

Explanatory Information to the Annual Accounting (Financial) Statements of Sberbank of Russia for 2014

**Prepared pursuant to Directive
No. 3081-U of the Bank of Russia “On
Disclosures by Lending Institutions
Related to Their Operations” dated
October 25, 2013**

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This Explanatory Information:

- is an integral part of the annual financial statements¹ of Sberbank of Russia² for the year 2014, prepared pursuant to effective Russian Federation legislation³;
- provides for the disclosure of material information on Sberbank of Russia's operations that has not been presented as part of the forms of annual statements;
- is based on statutory reporting forms⁴, as well as other forms of the Bank, prepared under Russian Accounting Standards⁵, and does not include the information from consolidated financial statements of the Banking Group of Sberbank of Russia⁶;
- takes into account events after the reporting date.
- is presented in RUB millions, unless otherwise specified;
- includes comparable figures for 2013 and 2014 reporting periods;

Sberbank's annual statements contain the following: Balance Sheet, Statement of Financial Performance, Statement of Capital Adequacy to Cover Risks, Allowance for Doubtful Loans and Other Assets, Statement of Obligatory Ratios, Statement of Cash Flows, and Explanatory Information. The annual statements are posted on the official website of Sberbank of Russia at www.sberbank.ru.

¹ Hereinafter referred to as annual statements.

² Hereinafter referred to as Sberbank of Russia, Sberbank or the Bank.

³ The Bank of Russia's Directive No. 3054-U dated September 4, 2013, "On the Procedure for Preparing Annual Accounting (Financial) Statements by Credit Institutions"; Directive No. 3081-U of the Bank of Russia "On Disclosures by Lending Institutions Related to Their Operations" dated October 25, 2013.

⁴ The Bank of Russia's Directive No. 2332-U dated November 12, 2009, "On the List, Forms and Procedure for Preparing and Submitting Reporting Forms by Credit Institutions to the Central Bank of the Russian Federation".

⁵ Hereinafter referred to as RAS.

⁶ Hereinafter referred to as the Group, Sberbank Group.

1. General Information

Full corporate name of the Bank: Открытое акционерное общество «Сбербанк России» (Sberbank of Russia Open Joint-Stock Company).

Short corporate name of the Bank: Sberbank of Russia.

Registered address: 19 Vavilova St., Moscow 117997, Russia.

2. Sberbank of Russia Banking Group

During 2014, the number of members of the banking Group changed by 17, and as of January 1, 2015, is 221 companies.

	<i>Jan 1, 15</i>	<i>Jan 1, 14</i>
Number of members of the banking Group, including	221	204
Direct control	42	36
Indirect control	176	165
Indirect control and, at the same time, direct participation	3	3

The Bank draws up its consolidated statements under RAS in accordance with the Accounting Policy of Sberbank of Russia Banking Group. The consolidated reports of Sberbank of Russia Group as of January 1, 2015, include reports of 105 entities:

<i>Company</i>	<i>Share of control by the Group</i>
<i>Direct control by the Bank</i>	
1 Sberbank Leasing Closed Joint-Stock Company	100.0000 %
2 Sberbank Capital Limited Liability Company	100.0000 %
3 Subsidiary Bank Sberbank of Russia	99.9977 %
4 Public Joint-Stock Company Subsidiary Bank of Sberbank of Russia (group of companies)*	100.0000 %
5 Sberbank Investments Limited Liability Company	100.0000 %
6 Sberbank – Automated Trading System Closed Joint-Stock Company	100.0000 %
7 BPS-Sberbank Open Joint Stock Company (group of companies)*	98.4266 %
8 Promising Investments Limited Liability Company (group of companies)*	100.0000 %
9 SB International S.a.r.l. (group of companies)*	100.0000 %
10 Sberbank Europe AG (group of companies)*	100.0000 %
11 Sberbank Finance Limited Liability Company	100.0000 %
12 Cetelem Bank Limited Liability Company	74.0000 %
13 Denizbank Anonim Sirketi (group of companies)*	99.8526 %
14 Auction Limited Liability Company	100.0000 %
15 Closed joint-stock company Sberbank Private Pension Fund	75.0007 %
16 Sberbank Life Insurance Company Ltd.	100.0000 %
<i>Indirect control by the Bank</i>	
1 Krasnaya Polyana Non-Public Joint-Stock Company	96.9140 %
2 Derways Automobile Limited Liability Company	51.0000 %
3 Kiparisiana Investment LTD	100.0000 %
4 Mosstroyvozhrozhdeniye Open Joint-Stock Company	50.0000 %
5 SVK Holding Limited Liability Company	99.9999 %
6 Manzherok Ski Resort Closed Joint-Stock Company	85.2174 %
7 Sberbank (Switzerland) AG	99.1450 %
8 Private Limited Liability Company GeoProMining Investment (CYP) Limited	25.7418 %

* Companies that submit reports by subgroups (in aggregate, the subgroups have 87 companies, including parent companies).

The remaining 116 companies have no material impact on financial indicators of the Bank.

Through its network of subsidiary banks and finance companies, the Bank is present in the markets of other countries:

- subsidiary banks: in the Republic of Kazakhstan, Ukraine, the Republic of Belarus, Switzerland, Austria, the Czech Republic, Slovakia, Hungary, Croatia, Serbia, Slovenia, Bosnia and Herzegovina, Banja Luka within Bosnia and Herzegovina, Turkey, Germany and Bahrain.
- finance companies: in the Republic of Kazakhstan, Ukraine, Ireland, the United States, the United Kingdom and Cyprus.

Within their regions of presence, subsidiary banks offer a wide range of banking services to retail and corporate customers, and perform operations in financial markets. All operations are made under licenses obtained from national regulators. The finance companies provide services in accordance with their specialization.

In addition, the Bank performs a range of functions through two foreign representative offices located in Germany and China. These representative offices are not directly involved in banking operations, but contribute to promoting the business of the Bank and its customers in the regions of its presence.

This Explanatory Information is included in the annual financial statements of Sberbank under RAS for 2014 and does not include the consolidated statements of the Group or individual reporting data of the Group's members.

The consolidated financial statements of Sberbank of Russia prepared under the International Financial Reporting Standards (hereinafter, “IFRS”) are disclosed on the official website of Sberbank at: www.sberbank.ru.

3. Brief Description of Activities of the Bank

3.1. Nature of Operations and Principal Areas of Activities of the Bank

Sberbank's core business is banking operations:

- Operations with corporate customers: maintaining settlement and current accounts, opening deposits, offering financing, granting guarantees, supporting export and import operations, cash collection service, conversion services, money transfers to corporate customers etc.
- Operations with retail customers: accepting funds as deposits and investments into the Bank's securities, loans, bank card services, operations with precious metals, buying and selling foreign currencies, payments, money transfers, custody of valuables etc.
- Operations on financial markets: with securities, derivative financial instruments, foreign currency; investment and raising of funds on the interbank market and capital markets, etc.

The Bank operates under General License No. 1481 for Banking Operations, issued by the Bank of Russia on August 8, 2012. Moreover, Sberbank has licenses for banking operations of attraction of deposits and placing of precious metals, other operations with precious metals, licenses to a professional participant of the securities market to act as a broker, a dealer, a depositary, and a securities manager.

Sberbank has been a member of the deposit insurance system since January 11, 2005. Pursuant to Russian laws, the Bank makes quarterly insurance payments to the Fund of Mandatory Deposit Insurance. In 2014, the Bank incurred RUB 30.5 billion of expenses for deductions to this Fund, which exceeded the 2013 figure by 14.9 % due to a higher volume of funds raised from individuals.

3.2. Key Performance Indicators for 2014

The year 2014 was completed by Sberbank with the following economic figures⁷:

<i>RUB million</i>	<i>Jan 1, 15</i>	<i>Jan 1, 14</i>
Assets	21,746,760	16,275,097
Capital ⁸	2,311,530	1,972,892

	<i>2014</i>	<i>2013</i>
Earnings before tax	429,206	502,789
Earnings after tax	311,213	377,649

In 2014, the Bank's assets mainly grew due to loans to legal entities and individuals: Net loans receivable contributed to 71.5 % of the growth in assets. The balance sheet items growth was significantly influenced by a positive revaluation of their currency component due to the ruble exchange rate weakening against the major foreign currencies: US dollar exchange rate increased for 2014 by 71.9 % to reach RUB 56.3/US dollar, euro exchange rate – by 52.0 % up to RUB 68.3/Euro.

⁷ Hereinafter, figures represented in tables may differ from estimates as a result of rounded data.

⁸ The capital was calculated in accordance with Regulation No. 395-P “On Methods for Defining the Value and Assessing the Adequacy of Equity (Capital) of Credit Organizations (Basel III)” approved by the Bank of Russia on December 28, 2012 (hereafter, Bank of Russia Regulation No. 395-P)

Capital calculated according to the Bank of Russia Regulation No. 395-P increased for 2014 by RUB 339 billion and amounted to RUB 2,312 billion.

Key factors increasing the capital are as follows: earned net profit in the amount of RUB 311 billion, placement of subordinated bonds in the amount of USD 1 billion, and reduction of deductions of investments in ordinary shares of companies in accordance with the requirements of the transition period under Basel III. Since January 1, 2014, investment in ordinary shares reduce the capital only in terms of investments in the capital of financial institutions in excess of 10 % of core capital, accounted for in the amount of 20 % of the corresponding amount and in full accounted for in the amount of 80 % of the corresponding amount, in accordance with the requirements of Regulation No. 395-P.

Key factors reducing the capital: payment of announced dividend for 2013 in the amount of RUB 72.3 billion and deduction of subordinated loans to subsidiary banks. Since January 1, 2014, subordinated loans to subsidiary banks reduce the capital both in terms of subordinated loans to residents and in terms of subordinated loans to non-residents. In this case, granted subordinated loans reduce capital in terms of subordinated loans to non-resident subsidiary banks, accounted for in the amount of 20 % of the corresponding amount, and in terms of subordinated loans to resident subsidiary banks deducted in full appropriate amount, in accordance with the requirements of Regulation No. 395-P.

The capital dynamics was also influenced by the Bank's gradual transition to the Basel III requirements. The transition to the new requirements on accounting for investments in financial stocks, accounting for revaluation of securities and accounting for granted subordinated loans shall be carried out gradually over a period of 5 years, in accordance with the requirements of the Bank of Russia, beginning from 2014. These factors affect the capital in different directions.

In June 2014, the Bank raised a subordinated loan from the Bank of Russia in the amount of RUB 200 billion under Federal Law No. 173-FZ⁹ to finance its active operations. This loan is not considered for calculation of regulatory capital of Sberbank in accordance with the requirements of Regulation of the Bank of Russia No. 395-P, but at the same time it increases the total capital adequacy of the Group's consolidated financial statements under IFRS¹⁰.

In the fourth quarter of 2014, risk-weighted assets of the Bank increased materially due to the revaluation of foreign-exchange holdings as a result of ruble depreciation. The growth of these assets had a negative impact on **capital adequacy ratios**, but Sberbank did not violate the limits set by the Bank of Russia, including as of dates within the month. In December 2014, the Bank of Russia published Letter¹¹, which allows the banks to use the exchange rate as of October 1, 2014, for the calculation of capital adequacy up to July 1, 2015, for transactions in foreign currencies recorded by December 31, 2014. When using this measure, the total capital adequacy ratio of Sberbank (R1.0) as of January 1, 2015 was 11.6 %, down for the year by 0.9 percentage point.

The main part of the Bank's income falls to interest and commission income. The volume of interest income increased by 24.1 %, as compared with 2013, to reach RUB 1,661.9 billion, mainly due to lending to customers. Income from commission operations increased by 27.6 % to reach RUB 241.1 billion, due to various business areas, but most of all due to operations with bank cards.

In 2014, the Bank's expenses for creation of loan provisions amounted to RUB 279.6 billion, seven times more than the figure for 2013 (RUB 39.7 billion). The growth of expenses on loan provisions is caused by the following factors:

- increase in the loan portfolio required the creation of provisions for new issues within existing approaches to provisioning;

⁹ Federal Law No. 173-FZ “On Additional Measures to Support the Financial System of the Russian Federation”, dated October 13, 2008.

¹⁰ IFRS – International Financial Reporting Standards

¹¹ The Bank of Russia Letter No. 211-T, dated December 18, 2014, “On the Specifics of Applying the Bank of Russia Regulations”

- ruble depreciation required the creation of additional provisions for foreign currency loans without deteriorating related quality;
- general market deterioration of quality of the loan portfolio of both corporate and retail customers against the background of the current macro-economic situation;
- the one-time provisioning for several relatively heavy borrowers;
- the provisioning for Ukrainian borrowers, because of the complicated situation in Ukraine.

Large spending on provisions became the main reason for reduction of the Bank's profit. Profit before tax decreased by 14.6 %, as compared to 2013, and amounted to RUB 429.2 billion. Profit after tax decreased by 17.6 % to reach RUB 311.2 billion.

Ratings assigned to Sberbank by international agencies:

	<i>March 11, 15*</i>		<i>Jan 1, 15</i>		<i>Jan 1, 14</i>	
	<i>Fitch Ratings</i>	<i>Moody's</i>	<i>Fitch Ratings</i>	<i>Moody's</i>	<i>Fitch Ratings</i>	<i>Moody's</i>
Long-term foreign currency rating:						
Sberbank	BBB-	Ba2	BBB	Ba1	BBB	Baa1
Russian Federation	BBB-	Ba1	BBB	Baa2	BBB	Baa1
Rating of international obligations						
Loan participation notes issued as part of Sberbank's MTN program	BBB-	Ba1	BBB	Baa2	BBB	Baa1
Eurobonds of the Russian Federation	BBB-	Ba1	BBB	Baa2	BBB	Baa1

**In early 2015, Moody's and Fitch Ratings lowered the ratings of the Russian Federation, which resulted in Sberbank's downgrade.*

3.3.Factors Affecting the Bank's Financial Results in 2014

Major performance indicators of the Russian economy in 2014 were influenced by a number of negative factors: the oil price downturn (twice in the second half of the year), a significant increase in geopolitical tensions and the subsequent introduction of sectoral sanctions against Russia. However, external factors only exacerbated the slowdown in the economy, which began as early as in the second half of 2012, resulting from structural problems, and accelerated the transition from stagnation to the recession. In 2014, economic growth slowed to reach 0.6 % yoy (as compared to 1.3 % yoy in 2013) and became negative in the fourth quarter of 2014 (-0.2 % yoy, as estimated by the Ministry for Economic Development).

The first consequence of the increase in geopolitical tensions was an acceleration of capital outflows as far back as in the first half of 2014 (USD 70.6 billion). The actual closing of access to external capital markets (sanctions) and a significant deterioration in the terms of trade (the fall in average oil prices in December by 42.5 % as compared to July) contributed to further acceleration of capital outflows (up to USD 130.5 billion for 2014) and caused a sharp depreciation of the ruble. In order to limit the loss of gold and forex reserves, the Bank of Russia shifted to a flexible exchange-rate regime in October 2014, prior to the scheduled date. Also, a number of measures were proposed to the market to improve dollar liquidity, e.g. currency swaps and repurchase agreements were introduced. Nevertheless, the situation in the foreign exchange market remained complicated. The peak of the problems occurred in December 2014, and that month also saw the peak of payments on external debt (USD 32.9 billion). In order to stabilize the foreign exchange market, the Bank of Russia sharply raised the key interest rate (from 9.5 % to 17 %) in December, introduced a number of measures of prudential supervision and achieved a regular sale of foreign currency earnings by leading exporters. The rate managed to be temporarily stabilized, although the deterioration remains significant. Over the year, the ruble has lost 41.8 % of its value against the US dollar and 34.2 % against the euro. During 2014, the gold and forex reserves decreased by 25 %, or

USD 125 billion. The banks' debt on forex repo transactions reached USD 20 billion by the end of 2014.

The economic slowdown occurred simultaneously with the acceleration of inflation, largely due to the weakening of the ruble and a ban on food imports to Russia. In response to the acceleration of inflation and the risks of the financial system destabilization based on the wave of rapid deterioration of the ruble, the Bank of Russia gradually raised its key interest rate from 5.5 % to 17 % in 2014. Tightening of monetary policy by the Bank of Russia could not have a significant impact on the inflation trend in 2014. The rate growth significantly increased the cost of funding from the Bank of Russia, but did not reduce its role as the main liquidity provider. By replacing the scarcity of domestic resources (attraction of private deposits in 2014 slowed to 9.4 % yoy as compared with 19 % yoy in 2013) and the outflow of capital, by ensuring the maintenance of lending activity, the Bank of Russia increased the amount of loans to banks from RUB 4.8 trillion to RUB 9.8 trillion during the year. The main increase in lending (from RUB 1.3 trillion to RUB 4.5 trillion) accounted for the loans secured by non-marketable assets, in accordance with Regulation No. 312-P. As a result, the Bank of Russia's share in the banking sector liabilities increased during 2014 from 7.7 % to 12 %.

Key Russian borrowers were forced to turn to loans granted by Russian banks because of the unavailability of external funding and reduced opportunities for attracting funds in the ruble bond market in view of the outflow of non-resident funds and the transfer of pension savings for 2013 to the budget. In contrast to previous periods, a significant part of the demand for new loans was provided by major Russian companies.

The deterioration of the economic growth prospects and the drop in real income of the population exposed the quality problem of the banks' credit portfolio. The share of overdue loans among the loans extended to non-financial organizations remained unchanged for the year at 4.2 %, largely due to high rates of credit growth (31.3 % yoy in 2014 compared to 12.7 % yoy in 2013). However, the deterioration in the financial position of some large borrowers required restructuring of the loans provided. In addition, the events in Ukraine led to a significant deterioration in the quality of loans provided to the Ukrainian borrowers by Russian banks.

The share of overdue loans to individuals increased since the beginning of the year from 4.4 % to 5.9 %. Furthermore, the main deterioration occurred in the consumer lending segment and mostly affected the banks in the niche of high-margin consumer lending. The quality of the mortgage loan portfolio remains at a high level, with the share of debt arrears being 1.3 % at the end of 2014.

Deterioration in the credit portfolio quality, requiring additional provisions to be created, along with a sharp rise in the cost of funding from the Bank of Russia, reduced the profits of the banking sector by 40 % as compared with 2013. Financial markets also ended the year with a decrease: the dollar RTS index fell by 45.2 %, the ruble MICEX index, by 7.1 %.

The sovereign rating of the Russian Federation in 2014 was lowered to the bottom of the investment quality ratings group. And in Q1 2015, the international rating agencies already placed the rating of Russia below the investment grade with a negative outlook.

3.4. Resolutions on Distribution of Net Profits

In 2013, the Dividend Policy was in effect at the Bank, in accordance with which, Sberbank, over three years starting from 2011, consistently increased dividend payments to reach 20 % of net earnings due to shareholders and determined on the basis of IFRS annual consolidated financial statements. On June 6, 2014, the Annual General Shareholders' Meeting approved the recommendations of the Supervisory Board on the distribution of profits and payment of dividends for 2013 on the ordinary shares of the Bank in the amount of RUB 3.20 per share, and on the preferred shares in the amount of RUB 3.20 per share. Therefore, the total amount of dividends for 2013 amounted to RUB 72,278 million or 20 % of net profits of Sberbank Group for 2013 under IFRS.

The new Dividend Policy, along with the issue of the dividend payment for 2014, will be considered at a meeting of the Supervisory Board of the Bank. Then, the total amount of profit to be distributed and the amount of dividends per 1 share of each category will be recommended to the General Shareholders' Meeting for approval. Notice of this will be posted in accordance with Russian laws on Sberbank's website at www.sberbank.ru.

4. Overview of the Basics of Preparing Annual Statements and Main Provisions of the Bank's Accounting Policy

4.1. Principles and Methods of Valuation and Accounting of Material Operations and Events

The accounting at the Bank is performed in accordance with effective Russian legislation, Regulation of the Bank of Russia No. 385-P¹², and other normative acts of the Bank of Russia that regulate the Bank's activity.

The system for accounting at the Bank and for preparing annual statements is based on basic principles of going concern, recognition of income and expenses on accrual basis, constancy and comparability of applied accounting principles and rules, caution, timeliness of reflection of operations, separate reflection of assets and liabilities, continuity of the balance sheet, a priority of substance over form and transparency.

According to Regulation No. 385-P of the Bank of Russia, the assets and liabilities shall be accounted at their initial value as of the date of their acquisition or occurrence. 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. Thus:

- the assets and liabilities in foreign currency (except for the amounts of received and issued advances and advance payments for the goods, works and services delivered, which are recognized on the balance-sheet accounts of settlements with non-resident entities for business transactions) and precious metals are revalued as the exchange rate and the metal price change subject to the regulations of the Bank of Russia.

Below are the official exchange rates of foreign currencies against the ruble at the end of the reporting period, used by the Bank to prepare the annual statements:

	<i>Jan 1, 15</i>	<i>Jan 1, 14</i>
RUB / USD	56.2584	32.7292
RUB / EUR	68.3427	44.9699

- assets, claims and liabilities, the specific amount (value) of which is determined by using non-detachable embedded derivatives (NDED) are revalued (recalculated) on a daily basis with recognition of the resulting differences as respective income/expense items from the date of the transfer of ownership of the asset delivered (date of work acceptance or service provision) to the actual payment date;
- cost of fixed assets is changed 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, according to Bank of Russia Regulation No. 385-P, the Bank shall revalue the group of homogeneous fixed asset items at their 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.
- the immovable property temporarily unused in core activities, after its initial recognition, shall be valued at its current (fair) value.

The items of the immovable property temporarily unused in core activities are revaluated at their current (fair) value on a quarterly basis;

- 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)

¹² Regulation of the Bank of Russia No. 385-P “On the Rules of Accounting by Credit Organizations Located within the Russian Federation”, dated July 16, 2012 (hereafter, “Bank of Russia Regulation No. 385-P”).

income paid upon its acquisition. If securities are acquired under a contract that is a derivative financial instrument (hereinafter, DFI), the cost of securities is determined by taking into account the DFI cost.

After the initial recognition, the cost of debt obligations changes by taking into account the interest income charged and received from the time of initial recognition of the debt obligations. Interest (coupon) income is accrued 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” shall be subject to daily revaluation at the current (fair) value of securities;

- the debt securities may be reclassified from “held to maturity” to “available for sale” if either of the following conditions is met:
 - as a result of an event that has occurred due to no fault of the Bank (an extraordinary event that could not have been reasonably predicted by the Bank);
 - for the purpose of disposal in less than 3 months to maturity;
 - for the purpose of disposal in an amount not exceeding 10 % of the total value of the “held to maturity” portfolio.

