.8)                      | (1.0)        |
| <b>Total cost of sales and other expenses of non-banking business activities</b> | <b>(12.0)</b>            | <b>(10.8)</b> | <b>(5.7)</b>               | <b>(4.3)</b> |
| <b>Net result of non-banking business activities</b>                             | <b>1.6</b>               | <b>(1.0)</b>  | <b>0.4</b>                 | <b>0.1</b>   |

### 23 Net premiums, claims, benefits, change in contract liabilities and acquisition costs on insurance and pension fund operations

| <i>(unaudited)</i><br><i>in billions of Russian Roubles</i>  | Six months ended 30 June |                | Three months ended 30 June |                |
|--|--------------------------|----------------|----------------------------|----------------|
|  | 2016                     | 2015           | 2016                       | 2015           |
| <b>Net premiums</b>  |                          |                |                            |                |
| Gross premiums written   | 140.6                    | 184.6          | 24.1                       | 174.9          |
| Premiums ceded to reinsurers   | (0.2)                    | (0.1)          | (0.1)                      | —              |
| Premiums returns   | (0.9)                    | (0.7)          | (0.4)                      | (0.4)          |
| <b>Total net premiums from insurance and pension fund operations</b>   | <b>139.5</b>             | <b>183.8</b>   | <b>23.6</b>                | <b>174.5</b>   |
| <b>Net claims, benefits and change in contract liabilities</b>   |                          |                |                            |                |
| Gross benefits and claims occurred   | (20.1)                   | (7.9)          | (1.2)                      | (7.6)          |
| Change in contract liabilities   | (114.6)                  | (171.0)        | (21.2)                     | (163.4)        |
| <b>Total net claims, benefits and change in contract liabilities</b>   | <b>(134.7)</b>           | <b>(178.9)</b> | <b>(22.4)</b>              | <b>(171.0)</b> |
| Acquisition costs  | (0.1)                    | (0.1)          | (0.1)                      | —              |
| <b>Total net claims, benefits, change in contract liabilities and acquisition costs on insurance and pension fund operations</b> | <b>(134.8)</b>           | <b>(179.0)</b> | <b>(22.5)</b>              | <b>(171.0)</b> |
| <b>Total</b>   | <b>4.7</b>               | <b>4.8</b>     | <b>1.1</b>                 | <b>3.5</b>     |

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2016

### 24 Operating Expenses

| <i>(unaudited)</i><br>in billions of Russian Roubles | Six months ended 30 June |              | Three months ended 30 June |              |
|--|--------------------------|--------------|----------------------------|--------------|
|  | 2016                     | 2015         | 2016                       | 2015         |
| Staff costs  | 183.9                    | 167.8        | 97.8                       | 81.8         |
| Depreciation of premises and equipment               | 31.1                     | 30.0         | 15.1                       | 14.6         |
| Administrative expenses                              | 16.7                     | 15.5         | 9.5                        | 8.5          |
| Repairs and maintenance of premises and equipment    | 16.8                     | 16.7         | 10.8                       | 10.1         |
| Operating lease expenses                             | 15.5                     | 13.1         | 8.2                        | 7.0          |
| Taxes other than on income                           | 13.7                     | 13.6         | 8.3                        | 8.5          |
| Amortization of intangible assets                    | 11.4                     | 7.7          | 5.2                        | 3.7          |
| Telecommunication expenses                           | 10.3                     | 9.7          | 6.4                        | 6.5          |
| Consulting and assurance services                    | 4.3                      | 3.8          | 3.1                        | 2.6          |
| Advertising and marketing services                   | 2.8                      | 3.3          | 1.5                        | 1.5          |
| Other  | 6.1                      | 5.1          | 2.9                        | 1.8          |
| <b>Total operating expenses</b>                      | <b>312.6</b>             | <b>286.3</b> | <b>168.8</b>               | <b>146.6</b> |

### 25 Earnings per Share and Dividends

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

| <i>(unaudited)</i><br>in billions of Russian Roubles                              | Six months ended 30 June |             | Three months ended 30 June |             |
|---|--------------------------|-------------|----------------------------|-------------|
|   | 2016                     | 2015        | 2016                       | 2015        |
| Profit for the period attributable to the shareholders of the Bank                | 262.6                    | 84.8        | 144.6                      | 54.2        |
| Less preference dividends declared  | (1.9)                    | (0.5)       | (1.9)                      | (0.5)       |
| <b>Profit attributable to the ordinary shareholders of the Bank</b>               | <b>260.7</b>             | <b>84.3</b> | <b>142.7</b>               | <b>53.7</b> |
| Weighted average number of ordinary shares in issue (billions)                    | 21.5                     | 21.5        | 21.5                       | 21.5        |
| <b>Earnings per ordinary share, basic and diluted (expressed in RR per share)</b> | <b>12.10</b>             | <b>3.92</b> | <b>6.62</b>                | <b>2.50</b> |

On 27 May 2016, the Annual General Shareholders' Meeting of the Bank declared dividends of RR 44.5 billion for 2015 including RR 0.1 billion paid to one of the subsidiaries of the Bank. On 29 May 2015, the Annual General Shareholders' Meeting of the Bank declared dividends of RR 10.2 billion for 2014.

| <i>(unaudited)</i><br>in billions of Russian Roubles                 | Six months ended<br>30 June 2016 |             | Six months ended<br>30 June 2015 |             |
|--|----------------------------------|-------------|----------------------------------|-------------|
|  | Ordinary                         | Preference  | Ordinary                         | Preference  |
| Dividends payable as at 1 January (audited)                          | 0.4                              | 0.1         | 0.5                              | 0.1         |
| Dividends declared during the period                                 | 42.5                             | 1.9         | 9.7                              | 0.5         |
| Dividends paid during the period                                     | (42.5)                           | (1.9)       | (9.8)                            | (0.5)       |
| <b>Dividends payable as at 30 June</b>                               | <b>0.4</b>                       | <b>0.1</b>  | <b>0.4</b>                       | <b>0.1</b>  |
| <b>Dividends per share declared during the period (RR per share)</b> | <b>1.97</b>                      | <b>1.97</b> | <b>0.45</b>                      | <b>0.45</b> |



## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2016

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### 26 Segment Analysis

For the purposes of management the Group is divided into operating segments of activity – Central head office, 14 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,
  - Yugo-Zapadny – Rostov-on-Don;

Subsidiaries of the Group located in the region.
- **Ural, Siberia and Far East of Russia, including:**

Regional head offices:

  - Zapadno-Uralsky – Perm,
  - Uralsky – Ekaterinburg,
  - Sibirsky – Novosibirsk,
  - Zapadno-Sibirsky – Tumen,
  - Dalnevostochny – Khabarovsk,
  - Baikalsky – Irkutsk;

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

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

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

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2016

### 26 Segment Analysis (Continued)

The subsidiaries' activity is controlled by the Group integrally.

Segment reporting of the Group's assets and liabilities as at 30 June 2016 is as follows:

| <i>(unaudited)</i><br><i>in billions of Russian Roubles</i> | <b>Moscow</b> | <b>Central and<br/>Northern<br/>regions of<br/>European<br/>part of Russia</b> | <b>Volga region<br/>and South of<br/>European<br/>part of Russia</b> | <b>Ural, Siberia<br/>and Far East<br/>of Russia</b> | <b>Other<br/>countries</b> | <b>Total</b>    |
|---|---------------|--|--|---|----------------------------|-----------------|
| Total assets  | 11,897.6      | 3,123.0  | 2,601.0  | 3,619.8   | 4,535.7                    | <b>25,777.1</b> |
| Total liabilities   | 8,901.6       | 4,166.4  | 2,795.6  | 3,757.3   | 3,701.6                    | <b>23,322.5</b> |

Segment reporting of the Group's assets and liabilities as at 31 December 2015 is as follows:

| <i>in billions of Russian Roubles</i> | <b>Moscow</b> | <b>Central and<br/>Northern<br/>regions of<br/>European<br/>part of Russia</b> | <b>Volga region<br/>and South of<br/>European<br/>part of Russia</b> | <b>Ural, Siberia<br/>and Far East<br/>of Russia</b> | <b>Other<br/>countries</b> | <b>Total</b>    |
|---------------------------------------|---------------|--|--|---|----------------------------|-----------------|
| Total assets                          | 12,014.3      | 3,442.1  | 2,884.4  | 3,974.2   | 5,202.1                    | <b>27,517.1</b> |
| Total liabilities                     | 9,800.1       | 4,310.7  | 2,970.6  | 3,972.2   | 4,178.3                    | <b>25,231.9</b> |

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2016

### 26 Segment Analysis (Continued)

Reconciliation of total assets and total liabilities as per the reportable segments with the Group's total assets and total liabilities under IFRS as at 30 June 2016 and 31 December 2015 is as follows:

| <i>in billions of Russian Roubles</i>  | 30 June 2016<br>(unaudited) |                   | 31 December 2015 |                   |
|--|-----------------------------|-------------------|------------------|-------------------|
|  | Total assets                | Total liabilities | Total assets     | Total liabilities |
| <b>Total assets and liabilities</b>  | <b>25,777.1</b>             | <b>23,322.5</b>   | <b>27,517.1</b>  | <b>25,231.9</b>   |
| Financial assets and liabilities netting   | (209.4)                     | (209.4)           | (317.0)          | (317.0)           |
| Adjustment to staff expenses accrued (bonuses, annual leave, pension liabilities)        | —                           | 2.5               | —                | 24.8              |
| Adjustment of provision for impairment of debt financial assets                          | 167.5                       | —                 | 163.1            | —                 |
| Accounting for derivatives at fair value   | 1.0                         | (2.6)             | (7.1)            | (8.1)             |
| Accounting for loans by effective rate method  | (13.7)                      | —                 | (29.5)           | —                 |
| Write-down of low value assets   | (15.4)                      | —                 | (14.0)           | —                 |
| Adjustment of other provisions   | 54.6                        | —                 | 37.6             | —                 |
| Adjustment of depreciation and initial cost or revalued amount of premises and equipment | (23.3)                      | —                 | (19.8)           | —                 |
| Accounting for financial contracts with embedded derivatives                             | (4.6)                       | —                 | (8.8)            | —                 |
| Accounting for financing by the effective rate method                                    | —                           | 1.9               | —                | (4.9)             |
| Accrual of expenses on customer loyalty programs   | —                           | 12.3              | —                | 10.6              |
| Currency translation of investments in subsidiaries and associates                       | 1.8                         | —                 | 1.8              | —                 |
| Adjustment for credit related commitments provision                                      | —                           | (18.9)            | —                | (36.9)            |
| Adjustment for legal claims provision  | —                           | —                 | —                | 2.6               |
| Commission income adjustment   | 5.4                         | 3.3               | 4.2              | 2.2               |
| Reclassification of securities between portfolios  | (0.6)                       | —                 | (0.7)            | —                 |
| Adjustment for recognition of securities on trade date                                   | 61.1                        | 61.1              | —                | —                 |
| Accounting for mortgage loans securitisation   | 6.3                         | 6.3               | 7.2              | 7.2               |
| Adjustment for deferred tax  | (10.4)                      | 13.9              | 8.1              | 52.2              |
| Effect of initial recognition of financial instruments at fair value                     | (5.1)                       | (3.2)             | (5.5)            | (3.8)             |
| Other  | 1.7                         | —                 | (2.0)            | (1.1)             |
| <b>The Group's total assets/liabilities under IFRS</b>                                   | <b>25,794.0</b>             | <b>23,189.7</b>   | <b>27,334.7</b>  | <b>24,959.7</b>   |

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2016

### 26 Segment Analysis (Continued)

Segment reporting of the Group's income and expenses for the six months ended 30 June 2016 is as follows:

| <i>(unaudited)</i><br><i>in billions of Russian</i><br><i>Roubles</i>   | <b>Moscow</b> | <b>Central and<br/>Northern<br/>regions of<br/>European<br/>part of Russia</b> | <b>Volga region<br/>and South of<br/>European<br/>part of Russia</b> | <b>Ural, Siberia<br/>and Far East<br/>of Russia</b> | <b>Other<br/>countries</b> | <b>Inter-<br/>company<br/>eliminations</b> | <b>Total</b> |
|---|---------------|--|--|---|----------------------------|--|--------------|
| Interest income   | 463.6         | 194.6  | 164.1  | 233.6   | 174.2                      | (36.0)                                     | 1,194.1      |
| Interest expense  | (230.3)       | (105.6)  | (68.6)   | (89.5)  | (85.2)                     | 34.7                                       | (544.5)      |
| Inter-segment income /<br>(expense)   | 15.3          | (5.2)  | (3.9)  | (6.2)   | —                          | —  | —            |
| Fee and commission income   | 31.3          | 51.6   | 41.6   | 57.7  | 28.7                       | (8.6)                                      | 202.3        |
| Fee and commission expense  | (13.7)        | (7.2)  | (5.2)  | (9.7)   | (8.4)                      | 6.9  | (37.3)       |
| Net gains from securities   | 9.4           | —  | —  | —   | 5.1                        | (1.6)                                      | 12.9         |
| Net (losses) / gains from<br>trading in foreign<br>currencies, operations with<br>foreign currency<br>derivatives and foreign<br>exchange translation, other<br>derivatives | (1.0)         | (0.1)  | 1.5  | 0.1   | (9.3)                      | —  | (8.8)        |
| Net gains from operations<br>with precious metals,<br>precious metals derivatives<br>and precious metals<br>accounts translation  | 3.5           | —  | —  | —   | 0.4                        | 0.1  | 4.0          |
| Net result from non-banking<br>business activities  | 9.1           | 0.1  | 1.7  | —   | 0.4                        | (9.9)                                      | 1.4          |
| Net premiums, claims,<br>benefits and acquisition<br>costs from insurance and<br>pension fund operations  | 10.9          | (4.5)  | (3.6)  | (4.0)   | —                          | 5.9  | 4.7          |
| Goodwill impairment   | —             | (0.3)  | —  | —   | —                          | —  | (0.3)        |
| Net other operating gains /<br>(losses)   | 0.7           | 2.2  | 13.0   | (0.4)   | 3.1                        | (1.5)                                      | 17.1         |
| <b>Operating income before<br/>provision charge for<br/>impairment of debt<br/>financial assets</b>   | <b>298.8</b>  | <b>125.6</b>   | <b>140.6</b>   | <b>181.6</b>  | <b>109.0</b>               | <b>(10.0)</b>                              | <b>845.6</b> |
| Net provision charge for<br>impairment of debt<br>financial assets  | (78.1)        | (30.7)   | (24.5)   | (36.9)  | (37.3)                     | (2.1)                                      | (209.6)      |
| <b>Operating income</b>   | <b>220.7</b>  | <b>94.9</b>  | <b>116.1</b>   | <b>144.7</b>  | <b>71.7</b>                | <b>(12.1)</b>                              | <b>636.0</b> |
| Operating expenses  | (106.9)       | (46.9)   | (43.1)   | (56.7)  | (59.0)                     | 4.2  | (308.4)      |
| <b>Profit before tax<br/>(Segment result)</b>   | <b>113.8</b>  | <b>48.0</b>  | <b>73.0</b>  | <b>88.0</b>   | <b>12.7</b>                | <b>(7.9)</b>                               | <b>327.6</b> |
| <b>Other disclosures</b>  |               |  |  |   |                            |  |              |
| Capital expenditure incurred<br>(additions of premises and<br>equipment and intangible<br>assets)   | 10.6          | 4.4  | 6.5  | 6.0   | 7.2                        | —  | 34.7         |
| Depreciation of premises<br>and equipment and<br>amortisation of intangible<br>assets   | (15.8)        | (4.3)  | (5.3)  | (5.7)   | (4.6)                      | —  | (35.7)       |

