

**JOINT-STOCK COMMERCIAL SAVINGS BANK OF THE RUSSIAN
FEDERATION
(JOINT-STOCK COMPANY)**

**ACCOUNTING POLICY
OF OJSC SBERBANK OF RUSSIA**

Approved by the Order of CEO and Chairman of the Management Board of Sberbank
of Russia No. 363-O, dated December 14, 2009

(with amendments dated 12/29/2010)

1. General Provisions

This Accounting Policy of OJSC Sberbank of Russia (hereinafter, the "Bank") defines the aggregate of accounting methods in accordance with the Federal Law No. 129-FZ *On Accounting* of November 21, 1996, to ensure the preparation of reliable information on the results of Bank's activities.

In accordance with article 57 of the Federal Law No. 86-FZ *On the Central Bank of the Russian Federation (Bank of Russia)* of July 10, 2002, the Bank of Russia establishes the rules of banking operations, accounting and reporting, internal control, preparing and submitting financial and statistical reports, as well as other information required by federal law, which are mandatory for credit institutions and banking groups.

In its activities, the Bank shall be guided by the Federal Law No. 395-1 *On Banks and Banking Activities* of December 02, 1990, as amended, Federal Law No. 129-FZ *On Accounting* of November 21, 1996, and other laws and regulations effective within the Russian Federation, Directives of the Bank of Russia, Charter of the Bank and decisions of its Management Board.

The accounting policy of the Bank is based on the Provisions of the Bank of Russia No. 302-P *On the rules of accounting by credit organizations located within the Russian Federation* dated 03/26/2007 (hereinafter "Regulation of the Bank of Russia No. 302-P"), other documents of the Central Bank of the Russian Federation regulating accounting and reporting, accounting provisions (standards) ensuring consistency of reflecting bank operations on balance accounts.

The Bank's accounting policy is mandatory for its headquarters, branch offices and business units.

The Bank's accounting policy shall be consistently applied from year to year. The accounting policy of the Bank may be amended in relation to changes in the legislation of the Russian Federation, the regulatory acts of the Bank of Russia, or the development of new accounting methods by the Bank.

To maintain consistency in accounting data, amendments to the accounting policy are introduced at the beginning of the financial year.

The following requirements shall be satisfied in maintaining the accounting records:

- All cash, settlement, lending, and other bank transactions for the reporting period shall be reflected in full.
- Rational and correct maintaining of accounting records taking into account the local conditions and the scope of work performed using a comprehensive automated system for accounting of bank transactions and other operations.
- Analytical accounting data shall match the synthetic accounting by turnover and account balances.
- All revenues obtained and expenditures incurred shall be reflected in the accounting system in due time, the results of the business activity shall be reflected in accordance with the existing legislation and the requirements of the Bank of Russia.

- Clients' orders, business transactions and other operations of the bank shall be settled in accordance with the requirements of the Bank of Russia.
- Compliance control of instructions and directives on cash, securities and bank values storage and transfer procedures.
- All business transactions and inventory results shall be duly registered on book-keeping accounts without any omissions and eliminations in due time.
- Prudence (or conservatism), i.e. the readiness to recognize expenses and liabilities in the accounting before possible revenue and assets, not allowing for the creation of hidden reserves (deliberate reduced assets or revenue and deliberate increase of liabilities or expenses).
- Content shall prevail over form (operations shall be reflected by their economic nature, rather than legal form).
- Apprehensibility (the reports shall contain all necessary clarifications and explanations for a qualified user).
- Material character of the reporting (the reports shall fully reflect material information for executive decision taking).
- Comparability (comparability of data over different periods).
- Reliability (the reports shall not contain any material errors and shall not misinform the user). To ensure reliability, the following requirements shall be satisfied:
 - All transactions, assets, liabilities and financial results shall be accurately reflected
 - Content shall prevail over form
 - Reporting shall be neutral (free from subjective, personally involved approach)
 - It shall be conservative
 - It shall be full (omission of certain facts can make reporting unreliable).

2. Organizational Aspects of Accounting Policy

2.1. Working Chart of Accounts for Book-keeping

Book-keeping in the Bank shall be performed in compliance with the Working chart of accounts for book-keeping at the Bank's branch offices approved by the CEO of the Bank on November 22, 2007 with all the following amendments and additions.

The Bank's working chart of accounts is based on the Working chart of accounts for book-keeping at lending institutions described in the Regulation of the Bank of Russia No. 302-P.

2.2. Source Accounting Documents

Accounting register entries are based on the source accounting documents capturing transactions performed. Transactions shall be reflected in the accounting system on the day when they were performed (when the applicable documents were received) unless specified otherwise in the regulatory documents of the Bank of Russia.

Standard forms of source accounting documents specified by the Bank of Russia and contained in the catalogs of unified forms of the source accounting documents shall be used to record transactions.

The Bank shall approve forms of the source accounting documents used to record business and financial transactions for which no standard forms of source accounting documents exist, and document forms for the internal book-keeping accounting. For a list of such documents, see the Catalog of forms for source accounting documents approved by the Bank's CEO on May 30, 2000.

2.3. Procedure of Settlements with Branches

Settlements between the headquarters and branch offices, and between branch offices of the Bank shall be performed with the use of interbranch settlement accounts in compliance with the Regulation on Interbranch Settlements at OJSC Sberbank of Russia No. 355-4-r developed in accordance with the Regulation of the Bank of Russia No. 302-P, the Regulation of the Bank of Russia No. 2-P *On Non-cash Operations within the Russian Federation* dated October 10, 2002, and the rules of international settlements.

2.4. Procedures for Conducting Certain Accounting Operations and the Document Flow

Main requirements to accounting and document workflow are defined by the regulatory documents of the Central Bank of the Russian Federation and the *Rules for document workflow and accounting data processing in Sberbank of Russia* No. 304-2-r of November 04, 2000.

Besides, the headquarters and the branch offices of the Bank shall comply with internal regulatory documents of the Bank regulating transaction procedures and operations document flows to maintain the book-keeping accounts.

2.5. Inventory Procedure

The headquarters and branches of the Bank conduct inventory of fixed assets, intangible assets, inventories, settlements for claims and liabilities with respect to bank transactions and deals, for the claims and liabilities in respect of term transactions, settlements with debtors and creditors.

The procedures for property inventory and recording the inventory results by the Bank's headquarters and branch offices are defined by the Material Assets Inventory Methodology at OJSC Sberbank of Russia and Its Branch Offices No. 1962 and the Procedure for Purchase, Accounting, Operation, Maintenance and Retirement of Material And Non-material Assets at the Headquarters of Sberbank of Russia No. 1122-3-r.

Inventory of accounts receivable and accounts payable shall be performed by the headquarters and the Bank's branches in compliance with the Directive of the Bank of Russia No. 2089-U *On Annual Reporting by Lending Institutions* dated 10/08/2008, and the regulatory documents of the Bank: Procedure on Collection and Amortization of Accounts Receivable at OJSC Sberbank of Russia and Its Branch Offices No. 283-2-r dated April 15, 2002, and the Regulations on Inventory and Amortization of Unclaimed Accounts Payable at OJSC Sberbank of Russia and Its Branch Offices No. 1369-r dated July 28, 2005.

Headquarters and branches of the Bank shall audit banknotes, coins, precious metals and other valuables in accordance with the Regulation of the Bank of Russia No. 318-P of April 24, 2008, *On procedure of cash desk transactions in credit institutions within the Russian Federation* and the requirements of the *Rules for cash desk transactions in Sberbank of Russia and its branches* No. 628-4-r of April 20, 2009.

2.6. Evaluation of Certain Balance Sheet Items

Subject to Regulation of the Bank of Russia No. 302-P, the assets and liabilities are accounted at their initial cost as of the date of their acquisition or incurrence. The initial cost does not change until write-off, sale or repurchase thereof, unless otherwise stipulated by the laws of the Russian Federation and the regulations of the Bank of Russia. In this case:

- The assets and liabilities in foreign currency save, since August 22, 2010, for the amounts of received and issued advances and advance payments for the goods, work and services delivered, which are recognized on the balance-sheet accounts of settlements with nonresident organizations for business transactions.
- The assets, claims and liabilities, the specific value (cost) of which is determined using non-detachable embedded derivatives (NDED) are revaluated (recalculated) on a daily basis with recognition of the resulting differences for the respective income/expenditure items from the date of the transfer of ownership of the asset delivered (the date of work acceptance or service provision) to the actual payment date.
- The cost of fixed assets changes in the event of further construction, additional equipment, modernization, reconstruction, revaluation or partial liquidation of the respective assets in accordance with the regulatory documents of the Bank of Russia. In particular, as per Regulation of the Bank of Russia No. 302-P, the bank revaluates the group of homogeneous items of fixed assets at the current (replacement) cost. Moreover, fixed assets are regularly revaluated, so that the cost under which they appear in the accounting records and financial statements would not differ materially from the current (replacement) cost. Increased property cost resulting from the revaluation is a source of Level 2 internal resources (equity). Pursuant to Regulation of the Bank of Russia *On Defining Proprietary Funds (Capital) of Lending Institutions* No. 215-P, property revaluation may be included in the calculation of capital not more than once every 3 years based on the data confirmed by the auditor.
- Groups of homogenous intangible assets can be revaluated at the current market value not more than once a year (as of the beginning of the reporting year); the current market year shall be solely defined by the data of active market on which such non-tangible assets are traded.

Afterwards, these assets shall be revaluated on a regular basis, so that their residual value calculated as the difference between the initial cost and the amount of depreciation accrued did not differ much from their current market value¹.

The positive business reputation earned may be checked for impairment in accordance with the legislation of the Russian Federation and other regulatory legal acts. Should such impairment be discovered, the amount of losses from such impairment should be evaluated.

¹ The current market value of an intangible asset means the amount of funds that could be received from the sale of such asset as of the date of the current market value. The current market value of an intangible asset shall be its fair value.

- Securities are accounted according to the actual costs for their acquisition. The actual acquisition costs for the interest bearing (coupon) securities include, besides the cost of the security at the acquisition price determined under the contract (deal), the interest (coupon) income paid upon its acquisition.

After the initial recognition, the cost of debt obligations changes subject to interest incomes charged and received from the date of the initial recognition of the debt obligations. Interest (coupon) income is charged and reflected in the accounting records on a daily basis. Securities are reflected on the respective balance-sheet accounts of security investments, depending on the purpose of their acquisition.

The securities “at fair value through profit or loss” and the securities “available for sale” are subject to daily revaluation at the current (fair) value of securities.