When transferring the securities from the “held to maturity” portfolio to the “available for sale” portfolio without meeting one of the conditions mentioned above, all the securities in the “held to maturity” portfolio are subject to transfer to the “available for sale” portfolio. In this case, the Bank is not permitted to create a “held to maturity” portfolio for a period of two years following the year of such transfer;

- derivative financial instruments are estimated at their fair value from the initial recognition date. The derivative financial instruments are revalued on a daily basis, including on the date of derecognition of a derivative financial instrument;
- non-credit contingencies are recognized in the accounting records based on the materiality criterion: the amounts of non-credit contingencies exceeding RUB 30 million or USD 1 million or EUR 1 million shall be recognized as material to reflect them on the off-balance sheet account for non-credit contingencies;
- according to Regulation of the Bank of Russia No. 385-P, the income and expenses are recognized in the accounting records by using the “accrual” method, that is, the financial results of transactions (income and expenses) are reflected in the accounting system when they actually occur, and not when the funds (or their equivalents) are received or paid. The income and expenses shall be reflected in the accounting in the period to which they relate.

Income from loans, assets (claims) referred to quality categories I and II shall be considered well-defined (the 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 shall apply to all loans, assets (claims) attributed to the quality category III with no exception.

For loans, assets (claims) referred to quality categories I, II and III the acknowledged income is reflected in the balance sheet accounts.

- in the event of retirement (sale) of securities from the same issue or securities with the same international securities identification number (ISIN), the write-off from second-level accounts of the balance sheet is based on the FIFO method. In accordance with the FIFO method, the investments in the security that was acquired the first with regard to the date of its sale shall be written off during retirement. The FIFO method shall be applied within each portfolio of securities.
- The Bank performs a monthly accrual of amortization for fixed asset items and intangible assets. For items of fixed assets accepted to accounting after January 1, 2003, the amortization rates are calculated based on their useful lives established by Decree No. 1 of the Government of the Russian Federation “On classification of fixed assets included in

amortization groups”, dated January 1, 2002, and subject to provisions of the Accounting policy of Sberbank of Russia for tax purposes as it pertains to defining the useful life of amortized property.

The useful life of intangible assets accepted for accounting after January 1, 2009, is determined based on expected useful life of the asset with assumed economic benefits. No amortization is accrued for intangible assets accepted for accounting after January 1, 2009, where it is impossible to reliably determine the useful life.

4.2. Nature of Assumptions and Main Sources of Valuation Uncertainty at the End of the Reporting Period

The Bank applies a number of assumptions that impact upon the amounts of assets and liabilities as reflected in the annual statements and upon the value of the assets and liabilities in the next reporting period. The estimates and assumptions are continually analyzed based on experience of the Bank's management and other factors, including expectations of future events that, in the opinion of the management, are believed to be reasonable to expect under the circumstances. The assumptions that have the most material effect on the figures in the annual statements and the estimates, that can cause material adjustments to the current value of assets and liabilities in the next reporting period, include the following.

Loan and Equivalent Loan Debt Loss Provisions

The Bank forms provisions for possible losses on loans, loan debt and its equivalents in accordance with the requirements of Regulation of the Bank of Russia No. 254-P¹³.

The Bank applies a loan assessment on a portfolio and an individual basis.

The assessment of the loan that is assessed on individual basis and determination of the amount of the estimated provision shall be implemented based on professional judgment for a specific loan, formed based on the results of comprehensive analysis of the borrower's activity, allowing for its financial position, quality of debt servicing and other material factors. In order to ensure the timely nature of the classification (reclassification) of loans and the formation (or adjustment of the size) of the provision, monitoring of credit risk factors that influence the size of the formed provision shall be regularly performed for individual loans. Revaluation shall be performed quarterly or if credit risk factors are revealed.

For loans that are included in the portfolio of similar loans, the provision shall be formed based on professional judgment according to the portfolio of similar loans, without pronouncement of professional judgment on the level of credit risk for each loan individually. The portfolio of similar loans shall include loans with similar credit risk characteristics — loans that are extended to individuals and small businesses on standard terms and conditions, as specified by the Bank's normative documents, and also as part of individual lending arrangements, approved by separate decisions of collegial bodies of the Bank. The Bank does not monitor individually the credit risk factors for each loan included in the portfolio of homogeneous loans. Each of the loans included in the portfolio of similar loans shall be subjected to individual revaluation if the Bank receives documents or information that evidence a change in material factors that influence the affiliation of a loan with a portfolio or specific subportfolio. Analysis of the level of credit risk of portfolios/subportfolios of similar loans/groups of standard and depreciated loans shall be performed at least once every three months.

Provision for Possible Losses

The Bank establishes provisions for possible losses in accordance with the requirements of Regulation No. 283-P of the Bank of Russia¹⁴. As part of performance of the regulator's

¹³ Regulation of the Bank of Russia No. 254-P “On Procedure of Establishing Provisions for Possible Losses on Loans, Loan Debt and its Equivalents by Credit Institutions”, dated March 26, 2004.

requirements, the Bank's internal normative document stipulates an individual classification and assignment into the portfolio of similar claims/contingencies of elements of the estimate basis of the provision for possible losses.

Individual classification of an element assumes the preparation of an individual, professional judgment about the level of risk, based on an evaluation of the probability of an element's total loss, allowing for factors (circumstances), specified under Bank of Russia Regulation No. 283-P.

Elements of the basis of the provision for possible losses are included in the portfolio of similar claims/contingencies proceeding from the principle of the immateriality of the amount of the element without a pronouncement being made in relation to each element of the professional judgment separately. The provision shall be formed on the basis of a professional judgment in terms of the portfolio of similar claims/contingencies.

The size of the provision shall be determined according to one of five quality categories and the standard for provisioning with a range that is set for it under the Bank of Russia Regulation No. 283-P.

Tax Legislation

Effective tax, currency and customs legislation of the Russian Federation allow for the possibility of different interpretations and are subject to frequent amendments. In view of this, the interpretation by the Bank's management of such laws as applied to transactions and activities of the Bank may be challenged by relevant government authorities. As a consequence, the tax authorities may place claims in relation to the transactions and operations of the Bank that have not been contested in the past. As a result, the relevant authorities may charge additional taxes, penalties and fines.

According to the Bank's management, as of January 1, 2015, the corresponding provisions of the relevant laws had been correctly interpreted, and the possibility of preserving the status of the Bank is high, because of tax, foreign currency and customs laws.

In 2012, the Bank approved and brought into force the methodology of preserving the laws on transfer pricing that was applied to the related-party transactions completed by the Bank in 2014. In some related-party transactions the deviation of actual price from market level for tax purposes may result in the occurrence of extra tax liabilities, because of the Bank's independent adjustments of the tax base, provided that the sum of such liabilities related to 2014 shall not have a material influence (in accordance with the materiality level established by effective Accounting Policy of the Bank for 2014) to the figures in the annual statements of the Bank.

Fair Value of Financial Instruments

The fair value is seen as the value for which the financial instrument may be exchanged in the course of a transaction between interested parties, which differs from forced sale or liquidation. The best indicator of fair value is the market price. The Bank calculates the fair value of financial instruments on the basis of available market information, if available, and the proper evaluation techniques. The fair value of financial instruments that are not quoted in an active market is determined by using the evaluation techniques. The management uses all available market information to estimate the fair value of financial instruments.

¹⁴ Regulation of the Bank of Russia No. 283-P dated March 20, 2006, "On Procedure of Creating Provisions for Possible Losses by Credit Institutions" (hereafter, "the Bank of Russia Regulation No. 283-P").

4.3.Changes in Accounting Policy. Adjustments, Associated with a Change in Accounting Policy and Estimate Assessments, which Influence the Comparability of the Indicators of Activity

The Accounting Policy used by the Bank during 2014 is generally comparable to the Accounting Policy used in 2013. The changes introduced to Accounting Policy in 2014 have been caused by amendments to the applicable laws of the Russian Federation and did not have a material impact on the comparability of selected indicators in the annual statements, except for the impact on the amount of earnings after tax.

In connection with the entry into force of Regulation of the Bank of Russia No. 409-P “On the procedure for accounting for deferred tax liabilities and deferred tax assets” dated November 25, 2013, in the first half of 2014, the Accounting Policy of the Bank was amended with changes related to the procedure used for reflecting in the accounting records the deferred tax liabilities and deferred tax assets, according to which the Bank shall initially calculate and report the deferred tax liabilities and deferred tax assets no later than 45 calendar days following the end of Q1 2014 and later on a quarterly basis.

In connection with this, in its balance sheet for 2014, the Bank recognized a deferred tax liability in the amount of RUB 42.9 billion, reflecting the increase of profit tax subject to payment in the budget system of the Russian Federation in future reporting periods:

- in the amount of RUB 67.2 bln on account of the Bank's expenses, which had an effect on earnings after tax;
- in the amount of RUB 1.4 bln on account of undistributed profit, which had a one-time effect on the Bank's equity (capital);
- in the amount of RUB 25.9 bln on account of increase in additional capital, which also had an effect on the Bank's equity (capital).

The comparative data for the previous year cannot be provided because there were no regulatory requirements to account for deferred tax assets and liabilities prior to January 1, 2014.

4.4.Material Errors in the Annual Statements

According to the Bank's Accounting Policy, an error is recognized as material if, either individually or in totality with other errors, committed in one and the same reporting period, it influences the financial result of the Bank's activity in an amount that is equivalent to at least 1 % of the Bank's capital on the reporting date.

In 2014, no material error that would require adjustment to comparative data has been identified.

4.5.Information on Adjusting Events after the Reporting Date

The Bank draws up its annual statements subject to events after the reporting date¹⁵ which occur between the reporting date and the date of signing the annual statements and affect or might affect the Bank's financial standing.

Adjusting EARD are recognized in the accounting records. Adjusting EARD are events confirming, as of the reporting date, the existence of the conditions in which the Bank has operated.

The total volume and members of EARD for 2014 are reflected in the consolidated turnover statement in the form of Appendix 13 to Bank of Russia Regulation No. 385-P.

¹⁵ Hereinafter, “EARD”.

According to Bank of Russia Directive No. 3054-U and the Bank's Accounting Policy, the accounting records contain, in particular, the following adjusting EARD:

- carryover of the balances from the profit and loss accounts of the accounting year to the profit and loss accounts of the previous year, namely:
 - RUB 44,841,808.4 million from the income accounts;
 - RUB 44,536,105.2 million from the expense accounts;
- adjustments for taxes and duties payable by the Bank in the amount of RUB 66,508.5 million (increase by RUB 515.0 million, decrease by RUB 67,023.5 million);
- adjustment 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 reports, in the amount of RUB 357.8 million (increase by RUB 725.8 million, decrease by RUB 368.0 million);
- receipt after the reporting date of 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 for the amount of RUB 5,528.3 million (increase in income by RUB 2,489.9 million, increase in expenses by RUB 8,018.2 million);
- increase in income tax for deferred income tax for the amount of RUB 55,112.7 million;
- increase in additional capital for deferred income tax for the amount of RUB 30,922.9 million.

4.6. Non-Adjusting Events after the Reporting Date

Since the beginning of 2015 and up to the date of signing these financial statements, the Bank of Russia has lowered the key rate twice: since February 2 — from 17.0% to 15.0%, and since March 16 — from 15.0% to 14.0%. That interest rate is the main instrument in the field of monetary policy and the basis against which the Bank of Russia determines the cost of loans to commercial banks, and the rate at which it is willing to accept cash deposits from banks.

4.7. Changes of the Bank's Accounting Policies for 2015

For the purpose of accounting, the Accounting Policies for 2015 include the following main changes:

Amendments were made to the methods of evaluation of individual balance sheet items:

- In terms of the valuation of fixed assets — the following text is deleted: “In accordance with Bank of Russia Regulation No. 215-P ‘On the methods for establishing the equity (capital) of credit institutions’, the revaluation of property may be included in the calculation of capital no more than once every 3 years based on the accounting statements confirmed by the auditor”;
- In terms of the initial recognition of DFIs, it is determined that the initial recognition of DFIs in the accounting is carried out when concluding a contract being a DFI, as well as when concluding a contract containing an embedded instrument classified as a DFI in accordance with Bank of Russia Regulation No. 372-P.

The section on Accounting for Transactions in Securities contains a reference to IFRS¹⁶ 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures”, under which the control and significant influence on the activity of joint stock companies and/or mutual funds is determined.

¹⁶ International Financial Reporting Standard

In connection with the entry into force on January 1, 2015, of Letter of the Bank of Russia No. 215-T “On Methodological Recommendations ‘On Accounting of Repurchase Agreements’”, dated December 22, 2014, the procedure of accounting for securities repurchase transactions (repo transactions) was clarified. In particular, the procedure was identified for accounting the revaluation of securities received in reverse repo and transferred to classic repo, until they are returned under the second part of the classic repo on off-balance account 91419; such revaluation is carried out daily.

Accounting for transactions with issued securities was complemented with the procedure of accounting yield of the issued bonds; the amounts accrued during the yield circulation period of the issued interest (coupon) bonds are recorded on the books monthly, 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 in the corresponding accounts on the last business day of the reporting month.

Adjustments were made to accrual of depreciation for acquired goodwill: since January 1, 2015, no depreciation is accrued to the acquired goodwill, nor to the land plots.

The procedure of accounting for additional costs of DFIs — the costs associated with the conclusion of a contract being an DFI and the disposal of PFI (except for the amounts paid under the contract to the other party) are recognized as operating expenses and accounted for in the Statement of Financial Performance under “Other operating expenses”.

The list of adjusting events after the reporting date when drawing up the annual statements is updated — now it includes determination of amounts of deferred tax liabilities and deferred tax assets on income tax at the end of the reporting year.

5. Accompanying Information to the Balance Sheet

5.1. Cash and Cash Equivalents

<i>RUB million</i>	<i>Jan 1, 15</i>	<i>Jan 1, 14</i>
Cash	1,240,712	717,320
Cash on accounts of the Bank of Russia	227,154	296,674
Funds on correspondent accounts with credit institutions of the Russian Federation	35,826	2,062
Funds on correspondent accounts in foreign banks	320,661	92,239
Total cash and cash equivalents	1,824,353	1,108,295
Less funds in credit institutions with risk of loss	-1,631	-807
Total cash and cash equivalents net of funds in credit institutions with risk of loss	1,822,722	1,107,488

5.2. Financial Assets Carried at Fair Value Through Profit or Loss

The tables below present the structure of financial assets, estimated at fair value through profit or loss, broken down by types of financial assets:

<i>RUB million</i>	<i>Jan 1, 15</i>	<i>Jan 1, 14</i>
Total debt and equity securities, including:	165,835	96,381
Russian Government Bonds	4,816	34,820
<i>Eurobonds of the Russian Federation</i>	4,355	3,601
<i>Federal Loan Bonds (OFZ)</i>	461	31,219
Bonds of subjects of the Russian Federation	458	2,386
Bonds and Eurobonds of banks	62,388	15,091
<i>Russian credit institutions</i>	62,388	14,875
<i>Foreign credit institutions</i>	-	216
Corporate bonds	41,490	38,836
<i>Russian entities</i>	41,478	35,285
<i>Foreign companies</i>	12	3,551
Eurobonds of foreign governments	124	877
Shares	56,559	4,371
<i>Oil and gas industry</i>	55,518	1,039
<i>Metallurgy</i>	991	-
<i>Financial services</i>	50	3,324
<i>Chemical industry</i>	-	8
Total derivative financial instruments, including:	659,853	48,282
Forward contracts	92,688	1,571
<i>Foreign currency</i>	92,368	1,411
<i>Precious metals</i>	62	160
<i>Other</i>	258	-
Options	269,717	20,516
<i>Foreign currency</i>	220,158	18,502
<i>Precious metals</i>	3,941	288
<i>Derivative financial instruments</i>	293	321
<i>Securities</i>	5	-
<i>Other</i>	45,320	1,405
Swaps	297,448	26,195
<i>Foreign currency</i>	65,073	3,914
<i>Interest rates</i>	25,895	3,395
<i>Precious metals</i>	1,358	264
<i>Foreign currency and interest rate (currency and interest)</i>	191,856	18,622
<i>Securities</i>	13,266	-
Total investments in financial assets carried at fair value through profit or loss	825,688	144,663

Jan 1, 15

RUB million	Investments	Redemption period	Coupon rate
Russian Government Bonds	4,816		
<i>Eurobonds of the Russian Federation</i>	4,355	April 4, 2022 - April 4, 2042	4.50 % - 7.50 %
<i>Federal Loan Bonds (OFZ)</i>	461	April 19, 2017	7.40 %
Bonds of subjects of the Russian Federation	458	June 1, 2016 - September 24, 2019	7.00 % - 10.75 %
Bonds and Eurobonds of banks	62,388		
<i>Russian credit institutions</i>	62,388	March 4, 2015 - August 30, 2029	3.35 % - 13.50 %
Corporate bonds	41,490		
<i>Russian entities</i>	41,478		
<i>Telecommunications</i>	10,139	October 13, 2015 - May 7, 2024	5.00 % - 12.00 %
<i>Oil and gas industry</i>	7,737	November 22, 2016 - September 19, 2022	3.15 % - 9.25 %
<i>Banking</i>	7,481	July 15, 2016 - February 17, 2032	4.22 % - 12.00 %
<i>Services</i>	7,083	October 1, 2015 - May 13, 2031	5.13 % - 10.75 %
<i>Transport, aviation and space industry</i>	4,470	November 18, 2015 - March 25, 2031	5.74 % - 7.80 %
<i>Metallurgy</i>	2,535	June 18, 2015 - July 20, 2023	4.38 % - 8.95 %
<i>Trade</i>	1,315	February 3, 2016 - December 13, 2022	4.42 % - 7.00 %
<i>Power industry</i>	455	March 13, 2019 - January 7, 2028	7.75 % - 8.75 %
<i>Chemical industry</i>	205	April 30, 2018	3.72 %
<i>Machine building</i>	58	September 26, 2018	7.63 %
<i>Foreign companies</i>	12		
<i>Other</i>	12	August 11, 2023	10.25 %
Eurobonds of foreign governments	124	September 26, 2016	7.00 %
Total investments in debt obligations carried at fair value through profit or loss	109,276		
Including those transferred without derecognition under sale and repurchase agreements:	149	March 7, 2022 - April 4, 2022	4.50 % - 6.51 %

Jan 1, 14

RUB million	Investments	Redemption period	Coupon rate
Russian Government Bonds	34,820		
<i>Eurobonds of the Russian Federation</i>	3,601	July 24, 2018 – March 31, 2030	3.63 % - 11.00 %
<i>Federal Loan Bonds (OFZ)</i>	31,219	August 16, 2023 - January 19, 2028	7.00 % - 8.16 %
Bonds of subjects of the Russian Federation	2,386	April 16, 2014 - September 18, 2020	5.06 % - 9.74 %
Bonds and Eurobonds of banks	15,091		
<i>Russian credit institutions</i>	14,875	January 14, 2014 - June 30, 2035	3.10 % - 13.50 %
<i>Foreign credit institutions</i>	216	December 20, 2015 - May 11, 2018	5.50 % - 8.50 %
Corporate bonds	38,836		
<i>Russian entities</i>	35,285		
<i>Services</i>	9,819	July 1, 2014 - May 13, 2031	6.38 % - 13.50 %
<i>Telecommunications</i>	7,725	May 13, 2014 – February 13, 2023	5.95 % - 9.13 %
<i>Metallurgy</i>	5,945	April 19, 2014 - October 2, 2023	4.38 % - 9.25 %
<i>Oil and gas industry</i>	4,596	February 12, 2014 - September 19, 2022	2.93 % - 10.50 %
<i>Banking</i>	2,601	July 15, 2016 - September 23, 2032	4.03 % - 8.55 %
<i>Power industry</i>	2,138	March 11, 2014 - September 14, 2027	3.91 % - 8.60 %
<i>Transport, aviation and space industry</i>	1,329	April 7, 2015 - January 16, 2025	5.70 % - 9.00 %
<i>Trade</i>	650	April 22, 2014 - October 27, 2017	5.33 % - 9.88 %

<i>Chemical industry</i>	399	February 13, 2018 - May 18, 2021	4.20 % - 7.95 %
<i>Machine building</i>	83	February 4, 2014 - September 26, 2018	7.63 % - 8.60 %
<i>Foreign companies</i>	3,551		
<i>Oil and gas industry</i>	2,333	January 23, 2015 - May 5, 2020	5.45 % - 11.75 %
<i>Services</i>	1,076	March 26, 2018	10.88 %
<i>Banking</i>	142	February 21, 2019 - October 7, 2020	7.65 % - 8.50 %
Eurobonds of foreign governments	877	January 5, 2015 - January 26, 2024	2.75 % - 8.25 %
Total investments in debt obligations carried at fair value through profit or loss	92,010		
Including those transferred without derecognition under sale and repurchase agreements:	51	February 25, 2016	7.90 %

As of January 1, 2015, the value of shares transferred without derecognition under sale and repurchase agreements amounted to RUB 1,066 million (there were no such securities as of January 1, 2014).

Below are the methods and assumptions used in determining the fair value of financial instruments.

Derivative Financial Instruments

Derivative financial instruments, valued using the valuation techniques based on observable market data of the information systems that are widely known in the market, include interest rate swaps, currency swaps, forex forward and option contracts. In order to assess the value of forwards and swaps, methods for assessing the present value of future flows are mainly used. Options are generally valued using the Black-Scholes model. The model data include a variety of parameters, such as: credit quality of counterparties, foreign exchange spot and forward rates, interest rate and volatility curves.

Securities at fair value through profit or loss

Securities valued at fair value through profit or loss, using valuation techniques or pricing models, include unquoted equity and debt securities. Those securities are valued at the models containing only observable market data, and also at the models containing both observable and unobservable market data. Unobservable market parameters include assumptions about the future financial position of the issuer, its level of risk, and economic evaluations of the industry and geographical jurisdiction in which it operates.