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2016

### 26 Segment Analysis (Continued)

Segment reporting of the Group's income and expenses for the three months ended 30 June 2016 is as follows:

| <i>(unaudited)</i><br>in billions of Russian<br>Roubles   | Moscow       | Central and<br>Northern<br>regions of<br>European<br>part of Russia | Volga region<br>and South of<br>European<br>part of Russia | Ural, Siberia<br>and Far East<br>of Russia | Other<br>countries | Inter-<br>company<br>eliminations | Total        |
|---|--------------|---|--|--|--------------------|-----------------------------------|--------------|
| Interest income   | 229.5        | 97.2  | 81.2   | 114.8                                      | 82.4               | (18.2)                            | 586.9        |
| Interest expense  | (107.9)      | (51.4)  | (33.2)   | (43.4)                                     | (39.4)             | 17.9                              | (257.4)      |
| Inter-segment income /<br>(expense)   | 9.7          | (3.4)   | (2.5)  | (3.8)                                      | —                  | —                                 | —            |
| Fee and commission income   | 16.3         | 27.6  | 22.1   | 30.9                                       | 14.0               | (4.2)                             | 106.7        |
| Fee and commission expense  | (8.8)        | (3.7)   | (2.6)  | (5.0)                                      | (4.1)              | 5.7                               | (18.5)       |
| Net gains from securities   | 4.7          | —   | —  | —  | 4.2                | (1.4)                             | 7.5          |
| Net gains / (losses) from<br>trading in foreign<br>currencies, operations with<br>foreign currency<br>derivatives and foreign<br>exchange translation, other<br>derivatives | 25.9         | 0.1   | 1.7  | 0.1  | (6.1)              | (0.1)                             | 21.6         |
| Net gains / (losses) from<br>operations with precious<br>metals, precious metals<br>derivatives and precious<br>metals accounts translation                                 | 2.3          | —   | —  | —  | (0.3)              | 0.4                               | 2.4          |
| Net result from non-banking<br>business activities  | 7.5          | —   | 0.3  | —  | 0.2                | (7.8)                             | 0.2          |
| Net premiums, claims,<br>benefits and acquisition<br>costs from insurance and<br>pension fund operations  | 6.1          | (2.9)   | (2.3)  | (2.6)                                      | —                  | 2.7                               | 1.0          |
| Goodwill impairment   | —            | (0.3)   | —  | —  | —                  | —                                 | (0.3)        |
| Net other operating (losses)<br>/ gains   | (0.5)        | 0.3   | 13.5   | (0.1)                                      | 1.2                | (0.6)                             | 13.8         |
| <b>Operating income before<br/>provision charge for<br/>impairment of debt<br/>financial assets</b>   | <b>184.8</b> | <b>63.5</b>   | <b>78.2</b>  | <b>90.9</b>                                | <b>52.1</b>        | <b>(5.6)</b>                      | <b>463.9</b> |
| Net provision charge for<br>impairment of debt<br>financial assets  | (11.3)       | (10.8)  | (15.0)   | (18.2)                                     | (19.6)             | (3.1)                             | (78.0)       |
| <b>Operating income</b>   | <b>173.5</b> | <b>52.7</b>   | <b>63.2</b>  | <b>72.7</b>                                | <b>32.5</b>        | <b>(8.7)</b>                      | <b>385.9</b> |
| Operating expenses  | (61.6)       | (25.9)  | (23.7)   | (31.4)                                     | (27.5)             | 2.6                               | (167.5)      |
| <b>Profit before tax<br/>(Segment result)</b>   | <b>111.9</b> | <b>26.8</b>   | <b>39.5</b>  | <b>41.3</b>                                | <b>5.0</b>         | <b>(6.1)</b>                      | <b>218.4</b> |
| <b>Other disclosures</b>  |              |   |  |  |                    |                                   |              |
| Capital expenditure incurred<br>(additions of premises and<br>equipment and intangible<br>assets)   | 6.6          | 2.6   | 3.0  | 3.5  | 4.6                | —                                 | 20.3         |
| Depreciation of premises<br>and equipment and<br>amortisation of intangible<br>assets   | (8.1)        | (2.2)   | (2.5)  | (2.8)                                      | (2.2)              | —                                 | (17.8)       |

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2016

### 26 Segment Analysis (Continued)

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

| <i>(unaudited)</i><br>in billions of Russian<br>Roubles  | Moscow        | Central and<br>Northern<br>regions of<br>European<br>part of Russia | Volga region<br>and South of<br>European<br>part of Russia | Ural, Siberia<br>and Far East<br>of Russia | Other<br>countries | Inter-<br>company<br>eliminations | Total        |
|--|---------------|---|--|--|--------------------|-----------------------------------|--------------|
| Interest income  | 403.5         | 185.2   | 157.7  | 225.6                                      | 151.5              | (35.0)                            | 1,088.5      |
| Interest expense   | (373.8)       | (103.3)   | (67.6)   | (83.1)                                     | (78.5)             | 35.0                              | (671.3)      |
| Inter-segment income /<br>(expense)  | 2.7           | (0.6)   | (0.7)  | (1.4)                                      | —                  | —                                 | —            |
| Fee and commission income  | 28.5          | 41.0  | 32.9   | 49.3                                       | 24.5               | (6.6)                             | 169.6        |
| Fee and commission expense   | (8.2)         | (5.0)   | (3.3)  | (6.9)                                      | (7.1)              | 2.6                               | (27.9)       |
| Net gains / (losses) from<br>securities  | 8.3           | —   | —  | —  | (0.8)              | (0.9)                             | 6.6          |
| Net gains from trading in<br>foreign currencies,<br>operations with foreign<br>currency derivatives and<br>foreign exchange<br>translation, other<br>derivatives | 15.8          | 0.3   | 0.5  | —  | 2.9                | —                                 | 19.5         |
| Net gains from operations<br>with precious metals,<br>precious metals derivatives<br>and precious metals<br>accounts translation                                 | 0.9           | —   | —  | —  | 1.0                | —                                 | 1.9          |
| Net result from non-banking<br>business activities   | 0.2           | 0.1   | (1.1)  | (0.1)                                      | 0.2                | (0.5)                             | (1.2)        |
| Net premiums, claims,<br>benefits and acquisition<br>costs from insurance and<br>pension fund operations   | 7.2           | (2.4)   | (2.0)  | (2.1)                                      | —                  | 4.2                               | 4.9          |
| Goodwill impairment  | —             | (0.2)   | —  | —  | —                  | —                                 | (0.2)        |
| Net other operating (losses)<br>/ gains  | (17.9)        | —   | 0.4  | 7.2  | 1.9                | (0.1)                             | (8.5)        |
| <b>Operating income before<br/>provision charge for<br/>impairment of debt<br/>financial assets</b>  | <b>67.2</b>   | <b>115.1</b>  | <b>116.8</b>   | <b>188.5</b>                               | <b>95.6</b>        | <b>(1.3)</b>                      | <b>581.9</b> |
| Net recovery of / (provision<br>charge for) impairment of<br>debt financial assets   | 3.9           | (38.7)  | (39.7)   | (61.7)                                     | (78.8)             | —                                 | (215.0)      |
| <b>Operating income</b>  | <b>71.1</b>   | <b>76.4</b>   | <b>77.1</b>  | <b>126.8</b>                               | <b>16.8</b>        | <b>(1.3)</b>                      | <b>366.9</b> |
| Operating expenses   | (83.9)        | (45.0)  | (41.5)   | (52.9)                                     | (53.5)             | 0.7                               | (276.1)      |
| <b>(Loss) / profit before tax<br/>(Segment result)</b>   | <b>(12.8)</b> | <b>31.4</b>   | <b>35.6</b>  | <b>73.9</b>                                | <b>(36.7)</b>      | <b>(0.6)</b>                      | <b>90.8</b>  |
| <b>Other disclosures</b>   |               |   |  |  |                    |                                   |              |
| Capital expenditure incurred<br>(additions of premises and<br>equipment and intangible<br>assets)  | 12.6          | 7.9   | 7.7  | 11.0                                       | 4.5                | —                                 | 43.7         |
| Depreciation of premises<br>and equipment and<br>amortisation of intangible<br>assets  | (11.6)        | (4.3)   | (5.5)  | (5.6)                                      | (4.0)              | —                                 | (31.0)       |

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2016

### 26 Segment Analysis (Continued)

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

| <i>(unaudited)</i><br>in billions of Russian<br>Roubles   | Moscow      | Central and<br>Northern<br>regions of<br>European<br>part of Russia | Volga region<br>and South of<br>European<br>part of Russia | Ural, Siberia<br>and Far East<br>of Russia | Other<br>countries | Inter-<br>company<br>eliminations | Total        |
|---|-------------|---|--|--|--------------------|-----------------------------------|--------------|
| Interest income   | 197.3       | 92.7  | 78.7   | 113.6                                      | 69.9               | (17.2)                            | 535.0        |
| Interest expense  | (164.3)     | (54.2)  | (34.9)   | (43.6)                                     | (34.9)             | 17.2                              | (314.7)      |
| Inter-segment income /<br>(expense)   | 1.5         | (0.3)   | (0.4)  | (0.8)                                      | —                  | —                                 | —            |
| Fee and commission income   | 12.4        | 21.9  | 17.8   | 26.4                                       | 11.2               | (3.7)                             | 86.0         |
| Fee and commission expense  | (5.1)       | (2.5)   | (1.7)  | (3.5)                                      | (3.3)              | 1.7                               | (14.4)       |
| Net gains / (losses) from<br>securities   | 4.9         | —   | —  | —  | (0.5)              | 0.3                               | 4.7          |
| Net gains / (losses) from<br>trading in foreign<br>currencies, operations with<br>foreign currency<br>derivatives and foreign<br>exchange translation, other<br>derivatives | 14.1        | 0.1   | —  | —  | (1.5)              | —                                 | 12.7         |
| Net gains from operations<br>with precious metals,<br>precious metals derivatives<br>and precious metals<br>accounts translation  | 3.4         | —   | —  | —  | 0.9                | —                                 | 4.3          |
| Net result from non-banking<br>business activities  | 0.2         | —   | (0.1)  | (0.1)                                      | —                  | (0.1)                             | (0.1)        |
| Net premiums, claims,<br>benefits and acquisition<br>costs from insurance and<br>pension fund operations  | 6.9         | (1.8)   | (1.5)  | (1.5)                                      | —                  | 2.0                               | 4.1          |
| Goodwill impairment   | —           | (0.2)   | —  | —  | —                  | —                                 | (0.2)        |
| Net other operating (losses)<br>/ gains   | (7.6)       | 0.9   | 0.4  | 5.4  | 1.1                | —                                 | 0.2          |
| <b>Operating income before<br/>provision charge for<br/>impairment of debt<br/>financial assets</b>   | <b>63.7</b> | <b>56.6</b>   | <b>58.3</b>  | <b>95.9</b>                                | <b>42.9</b>        | <b>0.2</b>                        | <b>317.6</b> |
| Net recovery of / (provision<br>charge for) impairment of<br>debt financial assets  | 4.9         | (17.4)  | (23.9)   | (34.4)                                     | (36.1)             | —                                 | (106.9)      |
| <b>Operating income</b>   | <b>68.6</b> | <b>39.2</b>   | <b>34.4</b>  | <b>61.5</b>                                | <b>6.8</b>         | <b>0.2</b>                        | <b>210.7</b> |
| Operating expenses  | (42.5)      | (24.9)  | (22.3)   | (29.6)                                     | (24.5)             | 0.2                               | (143.6)      |
| <b>Profit / (loss) before tax<br/>(Segment result)</b>  | <b>26.1</b> | <b>14.3</b>   | <b>12.1</b>  | <b>31.9</b>                                | <b>(17.7)</b>      | <b>0.4</b>                        | <b>67.1</b>  |
| <b>Other disclosures</b>  |             |   |  |  |                    |                                   |              |
| Capital expenditure incurred<br>(additions of premises and<br>equipment and intangible<br>assets)   | 7.7         | 4.7   | 4.4  | 6.5  | 2.0                | —                                 | 25.3         |
| Depreciation of premises<br>and equipment and<br>amortisation of intangible<br>assets   | (5.5)       | (2.2)   | (2.9)  | (2.7)                                      | (2.4)              | —                                 | (15.7)       |

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2016

### 26 Segment Analysis (Continued)

Reconciliation of profit before tax for the reportable segments with the Group's profit before tax under IFRS for the six months and for the three months ended 30 June 2016 and 30 June 2015 is as follows:

| <i>(unaudited)</i><br><i>in billions of Russian Roubles</i>                              | Six months<br>ended<br>30 June |              | Three months<br>ended<br>30 June |             |
|--|--------------------------------|--------------|----------------------------------|-------------|
|  | 2016                           | 2015         | 2016                             | 2015        |
| <b>Total segments result</b>   | <b>327.6</b>                   | <b>90.8</b>  | <b>218.4</b>                     | <b>67.1</b> |
| Adjustment to staff expenses accrued (bonuses, annual leave, pension liabilities)        | (1.2)                          | (7.5)        | (0.2)                            | (1.1)       |
| Adjustment of provision for impairment of debt financial assets                          | 2.0                            | (17.2)       | (41.5)                           | (9.9)       |
| Accounting for derivatives at fair value   | (17.6)                         | 11.1         | (19.6)                           | (1.5)       |
| Accounting for loans by effective rate method  | 13.6                           | 5.3          | 10.3                             | 3.9         |
| Write-down of low value assets   | (1.4)                          | (0.1)        | (1.4)                            | (0.3)       |
| Adjustment of other provisions   | 12.7                           | 12.6         | 9.5                              | 3.4         |
| Adjustment of depreciation and initial cost or revalued amount of premises and equipment | (2.2)                          | (0.6)        | (0.5)                            | (1.5)       |
| Accounting for financial contracts with embedded derivatives                             | 0.6                            | 0.9          | 0.3                              | —           |
| Accounting for financing by the effective rate method                                    | (0.9)                          | 0.1          | (0.4)                            | (0.2)       |
| Accrual of expenses on customer loyalty programs   | 0.7                            | (1.0)        | (0.3)                            | 0.1         |
| Currency translation of investments in subsidiaries and associates                       | —                              | 12.2         | —                                | 5.2         |
| Adjustment for credit related commitments provision                                      | (18.0)                         | 10.7         | (0.2)                            | 7.5         |
| Adjustment for legal claims provision  | 2.6                            | (2.2)        | 2.6                              | (1.9)       |
| Commission income adjustment   | 0.2                            | (0.2)        | (0.9)                            | (0.4)       |
| Reclassification of securities between portfolios  | 11.8                           | 10.6         | 5.4                              | 5.1         |
| Accounting for mortgage loans securitisation   | —                              | (0.1)        | —                                | —           |
| Effect of initial recognition of financial instruments at fair value                     | (0.4)                          | —            | (0.2)                            | —           |
| Other  | (2.7)                          | (0.4)        | (3.8)                            | (0.4)       |
| <b>The Group's total result under IFRS</b>   | <b>327.4</b>                   | <b>125.0</b> | <b>177.5</b>                     | <b>75.1</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.

