

Explanatory information to Interim Annual Financial Statements of Sberbank of Russia for the first half of 2014

**Prepared in accordance with the requirements
of Directive No. 3081 U of the Bank of Russia
dated October 25, 2013 "On Credit Institutions'
Disclosure of Information on Their Operations"**

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This Explanatory Information:

- is an integral part of interim financial statements¹ of Sberbank of Russia² for the first half of 2014 prepared pursuant to effective Russian Federation legislation³;
- provides disclosure of material information on Sberbank of Russia that has not been presented as part of the forms of interim statements;
- is based on the published reporting forms⁴ and on other banking forms, compiled on the basis of Russian Accounting Standards⁵, and does not include data from the consolidated statements of the Banking Group;
- is presented in RUB millions, unless otherwise specified;
- includes comparable figures for different reporting periods.

Given that the interim statements are based on an accounting policy not materially different from the one in force during 2013, this Explanatory Information includes primarily the details on the events and transactions that are material for understanding the changes in the financial position and results of the Bank's activities in the first half of 2014.

The changes introduced in the Accounting Policies in the first half of 2014, as well as their influence on the results of the activities of Sberbank were described in Section 4.4 herein.

The interim reports of Sberbank include: Balance Sheet, Statement of Financial Performance, Report on Capital Adequacy to Cover Risks, Doubtful Loans Provision and Other Assets Statement, Data on Statutory Ratios, Cash Flow Statement, and Explanatory Note. The interim statements are published on Sberbank's official website at: www.sberbank.ru.

¹ Hereinafter, the "interim statements"

² Hereinafter, "Sberbank of Russia", "Sberbank", the "Bank"

³ Directive No. 3081-U of the Bank of Russia "On Disclosures by Lending Institutions Related to Their Operations" dated October 25, 2013

⁴ Directive of the Bank of Russia "On the list, forms and procedures for preparing and submitting reporting forms by credit institutions to the Central Bank of the Russian Federation", No. 2332-U, dated November 12, 2009.

⁵ Hereafter RAS

1. General Information

Full corporate name of the Bank: Sberbank of Russia Open Joint-Stock Company.

Short corporate name of the Bank: Sberbank of Russia OJSC.

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

2. Sberbank of Russia Banking Group

Number of the members of the banking group for the first half of 2014 increased by 8 members, and as of July 1, 2014, comprised 212 entities.

	<i>July 1, '14</i>	<i>January 1, '14</i>	<i>July 1, '13</i>
Number of members of the banking Group, including	212	204	204
Direct control	40	36	37
Indirect control	169	165	164
Indirect control and, at the same time, direct participation	3	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 July 1, 2014, include reports of 103 entities:

<i>Company name</i>	<i>Share of control Groups</i>
<i>Direct control of 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 Joint-Stock Company	99.9977 %
4 Subsidiary Bank Sberbank of Russia Public Joint-Stock Company	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 %
<i>Indirect control of the Bank</i>	
1 Krasnaya Polyana Open Joint-Stock Company	96.9150 %
2 Derways Automobile Company Limited Liability Company	51.0000 %
3 Kiparisiana Investment LTD	100.0000 %
4 Mosstroyvozhrozhdeniye Open Joint-Stock Company	50.0000 %
5 SBK Holding Limited Liability Company	99.9999 %
6 Manzherok Mountain Skiing Complex Closed Joint Stock Company	85.2174 %
7 Sberbank (Switzerland) AG	99.1450 %

* Companies that submit reports by subgroups (subgroups include an aggregate of 86 companies, including parent companies).

The remaining 109 entities have an insignificant effect on the Bank's financial indicators.

The Bank is present in other markets through a chain of subsidiary banks and financial companies:

- subsidiary banks: 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.
- financial companies: the Republic of Kazakhstan, Ukraine, Ireland, the United States of America, Great Britain, and Cyprus.

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

In addition, the Bank performs a range of functions through two foreign representative offices, located in Germany and China. The above representative offices do not directly carry out banking operations, but contribute to the promotion of the business of the Bank and its clients in the regions of its presence.

This Explanatory Note is included in the interim statements of the Bank under RAS for the first half of 2014 and does not include the consolidated statements of the Group as well as 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. The interim condensed consolidated financial statements of Sberbank of Russia prepared under IFRS for 6 months of 2014 were published on August 28, 2014.

3. Short description of the Bank's activity

3.1. Nature of operations and core business of the Bank

Sberbank's core business is banking operations:

- Operations with corporate customers: maintaining settlement and current accounts, opening deposits, 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, bankcard services, operations with precious metals, transactions with 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. In addition, Sberbank has individual licenses for banking operations with precious metals, licenses of a professional member of the securities market for broking, dealing, depositary activities, and portfolio management, a license to execute contracts with an exchange intermediary in exchange trading.

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 the first half of 2014, the Bank incurred RUB 15.0 billion of expenses for deductions to this Fund, which exceeded the first half of 2013 figure by 17.0 % due to a higher volume of funds raised from individuals.

3.2. Main indicators of activities in the first half of 2014

The first half of 2014 was completed by Sberbank with the following economic figures⁶:

<i>RUB million</i>	<i>July 1, '14</i>	<i>January 1, '14</i>	<i>July 1, '13</i>
Assets	17,301,615	16,275,097	14,294,598
Capital ⁷	2,186,986	1,972,892	1,826,492
	<i>the first half of '14</i>	<i>the first half of '13</i>	
Earnings before tax	239,886	244,659	
Earnings after tax	186,416	191,800	

In the first half of 2014, the Bank's assets mainly grew due to loans to legal entities and individuals: net loans receivable contributed to 81.4 % of the growth in assets.

In the first half of 2014, the capital sources increased at the expense of earned net profit and the placement of USD 1 billion in subordinated bonds. The capital decreased as a result of paying dividends at the amount of RUB 72 billion. Core Capital Adequacy ratio decreased from the beginning of 2014 from 12.5 % to 12.3 %.

In June 2014, the Bank has raised a subordinated loan from the Bank of Russia in the amount of RUB 200 billion under Federal Law No. 173-FZ⁸ to finance its active operations. This

⁶ Hereinafter, the figures provided in tables may differ from calculation data as a result of rounding

⁷ As of July 1, 2013, the capital is calculated pursuant to "Regulation on the Methodology for Evaluating the Own Funds (Capital) of Credit Institutions" No. 215-P confirmed by the Bank of Russia on February 10, 2003. As of January 1, 2014, and July 1, 2014, the capital is calculated pursuant to "Regulations on the Methodology for Defining the Value and on the Estimate of Sufficiency of the own Funds (Capital) of Credit Institutions (Basel III)" No. 395-P confirmed by the Bank of Russia on December 29, 2012 (hereinafter – "Regulation of the Bank of Russia No. 395-P").

subordinated loan from the Bank of Russia is not considered for calculation of regulatory capital of Sberbank of Russia 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 IFRS.

The interest income, which registered a net increase by 24.1 % over the first half of 2013, continues to generate the main revenue of the Bank. A significant portion of revenues is also generated by commission fee operations: the net fee and commission income increased by 24.6 %.

At the same time, in the first half of 2014 the Bank created more provisions for losses on doubtful loans than in the first half of 2013 (RUB 106.6 billion against RUB 18.7 billion the year before) which was determined by the following reasons:

- the increase of credit portfolio in the first half of 2014 that required the creation of reserves in the scope of current approaches to provisioning;
- the decline in the ruble in the first half of 2014 that resulted in additional provisioning for foreign currency loans without the deterioration of their quality;
- the general deterioration of the credit portfolio quality on the market for both corporate and retail customers with current macroeconomic environment in the background;
- the one-time provisioning for several relatively heavy borrowers;
- the provisioning for Ukrainian borrowers, because of the complicated situation in Ukraine.

The amount of created provisions was the main reason why the earnings before tax in the first half of 2014 were 2.0 % lower than in the first half of 2013. The dynamics of earnings after tax (a 2.8 % decline in the earnings before tax compared to the results in the first half of 2013) have been affected by a change of accountancy rules, namely the recognition of a deferred tax liability in May 2014.

Ratings awarded to Sberbank by international agencies:

	July 1, '14		July 1, '13	
	Fitch Ratings	Moody's	Fitch Ratings	Moody's
Long-term foreign currency rating:				
Sberbank	BBB	Baa1	BBB	Baa1
Russian Federation	BBB	Baa1	BBB	Baa1
Rating of international obligations				
Loan participation notes issued as part of Sberbank's MTN program	BBB	Baa1	BBB	A3
Eurobonds of the Russian Federation	BBB	Baa1	BBB	Baa1

On March 24, 2014, Fitch Ratings amended its forecast on long-term ratings for Sberbank (the long-term rating of the issuer's default in foreign currency and in the national currency), from positive to negative.

On July 2, 2014, Moody's changed its outlook on Sberbank's long-term foreign currency and local currency deposit rating to negative. At the same time, the outlook on the long-term senior unsecured debt rating and foreign currency debt rating (long-term subordinated debt) has been changed to negative.

These actions followed the lowering of outlook on the ratings of the Russian Federation.

3.3. Factors affecting the Bank's financial results in the first half of 2014

⁸ Federal Law No. 173-FZ "On Additional Measures to Support the Financial System of the Russian Federation", dated October 13, 2010

In the first half of 2014, the economic environment of the Russian Federation remained under the influence of negative factors. In particular, the trends in the Russian economy have been substantially affected by events in Ukraine. Growing tensions around Ukraine led to an expansion of economic sanctions against Russia and a lowering of Russia's sovereign rating by one of the rating agencies. However, the decline in the Russian currency and stock markets in the first quarter of 2014 was substantially corrected during the second quarter of 2014. As a result, in the first half of 2014, the Russian ruble lost 2.3 % against the dual-currency basket, while the MICEX index fell by 1.8 %. Despite the downturn in financial markets, the prices of major export commodities have not changed. In July and August 2014, the United States and EU imposed sectoral sanctions against Russia. The sanctions imposed by the EU affected Sberbank Group (except for EU-based subsidiaries). According to these sanctions, EU residents are prohibited from directly or indirectly purchasing, selling, or providing brokerage services or assistance in the issue of, or otherwise making transactions with bonds, equity or similar financial instruments with a maturity of more than 90 days, issued after August 1, 2014 by financial institutions under sanctions. The Bank's management is currently evaluating the scope of these sanctions and their impact on the financial position and results of the Bank.

The second important consequence of geopolitical events became the worsening of foreign and internal investors' sentiments toward the Russian financial market prospects that resulted in the continuation of capital outflow reaching USD 75 billion for the first half of 2014 and a significant decline in investments. Both of these factors have largely contributed to a further slowdown of the Russian economy. As a result, in the first quarter of 2014, GDP grew by 0.9 % compared to the first quarter of 2013. In the second quarter of 2014, GDP grew by 0.8 % compared to the second quarter of 2013. Economic growth was driven by consumption, which has been further supported by the weakened ruble and rising inflation expectations, and the external trade sector, marked by a substantial improvement of the trade balance resulting both from the fall in imports and the rise of exports.

The accelerating pace of consumption and the lack of income growth have noticeably reduced the ability of households to generate savings. The pace of growth in retail deposits slowed throughout the first half of 2014 while the outflow of funds from deposits in the Russian banking system in general was registered in March. As a result, in the first half of 2014, the amount of retail deposits did not reach the level of December 2013, despite a slight improvement during the second quarter of 2014.

The pace of growth in retail lending continued to slow, reflecting a relatively high debt load of households and the increased caution of banks in issuing new loans amid deteriorating credit quality of portfolios. The growth rate of overdue retail loans in the Russian banking system accelerated in the first half of 2014 and, by the end of the second quarter, the share of such loans in the retail loan portfolio amounted to 5.3 % as compared to 4.4 % at the beginning of the year.

Another consequence of the weakened ruble has been the growth in inflation expectations reflected in the acceleration of consumer price growth from 6.1 % in January to 7.8 % in June 2014. Against this backdrop, the Bank of Russia was forced to raise its key interest rate by 1.5 percentage points to 7 % p.a. in March and by 0.5 percentage points to 7.5 % p.a. in April. The ruble liquidity shortage, aggravated as a result of foreign exchange interventions, was largely covered by growing debt of the banking sector to the Bank of Russia, which reached new highs in the first half of 2014. The banking system responded to measures adopted by the Bank of Russia in the first half of 2014 by increasing the interest rates both for loans and customer deposits.

The management monitors the current situation and takes the necessary measures. The current situation in Ukraine and its negative development in the future may adversely affect the financial performance and financial position of the Bank and the Group in general, and, at this point, it is difficult to determine the effect of that impact.

3.4. Resolutions on Distribution of Net Profits

Based on the Dividend Policy adopted by the Supervisory Board, Sberbank, consistently in three years starting with the 2011 distribution, intended to increase its dividend payments to 20 % of net profits due to shareholders and determined on the basis of the annual consolidated financial statements prepared under IFRS.

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.

4. Overview of the Basics of Preparing Interim 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-P⁹, 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 interim statements is based on basic principles of uninterrupted operation, the reflection of income and expenditure using a method of accrual, constancy and comparability of used accounting policies and rules, caution, timeliness of reflection of operations, separate reflection of assets and liabilities, continuity of the balance sheet, a priority of content over form and openness.

According to Regulation of the Bank of Russia No. 385-P, the assets and liabilities shall be accounted at their initial value as of the date of their acquisition or occurrence. The initial value will not change until their write-off, sale or repurchase, unless otherwise provided by the laws of the Russian Federation and regulatory acts of the Bank of Russia. In addition to the above:

- the assets and liabilities in foreign currency (save 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.

The official exchange rates of the ruble to foreign currency at the end of the reporting period, as used by the Bank when compiling the interim statements, are presented below:

	<i>July 1, '14</i>	<i>January 1, '14</i>	<i>July 1, '13</i>
RUB / USD	33.6306	32.7292	32.7090
RUB / EURO	45.8251	44.9699	42.7180

- the assets, claims and liabilities, the specific value (cost) of which is determined using non-detachable embedded derivatives are revalued (recalculated) on a daily basis with recognition of the resulting differences for the respective income/expenditure items from the date of the transfer of ownership of the asset delivered (the date of work acceptance or service provision) to the actual payment date;
- the cost of fixed assets changes in the event of further construction, additional equipment, modernization, reconstruction, revaluation or partial liquidation of the respective assets in accordance with the regulatory documents of the Bank of Russia. In particular, according to Regulation of the Bank of Russia No. 385-P, the Bank revalues the group of homogeneous fixed asset items at their current (replacement) cost. Moreover, fixed assets are regularly revalued, so that the cost under which they appear in the accounting records and financial statements would not differ materially from the current (replacement) cost;
- immovable property temporarily unused in core activities, after its initial recognition, is estimated at its current (fair) value.

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

- securities are accounted for according to the actual costs of their acquisition. The actual acquisition costs for the interest bearing (coupon) securities include, in addition to the value of security at acquisition price determined under the contract (deal), the interest (coupon)

⁹ 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 – "Regulation of the Bank of Russia 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 will be accrued and reflected in the accounting records on a daily basis. The securities are reflected in the respective balance sheet accounts of investments in securities, 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 until redemption" to "available for sale" if either of the following conditions is met:
 - As a result of an event occurred due to no fault of the Bank (extraordinary event that could not have been reasonably predicted by the Bank);
 - For the purpose of disposal in less than 3 months until redemption;
 - For the purpose of disposal in an amount not exceeding 10 % of the total value of the "held until redemption" portfolio.

When transferring the securities from "held until redemption" portfolio to "available for sale" portfolio without meeting one of the conditions mentioned above, all the securities in "held until redemption" portfolio are subject to transfer to "available for sale" portfolio. In this case, the Bank is not permitted to create "held until redemption" 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 materiality criterion: the amounts of non-credit contingencies exceeding RUB 30 million or RUB 30 million or USD 1 million or EUR 1 million shall be recognized as material to reflect them in off-balance sheet account for contingencies;
- In accordance with 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 are reflected in the accounts in the period to which they relate.

Income from loans, assets (claims) referred to quality categories I and II is considered well-defined (probability of obtaining this income is absolute and/or high). There is no ambiguity in obtaining income from loans and assets (claims) referred to quality category III. This principle applies to all loans, 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 FIFO method. In accordance with 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 set by Decree No. 1 of the Government of the Russian Federation "On classification of fixed assets included in

amortization groups", dated January 01, 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 01, 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 01, 2009, where it is impossible to 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 interim 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 interim 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-P¹⁰.

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

The assessment of the loan that is classified in an individual procedure 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 standing, 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 sets provisions for possible losses in accordance with the requirements of Regulation of the Bank of Russia No. 283-P¹¹. As part of performance of the regulator's 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 Regulation of the Bank of Russia No. 283-P.

¹⁰ Regulation of the Bank of Russia No. 254-P "On procedure of setting provisions for possible losses on loans, loan debt and its equivalents by credit institutions", dated March 26, 2004.

¹¹ Regulation of the Bank of Russia No. 283-P of March 20, 2006, "On procedure of creating provisions for possible losses by credit institutions (hereafter - "Regulation of the Bank of Russia 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. An amount is recognized as immaterial if it does not exceed in absolute terms the sum of RUB 30 million, USD 1 million or EUR 1 million. 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 Regulation of the Bank of Russia No. 283-P.

Tax Laws

Effective tax, currency and customs laws 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 management, as of July 1, 2014, 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.

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 the first half of 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 the first half of 2014 shall not have a material influence (in accordance with the materiality level set by effective Accounting Policy of the Bank for 2014) to the figures in the interim 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.

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 in the first half of 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 interim statements, except for the impact on the amount of earnings after tax.

In connection with 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, which became effective 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 the first quarter of 2014 and later on a quarterly basis.

In connection with this, in May the Bank recognized a deferred tax liability reflecting the increase of profit tax subject to payment in the budget system of the Russian Federation in future reporting periods. As a result, the increase of the deferred profit tax was reflected in the Bank's balance sheet:

- in the amount of RUB 10.4 billion on account of the Bank's expenses, which had a one-time effect on earnings after tax;
- in the amount of RUB 1.4 billion on account of undistributed profit, which had a one-time effect on the Bank's equity (capital).