5.3. Net Loans Receivable

Net loan debt includes loans extended to credit organizations, other legal entities and individuals, and other debt that is classed as the equivalent of loan debt. The Bank mainly grants loans to residents of the Russian Federation and to non-residents operating within the Russian Federation:

<i>RUB million</i>	<i>Jan 1, 15</i>	<i>share, %</i>	<i>Jan 1, 14</i>	<i>share, %</i>
Deposits with the Bank of Russia	0	0.0 %	50,000	0.4 %
Interbank loans and other equivalent debt of banks	972,436	5.8 %	630,035	5.0 %
Corporate loans receivable and their equivalent	11,648,210	69.8 %	8,546,719	68.1 %
Retail loans receivable and their equivalent	4,069,937	24.4 %	3,333,191	26.5 %
Loan debt before provisions for possible losses	16,690,583	100 %	12,559,945	100 %
Provisions for possible loss	-801,204		-581,938	
Net loans receivable	15,889,379		11,978,007	

Analysis of loans (without taking into account loans to banks), broken down by types of economic activity, is presented in the table below:

<i>RUB million</i>	<i>Jan 1, 15</i>	<i>share, %</i>	<i>Jan 1, 14</i>	<i>share, %</i>
Individuals	4,069,937	25.9 %	3,333,191	28.1 %
Services	3,392,872	21.6 %	2,318,355	19.5 %
Trade	1,632,122	10.4 %	1,145,240	9.6 %
Power industry	803,968	5.1 %	571,104	4.8 %
Machine building	803,478	5.1 %	572,885	4.8 %
State and municipal agencies of the Russian Federation	797,689	5.1 %	640,177	5.4 %
Food industry and agriculture	786,592	5.0 %	758,687	6.4 %
Metallurgy	671,533	4.3 %	426,425	3.6 %
Construction	496,602	3.2 %	401,125	3.4 %
Telecommunications	470,860	3.0 %	544,940	4.6 %
Chemical industry	453,652	2.9 %	347,598	2.9 %
Transport, aviation and space industry	393,398	2.5 %	321,257	2.7 %
Oil and gas industry	307,121	1.9 %	160,247	1.3 %
Woodworking industry	53,861	0.3 %	54,941	0.5 %
Other	584,462	3.7 %	283,738	2.4 %
Total loans to individuals and legal entities before deduction of provisions for possible losses	15,718,147	100.0 %	11,879,910	100.0 %

Analysis of loans to legal entities (without into account loans to banks), broken down by the purposes of the loans, is presented in the table below:

<i>RUB million</i>	<i>Jan 1, 15</i>	<i>share, %</i>	<i>Jan 1, 14</i>	<i>share, %</i>
Financing of operating activities	7,107,485	61.0 %	5,014,895	58.7 %
Investment lending and project finance	4,402,373	37.8 %	3,405,893	39.8 %
Receivables under transactions involving alienation (acquisition) by the Bank of financial assets with simultaneous granting to the counterparty of a grace period (supply of financial assets)	9,014	0.1 %	13,045	0.2 %
Lending within REPO transactions	129,338	1.1 %	112,886	1.3 %
Total loans to legal entities before deduction of provisions for possible losses	11,648,210	100 %	8,546,719	100 %

Analysis of loans to individuals, broken down by the purposes of the loans, is presented in the table below:

<i>RUB million</i>	<i>Jan 1, 15</i>	<i>share, %</i>	<i>Jan 1, 14</i>	<i>share, %</i>
For consumer purposes	2,088,936	51.3 %	1,843,451	55.3 %
Mortgage Loans	1,918,240	47.1 %	1,384,278	41.5 %
Car Loans	62,748	1.6 %	105,424	3.2 %
Claims for the debts incurred as a result of the Bank's execution of cession agreements with deferred payment	13	0.0 %	38	0.0 %
Total loans to individuals before deduction of provisions for possible losses	4,069,937	100.0 %	3,333,191	100 %

Movement of the provision for possible losses on loan and equivalent debt, including provisions for possible losses on claims pertaining to the receipt of interest income:

<i>RUB million</i>	<i>2014</i>	<i>2013</i>
Creation (additional charge) of provisions in the reporting period, total	549,220	283,888
including as a result of:		
loans issued	167,806	113,651
changes in loan quality	317,162	149,440
change in the official currency exchange rate against the ruble, as set by the Bank of Russia	7,035	1,242
other reasons	57,217	19,555
Recovery (decrease) of provisions in the reporting period, total	328,335	297,729
including as a result of:		
loans written off as uncollectible	58,846	53,396
repayment of loans	205,608	188,543
changes in loan quality	53,447	46,259
change in the official currency exchange rate against the ruble, as set by the Bank of Russia	0	0
other reasons	10,434	9,531

5.4. Financial Investment into Securities Available for Sale

Structure of net investments in securities and other financial assets available for sale:

RUB million	Jan 1, 15	Jan 1, 14
Russian Government Bonds	796,023	852,500
<i>Eurobonds of the Russian Federation</i>	166,624	116,789
<i>Federal Loan Bonds (OFZ)</i>	629,399	735,711
Bonds of subjects of the Russian Federation	45,878	56,325
Bonds and Eurobonds of banks	43,638	48,967
<i>Russian credit institutions</i>	33,348	38,706
<i>Foreign credit institutions</i>	10,290	10,261
Corporate bonds	442,729	440,531
<i>Russian entities</i>	421,251	418,804
<i>Provision</i>	-28	-107
<i>Foreign companies</i>	21,506	21,834
Eurobonds of foreign governments	349	-
Shares	30,989	34,983
<i>Services</i>	17,452	18,352
<i>Provision</i>	-1,532	-1,531
<i>Oil and gas industry</i>	7,082	9,920
<i>Power industry</i>	1,728	4,321
<i>Banking</i>	16	12
<i>Metallurgy</i>	5	4
<i>Food industry and agriculture</i>	-	300
<i>Other</i>	6,238	3,605
Investments in subsidiaries and affiliates	386,383	310,871
<i>Provision</i>	-543	-
Operations of other interest	85	94
<i>9494Provision</i>	-41	-43
Total securities available for sale	1,745,490	1,744,228

Jan 1, 15			
RUB million	Amount of investments	Redemption period	Coupon rate
Russian Government Bonds	796,023		
<i>Eurobonds of the Russian Federation</i>	166,624	April 29, 2015 - 2016 September 43	3.25 % - 12.75 %
<i>Federal Loan Bonds (OFZ)</i>	629,399	June 03, 2015 - February 6, 2036	2.01 % - 10.00 %
Bonds of subjects of the Russian Federation	45,878	18 June 15 - 11 June 22	5.06 % - 12.00 %
Bonds and Eurobonds of banks	43,638		
<i>Russian credit institutions</i>	33,348	01 February 15 - 13 November 29	4.25 % - 13.25 %
<i>Foreign credit institutions</i>	10,290	02 November 15	8.50 %
Corporate bonds	442,729		
<i>Russian entities</i>	421,223		
<i>Oil and gas industry</i>	111,107	02 February 15 - 20 September 44	3.15 % - 11.25 %
<i>Telecommunications</i>	61,952	13 October 15 - 07 May 24	5.00 % - 9.45 %
<i>Banking</i>	58,078	15 July 16 - 23 September 32	3.04 % - 8.55 %
<i>Transport, aviation and space industry</i>	54,951	03 March 15 - 07 November 28	3.37 % - 10.00 %
<i>Services</i>	53,230	24 July 13 - 01 March 33	3.42 % - 11.50 %
<i>Provision</i>	-28		
<i>Metallurgy</i>	34,864	18 June 15 - 25 November 22	4.38 % - 8.95 %
<i>Power industry</i>	25,522	21 October 15 - 06 October 27	7.88 % - 8.75 %
<i>Trade</i>	14,388	12 October 15 - 13 December 22	4.42 % - 8.85 %
<i>Chemical industry</i>	6,040	13 October 15 - 18 May 21	3.72 % - 10.25 %
<i>Machine building</i>	1,119	28 September 23	8.10 %
<i>Foreign companies</i>	21,506		
<i>Services</i>	14,876	23 September 15	8.00 %

Jan 1, 15

<i>RUB million</i>	<i>Amount of investments</i>	<i>Redemption period</i>	<i>Coupon rate</i>
<i>Banking</i>	6,630	12 February 16 - 24 May 21	7.65 % - 11.09 %
<i>Eurobonds of foreign governments</i>	349	01 January 15 - 02 April 15	8.20 % - 8.92 %
Total debt securities available for sale	1,328,617		
Including those transferred without derecognition under sale and repurchase agreements:	736,949	01 February 15 - 16 September 43	3.04 % - 12.75 %

As of January 1, 2015, the value of shares transferred without derecognition under sale and repurchase agreements amounted to RUB 105 million (there were no such securities as of January 1, 2014).

Jan 1, 14

<i>RUB million</i>	<i>Amount of investments</i>	<i>Redemption period</i>	<i>Coupon rate</i>
<i>Russian Government Bonds</i>	852,500		
<i>Eurobonds of the Russian Federation</i>	116,789	29 April 15 - 16 September 43	3.25 % - 12.75 %
<i>Federal Loan Bonds (OFZ)</i>	735,711	13 March 14 - 06 February 36	1.70 % - 12.00 %
<i>Bonds of subjects of the Russian Federation</i>	56,325	15 April 14 - 11 June 22	5.06 % - 12.50 %
<i>Bonds and Eurobonds of banks</i>	48,967		
<i>Russian credit institutions</i>	38,706	27 April 14 - 13 October 22	4.25 % - 9.00 %
<i>Foreign credit institutions</i>	10,261	02 November 15	8.50 %
<i>Corporate bonds</i>	440,531		
<i>Russian entities</i>	418,697		
<i>Oil and gas industry</i>	106,894	12 February 14 - 30 May 23	3.15 % - 13.75 %
<i>Telecommunications</i>	64,175	13 May 14 - 30 May 23	5.00 % - 9.13 %
<i>Services</i>	57,778	24 July 13 - 06 February 32	3.42 % - 10.00 %
<i>Provision</i>	-28		
<i>Transport, aviation and space industry</i>	50,652	03 March 15 - 07 November 28	3.37 % - 10.75 %
<i>Banking</i>	45,063	15 July 16 - 23 September 32	3.04 % - 8.55 %
<i>Metallurgy</i>	37,459	27 February 14 - 25 November 22	4.38 % - 9.25 %
<i>Power industry</i>	36,017	02 September 09 - 06 October 27	7.10 % - 8.75 %
<i>Provision</i>	-79		
<i>Trade</i>	14,794	23 January 14 - 13 December 22	4.42 % - 9.25 %
<i>Chemical industry</i>	4,781	13 February 18 - 18 May 21	3.72 % - 7.95 %
<i>Machine building</i>	1,191	28 September 23	8.10 %
<i>Foreign companies</i>	21,834		
<i>Services</i>	15,397	23 September 15	8.00 %
<i>Banking</i>	6,437	12 February 16 - 07 October 20	6.39 % - 8.50 %
Total debt securities available for sale	1,398,323		
Including those transferred without derecognition under sale and repurchase agreements:	1,076,801	04 February 14 - 16 September 43	2.01 % - 13.75 %

Information on the change in the provision for possible losses on securities available for sale:

<i>RUB million</i>	<i>2014</i>	<i>2013</i>
Provision for possible losses on securities available for sale, as of January 1	- 1,638	- 1,636

Change in the provision for possible losses on securities available for sale	78	-2
Provision for possible losses on securities available for sale, as of December 31	- 1,560	- 1,638
<hr/>		
<i>RUB million</i>	<i>2014</i>	<i>2013</i>
<hr/>		
Provision for possible losses on investments in subsidiaries and affiliates and operations of other equity participation, as of January 1	- 43	- 19
Change in the provision for possible losses on investments in subsidiaries and affiliates and operations of other interest	-541	- 24
Provision for possible losses on investments in subsidiaries and affiliates and operations of other interest, as of December 31	- 584	- 43
<hr/>		

5.5. Financial Investments in Subsidiaries and Dependent entities

<i>RUB million</i>	<i>Jan 1, 15</i>		<i>Jan 1, 14</i>	
	<i>Amount of investments</i>	<i>Proportion of the Bank in capital, %</i>	<i>Amount of investments</i>	<i>Proportion of the Bank in capital, %</i>
Subsidiaries				
<i>Denizbank Anonim Sirketi</i>	119,544	99.9	105,244	99.9
<i>Sberbank Europe AG</i>	62,440	100.0	51,041	100.0
<i>Sberbank Capital LLC</i>	57,459	100.0	39,672	100.0
<i>Promising Investments LLC</i>	33,000	100.0	33,000	100.0
<i>Public Joint-Stock Company Subsidiary Bank of Sberbank of Russia</i>	17,793	100.0	17,039	100.0
<i>SB International S.a.r.l.</i>	16,739	100.0	17,205	100.0
<i>Auksion LLC</i>	15,829	100.0	3,335	100.0
<i>SB of Sberbank JSC</i>	13,917	100.0	12,281	100.0
<i>BPS-Sberbank OJSC</i>	10,475	98.4	3,856	98.4
<i>Setelem Bank LLC</i>	9,171	74.0	7,693	74.0
<i>SB Luxembourg S.a.r.l.</i>	8,509	100.0	3,782	100.0
<i>Provision</i>	-237		-	
<i>Sberbank Investments LLC</i>	7,057	100.0	7,057	100.0
<i>Universal Electronic Card OJSC</i>	2,488	72.3	1,188	45.1
<i>Provision</i>	-25		-	
<i>Bylinnye Bogatyri LLC</i>	2,038	100.0	-	-
<i>PS Yandex.Money LLC</i>	1,964	75.0	1,964	75.0
<i>Closed joint-stock company Sberbank Private Pension Fund</i>	690	75.0	-	-
<i>Sberbank Life Insurance IC LLC</i>	1,031	100.0	-	-
<i>Sberbank Insurance IC LLC</i>	170	100.0	760	100.0
<i>Sberbank Leasing CJSC</i>	23	100.0	23	100.0
<i>Other subsidiaries</i>	5,007	50.0–100.0	4,585	50.0–100.0
<i>Provision</i>	-133		-	
Dependent entities				
<i>Nitol Solar Limited</i>	742	25.0	850	25.0
<i>Provision</i>	-148		-	
<i>Other dependent entities</i>	132	49.9–50.0	132	49.9–50.0
Other interest	164	50.0	164	50.0
Total investments in subsidiaries, dependent entities and other participation	385,839		310,871	

5.6. Net Investments in Securities Held to Maturity

Structure of net investments in securities held to maturity:

<i>RUB million</i>	<i>Jan 1, 15</i>	<i>Jan 1, 14</i>
Russian Government Bonds	187,906	203,945
<i>Eurobonds of the Russian Federation</i>	25,073	-
<i>Federal Loan Bonds (OFZ)</i>	162,833	203,945
Bonds of subjects of the Russian Federation	39,883	60,833
Corporate bonds	138,685	139,209
<i>Russian entities</i>	115,051	122,164
<i>Provision</i>	-442	-2,227
<i>Foreign companies</i>	25,655	19,305
<i>Provision</i>	-1,579	-33
Total securities held to maturity	366,474	403,988

<i>Jan 1, 15</i>				
<i>RUB million</i>	<i>Investment s</i>	<i>Redemption period</i>	<i>Coupon rate</i>	<i>Coupon income</i>
Russian Government Bonds	187,906			11,410
<i>Eurobonds of the Russian Federation</i>	25,073	24 July 18 - 24 June 28	11.00 % - 12.75 %	559
<i>Federal Loan Bonds (OFZ)</i>	162,833	03 August 16 - 09 January 19	5.50 % - 8.94 %	10,851
Bonds of subjects of the Russian Federation	39,883	24 June 15 - 08 April 20	7.00 % - 13.06 %	2,938
Corporate bonds	138,685			9,829
<i>Russian entities</i>	114,608			8,296
<i>Services</i>	29,215	02 June 16 - 28 December 46	5.70 % - 11.50 %	1,981
<i>Machine building</i>	27,352	26 September 18 - 09 July 20	7.63 % - 9.00 %	2,098
<i>Power industry</i>	23,552	28 October 15 - 22 June 21	7.50 % - 8.70 %	1,786
<i>Provision</i>	-47			
<i>Metallurgy</i>	14,374	19 March 18 - 05 April 21	4.45 % - 8.50 %	656
<i>Provision</i>	-356			
<i>Oil and gas industry</i>	10,332	02 February 16 - 26 January 21	8.40 % - 8.90 %	862
<i>Telecommunications</i>	7,585	07 November 17 - 03 November 20	8.15 % - 8.70 %	628
<i>Transport, aviation and space industry</i>	2,138	20 December 16 - 13 January 17	11.00 % - 12.50 %	241
<i>Provision</i>	-9			
<i>Trade</i>	503	01 June 21	8.85 %	44
<i>Provision</i>	-30			
<i>Foreign companies</i>	24,076			1,533
<i>Services</i>	7,895	28 November 17 - 14 February 18	8.75 % - 10.50 %	275
<i>Provision</i>	-1,579			
<i>Metallurgy</i>	5,679	07 May 18	6.38%	245
<i>Other</i>	12,081	13 December 18 - 11 August 23	6.25 % - 10.25 %	1,014
Total debt securities held to maturity	366,474			24,177
Including those transferred without derecognition under sale and repurchase agreements:	326,301	24 June 15 - 24 June 28	4.45 % - 12.75 %	21,306

January 1, 2014

<i>RUB million</i>	<i>Investment s</i>	<i>Redemption period</i>	<i>Coupon rate</i>	<i>Coupon income</i>
Russian Government Bonds	203,945			5,855
<i>Federal Loan Bonds (OFZ)</i>	203,945	20 August 14 - 09 January 19	5.50 % - 12.00 %	5,855
Bonds of subjects of the Russian Federation	60,833	16 April 14 - 18 December 18	7.00 % - 12.00 %	4,059
Corporate bonds	139,209			10,040
<i>Russian entities</i>	119,938			9,095
<i>Services</i>	29,041	20 March 14 - 13 May 31	5.63 % - 10.50 %	2,222
<i>Provision</i>	-2,015			
<i>Power industry</i>	27,939	28 May 14 - 12 October 23	7.10 % - 8.75 %	2,183
<i>Provision</i>	-92			
<i>Machine building</i>	26,812	24 February 14 - 09 July 20	7.63 % - 10.00 %	1,998
<i>Metallurgy</i>	12,319	22 February 18 - 05 April 21	4.45 % - 8.50 %	644
<i>Provision</i>	-121			
<i>Oil and gas industry</i>	13,330	02 December 14 - 26 January 21	0.10 % - 8.90 %	1,046
<i>Telecommunications</i>	7,583	07 November 17 - 03 November 20	8.15 % - 8.70 %	628
<i>Trade</i>	3,003	28 February 14 - 01 June 21	7.75 % - 8.85 %	237
<i>Transport, aviation and space industry</i>	2,138	20 December 16 - 13 January 17	11.00 % - 12.50 %	137
<i>Foreign companies</i>	19,272			945
<i>Services</i>	5,334	20 May 15 - 14 February 18	8.75 % - 10.25 %	500
<i>Metallurgy</i>	3,304	07 May 18	6.38 %	135
<i>Provision</i>	-33			
<i>Other</i>	10,666	13 December 18 - 11 August 23	6.25 % - 10.25 %	311
Total debt securities held to maturity	403,988			19,954
Including those transferred without derecognition under sale and repurchase agreements:	246,607	28 February 14 – 13 May 31	0.10 % - 11.20 %	9,953

Information on change in the provision for possible losses on securities held to maturity:

<i>RUB million</i>	<i>2014</i>	<i>2013</i>
Provision for possible losses on securities held to maturity, as of January 1	- 2,260	- 462
Change in the provision for possible losses on securities held to maturity	238	- 1,798
Provision for possible losses on securities held to maturity, as of December 31	- 2,021	- 2,260

On June 11, 2014, the Eurobonds of the Russian Federation have been reclassified from the portfolio of securities available for sale to portfolio of securities held to maturity in the amount of:

- Eurobonds of the Russian Federation 2018 (ISIN XS0089375249) – 97,000 units,
- Eurobonds of the Russian Federation 2028 (ISIN XS0088543193) – 185,000 units,

with the total value of RUB 15,916.6 million. As of January 1, 2015, the value of securities was RUB 25,073.0 million. This reclassification was carried out in connection with the change of investment intentions, as the Executive Board of the Bank had resolved to hold these bonds in the portfolio until their redemption.

5.7. Fixed Assets, Intangible Assets, and Immovable Property Temporarily Unused in Core Activities

<i>RUB million</i>	<i>Immovable property of bank purpose</i>	<i>Other buildings</i>	<i>Office and computer equipment</i>	<i>Cars and other facilities</i>	<i>Construction in progress</i>	<i>Inventories</i>	<i>Immovable property and land temporarily unused in core activities</i>	<i>Intangible assets</i>	<i>Total</i>
Initial or revalued cost as of January 1, 2013	311,292	418	190,477	14,495	37,512	20,828	3,123	5,674	583,819
Accrued depreciation	-38,771	-52	-99,854	-6,364	-	-	-	-749	-145,790
Residual value at January 1, 2013	272,521	366	90,623	8,131	37,512	20,828	3,123	4,925	438,029
Acquisitions	120,464	139	89,666	7,443	49,874	33,470	1,289	5,269	307,614
Transfers	23,606	17	10,484	327	-33,937	-872	375	-	-
Disposals - under initial or revaluation value	-113,295	-220	-70,212	-6,328	-20,579	-30,398	-1,502	-207	-242,741
Disposals – accumulated depreciation	6,810	35	1,287	634	-	-	-	-	8,766
Depreciation deductions	-11,459	-15	-29,512	-1,881	-	-	-	-731	-43,598
Residual value at January 1, 2014	298,647	322	92,336	8,326	32,870	23,028	3,285	9,256	468,070
Initial or revalued cost as of January 1, 2014	342,067	354	220,415	15,937	32,870	23,028	3,285	10,736	648,692
Accrued depreciation	-43,420	-32	-128,079	-7,611	-	-	-	-1,480	-180,622
Initial or revalued cost as of January 1, 2014	342,067	354	220,415	15,937	32,870	23,028	3,285	10,736	648,692
Accrued depreciation	-43,420	-32	-128,079	-7,611	-	-	-	-1,480	-180,622
Residual value at January 1, 2014	298,647	322	92,336	8,326	32,870	23,028	3,285	9,256	468,070
Acquisitions	63,224	1,333	66,484	4,268	29,552	40,314	686	9,470	215,331
Transfers	17,891	2	7,208	525	-24,700	-705	-221	-	-
Disposals - under initial or revaluation value	-65,055	-229	-54,362	-3,670	-15,895	-31,720	-755	-918	-172,604
Disposals – accumulated depreciation	5,703	5	8,302	536	-	-	-	-	14,546
Depreciation deductions	-11,020	-8	-32,507	-1,932	-	-	-	-1,263	-46,730
Residual value at January 1, 2015	309,390	1,425	87,461	8,053	21,827	30,917	2,995	16,545	478,613
Initial or revalued cost as of January 1, 2015	358,127	1,460	239,745	17,060	21,827	30,917	2,995	19,288	691,419

Accrued depreciation	-48,737	-35	-152,284	-9,007	-	-	-	-2,743	-212,806
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The Bank revalues its fixed assets pertaining to the category of buildings at the current (replacement) value on a regular basis so that the balance sheet value of such items does not substantially differ from their current (replacement) value. The fixed assets of the above category were revalued at the current (replacement) value as of January 1, 2012. The revaluation was made based on the opinions of independent appraisers having the appropriate professional qualification and experienced in evaluating assets of such category. To evaluate the current (replacement) value, the items were classified into special and non-special. Special items were evaluated using primarily the cost approach, while in evaluating non-special items, the comparative approach was used. The evaluation was performed by PricewaterhouseCoopers Russia B.V.