The sum of the line Accounting for derivatives at fair value includes adjustments to reflect recognition of embedded derivatives in the interim consolidated statement of financial position, the creation of CVA/DVA and the bid/offer provisions, as the necessary components of fair value.

For the six months ended 30 June 2016 the Group's revenues from customers in the Russian Federation amounted to RR 1,365.4 billion (for the six months ended 30 June 2015: RR 1,369.1 billion); revenues from customers in all foreign countries from which the Group derives revenues amounted to RR 194.5 billion (for the six months ended 30 June 2015: RR 170.4 billion). For the six months ended 30 June 2016 intersegment revenues amounted to RR 27.7 billion (for the six months ended 30 June 2015: RR 15.8 billion).

For the three months ended 30 June 2016 the Group's revenues from customers in the Russian Federation amounted to RR 651.8 billion (for the three months ended 30 June 2015: RR 769.2 billion); revenues from customers in all foreign countries from which the Group derives revenues amounted to RR 90.9 billion (for the three months ended 30 June 2015: RR 74.1 billion). For the three months ended 30 June 2016 intersegment revenues amounted to RR 15.6 billion (for the three months ended 30 June 2015: RR 6.6 billion).

No revenue from transactions with a single external customer or counterparty amounted to 10.0% or more of the Group's total revenue during the six months and the three months ended 30 June 2016 and 30 June 2015.



## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2016

### 27 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 2015.

**Currency risk.** Currency risk results from fluctuations in the prevailing foreign currency exchange rates. The Group is exposed to foreign exchange risk on open positions, mainly US dollar/Russian Rouble and Euro/Russian Rouble exchange rate fluctuations.

Foreign exchange risk on forward and futures contracts is represented by their discounted positions. Foreign exchange options are disclosed in the amount that reflects theoretical sensitivity of their fair value to reasonable change in exchange rates. Commodity options are shown at their fair value in relative settlement currency. Equity instruments are classified based on the country of origin of issuer.

The table below summarizes the Group's exposure to foreign exchange risk in respect of financial assets, liabilities and derivatives as at 30 June 2016.

| <i>(unaudited)</i><br><i>in billions of Russian Roubles</i>   | <b>Russian<br/>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   | 1,141.3                    | 380.6             | 252.6          | 24.6                | 152.5         | <b>1,951.6</b>  |
| Mandatory cash balances with central banks  | 130.0                      | 142.5             | 54.2           | 18.8                | 66.0          | <b>411.5</b>    |
| Financial assets at fair value through profit or loss (less fair value of derivatives)  | 318.1                      | 45.7              | 2.3            | 0.9                 | 3.3           | <b>370.3</b>    |
| Due from banks  | 219.1                      | 452.2             | 24.8           | —                   | 87.1          | <b>783.2</b>    |
| Loans and advances to customers   | 11,044.6                   | 4,348.4           | 1,210.8        | 958.6               | 384.5         | <b>17,946.9</b> |
| Securities pledged under repurchase agreements  | 5.4                        | 0.2               | 0.9            | 134.7               | —             | <b>141.2</b>    |
| Investment securities available-for-sale  | 1,042.1                    | 792.5             | 139.5          | 54.2                | 56.9          | <b>2,085.2</b>  |
| Investment securities held-to-maturity  | 272.0                      | 163.8             | 10.6           | 24.8                | 0.3           | <b>471.5</b>    |
| Other financial assets  | 179.6                      | 65.3              | 38.8           | 15.5                | 45.4          | <b>344.6</b>    |
| <b>Total financial assets</b>   | <b>14,352.2</b>            | <b>6,391.2</b>    | <b>1,734.5</b> | <b>1,232.1</b>      | <b>796.0</b>  | <b>24,506.0</b> |
| <b>Liabilities</b>  |                            |                   |                |                     |               |                 |
| Due to banks  | 220.9                      | 119.8             | 208.2          | 64.6                | 38.2          | <b>651.7</b>    |
| Due to individuals  | 7,976.4                    | 1,955.9           | 1,342.4        | 396.7               | 285.7         | <b>11,957.1</b> |
| Due to corporate customers  | 2,519.2                    | 3,201.2           | 543.3          | 328.6               | 237.9         | <b>6,830.2</b>  |
| Debt securities in issue  | 668.3                      | 439.2             | 112.5          | 48.7                | 37.2          | <b>1,305.9</b>  |
| Other borrowed funds  | —                          | 209.5             | 73.9           | 35.5                | 0.6           | <b>319.5</b>    |
| Financial liabilities at fair value through profit or loss other than debt securities in issue (less fair value of derivatives) | 6.5                        | 13.1              | 0.3            | —                   | —             | <b>19.9</b>     |
| Other financial liabilities   | 148.1                      | 132.9             | 13.5           | 54.7                | 7.9           | <b>357.1</b>    |
| Subordinated debt   | 522.3                      | 240.8             | 7.1            | —                   | 5.7           | <b>775.9</b>    |
| <b>Total financial liabilities</b>  | <b>12,061.7</b>            | <b>6,312.4</b>    | <b>2,301.2</b> | <b>928.8</b>        | <b>613.2</b>  | <b>22,217.3</b> |
| <b>Net financial assets/(liabilities)</b>   | <b>2,290.5</b>             | <b>78.8</b>       | <b>(566.7)</b> | <b>303.3</b>        | <b>182.8</b>  | <b>2,288.7</b>  |
| <b>Net derivatives</b>  | <b>(136.3)</b>             | <b>(123.6)</b>    | <b>497.5</b>   | <b>(66.9)</b>       | <b>(68.3)</b> | <b>102.4</b>    |
| <b>Credit related commitments before provision for impairment (Note 28)</b>   | <b>2,558.8</b>             | <b>1,023.5</b>    | <b>433.8</b>   | <b>757.1</b>        | <b>84.6</b>   | <b>4,857.8</b>  |

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2016

### 27 Financial Risk Management (Continued)

The table below summarizes the Group's exposure to foreign exchange risk in respect of financial assets, liabilities and derivatives as at 31 December 2015.

| <i>in billions of Russian Roubles</i>   | <b>Russian Roubles</b> | <b>US Dollars</b> | <b>Euro</b>    | <b>Turkish Lira</b> | <b>Other</b> | <b>Total</b>    |
|---|------------------------|-------------------|----------------|---------------------|--------------|-----------------|
| <b>Assets</b>   |                        |                   |                |                     |              |                 |
| Cash and cash equivalents   | 1,161.1                | 709.6             | 265.3          | 49.3                | 148.3        | <b>2,333.6</b>  |
| Mandatory cash balances with central banks  | 118.5                  | 141.4             | 53.4           | 11.6                | 63.0         | <b>387.9</b>    |
| Financial assets at fair value through profit or loss (less fair value of derivatives)  | 274.4                  | 53.6              | 1.4            | 0.6                 | 2.0          | <b>332.0</b>    |
| Due from banks  | 200.8                  | 404.5             | 32.1           | 0.1                 | 113.1        | <b>750.6</b>    |
| Loans and advances to customers   | 11,326.7               | 4,787.4           | 1,131.3        | 1,016.4             | 466.0        | <b>18,727.8</b> |
| Securities pledged under repurchase agreements  | 56.9                   | 2.5               | —              | 160.7               | 1.9          | <b>222.0</b>    |
| Investment securities available-for-sale  | 922.0                  | 696.5             | 147.5          | 63.1                | 45.2         | <b>1,874.3</b>  |
| Investment securities held-to-maturity  | 248.6                  | 184.7             | 12.0           | 32.1                | 0.3          | <b>477.7</b>    |
| Other financial assets  | 423.9                  | 121.6             | 93.1           | 13.6                | 18.8         | <b>671.0</b>    |
| <b>Total financial assets</b>   | <b>14,732.9</b>        | <b>7,101.8</b>    | <b>1,736.1</b> | <b>1,347.5</b>      | <b>858.6</b> | <b>25,776.9</b> |
| <b>Liabilities</b>  |                        |                   |                |                     |              |                 |
| Due to banks  | 590.9                  | 120.9             | 206.5          | 79.4                | 48.2         | <b>1,045.9</b>  |
| Due to individuals  | 7,634.0                | 2,216.8           | 1,497.0        | 411.2               | 284.7        | <b>12,043.7</b> |
| Due to corporate customers  | 2,898.7                | 3,471.1           | 688.8          | 344.1               | 351.9        | <b>7,754.6</b>  |
| Debt securities in issue  | 649.5                  | 496.0             | 138.2          | 52.5                | 42.3         | <b>1,378.5</b>  |
| Other borrowed funds  | —                      | 262.9             | 88.0           | 46.5                | 0.6          | <b>398.0</b>    |
| Financial liabilities at fair value through profit or loss other than debt securities in issue (less fair value of derivatives) | 13.2                   | 15.9              | 0.3            | —                   | —            | <b>29.4</b>     |
| Other financial liabilities   | 221.5                  | 100.5             | 20.1           | 48.8                | 6.7          | <b>397.6</b>    |
| Subordinated debt   | 506.4                  | 285.9             | 7.8            | —                   | 6.4          | <b>806.5</b>    |
| <b>Total financial liabilities</b>  | <b>12,514.2</b>        | <b>6,970.0</b>    | <b>2,646.7</b> | <b>982.5</b>        | <b>740.8</b> | <b>23,854.2</b> |
| <b>Net financial assets/(liabilities)</b>   | <b>2,218.7</b>         | <b>131.8</b>      | <b>(910.6)</b> | <b>365.0</b>        | <b>117.8</b> | <b>1,922.7</b>  |
| <b>Net derivatives</b>  | <b>(484.2)</b>         | <b>(117.8)</b>    | <b>879.6</b>   | <b>(164.3)</b>      | <b>24.3</b>  | <b>137.6</b>    |
| <b>Credit related commitments before provision for impairment (Note 28)</b>   | <b>2,837.3</b>         | <b>1,176.8</b>    | <b>423.3</b>   | <b>814.0</b>        | <b>103.8</b> | <b>5,355.2</b>  |

The Group provides loans and advances to customers in foreign currency. Fluctuations of foreign currency exchange rates may negatively affect the ability of borrowers to repay loans, which will in turn increase the probability of loan loss.

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2016

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### 27 Financial Risk Management (Continued)

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

Principles that are used to analyze liquidity position presentation and manage the Group liquidity risk management are based on the Bank's of Russia prudential initiatives and the Bank's practice:

- cash and cash equivalents represent highly liquid assets and are classified as "On demand and less than 1 month";
- trading securities, securities designated as at fair value through profit or loss and highly liquid portion of investment securities available-for-sale are considered to be liquid assets as these securities could be easily converted into cash within short period of time. Such financial instruments are disclosed in the analysis of liquidity position as "on demand and less than 1 month";
- investment securities available-for-sale which are less liquid are disclosed according to remaining contractual maturities (for debt instruments) or as "No stated maturity / overdue" (for equities);
- investment securities held-to-maturity including those pledged under repurchase agreements are classified based on the remaining contractual maturities;
- highly liquid portion of securities pledged under repurchase agreements is disclosed based on the remaining maturities of repurchase agreements;
- loans and advances to customers, amounts due from banks, other assets, debt securities in issue, amounts due to banks, other borrowed funds and other liabilities are included into analysis of liquidity position based on remaining contractual maturities (for loans and advances to customers "No stated maturity / overdue" category represents only actual payments which were overdue);
- customer deposits are not disclosed as "On demand and less than 1 month" although customers have an opportunity to withdraw money from any account, including term deposits, before maturity date, losing the right to 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 in the analysis of liquidity position they are allocated on the basis of expected time of funds outflow which based on 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 2016

### 27 Financial Risk Management (Continued)

The analysis of liquidity position of the Group's assets and liabilities as at 30 June 2016 is set out below.