2.7. Procedure and Frequency for Printing Analytical and Synthetic Accounting Reports

The headquarters and branch offices of the Bank shall compile and print the balance sheet of a lending institution (Appendix 9 to the Regulation of the Bank of Russia No. 302-P), a trial balance of accounts of a lending institution (Appendix 8 to the Regulation of the Bank of Russia No. 302-P) on a daily basis.

A profit/loss statement (Appendix 4 to the Regulation of the Bank of Russia No. 302-P) shall be compiled and stored in the electronic form; a hard copy of this statement shall be printed on the first day of the month following after the reporting month.

The Headquarters and branch offices of the Bank may keep the Open accounts ledger in the electronic form. In this case, individual records of open and closed accounts shall be compiled on a daily basis in the electronic form. If needed, a hard copy of records of open and closed accounts shall be printed on a daily basis. A hard copy of the Open accounts ledger (the part recording the accounts that are valid as of January 1) shall be printed on the first day of the year following the reporting year (as of January 1).

Personal accounts with which any transaction(s) were conducted and the documents that shall be stored over ten years shall be printed and stored as hard copies as the transactions are performed. It is necessary to print the personal account for which the documents shall be stored over ten years.

2.8. Cooperation with the Auditor

To effectively conduct external audit and in accordance with the article 42 of the Federal Law *On Banks and Banking Activities*, the Bank shall make arrangements for an audit of its annual activities including the confirmation of the accuracy of its annual financial statement by the audit firm.

The main document that regulate the relationship between the Bank and an audit firm is an Audit service contract and the Procedure for cooperation between the Bank and an audit firm.

3. Methodological Aspects of Accounting Policy

3.1. Composition and Accounting of the Bank’s Revenues and Expenditures

3.1.1. Revenues and expenditures are accrued in the course of transactions in Russian rubles, foreign currency and precious metals. Revenues and expenditures obtained/incurred in foreign currency shall be recalculated into rubles per the official rate of the Bank of Russia valid on the date of recording these revenues and expenditures in the accounting system. Revenues and expenditures obtained/incurred in precious metals shall be recalculated into rubles per the official rate of the Bank of Russia valid on the date of recording these revenues and expenditures in the accounting system.

Revenues and expenditures shall be reflected in the accounting system based on the principles defined in Appendix 3 to the Regulation of the Bank of Russia No. 302-P.

3.1.2. Subject to the Regulation of the Bank of Russia No. 302-P, revenues and expenditures shall be reflected in the accounting system by the "accrual" method. This concept means that financial results of transactions (revenues and expenditures) shall be reflected in the accounting system when they actually occur, not when the funds (or their equivalents) are received or paid.

Revenues and expenditures shall be reflected in the accounting in the period to which they relate.

3.1.3. The following are included into the revenues of the headquarters and branch offices of the Bank accounted on the balance account No. 706 "Financial Results of the Current Year".

- Revenues from bank operations and other transactions
- Operating revenues
- Other revenues. Revenues from bank operations and other transactions are as follows:
- Interest income (account 70601)
- Other revenues from bank operations and other transactions (account 70601)

Operating income is as follows:

- Revenues from transactions with securities, except for interest, dividends, and revaluations (account 70601)
- Income from a shareholding in other organizations (account 70601)
- Positive revaluation of securities (account 70602), foreign currency funds (account 70603), and precious metals (account 70604)
- Revenues from operation of integrated derivatives that are not separated from the main contract (account No. 70605)
- Other operating revenues (account 70601).

Other revenues are as follows:

- Fines, fees, penalties (account 70601)
- Revenues from past years identified during this reporting year (account 70601)
- Other revenues related to miscellaneous (account 70601).

3.1.4. The following are included into the expenses of the headquarters and branch offices of the Bank accounted on the balance account No. 706 "Financial Results of the Current Year".

- Expenditures on bank operations and other transactions
- Operating costs
- Other expenditures.

Expenditures on bank operations and other transactions are as follows:

- Interest expenditures (account 70606)

- Other expenditures on bank operations and other transactions (account 70606).
- Operating expenditures are as follows:
- Expenditures on transactions with securities, except for interest, dividends, and revaluations (account 70606).
 - Negative revaluation of securities (account 70607), foreign currency funds (account 70608), and precious metals (account 70609).
 - Expenditures on operation of integrated derivatives that are not separated from the main contract (account No. 70610).
 - Other operating expenses (account 70606).
 - Expenses related to maintaining the business of a lending institution (account 70606).
- Other revenues are as follows:
- Fines, fees, penalties (account 70606)
 - Expenditures from past years identified during this reporting year (account 70606)
 - Other expenditures related to miscellaneous (account 70606).
- Besides, the expenditures of the headquarters include the following:
- Income tax (including advance payments, account 70611)
 - Distributions from profit after tax: use of profits distributed between the shareholders (participants) as dividends and used to create (replenish) the reserve fund (account 70612).

3.1.5. The principles of acknowledging and defining revenues and expenditures are defined in Appendix 3 to the Regulation of the Bank of Russia No. 302-P.

Income is acknowledged in the accounting system if the following conditions are satisfied:

- a) The right of this lending institution to receive the income is defined in a specific contract or is otherwise supported.
- b) The amount of such income can be defined.
- c) There is no ambiguity in obtaining the income.
- d) As a result of an asset delivery (disposal), completion of some works or rendering some services the title to the asset in question was transferred from the lending institution to the customer, or the works have been completed, or the service has been rendered.

To acknowledge in the accounting system the interest income received from depositing (provision) of funds and precious metals, from acquiring debt obligations (including third-party bills), from securities lending, and incomes from providing other assets into temporary lease (ownership and use), the conditions described in clauses a–c shall be satisfied simultaneously.

Ambiguity (or absence thereof) in obtaining the revenues specified shall be defined on the basis of evaluation of the quality of loans, the quality of loan indebtedness and similar

obligations (hereinafter "loan"), or the risk level of potential losses related to the asset (claim).

Income from loans, assets (claims) referred to quality categories I and II shall be considered well-defined (probability of obtaining this income is absolute and/or high).

There is no ambiguity in obtaining income from loans and assets (claims) referred to quality category III. This principle applies to all loans and assets (claims) of quality category III with no exceptions.

Income from loans, assets (claims) referred to quality categories IV and V shall be considered undefined (obtaining such income is problematic or the debt is irrecoverable).

3.1.6. Expenditures are acknowledged in the accounting system if the following conditions are satisfied:

- a) Expense is made (arises) in accordance with a specific contract, Requirements of the law or other regulatory acts, or business practice
- b) The amount of such expenditures can be defined
- c) There is no ambiguity in the expense.

As far as the works and services ordered (received, consumed, purchased) by the Bank, ambiguity is eliminated on the day when such works are accepted or the service is rendered.

3.1.7. Costs and disbursements to be compensated shall not be acknowledged as expenses and shall be accounted as accounts receivable.

3.1.8. Analytical accounting on revenues and expenses accounts shall only be performed in the currency of the Russian Federation.

Assets (claims) in foreign currency shall be reflected on the debit side of retirement (disposal) accounting accounts at the official rate at the date of disposal. Assets (claims) accounted as precious metals shall be reflected at the accounting price at the date of disposal.

The ruble equivalent of the amount of the proceeds in foreign currency obtained (or to be obtained) under the contract shall be accounted at the official rate at the date of disposal on the credit side of retirement (disposal) accounting accounts.

Should source accounting documents forming the foundation for reflecting transactions in the accounting and/or defining the date of acknowledging the revenues or expenses be accepted for accounting at a later date for some reasons, the difference between revaluation of foreign currency funds and precious metals at the date of accounting and the date of acknowledging (disposal) shall be reversed in correspondence with the accounts for accounting foreign currency funds and precious metals respectively.

3.2. Frequency of Writing-off Revenues and Expenditures of Future Periods

A calendar year is a reporting period for attributing the amounts on future revenues (expenditures) accounting accounts.

Amounts of future revenues (expenditures) shall be accounted on revenues (expenditures) accounting accounts in proportion to the previous time interval.

The headquarters and branch offices of the Bank shall write-off revenues (expenses) of the future periods on a monthly basis, on the last business day of the month during which these revenues (expenses) occur at the latest. They shall be written off on revenues (expenses) accounting accounts.

The amounts of insurance premiums under property and personal insurance contracts paid during the month passed (including those for the remaining non-business days, should the last business day of the month not be the last calendar day of the month) shall be expensed on the last business day of the month at the latest.

3.3. Creating the Financial Result

3.3.1. In the first working day of the new year following the preparation of the Balance Sheet as of January 1 of that year, the balances from the accounts of income (accounts 70601-70605) and expenses (accounts 70606-70611), as well as payments from the profits of the current year (70612) shall be transferred to the appropriate accounts of financial results for the previous year (accounts 70701 - -70712).

When an annual report is compiled, the balance from accounts 70701–70712 shall be transferred to the account for accounting the revenues (expenditures) of the previous year (708). The transfer procedure is defined in the corresponding regulatory documents.

3.3.2. Use of profit and undistributed profit reflected on account 108 shall be in line with the legislation of the RF and the regulatory documents of the Bank.

3.4. Creating the Reserve for Future Expenses

With a view of even distribution of costs of the Bank between the expense accounts, the headquarters and branch offices of the Bank shall create the reserves for future expenses (account 60348), from which annual bonuses for time in service and perfect performance over the year will be paid. Creation and use of the reserves for future expenses are regulated by internal regulatory documents of the Bank.

3.5. Accounting of Tax and Duties Settlements with the Budget and Mandatory Insurance Settlements with State Non-Budgetary Funds

3.5.1. Basic principles that regulate measures aimed at satisfying the requirements of the legislation on tax, duties, and mandatory insurance premiums are defined in the Accounting policy of the Bank for taxation purposes.

3.5.2. Payment of an income tax into the budget (including the tax on income received as interest on state and municipal securities) shall be accounted on account 70611 "Income tax" on the headquarters' balance.

The amounts of the income tax due for the reporting period shall be accrued and reflected in the accounting system in the period following the reporting one, but not later than the term provided for paying the tax by the tax legislation.

3.6. Accounting of Non-cash (Including Interbranch) Settlements

3.6.1. Accounting of non-cash settlements is based on the regulatory documents of the Bank of Russia: the Regulation of the Bank of Russia No. 2-P *On Non-cash Operations within the Russian Federation* dated 10/03/2002, the Regulation of the Bank of Russia No. 222-P *On Non-cash Operations of Physical Persons in the Russian Federation* dated 04/01/2003, and certain internal regulatory documents of the Bank.