5.8. Other Assets

<i>(RUB million)</i>	<i>Jan. 1, 15</i>	<i>Jan. 1, 14</i>
Other financial assets		
Settlements on conversion operations	124,399	14,975
Loan interest receivables	90,450	68,998
	34,176	-
Settlements with commercial banks on banknote transactions		
Settlements with other debtors	27,945	22,420
Settlements on derivative financial instruments	26,322	9,304
Incomplete plastic card settlements	26,450	83,122
Settlements on compensation payout operations on deposits of commercial banks	17,128	53,960
Settlements on forfeits	10,759	10,679
Accrued fee receivables	5,276	4,228
Other settlements	5,939	1,243
Other	2,543	1,358
Total other financial assets	371,387	270,287
Other non-financial assets		
Expenditure of future periods	17,981	12,124
Non-current assets held for sale and assets of the disposal group	15,116	12,104
Advances issued	12,141	23,804
Prepayment on other taxes	8,112	9,437
Payment receivables for commemorative coins, bought and sold	3,796	7,133
Precious Metals	2,113	2,094
Other	5,228	6,681
Total other non-financial assets	64,487	73,376
Provision for impairment of other assets	-28,690	-28,205
Total other assets	407,184	315,457

Information on the change in the provision for possible losses on other assets:

<i>RUB million</i>	<i>2014</i>	<i>2013</i>
Provision for possible losses on other assets, as of January 1	- 19,935	- 17,183
Change in the provision for possible losses on other assets	- 5,616	- 5,662
Written off from the provision	6,067	2,910
Provision for possible losses on other assets, as of December 31	- 19,484	- 19,935

5.9. Due to Credit Institutions

<i>in RUB million</i>	<i>Jan. 1, 15</i>	<i>Jan. 1, 14</i>
Direct repo contracts with banks	38,403	15,741
Correspondent accounts	142,529	90,409
Loans and deposits received from banks	537,075	493,893
incl. syndicated loans	118,559	110,889
Overnight deposits	1,018	-
Obligations on repayment to creditor (to bank) of the borrowed securities	75,831	30,417
Total funds of banks	794,856	630,459

The cost of the securities pledged as collateral under direct repo as of January 1, 2015, amounted to RUB 42,390 million, as of January 1, 2014 – RUB 23,363 million.

Information about the conditions and timeframes for received syndicated loans is presented in the table below:

<i>Issue</i>	<i>Drawdown date</i>	<i>Repayment date</i>	<i>Currency</i>	<i>Nominal value (in millions of currency units)</i>	<i>Contractual interest rate, %</i>	<i>Book value, RUB million</i>	
						<i>Jan. 1, 15</i>	<i>Jan. 1, 14</i>
Issue 2	25 November 2011	25 November 2014	USD	1,059	3m LIBOR+1.50 %	-	34,660
Issue 3	25 November 2011	25 November 2014	EUR	103	3m EURIBOR+1.10 %	-	4,650
Issue 4	15 February 2012	15 February 2017	EUR	500	3m EURIBOR+1.50 %	34,171	22,485
Issue 5	30 October 2012	30 October 2015	USD	1,500	3m LIBOR+1.50 %	84,388	49,094
Total syndicated loans:						118,559	110,889

5.10. Deposits of Customers Other than Credit Institutions

<i>in RUB million</i>	<i>Jan. 1, 15</i>	<i>Jan. 1, 14</i>
Individuals and individual entrepreneurs	7,999,052	7,655,695
current accounts / demand accounts	1,561,367	1,589,127
fixed-term deposits	6,437,685	6,066,568
Corporate customers	5,893,843	3,376,244
current accounts / demand accounts	1,737,317	1,411,780
fixed-term deposits	4,153,400	1,962,268
Obligations on repayment to creditor (non-bank) of the borrowed securities	3,126	2,196
Deposits in precious metals and other deposits	133,829	96,097
funds of individuals and individual entrepreneurs	128,855	90,148
funds of legal entities	4,974	5,949
Total deposits of customers	14,026,724	11,128,035

Analysis of customer deposits, broken down by types of economic activity, is presented in the table below:

<i>(RUB million)</i>	<i>Jan. 1, 15</i>	<i>share, %</i>	<i>Jan. 1, 14</i>	<i>share, %</i>
Individuals	7,932,046	56.6 %	7,586,126	68.2 %
Services	994,562	7.1 %	675,892	6.1 %
Oil and gas industry	934,919	6.7 %	492,123	4.4 %
Issued bonds	856,382	6.1 %	417,607	3.8 %
State and municipal agencies of the Russian Federation	736,274	5.2 %	68,355	0.6 %
Trade	522,210	3.7 %	421,299	3.8 %
Machine building	281,523	2.0 %	193,995	1.8 %
Construction	266,559	1.9 %	325,904	2.9 %
Metallurgy	201,161	1.4 %	115,048	1.0 %
Transport, aviation and space industry	174,918	1.2 %	86,505	0.8 %
Power industry	164,114	1.2 %	116,185	1.0 %
Food industry and agriculture	111,665	0.8 %	78,511	0.7 %
Chemical industry	105,529	0.8 %	77,022	0.7 %
Telecommunications	93,159	0.7 %	67,347	0.6 %
Woodworking industry	34,100	0.2 %	25,112	0.2 %
Other	617,603	4.4 %	381,004	3.4 %
Total deposits of customers	14,026,724	100.0 %	11,128,035	100.0 %

The information on other borrowed funds reflected in the term deposits of corporate customers is presented in the following table:

<i>RUB million</i>	<i>Jan 1, 15</i>	<i>Jan 1, 14</i>
Loan participation notes issued as part of MTN program:	856,382	417,607
Subordinated loans	225,034	98,188
Non-subordinated loans	631,348	319,420
Notes issued under the ECP program	15,720	46,669
Total other borrowings	872,102	464,276

Description of loan participation notes issued under the MTN program is provided in the table below:

<i>Issue</i>	<i>Subord.</i>	<i>Drawdown date</i>	<i>Repayment date</i>	<i>Currency</i>	<i>Nominal value (in millions of currency units)</i>	<i>Contractual interest rate, %</i>	<i>Book value, RUB million</i>	
							<i>Jan. 1, 15</i>	<i>Jan. 1, 14</i>
Series 4 ⁱ		07 July 2010	07 July 2015	USD	1,500	5.50 %	84,388	49,094
Series 5 ⁱⁱ		24 September 2010	24 March 2017	USD	1,250	5.40 %	70,323	40,912
Series 6		12 November 2010	12 November 2014	CHF	400	3.50 %	-	14,678
Series 7		16 June 2011	16 June 2021	USD	1,000	5.72 %	56,258	32,729
Series 8 ⁱⁱⁱ		07 February 2012	07 February 2017	USD	1,300	4.95 %	73,136	42,548
Series 9 ^{iv}		07 February 2012	07 February 2022	USD	1,500	6.13 %	84,388	49,094

<i>Issue</i>	<i>Subord.</i>	<i>Drawdown date</i>	<i>Repayment date</i>	<i>Currency</i>	<i>Nominal value (in millions of currency units)</i>	<i>Contractual interest rate, %</i>	<i>Book value, RUB million</i>	
							<i>Jan. 1, 15</i>	<i>Jan. 1, 14</i>
Series 10		14 March 2012	14 September 2015	CHF	410	3.10 %	23,360	15,045
Series 11		28 June 2012	28 June 2019	USD	1,000	5.18 %	56,258	32,729
Series 12	subord.	29 October 2012	29 October 2022	USD	2,000	5.13 %	112,517	65,458
Series 13		31 January 2013	31 January 2016	RUB	25,000	7.00 %	25,000	25,000
Series 14		28 February 2013	28 February 2017	CHF	250	2.07 %	14,244	9,174
Series 15		04 March 2013	04 March 2018	TRY	550	7.40 %	13,350	8,416
Series 16	subord.	23 May 2013	23 May 2023	USD	1,000	5.25 %	56,258	32,729
Series 17	subord.	26 February 2014	26 February 2024	USD	1,000	5.50 %	56,258	-
Series 18 ^v		06 March 2014	06 March 2019	USD	500	4.15 %	28,129	-
Series 19 ^v		07 March 2014	07 March 2019	EUR	500	3.08 %	34,171	-
Series 20		15 26 June 2014	15 November 2019	EUR	1,000	3.35 %	68,343	-
Total							856,382	417,607

ⁱ Taking into account the additional issue dated August 8, 2010 (USD 500 million)

ⁱⁱ Taking into account the additional issue dated October 19, 2010 (USD 250 million)

ⁱⁱⁱ Taking into account the additional issue dated August 17, 2012 (USD 300 million)

^{iv} Taking into account the additional issue dated July 30, 2012 (USD 750 million)

^v As part of non-public offering

5.11. Debt Securities in Issue

<i>(RUB million)</i>	<i>Jan. 1, 15</i>		
	<i>Balance sheet value</i>	<i>Redemption period</i>	<i>Interest rate</i>
Savings certificates	439,382	on demand - 30 December 17	0.1 % - 18.0 %
Bills	72,216	on demand - 13 May 20	0.1 % - 29.7 %
Certificates of deposit	1,804	on demand - 18 November 16	9.03 % - 12.5 %
Total debt securities in issuedebt securities in issue	513,402		

<i>(RUB million)</i>	<i>Jan. 1, 14</i>		
	<i>Balance sheet value</i>	<i>Redemption period</i>	<i>Interest rate</i>
Savings certificates	329,768	on demand - 30 December 16	0.1 % - 18.0 %
Bills	73,152	on demand - 13 May 20	0.1 % - 26.7 %
Certificates of deposit	1,599	on demand - 18 November 16	4.05 % - 7.04 %
Total debt securities in issue	404,519		

As of January 1, 2015 and January 1, 2014, the Bank had no overdue or restructured debt securities in issue.

Compliance with Special Terms

In its normal course of business, the Bank enters into agreements to raise funds through interbank loans. These transactions may include terms for the early performance by the Bank of obligations to repay the funds in certain circumstances, such as the deterioration of the financial and operating performance of the Bank, changes in the ratings by international agencies, or other terms specified in the agreement. As of January 1, 2015, there was no violation of the terms of the Bank's significant transactions, which could lead to the necessity to perform these obligations before contractual maturity.

5.12. Other Liabilities

<i>in RUB million</i>	<i>Jan. 1, 15</i>	<i>Jan. 1, 14</i>
Other financial liabilities		
Interest payment liabilities	118,466	80,937
Settlements on operations with securities	17,400	15,109
Outstanding contributions to the deposit insurance agency	8,411	8,025
Amounts received on correspondent accounts before clarification	5,065	5,889
Settlements with currency and stock exchanges	29,766	5,770
Settlements on conversion operations, derivatives and forward transactions	8,655	5,137
Funds in settlements	306	940
Accrued staff costs	2,714	597
Payables	971	848
Securities supply liabilities	848	809
Plastic card settlements	447	303
Other settlements	2,766	1,270
Other financial	4,556	2,251
Total other financial obligations	200,371	127,884
Other non-financial obligations		
Operating taxes payable	7,856	8,627
Settlements for expenses of a non-capital nature	4,902	4,122
Settlements for expenses of a capital nature	1,130	2,653
Provisions for future expenses	1,634	1,247
Other non-financial	360	263
Total other non-financial obligations	15,882	16,912
Total other obligations	216,253	144,796

5.13. Authorized Capital

The table below provides the structure of Sberbank Share Capital as of January 1, 2015:

	<i>Declared, placed and paid-up shares</i>	
	<i>quantity (thousand pcs)</i>	<i>nominal value, RUB million</i>
Ordinary shares	21,586,948	64,761
Preferred shares	1,000,000	3,000
Total:	22,586,948	67,761

The structure of the Bank's share capital has not changed since July 2007. During 2013 and 2014, the Bank made no repurchases of its own shares from the shareholders. As of January 1, 2015, the Bank has no equity shares redeemed from its shareholders on its balance sheet.

All ordinary shares have a par value of 3 rubles per share and are attached with equal rights. Each ordinary share carries the right to one vote. All issued ordinary shares are fully paid up.

Preferred shares have a par value of 3 rubles per share, and carry no right of vote (unless the federal law provides otherwise). All preferred shares have equal rights and are fully paid up. The procedure for the payment of dividends on shares is determined by effective laws. A decision (announcement) on payment of dividends and the size of the dividends shall be made by the General Meeting of Shareholders upon the recommendation of the Bank's Supervisory Board. The minimum amount of dividends on preferred shares shall be at least 15 % of their par value. If preferred dividends are not paid, the holders of preferred shares are entitled to vote similarly to the holders of ordinary shares up to the moment when the dividend is paid out.

6. Accompanying Information to the Statement of Financial Performance

6.1. Interest Income by Type of Assets

<i>RUB million</i>	<i>2014</i>	<i>2013</i>
Nostro accounts	71	42
Funds with the Bank of Russia	218	51
Loans to banks	31,546	18,501
Loans to legal entities	886,788	723,477
Loans to individuals	576,708	449,856
Income for previous years, fines, penalties and others	14,161	9,147
Proceeds from sales of insurance products to individuals	23,139	22,455
Securities assessed through profit or loss	2,988	2,271
Securities available for sale	98,377	90,439
Securities held to maturity	27,889	22,766
Total interest income:	1,661,885	1,339,005

6.2. Interest Costs by Types of Funds Raised

<i>RUB million</i>	<i>2014</i>	<i>2013</i>
Loro correspondent accounts	2,601	2,223
Deposits of the Bank of Russia	145,864	48,210
Term deposits of banks	14,167	15,141
Current accounts of legal entities	35,498	21,180
Term deposits of legal entities	126,463	84,170
On call accounts of individuals	12,985	10,122
Term deposits of individuals	279,605	276,785
Prior period expenses, fines and penalties	1,056	1,275
Bonds	31,442	22,166
Subordinated loan	26,481	19,500
Promissory notes, savings and deposit certificates	25,999	25,555
Total interest expenses:	702,161	526,327

6.3. Fee and Commission Income and Expenses

<i>RUB million</i>	<i>2014</i>	<i>2013</i>
Fee and commission income		
Bank card transactions	126,455	95,085
Payment transactions	38,942	34,379
Cash transactions	31,186	27,403
Account management	11,740	8,852
Bank Guarantees	9,396	7,516
Currency control	4,138	3,495
Foreign currency transactions	5,185	3,082
Trade funding and documentary operations	2,662	1,812
Budget funds service	1,705	1,688
Safe deposit box rental services	1,342	1,175
Securities trading	921	834
Agency and other services	386	479
Other	7,056	3,107
Total commission income	241,114	188,907
Fee and commission expenses		
Bank card transactions	18,537	13,045
Settlement operations - expenditure	2,483	1,799
Cash Collection Service	392	363
Other	2,527	2,475
Total commission expenses	23,939	17,682
Net commission income	217,175	171,225

6.4. Operating Expenses

<i>RUB million</i>	<i>2014</i>	<i>2013</i>
Personnel upkeep expenditure	254,346	225,717
Administrative expenses	126,380	110,251
Amortization	46,733	43,598
Expenses from sales of own receivables	107,396	48,252
Contributions to the Mandatory Deposit Insurance Fund	30,544	26,580
Expenses of previous years from revaluation of investments in subsidiaries and affiliates	7,715	-
Other operating expenses	25,552	11,985
Operating expenses	598,666	466,383

6.5. Tax Expenses

The main components of tax expenses are presented below:

<i>Expenses per taxes, duties and dues, RUB mln</i>	<i>2014</i>	<i>2013</i>
VAT	26,588	27,354
Property tax	7,322	7,582
Land tax	265	221
Transport tax	51	40
Other taxes and duties	1,404	679
Income taxes	82,363	89,264
<i>Income tax to the federal budget</i>	451	8,035
<i>Income tax to the budgets of the subjects of the Russian Federation</i>	3,749	71,495
<i>Income tax on operations with government securities</i>	10,953	9,734
<i>Increase in income tax for deferred income tax</i>	67,210	-
Total tax compensation (expenses)	117,993	125,140

7. Accompanying Information to the Statement of Cash Flows

Loan funds not used by the Bank, as of January 1, 2015, amounted to RUB 14,080.4 million, a year earlier – RUB 12,128.1 million. These amounts are the undrawn balance under trade finance transactions. Funds under such transactions are selected by Sberbank after fulfilling a number of conditions associated with the transactions, for whose financing these funds were raised.

Sberbank effects standard operations in the financial markets, including with the Bank of Russia, within the limits established by the counterparties for each other for each type of operation.

8. Information about the Capital

Information about equity (capital) in accordance with Bank of Russia Regulation No. 395-P:

<i>RUB million</i>	<i>Jan 1, 15</i>	<i>Jan. 1, 14</i>
Share capital (ordinary shares)	8,711	8,711
Paid-in capital in excess of par value	228,054	228,054
Reserve fund	3,527	3,527
Profit for the year (audited)	151,332	136,788
Profit for previous years (audited)	1,487,453	1,207,311
Intangible assets	-16,421	x
Investments in ordinary shares of subsidiary financial companies / banks	-235,094	x
Core capital	1,627,563	1,584,392
Additional paid-in capital	-	-
Fixed capital	1,627,563	1,264,003
Increase in value of assets due to revaluation	80,536	82,571
Profit for the year (not audited)	113,623	175,631
Subordinated loan	464,884	391,642
Share capital (due to the revaluation of fixed assets)	59,000	59,000
Share capital (preference shares)	40	45
Investments in preferred shares of subsidiary financial companies / banks	-2	-
Provided subordinated loans	-34,114	-
Additional capital	683,967	708,889
Equity (capital)	2,311,530	1,972,892

The data as of January 1, 2014, correspond to the reports pursuant to Form 0409123 as of January 1, 2014, prepared in accordance with the requirements of Bank of Russia Regulation No. 395-P that are in force as of January 1, 2014, and Bank of Russia Instruction No. 3054-U.¹¹ The calculation of equity as of January 1, 2014, comprises the indicators that reduce the sources of equity, in the amount of RUB 320,389 million.

The value of regulatory capital, as required by Basel III, is calculated by Sberbank based on Bank of Russia Regulation No. 395-P.

The requirements of Basel III establish three tiers of capital: core, fixed and total. Fixed capital is the sum of the core capital and the additional paid-in capital. Total capital is the sum of the fixed capital and the additional capital.

The main sources of the Bank's core capital are the share capital derived from ordinary shares (RUB 236.8 billion), retained earnings from previous years (RUB 1,487.5 billion), and retained earnings of the current year, audited (RUB 151.3 billion). Intangible assets and investment in ordinary shares of financial companies reduce the core capital in the amount of RUB 251.5 billion.

Currently, Sberbank does not have at its disposal any sources of additional paid-in capital (perpetual subordinated loans or perpetual subordinated bonds).

The additional capital of Sberbank is formed at the expense of the share capital built from the capitalization of asset revaluation (RUB 59.0 billion), current year earned surplus (RUB 113.6 billion), increase in value of assets due to revaluation (RUB 80.5 billion), and subordinated loans (RUB 464.9 billion). The preference shares of Sberbank of Russia included in the sources of additional capital do not satisfy the requirements of Basel III as regards preference shares and, for this reason, shall be written off on a phased basis, beginning from 2013, pursuant to

Clauses 3.1.1 and 8.2 of Regulation of the Bank of Russia No. 395-P. As of January 1, 2015, the amount of the preference stock recorded in the additional capital of the Banking Group, was RUB 40 million.

8.1. Information about Capital Instruments

Shares:

<i>RUB million</i>	<i>Jan 1, 15</i>	<i>Jan 1, 14</i>
Ordinary shares		
par value in terms of funds received in payment of shares	8,711	8,711
par value in terms of capitalization of fixed asset revaluation	56,050	56,050
paid-in capital	228,054	228,054
Preferred shares		
par value in terms of funds received in payment of shares	50	50
par value in terms of capitalization of fixed asset revaluation	2,950	2,950
paid-in capital	-	-

Subordinated loans as of January 1, 2015:

	<i>Currency</i>	<i>Par value, million currency units</i>	<i>Date: date</i>	<i>Repayment date</i>	<i>Rate</i>	<i>Note</i>
Subordinated loan from the Bank of Russia	RUB	150,000	20 October 08	31 December 19	6.5 %	Provided in accordance with Federal Law No. 173-FZ. Subject to gradual exclusion from the capital calculation from January 1, 2018, pursuant to Regulation No. 395-P
Subordinated loan from the Bank of Russia	RUB	150,000	06 November 08	31 December 19	6.5 %	Provided in accordance with Federal Law No. 173-FZ. Subject to gradual exclusion from the capital calculation, beginning from January 1, 2018, pursuant to Regulation No. 395-P.
Subordinated bonds	USD	2,000	29 October 12	29 October 22	5.125 %	Subject to gradual exclusion from the capital calculation beginning from January 1, 2018, pursuant to Regulation No. 395-P.
Subordinated bonds	USD	1,000	23 May 13	23 May 23	5.25 %	Meets all the requirements of Regulation No. 395-P
Subordinated bonds	USD	1,000	26 February 14	26 February 24	5.50 %	Meets all the requirements of Regulation No. 395-P
Subordinated loan from the Bank of Russia	RUB	200,000	18 June 14	31 December 19	6.5 %	Is not accounted for in the capital calculation.

The subordinated bonds of Sberbank in the amount of USD 1 billion contain a condition to absorb losses. They are written off to income or converted into ordinary shares, if:

- the ratio of the core capital of Sberbank is reduced by 2 percent, as of the reporting date, or
- the Deposit Insurance Agency implements measures to prevent Sberbank's bankruptcy in accordance with the Federal Law "On Additional Measures to Strengthen the Stability of the Banking System during the Period up to December 31, 2014" dated October 27, 2008.

8.2. Information about the Risk-Weighted Assets

Information about the risk-weighted assets for calculating the R1.0, R1.1, R1.2 ratios, as of January 1, 2015:

<i>RUB million</i>	<i>R1.0</i>	<i>R1.1</i>	<i>R1.2</i>
Credit risk ¹⁷	18,013,704	17,900,242	17,900,242
Market risk	207,334	207,334	207,334
Operational risk	1,634,929	1,634,929	1,634,929
Total indicators for the calculation of ratios	19,855,967	19,742,505	19,742,505

Information about the risk-weighted assets for calculating the R1.0, R1.1, R1.2 ratios, as of January 1, 2014:

<i>RUB million</i>	<i>R1.0</i>	<i>R1.1</i>	<i>R1.2</i>
Credit risk	14,076,544	14,076,544	14,076,544
Market risk	261,007	261,007	261,007
Operational risk	1,398,307	1,398,307	1,398,307
Total indicators for the calculation of ratios	15,735,858	15,735,858	15,735,858

The data as of January 1, 2014, correspond to the reports pursuant to Form 0409124 as of January 1, 2014, prepared in accordance with the requirements of the Bank of Russia Regulation No. 395-P that are in force as of January 1, 2014, and the Bank of Russia Directive No. 3054-U.