| <i>(unaudited)</i><br><i>in billions of Russian Roubles</i>  | On demand<br>and less<br>than<br>1 month | From 1 to<br>6 months | From 6 to<br>12 months | From 1 to<br>3 years | More than<br>3 years | No stated<br>maturity/<br>overdue | Total           |
|--|--|-----------------------|------------------------|----------------------|----------------------|-----------------------------------|-----------------|
| <b>Assets</b>  |  |                       |                        |                      |                      |                                   |                 |
| Cash and cash equivalents  | 1,951.6                                  | —                     | —                      | —                    | —                    | —                                 | 1,951.6         |
| Mandatory cash balances with<br>central banks  | 191.2                                    | 74.8                  | 35.7                   | 87.4                 | 22.4                 | —                                 | 411.5           |
| Financial assets at fair value through<br>profit or loss   | 425.8                                    | 87.1                  | 38.8                   | 116.6                | 47.0                 | —                                 | 715.3           |
| Due from banks   | 609.3                                    | 142.4                 | 12.3                   | 18.8                 | 0.4                  | —                                 | 783.2           |
| Loans and advances to customers  | 901.5                                    | 1,886.8               | 1,806.5                | 5,412.4              | 7,553.2              | 386.5                             | 17,946.9        |
| Securities pledged under repurchase<br>agreements  | 96.5                                     | —                     | 4.0                    | 7.0                  | 33.7                 | —                                 | 141.2           |
| Investment securities available-for-<br>sale   | 2,061.2                                  | 3.9                   | 5.6                    | 4.7                  | 8.6                  | 1.2                               | 2,085.2         |
| Investment securities held-to-<br>maturity   | 10.8                                     | 22.0                  | 77.9                   | 116.6                | 244.2                | —                                 | 471.5           |
| Deferred income tax asset  | —  | —                     | —                      | —                    | —                    | 16.5                              | 16.5            |
| Premises and equipment   | —  | —                     | —                      | —                    | —                    | 484.8                             | 484.8           |
| Assets of the disposal groups and<br>non-current assets held for sale                                | 128.7                                    | —                     | —                      | —                    | —                    | —                                 | 128.7           |
| Other assets   | 354.5                                    | 187.8                 | 52.0                   | 23.6                 | 33.2                 | 6.5                               | 657.6           |
| <b>Total assets</b>  | <b>6,731.1</b>                           | <b>2,404.8</b>        | <b>2,032.8</b>         | <b>5,787.1</b>       | <b>7,942.7</b>       | <b>895.5</b>                      | <b>25,794.0</b> |
| <b>Liabilities</b>   |  |                       |                        |                      |                      |                                   |                 |
| Due to banks   | 355.0                                    | 50.7                  | 77.4                   | 114.0                | 54.6                 | —                                 | 651.7           |
| Due to individuals   | 3,303.3                                  | 2,245.8               | 1,594.9                | 4,234.8              | 578.3                | —                                 | 11,957.1        |
| Due to corporate customers   | 2,348.1                                  | 510.9                 | 218.5                  | 3,433.0              | 319.7                | —                                 | 6,830.2         |
| Debt securities in issue   | 145.0                                    | 341.5                 | 361.1                  | 264.0                | 194.3                | —                                 | 1,305.9         |
| Other borrowed funds   | 51.8                                     | 97.5                  | 96.5                   | 50.2                 | 23.5                 | —                                 | 319.5           |
| Financial liabilities at fair value<br>through profit or loss other than<br>debt securities in issue | 37.6                                     | 51.9                  | 28.5                   | 102.4                | 42.1                 | —                                 | 262.5           |
| Deferred income tax liability  | —  | —                     | —                      | —                    | —                    | 91.0                              | 91.0            |
| Liabilities of the disposal groups   | 106.7                                    | —                     | —                      | —                    | —                    | —                                 | 106.7           |
| Other liabilities  | 204.7                                    | 174.7                 | 37.2                   | 17.4                 | 421.7                | 33.5                              | 889.2           |
| Subordinated debt  | —  | 44.0                  | 8.7                    | 102.7                | 620.5                | —                                 | 775.9           |
| <b>Total liabilities</b>   | <b>6,552.2</b>                           | <b>3,517.0</b>        | <b>2,422.8</b>         | <b>8,318.5</b>       | <b>2,254.7</b>       | <b>124.5</b>                      | <b>23,189.7</b> |
| <b>Net liquidity gap</b>   | <b>178.9</b>                             | <b>(1,112.2)</b>      | <b>(390.0)</b>         | <b>(2,531.4)</b>     | <b>5,688.0</b>       | <b>771.0</b>                      | <b>2,604.3</b>  |
| <b>Cumulative liquidity gap as at<br/>30 June 2016</b>   | <b>178.9</b>                             | <b>(933.3)</b>        | <b>(1,323.3)</b>       | <b>(3,854.7)</b>     | <b>1,833.3</b>       | <b>2,604.3</b>                    | <b>—</b>        |

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2016

### 27 Financial Risk Management (Continued)

The analysis of liquidity position of the Group's assets and liabilities as at 31 December 2015 is set out below.

| <i>in billions of Russian Roubles</i>  | On demand<br>and less<br>than<br>1 month | From 1 to<br>6 months | From 6 to<br>12 months | From 1 to<br>3 years | More than<br>3 years | No stated<br>maturity/<br>overdue | Total           |
|--|--|-----------------------|------------------------|----------------------|----------------------|-----------------------------------|-----------------|
| <b>Assets</b>  |  |                       |                        |                      |                      |                                   |                 |
| Cash and cash equivalents  | 2,333.6                                  | —                     | —                      | —                    | —                    | —                                 | <b>2,333.6</b>  |
| Mandatory cash balances with<br>central banks  | 177.9                                    | 72.3                  | 35.4                   | 76.1                 | 26.2                 | —                                 | <b>387.9</b>    |
| Financial assets at fair value through<br>profit or loss   | 388.3                                    | 119.0                 | 159.3                  | 140.3                | 59.9                 | —                                 | <b>866.8</b>    |
| Due from banks   | 662.3                                    | 40.7                  | 22.9                   | 24.6                 | 0.1                  | —                                 | <b>750.6</b>    |
| Loans and advances to customers  | 833.5                                    | 1,894.6               | 2,356.3                | 6,120.2              | 7,221.9              | 301.3                             | <b>18,727.8</b> |
| Securities pledged under repurchase<br>agreements  | 149.5                                    | —                     | —                      | 41.3                 | 31.2                 | —                                 | <b>222.0</b>    |
| Investment securities available-for-<br>sale   | 1,845.5                                  | 6.8                   | 8.4                    | 4.0                  | 8.9                  | 0.7                               | <b>1,874.3</b>  |
| Investment securities held-to-<br>maturity   | 0.8                                      | 15.6                  | 31.2                   | 170.1                | 260.0                | —                                 | <b>477.7</b>    |
| Deferred income tax asset  | —  | —                     | —                      | —                    | —                    | 17.3                              | <b>17.3</b>     |
| Premises and equipment   | —  | —                     | —                      | —                    | —                    | 499.2                             | <b>499.2</b>    |
| Assets of the disposal groups and<br>non-current assets held for sale                                | —  | 212.7                 | —                      | —                    | —                    | —                                 | <b>212.7</b>    |
| Other assets   | 707.2                                    | 41.4                  | 22.4                   | 29.8                 | 47.0                 | 117.0                             | <b>964.8</b>    |
| <b>Total assets</b>  | <b>7,098.6</b>                           | <b>2,403.1</b>        | <b>2,635.9</b>         | <b>6,606.4</b>       | <b>7,655.2</b>       | <b>935.5</b>                      | <b>27,334.7</b> |
| <b>Liabilities</b>   |  |                       |                        |                      |                      |                                   |                 |
| Due to banks   | 433.6                                    | 172.6                 | 84.8                   | 308.5                | 46.4                 | —                                 | <b>1,045.9</b>  |
| Due to individuals   | 3,640.8                                  | 2,531.0               | 1,572.7                | 3,729.5              | 569.7                | —                                 | <b>12,043.7</b> |
| Due to corporate customers   | 2,676.5                                  | 661.1                 | 303.4                  | 3,343.3              | 770.3                | —                                 | <b>7,754.6</b>  |
| Debt securities in issue   | 128.2                                    | 383.0                 | 197.6                  | 308.2                | 361.5                | —                                 | <b>1,378.5</b>  |
| Other borrowed funds   | 64.3                                     | 115.3                 | 102.7                  | 76.2                 | 39.5                 | —                                 | <b>398.0</b>    |
| Financial liabilities at fair value<br>through profit or loss other than<br>debt securities in issue | 82.8                                     | 115.3                 | 59.1                   | 97.6                 | 71.8                 | —                                 | <b>426.6</b>    |
| Deferred income tax liability  | —  | —                     | —                      | —                    | —                    | 132.0                             | <b>132.0</b>    |
| Liabilities of the disposal groups   | —  | 185.9                 | —                      | —                    | —                    | —                                 | <b>185.9</b>    |
| Other liabilities  | 334.2                                    | 59.5                  | 16.6                   | 30.5                 | 320.0                | 27.2                              | <b>788.0</b>    |
| Subordinated debt  | —  | 6.7                   | 44.5                   | 113.6                | 641.7                | —                                 | <b>806.5</b>    |
| <b>Total liabilities</b>   | <b>7,360.4</b>                           | <b>4,230.4</b>        | <b>2,381.4</b>         | <b>8,007.4</b>       | <b>2,820.9</b>       | <b>159.2</b>                      | <b>24,959.7</b> |
| <b>Net liquidity gap</b>   | <b>(261.8)</b>                           | <b>(1,827.3)</b>      | <b>254.5</b>           | <b>(1,401.0)</b>     | <b>4,834.3</b>       | <b>776.3</b>                      | <b>2,375.0</b>  |
| <b>Cumulative liquidity gap as at<br/>31 December 2015</b>   | <b>(261.8)</b>                           | <b>(2,089.1)</b>      | <b>(1,834.6)</b>       | <b>(3,235.6)</b>     | <b>1,598.7</b>       | <b>2,375.0</b>                    | <b>—</b>        |

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2016

### 28 Credit Related Commitments

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

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

Outstanding credit related commitments are as follows:

| <i>in billions of Russian Roubles</i>                                   | <b>30 June<br/>2016<br/>(unaudited)</b> | <b>31 December<br/>2015</b> |
|---|---|-----------------------------|
| Guarantees issued   | 1,741.0                                 | 1,921.2                     |
| Commitments to extend credit  | 1,640.3                                 | 1,762.8                     |
| Undrawn credit lines  | 946.8                                   | 1,136.6                     |
| Export letters of credit  | 367.1                                   | 345.2                       |
| Import letters of credit and letters of credit for domestic settlements | 162.6                                   | 189.4                       |
| <b>Total credit related commitments before provision</b>                | <b>4,857.8</b>                          | <b>5,355.2</b>              |
| Less provision  | (14.2)                                  | (5.0)                       |
| <b>Total credit related commitments after provision</b>                 | <b>4,843.6</b>                          | <b>5,350.2</b>              |

As at 30 June 2016 included in due to corporate customers are deposits of RR 96.9 billion (31 December 2015: RR 116.2 billion) held as collateral for irrevocable commitments under import letters of credit. Refer to Note 14.

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.

### 29 Fair Value Disclosures

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2016

### 29 Fair Value Disclosures (Continued)

The following table shows an analysis of classes of assets carried at fair value by level of the fair value hierarchy as at 30 June 2016:

| <i>(unaudited)</i><br><i>in billions of Russian Roubles</i>          | Level 1        | Level 2      | Level 3      | Total          |
|--|----------------|--------------|--------------|----------------|
| <b>Assets carried at fair value</b>                                  |                |              |              |                |
| <b>Trading securities</b>  | <b>69.8</b>    | <b>1.0</b>   | <b>0.1</b>   | <b>70.9</b>    |
| Corporate bonds  | 33.9           | 1.0          | —            | 34.9           |
| Russian federal loan bonds (OFZ bonds)                               | 16.7           | —            | —            | 16.7           |
| Russian Federation Eurobonds   | 10.2           | —            | —            | 10.2           |
| Corporate shares   | 6.5            | —            | —            | 6.5            |
| Foreign government and municipal bonds                               | 2.3            | —            | —            | 2.3            |
| Investments in mutual funds  | 0.2            | —            | 0.1          | 0.3            |
| <b>Securities designated as at fair value through profit or loss</b> | <b>131.1</b>   | <b>147.7</b> | <b>20.6</b>  | <b>299.4</b>   |
| Corporate bonds  | 77.8           | 142.8        | —            | 220.6          |
| Russian federal loan bonds (OFZ bonds)                               | 39.9           | —            | —            | 39.9           |
| Corporate shares   | 1.4            | —            | 20.0         | 21.4           |
| Russian municipal and subfederal bonds                               | 8.8            | —            | —            | 8.8            |
| Investments in mutual funds  | —              | 4.9          | 0.6          | 5.5            |
| Foreign government and municipal bonds                               | 2.6            | —            | —            | 2.6            |
| Russian Federation Eurobonds   | 0.6            | —            | —            | 0.6            |
| <b>Securities pledged under repurchase agreements</b>                | <b>96.9</b>    | <b>—</b>     | <b>—</b>     | <b>96.9</b>    |
| Foreign government and municipal bonds                               | 94.5           | —            | —            | 94.5           |
| Russian federal loan bonds (OFZ bonds)                               | 1.7            | —            | —            | 1.7            |
| Russian Federation Eurobonds   | 0.5            | —            | —            | 0.5            |
| Corporate bonds  | 0.2            | —            | —            | 0.2            |
| <b>Investment securities available-for-sale</b>                      | <b>1,747.1</b> | <b>336.9</b> | <b>1.2</b>   | <b>2,085.2</b> |
| Corporate bonds  | 502.9          | 280.9        | —            | 783.8          |
| Russian federal loan bonds (OFZ bonds)                               | 777.1          | —            | —            | 777.1          |
| Russian Federation Eurobonds   | 257.4          | —            | —            | 257.4          |
| Foreign government and municipal bonds                               | 154.9          | 54.2         | —            | 209.1          |
| Russian municipal and subfederal bonds                               | 29.0           | 0.8          | —            | 29.8           |
| Corporate shares   | 25.8           | 0.6          | 1.2          | 27.6           |
| Promissory notes   | —              | 0.4          | —            | 0.4            |
| <b>Derivative financial instruments</b>                              | <b>4.8</b>     | <b>340.2</b> | <b>—</b>     | <b>345.0</b>   |
| Foreign currency interest rate derivatives                           | —              | 207.3        | —            | 207.3          |
| Interest rate derivatives  | 1.0            | 63.2         | —            | 64.2           |
| Foreign currency derivatives   | —              | 37.4         | —            | 37.4           |
| Commodity derivatives including precious metals derivatives          | 3.6            | 21.4         | —            | 25.0           |
| Equity securities derivatives  | —              | 6.5          | —            | 6.5            |
| Credit risk derivatives  | —              | 2.5          | —            | 2.5            |
| Debt securities derivatives  | 0.2            | 1.9          | —            | 2.1            |
| <b>Investment property</b>   | <b>—</b>       | <b>—</b>     | <b>13.1</b>  | <b>13.1</b>    |
| <b>Office premises</b>   | <b>—</b>       | <b>—</b>     | <b>300.3</b> | <b>300.3</b>   |
| <b>Total assets carried at fair value</b>                            | <b>2,049.7</b> | <b>825.8</b> | <b>335.3</b> | <b>3,210.8</b> |