3.6.2. Interbranch settlements of the Bank are based on the Regulation of the Bank of Russia No. 2-P *On Non-cash Operations within the Russian Federation* dated 10/03/2002 and the Regulation on Interbranch Settlements at OJSC Sberbank of Russia No. 355-4-r dated 03/27/2002.

3.6.3. The following procedure shall be applied for the analytical accounting in the accounts 30301, 30302 "Settlements with branches located within the Russian Federation".

Balance accounts of the Bank's headquarters and branch offices maintain two types of interbranch settlement accounts.

3.6.3.1. **Type I** – intra-subsidary settlement accounts (ISS accounts) opened in the Settlement Center of the Bank for regional banks, and those opened in the settlement divisions of regional banks for subordinate branch offices.

Accounts of the first type, as per the Bank's working chart of accounts, include the following third-order accounts:

- 30301.6/30302.6 "Interbranch settlement accounts of Sberbank entities at Sberbank processing centers"
- 30301.7/30302.7 "Interbranch settlement accounts of Sberbank entities in precious metals (except gold)"
- 30301.8/30302.8 "Interbranch settlement accounts of Sberbank entities in gold";
- 30303.6/30304.6 "Interbranch settlement accounts of Sberbank entities located abroad opened at Sberbank processing centers".

A pair of settlement accounts (active and passive) in the currency of the Russian Federation, in foreign currencies, in precious metals (except gold), and in gold are opened for each division participating in the settlements on the third-level accounts specified. In the course of the day, the group of transactions – settlement transactions in the currency of the Russian Federation, foreign currencies, precious metals (excluding gold), gold, respectively, – shall be reflected in each pair of opened individual accounts.

A unified result is displayed for a group of settlements reflected during the day on an appropriate pair of settlement accounts on a daily basis. At the end of each day, the smaller balance is written off to the account that has bigger balance.

The procedures for opening, closing, maintaining interbranch settlement accounts, and for printing the unified result for each participant of the settlements are described in the Regulation on Interbranch Settlements at OJSC Sberbank of Russia No. 355-4-r dated 03/27/2003.

3.6.3.2. **Type II** – accounts for accounting the settlements and mutual debts between

participants in the settlements of different levels (between branches, and also between branches and headquarters) with regard to performed transactions.

Accounts of the second type, as per the Bank's working chart of accounts, include the following third-order accounts:

- 30301.2/30302.2 "Intraregional settlements" — accounts for accounting settlements and reciprocal debts between a regional bank and its subordinate divisions; and between the divisions reporting to one regional bank
- - 30301.2/30302.3 "Inter-regional settlements" – accounts for the settlements and mutual debt between regional banks; between branch offices subordinated to different regional banks
- 30301.4/30302.4 "Settlements of branches with Sberbank of Russia" – accounts for the settlements and mutual debt between regional banks and headquarters of the Bank (in the balance sheet of regional banks)
- 30301.4/30302.5 "Settlements of Sberbank of Russia with its branches" – accounts for the settlements and mutual debt between regional banks and headquarters of the Bank (in the balance sheet of headquarters)
- 30303.4/30304.4 "Settlements between the branch offices located abroad and Sberbank of Russia" — accounts for accounting settlements and reciprocal debts between the branch offices located abroad and the headquarters of the Bank (on the account balance of the branch offices located abroad)
- 30303.5/30304.5 "Settlements between Sberbank of Russia and its branch offices located abroad" — accounts for accounting settlements and reciprocal debts between branch offices located abroad and the Bank's headquarters (on the balance account of the headquarters).

A pair of settlement accounts (active and passive) on the specified third-level accounts is opened for each participant of such interbranch settlement transactions with which reciprocal debts may be formed. Such pair of settlement accounts is formed for a group of operations in one business area; these accounts are sliced by currencies and precious metals. Moreover, a pair of settlement accounts (active and passive) is created for winding up the balances of settlement accounts opened for one participant of interbranch settlements in one type of currencies/precious metals in all areas of business as of the first day of January.

A unified result is displayed for a group of transactions performed in one business area, in one type of currency (precious metals) reflected during the day on the appropriate pair of settlement accounts. To achieve this, at the end of each day, the smaller balance is written off to the account that has bigger balance.

The procedure for accumulating reciprocal debts for a group of operations of one business area, as well as the procedures and terms of settlement between the participants of interbranch settlements on the balance of which such debt has accumulated (debt repayment procedure), are regulated by internal regulatory documents of the Bank. After the settlements, the reciprocal debt between two participants of interbranch settlements for the transactions performed shall be closed.

3.6.3.3. As of the first of January (annually), balances of settlement accounts opened for one interbranch settlements participant in one type of currencies/precious metals in all business areas are winded up in the second type of groups of transactions. To this end, accounting entries are used to transfer balances of the corresponding settlement accounts (after a unified result for a group of transactions of one business area is defined on an annual basis) to one account that is specially opened for this purpose (or a pair of settlement accounts, including active and passive). The settlements between the participants related to the balances of the specified settlement accounts shall be performed on the date set by the Bank.

- 3.6.3.4. Among others, groups of operations in one business area are as follows:
- Settlements with regard to intra-system transfer of financial results
 - Settlements related to the centralized payment of income tax
 - Payment/exchange of the Bank's bills issued by other departments
 - Payment for saving certificates issued by other divisions
 - Settlements related to instant money transfers Blitz
 - Settlements with commemorative coins
 - Settlements between the divisions of the Bank related to the cash (support, handing back the surpluses, invalid currency)
 - Settlements related to material values (centralized delivery)
 - Settlements related to currency sale/purchase transactions
 - Settlements related to precious metals
 - Settlements related to payable in account checks issued by other divisions
 - Settlements related to traveler's checks
 - Settlements related to deposit certificates issued by other divisions
 - Settlements related to intraregional transfer of material values
 - Settlements related to other transactions
 - Settlements related to broker commissions
 - Settlements related to paying for services of external depositories and registrars
 - Settlements related to sale/purchase of the headquarters' securities on the order of regional banks
 - Settlements related to overdraft crediting of customer accounts (legal entities in case transactions are centralized)

- Settlements related to provision and repayment of centralized loans to physical entities
- Settlements related to crediting of customers, legal entities, and the bank guarantees issued (in case transactions are centralized)
- Settlements related to the payment of deposit compensations (in case transactions are centralized).

Transactions in one business area are operations in relation to which reciprocal debt may be formed with one of the participants of the settlements.

3.7. Intersystem Transactions Accounting

3.7.1. Settlements between the headquarters and the branch offices of the Bank, and between the branch offices of the Bank in relation to intersystem transactions described in certain internal regulatory documents of the Bank shall be performed by redistribution of the resources reflected on balance accounts No. 30305 "Settlements between divisions of one lending institution related to the resources obtained" and No. 30306 "Settlements between divisions of one lending institution related to the resources transferred".

30305.7 — "Resources received by a regional bank from Sberbank of Russia as payment under intrasystem transactions"

30305.8 — "Resources received by Sberbank of Russia from a regional bank as payment under intrasystem transactions"

30305.9 — "Resources received by a regional bank from another regional bank as payment under intrasystem transactions"

30305.10 — "Resources received by a regional bank from Sberbank of Russia as interest on the intrasystem transfer of available lending resources"

30305.11 — "Resources received by Sberbank of Russia from a regional bank as interest on the intrasystem transfer of available lending resources"

30305.12 — "Resources received by a regional bank from another regional bank as interest on the intrasystem transfer of available lending resources"

30305.13 — "Resources received as payment under intrasystem trade finance transactions related to foreign trade"

30305.14 — "Resources received as payment under intrasystem cash transactions"

30305.15 — "Resources received as payment under intrasystem encashment transactions"

30305.16 — "Resources received as payment under intrasystem currency exchange transactions"

30305.17 — "Resources received as payment under intrasystem banknote transactions"

30305.18 — "Resources received as payment under intrasystem transactions with precious metals"

30305.19 — "Resources received as settlements related to budgetary payments"

30306.7 — "Resources received as payment under intrasystem transactions and transferred to Sberbank of Russia by a regional bank"

30306.8 — "Resources received as payment under intrasystem transactions and transferred by Sberbank of Russia to a regional bank"

30306.9 — "Resources received as payment under intrasystem transactions and transferred by a regional bank to another regional bank"

30306.10 — "Resources received as interest on the intrasystem transfer of available lending resources and transferred to Sberbank of Russia by a regional bank"

30306.11 — "Resources received as interest on the intrasystem transfer of available lending resources and transferred by Sberbank of Russia to a regional banks"

30306.12 — "Resources received as interest on the intrasystem transfer of available lending resources and transferred by a regional bank to another regional bank"

30306.13 — "Resources received as payment under intrasystem trade finance transactions related to foreign trade"

30306.14 — "Resources received as payment under intrasystem cash transactions"

30306.15 — "Resources received as payment under intrasystem encashment transactions"

30306.16 — "Resources received as payment under intrasystem currency exchange transactions"

30306.17 — "Resources received as payment under intrasystem banknote transactions"

30306.18 — "Resources received as payment under intrasystem transactions with precious metals"

30306.19 — "Resources received as settlements related to budgetary payments".

3.7.2. Accounts 30305.07–30305.08 and 30306.07–30306.08 reflect payment received/transferred by regional banks/the Bank under intrasystem transactions. Reciprocal settlement procedures for these transactions are defined by the *Regulations on Cooperation between Structural Divisions of the Bank's Headquarters in Mutual Settlements with Regional Banks in Relation to Intrasystem transactions* No. 745-r dated 06/05/2001.

Accounts Nos. 30305.09 and 30306.09 reflect payments obtained/transferred by one regional bank to another regional bank under intrasystem transactions, including transit payment fees (for transit payments between the regional banks performed via the Bank of Russia processing system).

Accounts 30305.10–30305.12 and 30306.10–30306.12 reflect interest incomes/expenditures received/transferred by regional banks/the Bank in relation to intrasystem transfer of free credit resources.

Accounts 30305.13–30305.18 and 30306.13–30306.18 reflect incomes/expenditures received/transferred by regional banks/the Bank in relation to intrasystem trade finance transactions related to foreign trade, cash transactions, foreign currency exchange operations, banknote transactions, and transactions with precious metals.