The risk-weighted assets are calculated in accordance with Bank of Russia Instruction No. 139-I¹⁸ as of January 1, 2015, Bank of Russia Regulation No. 395-P as of January 1, 2014, in accordance with Bank of Russia Regulation No. 387-P "On the Procedure for Market Risk Calculation by Credit Institutions", and Bank of Russia Regulation No. 346-P "On the Procedure for Operating Risk Calculation". Risk-weighted assets are calculated using the approach provided for by Clause 2.3 of Bank of Russia Instruction No. 139-I.

The growth of risk-weighted assets is conditioned by the reassessment of operating risk after the approval of the annual report for 2013 by the general shareholders' meeting and the increase in Sberbank's assets.

¹⁷ Calculation of the credit and market risk was made according to the Bank of Russia Letter No. 211-T dated December 18, 2014.

¹⁸ The Bank of Russia Instruction No. 139-I "On Statutory Ratios of Banks" dated December 3, 2012

8.3. Information about Capital Adequacy Ratios

Information about capital adequacy ratios:

%	<i>Jan 1, 15</i>		<i>Jan 1, 14</i>
	<i>Regulatory requirement</i>	<i>Actual value</i>	<i>Actual value</i>
Core capital adequacy ratio (R1.1)	5.0 %	8.2 %	10.1 %
Fixed capital adequacy ratio (R1.2)	5.5 % ¹⁹	8.2 %	8.0 %
Total capital adequacy ratio (R1.0)	10.0 %	11.6 %	12.5 %

The data as of January 1, 2014, correspond to the reports pursuant to Form 0409124 as of January 1, 2014, prepared in accordance with the requirements of Bank of Russia Regulation No. 395-P that are in force as of January 1, 2014, and Bank of Russia Directive No. 3054-U.

In accordance with the Bank's policy to manage capital adequacy of the Banking Group, the aim of capital adequacy management is to ensure the Group's ability to fulfill the goals of the strategic asset growth in strict compliance with capital adequacy requirements.

In order to conform to the capital adequacy standards for the Banking Group, the following assessment methods are used:

- forecasting capital adequacy standards,
- stress-testing of the capital adequacy;
- a system of early warning indicators of the capital adequacy reduction.

Forecasting capital adequacy standards is the primary method of preventive identification of violations of capital adequacy and the basis for making administrative decisions in good time.

Additionally, from time to time, stress testing of capital adequacy is performed to analyze the capital adequacy when implementing potential crisis scenarios.

In 2014, a system of early warning indicators was implemented to reveal potential violations in a timely manner. The early warning indicators and threshold values have been developed with regard to the local market specifics.

The main tools of capital adequacy management are as follows:

- business planning and the plan for capital adequacy management;
- planning of dividends and capitalization of subsidiaries;
- the system of limits for capital adequacy standards;
- the contingency plan for capital adequacy management.

The calculation of target capital adequacy standards is an integral part of setting the target business development indicators in the process of business planning and strategic planning. Fulfillment of limits of capital adequacy standards at the planning horizon is mandatory. A capital adequacy management plan is developed annually based on the business plan, including a list of capital management activities, target values of dividends and subsidiary capitalization. In 2014, there were no changes to the tools of capital adequacy management.

During the period from January 1, 2014 to January 1, 2015, Sberbank of Russia complied with the regulatory requirements for capital adequacy ratios.

8.4. Earnings per Share and Dividends

Diluted and basic earnings per share are calculated in accordance with the methodology used by the Bank in its reporting according to the International Financial Reporting Standards (IFRS 33. Earnings per share).²⁰

¹⁹ After January 1, 2015, the regulatory requirement of R1.2 is 6.0 %.

As of January 1, 2015, the Bank has no shares that may potentially dilute the earnings per ordinary share of the Bank. Accordingly, the diluted earnings per share equal the basic earnings per share.

The basic earnings per share are calculated by dividing the net profit owned by the Bank's shareholders by the average weighted number of ordinary shares outstanding during the period less own shares repurchased from shareholders.

	2014	2013
Net profit of the Bank owned by shareholders, RUB million	311,213	377,649
Dividends on preferred shares of the Bank declared in the said year, RUB million	3,200	3,200
Net profit of the Bank owned by shareholders holding ordinary shares, RUB million	308,013	374,449
Weighted average number of ordinary shares of the Bank outstanding during the said year, million units	21,587	21,587
Basic and diluted earnings per share, rubles per share	14.3	17.4

Information on Dividends Paid Out:

<i>RUB million</i>	<i>Ordinary shares</i>	<i>Preferred shares</i>
Dividends payable as of January 1, 2013	233	81
Dividends accrued for 2012	55,479	3,200
Dividends paid in 2013	55,327	3,164
Dividends payable as of January 1, 2014	385	117
Dividends accrued for 2013	69,078	3,200
Dividends paid in 2014	68,957	3,169
Dividends payable as of January 1, 2015	506	148

All dividends are declared and paid out in Russian rubles.

8.5. Change of Unrealized Revaluation of Securities Available for Sale Recognized as a Part of Capital

During 2014, the changes of unrealized revaluation of securities recognized as a part of capital amounted to:

<i>RUB million</i>	2014	2013
Revaluation of securities available for sale at fair value as of January 1	-7,888	26,397
Unrealized revaluation of securities available for sale at fair value	-202,224	-26,573
(Incomes) expenses charged to the account of profits and losses arising from the outflow of the securities available for sale	12,662	-7,712
Revaluation of securities available for sale at fair value less deferred tax liability, as of December 31	-197,450	-7,888

²⁰ Letter of the Bank of Russia No. 129-T, dated October 26, 2009, On Methodological Recommendations "On the procedure for calculating earnings per share during preparation by credit institutions of their financial statements in accordance with International Financial Reporting Standards".

9. Information about the Risks Taken by the Credit Institution, Procedures for their Assessment and Management

Since Sberbank of Russia is a parent company of the Banking Group, whereby the risk management is mostly carried out on the Group level, some information about the risk management is presented in relation to the Group.

9.1. Integrated Group Risk Management

The list of significant risks of the Group is updated annually. The Group recognizes the need for a risk management system, consistent with the the Bank's Policy of Integrated Risk Management, the Bank of Russia recommendations, the requirements of the Basel Committee in the field of risk management. All identified significant risks of the Group are classified by the decision of the Group's Board Risk Committee²¹ into selected groups of risk, the management functions for which are distributed among the committees of the Bank's Board. Risk management on an integrated level is performed by the GRC, the Board and the Supervisory Board of the Bank.

The "Risks" block units of the Bank are responsible for the formation of an integrated risk management system and also deal with the management of the Group's key risks: credit risk (including country risk), market risks of the trading book, operational risks, model risk. In order to avoid conflicts of interest between the control of risk level and the Bank's yield increase, the units generating the Bank's income are not directly subordinated to the Deputy Chairman of the Management Board of the Bank, who coordinates the "Risks" block. Management of the currency and interest rate risks of the bank book and liquidity risks is attributed to the competence of the Bank's Treasury (the "Risks" block monitors the level of these risks). The Bank's departments outside the "Risks" block are responsible for the control of all other material risks. The "Risks" block provides methodological support to these units and aggregates data on these risks in order to calculate the consolidated risk factors.

With a view to inform the Bank's management and governance boards involved in the risk management processes, a system of reports is applied subject to the following principles:

- when preparing the reports, the main focus is put on active decision making (i.e. the prospects), rather than a statement of the facts;
- reports are formed in terms of structural units, thus allowing to consider the main risk positions cumulatively for the whole financial institution, with the necessary level of detail;
- operational management reports are formed weekly/monthly and contain basic operational metrics that characterize the quality of the pre-loan process and loan portfolio;
- reports on the most important issues of risk management are formed on a quarterly basis. It is an overview of the accepted risks in comparison with the Risk Appetite and cascaded limits, containing, inter alia, the current risk profile, forecasts and results of stress testing, concentration risks and actual risks, monitoring of actions, etc.;
- other reports are also issued on a regular basis, but less frequently, including on the results of the identification and assessment of risks, on the adequacy of economic capital, on the adequacy of regulatory capital under Basel II, on the earnings-at-risk (EaR), on the results of stress testing, etc.).

The following describes the management of the selected groups of the Group's significant risks.

²¹ Hereinafter, the GRC.

9.2. Credit Risk

Types of credit risks:

Credit Migration Risk is the downside risk associated with the loss of value of a financial asset (loan, debt securities held to maturity) due to the default or deterioration in the credit quality of the counterparty/issuer.

Counterparty Risk in Financial Market Operations is the risk due to the counterparty's default on the transaction.

Concentration Risk (in terms of the Credit Risk) is associated with the provision of large loans to a single borrower/group of related borrowers; concentration of debt by individual sectors of the economy, segments, portfolios, geographic regions; and similarly, by investments in securities.

Residual risk is the risk that the risk reduction measures may not produce the desired effect in connection with the implementation concerning the legal risk, liquidity risk.

General Description of Credit Risk Management

The purpose of credit risk management is to identify and ensure the level of risk required to ensure sustainable development of the Group, as determined by the Banking Group development strategy and the macroeconomic parameters.

Objectives of the Group in credit risk management are as follows:

- to implement a systematic approach, to optimize the sectoral, regional and product portfolio structure in order to reduce the level of credit risk;
- to increase the competitive advantages of the Group due to more accurate assessment of the accepted risks and the implementation of risk management measures, including a decrease in realized credit risks;
- to maintain the stability in the event of the introduction of new products, including more complex ones.

The Group applies the following methods of credit risk management:

- risk prevention by means of assessment of potential risks before the operation;
- planning of the credit risk level by means of evaluation of the level of expected losses;
- limiting credit risk by setting limits;
- structuring of transactions;
- managing the collateral for transactions;
- using the system of decision-making authority;
- monitoring and controlling the level of credit risk.

Credit risk assessment is carried out at the Bank as a whole and by individual portfolios of assets, as well as broken down by individual counterparties, countries, regions and industries. The assessment is based on statistical models of credit risk quantification.

The Group has created a unified *system of internal ratings*. It is based on the economic and mathematical models of estimated probability of default of counterparties and transactions. Models are reviewed periodically based on historical data. At the same time, mandatory evaluation shall be provided of the risk factors related to the contractor's financial standing and tendencies of its change, structure of property, business reputation, credit history, cash flow and financial risk management system, information transparency, customer's position in the industry and region, support provided on the part of bodies of state power and holding companies, and also on the part of the borrower's group. Based on analysis of these risk factors, the probability of counterparty/transaction default is estimated, and the rating is assigned.

Assessment of individual counterparty risks of the transactions is held for:

- corporate clients, banks, small businesses, countries, subjects of the Russian Federation, municipalities, insurance and leasing companies: based on the credit rating system, along with building models of projected cash flows or other important indicators;
- individuals and microbusinesses based on assessing the solvency of the counterparty in accordance with the internal regulatory documents of the Bank and express evaluation.

Risk limitation and control of expected losses due to default of the borrower is made through a system of limits available for each line of business. The scope of the limit is determined by the level of the borrower's risk that is estimated based on the valuation of the financial status of the borrower and other factors, like: external influences, management quality, assessment of goodwill, etc. The country limits are separately shown, their aim being to limit the risks accepted by the Group in respect of certain countries. These limits restrict the geographic concentration of risks. In 2014, the Bank implemented an automated control system for credit risk limits. It is planned to replicate it at the Group's subsidiary banks.

The Group controls the *concentration of large credit risks*, compliance with prudential requirements, and predicts the level of credit risks. For this purpose, a list of related borrowers' groups is maintained at the Group member level, limits on borrowers are set, the portfolio is analyzed broken down by client segments and products.

The main tool for reducing credit risk is the availability of collateral. The volume of the accepted collateral depends on the risk of the borrower/transaction and is fixed in the terms of loan products. The Bank uses the Collateral Policy as one of the approaches to credit risk hedging, aiming at improving the quality of the loan portfolio. The quality of collateral is determined by the probability of obtaining funds in the amount of the estimated collateral value upon sale. The quality of collateral is determined by several factors: liquidity, accuracy of determining the value, risk of impairment, exposure to the risks of loss/damage, and legal risks. Evaluation of the collateral value is made based on the internal expert evaluation of the Group's specialists, evaluation of independent evaluators or based on the cost of the collateral subject in the borrower's bookkeeping using the discount. The surety by solvent legal entities as collateral security also requires assessment of risks of both the surety and the borrower. The Bank performs regular monitoring of pledged assets to ensure control over quantitative, qualitative and cost parameters of the pledged assets, their legal affiliation, and conditions of storage and upkeep. Frequency of monitoring is defined by: requirements of the Bank of Russia regulations; the terms of the loan product; characteristics of the collateral (the type and the quality category of the collateral). Standard frequency of monitoring provides for the following: confirmation of the value of collateral and insurance supervision — quarterly; frequency of site inspections, control of title and encumbrances, depending on the type and quality category of the asset — quarterly/semi-annual/annually.

The existing systems of limits and authorities allow to optimize the credit process and to manage credit risk. A risk profile determining authorities for decision making depending on the risk category of the application is assigned to each territorial subdivision/ Group bank.

Classification of assets assessed for creating provisions by quality categories as of January 1, 2015²²

January 1, 2019		Quality categories					
RUB million	I	II	III	IV	V	Total	
Assets for which a provision for possible losses is created							
Assets assessed for creating provisions for possible losses from loans	8,406,453	6,704,643	788,255	204,906	586,326	16,690,583	
Loans to banks	940,552	29,000	1,374	1,511	-	972,436	
Loans to legal entities	7,462,868	2,795,965	767,749	177,822	443,806	11,648,210	
Loans to individuals	3,034	3,879,678	19,132	25,573	142,520	4,069,937	
Investments in securities assessed for creating provisions for possible losses	34,636	14,388	3,062	-	28	52,114	
Securities available for sale	6,830	-	3,062	-	28	9,921	
Securities held to maturity	27,805	14,388	-	-	-	42,194	
Other assets assessed for creating provisions for possible losses	784,682	54,134	19,824	1,966	24,236	884,842	
Other receivables from credit institutions	588,805	657	2,364	92	132	592,051	
Other receivables from legal entities	195,865	21,057	17,010	1,104	12,744	247,780	
Other receivables from individuals	13	32,420	449	770	11,360	45,011	
Non-core assets	-	3,303	2,754	-	-	6,057	
Total assets for which a provision for possible losses is created	9,225,772	6,776,469	813,894	206,872	610,590	17,633,597	
Provision for possible losses							
Provisions for possible losses from loans	73	81,945	110,349	80,110	528,727	801,204	
Loans to banks	-	391	496	906	-	1,793	
Loans to legal entities	73	41,543	108,109	70,136	400,812	620,673	
Loans to individuals	-	40,011	1,744	9,068	127,915	178,738	
Provisions for possible losses from securities	-	2,021	1,531	-	28	3,580	
Other provisions for possible losses	-	1,465	3,885	801	23,697	29,848	
Other receivables from credit institutions	-	32	612	47	132	823	
Other receivables from legal entities	-	952	3,237	460	12,588	17,237	
Other receivables from individuals	-	481	36	294	10,977	11,788	
Non-core assets	-	603	991	-	-	1,594	
Total provisions for possible losses	73	86,033	116,756	80,911	552,452	836,225	

Classification of assets assessed for creating provisions by quality categories as of January 1, 2014

	Quality categories					
RUB million	I	II	III	IV	V	Total
Assets for which a provision for possible losses is created						
Assets assessed for creating provisions for possible losses from loans	5,870,431	5,411,109	648,059	168,682	411,664	12,509,945
Loans to banks	626,221	3,597	217	-	-	630,035
Loans to legal entities	5,242,014	2,202,145	625,094	154,088	323,378	8,546,719
Loans to individuals	2,196	3,205,367	22,748	14,594	88,286	3,333,191
Investments in securities assessed for creating provisions for possible losses	143,943	13,914	8,818	-	108	166,783
Securities available for sale	3,973	-	3,062	-	108	7,143
Securities held to maturity	139,970	13,914	5,756	-	-	159,640
Other assets assessed for creating provisions for possible losses	362,696	39,074	15,228	1,906	23,618	442,522
Other receivables from credit institutions	250,825	469	1,561	180	402	253,437
Other receivables from legal entities	111,771	14,012	13,162	1,350	14,654	154,949
Other receivables from individuals	100	24,592	506	376	8,563	34,137
Non-core assets	-	8,571	-	-	-	8,571
Total assets for which a provision for possible losses is created	6,377,071	5,472,668	672,105	170,588	435,390	13,127,822

²² According to the reporting form 0409115.

<i>RUB million</i>	<i>Quality categories</i>					<i>Total</i>
	<i>I</i>	<i>II</i>	<i>III</i>	<i>IV</i>	<i>V</i>	
Provision for possible losses						
Provisions for possible losses from loans	92	65,342	78,510	63,742	374,252	581,938
Loans to banks	-	13	24	-	-	37
Loans to legal entities	92	32,045	76,828	58,733	294,739	462,438
Loans to individuals	-	33,284	1,658	5,009	79,513	119,463
Provisions for possible losses from securities	-	245	3,546	-	108	3,899
Other provisions for possible losses	-	709	3,090	1,384	23,483	28,666
Other receivables from credit institutions	-	40	489	92	524	1,145
Other receivables from legal entities	-	352	2,565	1,158	14,568	18,644
Other receivables from individuals	-	317	36	133	8,392	8,878
Non-core assets	-	1,625	-	-	-	1,625
Total provisions for possible losses	92	67,921	85,146	65,126	397,843	616,128

As of January 1, 2015, the fair value of the securities assessed for creating provisions for possible losses amounted to RUB 41,485 million (RUB 164,399 million, as of January 1, 2014).

Information about Classification of Assets According to Risk Groups²³

Below are the risk-weighted assets used to calculate Sberbank's mandatory ratios:

	<i>Jan. 1, 15</i>	<i>Jan. 1, 14</i>
ApAr11	3,150,864	2,869,649
Ar12	3,150,864	2,869,649
Ar10	3,150,864	2,869,649
Ar21	250,559	165,356
Ar22	250,559	165,356
Ar20	248,953	165,356
Ar31	162,556	203,743
Ar32	162,556	203,743
Ar30	160,947	203,743
Ar41	10,549,896	9,498,700
Ar42	10,549,896	9,498,700
Ar40	10,666,573	9,498,700
Ar51	5,853	4,385
Ar52	5,853	4,385
Ar50	5,853	4,385

The data as of January 1, 2014, correspond to the reports pursuant to Form 0409124 as of January 1, 2014, prepared in accordance with the requirements of the Bank of Russia Regulation No. 395-P that are in force as of January 1, 2014, and the Bank of Russia Directive No. 3054-U.

²³ According to Clause 2.3 of the Bank of Russia Instruction No. 139-I "On Statutory Ratios of Banks", dated December 3, 2012

Overdue Receivables

<i>Jan 1, 15</i>								
<i>RUB million</i>	<i>inclusive of overdue debt</i>						<i>Provision for possible losses</i>	
	<i>Amount</i>	<i>Total</i>	<i>including by delay</i>				<i>Est.</i>	<i>Actual</i>
			<i>up to 30 days</i>	<i>from 31 to 90 days</i>	<i>from 91 to 180 days</i>	<i>Over 180 days</i>		
<i>Loan debts</i>	16,690,583	700,540	254,358	97,747	52,507	295,929	986,107	801,203
Credit facilities (loans) granted, deposits made	16,319,930	672,090	246,257	89,246	52,158	284,429	952,846	774,880
Claims for rights (claims) acquired under transaction (assignment of claim)	95,996	13,318	486	8,439	144	4,250	9,862	8,278
Receivables under transactions involving alienation (acquisition) of financial assets with simultaneous granting to the counterparty of a grace period (supply of financial assets)	15,395	9,004	6,429	-	199	2,376	9,295	9,585
Claims for return of cash funds provided for transactions conducted with securities repayable without recognition of the securities received	211,524	-	-	-	-	-	5,851	248
Receivables (including return) of debt securities, shares, bills of exchange, promissory notes and precious metals made available under a loan contract	24,550	-	-	-	-	-	-	-
Amounts paid out by the lender to the beneficiary under bank guarantees, but not recovered from the principal	8,708	5,096	154	62	5	4,875	8,119	8,079
Claims against payers under paid letters of credit	1,558	1,031	1,031	-	-	-	52	52
Discounted bills	6,826	-	-	-	-	-	81	81
Other claims	6,097	-	-	-	-	-	-	-
<i>Securities</i>	52,114	28	-	-	-	28	3,580	3,580
<i>Other claims</i>	884,842	26,522	4,054	4,153	3,068	15,248	30,923	29,848
<i>Non-core assets</i>	6,057	-	-	-	-	-	1,594	1,594

For loans classified into quality categories II-V, the Bank creates provision by taking into account the amount of collateral of I and II quality categories, the list of which is determined by Clauses 6.2 and 6.3 of Bank of Russia Regulation No. 254-P. The security is accounted for provisions purposes only in the absence of restrictions established by Clause 6.5 of the said document.

As of January 1, 2015, the amount of collateral is RUB 13,060 billion; in particular, the collateral of quality categories I and II is RUB 427 billion and RUB 4,384 billion, respectively. As of

January 1, 2014, the amount of collateral was RUB 11,597 billion; in particular, the collateral of quality categories I and II was RUB 401 billion and RUB 4,168 billion, respectively.

Assets with overdue repayment periods are presented below, broken down by clients:

<i>Jan 1, 15</i>								
<i>RUB million</i>	<i>Total</i>	<i>up to 30 days</i>	<i>31-90 days</i>	<i>91-180 days</i>	<i>above 180 days</i>			
Credit institutions	5,315	5,315	-	-	-	-	-	-
Legal entities	442,218	161,815	60,619	23,867	195,917			
Individuals	253,007	87,228	37,128	28,640	100,011			
Total overdue debt	700,540	254,358	97,747	52,507	295,929			

<i>Jan 1, 14</i>								
<i>RUB million</i>	<i>Amount</i>	<i>Total</i>	<i>inclusive of overdue debt</i>				<i>Provision for possible losses</i>	
			<i>including by delay</i>				<i>Est.</i>	<i>Actual</i>
			<i>up to 30 days</i>	<i>from 31 to 90 days</i>	<i>from 91 to 180 days</i>	<i>Over 180 days</i>		
Loan debts	12,559,945	450,794	103,187	60,851	39,305	247,450	739,295	581,938
Funds with the Bank of Russia	50,000	-	-	-	-	-	-	-
Credit facilities (loans) granted, deposits made	12,153,308	445,828	101,557	60,756	38,531	244,984	716,971	564,867
Claims for rights (claims) acquired under transaction (assignment of claim)	66,786	990	857	-	-	133	5,433	4,471
Receivables under transactions involving alienation (acquisition) of financial assets with simultaneous granting to the counterparty of a grace period (supply of financial assets)	21,432	3,753	588	95	775	2,296	12,221	11,858
Claims for return of cash funds provided for transactions conducted with securities repayable without recognition of the securities received	224,602	-	-	-	-	-	4,026	99
Receivables (including return) of debt securities, shares, bills of exchange, promissory notes and precious metals made available under a loan contract	18,706	-	-	-	-	-	-	-
Amounts paid out by the lender to the beneficiary under bank guarantees, but not recovered from the principal	1,440	221	186	-	-	35	569	569
Discounted bills	64	2	-	-	-	2	64	64
Other claims	23,607	-	-	-	-	-	11	11
Securities	166,783	107	-	-	28	79	3,899	3,899
Other claims	442,522	30,709	2,598	5,769	1,854	20,488	29,000	28,666
Non-core assets	8,571	-	-	-	-	-	1,625	1,625

Assets with overdue repayment periods are presented below, broken down by clients:

<i>Jan 1, 14</i>					
<i>RUB million</i>	<i>Total</i>	<i>up to 30 days</i>	<i>31-90 days</i>	<i>91-180 days</i>	<i>above 180 days</i>
Legal entities	284,040	38,282	36,692	22,166	186,900
Individuals	166,754	64,905	24,159	17,139	60,551
Total overdue debt	450,794	103,187	60,851	39,305	247,450

Restructured Loans

As of January 1, 2015, the amount of *restructured corporate loans* amounted to RUB 2,212.0 billion, and their share in the corporate credit portfolio is 19.0 %. Restructuring means such alteration of the original material terms and conditions of the credit contract made with the debtor for his benefit, as is not provided for by the original material terms and conditions of the credit contract.