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2016

### 29 Fair Value Disclosures (Continued)

The following table shows an analysis of classes of assets carried at fair value by level of the fair value hierarchy as at 31 December 2015:

| <i>in billions of Russian Roubles</i>                                | <b>Level 1</b> | <b>Level 2</b> | <b>Level 3</b> | <b>Total</b>   |
|--|----------------|----------------|----------------|----------------|
| <b>Assets carried at fair value</b>                                  |                |                |                |                |
| <b>Trading securities</b>  | <b>79.8</b>    | <b>6.4</b>     | <b>0.1</b>     | <b>86.3</b>    |
| Corporate bonds  | 41.0           | 6.3            | —              | 47.3           |
| Russian federal loan bonds (OFZ bonds)                               | 15.6           | —              | —              | 15.6           |
| Russian Federation Eurobonds   | 10.7           | —              | —              | 10.7           |
| Corporate shares   | 9.6            | 0.1            | 0.1            | 9.8            |
| Foreign government and municipal bonds                               | 2.8            | —              | —              | 2.8            |
| Russian municipal and subfederal bonds                               | 0.1            | —              | —              | 0.1            |
| <b>Securities designated as at fair value through profit or loss</b> | <b>109.2</b>   | <b>116.3</b>   | <b>20.2</b>    | <b>245.7</b>   |
| Corporate bonds  | 71.4           | 114.6          | —              | 186.0          |
| Russian federal loan bonds (OFZ bonds)                               | 24.7           | —              | —              | 24.7           |
| Corporate shares   | 1.3            | —              | 19.5           | 20.8           |
| Russian municipal and subfederal bonds                               | 7.9            | —              | —              | 7.9            |
| Investments in mutual funds  | 3.3            | 1.2            | 0.7            | 5.2            |
| Russian Federation Eurobonds   | 0.6            | —              | —              | 0.6            |
| Foreign government and municipal bonds                               | —              | 0.5            | —              | 0.5            |
| <b>Securities pledged under repurchase agreements</b>                | <b>149.6</b>   | <b>—</b>       | <b>—</b>       | <b>149.6</b>   |
| Foreign government and municipal bonds                               | 124.9          | —              | —              | 124.9          |
| Russian federal loan bonds (OFZ bonds)                               | 24.4           | —              | —              | 24.4           |
| Corporate shares   | 0.3            | —              | —              | 0.3            |
| <b>Investment securities available-for-sale</b>                      | <b>1,603.7</b> | <b>267.8</b>   | <b>2.8</b>     | <b>1,874.3</b> |
| Corporate bonds  | 478.8          | 203.7          | —              | 682.5          |
| Russian federal loan bonds (OFZ bonds)                               | 639.6          | —              | —              | 639.6          |
| Russian Federation Eurobonds   | 281.2          | —              | —              | 281.2          |
| Foreign government and municipal bonds                               | 137.1          | 63.1           | —              | 200.2          |
| Russian municipal and subfederal bonds                               | 45.1           | —              | —              | 45.1           |
| Corporate shares   | 21.9           | 0.6            | 2.8            | 25.3           |
| Promissory notes   | —              | 0.4            | —              | 0.4            |
| <b>Derivative financial instruments</b>                              | <b>3.3</b>     | <b>520.1</b>   | <b>11.4</b>    | <b>534.8</b>   |
| Foreign currency interest rate derivatives                           | —              | 312.9          | —              | 312.9          |
| Foreign currency derivatives   | 1.2            | 108.7          | 11.4           | 121.3          |
| Interest rate derivatives  | 1.0            | 47.0           | —              | 48.0           |
| Commodity derivatives including precious metals derivatives          | 0.8            | 42.2           | —              | 43.0           |
| Credit risk derivatives  | —              | 6.3            | —              | 6.3            |
| Debt securities derivatives  | —              | 1.7            | —              | 1.7            |
| Equity securities derivatives  | 0.3            | 1.3            | —              | 1.6            |
| <b>Investment property</b>   | <b>—</b>       | <b>—</b>       | <b>11.1</b>    | <b>11.1</b>    |
| <b>Office premises</b>   | <b>—</b>       | <b>—</b>       | <b>316.9</b>   | <b>316.9</b>   |
| <b>Total assets carried at fair value</b>                            | <b>1,945.6</b> | <b>910.6</b>   | <b>362.5</b>   | <b>3,218.7</b> |



## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2016

### 29 Fair Value Disclosures (Continued)

The following table shows an analysis of classes of assets for which fair values are disclosed, by level of the fair value hierarchy as at 30 June 2016:

*(unaudited)*  
*in billions of Russian Roubles*

|   | Level 1        | Level 2        | Level 3         | Total           |
|---|----------------|----------------|-----------------|-----------------|
| <b>Assets for which fair values are disclosed</b>                         |                |                |                 |                 |
| Cash and cash equivalents   | 500.4          | 1,451.2        | —               | 1,951.6         |
| Mandatory cash balances with central banks                                | —              | 411.5          | —               | 411.5           |
| Due from banks  | —              | 783.2          | —               | 783.2           |
| Loans and advances to customers   | —              | 46.3           | 17,853.3        | 17,899.6        |
| Investment securities held-to-maturity                                    | 457.6          | 21.9           | —               | 479.5           |
| Investment securities held-to-maturity pledged under repurchase agreement | 45.3           | —              | —               | 45.3            |
| Other financial assets  | —              | —              | 344.6           | 344.6           |
| <b>Total assets for which fair values are disclosed</b>                   | <b>1,003.3</b> | <b>2,714.1</b> | <b>18,197.9</b> | <b>21,915.3</b> |

The following table shows an analysis of classes of assets for which fair values are disclosed, by level of the fair value hierarchy as at 31 December 2015:

*in billions of Russian Roubles*

|   | Level 1        | Level 2        | Level 3         | Total           |
|---|----------------|----------------|-----------------|-----------------|
| <b>Assets for which fair values are disclosed</b>                         |                |                |                 |                 |
| Cash and cash equivalents   | 778.1          | 1,555.5        | —               | 2,333.6         |
| Mandatory cash balances with central banks                                | —              | 387.9          | —               | 387.9           |
| Due from banks  | —              | 750.6          | —               | 750.6           |
| Loans and advances to customers   | —              | 730.7          | 17,835.7        | 18,566.4        |
| Investment securities held-to-maturity                                    | 416.4          | 48.5           | —               | 464.9           |
| Investment securities held-to-maturity pledged under repurchase agreement | 72.9           | —              | —               | 72.9            |
| Other financial assets  | —              | —              | 671.0           | 671.0           |
| <b>Total assets for which fair values are disclosed</b>                   | <b>1,267.4</b> | <b>3,473.2</b> | <b>18,506.7</b> | <b>23,247.3</b> |

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2016

### 29 Fair Value Disclosures (Continued)

The following tables show an analysis of classes of liabilities carried at fair value and of liabilities for which fair values are disclosed, by level of the fair value hierarchy as at 30 June 2016:

| <i>(unaudited)</i><br><i>in billions of Russian Roubles</i>    | Level 1      | Level 2        | Level 3         | Total           |
|--|--------------|----------------|-----------------|-----------------|
| <b>Liabilities carried at fair value</b>                       |              |                |                 |                 |
| <b>Derivative financial instruments</b>                        | <b>2.8</b>   | <b>239.8</b>   | —               | <b>242.6</b>    |
| Foreign currency interest rate derivatives                     | —            | 111.2          | —               | <b>111.2</b>    |
| Foreign currency derivatives                                   | 0.7          | 57.5           | —               | <b>58.2</b>     |
| Interest rate derivatives                                      | 0.6          | 49.2           | —               | <b>49.8</b>     |
| Commodity derivatives including<br>precious metals derivatives | 1.0          | 21.2           | —               | <b>22.2</b>     |
| Equity securities derivatives                                  | 0.5          | 0.6            | —               | <b>1.1</b>      |
| Credit risk derivatives  | —            | 0.1            | —               | <b>0.1</b>      |
| <b>Obligation to deliver securities</b>                        | <b>19.8</b>  | <b>0.1</b>     | —               | <b>19.9</b>     |
| Corporate bonds  | 11.8         | 0.1            | —               | <b>11.9</b>     |
| Russian federal loan bonds (OFZ bonds)                         | 3.2          | —              | —               | <b>3.2</b>      |
| Corporate shares   | 3.5          | —              | —               | <b>3.5</b>      |
| Foreign government and municipal<br>bonds                      | 0.7          | —              | —               | <b>0.7</b>      |
| Russian Federation Eurobonds                                   | 0.5          | —              | —               | <b>0.5</b>      |
| Investments in mutual funds                                    | 0.1          | —              | —               | <b>0.1</b>      |
| <b>Total liabilities carried at fair value</b>                 | <b>22.6</b>  | <b>239.9</b>   | —               | <b>262.5</b>    |
| <b>Liabilities for which fair values are disclosed</b>         |              |                |                 |                 |
| Due to banks   | —            | 651.0          | —               | <b>651.0</b>    |
| Due to individuals   | —            | 2,353.0        | 9,626.4         | <b>11,979.4</b> |
| Due to corporate customers                                     | —            | 2,409.9        | 4,384.0         | <b>6,793.9</b>  |
| Debt securities in issue                                       | 537.3        | 715.9          | 78.8            | <b>1,332.0</b>  |
| Other borrowed funds   | —            | 98.9           | 219.3           | <b>318.2</b>    |
| Other financial liabilities                                    | —            | —              | 357.1           | <b>357.1</b>    |
| Subordinated debt  | 218.8        | 6.4            | 550.7           | <b>775.9</b>    |
| <b>Total liabilities for which fair values are disclosed</b>   | <b>756.1</b> | <b>6,235.1</b> | <b>15,216.3</b> | <b>22,207.5</b> |

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2016

### 29 Fair Value Disclosures (Continued)

The following tables show an analysis of classes of liabilities carried at fair value and of liabilities for which fair values are disclosed, by level of the fair value hierarchy as at 31 December 2015:

| <i>in billions of Russian Roubles</i>                          | <b>Level 1</b> | <b>Level 2</b> | <b>Level 3</b>  | <b>Total</b>    |
|--|----------------|----------------|-----------------|-----------------|
| <b>Liabilities carried at fair value</b>                       |                |                |                 |                 |
| <b>Derivative financial instruments</b>                        | <b>3.2</b>     | <b>394.0</b>   | —               | <b>397.2</b>    |
| Foreign currency interest rate derivatives                     | —              | 210.4          | —               | <b>210.4</b>    |
| Foreign currency derivatives                                   | 1.1            | 120.5          | —               | <b>121.6</b>    |
| Commodity derivatives including<br>precious metals derivatives | 1.2            | 39.2           | —               | <b>40.4</b>     |
| Interest rate derivatives                                      | 0.7            | 22.8           | —               | <b>23.5</b>     |
| Equity securities derivatives                                  | 0.1            | 0.9            | —               | <b>1.0</b>      |
| Debt securities derivatives                                    | 0.1            | 0.1            | —               | <b>0.2</b>      |
| Credit risk derivatives  | —              | 0.1            | —               | <b>0.1</b>      |
| <b>Obligation to deliver securities</b>                        | <b>29.3</b>    | <b>0.1</b>     | —               | <b>29.4</b>     |
| Corporate bonds  | 11.6           | 0.1            | —               | <b>11.7</b>     |
| Russian federal loan bonds (OFZ bonds)                         | 7.7            | —              | —               | <b>7.7</b>      |
| Corporate shares   | 5.5            | —              | —               | <b>5.5</b>      |
| Russian Federation Eurobonds                                   | 3.6            | —              | —               | <b>3.6</b>      |
| Foreign government and municipal<br>bonds                      | 0.9            | —              | —               | <b>0.9</b>      |
| <b>Total liabilities carried at fair value</b>                 | <b>32.5</b>    | <b>394.1</b>   | —               | <b>426.6</b>    |
| <b>Liabilities for which fair values are disclosed</b>         |                |                |                 |                 |
| Due to banks   | —              | 1,045.4        | —               | <b>1,045.4</b>  |
| Due to individuals   | —              | 2,415.4        | 9,638.6         | <b>12,054.0</b> |
| Due to corporate customers                                     | —              | 2,361.2        | 5,290.3         | <b>7,651.5</b>  |
| Debt securities in issue                                       | 606.7          | 768.9          | 1.3             | <b>1,376.9</b>  |
| Other borrowed funds   | —              | 396.0          | —               | <b>396.0</b>    |
| Other financial liabilities                                    | —              | —              | 397.6           | <b>397.6</b>    |
| Subordinated debt  | 231.0          | 41.1           | 504.6           | <b>776.7</b>    |
| <b>Total liabilities for which fair values are disclosed</b>   | <b>837.7</b>   | <b>7,028.0</b> | <b>15,832.4</b> | <b>23,698.1</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 on the active market. Financial characteristics of comparable financial instruments actively traded on the market were used as inputs for the fair valuation models.

The following describes the methodologies and assumptions used to determine fair values for financial instruments.

#### *Derivatives*

Derivatives valued using a valuation technique with market observable inputs derived from well-known market information systems are mainly interest rate swaps, currency swaps, forward foreign exchange contracts and foreign exchange option contracts. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. Option-pricing is mostly done with Black-Scholes model and for certain types of options with stochastic local volatility model. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, interest rate curves and implied volatility. In rare exceptional cases, DCF model may be applied, in case where it is impossible to obtain market data.

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2016

### 29 Fair Value Disclosures (Continued)

*Trading securities, securities designated as at fair value through profit or loss and investment securities available-for-sale*

Trading securities, securities designated as at fair value through profit or loss and investment securities available-for-sale valued using a valuation technique or pricing models primarily consist of unquoted equity and debt securities. These securities are valued using models which sometimes only incorporate data observable in the market and at other times use both observable and non-observable data. The non-observable inputs to the models include assumptions regarding the future financial performance of the investee, its risk profile, and economic assumptions regarding the industry and geographical jurisdiction in which the investee operates.