Accounts 30305.19 and 30306.19 reflect intrasystem revenues/expenses received by the Bank and transferred by regional banks of the Banks during tax payment settlements with the budget.

3.7.3. Redistribution of resources between the headquarters and the Bank's branch offices, and between different branch offices of the Bank is conducted on a paid basis. Payment is performed by transferring the resources accounted on the corresponding third-level accounts of balance accounts 30305 "Settlements between divisions of one lending institution related to the resources obtained" and No. 30306 "Settlements between divisions of one lending institution related to the resources transferred".

3.8. Accounting of Customer Crediting Transactions

Crediting transactions are accounted in compliance with the regulatory documents of the Bank of Russia: the Regulation of the Bank of Russia No. 302-P, Regulation of the Bank of Russia No. 54-P *On Provision (Investment) and Return (Repayment) of Funds by Lending Institutions* dated 08/31/1998, and certain internal regulatory documents of the Bank.

The principles of acknowledging interest income on the credits provided are defined in Appendix 3 to the Regulation of the Bank of Russia No. 302-P, and clause 3.1.5 of the Accounting Policy of the Bank.

If the quality of loans becomes lower and they are reclassified as attributed to category of quality IV – V, in which the income is defined as troubled or bad (hereinafter referred to as "troubled"), the amounts that were actually not received as of the date of reclassification shall not be written off.

Claims for these incomes (rush orders and/or those overdue) are still accounted on the corresponding balance accounts.

In case of improvement of the quality of loans (when loans are reclassified into quality categories I–III, for which there is no ambiguity in obtaining the income), all the amounts that are due as of reclassification date (inclusive) shall be accrued and accounted as income.

The accrued interest on the loans attributed to category of quality I – III (the receipt of which is recognized as certain) shall be assigned to income at the date provided for their payment by the debtor in the terms of the contract.

On the last business day of the month, all interest accrued during the month that ended (including the remaining weekends and holidays should the last business day of the month not be the last calendar day of the month) or additionally accrued from the date specified above shall be accounted as income.

The interest on the loans attributed to category of quality IV – V (recognized as troubled) shall be reflected in the accounts for actually received income.

Prior to the actual receipt of the interest on the loans attributed to category of quality IV – V and recognized as troubled, such interest shall be recorded in the off-balance-sheet accounts for non-received interest.

3.9. Accounting of Transactions with Securities

3.9.1. Basic Principles of Accounting Investments in Securities.

Transactions with securities shall be performed in compliance with the legislation of the Russian Federation, and the regulatory acts of the Bank of Russia. Investments in securities shall be performed in compliance with the Regulation of the Bank of Russia No. 302-P.

3.9.1.1. Initial Recognition and Derecognition of Securities

Accounting of investments in securities shall be performed based on the purpose of their acquisition. Security classification principles are defined in the regulatory documents of the Bank.

Should the purpose of the securities be changed by the Bank, reclassification (moving from one accounting category into another) of debt securities is performed in the following circumstances:

- Debt securities "available for sale" shall be reclassified to the category "held to maturity". The amounts invested shall be transferred to the corresponding balance accounts, while the amounts revaluated are accounted as operating revenues or expenses.

- Debt securities "held to maturity" shall be reclassified to the category "available for sale" provided one of the conditions specified in the regulatory document of the Bank is satisfied.

Decisions on reclassification of securities shall be taken in the order defined in a regulatory document of the Bank. Reclassification of securities and their transfer to the corresponding balance accounts shall be performed by FIFO methodology taking into account the balance sheet value of securities at the date of such transfer. The order for writing off the securities transferred from one category into another shall be defined in accordance with actual (initial) date of acquiring these securities with the help of FIFO methodology. The securities transferred shall be reflected on the corresponding settlement accounts opened for the second-level balance accounts on the day of transaction. The system also stores information on the date when these were reflected on the settlement accounts opened for the second-level balance accounts from which they are transferred. FIFO methodology is used within each securities portfolio.

Securities acquired within the majority interest shall necessarily be transferred via investment accounting accounts into the securities when the total amount of the issuer's voting shares that belong to the bank exceeds (becomes less than) the number of shares complying with the significant influence criteria set by the Regulation of the Bank of Russia No. 191-P dated 07/30/2002 with all amendments and changes.

All monetary fund debts shall be transferred in accordance with orders of the services authorized by collegiate authorities of the Bank.

Securities shall be accepted for accounting on the balance of branch offices and the headquarters of the Bank at the price of acquisition defined by the terms of contract (transaction). The acquired securities are recognized in the accounting records upon receipt of the source documents confirming the transfer of ownership of a security, or upon fulfillment of the provisions of the contract (transaction) determining the transfer of ownership. The cost of acquisition of interest-bearing (coupon payments) securities includes an interest income (coupon payment income) that is paid when such securities are acquired.

The costs related to the acquisition of such securities are negligible for the Bank in comparison with the volume of transactions performed and the total expenditures of the Bank for the compared period. Therefore, all expenditures related to securities purchasing transactions shall be accounted by the Bank as operating expenses for the month during which the securities were accounted. In case the Bank further refuses to purchase the securities, the preliminary costs shall also be accounted as operating expenses. The ground reason for writing off these amounts as expenditures is the decision not to purchase the securities executed in accordance with the Bank's procedures. Preliminary expenditures on acquisition and retirement (disposal) of securities shall be accounted on balance account No. 50905. After the initial recognition, the cost of debt obligations changes subject to interest incomes charged and received from the date of the initial recognition of the debt obligations. Interest (coupon) income is charged and reflected in the accounting records on a daily basis. Interest income on debt obligations shall be accrued on the effective rate basis in accordance with the regulatory documents of the Bank. Analytical accounting of the interest income accrued shall be performed on one settlement account.

When securities are retired (disposed of), their cost shall increase by the amount of additional expenditures (costs) that accrued on the day of disposal and are directly connected with such retirement (disposal). If the costs related to the retirement (disposal) of securities accumulate after their disposal, their cost shall be accounted as operating expenses. Analytical accounting of investments in securities, accrued interest (coupon payment) income, and security revaluation amounts shall be defined by the regulatory documents of the Bank describing transactions with securities and accounting of investments in securities. Analytical accounting of

issued securities and the securities with the international securities identification number (ISIN) shall provide information on the cost of retired (disposed) securities by issues.

3.9.1.2. Procedure and Frequency of Revaluation.

From initial recognition and till derecognition, investments in securities shall be evaluated (revaluated) based on their current (fair) value or by creating the reserves for potential losses. Current (fair) value of securities for investment revaluation shall be defined by Financial market trade operations division in accordance with the procedure specified in the regulatory documentation of the Bank. The securities "at fair value through profit or loss" and the securities "available for sale" are subject to daily revaluation at the current (fair) value of securities. Debt obligations "held to maturity" and overdue debt obligations shall not be revaluated. Positive revaluation is the excess of the current (fair) value of securities of this issue (issuer) over their balance cost. Negative revaluation is the excess of the balance cost of securities of the current issue (issuer) over their current (fair) value. The balance cost of securities accounted in foreign currency is equal to their ruble equivalent as per the official rate of the Central Bank of the Russian Federation on the day of revaluation. In partial retirement of securities evaluated by their fair value through profit or loss, the amounts revaluated that relate to the retired securities shall not be written off, but adjusted during the following regular revaluation. In full retirement of this category of securities referring to the corresponding issue, the amounts of revaluation related to this issue shall be written off on accounts for accounting profits or losses from revaluation. If the securities "available for sale" that are evaluated after initial recognition with their current (fair) value cannot be further reliably evaluated or there are any signs of impairment, revaluation amounts for such securities from accounts No. 10603 and 10605 shall be accounted on the operating profits/losses accounts. At that, the difference from revaluation of securities accounted on contra accounts No. 50220, 50221, 50720, and 50721 shall not be written off from these accounts and shall be further accounted until the securities are written off from accounts No. 502 and 507. In the future, the reserves for potential losses shall be created for investments in such securities.

3.9.1.3. Securities Retirement Procedure

In the event of disposal (sale) of securities of the same issue or securities with the same international security identification number (ISIN), the headquarters and branches of the Bank shall use FIFO method for any write-off from balance sheet accounts of second order. As per FIFO method, investments in the security that was acquired first in respect to the date of its disposal are written off during retirement. FIFO methodology is used within each securities portfolio. When a security is redeemed, the retirement date is the day when the issuer fulfills its obligations related to the redemption of such security. In all other cases, the retirement date is the day of transfer of title to such security under Article 29 of the Federal Law *On the Securities Market* or the terms of contract (transaction) should this be provided for by the legislation of the Russian Federation.

When securities with the same acquisition date are written off from the balance, the securities that were first to be entered into the purchase register on that day are also written off first. At that, the purchase transaction with the first order number corresponds to the sales transaction with the first order number entered into the registers (files) of purchase and sale respectively. Registers (files) of purchases and sales are created by securities movement (delivery) date by the sales division represented by the Treasury Transactions and Financial Markets Department of the Bank or the respective division of the Bank's branch offices that define the order of entering the transactions into the registers specified. The registers (files) of

sales and purchases are transferred to the department responsible for maintenance and accounting of operations at the end of the day.

If the face value of the debt obligation is partially redeemed by the issuer, 61210 balance account is not used because of absence of the financial result. When the securities are redeemed in full, the amount of the last payment shall be reflected in the accounting system on account 61210.

If the issuer fails to fulfill its obligations on redemption of debt in time, the securities shall be transferred to the account for accounting overdue debt obligations. The securities are transferred by cost taking into the account the revaluation reflected on contra accounts 50120, 50121, 50220, and 50221. Moreover, in addition to the abovementioned entries, revaluation amounts for the securities "available for sale" are written off from accounts 10603 and 10605 to the accounts for accounting operating profits and expenditures. The same procedure shall be followed for accounting the transfer of securities "evaluated by their fair value through profit or loss" and "available for sale" to account No. 601 with a view to control share stock company management or rendering significant influence on the activity of the share-stock company.

3.9.1.4. Acknowledging Yield On Securities

Acknowledging yield on securities shall be performed as follows:

Yield is undefined in the following cases:

- Debt securities for which the reserve for potential losses is created and that are referred to quality categories IV and V
- Debt securities evaluated by their current (fair) value for which obligation fulfillment by the issuer is more than 30 calendar days overdue (redemption of the coupon, part of its face value). In the future, should the issuer successfully fulfill its overdue obligations, the income shall be considered defined again.

Yield for all other securities shall be deemed defined.