As of January 1, 2015, the amount of *restructured loans to individuals* in the credit portfolio amounted to RUB 72.5 billion, and their share in the credit portfolio of individuals is 1.8 %. Standard restructuring options provide for loan term extension, change of loan repayment arrangements, waiver of liquidated damages in whole or in part, and change of loan currency.

Level of Concentration of Major Credit Risks

The Bank pays close attention to control the level of concentration of large credit risks. Pursuant to its bylaws, the Bank conducts daily monitoring of major credit risks and projection of compliance with the requirements imposed by the Bank of Russia for the standards²⁴ R6 (maximum exposure per Borrower or group of affiliated borrowers) and R7 (limit on major credit risks). For these purposes, the List of Major and Related Borrowers of the Bank is being kept and monitored.

*The share of loans of the 20 largest borrowers (groups of borrowers)*²⁵ for 2014 changed from 22.0 % to 24.5 % of the customer loan portfolio. Among the Bank's major borrowers are representatives from various sectors of the economy; therefore, the credit risk is adequately diversified.

About fair Value of the Sold or Repledged Collateral, and on the Liability of Credit Institutions to Return it

During the settlement of the bad debts and overdue indebtedness of legal entities and individuals, the Bank sells the property, previously put on the Bank's books. In 2014, property was sold amounting to RUB 1,431 million, in 2013 — amounting to RUB 421 million. The vast majority of the property sold is real estate (apartments, land, commercial spaces).

About the Assets Used by the Bank as a Security for Fund Raising

The volume of liquid assets accepted as collateral by the Bank of Russia²⁶, which were used by the Bank as a collateral to raise funds, as of January 1, 2015, amounted to RUB 3.8 trillion, as of

²⁴ The Bank of Russia Instruction No. 139-I “On Statutory Ratios of Banks”, dated December 3, 2012 (revised on October 25, 2013).

²⁵ When calculating the figure, the Form 0409118 source data is used: loan debt of 20 largest borrowing companies (groups of companies) refers to the remainder of the loan portfolio of legal entities and natural persons; both the numerator and denominator include fixed-term, overdue debt and cession agreements; the 20 largest companies debt takes into account the debt of Sberbank's subsidiaries, while the debt of banks is ignored.

²⁶ In this text, the liquid assets shall be understood to mean the securities included in the Lombard List of the Bank of Russia, including those received by the Bank under reverse repurchase agreements, as well as the Bank's loans included in the list of assets accepted by the Bank of Russia as a collateral for lending, under the provisions of the Bank of Russia No. 312-P “On the Order of Granting Asset-Back or Surety-Secured Loans by the Bank of Russia to Credit Institutions” dated November 12, 2007.

January 1, 2014 – to RUB 1.8 trillion. These assets have been used to raise funds of the Bank of Russia and other counterparties under repo transactions in rubles and foreign currency for up to 29 days, in order to raise funds in the Bank of Russia under Provisions of the Bank of Russia No. 312-P for up to 18 months, as well as to raise funds of the Bank of Russia under security of bonds issued to finance investment projects for a period exceeding one year.

9.3. Liquidity Risk

Liquidity risk management helps to secure the Bank's capability to perform its obligations to customers and counterparties unconditionally and in due time, in compliance with the regulations of the Bank of Russia concerning liquidity risk management, either in normal business conditions, or in crisis situations. Sberbank's Regulation on Liquidity Risk Management is the main document regulating the assessment, control and management of liquidity risk. In the matter of liquidity risk management, the Bank differentiates the risks of normative, physical and structural liquidity.

Regulatory liquidity risk includes violation of the regulatory limits in terms of statutory liquidity ratios set by the Bank of Russia (R2, R3 or R4). In order to manage the regulatory liquidity risk, the Bank carries out weekly monitoring and short-term, medium-term and long-term forecasting of the statutory ratios. In addition, Sberbank has established a system of warning and critical limits for the values of the statutory liquidity ratios, which ensures compliance with the restrictions set by the Bank of Russia on the intramonth reporting data, taking into account possible fluctuations of certain balance sheet items.

Physical liquidity risk means the Bank's failure to discharge its obligations to a counterparty in any currency due to a lack of funds: inability to pay, to grant a loan, etc. The instruments of physical liquidity risk management in the *short-term* run include a cash flow prediction model broken down by principal currencies and control over accessible bank liquidity reserves. In order to cover the possible liquidity deficit exceeding the available funds, the Bank has at its disposal the liquidity reserves, which include: repo operations with banks against securities, FX SWAP market operations, and attraction of funds from the Bank of Russia as secured by non-market assets.

Structural liquidity risk (the risk of concentration) means the probability of significant deterioration of physical or normative liquidity due to an imbalance in the asset and liability structure, including a strong dependence of the Bank's liability base on one or more clients or funding sources in a certain currency for a certain period.

Liquidity management in 2014 was largely determined by conditions in the financial markets in connection with the current macroeconomic situation: complications in Ukraine, the imposition of sanctions against Russia by the EU and the US, the depreciation of the ruble and other factors. Despite the instability of financial markets, Sberbank made the most of the opportunities available to manage currency borrowings in the debt and capital markets:

- In February, the Bank placed subordinated bonds under the updated Regulation No. 395-P, redeemable in 5 years, with the consent of the Bank of Russia. The amount of issue was USD 1 billion. That bond placement made it possible not only to attract long-term funding, but also to improve the capital adequacy ratio.
- In March, there was private placement within the MTN program of USD 500 million and EUR 500 million.
- In June, there was the debut Eurobond issue worth EUR 1 billion.

Due to the flexible interest rate policy, a highly diversified liabilities base and low dependence on external borrowings, Sberbank has retained sufficient ruble and foreign currency liquidity throughout the year. The Bank managed to reduce the amount of short-term borrowings from the Bank of Russia, replacing them with medium- and long-term drawings, and thus to improve the existing liquidity profile.

Compliance with liquidity requirements:

<i>Liquidity requirements</i>	<i>Limit imposed by Bank of Russia</i>	<i>The cap by Sberbank</i>	<i>Limit as of the reporting date, %</i>	
			<i>Jan. 1, 15</i>	<i>Jan. 1, 14</i>
R2	over 15 %	15 %	74.3	53.6
R3	over 50 %	55 %	66.4	58.5
R4	under 120 %	115 %	111.2	102.5

As of January 1, 2015, Sberbank overcomplies with the limits of statutory liquidity ratios set by the Bank of Russia. During the year, the Bank has improved the values of instant and current liquidity. The growth of the R4 ratio is associated with the revaluation of long-term customer debt portfolio in connection with the rising rates of major currencies, and growth of the portfolio in real terms in the second half of 2014. On January 1, 2015, amendments to the methods for calculating the statutory liquidity ratios become effective (in accordance with Bank of Russia Directive No. 3490-U, dated December 16, 2014, “On Amendments to the Bank of Russia Instruction No. 139-I, dated December 3, 2012, ‘On Statutory Ratios of Banks’”), which resulted in a significant improvement of all liquidity ratios of Sberbank (R2, R3, R4).

Analysis of the Bank's Assets and Liabilities Broken Down by Maturity

Securities assessed at fair value through profit or loss, as well as the most liquid share of securities available for sale, are considered liquid assets as they can easily be converted into cash within a short period of time. Such assets are placed in the table below in the category “On demand and below 1 month”.

The level of liquidity for assets and liabilities of the Bank as of January 1, 2015 is presented below:

<i>RUB million</i>	<i>on demand and less than 1 month</i>	<i>from 1 to 6 months</i>	<i>from 6 months to 1 year</i>	<i>from 1 year to 3 years</i>	<i>over 3 years</i>	<i>no stated maturity</i>	<i>Total</i>
ASSETS							
Cash and cash equivalents	1,240,712	-	-	-	-	-	1,240,712
Funds of credit institutions held with the Central Bank of the Russian Federation	278,834	31,697	24,510	23,773	10,862	-	369,676
Required reserves	51,680	31,697	24,510	23,773	10,862	-	142,522
Funds held with the credit institutions	356,487	-	-	-	-	-	356,487
Financial assets carried at fair value through profit or loss	190,623	125,670	248,291	202,254	58,850	-	825,688
Loans receivable prior to deduction of provision for possible losses	1,271,259	1,614,720	2,209,632	4,768,733	6,507,410	318,829	16,690,583
Net investments in securities and other financial assets available for sale	1,359,651	-	-	-	-	385,839	1,745,490
Investments in subsidiaries and affiliates	-	-	-	-	-	385,839	385,839
Net investments in securities held to maturity	-	13,881	5,968	124,935	221,690	-	366,474
Current tax claims	-	-	-	67,058	-	-	67,058
Deferred tax asset	-	-	-	-	-	-	-
Fixed assets, intangible assets and inventories	-	-	-	-	-	478,612	478,612
Other assets	274,724	14,914	31,194	26,654	31,916	27,782	407,184
Total assets	4,972,290	1,800,882	2,519,595	5,213,407	6,830,728	1,211,062	22,547,964
LIABILITIES							
Loans, deposits and other funds of the Central Bank of the Russian Federation	1,495,736	1,278,229	237,300	4,553	500,000	-	3,515,818
Due to credit institutions	345,757	124,756	172,397	131,793	20,153	-	794,856
Due to customers other than credit institutions	5,203,047	3,059,655	2,322,268	2,359,620	1,082,134	-	14,026,724
Deposits of individuals	2,139,953	2,023,850	1,964,300	1,653,677	217,272	-	7,999,052
Financial liabilities carried at fair value through profit or loss	51,702	190,454	239,642	93,628	42,518	-	617,944
Debt securities in issue	69,407	174,063	178,257	65,685	25,990	-	513,402
Current tax liabilities	-	2	-	-	-	-	2
Deferred tax liability	-	-	-	-	-	42,891	42,891
Other liabilities	194,506	15,028	4,213	2,499	7	-	216,253
Total liabilities	7,360,155	4,842,187	3,154,077	2,657,778	1,670,802	42,891	19,727,890
Net liquidity gap	-2,387,865	-3,041,305	-634,482	2,555,629	5,159,926	1,168,171	2,820,074
Aggregate liquidity gap	-2,387,865	-5,429,170	-6,063,652	-3,508,023	1,651,903	2,820,074	

The level of liquidity for assets and liabilities of the Bank as of January 1, 2014, is presented below:

<i>RUB million</i>	<i>on demand and less than 1 month</i>	<i>from 1 to 6 months</i>	<i>from 6 months to 1 year</i>	<i>from 1 year to 3 years</i>	<i>over 3 years</i>	<i>no stated maturity</i>	<i>Total</i>
ASSETS							
Cash and cash equivalents	717,320	-	-	-	-	-	717,320
Funds of credit institutions held with the Central Bank of the Russian Federation	336,094	24,752	19,330	22,754	5,873	-	408,803
Required reserves	39,420	24,752	19,330	22,754	5,873	-	112,129
Funds held with the credit institutions	94,301	-	-	-	-	-	94,301
Financial assets carried at fair value through profit or loss	97,820	3,826	6,377	26,191	10,449	-	144,663
Loans receivable prior to deduction of provision for possible losses	807,123	1,330,615	1,816,425	4,055,336	4,280,707	269,739	12,559,945
Net investments in securities and other financial assets available for sale	1,433,357	-	-	-	-	310,871	1,744,228
Investments in subsidiaries and affiliates	-	-	-	-	-	310,871	310,871
Net investments in securities held to maturity	-	21,725	51,483	56,814	273,966	-	403,988
Fixed assets, intangible assets and inventories	-	-	-	-	-	468,070	468,070
Current profit tax claims	-	16	-	246	-	-	261
Other assets	211,697	38,259	13,690	27,095	22,165	2,551	315,457
Total assets	3,697,711	1,419,193	1,907,305	4,188,436	4,593,160	1,051,231	16,857,036
LIABILITIES							
Loans, deposits and other funds of the Central Bank of the Russian Federation	1,477,036	90,000	100,000	-	300,000	-	1,967,036
Due to credit institutions	186,104	133,235	135,838	139,106	36,176	-	630,459
Due to customers other than credit institutions	3,981,551	2,406,064	1,866,229	2,271,920	602,271	-	11,128,035
Deposits of individuals	2,174,049	1,878,813	1,516,367	1,828,974	257,492	-	7,655,695
Financial liabilities carried at fair value through profit or loss	1,876	3,592	2,438	17,603	8,542	-	34,051
Debt securities in issue	72,810	139,693	121,916	68,309	1,791	-	404,519
Other liabilities	136,838	3,862	319	3,704	73	-	144,796
Total liabilities	5,856,215	2,776,446	2,226,740	2,500,642	948,853	-	14,308,896
Net liquidity gap	-2,158,504	-1,357,253	-319,435	1,687,794	3,644,307	1,051,231	2,548,140
Aggregate liquidity gap	-2,158,504	-3,515,757	-3,835,192	-2,147,398	1,496,909	2,548,140	

The term structure of customer funds in 2014 did not practically change, but the share of the funds attracted from the Bank of Russia increased. However, the Bank managed to reduce the amount of short-term borrowings from the Bank of Russia under repo transactions, replacing them with medium- and long-term drawings. It should be noted that the structure of the Bank of Russia refinancing facilities allows to increase the maturity of the funds drawn from the Bank of Russia, at any time. Thus, Sberbank's liquidity gap increase is of a technical nature and does not specify actual liquidity risk increase.

9.4. Country Risk

Transfer risk is a risk of losses because of the inability of the counterparties of a specific country (except sovereign counterparties) to satisfy their obligations in a currency that differs from the currency of the counterparty's country, for reasons other than standard risks, for reasons that depend on the government of the country, not the counterparty.

Risk of national economies is a loss risk concerning the inability or unwillingness of a sovereign counterparty of a specific country, and the impossibility of other counterparties of this country to satisfy their obligations in the national currency for reasons that differ from standard risks, for reasons that depend on the government of the country, not the counterparty.

In order to limit and manage the risks accepted by the Group in respect of certain countries, the Bank has developed a system of country risk limits²⁶. These limits restrict the total concentration of transactions with counterparties from a certain country, including sovereign borrowers/issuers and public authorities.

Transfer risk is assessed and capitalized within the Bank's Internal Capital Adequacy Assessment Process, thus ensuring that sufficient financial resources are available to the Bank to cover possible losses in the realization of this risk.²⁷

Country concentration of the Bank's assets and liabilities:

<i>RUB million</i>	<i>Jan 1, 15</i>				
	Russia	CIS countries	Countries of the Developed Countries group ²⁸	Other countries	Total
Assets					
1 Cash and cash equivalents	1,240,712	-	-	-	1,240,712
2 Funds of credit institutions held with the Central Bank of the Russian Federation	369,676	-	-	-	369,676
3 Funds held with the credit institutions	35,826	866	192,524	127,271	356,487
4 Financial assets carried at fair value through profit or loss	508,589	107	48,740	268,252	825,688
5 Net loans receivable	13,505,010	322,150	910,970	1,151,249	15,889,379
6 Net investments in securities and other financial assets available for sale	1,456,626	46,883	115,211	126,770	1,745,490
7 Net investments in securities held to maturity	342,398	6,316	17,760	-	366,474
8 Current profit tax claims	67,058	-	-	-	67,058
9 Fixed assets, intangible assets and inventories	478,598	-	-	14	478,612
10 Other assets	310,005	2,716	67,819	26,644	407,184
11 Total assets	18,314,498	379,038	1,353,024	1,700,200	21,746,760
Liabilities					
12 Loans, deposits and other funds of the Central Bank of the Russian Federation	3,515,818	-	-	-	3,515,818
13 Due to credit institutions	299,725	52,206	343,563	99,362	794,856

²⁶ Policy for setting the country risk limits No. 2224-3, dated October 15, 2013.

²⁷ Policy for calculation of economic capital to cover losses on transfer risk No. 2563, dated June 29, 2012.

²⁸ The Developed Countries group includes: Australia, the Republic of Austria, the Grand Duchy of Luxembourg, the Hellenic Republic, Ireland, the Italian Republic, Canada, the Kingdom of Belgium, the Kingdom of Denmark, the Kingdom of Spain, the Kingdom of the Netherlands, the Kingdom of Norway, the Kingdom of Sweden, New Zealand, the Portuguese Republic, the United Kingdom of Great Britain and Northern Ireland, the United States of America, the Federal Republic of Germany, the Republic of Finland, the French Republic, the Swiss Confederation and Japan.

14 Due to customers other than credit institutions	12,869,762	31,196	925,475	200,291	14,026,724
15 Financial liabilities carried at fair value through profit or loss	210,912	10	113,428	293,595	617,945
16 Debt securities in issue	513,402	-	-	-	513,402
17 Other liabilities	182,665	262	25,766	7,560	216,253
18 Current profit tax liability	2	-	-	-	2
19 Deferred tax liability	42,891	-	-	-	42,891
20 Provisions for possible losses from credit contingencies, other possible losses and transactions with offshore residents	35,325	43	-	1,163	36,531
21 Total liabilities	17,670,502	83,717	1,408,232	601,971	19,764,422
Net balance item	643,996	295,321	-55,208	1,098,229	1,982,338

<i>RUB million</i>	<i>Jan 1, 14</i>				
	Russia	CIS countries	Countries of the Developed Countries group	Other countries	Total
Assets					
1 Cash and cash equivalents	717,320	-	-	-	717,320
2 Funds of credit institutions held with the Central Bank of the Russian Federation	408,803	-	-	-	408,803
3 Funds held with the credit institutions	1,975	280	90,495	1,551	94,301
4 Financial assets carried at fair value through profit or loss	116,120	3,787	8,926	15,830	144,663
5 Net loans receivable	10,641,455	164,697	633,459	538,395	11,978,007
6 Net investments in securities and other financial assets available for sale	1,512,118	37,677	85,534	108,899	1,744,228
7 Net investments in securities held to maturity	384,716	10,633	8,639	-	403,988
8 Current profit tax claims	261	-	-	-	261
9 Fixed assets, intangible assets and inventories	468,051	-	-	19	468,070
10 Other assets	257,839	5,538	21,077	31,264	315,718
11 Total assets	14,508,397	222,612	848,131	695,958	16,275,097
Liabilities					
12 Loans, deposits and other funds of the Central Bank of the Russian Federation	1,967,036	-	-	-	1,967,036
13 Due to credit institutions	167,007	22,872	356,498	84,082	630,459
14 Due to customers other than credit institutions	10,513,477	23,496	496,566	94,496	11,128,035
15 Financial liabilities carried at fair value through profit or loss	9,662	-	10,597	13,791	34,051
16 Debt securities in issue	404,519	-	-	-	404,519
17 Other liabilities	129,389	1,394	7,483	6,531	144,796
18 Provisions for possible losses from credit contingencies, other possible losses and transactions with offshore residents	27,494	1	206	3,299	31,001
19 Total liabilities	13,218,583	47,763	871,350	202,199	14,339,896
Net balance item	1,289,813	174,849	-23,219	493,758	1,935,201

9.5. Financial Market Risks

This category includes the following types of risks:

- Interest risk for the debt securities portfolio of the trade book is the risk arising as a result of adverse changes in market rates.
- Stock risk of the trade book is the risk arising as a result of adverse changes in equity security quotations.
- Currency risk of the trade book is the risk arising as a result of adverse changes in foreign exchange rates and precious metals prices.
- Market credit spread risk is a risk of losses due to unfavorable changes in the market prices of financial instruments, the current fair value of which depends on the market appraisal of credit quality of a debt security issuer/transaction party (related name) (of an instrument profitability component reflecting the level of the issuer/contractor's credit risk), with deterioration of credit quality of the issuer/contractor, including their default.
- Volatility risk is a risk of losses or reduction of profit associated with changes of financial instrument base asset price volatility.

Estimation of the level of trading position risks is made by the Bank based on the VaR (Value-at-Risk) model using the historical simulation method with a confidence probability of 99 % at a 10-day horizon, with mark-ups factored in for the inherent risk related to change in the prices for individual instruments due other than to a change in the overall market situation.

*Market risk*²⁹:

<i>Type of risk</i>	<i>Risk level RUB billion</i>		<i>Risk level % of capital</i>	
	<i>January 1, 2015</i>	<i>January 1, 2014</i>	<i>January 1, 2015</i>	<i>January 1, 2014</i>
Market Risk	47.6	18.8	2.11 %	0.94 %
debt securities portfolio	46.7	17.2	2.07 %	0.86 %
Stock risk	1.0	2.2	0.04 %	0.11 %
Currency risk	2.8	5.7	0.12 %	0.29 %
investment diversification effect	-3.0	-6.4	-0.13 %	-0.32 %

9.6. Market risk as of January 1, 2015, increased considerably as compared to the value as of January 1, 2014, due to the increased volatility of the currency exchange rates and interest rate level. Reduced currency risk can be explained by cancellation of the CBR requirement to consider strategic investments in subsidiaries when calculating an open currency position. Reduction of the stock market risk is determined by reduction of the share portfolio volume. In 2014, transaction portfolios on the financial markets were divided according to the risk types and business units' specialization. This enabled an increase in the manageability of VaR with respect to all commercial operations.

Interest and currency risks of the bank book are the risks of the Bank incurring financial losses under the bank book positions due to a negative change of interest rates, currency exchange rates and prices for precious metals.

The main objectives of management over these types of risk are:

- minimization of potential losses due to the realization of interest rate and currency risks;

²⁹ Calculated based on the Bank's total position on financial instruments, including the Bank Book position, as well as on the Bank's total open currency position.