Comparative data for the same period last year (July 1, 2013) 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 interim 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 the first half of 2014, no material error that would require adjustment to comparative data has been identified.

5. Accompanying Information to the Balance Sheet

5.1. Cash and Cash Equivalents

<i>RUB million</i>	<i>July 1, '14</i>	<i>January 1, '14</i>	<i>July 1, '13</i>
Petty cash	550,384	717,320	504,087
Cash on accounts with the Bank of Russia	312,601	296,673	171,546
Funds on correspondent accounts with credit institutions of the Russian Federation	4,790	2,062	9,114
Funds on correspondent accounts with foreign banks	57,461	92,239	112,252
Total cash and cash equivalents	925,237	1,108,295	796,999
Less funds in credit institutions with risk of loss	-956	-807	-808
Total cash and cash equivalents net of funds in credit institutions with risk of loss	924,281	1,107,488	796,191

5.2. Financial assets designated at fair value through profit or loss

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

<i>RUB million</i>	<i>July 1, '14</i>	<i>January 1, '14</i>	<i>July 1, '13</i>
Total debt and equity securities, including:	92,288	96,381	45,853
Russian Government Bonds	24,106	34,820	186
<i>Eurobonds of the Russian Federation</i>	70	3,601	0
<i>Federal Loan Bonds (OFZ)</i>	24,036	31,219	186
Bonds of constituent entities of the Russian Federation	1,371	2,386	743
Bonds and Eurobonds of banks	6,997	15,091	7,102
<i>Russian credit institutions</i>	6,901	14,875	7,030
<i>Foreign credit institutions</i>	96	216	72
Corporate bonds	13,470	38,836	20,559
<i>Russian entities</i>	12,374	35,285	18,094
<i>Foreign companies</i>	1,096	3,551	2,466
Eurobonds of foreign governments	38	877	-
Shares	46,307	4,371	17,262
<i>Oil and gas industry</i>	43,059	1,039	-
<i>Financial services</i>	3,248	3,324	3,069
<i>Chemical industry</i>	-	8	14,193
Total derivative financial instruments, including:	84,656	48,282	47,252
Forward contracts	7,429	1,571	2,562
<i>Foreign currency</i>	7,411	1,411	2,374
<i>Precious metals</i>	17	160	188
<i>Securities</i>	1	-	-
Options	26,849	20,516	17,170
<i>Foreign currency</i>	23,144	18,502	14,866
<i>Precious metals</i>	2,574	288	10
<i>Derivative financial instruments</i>	199	321	252
<i>Others</i>	932	1,405	2,041
Swaps	50,379	26,195	27,520
<i>Foreign currency</i>	18,187	3,914	3,934
<i>Precious metals</i>	392	264	508
<i>Interest rates</i>	4,994	3,395	6,360
<i>Foreign currency and interest rate (currency and interest)</i>	26,805	18,622	16,717
Total investments in financial assets assessed at their fair value through profit or loss	176,944	144,663	93,105

July 1, '14

<i>RUB million</i>	<i>Amount of investments</i>	<i>Redemption period</i>	<i>Coupon rate</i>
Russian Government Bonds	24,106		
<i>Eurobonds of the Russian Federation</i>	70	1/16/2019	3.50 %
<i>Federal Loan Bonds (OFZ)</i>	24,036	8/16/2023 - 1/19/2028	7.00 % - 8.16 %
Bonds of constituent entities of the Russian Federation	1,371	11/27/2014 - 6/21/2021	5.06 % - 10.75 %
Bonds and Eurobonds of banks	6,997		
<i>Russian credit institutions</i>	6,901	11/7/2014 - 6/30/1935	3.10 % - 13.50 %
<i>Foreign credit institutions</i>	96	3/23/2026	6.00 %
Corporate bonds	13,470		
<i>Russian entities</i>	12,374		
<i>Telecommunications</i>	4,987	7/8/2014 - 5/7/2024	7.40 % - 9.45 %
<i>Metallurgy</i>	2,228	11/11/2014 - 9/5/2022	4.45 % - 8.95 %
<i>Oil and gas industry</i>	1,932	3/6/2017 - 2/4/2022	3.15 % - 11.25 %
<i>Banking</i>	1,146	2/21/2018 - 9/23/1932	7.40 % - 10.75 %
<i>Services</i>	850	7/15/2014 - 5/13/1931	3.91 % - 8.60 %
<i>Energy</i>	655	10/28/2015 - 1/7/2028	8.60 %
<i>Transport, aviation and space industry</i>	518	6/25/1932	7.00 % - 8.90 %
<i>Trade</i>	58	9/21/2015 - 5/4/2020	
<i>Foreign companies</i>	1,096		
<i>Services</i>	611	3/26/2018	10.88 %
<i>Transport, aviation and space industry</i>	223	5/11/2016	7.00 %
<i>Banking</i>	189	5/24/2021	9.65 %
<i>Oil and gas industry</i>	73	2/9/2017	5.45 %
Eurobonds of foreign governments	38	9/30/2020	6.00 %
Total investments in debt obligations assessed at their fair value through profit or loss	45,981		
Including those transferred without derecognition under sale and repurchase agreements:	3,570	11/17/2014 - 6/22/2020	3.15 % - 8.88 %

As of July 1, 2014, the value of shares transferred without derecognition under sale and repurchase agreements amounted to RUB 1,083 million (as of January 1, 2014, and July 1, 2013, there were no such securities).

January 1, '14

<i>RUB million</i>	<i>Amount of investments</i>	<i>Redemption period</i>	<i>Coupon rate</i>
Russian Government Bonds	34,820		
<i>Eurobonds of the Russian Federation</i>	3,601	7/24/2018 - 3/31/1930	3.63 % - 11.00 %
<i>Federal Loan Bonds (OFZ)</i>	31,219	8/16/2023 - 1/19/2028	7.00 % - 8.16 %
Bonds of constituent entities of the Russian Federation	2,386	4/16/2014 - 9/18/2020	5.06 % - 9.74 %
Bonds and Eurobonds of banks	15,091		
<i>Russian credit institutions</i>	14,875	1/14/2014 - 6/30/1935	3.10 % - 13.50 %
<i>Foreign credit institutions</i>	216	12/20/2015 - 5/11/2018	5.50 % - 8.50 %
Corporate bonds	38,836		
<i>Russian entities</i>	35,285		
<i>Services</i>	9,820	7/1/2014 - 5/13/1931	6.38 % - 13.50 %
<i>Telecommunications</i>	7,725	5/13/2014 - 2/13/2023	5.95 % - 9.13 %
<i>Metallurgy</i>	5,945	4/19/2014 - 10/2/2023	4.38 % - 9.25 %
<i>Oil and gas industry</i>	4,596	2/12/2014 - 9/19/2022	2.93 % - 10.50 %
<i>Banking</i>	2,601	7/15/2016 - 9/23/1932	4.03 % - 8.55 %
<i>Energy</i>	2,138	3/11/2014 - 9/14/2027	3.91 % - 8.60 %
<i>Transport, aviation and space industry</i>	1,329	4/7/2015 - 1/16/2025	5.70 % - 9.00 %
<i>Trade</i>	650	4/22/2014 - 10/27/2017	5.33 % - 9.88 %
<i>Chemical industry</i>	399	2/13/2018 - 5/18/2021	4.20 % - 7.95 %
<i>Machine building</i>	83	2/4/2014 - 9/26/2018	7.63 % - 8.60 %
<i>Foreign companies</i>	3,551		
<i>Oil and gas industry</i>	2,333	1/23/2015 - 5/5/2020	5.45 % - 11.75 %
<i>Services</i>	1,076	3/26/2018	10.88 %
<i>Banking</i>	142	2/21/2019 - 10/7/2020	7.65 % - 8.50 %
Eurobonds of foreign governments	877	1/5/2015 - 1/26/2024	2.75 % - 8.25 %
Total investments in debt obligations assessed at their fair value through profit or loss	92,010		
Including those transferred without derecognition under sale and repurchase agreements:	51	2/25/2016	7.90 %

July 1, '13

<i>RUB million</i>	<i>Amount of investments</i>	<i>Redemption period</i>	<i>Coupon rate</i>
Russian Government Bonds	186		
<i>Federal Loan Bonds (OFZ)</i>	186	4/19/2017 - 1/19/2028	7.00 % - 7.40 %
Bonds of constituent entities of the Russian Federation	743	9/1/2013 - 8/29/2017	5.06 % - 10.80 %
Bonds and Eurobonds of banks	7,102		
<i>Russian credit institutions</i>	7,030	8/28/2013 - 10/11/2022	3.10 % - 13.00 %
<i>Foreign credit institutions</i>	72	11/12/2013 - 12/20/2015	5.50 % - 8.00 %
Corporate bonds	20,559		
<i>Russian entities</i>	18,094		
<i>Services</i>	4,888	7/15/2014 - 5/13/2031	5.63 % - 13.50 %
<i>Transport, aviation and space industry</i>	3,548	3/3/2015 - 5/20/2021	3.37 % - 12.50 %
<i>Oil and gas industry</i>	2,556	3/25/2014 - 5/30/2023	7.50 % - 12.00 %
<i>Energy</i>	2,263	3/11/2014 - 9/14/2027	3.91 % - 9.15 %
<i>Metallurgy</i>	1,777	7/30/2013 - 11/25/2022	6.38 % - 8.88 %
<i>Telecommunications</i>	1,540	7/19/2013 - 9/29/2022	7.00 % - 9.25 %
<i>Trade</i>	787	4/22/2014 - 12/13/2022	4.42 % - 8.90 %
<i>Machine building</i>	392	2/4/2014	8.60 %
<i>Banking</i>	257	2/13/2017 - 9/23/2032	5.38 % - 8.55 %
<i>Chemical industry</i>	87	11/20/2013 - 10/13/2015	9.75 % - 9.85 %
<i>Foreign companies</i>	2,466		
<i>Services</i>	1,187	3/26/2018	10.88 %
<i>Oil and gas industry</i>	1,121	1/23/2015	11.75 %
<i>Banking</i>	157	10/25/2016 - 1/28/2019	7.50 % - 8.50 %
Total investments in debt obligations assessed at their fair value through profit or loss	28,591		
Including those transferred without derecognition under sale and repurchase agreements:	59	12/2/2014	9.35 %

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 loan debt. The Bank preferably grants credits to the residents of the Russian Federation and non-residents who carry out the activity within the Russian Federation:

<i>RUB million</i>	<i>July 1, '14</i>	<i>share, %</i>	<i>January 1, '14</i>	<i>share, %</i>	<i>July 1, '13</i>	<i>share, %</i>
Deposits with the Bank of Russia	-	0.0 %	50,000	0.4 %	-	0.0 %
Interbank loans and other loans receivable from banks	807,413	5.8 %	630,035	5.0 %	1,029,787	9.1 %
Corporate loans receivable and their equivalent:	9,336,005	67.5 %	8,546,719	68.0 %	7,474,586	66.1 %
Retail loans receivable and their equivalent:	3,693,907	26.7 %	3,333,191	26.5 %	2,811,424	24.8 %
Loan debt before provisions for possible losses	13,837,325	100 %	12,559,945	100 %	11,315,797	100 %
Provisions for possible losses	-667,149		-581,938		-595,478	
Net loans receivable	13,170,176		11,978,007		10,720,319	

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

<i>RUB million</i>	<i>July 1, '14</i>	<i>share, %</i>	<i>January 1, '14</i>	<i>share, %</i>	<i>July 1, '13</i>	<i>share, %</i>
Individuals	3,693,907	28.3 %	3,333,191	28.1 %	2,811,424	27.3 %
Services	2,496,078	19.2 %	2,318,355	19.5 %	2,123,038	20.6 %
Trade	1,314,378	10.1 %	1,145,240	9.6 %	1,133,000	11.0 %
Food industry and agriculture	762,640	5.9 %	758,687	6.4 %	752,361	7.3 %
Energy	684,743	5.3 %	571,104	4.8 %	466,085	4.5 %
Machine building	633,844	4.9 %	572,885	4.8 %	495,254	4.8 %
State and municipal bodies of the Russian Federation	617,984	4.7 %	640,177	5.4 %	324,338	3.2 %
Telecommunications	564,667	4.3 %	544,940	4.6 %	462,407	4.5 %
Metallurgy	495,646	3.8 %	426,425	3.6 %	401,867	3.9 %
Construction	445,283	3.4 %	401,125	3.4 %	390,386	3.8 %
Chemical industry	356,113	2.7 %	347,598	2.9 %	302,173	2.9 %
Transport, aviation and space industry	340,214	2.6 %	321,257	2.7 %	306,006	3.0 %
Oil and gas industry	209,782	1.6 %	160,247	1.3 %	165,016	1.6 %
Timber industry	54,728	0.4 %	54,941	0.5 %	56,267	0.5 %
Other	359,905	2.8 %	283,739	2.4 %	96,386	0.9 %
Total loans to individuals and legal entities before deduction of provisions for possible losses	13,029,912	100.0 %	11,879,910	100.0 %	10,286,010	100.0 %

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

<i>RUB million</i>	<i>July 1, '14</i>	<i>share, %</i>	<i>January 1, '14</i>	<i>share, %</i>	<i>July 1, '13</i>	<i>share, %</i>
Financing of operating activities	5,608,455	60.1 %	5,014,896	58.7 %	4,310,222	57.7 %
Investment lending and project finance	3,558,350	38.1 %	3,405,893	39.9 %	3,008,376	40.2 %
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)	11,639	0.1 %	13,045	0.2 %	16,632	0.2 %
Lending within REPO transactions	157,561	1.7 %	112,886	1.3 %	139,356	1.9 %
Total loans to legal entities before deduction of provisions for possible losses	9,336,005	100.0 %	8,546,719	100 %	7,474,586	100.0 %

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

<i>RUB million</i>	<i>July 1, '14</i>	<i>share, %</i>	<i>January 1, '14</i>	<i>share, %</i>	<i>July 1, '13</i>	<i>share, %</i>
For consumer purposes	1,993,735	54.0 %	1,843,451	55.3 %	1,585,584	56.4 %
Mortgage Loans	1,617,011	43.8 %	1,384,278	41.5 %	1,120,511	39.9 %
Car loans	83,135	2.3 %	105,424	3.2 %	105,313	3.7 %
Claims for the debts incurred as a result of the Bank's execution of cession agreements with deferred payment	26	0.0 %	38	0.0 %	16	0.0 %
Total loans to individuals before deduction of provisions for possible losses	3,693,907	100.0 %	3,333,191	100 %	2,811,424	100.0 %

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>the first half of '14</i>	<i>the first half of '13</i>
Formation (replenishment) of provisions for possible losses from loans, lending and similar receivables in the reporting period, total	250,317	170,998
including as a result of:		
Loans issued	77,844	59,258
Changes in loan quality	150,319	99,308
Change to the official currency exchange rate against the ruble, set by the Bank of Russia	896	1,940
Other reasons	21,259	10,492
Recovery (reduction) of provisions for possible losses from loans, lending and similar receivables in the reporting period, total	163,688	172,758
including as a result of:		
Write-off of bad loans	20,119	20,270
Repayment of loans	104,404	114,959
Changes in loan quality	30,071	31,727
Change to the official currency exchange rate against the ruble, set by the Bank of Russia	0	0
Other reasons	9,094	5,802

5.4. Financial investment into securities and other financial assets available for sale

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

<i>RUB million</i>	<i>July 1, '14</i>	<i>January 1, '14</i>	<i>July 1, '13</i>
Russian Government Bonds	849,727	852,500	795,753
<i>Eurobonds of the Russian Federation</i>	145,025	116,789	103,382
<i>Federal Loan Bonds (OFZ)</i>	704,702	735,710	692,371
Bonds of constituent entities of the Russian Federation	52,015	56,325	54,122
Bonds and Eurobonds of banks	46,906	48,967	47,328
<i>Russian credit institutions</i>	36,863	38,706	37,033
<i>Foreign credit institutions</i>	10,042	10,261	10,295
Corporate bonds	430,340	440,531	414,884
<i>Russian entities</i>	408,685	418,698	396,497
<i>Foreign companies</i>	21,655	21,834	18,387
Eurobonds of foreign governments	269	-	-
Shares	35,865	35,034	30,038
<i>Services</i>	17,412	16,821	14,130
<i>Oil and gas industry</i>	10,026	9,920	7,806
<i>Energy</i>	4,321	4,321	4,132
<i>Food industry and agriculture</i>	336	300	276
<i>Banking</i>	10	12	12
<i>Metallurgy</i>	4	4	9
<i>Other</i>	3,799	3,698	3,693
<i>Provision</i>	-43	-43	-20
Net investments in subsidiaries, dependent entities and other participation	361,998	310,871	301,753
Total securities available for sale	1,777,119	1,744,228	1,643,877

<i>July 1, '14</i>			
<i>RUB million</i>	<i>Amount of investments</i>	<i>Redemption period</i>	<i>Coupon rate</i>
Russian Government Bonds	849,727		
<i>Eurobonds of the Russian Federation</i>	145,025	4/29/2015 - 9/16/1943	3.25 % - 12.75 %
<i>Federal Loan Bonds (OFZ)</i>	704,702	8/20/2014 - 2/6/1936	1.70 % - 12.00 %
Bonds of constituent entities of the Russian Federation	52,015	7/21/2014 - 6/11/2022	5.06 % - 12.00 %
Bonds and Eurobonds of banks	46,906		
<i>Russian credit institutions</i>	36,863	7/23/2014 - 10/13/2022	4.25 % - 11.21 %
<i>Foreign credit institutions</i>	10,042	11/2/2015	8.50 %
Corporate bonds	430,340		
<i>Russian entities</i>	408,685		
<i>Oil and gas industry</i>	105,266	10/31/2014 - 5/30/2023	3.15 % - 11.25 %
<i>Telecommunications</i>	62,090	7/8/2014 - 5/7/2024	5.00 % - 9.45 %
<i>Transport, aviation and space industry</i>	54,845	3/3/2015 - 11/7/2028	3.37 % - 10.75 %
<i>Services</i>	53,016	7/24/2014 - 3/1/1933	3.42 % - 9.65 %
<i>Banking</i>	48,267	7/15/2016 - 9/23/1932	3.04 % - 8.55 %
<i>Energy</i>	35,087	8/15/2014 - 10/6/2027	7.50 % - 8.75 %
<i>Metallurgy</i>	34,409	7/10/2014 - 11/25/2022	4.38 % - 8.95 %
<i>Trade</i>	11,345	10/12/2015 - 12/13/2022	4.42 % - 8.85 %
<i>Chemical industry</i>	3,190	10/13/2015 - 4/30/2018	3.72 % - 9.75 %
<i>Machine building</i>	1,170	9/28/2023	8.10 %
<i>Foreign companies</i>	21,655		
<i>Services</i>	15,107	9/23/2015	8.00 %
<i>Banking</i>	6,549	2/12/2016 - 10/7/2020	7.65 % - 9.24 %
Eurobonds of foreign governments	269	8/7/2014 - 4/2/2015	-
Total debt securities available for sale	1,379,256		
including the investments transferred without derecognition under sale and repurchase agreements:	350,488	7/21/2014 - 3/31/1930	2.01 % - 12.00 %

As of July 1, 2014, the value of shares transferred without derecognition under sale and repurchase agreements amounted to RUB 13,205 million (as of January 1, 2014, and July 1, 2013, there were no such securities).