The following table shows transfers between Level 1 and Level 2 of the fair value hierarchy for financial assets measured as at fair value during the six months ended 30 June 2016:

| <i>(unaudited)</i><br><i>in billions of Russian Roubles</i>   | <b>Transfers between Level 1 and Level 2</b> |                                |
|---|--|--------------------------------|
|   | <b>From Level 1 to Level 2</b>               | <b>From Level 2 to Level 1</b> |
| <b>Financial assets</b>                                       |  |                                |
| Trading securities  | —  | 0.1                            |
| Securities designated as at fair value through profit or loss | 1.1  | 1.2                            |
| Investment securities available-for-sale                      | 2.9  | 5.7                            |
| <b>Total transfers of financial assets</b>                    | <b>4.0</b>                                   | <b>7.0</b>                     |

The following table shows transfers between Level 1 and Level 2 of the fair value hierarchy for financial assets and liabilities measured as at fair value during the year ended 31 December 2015:

| <i>in billions of Russian Roubles</i>                         | <b>Transfers between Level 1 and Level 2</b> |                                |
|---|--|--------------------------------|
|   | <b>From Level 1 to Level 2</b>               | <b>From Level 2 to Level 1</b> |
| <b>Financial assets</b>                                       |  |                                |
| Trading securities  | 6.4  | 10.3                           |
| Securities designated as at fair value through profit or loss | 0.8  | 1.1                            |
| Investment securities available-for-sale                      | 204.7  | 29.9                           |
| <b>Total transfers of financial assets</b>                    | <b>211.9</b>                                 | <b>41.3</b>                    |
| <b>Financial liabilities</b>                                  |  |                                |
| Obligation to deliver securities                              | —  | 10.2                           |
| <b>Total transfers of financial liabilities</b>               | <b>—</b>                                     | <b>10.2</b>                    |

The financial instruments are transferred from Level 2 and Level 3 to Level 1 when they become actively traded and fair values are determined using quoted prices in an active market.

The financial instruments are transferred from Level 1 to Level 2 when they ceased to be actively traded, the liquidity of the market is not sufficient to use the market quotation for the valuation and fair values are consequently obtained from valuation techniques using observable market inputs.

The financial instruments are transferred to Level 3 when they ceased to be actively traded and there is no possibility to use valuation techniques with observable market inputs.

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2016

### 29 Fair Value Disclosures (Continued)

The following table shows a reconciliation of the opening and closing amount of Level 3 assets which are recorded as at fair value as at 30 June 2016:

| <i>(unaudited)</i><br>in billions of Russian Roubles          | At<br>31 December<br>2015<br>(audited) | Total<br>gains /<br>(losses)<br>reported in<br>statement<br>of profit<br>or loss | Foreign<br>currency<br>revaluation | Purchases  | Business<br>combinations | Sales         | Transfers<br>from<br>Level 3 | Transfers<br>to<br>Level 3 | At<br>30 June<br>2016 |
|---|--|--|------------------------------------|------------|--------------------------|---------------|------------------------------|----------------------------|-----------------------|
| Trading securities  | 0.1                                    | (0.1)  | —                                  | —          | —                        | —             | —                            | 0.1                        | 0.1                   |
| Securities designated as at fair value through profit or loss | 20.2                                   | 0.5  | —                                  | —          | —                        | (0.1)         | —                            | —                          | 20.6                  |
| Investment securities available-for-sale                      | 2.8                                    | (0.2)  | (0.2)                              | —          | —                        | (1.9)         | —                            | 0.7                        | 1.2                   |
| Derivative financial instruments                              | 11.4                                   | 1.9  | (1.2)                              | —          | —                        | (12.1)        | —                            | —                          | —                     |
| Investment property   | 11.1                                   | —  | (0.6)                              | 2.3        | 1.0                      | (0.8)         | —                            | 0.1                        | 13.1                  |
| Office premises   | 316.9                                  | (4.1)  | (2.1)                              | 0.6        | —                        | (3.4)         | (7.6)                        | —                          | 300.3                 |
| <b>Total level 3 assets</b>                                   | <b>362.5</b>                           | <b>(2.0)</b>   | <b>(4.1)</b>                       | <b>2.9</b> | <b>1.0</b>               | <b>(18.3)</b> | <b>(7.6)</b>                 | <b>0.9</b>                 | <b>335.3</b>          |

For the six months ended 30 June 2016 the gains in the amount of RR 0.2 billion reported in the interim consolidated statement of profit or loss on Level 3 financial assets were unrealized.

Total losses recognized as profit or loss on trading securities which are presented in the table above are reported in the interim consolidated statement of profit or loss within net gains from trading securities.

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

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

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

#### **Valuation of share in a real estate company of RR 7.7 billion using valuation techniques based on non-observable inputs**

The Group determined fair value of investments based on discounted cash flow model using the following key assumptions: WACC and estimated capitalization rate (CapRate) which depend on forecasts on property prices. WACC as at 30 June 2016 is 12.5%, CapRate – 8.75%.

Should the discount rate used by the Group in the valuation model increase / decrease by 1.0%, the carrying value of the financial instrument would be RR 1.2 billion lower / RR 1.3 billion higher. Should the capitalization rate used by the Group in the valuation model increase / decrease by 1.0%, the carrying value of the financial instrument would be RR 1.1 billion lower / RR 1.4 billion higher.

#### **Valuation of non-voting share in a special investment fund (SIF) with investments in oil companies of RR 4.9 billion using valuation techniques based on non-observable inputs**

The Group determined fair value of investments based on discounted cash flow model using the following key assumptions: WACC and estimated guaranteed fixed yield on exit. Guaranteed fixed yield is not linked to the market and so has immaterial influence on the value of the financial instrument. WACC as at 30 June 2016 is 13.5%.

Should the discount rate used by the Group in the valuation model increase / decrease by 1.0%, the carrying value of the financial instrument would be RR 0.05 billion lower / RR 0.05 billion higher.

## **Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2016**

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### **29 Fair Value Disclosures (Continued)**

#### **Valuation of shares of an international payment system of RR 0.6 billion using valuation techniques based on non-observable inputs**

Fair value of investment was determined based on the valuation of up-front consideration due to the expected sale of shares.

#### **Valuation of investment in a mining company of RR 4.8 billion using valuation techniques based on non-observable inputs**

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

WACC of operational companies as at 30 June 2016 is 17.3%, 18.8%, 18.6% and 17.5%. Should the discount rate used by the Group in the valuation model increase / decrease by 1.0%, the carrying value of the financial instrument would be RR 0.3 billion lower / RR 0.4 billion higher.

#### **Valuation of investment in a packaging company of RR 1.2 billion using valuation techniques based on non-observable inputs**

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

The estimated value of the required return on equity (ROE) for the operating companies amounted to 18.9%. Should ROE used by the Group in the valuation model increase / decrease by 1.0%, the carrying value of a financial instrument would be RR 0.1 billion lower / RR 0.1 billion higher.

#### **Valuation of investment in a construction company of RR 0.3 billion using valuation techniques based on non-observable inputs**

Fair value of investment was determined based on discounted cash flow model. Valuation of the investments was based on discounted cash flow model using the following key assumptions: WACC, construction project revenue, operational expenses, cost of investments.

The estimated value of WACC for the operating companies amounted to 19.9%. Should WACC used by the Group in the valuation model increase / decrease by 1.0%, the carrying value of a financial instrument would be RR 0.01 billion lower / RR 0.01 billion higher.

#### **Valuation of share in a company with a real estate located in Moscow of RR 1.2 billion using valuation techniques based on non-observable inputs**

The Group determined fair value of investments based on discounted cash flow model using the following income parameters: sale price and rental rate.

Should the income parameters used by the Group in the valuation model increase / decrease by 5.0%, the carrying value of the financial instrument would be RR 0.04 billion higher / RR 0.04 billion lower.

#### **Valuation of investments in mutual fund which main assets comprised real estate investments of RR 0.6 billion using valuation techniques based on non-observable inputs**

Fair value of investments in mutual fund whose main assets comprise real estate investments are determined based on fair value of properties. Each property is revalued regularly by independent appraisers using sales comparison and income approaches. Application of market average ranges, which is considered to be a reasonably possible change of assumptions used in valuation model for calculation of fair value of such units, results in increase / decrease of fair value by RR 0.05 billion in case of application of the highest / lowest end of the range respectively.

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2016

### 29 Fair Value Disclosures (Continued)

#### Valuation of share in seismic exploration company of RR 0.5 billion using valuation techniques based on non-observable inputs

Fair value of investment was determined based on the information of deals with the depositary receipts on the company's shares on non-active market.

The following table shows a reconciliation of the opening and closing amount of Level 3 assets which are recorded as at fair value as at 31 December 2015:

| <i>in billions of Russian Roubles</i>                         | At<br>31 December<br>2014 | Total<br>gains<br>reported in<br>statement<br>of profit<br>or loss | Foreign<br>currency<br>revaluation | Total<br>gains<br>reported in<br>other<br>compre-<br>hensive<br>income | Purchases   | Business<br>combinations | Sales         | Transfers<br>from<br>Level 3 | Transfers<br>to<br>Level 3 | At<br>31 December<br>2015 |
|---|---------------------------|--|------------------------------------|--|-------------|--------------------------|---------------|------------------------------|----------------------------|---------------------------|
| Trading securities  | 0.6                       | —  | —                                  | —  | —           | —                        | (0.6)         | —                            | 0.1                        | 0.1                       |
| Securities designated as at fair value through profit or loss | 14.5                      | 2.9  | —                                  | —  | 2.8         | —                        | —             | —                            | —                          | 20.2                      |
| Investment securities available-for-sale                      | —                         | —  | 0.4                                | 2.4  | —           | —                        | —             | —                            | —                          | 2.8                       |
| Derivative financial instruments                              | 19.2                      | 6.9  | 0.2                                | —  | 2.2         | —                        | (17.1)        | —                            | —                          | 11.4                      |
| Investment property   | 7.1                       | 0.4  | 0.3                                | —  | 1.2         | 2.0                      | (0.6)         | —                            | 0.7                        | 11.1                      |
| Office premises   | 315.8                     | (12.9)   | (0.6)                              | —  | 19.9        | —                        | (4.4)         | (0.9)                        | —                          | 316.9                     |
| <b>Total level 3 assets</b>                                   | <b>357.2</b>              | <b>(2.7)</b>   | <b>0.3</b>                         | <b>2.4</b>   | <b>26.1</b> | <b>2.0</b>               | <b>(22.7)</b> | <b>(0.9)</b>                 | <b>0.8</b>                 | <b>362.5</b>              |

For the year ended 31 December 2015 the gains in the amount of RR 4.4 billion reported in the consolidated statement of profit or loss on Level 3 financial assets were unrealized.

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

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

## **Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2016**

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### **29 Fair Value Disclosures (Continued)**

#### **Valuation of share in a real estate company of RR 7.3 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: WACC and estimated capitalization rate (CapRate) which depend on forecasts on property prices. WACC as at 31 December 2015 is 15.0%, CapRate – 12%.

Should the discount rate used by the Group in the valuation model increase / decrease by 1.0%, the carrying value of the financial instrument would be RR 0.2 billion lower / RR 0.2 billion higher. Should the capitalization rate used by the Group in the valuation model increase / decrease by 1.0%, the carrying value of the financial instrument would be RR 1.3 billion lower / RR 1.6 billion higher.

#### **Valuation of non-voting share in a special investment fund (SIF) with investments in oil companies of RR 5.3 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: WACC and estimated guaranteed fixed yield on exit. Guaranteed fixed yield is not linked to the market and so has immaterial influence on the value of the financial instrument. WACC as at 31 December 2015 is 13.5%.

Should the discount rate used by the Group in the valuation model increase / decrease by 1.0%, the carrying value of the financial instrument would be RR 0.05 billion lower / RR 0.05 billion higher.

#### **Valuation of shares of an international payment system of RR 2.7 billion using valuation techniques based on non-observable inputs**

Fair value of investment was determined based on the valuation of up-front consideration due to the expected sale of shares.

#### **Valuation of investment in a mining company of RR 4.7 billion using valuation techniques based on non-observable inputs**

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

WACC of operational companies as at 31 December 2015 is 19.5%, 19.3%, 18.5% and 19.5%. Should the discount rate used by the Group in the valuation model increase / decrease by 1.0%, the carrying value of the financial instrument would be RR 0.3 billion lower / RR 0.4 billion higher.

#### **Valuation of investment in a packaging company of RR 1.1 billion using valuation techniques based on non-observable inputs**

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

The estimated value of the required return on equity (ROE) for the operating companies amounted to 23.3%. Should ROE used by the Group in the valuation model increase / decrease by 1.0%, the carrying value of a financial instrument would be RR 0.1 billion lower / RR 0.1 billion higher.

#### **Valuation of investment in a construction company of RR 0.3 billion using valuation techniques based on non-observable inputs**

Fair value of investment was determined based on discounted cash flow model. Valuation of the investments was based on discounted cash flow model using the following key assumptions: WACC, construction project revenue, operational expenses, cost of investments.

The estimated value of WACC for the operating companies amounted to 23.2%. Should WACC used by the Group in the valuation model increase / decrease by 1.0%, the carrying value of a financial instrument would be RR 0.02 billion lower / RR 0.02 billion higher.



## **Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2016**

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### **29 Fair Value Disclosures (Continued)**

#### **Valuation of share in a company with a real estate located in Moscow of RR 1.2 billion using valuation techniques based on non-observable inputs**

The Group determined fair value of investments based on discounted cash flow model using the following income parameters: sale price and rental rate.

Should the income parameters used by the Group in the valuation model increase / decrease by 5.0%, the carrying value of the financial instrument would be RR 0.04 billion higher / RR 0.04 billion lower.

#### **Valuation of investments in mutual fund which main assets comprised real estate investments of RR 0.6 billion using valuation techniques based on non-observable inputs**

Fair value of investments in mutual fund whose main assets comprise real estate investments are determined based on fair value of these properties. Each property is revalued regularly by independent appraisers using sales comparison and income approaches. Application of market average ranges, which is considered to be a reasonably possible change of assumptions used in valuation model for calculation of fair value of such units, results in increase / decrease of fair value by RR 0.06 billion in case of application of the highest / lowest end of the range respectively.

#### **Valuation of foreign currency derivatives contracts of RR 11.4 billion using non-observable inputs**

The input used for estimation of fair values of foreign currency derivatives as at 31 December 2015 was the yield to maturity of the Belarusian Eurobonds in USD with maturity date in January, 2018, amounting to 7.13%.

The obligations in Belarusian roubles were estimated against the prevailing rate of attracting funds in Belarusian roubles which is 27.5%. Should the input rate for Belarusian roubles decrease by 1,000 basis points the carrying value of the foreign currency derivatives would be RR 0.1 billion lower.

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2016

### 29 Fair Value Disclosures (Continued)

Fair values of financial assets and liabilities not accounted at fair value in the interim condensed consolidated financial statements are disclosed below. There are following financial assets and financial liabilities not disclosed in the table below because their carrying amount is a reasonable approximation of fair value due to their short-term nature or repricing to current market rates:

- cash and cash equivalents;
- mandatory cash balances with central banks;
- other financial assets;
- other financial liabilities.