- compliance with regulators' requirements;
- risk-return optimization.

Interest Rate Risk in the Banking Book

The Bank assumes the interest rate risk associated with the effects of fluctuations in the market interest rates on the cash flows. Interest rate risk in the banking book includes:

- the interest rate risk arising due to maturity mismatches (repricing of interest rates) of assets and liabilities that are sensitive to changes in interest rates, when shifting in parallel, changing the slope and shape of the yield curve;
- the basis risk arising from a mismatch in the degree of change in interest rates of assets and liabilities that are sensitive to changes in the interest rates with similar maturity (interest rate repricing period);
- advanced repayment (interest rate revision) risk regarding the assets and liabilities sensitive to interest rate changes.

In order to measure the interest rate risk, a standardized shock, in accordance with the recommendations of the Basel Committee, is used. Forecasting of possible changes in interest rates is carried out separately with respect to the ruble position and is aggregated by foreign currency. Interest rate shock is calculated as 1 % and 99 % percentile of the distribution of the average interest rate change obtained by the method of historical simulations according to data at least for the last 5 years. As a basic interest rate for the assessment of ruble interest rate shock, an indicative rate of ruble interest rate swaps for a period of 1 year (RUB IRS 1Y) is used, as well as the LIBOR 3M – for the currency position.

The table below shows impact of growth and fall of the profit before tax interest rates³⁰ at a 1-year horizon as of two dates:

	<i>Decline in interest rates</i>		<i>Growth of interest rates</i>	
	<i>January 1, 2015</i>	<i>January 1, 2014</i>	<i>January 1, 2015</i>	<i>January 1, 2014</i>
RUB				
Change in interest rates, b.p.	-626	-292	1,130	570
Change in profit before tax, RUB billion	261,170	65,865	-471,794	-120,361
Foreign currency				
Change in interest rates, b.p.	-15	-19	56	66
Change in profit before tax, RUB billion	-518	80	1,886	-323

³⁰ Impact is calculated per all positions of the bank book which include the same investments in securities and other financial assets available for sale and investments in securities held to maturity

The growth of interest rate of the bank book in *Russian rubles* as of January 1, 2015, as compared to January 1, 2014, was mainly attributable to:

- the growth of short-term raisings from the Bank of Russia and funds of legal entities;
- the growth of the currency balance volume;
- increase in volatility of interest rates in Russian rubles.

The change of interest rate of the bank book in *foreign currency* as of January 1, 2015, as compared to January 1, 2014, was mainly attributable to:

- the increase in volume of investment of funds of the Bank in foreign currency in the banks;
- the increase in volume of loans to the legal entities at floating rates.

Currency Risk in the Bank Book

The Bank is exposed to currency risk due to the open currency positions (OCP) availability.³¹ The main sources of the bank book OCP are: operations of financing and attracting in foreign currency and income earned in foreign currencies. Currency risk is realized due to unfavorable changes in exchange rates.

The Bank undertakes daily aggregation of OCP and manages the open currency position in the banking book in order to reduce the currency risk. The Bank uses spot settlement exchange transactions, forward contracts, as well as the U.S. dollar futures contracts traded on the Moscow Stock Exchange, as the main instruments for risk management.

In 2014, the Bank was closing currency positions of the bank book, and, consequently, the Bank did not suffer any losses due to a considerable weakening of the exchange rate of the Russian ruble against the foreign currencies in accordance with the bank book's positions.

³¹ “OCP”

9.7. Assets and Liabilities Broken Down by Currencies

Analysis of the Bank's assets and liabilities broken down by currencies as of January 1, 2015, is provided below:

<i>RUB million</i>	<i>RUB</i>	<i>USD</i>	<i>EURO</i>	<i>Other currencies</i>	<i>Total</i>
Cash and cash equivalents	882,041	208,251	118,461	31,959	1,240,712
Funds of credit institutions held with the Central Bank of the Russian Federation	301,209	56	68,411	-	369,676
Funds with credit institutions before provisions	22,099	286,643	10,342	37,977	357,061
<i>Provisions for possible losses</i>					-574
Investments in securities carried at fair value through profit or loss	102,001	61,522	1,518	794	165,835
Loans receivable before provisions for possible losses	12,143,444	4,025,994	416,998	104,146	16,690,582
<i>Provisions for possible losses</i>					-801,203
Investments in securities and other financial assets available for sale before provisions for possible losses	1,366,906	298,971	81,408	349	1,747,634
<i>Provisions for possible losses</i>					-2,144
Investments in securities held to maturity before provisions for possible losses	299,347	69,148	-	-	368,495
<i>Provisions for possible losses</i>					-2,021
Current income tax claims	67,058	-	-	-	67,058
Fixed assets, intangible assets and inventories	480,205	-	-	-	480,205
<i>Provisions for possible losses</i>					-1,594
Other assets before provisions for possible losses	267,915	127,689	37,597	2,672	435,873
<i>Provisions for possible losses</i>					-28,690
Total assets before provisions for possible losses	15,932,225	5,078,274	734,735	177,897	21,923,131
<i>Provisions for possible loss</i>					-836,225
Loans, deposits and other funds of the Central Bank of the Russian Federation	3,149,504	366,314	-	-	3,515,818
Due to credit institutions	209,583	465,248	104,524	15,501	794,856
Due to customers other than credit institutions	9,400,626	3,561,175	829,695	235,228	14,026,724
Debt securities in issue	496,946	12,047	4,409	-	513,402
Current profit tax liabilities	2	-	-	-	2
Other liabilities	133,152	79,943	1,829	1,329	216,253
Deferred tax liability	42,891	-	-	-	42,891
Total liabilities	13,432,704	4,484,727	940,457	252,058	19,109,946
<i>Provisions for possible losses from credit contingencies, other possible losses and transactions with offshore residents</i>					36,530
Net position as to DFI carried at fair value	408,778	-636,240	168,385	100,986	41,909

Analysis of the Bank's assets and liabilities broken down by currencies as of January 1, 2014, is provided below:

<i>RUB million</i>	<i>RUB</i>	<i>USD</i>	<i>EURO</i>	<i>Other currencies</i>	<i>Total</i>
Cash and cash equivalents	650,041	15,602	16,788	34,889	717,320
Funds of credit institutions held with the Central Bank of the Russian Federation	408,803	-	-	-	408,803
Funds held with credit institutions before provisions	1,986	24,508	26,336	41,873	94,703
<i>Provisions for possible losses</i>					-401
Investments in securities carried at fair value through profit or loss	67,758	22,787	4,966	870	96,381
Loans receivable before provisions for possible losses	10,169,019	2,062,615	235,222	93,089	12,559,945
<i>Provisions for possible losses</i>					-581,938
Investments in securities and other financial assets available for sale before provisions for possible losses	1,268,416	230,083	104,359	143,051	1,745,909
<i>Provisions for possible losses</i>					-1,681
Investments in securities held to maturity before provisions for possible losses	379,871	26,377	-	-	406,248
<i>Provisions for possible losses</i>					-2,260
Current income tax claims	261	-	-	-	261
Fixed assets, intangible assets and inventories	469,695	-	-	-	469,695
<i>Provisions for possible losses</i>					-1,625
Other assets before provisions for possible losses	295,115	33,151	8,334	7,063	343,663
<i>Provisions for possible losses</i>					-28,205
Total assets before provisions for possible losses	13,710,965	2,415,124	396,004	320,835	16,842,928
<i>Provisions for possible losses</i>	-				-616,110
Loans, deposits and other funds of the Central Bank of the Russian Federation	1,967,036	-	-	-	1,967,036
Due to credit institutions	141,124	422,657	64,073	2,605	630,459
Due to customers other than credit institutions	8,836,059	1,737,179	384,611	170,186	11,128,035
Debt securities in issue	383,632	19,325	1,562	-	404,519
Other liabilities	92,749	50,424	813	810	144,796
Total liabilities	11,420,599	2,229,585	451,059	173,602	14,274,844
<i>Provisions for possible losses from credit contingencies, other possible losses and transactions with offshore residents</i>					31,001
Net position as to DFI carried at fair value	127,301	-106,466	-6,676	73	14,231

9.8. Risk of Losses due to the Change of the Property Value

Risk of losses due to a change of immovable property cost is a risk of losses due to unfavorable change of the cost of property owned by the Bank (for instance, own buildings or buildings obtained as a part of bankruptcy proceedings).

The key risk metrics characterizing the risk of loss due to a change of cost of the immovable property is economic capital. The main purpose of calculating the economic capital is to assess the potential amount of unexpected losses in the event of realization of a risk to define the proper level of available financial resources of the Bank providing coverage with a defined reliability level (confidence coefficient) at a 1-year horizon.

<i>RUB billion</i>	<i>Jan 1, 15</i>	<i>Jan 1, 14</i>
Real estate portfolio volume	350.0	334.3
<i>Growth rate of the real estate portfolio volume</i>	<i>4.7 %</i>	
Non-diversified economic capital:	53.3	48.6
Diversified economic capital:	30.6	27.5
<i>Growth rate of the diversified economic capital:</i>	<i>11.2 %</i>	
<i>Share in the diversified economic capital:</i>	<i>1.8 %</i>	<i>2.3 %</i>

Weight of this type of risk in the general structure of the Bank's economic capital remains stably low. Procedures and policies of managing this risk are in progress.

9.9. Legal Risk

Legal risk is the possibility of the Bank suffering financial losses, unplanned expenses or reducing projected revenues as a result of:

- inconsistency of internal regulatory documents, organizational and administrative documents of the Bank/Group member, with the requirements of legislation, legal acts and law enforcement practice;
- failure to take into account/ignore the judicial and law enforcement practice;
- imperfection of the legal system: inconsistency of legislation, absence of the provisions of law on regulating the issues arising in the course of business;
- committed legal errors in the course of business: wrong legal advice or wrong execution of the internal documents of the Bank, and agreements.

To make decisions and respond in a timely manner to a change of the risk level, the Bank prepares reports on losses associated with implementation of a legal risk, current risk level, and status of measures taken to minimize risk.

Assessment and forecast on the risk level is performed subject to the database of facts concerning implemented legal risks in the Bank and other financial institutions, based on the results of scenario analysis. Modern mathematical and statistical methods are used to analyze the information.

In 2014, Legal Risk Management Policy of Sberbank of Russia Group was approved, according to which identification, assessment and managing the legal risk procedures adopted in the Bank are duplicated for the Group's participating organizations. The start of the collection of data concerning legal risks for all Group members was on January 1, 2015.

9.10. Compliance Risk

Compliance risk means the risk of application of legal sanctions or sanctions of regulators, significant financial loss or loss of reputation of the Bank or other Group member as a result of their non-compliance with laws, regulations, rules, standards of self-regulatory organizations, or codes of conduct and ethical norms of business.

The main directions of the activities of the Bank and the Group members in compliance risk management are:

- prevention of misuse of authority and corruption actions of employees of the Bank and Group members;
- prevention and settlement of conflicts of interest arising in the course of performance by the Bank and Group members of their activities;
- counteraction of money laundering and financing of terrorism;
- compliance with license requirements and other regulatory requirements related to financial markets;
- ensuring of market conduct and fair competition when performing transactions on financial markets, prevention of unscrupulous business practices on financial markets (use of insider information, price manipulation, etc.);
- compliance with economic sanctions and restrictions established by the Russian Federation, as well as international organizations and certain countries;
- protection of the rights of clients, including as regards investment activities.

In elaboration of the aforesaid trends the Bank has developed and approved by-laws and introduced review procedures. Compliance control is organized consistently, with all employees of the Bank and participants of the Group involved and is performed continuously.

2014 witnessed effective steps aimed at adjustment of the best international practices of compliance control and bringing methodology as regards compliance of the Bank and Group into line with legislative novations.

9.11. Regulatory Risk

Regulatory risk shall mean the risk of the occurrence of negative financial and other consequences for the Bank and Group if a competent authority exercises its right to develop a statutory regulation³² and there is a possibility of its adoption.

In order to create an effective process of regulating the regulatory risk, in 2014, the Bank has adopted the by-laws regulating this process, and provided for minimization of the regulatory risk with respect to the key draft regulations, and conducted regulatory risk management training.

In 2014, as a part of the process of managing the regulatory risk, the Bank has particularly regulated the activity of its officials and subdivisions with respect to prevention and reduction of the possibility of a regulatory risk. The Bank has organized a process of internal interaction at the time of preparing the proposals to create a comfortable legal environment for conducting business with the Bank, and to minimize consequences of the regulatory risk found.

The Bank has a collegial advisory body - a Working Group on improvement of the legislative control and creation of a favorable legal environment to provide implementation of the Development Strategy. A consolidated position of the Bank with respect to the regulatory initiatives and draft laws bearing regulatory risks is elaborated for the Working Group.

³² This means a federal constitutional law, federal law, by-law.

Training for the mid-level executives of the Central Administrative Office was conducted under Modern GR: Regulatory Risk Management program.

At the end of 2014, the Bank adopted an up-to-date Regulatory Initiative Plan for the period until 2018, according to which work on developing the Bank's position on the key regulatory trends was conducted.

9.12. Tax Risk

Tax risk is an uncertainty as to achievement of business goals as a result of the influence of factors associated with the taxation process, which may appear as financial losses or any other adverse effects.

Appraisal of the level of potential tax risk is performed at the time of performance of the tax analysis of every transaction, operation or product the Bank is planning to introduce, and represents an appraisal of the potential financial losses: tax in default, penalty or fine. The method of tax risk management is selected based on the assessment of potential loss and tax risk acceptability.

As a part of creating a single tax risk management system of the Group processes and tax risk identification, appraisal and management procedures used in the Bank were systematized, formalized and tested. In 2014, unified principles of System functioning were introduced in the regional banks. The principles are distributed for the Group's members step by step. Unified approaches to appraisal of the tax risks will help to systematize information on actual implemented tax risks, to evaluate appropriateness of qualifying the tax risk as risks with regard to which risk appetite and demand for the capital on an individual basis will be defined.

9.13. Operational Risk

Operational risk is the risk of the Bank's losses arising as a result of errors in the organization of processes of the Bank, employee error or misuse by third parties, failures in operation of information systems, and due to external events.

As a part of managing operational risks, the Bank has introduced processes for collecting internal data on operational risk, self-assessment and scenario analysis incidents.

The users of various functional units are gradually connected to the automated operational risk management system. The system identifies and evaluates the effect of risks, and processes the information on measures taken to mitigate the risks.

Allocation of the amount of damage from serious incidents of operational risk among the Bank's subdivisions is performed regularly. Information about damage is considered a part of the key performance indicators (KPI) of the members of Executive Board, curators of the functional units of the Central Administrative Office, regional banks and branch manager. In addition, the Bank maintains a rating of the internal structural subdivisions according to the level of the operational risks for the purpose of minimization. Risk coordinators of the subdivisions are consulted with respect to operational risk management issues on an ongoing basis.

The main part of improvements to the automated operational risk management system in the Group's subsidiaries is complete. Employees of Sberbank Europe AG, Sberbank (Switzerland) AG, Denizbank AS, Sberbank of Russia JSC (Ukraine), BPS Sberbank JSC (Belarus), SB Sberbank JSC (Kazakhstan), Sberbank Leasing CJSC, and Cetelem Bank LLC have begun working in a unified operational risk management system. The process of scenario analysis was launched for the subsidiaries of Sberbank (Switzerland) AG, Denizbank AS, Sberbank of Russia JSC (Ukraine), BPS Sberbank JSC (Belarus), Sberbank JSC (Kazakhstan), Sberbank Leasing CJSC, and Cetelem Bank LLC.

To minimize risks of the Bank associated with improper performance of agreements for the supply of goods and services by suppliers, a scoring model for assessment of such risks and determining a potential loss of the Bank was introduced.

In order to reduce operational risks the Bank introduces "Client Session" technology, which makes conducting transactions without the knowledge of the client impossible. Additional control of transactions related to the change of the clients' data at the level of ISU was realized. Suspension of Mobile Bank service subject to canceled agreements between the clients and mobile network operators was automated. The Mobile Bank service is blocked for mobile phones infected with malicious software.

To minimize risks of incorrect performance of operations by employees, the retail banking system was improved with regard to visualization of the number of digits, repeated input of sum and transaction currency, and notifying on critical transactions. All improvements were duplicated across all regional banks.

9.14. Strategic Risk

Strategic risk is the risk of the Group incurring losses in more than 1 year's time as a result of errors made at the time decisions were made that determine the development strategy. The errors may be expressed as insufficient consideration of the potential hazard for the Group's activity, wrong definition of the prospective lines of business where the Group may achieve a competitive position, or in incomplete provisioning of the resources and administrative decisions that must provide achievement of the strategic goals.

Business risk is defined as the risk of losses that may be incurred by the Group in up to 1 year's time due to changes in the external environment, including changes in the Group's earning capacity, for example, because of a drop in sales or increased operating expenses.

In November 2013, a new Sberbank Strategy was approved for the period until 2018³³. Possible scenarios of the development of a macroeconomic situation were analyzed at the time of development of the Strategy, and some forecast scenarios on development of the Russian economy were developed. Conditions of transfer between scenarios were also defined.

The Strategy landmarks are based on an in-depth study of social, economic and technological tendencies in Russia and in the world, analysis of the attractiveness of some business areas and evaluation of compliance of the Bank's system with world standards.

In the current economic situation Sberbank faced new challenges with respect to which corresponding response actions were elaborated. Among the key challenges Sberbank faces the following are noteworthy:

³³ Hereinafter the "Strategy"

<i>Challenges</i>	<i>Description</i>	<i>Responsive actions</i>
Deterioration of the quality of borrowers	<ul style="list-style-type: none"> The quality of borrowers has considerably deteriorated in some sectors. 	<ul style="list-style-type: none"> Increased monitoring of the credit portfolio Focus work with pre-troubled debt, including a proactive approach to restructuring potentially troubled loans Further improvement of the risk management system and credit process
Liquidity shortage	<ul style="list-style-type: none"> Closure of European and American capital markets and liquidity markets for Russian companies Slowdown in the growth rates of clients' funds Increase of dependence on the funds of the Bank of Russia Increase of the level of interest risk 	<ul style="list-style-type: none"> Implementation of plans to manage ruble and currency liquidity Focusing of the branch network on attracting resources Improvement of the Bank's attractiveness for depositors (including due to an increase of rates) Entry into new markets to attract currency liquidity Prioritization of the financing of customers with high RAROC
Macroeconomic uncertainty and depreciation of the ruble	<ul style="list-style-type: none"> Geopolitic risks The falling oil price Possible recession Considerable depreciation of the ruble against the dollar and the euro 	<ul style="list-style-type: none"> The Group's Risk Committee has approved a set of triggers for various macroeconomic scenarios and response plans Additional measures to control expenditures Sberbank strives to minimize the open currency position

Despite difficult external conditions, in 2014, basic measures of the Strategy implementation were successfully launched. Main quality KPI defined in the Strategy are implemented. Implementation of the Strategy is supported by the organized processes of strategic and business planning, project activities management, and executives performance efficiency management system based on the above.

In order to successfully implement the Strategy, the project activity management system was modernized and the Bank has switched from project to program management. Project activity management was delegated from the level of the Executive Board to the Project and Processes Committee, and from the level of the Project and Processes Committee to the level of units.

Despite crisis trends developing in the Russian economy, the Bank still considers the set of key programs and projects, implemented as a part of achieving the Strategy goals, to be relevant. At the same time, partial recalendarization of part of the initiatives is possible, taking into account the need to resolve the most urgent tasks related to ensuring efficiency and stability of the Bank's activity at the time of crisis. Sberbank is not yet reviewing the financial goals of the Strategy, but it is keeping a watchful eye on market development scenarios and will return to this question in 2015.

Under new economic conditions Sberbank sees new opportunities for successful implementation of the Strategy on account of the following:

- consolidation of positions on the Russian market, increase of the level of credibility and loyalty of clients,
- higher rates of restructuring of the sales system and management system with lower risks associated with scaling of transformations,
- maintenance of the potential for implementation of strategic development projects at a time when competitors face problems even with supporting the current parameters of business,
- using the temporary fall in market growth rates for deeper modernization of processes, infrastructure and IT system architecture,
- limitations on the growth of income, more strict financial control at all stages of expenditures,

- piloting of innovative ideas and developments, full-scale duplication of which may be launched at the stage of market recovery,
- development and training of the team: creation of new skills, development of competences, and introduction of a new corporate culture.

Sberbank takes into account changes of the economic situation when creating tasks of the Group's business plan for 2015 and such change is reflected in the Group's focus on implementation of strategic programs aimed, first of all, at ensuring quality servicing for clients and the reliability of the Bank's internal systems.

On a regular basis the Group and Group members continue evaluating the implementation results of the Development Strategy and the attainment of the business plan target indicators. The analysis of deviations between actual and target indicators, the forecast of the strategy and business plan fulfillment subject to newly discovered circumstances are, among other things, the basis for decisions on adjusting the strategy or business plan, making it possible to reduce the potential adverse effect from strategic and business risks.

9.15. Model Risk

Model risk appears from uncertainty/errors in models (including risk measurement, appraisal of the cost of securities and financial instruments, liquidity assessment), including the risk of model parameters changing over the course of time.

The aim of assessing the level of model risk is to define models that have to be reworked. Once they are defined, the model is reworked and validated once more.

Based on the results of 2014, 320 models were validated, of which 56 required reworking. Large-scale validation of all Sberbank models was performed. Validation of rating of retail and corporate clients was performed. Model Risk Management Policy was approved with all subsidiary banks of the Group.

10. Information on Transactions with the Parties Related to the Bank

Related-party transactions were carried out by the Bank on terms and conditions similar to those applied to operations (transactions) with other counterparties. Parties are considered to be related if one of them has the ability to control the other party, is under common control or may exercise significant influence over the other party in making financial or operational decisions.

Information is disclosed below about balances on significant transactions with related parties, which include transactions with the Bank of Russia (the main shareholder of Sberbank of Russia), subsidiaries and other related parties.

<i>RUB million</i>	<i>Jan 1, 15</i>		<i>Jan 1, 14</i>	
	<i>Bank of Russia</i>	<i>Other related parties*</i>	<i>Bank of Russia</i>	<i>Other related parties*</i>
Assets				
Obligatory provisions on accounts with the Bank of Russia	142,522	-	112,129	-
Funds with the Bank of Russia	227,154	-	296,673	-
Funds with other banks	-	562,518	-	283,692
Investments in securities, including:	-	385,889	-	314,195
at fair value	-	50	-	3,324
available for sale	-	386,383	-	310,871
provisions for possible losses of securities	-	543	-	-
Loans and advances to customer before impairment reserve, including:	-	532,045	-	308,972
overdue loan debt	-	841	-	492
Provision for loan debt impairment	-	19,364	-	23,894
Liabilities				
Funds of other banks	3,015,818	29,761	1,667,036	16,613
Funds of individuals	-	5,795	-	6,572
Funds from corporate clients	-	92,962	-	141,498
Subordinated loans raised	500,000	-	300,000	-
Off-balance				
Guarantees provided	-	82,270	-	57,283
Received guarantees	-	28,699	-	-

The Bank had no material settlement commitments with related parties as of January 1, 2015, and January 1, 2014.