3.9.1.5. Intrasystem Transactions with Securities

Intrasystem transactions with securities shall be conducted between the branch offices and headquarters of the Bank.

Intrasystem transactions with securities are redistribution of securities within the accounting system of the bank and shall be performed by balance values as of the date of such redistribution transaction for each lot of securities. At that, the receiving division shall keep the information on the initial investment value and the date of acquisition.

The order for writing off the securities obtained via redistribution from the balance shall be defined in accordance with the actual (initial) acquisition value of these securities by using the FIFO method.

The compensation of the accrued revaluation of securities available for sale for the actual period of ownership of these securities to the divisions that transferred these securities shall be performed by redistribution of resources.

3.9.2. Reflecting Securities Sale-Purchase Operations with Onward Sale/Repurchase Obligations in the Accounting System (REPO transactions).

Securities sale-purchase operations with onward sale/repurchase obligations are reflected in the accounting system in accordance with the following documents:

- Regulation of the Bank of Russia No. 302-P *On the rules of accounting by credit organizations located within the Russian Federation* dated 03/26/2007.
- Letter of the Bank of Russia No. 141-T *On Reflecting Securities Sale-Purchase Operations with Onward Sale/Repurchase Obligations in the Accounting System* dated 09/07/2007.
- Regulation of the Bank of Russia No. 220-P *On Concluding and Executing Repurchase Transactions with Public Securities of the RF* dated 03/25/2003.

3.9.2.1. REPO Transactions Classification

In accounting, REPO transactions are transactions that satisfy the following conditions:

- If the contract (regulating the correlation of prices for the first and second parts of transaction and other material terms) stipulates, that one party (initial purchaser) provides the monetary funds secured by the transfer of title to the securities by another party (initial seller) with the obligation to redeem the securities on a certain day in the future for the amount equal to the price of the first part of transaction plus the interest for using these monetary funds.
- If the contract (regulating the correlation of prices for the first and second parts of transaction and other material terms) stipulates, that one party (initial seller) transfers the title to the securities to another party (initial purchaser) with the obligation to redeem the securities on a certain day in the future for the amount equal to the price of the first part of transaction minus the interest for using these securities; Such transaction shall be reflected in the accounting system as a securities loaning transaction without derecognition (initial recognition).
- The period between the conclusion date and the date of execution of the second part of REPO transaction (including the extension) does not exceed 1 year.
- The funds obtained under the first part of the REPO transaction shall be reflected on balance accounts used for accounting other attracted (allocated) funds.

For reverse transactions (REPO transactions), the Bank determines the following procedure for recognizing / derecognizing investments in securities.

Acquisition of title to securities under transactions made on the terms of time limitation, reimbursement and payment (reverse REPO transactions) does not constitute the basis for initial recognition.

The securities acquired under reversionary transactions (reverse REPO transactions) shall be recognized in case of non-fulfillment or undue fulfillment of the contractor's obligations under contract (second part of the transaction) in the order defined by the regulatory documents of the Bank that define reversionary transactions with securities. The procedure for classifying the said securities recognized by the Bank as a result of failure by the counterparty to fulfill its obligations under the contract (second part of the transaction) is established under a separate regulatory document.

Transfer of ownership of securities under transactions made on the terms of time limitation, reimbursement and payment (direct REPO transactions) is not the basis for derecognition of securities.

Should the contractor fail to fulfill or unduly fulfill its obligations on returning the securities (fulfillment of the second part of the transaction), the Bank shall derecognize the securities in accordance with the decisions of the Interests and Limits Committee.

REPO margins are the amount of monetary funds (amount of securities) which the initial seller (initial purchaser) shall transfer (provide) to the contractor in the REPO transaction as partial advance payment (advance delivery of securities) under the second part of REPO transaction in certain circumstances.

The income from REPO transactions is recognized as determined.

3.9.2.2. Accounting of Securities Sale Transactions with the Obligation of Repurchase (Direct REPO Transactions) Funded by the Securities Acquired under the First Part of a Securities Purchase Transaction with the Obligation of Sale Back (Reverse REPO Transactions).

The securities sale transactions with the obligation of repurchase (direct REPO transactions) funded by the securities acquired under the first part of a securities purchase transaction with the obligation of sale-back (reverse REPO transactions) shall be performed in the order defined in the regulatory documents of the Bank.

The securities acquired under the first part of a reverse REPO transaction shall be revaluated on the off-balance accounts on the last business day of the month and on the last business day preceding the date of transfer of such securities under the first part of the direct REPO transaction until they are transferred under the first part of a direct REPO transaction.

Should the dates of executing the first parts of the respective reverse and direct REPO transactions be the same, revaluation of securities shall not be conducted.

Revaluation of the claims and obligations on redelivery of the securities by their current (fair) value shall be performed on a daily basis.

Reconciliation of the securities transferred under the second part of reverse REPO transaction shall be performed in relation to the following securities:

- Securities acquired under the first part of the REPO transaction and not transferred under the first part of direct REPO transaction.
- Securities in the securities portfolio owned by the Bank ("evaluated by fair value through profit or loss" or those available for sale depending on which of these portfolios the securities were delivered into after the second part of direct REPO transaction had been performed). At that, reconciliation shall be performed with the securities acquired under the second part of direct REPO transaction (should the first part of the direct REPO transaction be performed with the securities acquired under the first part of the specified reverse REPO transaction) regardless of whether the portfolio includes the securities purchased earlier.

3.9.3. Accounting of Transactions with Issued Securities.

Issue of treasury bills, deposit and saving certificates shall be accounted in accordance with Provision No. 302-P of the Bank of Russia, and, in case of the certificates, with the Regulation of the Bank of Russia No. 103-P *On Accounting of Operations Related to the Issue and Repayment of Saving and Deposit Certificates By Lending Institutions* dated 12/30/1999 as well.

The procedure for accounting transactions with issued bills, deposit and saving certificates is defined by internal regulatory documents of the Bank.

Interest on the saving certificates shall be accrued on the amount of investment specified in the certificate's details. The amount of interest accrued shall be reflected on the book-keeping accounts on a monthly basis, on the last business day of the reporting month. The interest for the last calendar days of the reporting month that fall on weekends or holidays shall be reflected on the corresponding book-keeping accounts on the last business day of the reporting month. At the end of the transaction day that is the last business day before the date of the saving certificate deposit withdrawal, the interest shall be additionally accrued and reflected in the accounting

system to the amount specified in the certificate's details, and the nominal value of the certificate shall be transferred to the account for accounting of issued certificates to be executed.

The interest on the deposit amount of the deposit certificate shall be accrued at the rate specified in the certificate starting from the day following the date when the funds were deposited to the Bank and until the date of deposit withdrawal under the certificate specified on the securities

inclusive. Should the certificate withdrawal deposit date specified on the securities be an official weekend or holiday, the interest on the deposit shall be accrued at the rate specified in the certificate until the first business day following the withdrawal date inclusive. Starting from the next business day, the interest on the amount of deposit shall not be accrued or paid. The amount of interest accrued shall be reflected on the book-keeping accounts on a monthly basis, on the last business day of the reporting month. The interest for the last calendar days of the reporting month that fall on weekends or holidays shall be reflected on the corresponding book-keeping accounts of the Bank's balance sheet on the last business day of the reporting month. Interest shall be accrued on each certificate starting from the day following the date of deposit.

The Bank shall issue interest and discount bills with the payment terms specified in specific regulatory documents. Proceeds of the interest bill holder consist of the interest accrued on the principal amount (face value) of the bill. Proceeds of the discount bill holder consist of the discount, i. e. the difference between the principal amount (face value) and the sale price of the bill. The accrued interests on all interest bills in circulation (i. e. bills that have not been yet paid) as of the last business day of the month shall be reflected on the book-keeping accounts on a monthly basis, on the last business day of the reporting month. The balance of the last business day of the reporting month shall reflect all interest accrued during the reporting month, including the remaining non-business days, should the last business day of the month not be the last calendar day of the month. Write-off of the discount on the expenditures of the bank shall be performed on a monthly basis, on the last business day of the month in the amount that relates to the corresponding month, or when the bill is paid before and on the day when such a bill is paid (in the amount additionally accrued from the beginning of the month and that has to be expensed in the accounting system).

3.10. Accounting of Transactions with Property (Fixed Assets, Inventories, and Intangible Assets)

Accounting for transactions with property, intangible assets, inventories (hereinafter, the "property") shall be performed in accordance with the Appendix 10 to the Regulation of the Bank of Russia No. 302-P, regulatory documents of the Ministry of Finance of the Russian Federation that govern the procedure for accounting the property (where they do not contradict the Regulation No. 302-P).

The headquarters and branches of the Bank shall classify the property accepted for accounting since January 1, 2003, into the fixed assets, intangible assets, and inventories in connection with the regulatory acts of the Bank of Russia and the Accounting policy of the Bank.

The structure of costs on establishment (construction), creation (manufacturing), and acquisition of property (including the tax amounts) shall be defined in accordance with the legislation of the Russian Federation including the regulatory legal acts of the RF Ministry of Finances.

The initial value of the property acquired as an investment in the charter capital is its monetary value agreed by the founders (participants) unless specified otherwise in the legislation

of the Russian Federation, plus actual expenses related to its delivery and bringing into the condition that is fit for use.

The initial value of the property acquired under the gift agreement and in other circumstances of free acquisition is the market price of such property as of the date of its registration in the accounting system plus actual expenses related to its delivery and bringing into the condition that is fit for use.

The initial value of the property acquired under the contracts dictating fulfillment of obligations (payment) with non-monetary funds is the market price of such property as of the date of its registration in the accounting system plus actual expenses related to its delivery and bringing into the condition that is fit for use.

The Bank defines the market price in accordance with Article 40 of the RF Tax Code.

Evaluation of the property the cost of which at acquisition is specified in foreign currency shall be performed in rubles at the official currency exchange rate for the ruble set by the Bank of Russia and valid on the day when such property is registered in the accounting system.

Capital investments, fixed assets, intangible assets, and inventories on the balance of the Bank's headquarters and branch offices shall be accounted free of VAT.