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

| <i>in billions of Russian Roubles</i>  | 30 June 2016<br>(unaudited) |                 | 31 December 2015 |                 |
|--|-----------------------------|-----------------|------------------|-----------------|
|  | Carrying value              | Fair value      | Carrying value   | Fair value      |
| <b>Financial assets carried at amortized cost</b>                            |                             |                 |                  |                 |
| Due from banks   | 783.2                       | 783.2           | 750.6            | 750.6           |
| Loans and advances to customers:   |                             |                 |                  |                 |
| - Commercial loans to legal entities   | 9,266.7                     | 9,276.9         | 9,671.8          | 9,683.1         |
| - Specialized loans to legal entities  | 3,982.4                     | 3,946.7         | 4,353.8          | 4,202.6         |
| - Consumer and other loans to individuals                                    | 1,455.5                     | 1,461.0         | 1,546.5          | 1,541.9         |
| - Mortgage loans to individuals  | 2,588.9                     | 2,562.8         | 2,497.3          | 2,482.8         |
| - Credit cards and overdrafts to individuals                                 | 537.4                       | 537.4           | 528.6            | 528.6           |
| - Car loans to individuals   | 116.0                       | 114.8           | 129.8            | 127.4           |
| Securities pledged under repurchase agreements:                              |                             |                 |                  |                 |
| - Investment securities held-to-maturity pledged under repurchase agreements | 44.3                        | 45.3            | 72.4             | 72.9            |
| Investment securities held-to-maturity                                       | 471.5                       | 479.5           | 477.7            | 464.9           |
| <b>Total</b>   | <b>19,245.9</b>             | <b>19,207.6</b> | <b>20,028.5</b>  | <b>19,854.8</b> |

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2016

### 29 Fair Value Disclosures (Continued)

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

| <i>in billions of Russian Roubles</i>                                 | 30 June 2016<br>(unaudited) |                 | 31 December 2015 |                 |
|---|-----------------------------|-----------------|------------------|-----------------|
|   | Carrying value              | Fair value      | Carrying value   | Fair value      |
| <b>Financial liabilities carried at amortized cost</b>                |                             |                 |                  |                 |
| Due to banks  | 651.7                       | 651.0           | 1,045.9          | 1,045.4         |
| Due to Individuals:   |                             |                 |                  |                 |
| - Current/demand accounts   | 2,353.0                     | 2,353.0         | 2,415.4          | 2,415.4         |
| - Term deposits   | 9,604.0                     | 9,626.3         | 9,627.9          | 9,638.2         |
| - Direct repo deals   | 0.1                         | 0.1             | 0.4              | 0.4             |
| Due to corporate customers:   |                             |                 |                  |                 |
| - Current/settlement accounts of state and public organizations       | 162.3                       | 162.3           | 134.3            | 134.3           |
| - Term deposits of state and public organizations                     | 258.7                       | 256.4           | 325.3            | 319.2           |
| - Current/settlement accounts of other corporate customers            | 2,247.6                     | 2,247.6         | 2,226.9          | 2,226.9         |
| - Term deposits of other corporate customers                          | 4,078.1                     | 4,044.1         | 4,957.4          | 4,860.4         |
| - Direct repo deals with other corporate customers                    | 83.5                        | 83.5            | 110.7            | 110.7           |
| Debt securities in issue:   |                             |                 |                  |                 |
| - Savings certificates  | 596.0                       | 596.2           | 577.7            | 577.8           |
| - Loan participation notes issued under the MTN programme of Sberbank | 509.4                       | 537.3           | 607.0            | 606.6           |
| - Bonds issued:   |                             |                 |                  |                 |
| - on the local market   | 79.3                        | 79.3            | 70.1             | 68.8            |
| - on international capital markets                                    | 26.7                        | 26.0            | 34.5             | 34.6            |
| - Promissory notes  | 87.0                        | 85.7            | 80.7             | 80.5            |
| - Bonds issued under mortgage securitization programme of Sberbank    | 6.3                         | 6.3             | 7.2              | 7.3             |
| - Other debt securities issued  | 1.2                         | 1.2             | 1.3              | 1.3             |
| Other borrowed funds  | 319.5                       | 318.2           | 398.0            | 396.0           |
| Subordinated debt:  |                             |                 |                  |                 |
| - Subordinated debt received by the Group from the Bank of Russia     | 520.6                       | 520.6           | 504.5            | 504.5           |
| - Subordinated debt issued under the MTN programme of Sberbank        | 216.8                       | 218.8           | 259.0            | 231.4           |
| - Other subordinated debt   | 38.5                        | 36.5            | 43.0             | 40.8            |
| <b>Total</b>  | <b>21,840.3</b>             | <b>21,850.4</b> | <b>23,427.2</b>  | <b>23,300.5</b> |

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2016

### 30 Transfers of Financial Assets and Pledged Assets

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

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

| <i>in billions of Russian Roubles</i>                             | 30 June 2016<br>(unaudited) |                                     |                          |                                     | 31 December 2015         |                                     |                          |                                     |
|---|-----------------------------|-------------------------------------|--------------------------|-------------------------------------|--------------------------|-------------------------------------|--------------------------|-------------------------------------|
|   | 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                    | 57.3                        | 52.8                                | 83.9                     | 83.0                                | 114.4                    | 112.4                               | 107.6                    | 110.6                               |
| Securities issued by the Bank pledged under repurchase agreements | —                           | —                                   | 0.4                      | 0.4                                 | 0.1                      | 0.1                                 | 0.9                      | 0.5                                 |
| Securities of clients pledged under repurchase agreements         | 5.5                         | 4.9                                 | 0.2                      | 0.2                                 | 6.6                      | 5.9                                 | —                        | —                                   |
| <b>Total before margin calls</b>                                  | <b>62.8</b>                 | <b>57.7</b>                         | <b>84.5</b>              | <b>83.6</b>                         | <b>121.1</b>             | <b>118.4</b>                        | <b>108.5</b>             | <b>111.1</b>                        |
| Other financial assets (margin calls under repurchase agreements) | —                           | —                                   | 0.3                      | —                                   | 12.8                     | —                                   | 0.1                      | —                                   |
| <b>Total</b>  | <b>62.8</b>                 | <b>57.7</b>                         | <b>84.8</b>              | <b>83.6</b>                         | <b>133.9</b>             | <b>118.4</b>                        | <b>108.6</b>             | <b>111.1</b>                        |

Refer to Note 8 for information on details of own securities portfolio pledged under repurchase agreements.

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

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

| <i>in billions of Russian Roubles</i> | 30 June 2016<br>(unaudited) |                                     | 31 December 2015         |                                     |
|---------------------------------------|-----------------------------|-------------------------------------|--------------------------|-------------------------------------|
|                                       | Carrying value of assets    | Carrying value of related liability | Carrying value of assets | Carrying value of related liability |
| Cash and cash equivalents             | 0.2                         | 0.3                                 | 0.2                      | —                                   |
| Loans to corporate customers          | 159.6                       | 121.4                               | 372.0                    | 290.8                               |
| Loans to individuals                  | 7.6                         | 6.3                                 | 8.5                      | 7.2                                 |
| Securities                            | 30.3                        | 22.3                                | 41.1                     | 31.3                                |
| Other assets                          | 4.1                         | —                                   | 8.3                      | 3.9                                 |
| <b>Total</b>                          | <b>201.8</b>                | <b>150.3</b>                        | <b>430.1</b>             | <b>333.2</b>                        |

Assets transferred without derecognition are represented by loans to individuals pledged under mortgage securitization programme of Sberbank. Refer to Note 15 for detailed information on bonds issued under this programme. Margin calls transferred are disclosed in Note 12. Other assets represented in the table above are pledged.

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2016

### 30 Transfers of Financial Assets and Pledged Assets (Continued)

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

| <i>in billions of Russian Roubles</i> | 30 June 2016<br>(unaudited)                         |  | 31 December 2015                                    |  |
|---------------------------------------|---|--|---|--|
|                                       | Amount of loans<br>granted under<br>repo agreements | Fair value of<br>securities<br>received as<br>collateral | Amount of loans<br>granted under<br>repo agreements | Fair value of<br>securities<br>received as<br>collateral |
| Cash and cash equivalents             | 158.8   | 176.7  | 89.2  | 100.6  |
| Due from banks                        | 230.0   | 265.7  | 217.4   | 256.0  |
| Loans and advances to customers       | 97.1  | 162.0  | 121.6   | 171.6  |
| <b>Total</b>                          | <b>485.9</b>  | <b>604.4</b>   | <b>428.2</b>  | <b>528.2</b>   |

### 31 Offsetting of Financial Instruments

Financial instruments subject to offsetting, enforceable master netting (ISDA, RISDA, etc.) and similar arrangements are as follows as at 30 June 2016:

| <i>(unaudited)</i><br><i>in billions of Russian Roubles</i> | Gross<br>amount of<br>recognized<br>financial<br>assets/<br>liabilities | Gross amount<br>of recognized<br>financial assets/<br>liabilities set off<br>in the statement of<br>financial position | Net amount of<br>financial assets/<br>liabilities<br>presented in<br>the statement of<br>financial position | Related amounts not set off in the<br>statement of financial position |                 | Net<br>amount |
|---|---|--|---|---|-----------------|---------------|
|   |   |  |   | Financial<br>instruments  | Cash collateral |               |
| <b>Financial assets</b>                                     |   |  |   |   |                 |               |
| Derivative financial assets                                 | 274.8   | —  | 274.8   | (144.1)   | (34.5)          | 96.2          |
| Reverse repurchase agreements                               | 485.9   | —  | 485.9   | (485.9)   | —               | —             |
| <b>Total financial assets</b>                               | <b>760.7</b>  | <b>—</b>   | <b>760.7</b>  | <b>(630.0)</b>  | <b>(34.5)</b>   | <b>96.2</b>   |
| <b>Financial liabilities</b>                                |   |  |   |   |                 |               |
| Derivative financial liabilities                            | 230.4   | —  | 230.4   | (144.1)   | (55.2)          | 31.1          |
| Direct repurchase agreements                                | 141.3   | —  | 141.3   | (138.8)   | —               | 2.5           |
| <b>Total financial liabilities</b>                          | <b>371.7</b>  | <b>—</b>   | <b>371.7</b>  | <b>(282.9)</b>  | <b>(55.2)</b>   | <b>33.6</b>   |

The comparative information as at 31 December 2015 is presented in the table below:

| <i>in billions of Russian Roubles</i> | Gross<br>amount of<br>recognized<br>financial<br>assets/<br>liabilities | Gross amount<br>of recognized<br>financial assets/<br>liabilities set off<br>in the statement of<br>financial position | Net amount of<br>financial assets/<br>liabilities<br>presented in<br>the statement of<br>financial position | Related amounts not set off in the<br>statement of financial position |                 | Net<br>amount |
|---------------------------------------|---|--|---|---|-----------------|---------------|
|                                       |   |  |   | Financial<br>instruments  | Cash collateral |               |
| <b>Financial assets</b>               |   |  |   |   |                 |               |
| Derivative financial assets           | 440.6   | —  | 440.6   | (197.1)   | (50.1)          | 193.4         |
| Reverse repurchase agreements         | 428.2   | —  | 428.2   | (428.2)   | —               | —             |
| <b>Total financial assets</b>         | <b>868.8</b>  | <b>—</b>   | <b>868.8</b>  | <b>(625.3)</b>  | <b>(50.1)</b>   | <b>193.4</b>  |
| <b>Financial liabilities</b>          |   |  |   |   |                 |               |
| Derivative financial liabilities      | 387.3   | —  | 387.3   | (197.1)   | (98.9)          | 91.3          |
| Direct repurchase agreements          | 229.5   | —  | 229.5   | (222.8)   | —               | 6.7           |
| <b>Total financial liabilities</b>    | <b>616.8</b>  | <b>—</b>   | <b>616.8</b>  | <b>(419.9)</b>  | <b>(98.9)</b>   | <b>98.0</b>   |

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2016

### 31 Offsetting of Financial Instruments (Continued)

The Group has master netting arrangements with counterparty banks, which are enforceable in case of default. The Group also made margin deposits with clearing house counterparty as collateral for its outstanding derivative positions. The counterparty may set off the Group's liabilities with the margin deposit in case of default. Margin calls transferred are presented within other financial assets; please refer to Note 12.

The Group also received margin deposits as collateral which may be set off with the Group's counterparties' liabilities on outstanding derivative contracts in case of default of the Group's counterparties. Margin calls received are presented within other financial liabilities; please refer to Note 17.

The disclosure does not apply to loans and advances to customers and related customer deposits unless they are set off in the interim consolidated statement of financial position.

### 32 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 33 for significant transactions with state-controlled entities and government bodies.

As at 30 June 2016 and 31 December 2015, the outstanding balances with the Bank of Russia and other related parties were as follows:

| <i>in billions of Russian Roubles</i>           | 30 June 2016<br>(unaudited) |                       | 31 December 2015 |                       |
|---|-----------------------------|-----------------------|------------------|-----------------------|
|   | Bank of Russia              | Other related parties | Bank of Russia   | Other related parties |
| <b>Assets</b>                                   |                             |                       |                  |                       |
| Cash and cash equivalents                       | 583.6                       | —                     | 472.7            | —                     |
| Mandatory cash balances with the Bank of Russia | 130.0                       | —                     | 118.5            | —                     |
| Due from banks                                  | 2.8                         | —                     | 1.8              | —                     |
| Gross loans and advances to customers           | —                           | 36.8                  | —                | 36.7                  |
| Other assets                                    | —                           | 0.5                   | —                | 0.9                   |
| <b>Liabilities</b>                              |                             |                       |                  |                       |
| Due to banks                                    | 69.1                        | —                     | 269.8            | —                     |
| Due to individuals                              | —                           | 6.5                   | —                | 7.9                   |
| Due to corporate customers                      | —                           | 0.7                   | —                | 2.2                   |
| Subordinated debt                               | 520.6                       | —                     | 504.5            | —                     |
| Other liabilities                               | —                           | 2.6                   | —                | 0.6                   |

As at 30 June 2016 included in operations with other related parties are deposits attracted from key management personnel and their close family members in the amount of RR 6.5 billion (31 December 2015: RR 7.9 billion); as at 30 June 2016 there were no loans and advances granted to key management personnel and their close family members (31 December 2015: RR 0.1 billion).