January 1, '14

<i>RUB million</i>	<i>Amount of investments</i>	<i>Redemption period</i>	<i>Coupon rate</i>
Russian Government Bonds	852,500		
<i>Eurobonds of the Russian Federation</i>	116,789	4/29/2015 - 9/16/1943	3.25 % - 12.75 %
<i>Federal Loan Bonds (OFZ)</i>	735,710	3/13/2014 - 2/6/1936	1.70 % - 12.00 %
Bonds of constituent entities of the Russian Federation	56,325	4/15/2014 - 6/11/2022	5.06 % - 12.50 %
Bonds and Eurobonds of banks	48,967		
<i>Russian credit institutions</i>	38,706	4/27/2014 - 10/13/2022	4.25 % - 9.00 %
<i>Foreign credit institutions</i>	10,261	11/2/2015	8.50 %
Corporate bonds	440,531		
<i>Russian entities</i>	418,698		
<i>Oil and gas industry</i>	106,895	2/12/2014 - 5/30/2023	3.15 % - 13.75 %
<i>Telecommunications</i>	64,176	5/13/2014 - 5/30/2023	5.00 % - 9.13 %
<i>Services</i>	57,750	7/24/2014 - 2/6/1932	3.42 % - 10.00 %
<i>Transport, aviation and space industry</i>	50,652	3/3/2015 - 11/7/2028	3.37 % - 10.75 %
<i>Banking</i>	45,063	7/15/2016 - 9/23/1932	3.04 % - 8.55 %
<i>Metallurgy</i>	37,459	2/27/2014 - 11/25/2022	4.38 % - 9.25 %
<i>Energy</i>	35,938	6/25/2014 - 10/6/2027	7.10 % - 8.75 %
<i>Trade</i>	14,794	1/23/2014 - 12/13/2022	4.42 % - 9.25 %
<i>Chemical industry</i>	4,781	2/13/2018 - 5/18/2021	3.72 % - 7.95 %
<i>Machine building</i>	1,191	9/28/2023	8.10 %
<i>Foreign companies</i>	21,834		
<i>Services</i>	15,397	9/23/2015	8.00 %
<i>Banking</i>	6,437	2/12/2016 - 10/7/2020	6.39 % - 8.50 %
Total debt securities available for sale	1,398,323		
including the investments transferred without derecognition under sale and repurchase agreements:	1,076,801	2/4/2014 - 9/16/1943	2.01 % - 13.75 %

July 1, '13

<i>RUB million</i>	<i>Amount of investments</i>	<i>Redemption period</i>	<i>Coupon rate</i>
Russian Government Bonds	795,753		
<i>Eurobonds of the Russian Federation</i>	103,382	4/29/2015 - 3/31/1930	3.25 % - 12.75 %
<i>Federal Loan Bonds (OFZ)</i>	692,371	10/16/2013 - 2/6/1936	1.70 % - 12.00 %
Bonds of constituent entities of the Russian Federation	54,122	7/3/2013 - 6/11/2022	5.06 % - 13.00 %
Bonds and Eurobonds of banks	47,328		
<i>Russian credit institutions</i>	37,033	4/22/2014 - 10/13/2022	4.25 % - 9.00 %
<i>Foreign credit institutions</i>	10,295	11/2/2015	8.50 %
Corporate bonds	414,884		
<i>Russian entities</i>	396,497		
<i>Oil and gas industry</i>	95,004	9/20/2013 - 5/30/2023	3.15 % - 13.75 %
<i>Telecommunications</i>	59,890	7/19/2013 - 3/22/2023	6.25 % - 9.25 %
<i>Services</i>	55,433	7/24/2013 - 2/6/1932	3.42 % - 11.25 %
<i>Transport, aviation and space industry</i>	47,016	11/13/2013 - 3/21/2028	3.37 % - 10.65 %
<i>Metallurgy</i>	42,308	7/29/2013 - 11/25/2022	4.38 % - 9.75 %
<i>Energy</i>	40,306	9/3/2013 - 10/6/2027	7.10 % - 8.75 %
<i>Banking</i>	37,419	11/22/2017 - 9/23/1932	3.04 % - 8.55 %
<i>Trade</i>	14,271	1/23/2014 - 12/13/2022	4.42 % - 9.88 %
<i>Chemical industry</i>	4,617	9/19/2013 - 5/18/2021	3.72 % - 9.85 %
<i>Machine building</i>	233	2/20/2018	8.95 %
<i>Foreign companies</i>	18,387		
<i>Services</i>	15,403	9/23/2015	8.00 %
<i>Banking</i>	2,984	2/12/2016 - 2/21/2019	6.45 % - 8.50 %
Total debt securities available for sale	1,312,086		
including the investments transferred without derecognition under sale and repurchase agreements:	480,697	7/19/2013 - 9/23/1932	2.01 % - 12.00 %

5.5. Financial Investments in Subsidiaries and Affiliates

<i>RUB million</i>	<i>July 1, '14</i>		<i>January 1, '14</i>		<i>July 1, '13</i>	
	<i>Amount of investments</i>	<i>Stake of the Bank in capital, %</i>	<i>Amount of investments</i>	<i>Stake of the Bank in capital, %</i>	<i>Amount of investments</i>	<i>Stake of the Bank in capital, %</i>
Subsidiaries						
DENIZBANK	108,708	99.9	105,244	99.9	116,921	99.9
Sberbank Europe (Austria)	65,072	100.0	51,041	100.0	45,067	100.0
Sberbank Capital LLC	57,459	100.0	39,672	100.0	25,817	100.0
Promising Investments LLC	33,000	100.0	33,000	100.0	33,000	100.0
Sberbank CIB	18,005	100.0	17,205	100.0	17,194	100.0
Auction LLC	15,829	100.0	3,335	100.0	3,335	100.0
SBERBANK OF RUSSIA JSC (Ukraine)	12,174	100.0	17,039	100.0	17,205	100.0
Subsidiary Bank Sberbank JSC (Kazakhstan)	11,935	100.0	12,281	100.0	12,430	100.0
Cetelem Bank LLC	9,171	74.0	7,693	74.0	7,306	70.0
SB Switzerland	8,592	100.0	3,782	100.0	3,563	100.0
Sberbank Investments LLC	7,057	100.0	7,057	100.0	5,898	100.0
JSC BPS Sberbank (Republic of Belarus)	3,706	98.4	3,856	98.4	3,477	97.9
Sberbank Leasing CJSC	23	100.0	23	100.0	23	100.0
Other subsidiaries	7,576	74.8–100.0	7,303	74.8–100.0	4,835	74.8–100.0
Dependent entities						
Universal Electronic Card OJSC	2,488	72.3	1,188	45.1	1,188	45.1
Nitol Solar Limited	902	25.0	850	25.0	786	25.0
Detsky Mir-Center OJSC	0	0	0	0	3,400	25.0
Other dependent entities	138	49.9–50.0	138	49.9–50.0	143	25.0–50.0
Other interest	164	50.0	164	50.0	164	50.0
Total investments in subsidiaries, dependent entities and other participation	361,998		310,871		301,753	

5.6. Net investments in securities held to maturity

Structure of net investments in securities held until redemption:

<i>RUB million</i>	<i>July 1, '14</i>	<i>January 1, '14</i>	<i>July 1, '13</i>
Russian Government Bonds	218,611	203,945	114,311
<i>Eurobonds of the Russian Federation</i>	15,217	0	0
<i>Federal Loan Bonds (OFZ)</i>	203,394	203,945	114,311
Bonds of constituent entities of the Russian Federation	41,617	60,833	55,143
Corporate bonds	123,989	139,209	134,835
<i>Russian entities</i>	109,742	125,575	123,048
<i>Provision</i>	-861	-2,334	-701
<i>Foreign companies</i>	16,205	16,001	12,521
<i>Provision</i>	-1,097	-33	-33
Total securities held to maturity	384,217	403,988	304,289

July 1, '14

<i>RUB million</i>	<i>Amount of investments</i>	<i>Redemption period</i>	<i>Coupon rate</i>
Russian Government Bonds	218,611		
<i>Eurobonds of the Russian Federation</i>	15,217	7/24/2018 - 6/24/2028	11.00 % - 12.75 %
<i>Federal Loan Bonds (OFZ)</i>	203,394	8/20/2014 - 1/9/2019	5.50 % - 12.00 %
Bonds of constituent entities of the Russian Federation	41,617	7/21/2014 - 12/18/2018	7.00 % - 11.30 %
Corporate bonds	123,989		
<i>Russian entities</i>	108,882		
<i>Machine building</i>	26,648	9/26/2018 - 7/9/2020	7.63 % - 9.00 %
<i>Services</i>	23,394	7/24/2013 - 5/13/1931	5.63 % - 11.50 %
<i>Energy</i>	22,735	10/28/2015 - 10/12/2023	7.50 % - 8.75 %
<i>Metallurgy</i>	13,417	3/19/2018 - 4/5/2021	4.45 % - 8.50 %
<i>Oil and gas industry</i>	13,327	12/2/2014 - 1/26/2021	0.10 % - 8.90 %
<i>Telecommunications</i>	7,581	11/7/2017 - 11/3/2020	8.15 % - 8.70 %
<i>Transport, aviation and space industry</i>	2,137	12/20/2016 - 1/13/2017	11.00 % - 12.50 %
<i>Trade</i>	502	6/1/2021	8.85 %
<i>Provision</i>	-861		
<i>Foreign companies</i>	15,108		
<i>Services</i>	5,484	5/20/2015 - 2/14/2018	8.75 % - 10.25 %
<i>Other</i>	10,720	12/13/2018 - 8/11/2023	6.25 % - 10.25 %
<i>Provision</i>	-1,097		
Total debt securities held to maturity	384,217		
including the investments transferred without derecognition under sale and repurchase agreements:	302,847	07/21/2014 – 05/15/2031	0.10 % - 12.00 %

January 1, 2014

<i>RUB million</i>	<i>Amount of investments</i>	<i>Redemption period</i>	<i>Coupon rate</i>
Russian Government Bonds	203,945		
<i>Eurobonds of the Russian Federation</i>	-		
<i>Federal Loan Bonds (OFZ)</i>	203,945	8/20/2014 - 1/9/2019	5.50 % - 12.00 %
Bonds of constituent entities of the Russian Federation	60,833	4/16/2014 - 12/18/2018	7.00 % - 12.00 %
Corporate bonds	139,209		
<i>Russian entities</i>	123,242		
<i>Services</i>	29,069	7/24/2013 - 5/13/1931	5.63 % - 10.50 %
<i>Energy</i>	28,018	9/2/2009 - 10/12/2023	7.10 % - 8.75 %
<i>Machine building</i>	26,812	2/24/2014 - 7/9/2020	7.63 % - 10.00 %
<i>Metallurgy</i>	15,624	2/22/2018 - 4/5/2021	4.45 % - 8.50 %
<i>Oil and gas industry</i>	13,330	12/2/2014 - 1/26/2021	.10 % - 8.90 %
<i>Telecommunications</i>	7,583	11/7/2017 - 11/3/2020	8.15 % - 8.70 %
<i>Trade</i>	3,003	2/28/2014 - 6/1/2021	7.75 % - 8.85 %
<i>Transport, aviation and space industry</i>	2,138	12/20/2016 - 1/13/2017	11.00 % - 12.50 %
<i>Provision</i>	-2,334		
<i>Foreign companies</i>	15,968		
<i>Services</i>	5,334	5/20/2015 - 2/14/2018	8.75 % - 10.25 %
<i>Other</i>	10,666	12/13/2018 - 8/11/2023	6.25 % - 10.25 %
<i>Provision</i>	-33		
Total debt securities held to maturity	403,988		
including the investments transferred without derecognition under sale and repurchase agreements:	246,607	2/28/2014 – 05/13/2031	0.10 % - 11.20 %

July 1, '13

<i>RUB million</i>	<i>Amount of investments</i>	<i>Redemption period</i>	<i>Coupon rate</i>
Russian Government Bonds	114,311		
<i>Eurobonds of the Russian Federation</i>	-		
<i>Federal Loan Bonds (OFZ)</i>	114,311	7/17/2013 - 1/9/2019	5.50 % - 12.00 %
Bonds of constituent entities of the Russian Federation	55,143	12/10/2013 - 12/13/2017	7.00 % - 15.00 %
Corporate bonds	134,835		
<i>Russian entities</i>	122,347		
<i>Energy</i>	30,120	9/2/2009 - 10/12/2023	7.10 % - 8.75 %
<i>Services</i>	27,955	3/20/2014 - 5/13/2031	5.63 % - 9.95 %
<i>Machine building</i>	24,759	2/24/2014 - 3/17/2020	8.00 % - 10.00 %
<i>Oil and gas industry</i>	13,344	12/2/2014 - 1/26/2021	8.40 % - 9.35 %
<i>Metallurgy</i>	12,972	2/22/2018 - 4/5/2021	4.45 % - 8.50 %
<i>Telecommunications</i>	7,580	11/7/2017 - 11/3/2020	8.15 % - 8.70 %
<i>Trade</i>	5,035	2/28/2014 - 6/1/2021	7.75 % - 8.85 %
<i>Transport, aviation and space industry</i>	1,285	1/13/2017	11.00 %
<i>Provision</i>	-701		
<i>Foreign companies</i>	12,488		
<i>Services</i>	5,324	5/20/2015 - 2/14/2018	8.75 % - 10.25 %
<i>Other</i>	7,197	11/24/2021	9.75 %
<i>Provision</i>	-33		
Total debt securities held to maturity	304,289		
including those transferred without derecognition under sale and repurchase agreements:	178,186	7/17/2013 – 05/13/2031	6.10 % - 15.00 %

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 July 1, 2014, the value of securities was RUB 15,216.7 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.

As of July 1, 2014, the fair price of the securities held to maturity does not differ significantly from their balance price presented in the above tables.

5.7. Fixed assets, intangible assets, and inventories

<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>Constructi on 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	312,349	418	190,478	14,494	37,512	19,771	3,123	5,673	583,818
Accrued amortization	-38,772	-52	-99,855	-6,363	-	-	-	-748	-145,790
Residual value at January 1, 2013	273,577	366	90,623	8,131	37,512	19,771	3,123	4,925	438,028
Acquisitions	3,195	1	11,052	466	13,276	15,189	135	345	43,659
Money transfers	4,710	14	1,096	129	-6,677	496	232	0	0
Retirement - under initial or revaluation value	-1,578	-42	-4,249	-483	-2,184	-13,769	-203	0	-22,508
Retirement of accrued amortization	839	22	2,259	257	0	0	0	0	3,377
Amortization deductions	-3,186	-26	-16,728	-986	0	0	0	-318	-21,244
Residual value at July 1, 2013	277,557	335	84,053	7,514	41,927	21,687	3,287	4,952	441,312
Initial or revaluation value at July 1, 2013	318,676	391	198,377	14,606	41,927	21,687	3,287	6,018	604,969
Accrued amortization	-41,119	-56	-114,324	-7,092	0	0	0	-1,066	-163,657
Initial or revalued cost as of January 1, 2014	340,515	355	220,383	15,896	34,353	23,208	3,285	10,571	648,566
Accrued amortization	-43,393	-45	-128,008	-7,609	0	0	0	-1,441	-180,496
Residual value at January 1, 2014	297,122	310	92,375	8,287	34,353	23,208	3,285	9,130	468,070
Acquisitions	1,475	1	8,122	263	9,732	18,735	150	1,125	39,603
Money transfers	9,895	2	2,721	356	-13,875	886	15	0	0
Retirement - under initial or revaluation value	-2,604	-14	-5,204	-369	-2,822	-11,300	-249	-3	-22,565
Retirement of accrued amortization	1,650	9	3,298	234	0	0	0	0	5,191
Amortization deductions	-4,141	-13	-17,689	-1,058	0	0	0	-589	-23,490
Residual value at July 1, 2014	303,397	295	83,623	7,713	27,388	31,529	3,201	9,663	466,809
Initial or revaluation value at July 1, 2014	349,281	344	226,022	16,146	27,388	31,529	3,201	11,693	665,604
Accrued amortization	-45,884	-49	-142,399	-8,433	0	0	0	-2,030	-198,795

* Including investments in completed facilities made in accordance with Federal Law No. 39-FZ "On Investment Activities in the Russian Federation in the Form of Capital Investments" dated February 25, 1999.