VAT amounts paid in relation to capital investments, acquisition of fixed assets, intangible assets, and inventories shall be separately accounted on balance account 60310 "Value added tax, paid" with the date when the material values were delivered or when the corresponding settlements were performed in case settlements with the contractor are made under contracts and followed by payments. VAT amounts paid by foreign legal entities in relation to the acquisition of goods (works, services, and intangible assets) shall be accounted on account 60310 with the date when such settlements with foreign legal entities that are not registered in the tax bodies as tax payers were completed regardless of the payment procedure under contract (advance payment or post-payment). The paid VAT amount accounted on account 60310 shall be expensed in accordance with the "Procedure of the centralized VAT calculation and payment at OJSC Sberbank of Russia No. 724-2-r dated 04/06/2006" and the "Procedure For Maintaining the Ledger of Received and Issued Invoices, and the Unified Purchase and Sale Ledgers at Sberbank of Russia" No. 937-r dated 06/07/2002 (with all the amendments and additions).

3.10.1. Accounting of Fixed Assets

3.10.1.1. Fixed assets shall be accounted at the time of establishment (construction), creation (manufacturing), and acquisition (including acquisition under the settlement agreements), receipt from the founders (participants) as investments into the charter capital, receipt under gift deeds, other cases of free acquisition and other receipts.

3.10.1.2. The initial value of the fixed asset acquired for payment (including used fixed assets) is the amount of actual expenditures of the lending institution in relation to the establishment (construction), creation (manufacturing), acquisition, delivery, and bringing into the condition that is fit for use.

3.10.1.3. The cost of fixed assets changes in the event of further construction, additional equipment, modernization, reconstruction, revaluation or partial liquidation of the respective assets in accordance with the regulatory documents of the Bank of Russia.

Expenditures on extension, re-equipment, revamping, reconstruction and technical upgrade of fixed assets upon completion of construction increase the initial value of such assets if the initially acknowledged standard functional indicators of such fixed assets improve (increase) as a result of such operations. Such upgrade operations shall be performed in the order established for capital investments. Upon completion of such works, the amounts expensed shall be accounted as an increase in the cost of fixed assets or as separate objects of inventory.

3.10.1.4. The cost limit for items to be accounted as fixed assets.

Since January 1, 2003, the cost limit of items to be accounted as part of fixed assets has been set to 10,000 rubles. Pieces of real estate accounted after January 1, 2003 shall be accounted as part of fixed assets regardless of their value.

Since January 1, 2007 the limit for the value of items accepted to the accounting as part of fixed assets is established in the amount of 20,000 rubles².

Items purchased and placed (transferred) in commission between 01/01/2003 and 01/01/2007, with a cost between 5,000 and 10,000 rubles, and the useful life exceeding 12 months (furniture, equipment, office equipment, computing facilities, special clothing, official sportswear, sport equipment, and communications tools) shall be expensed to the Bank at retirement.

Items that were not placed in (transferred to) commission, with a cost under 10,000 rubles, and the useful life exceeding 12 months (furniture, equipment, office equipment, computing facilities, special clothing, official sportswear, communications tools, electric tools, and household appliances) shall be expensed as incurred when such items are transferred to commission by the responsible person.

Since January 1, 2011 the limit for the value of items accepted to the accounting as part of fixed assets is established in the amount of 40,000 rubles³.

Items purchased and placed (transferred) in commission between 01/01/2007 and 01/01/2011, with a cost between 10,000 and 20,000 rubles, and the useful life exceeding 12 months (furniture, equipment, office equipment, computing facilities, special clothing (including clothing for cash officers), official sportswear, communications tools, electric tools, and household appliances) shall be expensed to the Bank at retirement.

Items that were not placed in (transferred to) commission, with a cost under 20,000 rubles, and the useful life exceeding 12 months (furniture, equipment, office equipment, computing facilities, special clothing (including clothing for cash officers), official sportswear, communications tools, electric tools, and household appliances) shall be expensed as incurred when such items are transferred to commission by the responsible person.

3.10.2. Accounting of Intangible Assets

The initial value of an intangible asset is the amount in monetary terms equal to the amount of payment in monetary or other terms or the amount of credit debt paid or accrued by the lending institution at the moment of purchase or creation of an intangible asset and creation of the conditions for its use in accordance with the designated purpose.

² The items with the value of 20000 rubles (inclusive) shall be accounted as part of fixed assets.

³ The items with the value of 40000 rubles (inclusive) shall be accounted as part of fixed assets.

The initial value of an intangible asset at which it has been accepted for accounting is possible in case of revaluation and/or impairment of such an intangible asset.

Revaluation of intangible assets shall be performed by means of revaluating their depreciation value.

The intangible assets may be checked for impairment in accordance with the legislation of the Russian Federation and other regulatory legal acts.

The balance value of an asset after revaluation and the amount of depreciation accrued shall be defined with the help of the recalculation ratio calculated as a quotient of the current market value of an intangible asset and its depreciable value.

Since January 1, 2009, the intangible assets include business reputation gained in relation to the acquisition of an organization as an asset complex (in full or in part).

For the accounting purposes, the cost of business reputation gained shall be estimated by calculations as the difference between the purchase price paid to the seller when the asset complex is acquired (in full or in part) and the aggregated amount of all assets (or their respective part) minus the total amount of all obligations (or their respective part) as per the accounting balance on the date of such acquisition (purchase).

Assets and obligations of the asset complex (in full or in part) shall be reflected in the accounting balance as of the date of acquisition (purchase) at the depreciable value or the current market value, or any other value defined in accordance with the asset complex purchase (acquisition) agreement.

Positive business reputation shall be evaluated as an addition to the price paid by the purchaser in expectation of future economic benefits related to the assets acquired that cannot be identified, and shall be accounted as a separate inventory item on balance account No. 60905 "Business reputation".

The positive business reputation earned may be checked for impairment in accordance with the legislation of the Russian Federation and other regulatory legal acts. In case there are any signs of impairment, the amount of losses caused by such impairment shall be calculated. Such an amount is reflected by an accounting entry on the debit of a balance account for accounting expenditures in correspondence with balance account No. 60905 "Business reputation".

Negative business reputation shall be evaluated as a discount from the price announced to the purchaser because of absence of a sustainable customer pool, the reputation of quality, marketing and sales skills, business connections, management experience, staff qualification level, etc.

Negative business reputation shall be fully accounted as the Bank's revenues.

3.10.3. Cost of Material Assets Expensing Procedure

Items with a cost between 10,000 and 20,000 rubles (accepted for accounting before January 1, 2011), and items with a cost between 20,000 and 40,000 rubles (accepted for accounting after January 1, 2011) shall be accounted as part of the material assets and written off in accordance with the following procedure:

- Items with useful life exceeding 12 months (furniture, equipment, office equipment, computing facilities, special clothing, including clothing for cash offices and cash collection services, the uniform for security officers and transaction banking and cash services staff (excluding award pins, cockades, gloves, mittens, neckties, and belts), official sportswear, communications tools, electric tools, and household appliances) shall be expensed as incurred when such items are retired on the basis of the duly approved report compiled by the responsible person.

- Other material assets and the materials consumed (used) in the course of the bank activity, for business or technical purposes, and in management processes on a non-recurrent basis: consumables for vehicles, equipment, calculating equipment, and weapons maintenance; package materials; forms; business cards; badges, office materials, information stickers, printing office materials, the materials used for creating folders of documents, and taking care of the plants; advertising materials (printed or saved at magnetic media) shall be expensed when transferred into commission by the responsible person. The materials used for advertising events (advertising campaigns, exhibitions, and fairs) shall be expensed on the basis of the duly approved report of the responsible person.

The inventories used for the repair of fixed assets and inventories, or upgrade of fixed assets shall be accounted as expenses or as an increase in the cost of fixed assets on the basis of the duly approved works completion report of the responsible person.

The property purchased for charity purposes shall be accounted as part of inventories as balance account 61008 regardless of its value.

The cost of booklets and references (including study guides, dictionaries, classifiers, user guides, their online versions, and training videos) shall be expensed when transferred into commission by the responsible person. The cost of the books shall be expensed at retirement on the basis of the duly approved report of the responsible person.

Documentaries and fact-based videos on the Bank's business (and the business of its branch offices) shall be accounted on balance account 61010 "Publications" and expensed at the moment of transfer into the commission by the responsible person.

The uniform for transaction banking and cash services staff purchased shall be accounted as inventories regardless of its cost.

3.10.4. Depreciation Accrual Methods

The headquarters and branch offices of the Bank shall accrue depreciation on fixed assets and intangible assets, including the business reputation, on a monthly basis. These assets are as follows:

a) Accepted for accounting before January 1, 2000 — by the standard method, described in the Decree No. 1072 of the USSR Council of Ministers dated October 22, 1990; No. 1072.

b) Accepted for accounting after January 1, 2000 — by linear method, during the whole period of their useful life.

c) Accepted for accounting after January 1, 2003 — standard depreciation values are calculated based on the useful life as set forth by Decree of the Russian Government No. 1 *On classification of fixed assets included in depreciation groups* dated January 1, 2002, subject to the provisions of the Accounting Policy for Tax Purposes of Sberbank of Russia as it pertains to defining the useful life of the depreciated property.

For assets accepted for accounting before January 1, 2000, depreciation for the period before January 1, 2007 was accrued to the limit equal to the balance cost of the asset (item) minus the remaining balance of this asset's revaluation fund. Since January 1, 2007, depreciation of assets accepted for accounting before January 1, 2000, has again been performed until the balance sheet value of the asset (item) in accordance with the norms applicable as of the date when such asset (item) was accepted for accounting. The limit amount of accrued depreciation of assets accepted for accounting after January 1, 2000, shall be equal to the balance value of the asset; the annual amount of depreciation allowances shall be defined based on the initial value or current (replacement) value of an asset (in case revaluation is performed) and the standard value of depreciation calculated on the basis of the period of useful life of the asset.

Monthly accrual of depreciation on intangible assets accepted for accounting before January 1, 2003 shall be performed in accordance with the norms calculated on the basis of the initial value and the useful life of the respective intangible asset.

Depreciation norms for the intangible assets for which no useful life can be defined shall be set to ten years.

Monthly accrual of depreciation on intangible assets accepted for accounting between January 1, 2003 and January 1, 2008 shall be performed by linear method during the whole useful life of such assets; and the annual amount of accrued depreciation allowances shall be defined based on the initial value of intangible assets and the depreciation norms calculated on the basis of the useful life of such an asset.

The monthly depreciation allowance for the intangible assets accepted for accounting after January 1, 2008 shall be calculated based on the actual (initial) value or the current market value (in case of revaluation) of an intangible asset equally during the useful life of the asset.

Depreciation allowances for the intangible assets for which no useful life can be defined shall be calculated for a period of ten years.