The information concerning material incomes and expenditure over the operations with related parties is disclosed below.

<i>RUB million</i>	<i>2014</i>		<i>2013</i>	
	<i>Bank of Russia</i>	<i>Other related parties</i>	<i>Bank of Russia</i>	<i>Other related parties</i>
Interest income	218	43,464	51	29,021
Interest costs on subordinated loan	-26,481	-	-19,500	-
Interest costs, except of interest costs on subordinated loan	-145,864	-5,690	-48,210	-4,909
Other earnings, less expenditure	-1,655	-92,602	-1,443	7,438
Operating expenses	-57	-142	-56	-7,761

During 2014 and 2013, the Bank did not write off significant amounts of uncollectible receivables from transactions with related parties.

In accordance with the legislative requirements of the Russian Federation, non-arm's-length transactions³⁴, including transactions with related parties, are conducted according to a special procedure and are subject to approval before they are conducted by an authorized body of the Bank's Executive Board (the Supervisory Board and, in some cases, the General Meeting of Shareholders). In 2014, such transactions were approved by the Bank's Supervisory Board.

To reveal signs of interest, preliminary analysis is performed of interest on the part of members of executive bodies who are involved in the decision-making process. Interested parties are removed from discussing the transaction and from decision making on such transaction.

The issue of approval of a non-arm's-length transaction is subject to preliminary consideration by the collegial working bodies of the Bank (Committees) or by the Executive Board of the Bank, who preliminarily approve the main terms of transactions and take decisions on submitting the transactions for subsequent approval by the Supervisory Board and in cases, stipulated by the legislation of the Russian Federation, by the General Meeting of Shareholders.

In the normal course of business, the Bank enters into transactions with government agencies of the Russian Federation and companies controlled or significantly influenced by the government. The Bank provides government agencies and state-controlled companies with a full range of banking services, including (but not limited to) the provision of loans and acceptance of deposits, the issue of guarantees, securities sale/purchase transactions and cash management services. These transactions are performed by the Bank on market conditions, where transactions with government agencies and state-controlled companies constitute a small portion of all the Bank's transactions.

The table below provides the balances under material operations with state agencies and state-controlled companies:

<i>Jan 1, 15</i>				
<i>Client</i>	<i>Sector of the economy</i>	<i>Net loans receivable</i>	<i>Due to customers / Due to banks</i>	<i>Issued guarantees</i>
Client 1	Oil and gas industry	130,060	133,878	25,456
Client 2	Power industry	172,533	97,556	3,928
Client 3	Machine building	172,026	51,406	37,222
Client 4	Machine building	180,196	45,161	15,219
Client 5	State and municipal agencies	-	217,511	-
Client 6	Power industry	174,333	39,522	-
Client 7	Machine building	129,385	30,583	8,971
Client 8	Machine building	42,488	10,620	109,813
Client 9	Machine building	94,186	33,553	25,779
Client 10	Telecommunications	102,445	-	8,696
Client 11	Banking	-	-	100,000
Client 12	Power industry	51,287	47,597	117
Client 13	State and municipal agencies	-	89,500	-
Client 14	Oil and gas industry	-	62,766	-
Client 15	Machine building	5,806	19,420	20,694
Client 16	Transport, aviation and space industry	5,979	9,141	25,611
Client 17	Machine building	29,483	2,135	8,373
Client 18	Transport, aviation and space industry	14,052	2,665	14,379
Client 19	Machine building	15,638	568	14,359
Client 20	Transport, aviation and space industry	220	4,955	21,461

³⁴ Federal Law No. 208-FZ "On Joint-Stock Companies"

Jan 1, 14

<i>Client</i>	<i>Sector of the economy</i>	<i>Net loans receivable</i>	<i>Due to customers / Due to banks</i>	<i>Issued guarantees</i>
Client 1	Oil and gas industry	84,376	76,793	20,602
Client 2	Power industry	164,247	38,596	-
Client 3	Machine building	135,884	44,976	23,507
Client 4	Machine building	116,099	36,182	15,967
Client 5	State and municipal agencies	-	-	-
Client 6	Power industry	148,200	19,043	-
Client 7	Machine building	98,982	-	8,360
Client 8	Machine building	23,127	-	98,220
Client 9	Machine building	48,805	15,804	3,463
Client 10	Telecommunications	116,161	-	5,882
Client 11	Banking	-	150	90,000
Client 12	Power industry	48,103	61,926	148
Client 13	State and municipal agencies	-	-	-
Client 14	Oil and gas industry	-	-	-
Client 15	Machine building	4,051	-	13,492
Client 16	Transport, aviation and space industry	6,288	-	25,179
Client 17	Machine building	21,785	4,413	5,577
Client 18	Transport, aviation and space industry	7,934	-	11,586
Client 19	Machine building	9,591	-	13,134
Client 20	Transport, aviation and space industry	-	-	22,665

Additionally, the balances on operations with government offices and companies controlled by the Russian Federation as of January 1, 2015, include the requirements for the Deposit Insurance Agency of Russia in the amount of RUB 17,128 mln (as of January 1, 2014, they amounted to RUB 53,960 mln) that is represented by the sum of accounts receivable recognized according to settlements on compensation payment operations with regard to deposits in banks, the licenses of which were recalled by the Bank of Russia. These balances are included in other financial assets (see Note 5.8).

11. Information on Payments (Remunerations) to Management Personnel

Average staff number of the Bank for 2014 was 257,488 (for 2013: 246,024).

The rules and procedures prescribed by the Bank's internal documents on labor remuneration are observed with respect to the Bank's managers and employees.

In accordance with Sberbank's Accounting policy, the details on operations (transactions) with the key management personnel shall include information on transactions with persons, who are members of the management and controlling bodies of the Bank. The following categories of positions shall be understood as managerial staff for the purposes of this report: CEO, Chairman of the Board, Members of the Executive Board, senior vice-presidents of the Bank, chief accountant of the Bank and her deputies, members of the Audit Committee, heads of the control and internal audit service and audit, chairmen of the regional banks, and chief accountants of the regional banks.

According to the resolution of the annual General Meeting of the Shareholders held on June 6, 2014, remuneration for 2014 was paid to members of the Supervisory Board in 2014 in the amount of RUB 53.0 million for their participation in this management body of the Bank. (for 2012 in 2013: RUB 61.3 million)

The amount of payments to managerial staff for 2014 as a short-term remuneration (excluding the second part of the remuneration according to the results of work for 2013 paid in 2014) amounted to RUB 4.9 billion. (for 2013: RUB 5.6 billion).

For the purposes of this report the sum of short-term remuneration includes: wages and social security contributions, payable annual leave, monthly and quarterly premiums, payments for business trips, non-cash benefits (medical services, accident and health insurance, provision of accommodation and transport), remuneration based on the results of work during a year (with regard to the year for which performance evaluation was made, i.e., in 2014 the part for 2013 paid in 2014 is not specified).

Remuneration of the managerial staff after finishing work activities (pensions and one-time retirement payments, retirement allowances in excess of the standards of the Labor Code of the Russian Federation) for 2014 amounted to RUB 3.4 mln, in 2013 - RUB 25.5 mln.

No long-term compensations—long-service payments, long-term disability payments—were made to the above mentioned managerial categories in 2014.

Average number of managerial staff of the Bank for 2014 was 71 (for 2013: 72).

The share of the total amount of payments/remunerations to the managerial staff in the total amount of remuneration to all employees of the Bank amounted in 2014 to 1.9 %, in 2013 – 2.5 %. The total amount of remuneration to the managerial staff for 2014 decreased by 12.0 % as compared to 2013.

12. Information on the Bank's Business Segments

For the purpose of management, the Bank is divided into operating segments of activity — central head office, 16 regional banks (before July 1, 2014, - 17 regional banks) — which are defined on the basis of the Bank's organizational structure and geographical locations. The principal activity of all operating segments is banking operations. For the purpose of presentation in these statements, the operating segments are aggregated in the following reporting segments:

- Moscow, including:
 - Central Head Office of the Group,
 - Regional Bank of Moscow.
- Central and Northern Regions of the European part of Russia, including:
 - Severny Regional Bank — Yaroslavl,
 - Severo-Zapadny Regional Bank — St. Petersburg,
 - Tsentralno-Chernozemny Regional Bank — Voronezh,
 - Srednerussky Regional Bank — Moscow;
- Volga Region and South of European part of Russia, including
 - Volgo-Vyatsky Regional Bank — Nizhniy Novgorod;
 - Povolzhsky Regional Bank — Samara;
 - Severo-Kavkazsky Regional Bank — Stavropol;
 - Yugo-Zapadny Regional Bank — Rostov-on-Don.
- Ural, Siberia and Far East of Russia, including:
 - Zapadno-Uralsky Regional Bank — Perm;
 - Uralsky Regional Bank — Yekaterinburg;
 - Sibirsky Regional Bank — Novosibirsk,
 - Zapadno-Sibirsky Regional Bank — Tyumen;
 - Severo-Vostochny Regional Bank — Magadan (on July 1, 2014, the bank was reorganized and its divisions were included in Dalnevostochny and Baikalsky regional banks),
 - Dalnevostochny Regional Bank — Khabarovsk,
 - Vostochno-Sibirsky Regional Bank — Krasnoyarsk,
 - Baikalsky Regional Bank — Irkutsk.
- Other countries, including:
 - Branch located in India.

The Bank's Management analyzes the operating results of every segment of activity to make decisions on allocating resources and to assess their performance. The segments' reports and performance provided to the management for analysis are made in accordance with Russian accounting rules.

Intersegment operations are performed on the basis of internal transfer pricing rates which are established, approved and regularly revised by the Bank's management.

The table below contains information on allocation of the Bank's assets and liabilities broken down by segments as of January 1, 2015:

		<i>RUB million</i>	<i>Moscow</i>	<i>Central and Northern regions of the European part of Russia</i>	<i>Povolzhye and South part of Russia</i>	<i>Urals, Siberia and Far East of Russia</i>	<i>Other countries</i>	<i>Total</i>
I	ASSETS							
1	Cash and cash equivalents		412,632	295,834	231,570	300,675	1	1,240,712
2	Funds of credit institutions held with the Central Bank of the Russian Federation		360,411	23	284	8,958	0	369,676
2.1	Required reserves		142,522	0	0	0	0	142,522
3	Funds held with the credit institutions		356,205	1	0	244	37	356,487
4	Financial assets carried at fair value through profit or loss		825,688	0	0	0	0	825,688
5	Net loans receivable		7,108,978	2,905,150	2,402,558	3,469,672	3,021	15,889,379
6	Net investments in securities and other financial assets available for sale		1,745,141	0	0	0	349	1,745,490
6.1	Investments in subsidiaries and affiliates		385,839	0	0	0	0	385,839
7	Net investments in securities held to maturity		366,474	0	0	0	0	366,474
8	Current income tax claims		67,058	0	0	0	0	67,058
9	Deferred tax asset		0	0	0	0	0	0
10	Fixed assets, intangible assets and inventories		143,646	100,510	95,771	138,671	14	478,612
11	Other assets		290,885	50,198	22,213	43,839	49	407,184
	Intra-branch settlements		2,332,840	404,290	0	87,159	0	2,824,289
12	Total assets		11,677,118	3,351,716	2,752,396	3,962,059	3,471	21,746,760
II	LIABILITIES							
13	Loans, deposits and other funds of the Central Bank of the Russian Federation		2,901,889	176,400	155,600	281,929	0	3,515,818
14	Due to credit institutions		763,265	17,862	5,100	7,610	1,019	794,856
15	Due to customers other than credit institutions		6,220,444	3,007,505	2,109,086	2,689,012	677	14,026,724
15.1	Deposits of individuals		2,225,628	2,238,930	1,604,716	1,929,774	4	7,999,052
16	Financial liabilities carried at fair value through profit or loss		617,945	0	0	0	0	617,945
17	Debt securities in issue		105,664	163,810	85,462	158,466	0	513,402
18	Current income tax liabilities		2	0	0	0	0	2
19	Deferred tax liability		42,891	0	0	0	0	42,891
20	Other liabilities		160,278	21,177	15,281	19,504	13	216,253
	Intra-branch settlements		2,187,277	4,712	120,473	510,065	1,762	2,824,289
21	Provisions for possible losses from credit contingencies, other possible losses and transactions with offshore residents		13,981	6,047	4,178	12,325	0	36,531
22	Total liabilities		10,826,359	3,392,801	2,374,707	3,168,846	1,709	19,764,422

The table below contains information on allocation of the Bank's assets and liabilities broken down by segments as of January 1, 2014:

<i>RUB million</i>	<i>Moscow</i>	<i>Central and Northern regions of the European part of Russia</i>	<i>Povolzhye and South part of Russia</i>	<i>Urals, Siberia and Far East of Russia</i>	<i>Other countries</i>	<i>Total</i>
I ASSETS						
1 Cash and cash equivalents	149,416	197,525	168,687	201,688	5	717,320
2 Funds of credit institutions held with the Central Bank of the Russian Federation	406,741	66	538	1,458	-	408,803
2.1 Required reserves	112,129	-	-	-	-	112,129
3 Funds held with the credit institutions	94,075	3	-	54	168	94,301
4 Financial assets carried at fair value through profit or loss	144,663	-	-	-	-	144,663
5 Net loans receivable	4,817,679	2,292,578	1,984,464	2,882,121	1,165	11,978,007
6 Net investments in securities and other financial assets available for sale	1,744,228	-	-	-	-	1,744,228
6.1 Investments in subsidiaries and affiliates	310,871	-	-	-	-	310,871
7 Net investments in securities held to maturity	403,988	-	-	-	-	403,988
8 Current income tax claims	261	-	-	-	-	261
9 Deferred tax asset	-	-	-	-	-	-
10 Fixed assets, intangible assets and inventories	126,872	102,336	95,587	143,256	19	468,070
11 Other assets	142,945	64,910	43,805	63,783	14	315,457
457 Intra-branch settlements	2,118,544	540,659	36,044	20,673	-	2,715,920
12 Total assets	8,030,867	2,657,419	2,293,081	3,292,360	1,371	16,275,097
II LIABILITIES						
13 Loans, deposits and other funds of the Central Bank of the Russian Federation	1,967,036	-	-	-	-	1,967,036
14 Due to credit institutions	599,104	12,690	7,407	11,259	-	630,459
15 Due to customers other than credit institutions	4,079,850	2,716,804	1,929,427	2,401,548	406	11,128,035
15.1 Deposits of individuals	2,022,557	2,155,852	1,579,696	1,897,587	2	7,655,695
16 Financial liabilities carried at fair value through profit or loss	34,051	-	-	-	-	34,051
17 Debt securities in issue	92,807	122,116	66,624	122,972	-	404,519
18 Current income tax liabilities	-	-	-	-	-	-
19 Deferred tax liability	-	-	-	-	-	-
20 Other liabilities	95,705	18,503	13,237	17,340	11	144,796
Intra-branch settlements	2,283,060	0	79,873	351,862	1,126	2,715,920
21 Provisions for possible losses from credit contingencies, other possible losses and transactions with offshore residents	15,361	4,985	4,355	6,299	-	31,001
22 Total liabilities	6,883,913	2,875,098	2,021,050	2,559,418	418	14,339,896

The table below provides segment information regarding the allocation of the Bank's income and expenses for 2014:

<i>RUB million</i>		<i>Moscow</i>	<i>Central and Northern regions of the European part of Russia</i>	<i>Povolzhye and South part of Russia</i>	<i>Urals, Siberia and Far East of Russia</i>	<i>Other countries</i>	<i>Total</i>
1	Total interest income, including:	630,877	319,414	287,842	423,458	294	1,661,885
1.1	From funds deposited with credit institutions	30,344	1,292	198	-	2	31,836
1.2	From loans granted to customers other than credit institutions	471,311	318,109	287,644	423,458	274	1,500,796
1.3	From provision of services related to financial leasing (leasing)	-	-	-	-	-	-
1.4	From investments in securities	129,222	14	-	-	18	129,254
2	Total interest expenses, including:	388,387	120,966	84,383	108,334	91	702,161
2.1	On deposits from credit institutions	163,156	7,333	6,326	12,236	61	189,112
2.2	On deposits from customers other than credit institutions	219,675	105,462	73,611	88,272	30	487,050
2.3	Debt securities in issue	5,556	8,171	4,446	7,826	-	25,999
3	Net interest income (negative interest margin)	242,490	198,448	203,459	315,124	203	959,724
4	Changes in the provisions for possible losses from loans, loan and equivalent debt, funds in:	-137,731	-21,612	-22,600	-97,578	-49	-279,570
4.1	Change in the provision for possible losses on interest income accrued	224	-473	-424	-1,727	-3	-2,403
5	Net interest income (negative interest margin) less provisions for possible losses	104,759	176,836	180,859	217,546	154	680,154
6	Net income from operations with securities carried at fair value through profit or loss	-64,381	-	-	-	-	-64,381
7	Net income from operations with securities available for sale	-12,662	-	-	-	-	-12,662
8	Net income from operations with securities held to maturity	-1	-	-	-	-	-1
9	Net income from operations with foreign currency	-12,764	9,112	5,330	-3,191	40	-1,473
10	Net income from foreign currency revaluation	162,747	-192	506	9,737	-96	172,702
11	Income from participation in the capital of other legal entities	5,332	-	-	-	-	5,332
12	Fee and commission income	72,397	55,223	45,751	67,728	15	241,114
13	Fee and commission expenses	21,751	743	548	897	-	23,939
14	Change in the provision for possible losses on securities available for sale	78	-	-	-	-	78
15	Change in the reserve for possible losses on securities held to maturity	238	-	-	-	-	238

<i>RUB million</i>	<i>Moscow</i>	<i>Central and Northern regions of the European part of Russia</i>	<i>Povolzhye and South part of the European part of Russia</i>	<i>Urals, Siberia and Far East of Russia</i>	<i>Other countries</i>	<i>Total</i>
16 Change in the provision for other losses	643	-2,257	-1,541	-8,363	-	-11,518
17 Other operating income	32,447	3,212	2,799	3,769	-	42,227
18 Net income (expenses)	267,083	241,191	233,157	286,329	113	1,027,873
19 Operating expenses	239,193	117,429	99,993	141,948	103	598,666
20 Profit (loss) before taxation	27,890	123,762	133,164	144,380	10	429,206
21 Tax compensation (expenses)	96,724	5,983	6,845	8,432	9	117,993
22 Income (loss) after taxation	-68,834	117,779	126,319	135,948	1	311,213
24 Unused profit (loss) for the reporting period	-68,834	117,779	126,319	135,948	1	311,213

The table below provides segment information regarding the allocation of the Bank's income and expenses for 2013:

<i>RUB million</i>	<i>Moscow</i>	<i>Central and Northern regions of the European part of Russia</i>	<i>Povolzhye and South part of the European part of Russia</i>	<i>Urals, Siberia and Far East of Russia</i>	<i>Other countries</i>	<i>Total</i>
1 Total interest income, including:	511,686	257,805	227,497	341,912	103	1,339,005
1.1 From funds deposited with credit institutions	18,444	59	42	-	49	18,595
1.2 From loans granted to customers other than credit institutions	377,779	257,733	227,455	341,912	54	1,204,934
1.3 From provision of services related to financial leasing (leasing)	-	-	-	-	-	-
1.4 From investments in securities	115,464	13	-	-	-	115,476
2 Total interest expenses, including:	263,826	102,863	71,591	88,032	16	526,327
2.1 On deposits from credit institutions	84,388	326	49	309	2	85,074
2.2 On deposits from customers other than credit institutions	172,865	94,442	67,310	81,066	14	415,698
2.3 Debt securities in issue	6,572	8,095	4,231	6,657	-	25,555
3 Net interest income (negative interest margin)	247,861	154,943	155,907	253,881	87	812,678
4 Changes in the provisions for possible total losses from loans, loans and similar accounts receivable, funds in correspondent accounts, as well as accrued interest income, including:	-6,676	-14,524	-2,366	-16,095	-69	-39,731
4.1 Change in the provision for possible losses on interest income accrued	-1,828	-107	-61	-496	-1	-2,494
5 Net interest income (negative interest margin) less provisions for possible losses	241,184	140,418	153,540	237,786	19	772,947
6 Net income from operations with securities carried at fair value through	3,294	-	-	-	-	3,294

<i>RUB million</i>	<i>Moscow</i>	<i>Central and Northern regions of the European part of Russia</i>	<i>Povolzhye and South part of the European part of Russia</i>	<i>Urals, Siberia and Far East of Russia</i>	<i>Other countries</i>	<i>Total</i>
profit or loss						
7 Net income from operations with securities available for sale	7,698	-	14	-	-	7,712
8 Net income from operations with securities held to maturity	-1	-	-	-	-	-1
9 Net income from operations with foreign currency	-5,181	2,651	1,596	1,151	-	216
10 Net income from foreign currency revaluation	7,434	199	173	1,044	-113	8,737
11 Income from participation in the capital of other legal entities	3,931	-	-	-	-	3,931
12 Fee and commission income	53,576	44,502	36,186	54,637	5	188,907
13 Fee and commission expenses	15,674	520	587	901	-	17,682
14 Change in the provision for possible losses on securities available for sale	-2	-	-	-	-	-2
15 Change in the reserve for possible losses on securities held to maturity	-1,798	-	-	-	-	-1,798
16 Change in the provision for other losses	-6,663	-3,075	-2,446	-2,977	-	-15,162
17 Other operating income	11,571	2,089	1,813	2,599	-	18,072
18 Net income (expenses)	299,370	186,264	190,290	293,340	-91	969,173
19 Operating expenses	166,938	95,261	86,232	117,871	81	466,383
20 Profit (loss) before taxation	132,432	91,004	104,058	175,469	-173	502,789
21 Tax compensation (expenses)	102,200	6,997	6,372	9,571	-	125,140
22 Income (loss) after taxation	30,231	84,006	97,686	165,898	-173	377,649
24 Unused profit (loss) for the reporting period	30,231	84,006	97,686	165,898	-173	377,649

For 2014 and 2013, there was no external customer or counterparty entering into transactions with proceeds exceeding 10 % of the Bank's gross proceeds.

During 2014, there were no significant events having an impact on the Bank's financial position or performance to be disclosed in the explanatory information to the annual statements in accordance with applicable laws of the Russian Federation.

**CEO,
Chairman of the Board, Sberbank of Russia**

Herman O. Gref

**Chief Accountant -
Director of the Accounting and Reporting
Department of Sberbank of Russia**

M.Yu. Lukyanova