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 said 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>in RUB million</i>	<i>July 1, '14</i>	<i>January 1, '14</i>	<i>July 1, '13</i>
Other financial assets			
Incomplete plastic card settlements	31,102	83,122	4,919
Loan interest receivables	76,367	68,998	61,232
Settlements on compensation payout operations on deposits of commercial banks	61,965	53,960	64
Settlements with other debtors	14,133	22,420	1,397
Settlements on conversion operations	22,214	14,975	8,978
Settlements on forfeits	10,131	10,679	10,658
Settlements on derivative financial instruments	10,446	9,304	4,869
Accrued fee receivables	3,370	4,228	2,808
Other settlements	2,123	1,243	8,669
Other	1,753	1,358	1,141
Total other financial assets	233,604	270,287	104,735
Other non-financial assets			
Advances issued	18,233	23,804	31,542
Expenditure of future periods	13,259	12,124	8,473
Noncurrent assets, withheld for sale and assets of the disposal group	10,830	12,104	11,609
Prepayment on other taxes	8,567	9,437	11,890
Payment receivables for commemorative coins, bought and sold	6,481	7,133	7,677
Precious metals	2,071	2,094	2,001
Other	4,404	6,681	2,195
Total other non-financial assets	63,845	73,376	75,388
Provision for impairment of other assets	-30,215	-28,205	-25,530
Total other assets	267,234	315,458	154,593

5.9. Funds of credit institutions

<i>(RUB million)</i>	<i>July 1, '14</i>	<i>January 1, '14</i>	<i>July 1, '13</i>
Direct repo contracts with banks	24,535	15,741	18,600
Correspondent accounts	88,997	90,409	90,820
Loans and deposits received from banks	420,318	493,893	539,253
incl. syndicated loans	113,712	110,889	174,896
Overnight deposits	20,308	0	0
Obligations on repayment to creditor (to bank) of the borrowed securities	29,308	30,417	0
Total funds of credit institutions	583,466	630,459	648,674

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

Issue	Drawdown date	Repayment date	Currency	Par value (million currency units)	Contract interest rate, %	Book value, RUB million		
						July 1, '14	January 1, '14	July 1, '13
Issue 1	12/17/2010	12/17/2013	USD	2,000	LIBOR+1.50 % ^{3m}	-	-	65,418
Issue 2	11/25/2011	11/25/2014	USD	1,059	LIBOR+1.50 % ^{3m}	35,615	34,660	34,639
Issue 3	11/25/2011	11/25/2014	EUR	103	EURIBOR+1.10 % ^{3m}	4,738	4,650	4,417
Issue 4	2/15/2012	2/15/2017	EUR	500	EURIBOR+1.50 % ^{3m}	22,913	22,485	21,359
Issue 5	10/30/2012	10/30/2015	USD	1,500	LIBOR+1.50 % ^{3m}	50,446	49,094	49,064
Total syndicated loans:						113,712	110,889	174,896

5.10. Funds of customers other than credit institutions

<i>in RUB million</i>	<i>July 1, '14</i>	<i>January 1, '14</i>	<i>July 1, '13</i>
Individuals	7,500,850	7,586,126	6,684,011
current accounts / demand accounts	1,376,756	1,519,558	1,164,815
fixed-term deposits	6,124,094	6,066,568	5,519,196
Corporate customers	4,222,575	3,445,813	3,582,140
current accounts / demand accounts	1,732,555	1,481,349	1,566,839
fixed-term deposits	2,483,000	1,962,268	2,003,275
Obligations on repayment to creditor (not to bank) of the borrowed securities	7,019	2,196	12,027
Funds in precious metals and other funds	105,002	96,097	103,687
funds of individuals	100,532	90,110	97,577
funds of legal entities	4,471	5,987	6,109
Total due to customers	11,828,427	11,128,035	10,369,838

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

<i>RUB million</i>	<i>July 1, '14</i>	<i>January 1, '14</i>	<i>July 1, '13</i>
Loan participation notes issued as part of MTN program:	547,620	417,607	432,428
Subordinated loans	134,522	98,188	98,127
Non-subordinated loans	413,098	319,420	334,301
Notes issued under the ECP program	39,199	46,669	72,305
Total other borrowings	586,819	464,276	504,733

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>July 1, '14</i>	<i>January 1, '14</i>	<i>July 1, '13</i>
Series 3		7/2/2008	7/2/2013	USD	500	6.47 %	-	-	16,355
Series 4 ⁱ		7/7/2010	7/7/2015	USD	1,500	5.50 %	50,446	49,094	49,064
Series 5 ⁱⁱ		9/24/2010	3/24/2017	USD	1,250	5.40 %	42,038	40,912	40,886
Series 6		11/12/2010	11/12/2014	CHF	400	3.50 %	15,069	14,678	13,828
Series 7		6/16/2011	6/16/2021	USD	1,000	5.72 %	33,631	32,729	32,709
Series 8 ⁱⁱⁱ		2/7/2012	2/7/2017	USD	1,300	4.95 %	43,720	42,548	42,522
Series 9 ^{iv}		2/7/2012	2/7/2022	USD	1,500	6.13 %	50,446	49,094	49,064
Series 10		3/14/2012	9/14/2015	CHF	410	3.10 %	15,446	15,045	14,173
Series 11		6/28/2012	6/28/2019	USD	1,000	5.18 %	33,631	32,729	32,709
Series 12	subord.	10/29/2012	10/29/2022	USD	2,000	5.13 %	67,261	65,458	65,418
Series 13		1/31/2013	1/31/2016	RUB	25,000	7.00 %	25,000	25,000	25,000
Series 14		2/28/2013	2/28/2017	CHF	250	2.07 %	9,418	9,174	8,642
Series 15		3/4/2013	3/4/2018	TRY	550	7.40 %	8,700	8,416	9,350
Series 16	subord.	5/23/2013	5/23/2023	USD	1,000	5.25 %	33,631	32,729	32,709
Series 17	subord.	2/26/2014	2/26/2024	USD	1,000	5.50 %	33,631	-	-
Series 18 ^v		3/6/2014	3/6/2019	USD	500	4.15 %	16,815	-	-
Series 19 ^v		3/7/2014	3/7/2019	EUR	500	3.08 %	22,913	-	-
Series 20		6/26/2014	11/15/2019	EUR	1000	3.35 %	45,825		
Total							547,620	417,607	432,428

ⁱ Taking into account additional issue dated 08/03/2010 (USD 500 million)

ⁱⁱ Taking into account additional issue dated 10/19/2010 (USD 250 million)

ⁱⁱⁱ Taking into account additional issue dated 08/17/2012 (USD 300 million)

^{iv} Taking into account additional issue dated 07/30/2012 (USD 750 million)

^v As part of non-public offering

5.11. Issued debt obligations

<i>in RUB million</i>	<i>July 1, '14</i>	<i>January 1, '14</i>	<i>July 1, '13</i>
	<i>Balance sheet value</i>	<i>Balance sheet value</i>	<i>Balance sheet value</i>
Savings certificates	323,727	329,768	297,889
Promissory notes	55,441	73,152	80,118
Certificates of deposit	1,985	1,599	1,827
Total issued debt securities	381,153	404,519	379,835

As of July 1, 2014 and July 1, 2013, the Bank had no overdue or restructured issued debt obligations.

Compliance with special conditions

The Bank must comply with certain conditions mainly related to borrowings. Failure to comply with such special conditions may have negative consequences for the Bank. As of July 1, 2014 and July 1, 2013, the Bank complied with all special conditions.

5.12. Other liabilities

<i>in RUB million</i>	<i>July 1, '14</i>	<i>January 1, '14</i>	<i>July 1, '13</i>
Other financial liabilities			
Interest payment liabilities	99,566	80,937	92,815
Settlements on operations with securities	17,376	15,109	12,403
Outstanding contributions to the deposit insurance agency	8,431	8,025	7,231
Amounts received on correspondent accounts before clarification	6,206	5,889	7,305
Settlements with currency and stock exchanges	11,472	5,770	2,754
Settlements on conversion operations, derivatives and forward transactions	5,454	5,137	2,500
Funds in settlements	451	940	20,272
Accrued payroll expenses	4,551	597	4,214
Payables	423	848	458
Securities supply obligations	1,145	809	619
Plastic card settlements	287	303	87
Other settlements	39,977	1,270	2,136
Other	2,976	2,251	3,244
Total other financial obligations	198,315	127,884	156,037
Other non-financial obligations			
Operating taxes payable	5,666	8,627	6,511
Settlements for expenses of a non-capital nature	1,168	4,122	504
Settlements for expenses of a capital nature	1,553	2,653	1,472
Provisions for future expenses	14,574	1,247	14,010
Other	136	263	170
Total other non-financial obligations	23,096	16,912	22,666
Total other obligations	221,412	144,796	178,703

5.13. Authorized Capital

The table below provides the structure of Sberbank Share Capital as of July 1, 2014:

	<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 2007. Also, the Bank did not make significant buyouts of equity shares from shareholders during the first half of 2013 and the first half of 2014. As of July 1, 2014, 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 rank equally. Each ordinary share carries one vote. All issued ordinary shares are fully paid up.

Preferred shares have a par value of 3 rubles per share, and carry no voting right (unless the federal law provides otherwise). All preferred shares rank equally and are fully paid. The procedure for the payment of dividends on shares shall be determined by the Bank. 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. Supportive information to the Statement of Financial Performance

6.1. Interest income by type of assets

<i>RUB million</i>	<i>the first half of '14</i>	<i>the first half of '13</i>
Nostro accounts	17	16
Funds with the Bank of Russia	95	20
Loans to banks	13,768	7,540
Loans to legal entities	412,542	347,749
Loans to individuals	270,152	203,852
Income for previous years, fines, penalties and others	5,564	4,330
Proceeds from sales of insurance products to individuals	11,929	8,780
Securities designated at fair value through profit or loss	1,804	944
Securities available for sale	48,022	42,467
Securities held to maturity	14,276	11,736
Total interest income:	778,169	627,434

6.2. Interest expenditure by types of funds raised

<i>RUB million</i>	<i>the first half of '14</i>	<i>the first half of '13</i>
LORO correspondent accounts	974	1,197
Deposits of the Bank of Russia	52,902	19,945
Fixed-term deposits of banks	4,913	8,101
Current accounts of legal entities	16,508	10,225
Term deposits of legal entities	50,341	41,304
Demand accounts of individuals	6,043	4,682
Term deposits of individuals	144,469	134,561
Expenses for previous years, fines and penalties	790	737
Bonds	13,609	10,841
Subordinated loan	10,097	9,670
Promissory notes, savings and deposit certificates	13,120	12,041
Total interest expenses:	313,766	253,304

6.3. Fee and commission income and expenses

<i>RUB million</i>	<i>the first half of '14</i>	<i>the first half of '13</i>
Commission income		
Bankcard transactions	55,707	41,651
Payment transactions	18,316	16,458
Cash transactions	13,537	12,026
Account management	5,613	4,137
Bank guarantees	4,203	3,348
Currency control	1,833	1,573
Foreign currency transactions	1,560	1,561
Trade finance transactions	1,226	783
Budget funds service	840	889
Safe deposit box rental services	644	549
Securities trading	402	385
Agency and other services	229	250
Other	2,114	1,024
Total commission income	106,224	84,634
Commission expenses		
Bankcard transactions	8,030	5,670
Settlement operations - expenditure	937	698
Cash collection service	148	145
Other	1,092	1,068
Total commission expenses	10,207	7,581

<i>RUB million</i>	<i>the first half of '14</i>	<i>the first half of '13</i>
Net commission income	96,017	77,053

6.4. Operating expenses

<i>RUB million</i>	<i>the first half of '14</i>	<i>the first half of '13</i>
Personnel costs	111,847	101,694
Administrative expenses	42,874	38,538
Amortization	23,490	21,244
Expenses from sales of own receivables	33,356	22,364
Contributions to the Mandatory Deposit Insurance Fund	15,006	12,822
Other operating expenses	6,169	3,813
Operating expenses	232,742	200,475

6.5. Tax Expenses

The main components of tax expenses are presented below:

<i>Expenses per taxes, duties and dues, RUB million</i>	<i>the first half of '14</i>	<i>the first half of '13</i>
VAT	10,165	8,710
Property tax	1,839	1,935
Land tax	133	110
Transport tax	20	19
Other taxes and duties	416	229
Income taxes	40,897	41,856
<i>Income tax to the federal budget</i>	<i>2,611</i>	<i>3,833</i>
<i>Income tax to the budgets of the constituent entities of Russia</i>	<i>23,314</i>	<i>34,242</i>
<i>Income tax on operations with government securities</i>	<i>4,607</i>	<i>3,781</i>
<i>Increase in income tax for deferred income tax</i>	<i>10,365</i>	<i>-</i>
Total tax compensation (expenses)	53,470	52,859

7. Supportive information to the Report on Capital Adequacy

Managing the capital adequacy is aimed to enable the Bank to fulfill the goals of strategic asset growth in strict compliance with capital adequacy requirements under conditions of the ordinary course of business and under conditions of stress.

The primary instrument in managing capital adequacy is planning. The calculation of target capital adequacy indicators is an integral part of setting the target business development indicators in the process of business planning and strategic planning. In the course of planning, the attainment of capital adequacy indicators is checked and a capital adequacy management plan is made for the planning horizon, which is to be attached to the business plan and approved by the Bank's Executive Board. The plan for capital adequacy management contains the lists of scheduled measures for capital adequacy management and unscheduled measures if the situation deteriorates.

The main method of preventive identification of capital adequacy violations and the basis for timely managerial decision-making is the forecasting of capital adequacy ratios. Based on regular forecasting, potential breaches in internal limits for the capital adequacy ratios are identified, and in the event of such breaches, the necessary measures within the escalation procedures approved by the internal regulatory document are developed and implemented.

To assess the Bank's capital adequacy in stress conditions, the Bank conducts regular stress testing. Capital adequacy indicators are calculated for a hypothetical stress scenario and compliance with the internal limits and statutory ratios is verified. Based on the results of stress testing, the Bank considers whether it is necessary to revise its internal limits to increase the capital adequacy reserve.

On January 1, 2014, changes were made to the calculation of capital and its adequacy: Regulation of the Bank of Russia No. 395-P "On the Methodology for Evaluating the Equity of Credit Institutions (Basel III)" and Instruction of the Bank of Russia No. 139-I "On Statutory Ratios of Banks". The new approach provides for three levels of capital, such as core, fixed and total, and the respective capital adequacy ratios: H1.1, H1.2, H1.0. Sberbank of Russia updated all internal documents regulating the procedure for calculating the values of capital and its adequacy, and the algorithms of calculation in accordance with the amended requirements of the Bank of Russia.

7.1. Information about the capital

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

<i>RUB million</i>	<i>July 1, '14</i>	<i>January 1, '14</i>
Share capital (ordinary shares)	8,711	8,711
Paid-in capital	228,054	228,054
Reserve fund	3,527	3,527
Profit for the year (audited)	-	136,788
Profit for previous years (audited)	1,476,932	1,207,311
Intangible assets	-9,666	-9,518
Investments in ordinary shares of subsidiary financial companies / banks	-213,310	-310,871
Core capital	1,494,249	1,584,392
Additional capital	-	-
Fixed capital	1,494,249	1,264,003
Increase in value of assets due to revaluation	81,538	82,571
Profit for the year (not audited)	151,134	175,631
Subordinated loan	419,628	391,642
Share capital (due to the revaluation of fixed assets)	59,000	59,000
Share capital (preferred shares)	40	45
Investments in preferred shares of subsidiary financial companies / banks	-1	-
Provided subordinated loans	-14,457	-
Additional capital	692,738	708,889
Equity (capital)	2,186,986	1,972,892

The data as of January 1, 2014, corresponds to the reports pursuant to Form 0409123 as of January 1, 2014, prepared in accordance with the requirements of Regulation of the Bank of Russia No. 395-P that are in force as of January 1, 2014, and Instruction of the Bank of Russia No. 3054-U¹².

In the first half of 2014, sources of capital increased through the net income earned and the placement of subordinated bonds worth USD 1 billion and decreased for the amount of dividends paid.

¹² Directive of the Bank of Russia No. 3054-U of September 4, 2013 "On the Procedure for Preparing Annual Accounting (Financial) Statements by Credit Institutions" (hereinafter - "Directive of the Bank of Russia No. 3054-U")

7.2. Information about capital instruments

Shares as of July 1, 2014:

<i>RUB million</i>	<i>July 1, '14</i>	<i>January 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 July 1, 2014:

	<i>Currency</i>	<i>Par value, million currency units</i>	<i>Drawdown date</i>	<i>Repayment date</i>	<i>Rate</i>	<i>Note</i>
Subordinated loan from the Bank of Russia	RUB	150,000	10/20/2008	12/31/2019	6.5 %	Provided in accordance with FZ 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	11/6/2008	12/31/2019	6.5 %	Provided in accordance with FZ No. 173-FZ. Subject to gradual exclusion from the capital calculation from January 1, 2018, pursuant to Regulation No. 395-P
Subordinated bonds	USD	2,000	10/29/2012	10/29/2022	5.125 %	To be gradually excluded from the capital calculation from January 1, 2014, as per Regulation No. 395-P
Subordinated bonds	USD	1,000	5/23/2013	5/23/2023	5.25 %	Meets all the requirements of Regulation No. 395-P
Subordinated bonds	USD	1,000	2/26/2014	2/26/2024	5.50 %	Meets all the requirements of Regulation No. 395-P

7.3. Information about risk-weighted assets

Information about the risk-weighted assets for calculating the H1.0, H1.1, H1.2 ratios as of July 1, 2014:

<i>RUB million</i>	<i>H1.0</i>	<i>H1.1</i>	<i>H1.2</i>
Credit Risk	15,930,440	15,863,776	15,863,776
Market Risk	232,539	232,539	232,539
Operational risk	1,634,929	1,634,929	1,634,929
Total indicators for the calculation of ratios	17,797,908	17,731,244	17,731,244

Information on the risk-weighted assets for calculating the H1.0, H1.1, H1.2 ratios as of January 1, 2014:

<i>RUB million</i>	<i>H1.0</i>	<i>H1.1</i>	<i>H1.2</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, corresponds to the reports pursuant to Form 0409124 as of January 1, 2014, prepared in accordance with the requirements of Regulation of the Bank of Russia No. 395-P that are in force as of January 1, 2014, and Instruction of the Bank of Russia No. 3054-U.

The risk-weighted assets are calculated in accordance with Instruction of the Bank of Russia No. 139-I¹³ as of July 1, 2014 and Regulation of the Bank of Russia No. 395-P as of January 1, 2014, as well as in accordance with Regulation of the Bank of Russia No. 387-P "On the Procedure for Market Risk Calculation by Credit Institutions", and Regulation of the Bank of Russia 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 Instruction of the Bank of Russia 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 in the first half of 2014.