The useful life of intangible assets accepted for accounting after January 1, 2009 shall be defined based on the expected period of use of such asset, i. e. a period during which economic benefits are expected to be received. No depreciation shall be accrued on intangible assets accepted for accounting after January 1, 2009 for which no useful life can be reliably defined.

The acquired business reputation shall be depreciated by a linear method within 20 years. Depreciation allowances on positive business reputation shall be defined on the basis of the value defined in accordance with Provision No. 302-P of the Bank of Russia.

3.10.5. Accounting of Non-exclusive Rights

Costs of acquiring non-exclusive rights of use, software, and licenses that were accepted for accounting after January 1, 2003 with a useful life (period of use) exceeding one year shall be accounted as part of future expenses on balance account 61403 and be later expensed to the bank equally during their useful life (period of use) specified in the contract (supporting documents) regulating the depreciation accrual procedure.

Costs of acquiring non-exclusive rights of use, software, and licenses that were accepted for accounting after January 1, 2003 with a useful life (period of use) less than one year (1 year inclusive) shall be expensed to the bank on a non-recurrent basis.

Since January 1, 2009, all payments for the granted right of use of intellectual property or means of personalization:

- Performed as periodic payments accrued and paid in the order and within the period specified in the contract shall be expensed to the bank on a non-recurrent basis.
- Performed as a fixed one-time payment shall be reflected in the accounting system as future expenses and written off as expenses during the term of contract.

The cost of non-exclusive rights of use acquired for the period when such copyright is valid or without any definite period of validity shall be written off as expenses evenly within the

period of use. The period of useful life shall be set by the Bank taking into account the principle of even recognition of profits and expenses.

Transactions related to acquiring the right to use intellectual property of means of personalization (except for the right to use the name of the goods origin) shall be reflected in accounting on the basis of license agreements, franchising agreements, and other similar agreements.

3.11. Accounting of Transactions with Foreign Currency, Precious Metals, and Coins that Contain Precious Metals

3.11.1. Transactions in foreign currency shall be accounted on the same accounts of the working chart of accounts that are used for accounting transactions in rubles, while separate settlement accounts in the corresponding currencies shall also be opened.

The number of the settlement account opened for accounting transactions in foreign currency shall include a three-digit code of the respective foreign currency in the All-Russian Currency Classifier.

Accounts of the analytical accounting can only be maintained in foreign currency or in foreign currency and rubles.

Cash foreign currency and checks (including traveler's checks) the nominal value of which is specified in foreign currency shall be reflected in the analytical accounting twice: in foreign currency by its face value and in rubles by the official course.

Synthetic accounting shall only be conducted in rubles.

Recalculation of analytical accounting data from foreign currency into rubles (revaluation of foreign currency funds) shall be performed by multiplying the amount of foreign currency by the official foreign exchange rate of the Bank of Russia towards rubles (hereinafter "official course").

Revaluation of foreign currency funds shall be performed at the beginning of the transaction day before the transactions with the account (accounts) are reflected. The opening balance at the beginning of the day shall be revaluated save, since August 22, 2010, for the amounts of received and issued advances and advance payments for the goods, work and services delivered, which are recognized on the balance-sheet accounts of settlements with nonresident organizations for business transactions. Revaluation shall be performed and reflected in the accounting separately for each foreign currency code. Result

of revaluation for each currency code shall be defined based on the change of a ruble equivalent of opening balances in the corresponding foreign currency at the beginning of the day.

The daily balance as of January 1 shall be calculated based on the official rates valid as of December 31.

If accounts are only maintained in foreign currency, the total balances of all settlement accounts in the foreign currencies of a respective second-level balance account shall be reflected in the accounting registers in rubles at the official exchange rate. These data are used for reconciling the analytical reporting with the synthetic one.

3.11.2. Accounting of transactions with cash currency (including traveler's checks) performed by physical persons is based on the Instruction of the Bank of Russia No. 136-I *On Some Bank Operations With Foreign Exchange Cash and Checks (Including Travel Checks)* the

Nominal Value of Which is Specified in Foreign Currency Performed By Authorized Banks (Branches) and Physical Persons dated 09/16/2010 and the regulatory documents of the Bank of Russia.

Accounting of transactions with the traveler's checks of foreign issuers shall be defined by certain internal regulatory documents of the Bank.

3.11.3. The accounting for non-cash purchase and sale transactions of foreign currency, exchange transactions, forward transactions shall be defined by individual internal regulatory documents of the Bank.

3.11.4. Accounting of transactions with precious metals is based on the regulatory documents of the Bank of Russia: Directive of the Bank of Russia No. 2255-U *On Accounting, Storage, Receipt and Provision of Precious Metal Bars at Lending Institutions within the Russian Federation* dated 07/01/2009, the Directive of the Bank of Russia No. 52 *On Accounting of Operations with Precious Metals at Lending Institutions* dated 12/06/1996, the Regulation of the Bank of Russia No. 50 *On Operations With Precious Metals by Lending Institutions Within the RF and On Bank Operations with Precious Metals* dated 11/01/1996, and the internal regulatory documents of the Bank. Internal regulatory documents of the Bank also define accounting of operations with the coins that contain precious metals.

3.11.5. The number of the settlement account opened for accounting transactions in precious metals shall include a three-digit code of the respective precious metal in the Classifier of currencies under intergovernmental agreements used in the banking system of the Russian Federation (Clearing currencies classifier).

Accounts for analytical accounting of transactions with precious metals can only be maintained in the accounting units of net metal weight (for gold), ligature mass units (for silver, platinum, and palladium), i. e. the accounting unit of mass, or the accounting units of mass and rubles. Synthetic accounting shall only be conducted in rubles.

If accounts are only maintained in the accounting units of mass, the total balances of all settlement accounts in precious metals of a respective second-level balance account shall be reflected in the accounting registers in rubles at the valid book price of precious metals set by the Central Bank of the Russian Federation (book price of precious metals). These data are used for reconciling the analytical reporting with the synthetic one.

Assets and obligations in precious metals (except for precious metals in the form of coins and commemorative medals) shall be reflected on the lending institution's balance,

as well as the remaining balance on the off-balance accounts taking into accounts the book prices on affined precious metals (gold, silver, platinum, and palladium).

Revaluation of precious metals shall be performed by multiplying the amount of the precious metal listed in the analytical accounting on the settlement accounts with the respective code by the book value of the precious metal.

Revaluation of precious metals shall be performed at the beginning of the transaction day before the transactions with the account (accounts) are reflected. The incoming balance at the beginning of the day shall be the object of revaluation.

The daily balance as of January 1 shall be calculated based on the book prices of the respective affined precious metal that are valid as of December 31.

3.12. Accounting of Reserves

3.12.1. The Bank deposits the mandatory reserves at the Bank of Russia in accordance with the Regulation of the Bank of Russia No. 342-P *On Reserve Requirements for Lending Institutions* dated 08/07/2009.

3.12.2. The headquarters and branch offices of the Bank shall create the following reserves:

- For the loans, loans receivable and equal debts in accordance with the Regulation of the Bank of Russia No. 254-P *On Establishing Potential Loss Reserves at Lending Institutions* dated 03/20/2006.
- For potential losses in accordance with the Regulation of the Bank of Russia No. 283-P *On Establishing Potential Loss Reserves at Lending Institutions* dated 03/20/2006.
- For the transactions with the residents of off-shore zones in accordance with the Directive of the Bank of Russia No. 1584-U *On Establishing Potential Loss Reserves and Its Amount for the Operations Performed by Lending Institutions with Offshore Residents* dated 06/22/2005.

Besides, the headquarters and branch offices of the Bank are governed in creating the reserves by the internal regulatory documents of the Bank.

3.13. Errors

3.13.1. Subject to the Regulation of the Bank of Russia No. 302-P, erroneous (incorrect) reflection (failure to reflect) facts on economic activity in accounting (hereinafter "error") may be reasoned by the following:

- Incorrect application of the legislation of the Russian Federation on accounting and/or regulatory acts on accounting
- Incorrect application of the accounting policy of the lending institution
- Inaccurate calculations
- Incorrect classification or evaluation of the facts on economic activity
- Incorrect use of information available on the date when the accounting records were made
- Mala fide activities of the officials of the lending institution.

Inaccuracies or omissions in reflecting facts on economic activity in the accounting system that were detected after new data were obtained that had not been available to the Bank when such facts on economic activity were reflected (not reflected) in the accounting system are not errors.

3.13.2. Revenues and expenses arising from detection of trivial errors of past years after the annual report for this year has been approved shall be reflected on the basis of transaction correction memos on the day of such detection at account No. 706 "Financial Result of the Current Year" under the items of revenues and expenditures of past years detected in this reporting year in correspondence with the accounts that require correction.

Revenues and expenses arising from detection of material errors of past years after the annual report for this year has been approved shall be reflected on the headquarters' balance on the basis of transaction correction memos on the day of such detection at account No. 10801 "Undistributed profits" (10901 "Uncovered loss") in correspondence with the accounts that require correction.

3.13.3. The following materiality guideline shall be used to recognize an error (separately or in complex with other errors) that impacts the financial result of one and the same reporting period:

- For the period between the reporting date and the date when the annual report was approved: 1 % of the Bank's capital as of January 1, EARD exclusive

- For the period after the approval of the Annual Report - 1 % of the Capital of the Bank as of January 01 including EARD.

An error may be acknowledged material by the decision of the Bank's management.

A material error is an error related to incorrect classification of assets or obligations; should this error be corrected, a material error on the revenues/expenses accounts shall also be corrected (separately or together).

Should errors be detected in similar revenues/expenses articles (i. e. expenses related to the creation of the reserve for potential losses, and revenues from restoring the reserves for potential losses, depreciation, etc.) that increase and decrease the financial result at the same time, only the final impact of each error detected in each article on the financial result (the difference between the decrease and the increase of the financial result) shall be considered.

An error exceeding the materiality principle (one or several in aggregation) caused by reflection of revenues or expenditures on the wrong article of the profit/loss statement that does not impact the financial result but brings changes to the tax and/or statistical reporting shall be deemed material.

4. Accounting Reporting

The Bank is governed by the Directive of the Bank of Russia No. 2332-U *On Types, Forms, and Procedures for Compiling and Submitting Reporting Forms to the Central bank of the Russian Federation by Lending Institutions* dated 11/12/2009 in compiling the accounting reporting that is submitted to the Bank of Russia.

Creation of the accounting reporting by the headquarters and branch offices of the Bank are regulated by internal regulatory documents of the Bank.