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2016

### 32 Related Party Transactions (Continued)

The income and expense items with the Bank of Russia and other related parties for the six months ended 30 June 2016 and 30 June 2015 were as follows:

| <i>(unaudited)</i><br>in billions of Russian Roubles | Six months ended 30 June |                       |                |                       |
|--|--------------------------|-----------------------|----------------|-----------------------|
|  | 2016                     |                       | 2015           |                       |
|  | Bank of Russia           | Other related parties | Bank of Russia | Other related parties |
| Interest income                                      | 0.2                      | 2.0                   | 0.1            | 1.1                   |
| Interest expense on subordinated debt                | (16.0)                   | —                     | (15.9)         | —                     |
| Interest expense other than on subordinated debt     | (12.0)                   | (0.2)                 | (133.2)        | (0.3)                 |
| Revenue of non-banking business activities           | —                        | 0.3                   | —              | 0.9                   |
| Commission expense                                   | (0.8)                    | —                     | (0.9)          | (0.2)                 |
| Operating expenses                                   | —                        | (2.5)                 | —              | —                     |

The income and expense items with the Bank of Russia and other related parties for the three months ended 30 June 2016 and 30 June 2015 were as follows:

| <i>(unaudited)</i><br>in billions of Russian Roubles | Three months ended 30 June |                       |                |                       |
|--|----------------------------|-----------------------|----------------|-----------------------|
|  | 2016                       |                       | 2015           |                       |
|  | Bank of Russia             | Other related parties | Bank of Russia | Other related parties |
| Interest income                                      | —                          | 1.1                   | —              | 0.6                   |
| Interest expense on subordinated debt                | (8.1)                      | —                     | (8.0)          | —                     |
| Interest expense other than on subordinated debt     | (4.3)                      | —                     | (53.8)         | (0.1)                 |
| Revenue of non-banking business activities           | —                          | 0.2                   | —              | 0.4                   |
| Commission expense                                   | (0.5)                      | —                     | (0.5)          | (0.1)                 |
| Operating expenses                                   | —                          | (1.2)                 | —              | —                     |

For the six months ended 30 June 2016, interest expense on deposits attracted from key management personnel and their close family members comprised RR 0.2 billion (for the six months ended 30 June 2015: RR 0.2 billion).

For the six months ended 30 June 2016, regular remuneration of the members of the key management personnel comprised salaries and bonuses totaling RR 1.5 billion (for the six months ended 30 June 2015: RR 0.6 billion). For the three months ended 30 June 2016, regular remuneration of the members of the key management personnel comprised salaries and bonuses totaling RR 0.7 billion (for the three months ended 30 June 2015: RR 0.4 billion).

## **Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2016**

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### **32 Related Party Transactions (Continued)**

Also in 2015 the Bank has introduced a long term cash settled motivation program for the key management personnel with share-based features. The program has been designed within a framework of risk oriented remuneration and is in full compliance with the requirements of the Bank of Russia on the remuneration system for Russian credit institutions. The program parameters are as follows:

- 40% of the variable part of the annual compensation is deferred and is paid in 3 annual installments;
- payments to the participants of the program are contingent upon the Bank's positive performance, e.g. if the Bank has a loss in any of the 3 years following the year in which the award was granted, payments to the participants are forfeited for that particular year;
- awards may be fully or partially forfeited, for example, due to individual misconduct (including a breach of regulations) or termination for cause and also due to negative individual contributions to the Bank's results.

For the six months ended 30 June 2016 share-based long term compensation has amounted to RR 0.8 billion (for the six months ended 30 June 2015: nil). For the three months ended 30 June 2016 share-based long term compensation has amounted to RR 0.4 billion (for the three months ended 30 June 2015: nil).

Share-based long term compensation is payable in cash, and is remeasured to fair value at each reporting date based on the average value of the Bank's ordinary shares for the preceding six months. Payables on share-based long term compensation as at 30 June 2016 amounted to RR 1.3 billion (31 December 2015: 0.6 billion). The related obligations are included in other financial liabilities in the interim consolidated statement of financial position until paid.



## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2016

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

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

Balances with state-controlled entities and government bodies which are significant in terms of the carrying amount as at 30 June 2016 are disclosed below:

|   |                                     | 30 June 2016  |   |                      |
|---|-------------------------------------|---|---|----------------------|
| <i>(unaudited)</i><br><i>in billions of Russian</i><br><i>Roubles</i> |                                     | Loans and<br>advances to<br>customers / Due<br>from banks | Due to corporate<br>customers / Due<br>to banks | Guarantees<br>issued |
| Client  | Sector                              |   |   |                      |
| Client 1  | Oil and gas                         | 264.0   | 328.6   | 8.4                  |
| Client 2  | Energy                              | 148.8   | 248.1   | 22.9                 |
| Client 3  | Machinery                           | 216.7   | 74.6  | 18.2                 |
| Client 4  | Oil and gas                         | 52.4  | 248.8   | 5.2                  |
| Client 5  | Machinery                           | 158.5   | 72.8  | 60.6                 |
| Client 6  | Machinery                           | 81.3  | 90.9  | 22.7                 |
| Client 7  | Machinery                           | 49.5  | 54.7  | 82.7                 |
| Client 8  | Oil and gas                         | —   | 176.5   | —                    |
| Client 9  | Energy                              | 151.7   | 11.7  | 0.1                  |
| Client 10   | Banking                             | 115.8   | 32.4  | —                    |
| Client 11   | Machinery                           | 86.4  | 28.2  | 2.9                  |
| Client 12   | Machinery                           | —   | 12.1  | 85.2                 |
| Client 13   | Transport, aviation, space industry | 31.9  | 22.5  | 36.3                 |
| Client 14   | Energy                              | 64.8  | 17.7  | 0.2                  |
| Client 15   | Machinery                           | 50.8  | 18.1  | 2.2                  |
| Client 16   | Telecommunications                  | 62.3  | 0.7   | 7.8                  |
| Client 17   | Other                               | 67.9  | 1.2   | —                    |
| Client 18   | Machinery                           | 60.6  | 3.4   | —                    |
| Client 19   | Government and municipal bodies     | 49.6  | —   | —                    |
| Client 20   | Government and municipal bodies     | 48.3  | —   | —                    |

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2016

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

Additionally as at 30 June 2016 balances from operations with state-controlled entities and government bodies include receivables from Deposit Insurance Agency of RR 9.4 billion (31 December 2015: RR 73.2 billion) which represent receivables recognized from settlements on deposit compensations to clients of the banks whose license was withdrawn by the Bank of Russia. These balances are included in other financial assets in the interim consolidated statement of financial position. Refer to Note 12.

Balances with state-controlled entities and government bodies as at 31 December 2015 disclosed below contain balances which are significant in terms of the carrying amount as at 30 June 2016 (Clients 1-20), and an additional entity with the balances which were significant as at 31 December 2015 (Client 21):

| <i>in billions of Russian<br/>Roubles</i> |                                     | <b>31 December 2015</b>   |  |                              |
|---|-------------------------------------|---|--|------------------------------|
|   |                                     | <b>Loans and<br/>advances to<br/>customers / Due<br/>from banks</b> | <b>Due to corporate<br/>customers / Due<br/>to banks</b> | <b>Guarantees<br/>issued</b> |
| <b>Client</b>                             | <b>Sector</b>                       |   |  |                              |
| Client 1                                  | Oil and gas                         | 242.6   | 139.1  | 11.1                         |
| Client 2                                  | Energy                              | 188.4   | 303.6  | 26.8                         |
| Client 3                                  | Machinery                           | 191.4   | 107.5  | 18.8                         |
| Client 4                                  | Oil and gas                         | 57.2  | 331.8  | —                            |
| Client 5                                  | Machinery                           | 195.8   | 95.4   | 55.0                         |
| Client 6                                  | Machinery                           | 84.6  | 84.3   | 22.4                         |
| Client 7                                  | Machinery                           | 40.6  | 44.6   | 94.7                         |
| Client 8                                  | Oil and gas                         | —   | 189.5  | —                            |
| Client 9                                  | Energy                              | 163.5   | 40.2   | —                            |
| Client 10                                 | Banking                             | 58.0  | 20.0   | —                            |
| Client 11                                 | Machinery                           | 120.5   | 35.8   | 2.2                          |
| Client 12                                 | Machinery                           | 1.5   | 24.6   | 87.9                         |
| Client 13                                 | Transport, aviation, space industry | 26.4  | 21.4   | 21.6                         |
| Client 14                                 | Energy                              | 67.3  | 31.0   | —                            |
| Client 15                                 | Machinery                           | 45.5  | 15.5   | 2.2                          |
| Client 16                                 | Telecommunications                  | 78.9  | 0.8  | 8.9                          |
| Client 17                                 | Other                               | 72.5  | 3.5  | —                            |
| Client 18                                 | Machinery                           | 63.3  | 0.2  | —                            |
| Client 19                                 | Government and municipal bodies     | 53.4  | —  | —                            |
| Client 20                                 | Government and municipal bodies     | 46.1  | —  | —                            |
| Client 21                                 | Banking                             | 41.8  | 55.7   | —                            |

As at 30 June 2016 and 31 December 2015 the Group's investments in securities issued by government-controlled corporate entities were as follows:

| <i>in billions of Russian Roubles</i>                            | <b>30 June 2016<br/>(unaudited)</b> |                             | <b>31 December 2015</b>    |                             |
|--|-------------------------------------|-----------------------------|----------------------------|-----------------------------|
|  | <b>Corporate<br/>bonds</b>          | <b>Corporate<br/>shares</b> | <b>Corporate<br/>bonds</b> | <b>Corporate<br/>shares</b> |
| Trading securities   | 16.6                                | 3.7                         | 20.6                       | 6.3                         |
| Securities designated as at fair value<br>through profit or loss | 198.8                               | 0.4                         | 137.2                      | 0.5                         |
| Investment securities available-for-sale                         | 297.7                               | 25.6                        | 319.8                      | 21.8                        |
| Investment securities held-to-maturity                           | 84.5                                | —                           | 88.6                       | —                           |

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

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2016

### 34 Principal Subsidiaries

The table below provides details on principal subsidiaries of the Bank as at 30 June 2016:

| Name  | Nature of business | Percentage of ownership            | Country of registration |
|---|--------------------|------------------------------------|-------------------------|
| DenizBank (DenizBank AS)                        | banking            | 99.85%                             | Turkey                  |
| Sberbank Europe AG                              | banking            | 100.00%                            | Austria                 |
| OJSC BPS-Sberbank                               | banking            | 98.43%                             | Belarus                 |
| SB JSC Sberbank                                 | banking            | 100.00%                            | Kazakhstan              |
| Sberbank PJSC                                   | banking            | 100.00%                            | Ukraine                 |
| Sberbank (Switzerland) AG                       | banking            | 99.28%                             | Switzerland             |
| Cetelem Bank LLC                                | banking            | 79.20%                             | Russia                  |
| JSC Sberbank Leasing                            | leasing            | 100.00%                            | Russia                  |
| LLC Sberbank Capital                            | finance            | 100.00%                            | Russia                  |
| Troika Dialog Group Ltd.                        | finance            | 100.00%                            | Cayman islands          |
| LLC Insurance company "Sberbank insurance life" | finance            | 100.00%                            | Russia                  |
| LLC Insurance company "Sberbank insurance"      | finance            | 100.00%                            | Russia                  |
| LLC Sberbank Factoring                          | finance            | 100.00%                            | Russia                  |
| JSC Rublevo-Archangelskoe                       | construction       | 100.00%                            | Russia                  |
| LLC Sberbank Investments                        | finance            | 100.00%                            | Russia                  |
| LLC Aukcion                                     | services           | 100.00%                            | Russia                  |
| PS Yandex.Money LLC                             | telecommunications | 75.00% minus one<br>Russian Rouble | Russia                  |
| JSC Non-state Pension Fund of Sberbank          | finance            | 100.00%                            | Russia                  |

The share of the subsidiaries of the Bank in the consolidated assets of the Group as at 30 June 2016 was 21.0% (31 December 2015: 22.1%).

### 35 Capital Adequacy Ratio

The Group's objectives when managing capital are (i) to comply with the regulatory capital requirements set by the Bank of Russia and (ii) to safeguard the Group's ability to continue as a going concern.

According to requirements set by the Bank of Russia statutory capital ratio has to be maintained by the Bank above the minimum level of 10.0%. As at 30 June 2016 this regulatory capital adequacy ratio N1.0 was 11.8% (31 December 2015: 11.9%). Compliance with capital adequacy ratios set by the Bank of Russia is monitored monthly with reports outlining the calculation.

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 June 2016

### 35 Capital Adequacy Ratio (Continued)

The Group also monitors capital adequacy ratio based on Basel Accord to make sure it maintains a level of at least 8.0%. As at 30 June 2016 and 31 December 2015, Capital Adequacy Ratios calculated by the Group in accordance with the International Convergence of Capital Measurement and Capital Standards (July 1988, updated to November 2005) and Amendment to the Capital Accord to incorporate market risks (updated November 2005), commonly known as Basel 1 requirements, were as follows:

|  | 30 June<br>2016<br>(unaudited) | 31 December<br>2015 |
|--|--------------------------------|---------------------|
| <i>in billions of Russian Roubles</i>                                    |                                |                     |
| <b>Tier 1 capital</b>  |                                |                     |
| Share capital  | 87.7                           | 87.7                |
| Share premium  | 232.6                          | 232.6               |
| Retained earnings  | 2,155.4                        | 1,935.2             |
| Treasury shares  | (6.9)                          | (6.7)               |
| less Goodwill  | (20.5)                         | (22.1)              |
| <b>Total Tier 1 capital (core capital)</b>                               | <b>2,448.3</b>                 | <b>2,226.7</b>      |
| <b>Tier 2 capital</b>  |                                |                     |
| Revaluation reserve for office premises                                  | 67.4                           | 69.3                |
| Fair value reserve for investment securities available-for-sale          | 7.5                            | (20.6)              |
| Foreign currency translation reserve                                     | 50.1                           | 101.1               |
| Eligible subordinated debt   | 749.1                          | 781.2               |
| less Investments in associates   | (6.8)                          | (6.5)               |
| <b>Total Tier 2 capital</b>  | <b>867.3</b>                   | <b>924.5</b>        |
| <b>Total capital</b>   | <b>3,315.6</b>                 | <b>3,151.2</b>      |
| <b>Risk weighted assets (RWA)</b>  |                                |                     |
| Credit risk  | 22,628.8                       | 24,225.7            |
| Market risk  | 873.5                          | 769.8               |
| <b>Total risk weighted assets (RWA)</b>                                  | <b>23,502.3</b>                | <b>24,995.5</b>     |
| <b>Core capital adequacy ratio (Total Tier 1 capital / Total RWA), %</b> | <b>10.4</b>                    | <b>8.9</b>          |
| <b>Total capital adequacy ratio (Total capital / Total RWA), %</b>       | <b>14.1</b>                    | <b>12.6</b>         |

### 36 Subsequent Events

In July 2016 the closing of the transaction on disposal of the subsidiary Sberbank Slovensko a.s. took place when the transfer of ownership on the shares of Sberbank Slovensko a.s. was completed. Refer to Note 11.