7.4. Information about capital adequacy ratios

Information about capital adequacy ratios:

<i>%</i>	<i>July 1, '14</i>		<i>January 1, '14</i>
	<i>Actual value</i>	<i>Standard value</i>	<i>Actual value</i>
Core capital adequacy ratio (H1.1)	8.4 %	5.0 %	10.1 %
Fixed capital adequacy ratio (H1.2)	8.4 %	5.5 %	8.0 %
Total capital adequacy ratio (H1.0)	12.3 %	10.0 %	12.5 %

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

Capital adequacy ratios of the Sberbank of Russia from January 1, 2014, to July 1, 2014, were fulfilled.

¹³ Instruction of the Bank of Russia No. 139-I "On Statutory Ratios of Banks" d/d December 3, 2012

7.5. Earnings per share and dividends

Diluted and base 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).¹⁴

As of July 1, 2014, the Bank has no shares that may potentially dilute the earnings per ordinary share of the Bank. Accordingly, the diluted earnings per share equal to the base earnings per share.

The base 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.

	<i>the first half of '14</i>	<i>the first half of '13</i>
Net profit of the Bank owned by shareholders, RUB million	186,416	191,800
Dividends on preferred shares of the Bank declared in the said half-year, RUB million	3,200	3,200
Net profit of the Bank owned by shareholders holding ordinary shares, RUB million	183,216	188,600
Weighted average number of ordinary shares of the Bank outstanding during the said half-year, million units	21,587	21,587
Basic and diluted earnings per share, rubles per share	8.6	8.7

Information on dividends paid out:

<i>RUB million</i>	<i>Ordinary shares</i>	<i>Preferred shares</i>
Dividends payable as of January 1, 2014	385	117
Dividends charged for 2013	69,078	3,200
Dividends paid out during the first half of 2014	68,666	3,144
Dividends payable as of July 1, 2014	797	173

<i>RUB million</i>	<i>Ordinary shares</i>	<i>Preferred shares</i>
Dividends payable as of January 1, 2013	233	81
Dividends charged for 2012	55,479	3,200
Dividends paid out during the first half of 2013	54,091	3,139
Dividends payable as of July 1, 2013	1,621	142

All dividends are declared and paid out in Russian rubles.

¹⁴ Letter of the Bank of Russia, methodological recommendations "On Procedure for Calculating Earnings per Share during Preparation by Credit Institutions of their Financial Statements in Accordance with International Financial Reporting Standards" No. 129-T dated October 26, 2009.

7.6. Change of unrealized revaluation of securities available for sale recognized as a part of capital

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

<i>RUB million</i>	<i>2014</i>	<i>2013</i>
Revaluation of securities available for sale as of January 1,	- 7,888	26,397
Unrealized revaluation of securities available for sale	- 26,215	- 31,333
(Incomes) expenses charged to the account of profits and losses concerning the outflow of the securities available for sale	3,376	- 2,609
Revaluation of securities available for sale as of July 1,	- 30,727	- 7,545

8. Information about the risks taken by a 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 descriptive information about the risk management approaches is presented in relation to the Group.

8.1. Integrated Risk Management

The Group constantly improves the system of risk management, ensuring compliance with the best practices, guidelines of regulatory authorities, and the principles and rules stated in the Basel Accord.

Key decisions on the development of the Group's risk management system are secured:

- By the Resolution of the Executive Board of the Bank "On setting of integrated risk management for Sberbank of Russia Group, based on the principles of the Basel Accord" dated May 30, 2011;
- By the Order of CEO, Chairman of the Board of the Bank "On arrangement of works to create an integrated risk management system of Sberbank of Russia Group based on the principles of the Basel Accord" dated December 6, 2011.

As part of these solutions, during 2012-2015 a consistent implementation of methods and procedures for risk management is carried out at the integrated level and at the management system level for individual types of risks. In particular, the Development Strategy for the period up to 2018 provides further implementation of the advanced approaches to risk management in the Bank and the Group including new entrants, increased use of risk tools and models for quantitative risk assessment in business processes, development of performance assessment taking into account risk, and increased risk culture level at all levels.

The system of integrated risk management of the Group is determined by Sberbank Policy of Integrated Risk Management approved by the Bank's Executive Board on February 29, 2012. According to the provisions of this document, Group Risk Management is a three-level process:

- The first level of management is carried out by the Executive Board and the Group Risk Committee of Sberbank of Russia in accordance with the overall risk management of the Group. The result of this procedure includes but is not limited to creation of requirements and limitations to processes of control over individual risk groups, to processes of risk management in the Group member companies, and also definition of certain collegial bodies and structural subdivisions of the Group member companies, responsible for managing the allocated risk groups.
- The second level of management is carried out by the Bank Committees and managers of individual risk groups of the Group, i.e. the management of individual risk groups of the Group within the limitations and requirements set forth at the first level of management.
- The third level of management is carried out by the collegial bodies and structural subdivisions of the Group member entities, i.e. the management of individual risk groups in the Group members within the requirements and restrictions set forth at the first and second level of management.

The integrated management of the Group's risks includes 5 stages:

- identification of risks and assessment of their materiality, when each risk identified in any of the Group members is subject to its materiality assessment for each member and for the Group as a whole;
- creation of material risk management systems, when management functions related to the risks of the Group and its individual members are distributed among the officials, departments and collegiate bodies of the Bank and the Group members, forming a methodological basis of risk management;
- planning of exposure to the risk level when determining the Group risk target level using risk metrics in the business plan of the Group and its members;
- setting the risk appetite for the Group and its members while at this stage the Bank approves and the Supervisory Board confirms the maximum level of risk that the Group is permitted to take over forming a system of limits and restrictions to conform with the set risk appetite;
- management of the combined level of risks, the purpose of which is to ensure that the level of the Group risks corresponds with the target values; the risk level is regularly evaluated and controlled through limits and other restrictions levied on activities of the Group members.

In 2014, the Group's risks were identified. Based on its results, the following material risks are determined: credit risks of corporate and retail customers (credit risk of migration, concentration risk (in terms of credit risk), residual risk, counterparty's risk from operations on financial markets), credit risks of financial institutions, country risk, market risks of transactions on financial markets, ALM risks (currency and interest-rate risks of the banking book), risk of loss due to changes in the value of real estate, operational risk, legal risk, compliance risk, liquidity risk, reputation risk, strategic risk, models risk, regulatory risk, and tax risk.

The following measures are also implemented in the sphere of integrated risk management:

- The policies of material risk management have been developed.
- Risk appetite is approved.
- Risk metrics are embedded in the Group business planning process.
- A model for calculating the economic capital of the Group is developed and a pilot calculation is conducted.
- A tool for calculation of economic profit and RAROC (Risk-adjusted return on capital) of the Group is developed and a pilot calculation is conducted.
- Models of aggregating the Group's stress-testing results are developed.
- Concept of RAROC-based economic capital efficiency management is developed and pilot calculations are conducted within the procedures of business planning for 2014.

8.2. Credit Risk

Credit risk group includes the following major types of risks:

- ***Credit risk of migration*** is a risk of losses related to full or partial loss of the cost of financial assets (for example, credit, debt securities) due to default or decrease of the contractor's credit quality (migration); the default is the extreme case of migration in the context of this kind of risks.
- ***Risk of concentration*** (as regards credit risk) is a risk related to:
 - provision of large loans to a single borrower or groups of related borrowers;
 - concentration of debts in separate areas of the economy, segments, portfolios or geographic regions, etc.;
 - concentration of investments in securities within separate areas of geographic regions;
 - other liabilities making them vulnerable to the same economic factors.
- ***Counterparty risk in financial market operations*** is a risk related to the counterparty's default on the transaction.

Counterparty risk is a type of mutual exposure under futures deals, which can vary over time in response to market trends or fluctuations in the price of underlying assets.

Counterparty risk has two components:

- pre-settlement risk, which is the risk of incurring losses due to counterparty's possible default under transaction during the term of transaction
- settlement risk, which is the risk of losses due to the counterparty's default after the Bank's fulfillment of its obligations under the contract or agreement (by providing cash, securities and other assets) on the date of mutual settlements
- ***Residual risk*** is a risk arising due to the fact that the methods of risk mitigation used by the Bank may fail to produce a desired effect due to implementation in relation to coverage, for example legal risk and liquidity risk.

The Bank policy on credit risk management is aimed at an increase of competitive advantages by means of:

- expansion of the range of counterparties and the list of the provided products;
- the systematic approach in credit risk management allowing to keep/decrease the level of the implemented credit risks.

Members of Sberbank group use the following primary methods of credit risk management:

- credit risk prevention by way of identification, analysis, and evaluation of possible credit risks prior to conducting an operation;
- planning of the credit risk level by means of evaluation of the level of expected losses;
- implementation of the unified processes of risk evaluation and identification;
- limitation of credit risks by means of limits and/or other system of restrictions;
- structuring of transactions;
- transaction collateral management;
- monitoring and controlling the level of credit risk;
- using the system of authorities for decision-making.

The principles of integrated Group risk management, as well as the following principles are at the core of the credit risk management system:

- use of up-to-date methods and tools of credit risk management of the Bank and the Group in whole: these methods are developed based on the unified standardized approaches to loans, taking into account the customer segmentation by risk level and allowing to minimize the number of participants in the process by means of process centralization and automation;

- objectivity, specificity, and accuracy of credit risks evaluation, use of accurate actual and statistical information;
- integration of the credit risk management process with the organizational structure of the Bank and the Group members;
- using the unified rules of distribution and division of authorities on credit risk management based on a combination of the centralized and decentralized approaches for all the Group members;
- independency of subdivisions performing evaluation and control of credit risks from subdivisions initiating transactions with credit risks;
- systems of the Group credit risk management comply with the requirements of regulatory authorities and Russian legislation and/or legislation of the countries where the Group members carry out their activities;
- control and limitation of risk is carried out using a system of limits.

The system of control and monitoring of the Group credit risks level is implemented based on the principles ensuring preliminary, current, and follow-up control of operations, compliance with the set risk limits and their timely update which is enshrined in internal regulations.

A multilevel system of limits based on limiting credit risks by loan operations and operations on financial markets is developed in the Group.

As regards retail credit limits, the set limits are based on evaluation of the borrower and are grouped as follows:

- structured limits: limit of loan according to the scheme, limit of corporate customer guarantee, limit by a product / group of approved products;
- limits of authorities: limits of authorities of a collegial body and personal limits;
- limits of risk concentration by the amount of credit products provided to the borrower: limit in terms of the amount of the borrower's indebtedness;
- limits for a lending institution: limit for the amount of the accepted application.

Credit risk is evaluated for the Group in general and in terms of different portfolios of assets exposed to credit risk, and also in terms of individual credit risks of specific counterparties and groups of counterparties, countries, geographical regions, branches of economy / types of economic activities.

The Group uses a system of internal ratings based on economic and mathematical models of evaluating the probability of default by counterparties and transactions. Evaluation of credit risks of the Group's counterparties for transactions that carry the credit risks is made depending on types of counterparties:

- corporate customers, credit institutions, financial companies, small business entities, countries, constituent entities of the Russian Federation, municipal entities, insurance and leasing companies – on the basis of the credit ratings system, and also by building models of predicted cash flow or other important indicators;
- individuals and micro business entities based on evaluation of paying capacity of counterparties in accordance with the Group's internal regulations and express evaluation.

The system of credit ratings ensures a differentiated evaluation of probability of failure to perform / improper performance by counterparties of their obligations. The evaluation is performed based on analysis of quantitative (financial) and qualitative factors of credit risks, the level of their impact on the counterparty's capacity to perform and discharge the undertaken obligations. The Group members' internal regulatory documents provide for an evaluation of the comprehensive range of factors, the list of which is standardized depending on the types of counterparties. Mandatory evaluation shall apply to risk factors related to the counterparty's financial state, ownership structure, business reputation, credit history, system of cash flow and financial risk management, information transparency, the customer's position in the area and in the region,

availability of support on behalf of state authorities and parent companies. Taking into account the analysis of the said risk factors, the counterparty's/transaction default probability is evaluated, and they are further classified by ratings.

The Group members pay close attention to control of concentration of major credit risks and compliance with the prudential requirements of the regulating authority, analysis and forecast of the level of credit risks. The following methods are used:

- distributed mechanism of borrowers' legal and economic connection criteria identification and further centralized keeping of the unified list of related borrowers' groups at the level of Group members;
- setting of limits broken down by borrowers and related borrowers' groups;
- allocation of borrowers' groups broken down by industry, country affiliation;
- analyzing the portfolio in terms of customer segments and credit products.

Availability of security is the main tool for decreasing the credit risk due to failure to pay under the credit contracts. The Group usually requires the provision of a security when granting loans. Several kinds of security can be taken at the same time for credit risk limitation. In accordance with the Group policy, security for loans to legal entities (collateral value of collateral security and/or amount of liabilities (limit of responsibility) under the guarantee agreement and/or the amount of guarantee) shall cover the amount of the loan and interest on it charged at least for three months.

Collateral policy (as part of the credit policy) determining the basic principles and elements of organizing the work with collateral security when crediting is developed as one of approaches to hedging of credit transaction risks. The collateral policy is aimed at enhancing the quality of the credit portfolio as regards collateral security. The collateral quality is determined by the probability of receiving funds in the amount of the expected collateral value when enforcing upon the collateral or its sale. The collateral quality is indirectly characterized by the list and materiality of risks associated with the collateral and is determined by a series of factors: liquidity, accuracy of determining the value, risk of depreciation, exposure to risks of loss and damage, legal risks, etc.

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. Guarantees for financially reliable legal entities as securities also require evaluation of risks both of a guarantor and a borrower.

A risk profile determining authorities for decision-making depending on the risk category of the application is assigned to each territorial subdivision. In turn, the risk category of the application depends on the borrower risk (to be defined by the borrower's rating), the aggregate limit on the borrower / related borrowers' group, and on the transaction risk (to be defined by the presence of non-standard conditions in the transaction and LGD, which means losses upon default). Therefore, the existing systems of limits and authorities allow the optimization of the credit process and duly manage the credit risk.

Based on the latest methods and tools of credit risk management, the Group sets the unified processes of retail loan provision, taking into account the customer's risk profile and allowing to minimize the number of participants in the process due to its centralization and automation. One of such processes is implemented in the technology "Credit Factory" where the Bank provides the main kinds of retail credit products: consumer and residential loans, car loans, credit cards, as well as the products to the customers of Micro business segment.

In the framework of the Basel II implementation, the Bank has developed a full range of behavior models for all retail credit products, and determined the indicators required for calculation of the economic capital.

The system of authorities for financial market operations supposes determining the person responsible for taking the limit decision of the collegial body depending on the risk profile of the application. The risk profile is based on the counterparty's internal rating and total scope of the credit risk assumed thereby in respect of financial market operations.

Estimation of the level of counterparty risk in financial market operations is made by the Bank based on the CCR (counterparty credit risk) model, which enables the determination of EAD (exposure at default) risk for positions arising upon consummation of transactions involving off-exchange derivative financial instruments and SFT (securities financing transactions) transactions.

SFT transactions – REPO transactions, borrowings and securities loans (whereby papers can be swapped), and margin lending, where the value of one or both parts of transaction depends on mark-to-market valuation.

Counterparty risk in financial market operations is the risk of losses as a result of the counterparty's default under a transaction involving derivative financial instruments before the end of the transaction term. Losses upon a counterparty's default occur provided that a transaction or portfolio of transactions with a counterparty have a positive value for the bank at the time of default.

EAD under the OTC derivatives includes the current fair value of instrument, as well as potential future exposure to risk taking into account the collateral provided.

In accordance with the developed macroeconomic scenarios, the Group performs analysis of sensibility of the credit risks level at the level of individual counterparties and the credit portfolio as a whole, and, according to the results, it detects the macro factors to the maximum extent correlating to the probability of counterparties' default. For the purposes of stress testing, the statistical information about rapid changes of macro factors is used when modeling the ratings in stress situations.

The Group performs constant monitoring of the collection of problem indebtedness at all collection stages. In the event that problem stages are revealed during indebtedness collection, a decrease of the collection efficiency level, an increase in the problem portfolio in separate regions, customer or product segments, the process of crediting/collection is optimized.