5. Preparation and Compilation of an Annual Report

5.1. An annual report for the period that starts on January 1 of the reporting year and ends on December 31 of the reporting year shall be compiled before March 25 of the new year.

5.2. The Bank draws up its annual report subject to the events after the reporting date (EARD) which occurs between the reporting date and the date of signing the annual report and affect or might affect the Bank's financial standing.

5.3. EARD are as follows:

- Adjusting EARD are events confirming the existence as of the reporting date of the conditions in which the Bank has operated.
 - Non-adjusting EARD are events evidencing the existence after the reporting date of the conditions in which the Bank has operated.
 - Transactions listed in clause 3.3.1 of the Accounting policy.
- 5.4. Adjusting EARD are recognized in the accounting records. Adjusting EARD shall be reflected on balance accounts of the Bank's headquarters and branch offices in the order specified by certain regulatory documents and letters of the Bank.
- 5.5. Adjusting EARDs are as follows:
- 5.5.1. The borrowers or debtors of the bank are declared bankrupt in the course of the accepted procedure in case the liquidation procedure had already been launched against them as of the reporting date, but such information was not available to the bank.
- 5.5.2. Asset evaluation conducted after the reporting date detects their sustainable and significant impairment in comparison with the value of such assets defined as of the reporting date, or the information is received on the significant worsening of the financial state of borrowers or debtors of the bank as of the reporting date which may cause significant decrease or loss of paying capacity.
- 5.5.3. Adjustment (increase or decrease) of loss provisions (including for contingent credit-related liabilities) created as of the reporting date, subject to information on the conditions prevailing as of the reporting date received when drawing up the annual report.
- 5.5.4. The amounts due to the creditors have been defined after the reporting date in relation to the court decision taken on a legal suit that was launched in relation to the Bank's obligations before the reporting period.
- 5.5.5. The materials were received from the insurance company specifying the amount of insurance compensation which was in the process of agreement as of the reporting date.
- 5.5.6. The accounting office receives documents after the reporting date that define the amounts due to the Bank's staff members under profit participation plans (systems) or in relation to their bonus payments, should the Banks have had an obligation to make such payments as of the reporting date.
- 5.5.7. The amounts due because of a business unit wind-up decision are defined after the reporting date.
- 5.5.8. Accruals (adjustments, changes) of taxes and duties over the reporting year in relation to which the banks are tax payers or duties payers in accordance with the legislation of the Russian Federation: Income tax, including income from the public securities, property tax, transportation tax, land tax, unified social tax, and mandatory social insurance premiums for industrial accidents and diseases, as well as other tax and fees listed in the legislation.
- 5.5.9. An error in the accounting, violations of the RF legislation in the business of a lending institution, or fraud that cause errors in the accounting reporting over the reporting period that, in their turn, impact the financial result, are detected after the reporting date.

- 5.5.10. Dividends (payments) on the shares (stocks, equity interests) that belong to the Bank are declared.
- 5.5.11. Fixed assets and intangible assets are revaluated as of January 1 of the new year.
- 5.5.12. Source documents confirming the transactions performed before the reporting date and/or determining (specifying) the cost of the work, services and assets for such transactions and specifying the income and expenditure reflected in the accounting records in accordance with Appendix 3 to the Regulation No. 302-P of the Bank of Russia are received.
- 5.6. Adjusting EARDs shall be reflected on the balance accounts of the headquarters and branch offices of the Bank before January 25 of this year inclusive taking into account the following:

An error of the reporting year detected by the branch office or the division of the headquarters between the end of such reporting year and the EARD's ending date shall be corrected as EARD with the help of entries on the corresponding accounting accounts.

An error of the year(s) preceding the reporting one that is not material and is detected between the end of the reporting year and the EARD's ending date, shall be corrected as EARD with the help of entries on the appropriate accounting accounts in the items of revenues and expenses of past years detected in the reporting year.

- 5.7. On January 28 of the new year, the regional banks of the Bank shall transfer the remaining balance of account 707 "Financial result of the previous year" to the balance of the headquarters of the Bank.
- 5.8. Accruals (adjustments, changes) on the income tax, including incomes from the state securities shall be accounted as the adjusting event on the balance of the headquarters between January 26 and March 5 of the new year both dates inclusive.

Besides, the balance of the headquarters between January 26 and March 5 of the new year may reflect a correction of a material error (separately or in complex) of the reporting year detected by the branch offices or the headquarters.

The balance account of the headquarters in the period between January 26 and March 5 of the new year shall also reflect the correction of a material error of the reporting year caused by reflecting revenues or losses in the wrong article of the income/loss statement detected by the branch offices of headquarters and not impacting the financial result but causing changes in the tax and/or statistical reporting.

Should the headquarters and/or branch offices detect a material error of the reporting year in the period between March 6 of the new year and the date when the annual report is compiled (March 25 of the new year at the latest), the annual report shall be revised. To this end, the balance of the headquarters is supplemented by the entries restoring the remaining balances on the analytical reporting accounts for account 707 "Financial result of the previous year" accumulated before transfer to account 708 "Profit (loss) of the previous year". From then on, material errors of the reporting year shall be performed in accordance with the procedure described in the second paragraph of clause 5.6.

- 5.9. An error of the year(s) preceding the reporting one that impacts the financial result. is detected between the end of the reporting year and the date of completion of the annual report and is considered material, shall be corrected and reflected on the balance account of the headquarters with the entries of the current year on the

appropriate accounting accounts in correspondence with account No. 10801 "Undistributed profit" (No. 10901 "Uncovered loss"). At the same time, in line with clauses 9–13 of the Accounting Regulations 22/2010, retrospective recalculation of comparative indicators of annual reports shall be performed starting from the year when the respective error was made.

An immaterial inaccuracy that affects the financial result and was detected after transactions were entered on the EARD basis but before the date of approval of the financial result as required by laws of the Russian Federation should be entered on the detection date as an accounting entry for the current year in Account No. 706 Financial Result of the Current Year in symbols of income and expenses of previous years detected in the reporting year.

A material error of the reporting year detected after the date of completion of an annual report but before it is duly approved in accordance with the procedure described by the legislation of the Russian Federation shall be deemed a reason for revising the annual report. To this end, the balance of the headquarters is supplemented by the entries restoring the remaining balances on the analytical reporting accounts for account 707 "Financial result of the previous year" accumulated before transfer to account 708 "Profit (loss) of the previous year". From then on, material errors of the reporting year shall be performed in accordance with the procedure described in the second paragraph of clause 5.6. A material error of the year(s) preceding the reporting year shall be corrected in accordance with the procedure described in the second paragraph of clause 5.9.

Accounting entries caused by revising the annual report shall be reflected as EARD on the headquarters balance account.

Material errors (separately or in complex with other errors) are those specified in clause 3.13.3 of the Accounting policy.

5.10. Non-adjusting EARD are, among others, the following facts:

- 5.10.1. The decision on reorganization of a lending institution is taken or such reorganization is launched.
- 5.10.2. A subsidiary dependent organization is acquired or retired.
- 5.10.3. A decision is taken on the issue of share or other securities.
- 5.10.4. The market value of investments decreases significantly.
- 5.10.5. A major transaction related to the acquisition or retirement of fixed assets and financial assets.
- 5.10.6. The value of fixed assets decreases significantly in case such a decrease took place after the reporting date and was not reflected during revaluation of fixed assets as of the reporting date.
- 5.10.7. The major part of the Bank's main business is wound up, in case this could not have been forecasted as of the reporting date.
- 5.10.8. A decision is taken on the payment of dividends.
- 5.10.9. Major transactions with the entity's own simple shares.
- 5.10.10. Changes in the RF legislation on taxes and duties enforced after the reporting date.

- 5.10.11. Fire, accident, natural disasters or other force-majeure circumstances destroying most assets of a lending institution.
- 5.10.12. Unpredictable changes of foreign currency exchange rates and market quotations of financial assets after the reporting date.
- 5.10.13. Actions of the government authorities.
- 5.10.14. Other similar events that evidence the existence after the reporting date of the conditions in which the Bank has operated.
- 5.10.15. Taking significant contractual obligations or other conditional obligations (when major guarantees are given).
- 5.10.16. The beginning of the court proceedings caused exclusively by the events after the reporting date.
- 5.11. A memo shall only describe such non-adjusting EARDs non-disclosure of which may impact the ability of the user of such an annual report to make correct judgments and take appropriate decisions. The decision on reflecting non-adjusting EARDs in the memo shall be taken by the Bank's Board of Directors.
- 5.12. The Bank's headquarters and branch offices shall compile the source accounting documents reflecting such EARDs (including entry memos) in two copies marked "EARD". The first copy shall be stored as the documents of the day. The second counterpart along with turnover statements on reflecting EARD shall be posted in a separate binder "Annual Report for 20__ ". The same folder shall contain the following registers (documents) of the synthetic accounting: Balance account as of January 1 in the form provided by Appendix 9 to the Regulation of the Bank of Russia No. 302-P, trial balance of accounts of a lending institution for the reporting year in the form provided by Appendix 8 to the Regulation of the Bank of Russia No. 302-P, profit/loss statement in the form provided by Appendix 4 to the Regulation of the Bank of Russia No. 302-P, and the consolidated turnover statement reflecting EARD in the form provided by Appendix 14 to the Regulation of the Bank of Russia No. 302-P.
- 5.13. The memo shall disclose information on the amounts due on the loans to the shareholders (participants) of the lending institution, and the interest on these loans, should the shareholder (participant) own over 5 % of the Bank's voting shares.
- 5.14. Information on transactions (operations) with the senior management in the memo shall contain information on transactions with persons in the management and control bodies of the Bank.
- These are as follows:
- Supervisory Board members
 - CEO, Chairman of the Board of the Bank
 - Members of the Board
 - Members of the Audit Commission.

List of Appendices to the Accounting Policy of the Bank

Appendix 1 - Methodology for inventory taking of tangible valuables in OJSC Sberbank of Russia and its branches No. 1962.

Appendix 2 - Rules for document workflow and accounting data processing in Sberbank of Russia No. 304-2-r (second revision) approved by the Resolution of the Management Board No. 236, paragraph 36, of November 04, 2000.

Appendix 3 - Album of primary accounting document forms used in the branches of Sberbank of Russia for executing transactions and accounting approved by CEO and Chairman of the Management Board of Sberbank of Russia on May 30, 2000.

Appendix 4 - Working Chart of Accounts for the branches of Sberbank of Russia (approved by CEO of Sberbank of Russia on November 22, 2007).

Appendix 5 - Profit and Loss Statement