Classification of assets assessed for creating provisions by quality categories as of July 1, 2014¹⁵

<i>RUB million</i>	<i>Quality categories</i>				
	<i>I</i>	<i>II</i>	<i>III</i>	<i>IV</i>	<i>V</i>
Assets for which a provision for possible losses is created					
Assets assessed for creating provisions for possible losses from loans	6,387,264	6,026,255	780,938	172,912	469,956
Loans to banks	797,877	6,566	2,969	-	-
Loans to legal entities	5,586,925	2,493,025	759,077	145,547	351,431
Loans to individuals	2,461	3,526,664	18,892	27,365	118,525
Other assets assessed for creating provisions for possible losses	369,323	54,055	23,509	1,722	26,225
Other receivables from credit institutions	183,759	598	1,601	348	601
Other receivables from legal entities	185,554	26,819	21,474	635	15,002
Other receivables from individuals	10	26,638	434	739	10,623
Total assets for which a provision for possible losses is created	6,756,586	6,080,311	804,447	174,634	496,182
Provision for possible losses					
Provisions for possible losses from loans	86	72,475	104,526	67,512	422,550
Loans to banks	-	159	712	-	-
Loans to legal entities	86	35,563	102,354	58,589	316,821
Loans to individuals	-	36,753	1,460	8,924	105,729
Other provisions for possible losses	-	2,025	6,346	782	25,775

¹⁵ According to Form 0409115

Other receivables from credit institutions	-	53	412	177	601
Other receivables from legal entities	-	1,627	5,900	373	14,882
Other receivables from individuals	-	345	33	232	10,293
Total provisions for possible losses	86	74,500	110,872	68,294	448,326

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

<i>RUB million</i>	<i>Quality categories</i>				
	<i>I</i>	<i>II</i>	<i>III</i>	<i>IV</i>	<i>V</i>
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	411,663
Loans to banks	626,220	3,597	217	-	-
Loans to legal entities	5,242,015	2,202,145	625,094	154,088	323,378
Loans to individuals	2,196	3,205,367	22,748	14,594	88,286
Other assets assessed for creating provisions for possible losses	506,639	52,988	24,046	1,906	23,726
Other receivables from credit institutions	250,825	469	1,561	180	402
Other receivables from legal entities	255,714	27,927	21,980	1,350	14,761
Other receivables from individuals	100	24,592	506	376	8,563
Total assets for which a provision for possible losses is created	6,377,071	5,464,097	672,105	170,588	435,389

Provision for possible losses

Provisions for possible losses from loans	92	65,342	78,510	63,742	374,252
Loans to banks	-	13	24	-	-
Loans to legal entities	92	32,045	76,828	58,733	294,739
Loans to individuals	-	33,284	1,658	5,009	79,513
Other provisions for possible losses	-	955	6,635	1,384	23,591
Other receivables from credit institutions	-	40	489	92	524
Other receivables from legal entities	-	598	6,111	1,158	14,675
Other receivables from individuals	-	317	36	133	8,392
Total provisions for possible losses	92	66,297	85,145	65,125	397,843

Classification of assets assessed for creating provisions by quality categories as of July 1, 2013

<i>RUB million</i>	<i>Quality categories</i>				
	<i>I</i>	<i>II</i>	<i>III</i>	<i>IV</i>	<i>V</i>
Assets for which a provision for possible losses is created					
Assets assessed for creating provisions for possible losses from loans	5,418,953	4,613,876	685,347	157,326	440,294
Loans to banks	1,025,940	3,847	-	-	-
Loans to legal entities	4,390,595	1,913,259	668,798	141,192	360,742
Loans to individuals	2,418	2,696,771	16,549	16,134	79,552
Other assets assessed for creating provisions for possible losses	394,089	51,698	15,568	812	23,107
Other receivables from credit institutions	231,498	55	1,161	45	102
Other receivables from legal entities	162,363	32,387	14,004	398	16,153
Other receivables from individuals	229	19,256	403	369	6,851

Total assets for which a provision for possible losses is created	5,813,043	4,665,574	700,915	158,138	463,401
Provision for possible losses					
Provisions for possible losses from loans	1,214	56,482	71,931	67,898	397,953
Loans to banks	-	15	-	-	-
Loans to legal entities	1,214	30,099	70,592	62,487	326,792
Loans to individuals	-	26,368	1,339	5,411	71,161
Other provisions for possible losses	-	1,179	3,898	345	22,676
Other receivables from credit institutions	-	5	301	23	102
Other receivables from legal entities	-	943	3,568	196	15,891
Other receivables from individuals	-	231	29	126	6,683
Total provisions for possible losses	1,214	57,661	75,829	68,243	420,629

Information about classification of assets according to risk groups¹⁶

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

	<i>July 1, '14</i>	<i>January 1, '14</i>
Ap11	2,395,360	2,869,649
Ap12	2,395,360	2,869,649
Ap10	2,395,360	2,869,649
Ap21	205,188	165,356
Ap22	205,188	165,356
Ap20	204,296	165,356
Ap31	223,713	203,743
Ap32	223,713	203,743
Ap30	223,553	203,743
Ap41	10,060,450	9,498,700
Ap42	10,060,450	9,498,700
Ap40	10,128,167	9,498,700
Ap51	4,474	4,385
Ap52	4,474	4,385
Ap50	4,474	4,385

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

¹⁶ According to clause 2.3 of Instruction of the Bank of Russia No. 139-I dated December 3, 2012 "On Mandatory Ratios for Banks"

Overdue receivables

July 1, '14

July 1, 1997							Provision for possible losses	
RUB million	Amount	Total	inclusive of overdue debt				Estimated	Actual
			including by delay					
			up to 30 days	from 31 to 90 days	from 91 to 180 days	Over 180 days		
Loan debts	13,837,326	620,252	197,976	69,145	76,599	276,531	678,269	667,149
Credit facilities (loans) granted, deposits made	13,446,512	607,630	193,854	64,644	75,954	273,178	650,322	642,205
Claims for rights (claims) acquired under transaction (assignment of claim)	75,033	3,834	1,894	948	-	993	8,061	8,061
Receivables under transactions involving alienation (acquisition) of financial assets with simultaneous granting to the counterparty of a grace period (supply of financial assets)	11,662	3,468	732	42	557	2,138	10,161	10,668
Claims for return of cash funds provided for transactions conducted with securities repayable without recognition of the securities received	232,012	-	-	-	-	-	3,770	272
Receivables (including return) of debt securities, shares, bills of exchange, promissory notes and precious metals made available under a loan contract	17,272	-	-	-	-	-	-	-
Monies paid out by the lender to the beneficiary under bank guarantees, but not recovered from the principal	5,977	5,275	1,452	3,513	89	222	5,627	5,616
Claims against payers under paid letters of credit	582	44	44	-	-	-	-	-
Discounted bills	386	-	-	-	-	-	81	81
Other claims	47,889	-	-	-	-	-	247	247
Securities	90,474	28	-	-	-	28	2,786	2,786
Other claims	384,360	24,227	3,516	2,458	2,847	15,406	26,812	32,142

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

As of July 1, 2014, the amount of security of quality categories I and II is RUB 364 billion and RUB 4,186 billion respectively. As of January 1, 2014, the amount of security of quality category I and II amounted to RUB 401 billion and RUB 4,168 billion respectively.

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

<i>July 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	374,068	96,641	31,647	49,652	196,127
individuals	246,174	101,325	37,498	26,947	80,404
Banks	10	10	-	-	-
Total overdue debt	620,252	197,976	69,145	76,599	276,531

<i>July 1, '13</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>Estimated</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	11,315,797	452,523	107,210	59,584	45,294	240,435	656,645	595,478
Credit facilities (loans) granted, deposits made	10,997,404	448,519	107,037	59,576	44,851	237,055	636,832	576,142
Claims for rights (claims) acquired under transaction (assignment of claim)	62,214	133	-	-	-	133	5,116	4,154
Receivables under transactions involving alienation (acquisition) of financial assets with simultaneous granting to the counterparty of a grace period (supply of financial assets)	16,734	3,813	174	8	443	3,189	12,902	14,406
Claims for return of cash funds provided for transactions conducted with securities repayable without recognition of the securities received	218,524	-	-	-	-	-	1,105	86
Receivables (including return) of debt securities, shares, bills of exchange, promissory notes and precious metals made available under a loan contract	19,572	-	-	-	-	-	-	-
Monies paid out by the lender to the beneficiary under bank guarantees, but not recovered from the principal	1,286	56	-	-	-	56	627	626
Discounted bills	64	2	-	-	-	2	64	64
Securities	133,866	79	-	-	-	79	2,264	2,264
Other claims	351,408	26,689	1,857	1,612	1,686	21,534	22,662	25,834

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

<i>July 1, '13</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	299,439	48,849	34,686	29,743	186,161
individuals	152,999	58,276	24,898	15,551	54,273
Banks	85	85	-	-	-
Total overdue debt	452,523	107,210	59,584	45,294	240,435

Restructured loans

As of July 1 2014, the amount of *restructured corporate loans* amounted to RUB 1,577.3 billion, and their share in the corporate credit portfolio is 16.9 %. Restructuring implies 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 July 1 2014, the volume *restructured retail loans* amounted to RUB 47.9 billion, and their share in the retail credit portfolio is 1.3 %. Standard restructuring options represent 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 default risks

The bank closely monitors the level of concentration of major default risks, which is currently rated as acceptable. In accordance with internal regulations, the Bank implemented a procedure for daily monitoring of major credit risks and for forecasting compliance of the Bank of Russia's requirements under the H6 and H7 ratios. For these purposes, the List of major and related borrowers of the Bank is being kept and monitored.

*The share of credits of 20 major borrowers*¹⁷ for the first half of 2014 practically did not change – 22.0 % of credit portfolio of the customers as of January 1, 2014, and 21.8 % as of July 1, 2014. Among the bank's major borrowers are representatives from various sectors of the economy; therefore, the default risk is adequately diversified.

About the assets used by the Bank as a security for fund raising

The basic assets used by the Bank as a security for fund raising are securities and loans against which funds may be raised from the Bank of Russia under Regulation of the Bank of Russia No. 312-P¹⁸. As of July 1, 2014, the volume of assets used by the Bank as a security amounted to RUB 2.1 trillion, as of January 1, 2014 - RUB 1.8 trillion and as of July 1, 2013 - RUB 0.7 trillion. The prevailing part of funds raised against such assets is raised from the Bank of Russia in accordance with the standard terms of operations of the Bank of Russia: REPO auctions for the period of up to 1 week, auctions under Regulation of the Bank of Russia No. 312-P for the periods of 3 months and one year, and continuous operations.

8.3. Liquidity Risk

Liquidity risk management helps to secure the bank's capability to perform its obligations to clients and contractors unconditionally and in due time, in compliance with the regulations of the Bank of Russia concerning the management of liquidity risk, 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 limits in terms of mandatory liquidity ratios of the Bank of Russia (H2, H3 and H4). The bank provides a real-time forecast for the statutory liquidity ratios on a regular basis. In order to decrease the risk of non-compliance with regulatory requirements, the bank shall set precautionary limits for liquidity ratios of the Bank of Russia,

¹⁷ 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 individuals; 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 if the bank is a leading organization in the Group.

¹⁸ Regulation of the Bank of Russia No. 312-P "On the Procedure for the Issuance of Loans Secured by Assets or Sureties to Lending Institutions by the Bank of Russia" dated November 12, 2007.

which ensure compliance with the ratios within a month, considering possible fluctuations for certain balance sheet items.

Physical liquidity risk means the bank's inability to discharge its obligations to contractors in any currency due to a lack of funds: inability to effect a payment, to grant a loan, etc. The instruments of physical liquidity risk management in the short-term include a cash flow prediction model and control over accessible bank liquidity reserves. To meet a possible liquidity shortage in excess of the available funds, the Bank can tap into liquidity provisions, which include securities-secured direct REPO transactions with banks, operations on the FX SWAP market and borrowings from the Bank of Russia.

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 or in a certain period.

Strategic management of liquidity risk is performed according to the funding plans, which contain a forecast for the asset and liability structure for different scenarios of development of the bank balance, allowing for the need for funding of subsidiaries. Liquidity risk is assessed and response measures described for each possible scenario. In order to change the structure of liabilities and to improve the liquidity profile, the bank uses both the customer funds raising, and the arrangement of funds raising at international debt and capital markets. At the same time, the flexible interest-rate policy shall be of essence in the customer relationship.

With a view to ensuring a necessary liquidity buffer, the Bank from time to time conducts stress testing of the liquidity profile under various scenarios. This makes it possible to calculate the Bank's survival horizon upon the occurrence of exceptional but potentially possible events.

Compliance with liquidity requirements:*

<i>Liquidity requirements</i>	<i>Limit imposed by Bank of Russia</i>	<i>The cap by Sberbank</i>	<i>Physical value of the ratio as of the date, %</i>	
			<i>July 1, '14</i>	<i>January 1, '14</i>
H2	over 15 %	15 %	64.5	53.6
H3	over 50 %	55 %	61.1	58.5
H4	under 120 %	110 %	104.0	102.5

**The data of Reporting Form 0409135 as of the correspondent report dates were used.*

As of July 1, 2014, Sberbank meets the statutory liquidity ratios of the Bank of Russia with a reserve. The Bank provides daily monitoring and short- and long-term projections of liquidity requirements, not allowing a surplus of regulatory liquidity, while remaining within both the statutory requirements of the Bank of Russia and in-house caps.

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 July 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>not set</i>	<i>Total</i>
ASSETS							
Monetary funds	550,384	-	-	-	-	-	550,384
Funds of credit institutions held with the Central Bank of Russia	363,670	28,368	21,060	24,646	7,556	-	445,300

<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>not set</i>	<i>Total</i>
Required Reserves	51,069	28,368	21,060	24,646	7,556	-	132,699
Funds in credit institutions	62,251	-	-	-	-	-	62,251
Financial assets assessed at their fair value through profit or loss	96,732	16,387	12,591	36,667	14,567	-	176,944
Loan debt prior to deduction of provision for possible losses	1,179,250	1,464,114	1,605,265	4,367,540	4,909,065	312,091	13,837,326
Net investments in securities and other financial assets available for sale	1,415,121	-	-	-	-	361,998	1,777,119
Investments in subsidiaries and affiliates	-	-	-	-	-	361,998	361,998
Net investments in securities held to maturity	6,988	43,799	16,316	119,581	197,533	-	384,217
Current tax claims	-	1,177	-	2	-	-	1,180
Deferred tax asset	-	-	-	-	-	-	-
Fixed assets, intangible assets and inventories	-	-	-	-	-	466,809	466,809
Other assets	187,492	21,387	17,882	19,395	6,046	15,031	267,233
Total assets	3,861,889	1,575,232	1,673,114	4,567,832	5,134,768	1,155,929	17,968,763
LIABILITIES							
Loans, deposits and other funds of the Central Bank of Russia	989,599	587,979	90,000	-	500,000	-	2,167,577
Funds of credit institutions	210,224	122,656	78,414	159,457	12,713	-	583,466
Funds of customers other than credit institutions	4,625,134	2,473,763	1,825,770	2,211,132	692,628	-	11,828,427
Deposits from individuals	1,998,425	1,877,615	1,593,362	1,806,301	225,147	-	7,500,850
Financial liabilities assessed at their fair value through profit or loss	2,572	8,327	9,554	25,728	11,249	-	57,430
Issued debt obligations	73,681	136,386	111,937	56,509	2,640	-	381,153
Current tax liabilities	-	-	-	-	-	-	-
Deferred tax liability	-	-	-	-	-	15,064	15,064
Other liabilities	145,717	24,679	10,456	29,295	11,265	-	221,412
Total liabilities	6,046,927	3,353,789	2,126,130	2,482,121	1,230,495	15,064	15,254,528
Net liquidity gap	-2,185,038	-1,778,557	-453,016	2,085,710	3,904,272	1,140,865	2,714,235
Aggregate liquidity gap	-2,185,038	-3,963,596	-4,416,612	-2,330,902	1,573,370	2,714,235	

The level of liquidity for assets and liabilities of the Bank as of July 1, 2013 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>not set</i>	<i>Total</i>
ASSETS							
Monetary funds	504,087	-	-	-	-	-	504,087
Funds of credit institutions held with the Central Bank of Russia	222,440	30,551	24,408	25,703	8,289	-	311,391
Required Reserves	50,894	30,551	24,408	25,703	8,289	-	139,845
Funds in credit institutions	121,366	-	-	-	-	-	121,366
Financial assets assessed at their fair value through profit or loss	47,082	4,195	2,267	23,843	15,718	-	93,105
Loan debt prior to deduction of provision for possible losses	1,290,898	1,359,476	1,472,167	3,473,191	3,448,123	271,996	11,315,852
Net investments in securities and other financial assets available for sale	1,342,123	-	-	-	-	301,753	1,643,877
Investments in subsidiaries and affiliates	-	-	-	-	-	301,753	301,753
Net investments in securities held to maturity	17,521	14,615	22,015	80,989	169,149	-	304,289
Fixed assets, intangible assets and	-	-	-	-	-	441,312	441,312

<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>not set</i>	<i>Total</i>
inventories							
Current income tax claims	-	259	-	2	-	-	261
Other assets	79,048	20,627	16,633	13,990	5,962	18,333	154,593
Total assets	3,624,566	1,429,723	1,537,490	3,617,720	3,647,241	1,033,394	14,890,133
LIABILITIES							-
Loans, deposits and other funds of the Central Bank of Russia	600,498	-	-	-	300,000	-	900,498
Funds of credit institutions	114,802	214,196	119,390	167,460	32,826	-	648,674
Funds of customers other than credit institutions	3,850,231	2,199,389	1,766,680	1,917,881	635,658	-	10,369,838
Deposits from individuals	1,696,897	1,771,613	1,505,379	1,502,729	207,392	-	6,684,011
Financial liabilities assessed at their fair value through profit or loss	6,319	7,354	3,755	14,255	9,905	-	41,589
Issued debt obligations	61,902	149,038	109,545	57,878	1,471	-	379,835
Other liabilities	124,722	23,572	4,035	16,388	9,985	-	178,703
Total liabilities	4,758,474	2,593,550	2,003,406	2,173,862	989,846	-	12,519,137
Net liquidity gap	-1,133,908	-1,163,827	-465,916	1,443,858	2,657,395	1,033,394	2,370,996
Aggregate liquidity gap	-1,133,908	-2,297,735	-2,763,651	-1,319,794	1,337,602	2,370,996	

The term structure of customer funds for 2013 and 2014 did not change significantly, but the share of the funds attracted from the Bank of Russia increased. The funds attracted from the Bank of Russia are short term as a rule, except subordinated loans obtained. In addition to the above, Sberbank has a chance to regularly extend continuously these operations. In total, the structure of refinancing instruments allows an increase in the term structure of the funds attracted from the Bank of Russia at any moment. Thus, Sberbank's liquidity gap increase is of technical nature and does not specify actual liquidity risk increase.

8.4. Trading position risk

Trading position risk includes:

- **The interest risk for debt securities portfolio** – the risk arising as a result of adverse changes in market rates;
- **Stock risk** is the risk arising as a result of adverse changes in equity security quotations;
- **Currency risk** – the risk arising as a result of adverse changes in foreign exchange rates and precious metals prices.

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.

Size of the trading position risk¹⁹:

<i>Type of risk</i>	<i>Risk level RUB million</i>			<i>Risk level % of capital</i>		
	<i>July 1, '14</i>	<i>January 1, '14</i>	<i>July 1, '13</i>	<i>July 1, '14</i>	<i>January 1, 2014</i>	<i>July 1, '13</i>
Trading position risk	25,622	18,763	18,039	1.17 %	0.94 %	0.99 %
Debt securities portfolio	25,003	17,186	15,313	1.15 %	0.86 %	0.84 %
Stock Risk	1,749	2,229	1,999	0.08 %	0.11 %	0.11 %
Currency Risk	6,254	5,708	5,351	0.29 %	0.29 %	0.29 %
Investment diversification effect	-7,384	-6,361	-4,625	-0.34 %	-0.32 %	-0.25 %

The stock risk is decreased due to a shift of the historical window used to build possible scenarios of changes in the prices of instruments in the portfolio. According to the procedure for market risk level assessment, such scenarios are modeled using a historical window corresponding to a two-year period up to the date of assessment.

Increased currency risk, debt security portfolio risk and trading position risk in general are due to the improved methodology enabling a conservative assessment of the market risk for non-liquid instruments.

¹⁹ 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

8.5. 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 term to maturity (interest rate repricing period).
- **risk of advanced repayment** (interest rate revision) 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 a 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 basis 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 the impact at a 1-year horizon on profit before tax by the growth of and decline in, interest rates as of July 1, 2014 as compared to July 1, 2013:

	<i>Decline in interest rates</i>		<i>Growth of interest rates</i>	
	<i>July 1, '14</i>	<i>July 1, '13</i>	<i>July 1, '14</i>	<i>July 1, '13</i>
RUB				
Change in interest rates, b.p.	(368)	(408)	696	542
Change in profit before tax, RUB billion	118,480	83,094	(223,888)	(110,266)
Foreign currency				
Change in interest rates, b.p.	(14)	(18)	52	34
Change in profit before tax, RUB billion	(450)	(891)	1,663	1,641

Changes in the interest rates entail a change in capital at the expense of changes in profit before tax.

The growth of interest rate risk in the banking book in Russian rubles as of July 1, 2014 in relation to July 1, 2013 is largely driven by the following factors:

- growth of the Bank's balance;
- growth of short-term raisings from the Bank of Russia and corporate persons;
- increase in volatility of interest rates in Russian rubles.

Change in interest rate risk in the banking book in foreign currency as of July 1, 2014 in relation to July 1, 2013 is largely driven by the following factors:

- growth of the Bank's balance;
- decrease in short-term funds with banks;
- growth of short-term deposits of legal entities;
- increase in the volume of borrowed currency through short-term currency swaps.

8.6. Assets and liabilities broken down by currencies

The analysis of the Bank's assets and liabilities broken down by currencies as of July 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>
Monetary funds	471,170	29,101	23,209	26,904	550,384
Funds of credit institutions held with the Central Bank of Russia	445,221	34	46	-	445,300
Funds with credit institutions before provisions	4,587	19,700	4,697	33,604	62,587
<i>Provisions for possible losses</i>					-336
Financial assets assessed at their fair value through profit or loss	165,388	8,541	2,330	685	176,944
Loan debt before provisions for possible losses	11,007,950	2,487,785	252,126	89,464	13,837,326
<i>Provisions for possible losses</i>					-667,149
Investments in securities and other financial assets available for sale before provisions for possible losses	1,251,048	254,554	126,807	146,286	1,778,694
<i>Provisions for possible losses</i>					-1,575
Investments in securities held to maturity before provisions for possible losses	343,855	42,321	-	-	386,176
<i>Provisions for possible losses</i>					-1,958
Current income tax claims	1,180	-	-	-	1,180
Fixed assets, intangible assets and inventories	466,809	-	-	-	466,809
Other assets before provisions for possible losses	255,229	31,010	8,695	2,516	297,449
<i>Provisions for possible losses</i>					-30,215
Total assets before provisions for possible losses	14,412,432	2,873,047	417,911	299,460	18,002,849
<i>Provisions for possible losses</i>					- 701,234
Loans, deposits and other funds of the Central Bank of Russia	2,167,577	-	-	-	2,167,577
Funds of credit institutions	125,179	383,336	70,687	4,264	583,466
Funds of customers	9,081,705	2,042,481	543,992	160,249	11,828,427
Financial liabilities at fair value	57,430	-	-	-	57,430
Issued debt obligations	371,573	7,332	2,247	-	381,153
Other liabilities	169,766	49,301	1,078	1,267	221,412
Deferred tax liability	15,064				15,064
Total liabilities	11,988,294	2,482,450	618,004	165,779	15,254,528
<i>Provisions for possible losses from credit contingencies, other possible losses and transactions with offshore residents</i>					25,854

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>
Monetary funds	650,041	15,602	16,788	34,889	717,320
Funds of credit institutions held with the Central Bank of Russia	408,803	-	-	-	408,803
Funds with credit institutions before provisions	1,986	24,508	26,336	41,873	94,703
<i>Provisions for possible losses</i>					-401
Financial assets assessed at their fair value through profit or loss	116,040	22,787	4,966	870	144,663
Loan debt 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	1,268,309	230,083	104,359	143,051	1,745,802
<i>Provisions for possible losses</i>					-1,574
Investments in securities held to maturity before provisions for possible losses	379,978	26,377	-	-	406,355
<i>Provisions for possible losses</i>					-2,367
Current income tax claims	261	-	-	-	261
Fixed assets, intangible assets and inventories	468,070	-	-	-	468,070
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	13,757,620	2,415,124	396,004	320,775	16,889,583
<i>Provisions for possible losses</i>					-614,486
Loans, deposits and other funds of the Central Bank of Russia	1,967,036	-	-	-	1,967,036
Funds of credit institutions	141,124	422,657	64,073	2,605	630,459
Funds of customers	8,836,060	1,737,179	384,611	170,186	11,128,035
Financial liabilities at fair value	34,051	-	-	-	34,051
Issued debt obligations	383,632	19,325	1,562	-	404,519
Other liabilities	92,749	50,424	813	810	144,796
Total liabilities	11,454,650	2,229,585	451,059	173,602	14,308,895
<i>Provisions for possible losses from credit contingencies, other possible losses and transactions with offshore residents</i>					31,001

The analysis of the Bank's assets and liabilities broken down by currencies as of July 1, 2013 is provided below:

<i>RUB million</i>	<i>RUB</i>	<i>USD</i>	<i>EURO</i>	<i>Other currencies</i>	<i>Total</i>
Monetary funds	432,622	13,603	12,907	44,955	504,087
Funds of credit institutions held with the Central Bank of Russia	311,391	-	-	-	311,391
Funds with credit institutions before provisions	8,805	50,845	24,205	37,795	121,650
<i>Provisions for possible losses</i>					-284
Financial assets assessed at their fair value through profit or loss	79,723	10,026	2,205	1,151	93,105
Loan debt before provisions for possible losses	8,802,483	2,216,885	220,712	75,717	11,315,797
<i>Provisions for possible losses</i>					-595,478
Investments in securities and other financial assets available for sale before provisions for possible losses	1,192,573	210,243	88,228	154,381	1,645,426
<i>Provisions for possible losses</i>					-1,550
Investments in securities held to maturity before provisions for possible losses	284,263	20,760	-	-	305,023
<i>Provisions for possible losses</i>					-734
Current income tax claims	261	-	-	-	261
Fixed assets, intangible assets and inventories	441,312	-	-	-	441,312
Other assets before provisions for possible losses	147,250	23,901	6,107	2,865	180,123
<i>Provisions for possible losses</i>					-25,530
Total assets before provisions for possible losses	11,700,684	2,546,263	354,364	316,864	14,918,175
<i>Provisions for possible losses</i>					-623,577
Loans, deposits and other funds of the Central Bank of Russia	900,498	-	-	-	900,498
Funds of credit institutions	132,773	450,357	58,674	6,869	648,675
Funds of customers	8,008,020	1,845,955	347,219	168,645	10,369,838
Financial liabilities at fair value	41,589	-	-	-	41,589
Issued debt obligations	360,940	17,585	1,310	-	379,835
Other liabilities	136,517	40,029	1,100	1,056	178,703
Total liabilities	9,580,337	2,353,926	408,304	176,571	12,519,137
<i>Provisions for possible losses from credit contingencies, other possible losses and transactions with offshore residents</i>					25,341

8.7. Legal Risk

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

- inconsistency of internal regulations, 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 (ignoring) the judicial and law enforcement practice;
- deficiencies of the legal system (contradictory laws, lack of legal norms on regulating certain issues arising in the activities of the Bank);
- legal errors made in the activities implementation (incorrect legal advice or improper execution of Bank's internal documents, contracts).

The purpose of legal risk management as a constituent part of the Group's integrated risk management system is to ensure sustainable development of the Bank and Group members in implementing the Development Strategy, and to ensure compliance of the activities and products of the Bank / Group members with the requirements of the law and law enforcement practice.

The main factors that can reinforce the influence and scale of legal risk are:

- changes in the laws, requirements of regulatory authorities, judicial and law enforcement practice;
- inconsistency of judicial and law enforcement practice, and regulatory collisions;
- complication of financial instruments and strategies, mastering of new products and technologies.

In order to support the decision making and to respond in a timely manner to changes in the level of legal risk, the Bank creates timely and standardized reporting of facts of disposal of losses (damages) related to the realization of legal risk, current level of legal risk, legal risk management level, and current status of measures for legal risk minimization.

Assessment and prediction of the legal risk level is based on the use of statistical information united into the database, containing a description of the facts of realized legal risks, both in the Bank, and in other financial institutions, and also results of scenario analysis. The Bank is working on collecting and organizing relevant information, creating a database for subsequent analysis, assessment and prediction with the use of advanced mathematical and statistical methods.

The level of legal risk is compared with the data for previous reporting periods; when there are significant deviations, the reasons for the sharp increase or decrease in the corresponding figure are being analyzed and, if necessary, proposals for amending the banking processes are prepared.

Currently, the Group members are implementing a system of legal risk management and developing their internal regulatory documents on legal risk management.

8.8. Tax risk

Tax risk – an uncertainty relative to achieving a business objective as a result of the impact of factors, associated with the taxation process, which may manifest itself in the form of financial losses or other negative consequences as a result of current or future events and processes in tax-related legal relations and tax accounting, or events and processes that influence tax-related legal relations and tax accounting.

Tax risk is managed by the Bank on a permanent basis. Tax risk management system of the Bank is based on the principles of transparency, professional conservatism, prevention of violations of applicable tax laws and maintaining the reputation of a good-faith taxpayer, as well as on an open and constructive dialog with supervisory, regulatory and legislative bodies on issues concerning the development and application of tax legislation.

The processes and procedures for identification, assessment and management of tax risk used by the Bank have been systematized, formalized and tested, which means the foundation laid for the formation of a unified system and the organization of work relating to tax risk management both in Sberbank of Russia, and in its subsidiaries and affiliates (including those located in foreign jurisdictions). Currently, the developed system of tax risk management (target model) is being implemented by regional banks and distributed in a stage-by-stage manner to individual Group members.

The target model of the tax risk management system includes five successive processes implemented in accordance with the approved allocation of functions and powers of members:

- *identification* - is carried out within the scope of internal tax control (including in the course of preliminary tax examination, current control and subsequent inspections), as well as analysis of external factors having an effect on the Bank's activities;
- *assessment* – is carried out based on analysis of quantitative and qualitative parameters constituting tax risk, the list of which is provided in the Bank's internal regulatory documents;
- *selection of the method of tax risk management* is performed subject to the acceptability of tax risk and assessment of potential losses inherent in each of the possible methods of tax risk management involving active effect on the parameters of tax risk with the purpose of its reduction. Such methods, in particular, include:
 - creation of methodological positions;
 - structuring of transactions;
 - payment of tax under the most conservative option;
 - refusal from an operation being the source of unacceptable tax risk;
 - using the system of authorities for decision-making;
 - automation of tax processes;
 - monitoring of tax laws and law enforcement practice;
 - participation in law-making activities.
- *monitoring* of tax risks involves regular updating of information about previously identified tax risks, and tracking of the status of tax risk management measures throughout its whole lifecycle;
- *control over the efficiency of the system* is ensured by the Internal Audit Service and involves the inspection of the efficiency of the methodology and procedures of tax risk management set by the Bank's internal regulatory documents and the application of such documents.

The single approaches to the identification and assessment of tax risks that underlie the target model will help to:

- accumulate and systematize information about the expected and actual tax risks;
- confirm the expert evaluation of tax risk materiality;
- assess the level of methodological errors in tax risk evaluation and the expediency of referring such risk to risks subject to quantitative assessment with respect to which risk appetite and demand for capital will be determined.

8.9. Strategic risk

Strategic risk is the risk of losses that may be suffered by the Group in the long term (over 1 year) as a result of errors (deficiencies) committed in making decisions that define the strategy of operations and development of the Group (strategic management) and represented by a failure to take into account or inadequate accounting of possible dangers that may threaten the Group's operations, incorrect or inadequately justified definition of prospective areas of activities in which the Group may gain competitive advantage over its rivals, missing or insufficient resources (financial, material and technical, human) and organizational measures (management decisions) intended to ensure achievement of the strategic operating goals of the Group.

Business risk is defined as the risk of losses that may be incurred by the Group in the short term (up to 1 year) 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).

To manage strategic and business risks, the Group has built consistent processes of strategic and business planning and management of project activities, as well as a system for managing the performance of executives.

In the course of preparing Sberbank Development Strategy for 2014-2018, possible macroeconomic development scenarios were analyzed. Several scenarios of expected development of the Russian economy were made and triggers to switch between the scenarios were determined.

The Strategy benchmarks are based on profound examination of the main social, economic and process trends in Russia and worldwide, the analysis of the attractiveness of individual business areas and the evaluation of the Bank's level of development of its main systems and processes compared with the best world practices.

On a regular basis, the Group and Group members evaluate the results of the Development Strategy implementation 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 compliance 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. In case of cardinal changes in the market environment, the Development Strategy may be adjusted and local changes in the Group's operating environment are taken into account in current business planning by prioritizing individual programs and areas of development.

Sberbank Development Strategy for 2014-2018 is published on the Bank's official website.

8.10.Operational risk

The *operational risk* implies the risk of the Bank incurring losses resulting from any faults or errors in its internal processes, actions of its employees or third parties, operation of information systems or external events.

The operational risk management system is defined by the Policy for operational risk management and is aimed at preventing such risk or the maximum possible decrease of the threat of potential losses (direct and/or related) connected to internal process organization and external factors (events), measurement of operational risk for the calculation of necessary regulatory and economic capital as well as the creation of an adequate system of internal control.

The operational risk management process includes the following basic phases:

- operational risk identification,
- operational risk evaluation,
- analysis of problem zones of processes, development of a solution and decision making concerning optimization or change in processes in order to reduce the level of operational,
- operational risk monitoring,
- control and/or decrease of operational risk.

For the realization of these phases, the following operational risk management tools were implemented: the collection of internal data related to losses suffered as a consequence of the realization of operational risk incident, self-esteem of units, and scenario analysis of operational risks.

The employees of the subdivisions were appointed risk coordinators in all structural subdivisions of the Bank and Group members. Their functions include interaction with the operational risks subdivisions. In particular, risk coordinators inform about the realized incidents of operational risk and estimate potential risks.

The internal database of realized operational risks and incurred losses is continued to be formed. The step-by-step transfer of departments' self-appraisal process into a new automatized system is being conducted. Work on replicating this system for subsidiary banks and companies is initiated that will help to measure the operational risk level throughout the Group and to identify risk concentration zones in the Group.

To monitor operational risk, the Bank uses a system of reports for the management and collegial bodies involved in the risk management processes. Operational risk reporting is drawn up on a daily, monthly and quarterly basis.

When forming the database on realized operational risks, the operational risk level is assessed and predicted using a basic indicative approach, recommended by the Basel Committee on Banking Supervision, on the basis of data from the Statement of Financial Performance.

In order to prevent and/or reduce losses that may occur because of the realization of operational risk events the following mechanisms and procedures are employed: overall regulation of business processes and procedures; delimitation of authority; internal control over compliance with the procedure set for operations and transactions, discipline with regard to limits; a comprehensive set of measures aimed at information security, business continuity; improvement of auditing procedures and control over the quality of automated systems and the hardware complex; property and asset insurance; improvement of employees' qualification at all organizational levels, etc.

Measures for operational risk minimization are being processed during accrued statistical information analysis concerning operational risk incidents, analysis of Bank and Group members' processes, self-appraisal of organization departments concerning operational risks as well as during scenario analysis. They are subject to regular monitoring by the organization's departments as well as operational risk departments, management and collegial bodies of the Bank and Group members.

9. Information on the Bank's business segments

For management purposes the Bank is divided into operational segments, including the central head office and 17 regional banks (from July 1, 2014, 16 regional banks) that were separated based on the organizational structure of the Bank and their geographic location. The principal activity of all operating segments is banking operations. For the purposes of presentation in these interim 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;
 - North-Eastern Territorial Bank – Magadan (the Bank was reorganized on July 1, 2014, and its subdivisions were included in Dalnevostochny and Baykalsky Territorial Banks),
 - Dalnevostochny Regional Bank — Khabarovsk,
 - Vostochno-Sibirsky Regional Bank — Krasnoyarsk,
 - Baikalsky Regional Bank — Irkutsk.
- Other countries, including:
 - Branch located in India.

The Bank management analyzes the operational results of each segment of its activities to adopt decisions on the distribution of resources and evaluation of the results of their activity. 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 prices which are set, approved and regularly revised by the Management of the Bank.

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

<i>RUB million</i>	<i>Moscow</i>	<i>Central and Northern regions of European Russia</i>	<i>Volga Region and South of European part of Russia</i>	<i>Ural, Siberia and Far East of Russia</i>	<i>Branch in India</i>	<i>Total</i>
I	ASSETS					
1 Monetary funds	133,275	136,879	118,528	161,701	-	550,384
2 Funds of credit institutions held with the Central Bank of Russia	441,926	336	318	2,720	-	445,300
2.1 Required Reserves	132,699	-	-	-	-	132,699
3 Funds in credit institutions	62,208	1	-	35	6	62,251
4 Financial assets assessed at their fair value through profit or loss	176,944	-	-	-	-	176,944
5 Net loans receivable	5,406,853	2,480,251	2,155,435	3,125,679	1,958	13,170,176
6 Net investments in securities and other financial assets available for sale	1,776,851	-	-	-	269	1,777,119
6.1 Investments in subsidiaries and affiliates	361,998	-	-	-	-	361,998
7 Net investments in securities held to maturity	384,217	-	-	-	-	384,217
8 Current income tax claims	1,180	-	-	-	-	1,180
9 Deferred tax asset	-	-	-	-	-	-
10 Fixed assets, intangible assets and inventories	132,477	100,214	94,332	139,770	16	466,809
11 Other assets	133,692	36,846	38,422	58,262	12	267,234
Interbranch Settlements	2,175,647	490,641	12,489	37,924	-	-
12 Total assets	8,649,623	2,754,527	2,407,035	3,488,168	2,261	17,301,615
II	LIABILITIES					
13 Loans, deposits and other funds of the Central Bank of Russia	1,876,627	81,000	67,500	142,450	-	2,167,577
14 Funds of credit institutions	566,457	5,718	3,316	7,113	862	583,466
15 Funds of customers other than credit institutions	4,732,353	2,724,505	1,957,094	2,414,178	298	11,828,427
15.1 Deposits from individuals	1,961,885	2,118,298	1,550,123	1,870,542	2	7,500,850
16 Financial liabilities assessed at their fair value through profit or loss	57,430	-	-	-	-	57,430
17 Issued debt obligations	85,882	113,384	64,637	117,249	-	381,153
18 Current income tax liabilities	-	-	-	-	-	-
19 Deferred tax liability	15,064	-	-	-	-	15,064
20 Other liabilities	160,884	23,446	16,410	20,666	6	221,412
Interbranch Settlements	2,080,075	-	119,775	515,860	992	-
21 Provisions for possible losses from credit contingencies, other possible losses and transactions with offshore residents	6,121	4,792	4,044	10,897	-	25,854
22 Total liabilities	7,500,818	2,952,845	2,113,001	2,712,553	1,166	15,280,382

The information relating to the distribution of the Bank assets and liabilities pursuant to segments as of July 1, 2013, is given in the following table:

<i>RUB million</i>	<i>Moscow</i>	<i>Central and Northern Regions of Russia</i>	<i>Volga Region and South of European part of Russia</i>	<i>Ural, Siberia and Far East of Russia</i>	<i>Branch in India</i>	<i>Total</i>
I	ASSETS					
1 Monetary funds	119,279	129,781	107,933	147,095	-	504,087
2 Funds of credit institutions held with the Central Bank of Russia	306,216	667	85	4,423	-	311,391
2.1 Required Reserves	139,845	-	-	-	-	139,845
3 Funds in credit institutions	121,283	3	-	26	53	121,366
4 Financial assets assessed at their fair value through profit or loss	93,105	-	-	-	-	93,105
5 Net loans receivable	4,693,911	1,945,822	1,654,227	2,425,481	878	10,720,319
6 Net investments in securities and other financial assets available for sale	1,643,877	-	-	-	-	1,643,877
6.1 Investments in subsidiaries and affiliates	301,753	-	-	-	-	301,753
7 Net investments in securities held to maturity	304,289	-	-	-	-	304,289
8 Current income tax claims	261	-	-	-	-	261
9 Deferred tax asset	-	-	-	-	-	-
10 Fixed assets, intangible assets and inventories	116,914	98,072	88,792	137,512	22	441,312
11 Other assets	79,318	18,866	17,976	38,419	14	154,593
Interbranch Settlements	1,962,763	537,563	64,737	33,957	-	-
12 Total assets	7,478,453	2,193,211	1,869,013	2,752,956	967	14,294,598
II	LIABILITIES					
13 Loans, deposits and other funds of the Central Bank of Russia	900,498	-	-	-	-	900,498
14 Funds of credit institutions	633,892	6,719	1,823	6,077	163	648,674
15 Funds of customers other than credit institutions	4,184,987	2,347,088	1,697,952	2,139,786	25	10,369,838
15.1 Deposits from individuals	1,782,912	1,880,182	1,362,647	1,658,267	2	6,684,011
16 Financial liabilities assessed at their fair value through profit or loss	41,589	-	-	-	-	41,589
17 Issued debt obligations	98,382	118,830	61,866	100,757	-	379,835
18 Current income tax liabilities	-	-	-	-	-	-
19 Deferred tax liability	-	-	-	-	-	-
20 Other liabilities	116,372	24,439	15,982	21,907	3	178,703
Interbranch Settlements	2,330,994	4,854	10,265	252,035	871	-
21 Provisions for possible losses from credit contingencies, other possible losses and transactions with offshore residents	11,265	3,768	4,635	5,673	-	25,341
22 Total liabilities	5,986,985	2,500,844	1,782,258	2,274,200	191	12,544,478

The information relating to the distribution of the Bank incomes and expenditure pursuant to segments as of the first half of 2014 is given in the following table:

<i>RUB million</i>	<i>Moscow</i>	<i>Central and Northern regions of European part of Russia</i>	<i>Volga Region and South of European part of Russia</i>	<i>Ural, Siberia and Far East of Russia</i>	<i>Branch in India</i>	<i>Total</i>
1 Total interest income, including:	294,250	149,021	133,964	200,810	124	778,169
1.1 From funds deposited in credit institutions	13,323	468	89	-	2	13,882
1.2 From loans granted to customers other than lending organizations	216,834	148,549	133,875	200,810	117	700,185
1.3 From provision of services related to leasing	-	-	-	-	-	-
1.4 From investments in securities	64,093	3	-	-	5	64,102
2 Total interest expenses, including:	166,921	57,287	39,877	49,640	39	313,766
2.1 On deposits from credit institutions	65,460	846	688	1,868	24	68,886
2.2 On deposits from customers other than credit institutions	98,635	52,312	36,890	43,907	15	231,759
2.3 Issued debt obligations	2,826	4,129	2,299	3,866	-	13,120
3 Net interest income (negative interest margin)	127,329	91,734	94,087	151,169	85	464,403
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:	-16,675	-19,270	-16,978	-53,716	27	-106,612
4.1 Change in the provision for possible losses on interest income accrued	-271	-202	-284	-1,098	-	-1,855
5 Net interest income (negative interest margin) after provisions for possible losses	110,653	72,463	77,109	97,454	111	357,791
6 Net income from operations with securities evaluated at fair value through a profit or loss	11,864	-	-	-	-	11,864
7 Net income from operations with securities available for sale	-3,376	-	-	-	-	-3,376
8 Net income from operations with securities held to maturity	-	-	-	-	-	-
9 Net income from operations with foreign currency	13,937	2,256	1,685	1,149	2	19,029
10 Net income from foreign currency revaluation	-22,697	55	-81	484	28	-22,212
11 Income from participation in the capital of other legal entities	748	-	-	-	-	748
12 Commission income	31,530	24,618	20,029	30,039	7	106,224
13 Commission expenses	9,366	291	207	344	-	10,207
14 Change in the provision for possible losses on securities available for sale	78	-	-	-	-	78
15 Changes in the provisions for possible losses from securities held to maturity	330	-	-	-	-	330

<i>RUB million</i>	<i>Moscow</i>	<i>Central and Northern regions of European Russia</i>	<i>Volga Region and South of European Russia</i>	<i>Ural, Siberia and Far East of Russia</i>	<i>Branch in India</i>	<i>Total</i>
16 Change in the provision for other losses	9,745	-751	-1,848	-5,371	-	1,776
17 Other operating income	6,324	1,425	1,170	1,678	-	10,585
18 Net income (expenses)	149,770	99,775	97,858	125,090	148	472,628
19 Operating expenses	89,523	44,387	38,697	60,104	45	232,742
20 Profit (loss) before taxation	60,247	55,388	59,161	64,986	104	239,886
21 Tax compensation (expenses)	45,770	1,978	2,721	3,001	-	53,470
22 Income (loss) after taxation	14,477	53,410	56,440	61,985	104	186,416
24 Unused profit (loss) for the reporting period	14,477	53,410	56,440	61,985	104	186,416

The information relating to the distribution of the Bank incomes and expenditure pursuant to segments as of the first half of 2013 is given in the following table:

<i>RUB million</i>	<i>Moscow</i>	<i>Central and Northern regions of European Russia</i>	<i>Volga Region and South of European Russia</i>	<i>Ural, Siberia and Far East of Russia</i>	<i>Branch in India</i>	<i>Total</i>
1 Total interest income, including:	243,137	119,803	106,898	157,558	38	627,434
1.1 From funds deposited in credit institutions	7,547	-	-	-	29	7,575
1.2 From loans granted to customers other than lending organizations	180,448	119,800	106,898	157,558	10	564,713
1.3 From provision of services related to leasing	-	-	-	-	-	-
1.4 From investments in securities	55,143	3	-	-	-	55,146
2 Total interest expenses, including:	124,120	50,391	35,125	43,666	2	253,304
2.1 On deposits from credit institutions	38,504	165	23	219	1	38,912
2.2 On deposits from customers other than credit institutions	82,265	46,477	33,176	40,433	1	202,351
2.3 Issued debt obligations	3,351	3,749	1,926	3,015	-	12,041
3 Net interest income (negative interest margin)	119,016	69,412	71,773	113,892	37	374,130
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:	335	-9,702	-5,619	-3,739	-9	-18,734
4.1 Change in the provision for possible losses on interest income accrued	-531	16	85	-248	-0	-677
5 Net interest income (negative interest margin) after provisions for possible losses	119,352	59,711	66,153	110,153	28	355,396
6 Net income from operations with	-4,043	-	-	-	-	-4,043

<i>RUB million</i>	<i>Moscow</i>	<i>Central and Northern regions of European Russia</i>	<i>Volga Region and South of European part of Russia</i>	<i>Ural, Siberia and Far East of Russia</i>	<i>Branch in India</i>	<i>Total</i>
securities evaluated at fair value through a profit or loss						
7 Net income from operations with securities available for sale	2,595	-	14	-	-	2,609
8 Net income from operations with securities held to maturity	-	-	-	-	-	-
9 Net income from operations with foreign currency	-11,680	1,081	654	742	-	-9,202
10 Net income from foreign currency revaluation	20,827	160	101	272	-82	21,279
11 Income from participation in the capital of other legal entities	911	-	-	-	-	911
12 Commission income	23,412	20,206	16,273	24,743	-	84,634
13 Commission expenses	6,813	185	231	352	-	7,581
14 Change in the provision for possible losses on securities available for sale	-	-	-	-	-	-
15 Changes in the provisions for possible losses from securities held to maturity	-193	-	-	-	-	-193
16 Change in the provision for other losses	-1,334	-1,117	-2,125	-1,688	-	-6,265
17 Other operating income	4,393	1,025	946	1,285	-	7,589
18 Net income (expenses)	147,427	80,881	81,786	135,154	-54	445,135
19 Operating expenses	70,146	39,899	37,634	52,816	40	200,475
20 Profit (loss) before taxation	77,281	40,982	44,152	82,338	-94	244,659
21 Tax compensation (expenses)	45,232	2,125	2,149	3,353	-	52,859
22 Income (loss) after taxation	32,049	38,857	42,003	78,985	-94	191,800
24 Unused profit (loss) for the reporting period	32,049	38,857	42,003	78,985	-94	191,800

In the first half of 2014 and the first half of 2013, the Bank had no external customer or counterparty, the earnings of the operations with which would increase 10 % of the gross proceedings of the Bank.

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.

The information on the residues of material transactions with related parties that include the operations with the Bank of Russia (principal shareholder of the Sberbank of Russia), subsidiaries and other related parties is disclosed below.

<i>RUB million</i>	<i>July 1, '14</i>		<i>July 1, '13</i>	
	<i>Bank of Russia</i>	<i>Other related parties*</i>	<i>Bank of Russia</i>	<i>Other related parties*</i>
Assets				
Mandatory provisions on accounts in the Bank of Russia	132,699	-	139,845	-
Funds with the Bank of Russia	312,601		171,546	-
Funds in other banks	-	359,741	-	213,428
Investments in securities, including:		365,246	-	304,823
valued by fair value	-	3,248	-	3,069
available for sale	-	361,998	-	301,753
Loans and payments in advance before the withholding of provisions for invalidity, including:	-	367,723	-	303,307
expired loan indebtedness	-	846	-	6
provision for loan indebtedness invalidity	-	20,130	-	22,911
Liabilities				
Funds of other banks	1,667,577	20,659	600,498	25,936
Funds of individuals	-	4,980	-	3,999
Funds of corporate clients	-	186,034	-	167,638
Attracted subordinated loans	500,000	-	300,000	-
Off-balance account				
Granted guarantees	-	61,447	-	24,961

*Other related parties include the entities, in which Sberbank owns more than 20 % capital, as well as key executives (members of the Board and Supervisory Board and their close relatives).

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

<i>RUB million</i>	<i>July 1, '14</i>		<i>July 1, '13</i>	
	<i>Bank of Russia</i>	<i>Other related parties</i>	<i>Bank of Russia</i>	<i>Other related parties</i>
Interest income	95	20,617	20	13,721
Interest costs on subordinate loan	-10,097		-9,670	
Interest costs, except of interest costs on subordinated loan	-52,902	-2,827	-19,945	-2,298
Other earnings, less expenditure	-711	3,989	-582	3,135
Operating expenses	-28	-92	-27	-721

The operations given in the table above include non-arm's-length transactions²⁰. All non-arm's-length transactions were approved by the Supervisory Board of the Bank.

While performing day-to-day activities, the Bank carries out operations with the federal and municipal government offices of the Russian Federation and companies that are under the control or substantial influence of the federal government. The Bank grants federal and municipal government offices and state-controlled companies the full list of bank services, including (but not limited to) credit arrangement and acceptance of funds to deposits, operations on the sale/purchase of securities and payments and cash management. The Bank carries out the named operations on market terms, provided that the operations with federal and municipal government offices and state-controlled companies make only a minor part of all operations of the Bank.

The balances on material operations with federal and municipal government offices and state-controlled companies are given below:

		<i>July 1, '14</i>		
		<i>Net loans receivable</i>	<i>Funds of Customers/ Funds of Banks</i>	<i>Issued guarantees</i>
Customer	Industry Branch			
Customer 1	Oil and gas industry	110,182	222,014	21,818
Customer 2	Oil and gas industry	-	28,451	153,310
Customer 3	Oil and gas industry	-	39,231	-
Customer 4	Energy	169,619	45,639	-
Customer 5	Energy	173,405	24,505	-
Customer 6	Energy	53,523	66,704	54
Customer 7	Telecommunications	109,303	-	5,760
Customer 8	Machine building	137,374	97,678	48,645
Customer 9	Machine building	119,151	91,183	13,543
Customer 10	Machine building	33,061	26,008	112,568
Customer 11	Machine building	58,477	60,566	17,314
Customer 12	Machine building	99,737	17,293	8,669
Customer 13	Machine building	25,821	-	8,623
Customer 14	Machine building	11,905	-	14,359
Customer 15	Transport, aviation and space industry	5,806	-	25,282
Customer 16	Banking	24,000	-	90,000
Customer 17	Banking	3,363	55,504	-
Customer 18	Federal and municipal government bodies	-	25,012	-
Customer 19	Federal and municipal government bodies	-	59,700	-
Customer 20	Federal and municipal government bodies	-	35,000	-

²⁰ In accordance with Federal Law No. 208-FZ "On Joint Stock Companies" of December 26, 1995

July 1, '13

Customer	Industry Branch	Funds of Customers/ Funds of Banks		
		<i>Net loans receivable</i>	<i>Issued guarantees</i>	
Customer 1	Oil and gas industry	63,100	148,349.0	22,485
Customer 2	Oil and gas industry	-	111,937	-
Customer 3	Oil and gas industry	-	17,371	180
Customer 4	Energy	100,038	19,147	99
Customer 5	Energy	116,976	37,118	13
Customer 6	Energy	63,678	66,458	9
Customer 7	Telecommunications	120,228	-	10,631
Customer 8	Machine building	93,844	41,147	23,449
Customer 9	Machine building	94,597	26,384	15,518
Customer 10	Machine building	8,302	-	29,049
Customer 11	Machine building	58,852	-	5,180
Customer 12	Machine building	85,399	-	11,972
Customer 13	Machine building	25,821	-	6,491
Customer 14	Machine building	11,970	-	3,997
Customer 15	Transport, aviation and space industry	3,357	-	17,813
Customer 16	Banking	22,200	-	-
Customer 17	Banking	683	63,918	-
Customer 18	Federal and municipal government bodies	-	17,005	-
Customer 19	Federal and municipal government bodies	-	62,100	-
Customer 20	Federal and municipal government bodies	-	-	-

Additionally, the balances on operations with government bodies and companies controlled by the Russian Federation as of July 1, 2014, include the requirements for the Deposit Insurance Agency of Russia in the amount of RUB 61,965 million (as of July 1, 2013 they amounted to RUB 64 million) that is represented by the sum of accounts receivable recognized on the settlements on the operations of compensation payments with regard to deposits in the 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 (remuneration) to key management personnel

The average headcount of the Bank for the first half of 2014 is 252,127 employees (against 244,255 employees in the first half of 2013).

The regulations and procedures stipulated by the internal documents setting the system of work payment were observed with respect to the executives and other employees of the Bank.

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. As of July 1, 2014, these persons are 17 members of the Supervisory Board of the Bank, CEO, Chairman of the Board and 12 members of the Board, as well as 7 members of the Audit Commission.

According to the resolution of the annual General Shareholders' Meeting held on June 6, 2014, remuneration for 2013 was paid to the members of the Supervisory Board in the first half of 2014 in the amount of RUB 52.1 million for their participation in this management body of the Bank (against RUB 61.3 million for 2012).

The aggregate amount of payments accrued to the Board members in the first half of 2014 in the form of short-term compensation (wages and social security contributions, annual paid leave and paid sick leave, monthly and quarterly bonuses, net of payments for the time spent on business trips and excluding the second part of the remuneration as of the end of 2013 paid in 2014) amounted to RUB 245.3 million (against RUB 208.3 million in the first half of 2013). The total size of remuneration based on the results of the work in the year will be reflected in the correspondent annual report.

According to the resolution of the annual General Shareholders' Meeting held on June 6, 2014, remuneration for 2013 was paid to the members of the Audit Commission in the first half of 2014 in the amount of RUB 3.3 million for their participation in this management body of the Bank (against RUB 3.3 million for 2012).

The sum of all payments of short-term remuneration assessed to the members of the Audit Commission who are the employees of the Bank in the first half of 2014, without the consideration of the payments during their official business trips is equal to RUB 27.7 million (against RUB 28.7 million for the first half of 2013).

No long-term compensations – long service payments, long-term disability payments, were made to the above-mentioned categories of heads in the first half of 2014.

During the first half of 2014 there were no significant events having an impact on the Bank's financial position and performance to be disclosed in the explanatory note to the interim statements in accordance with applicable laws of the Russian Federation

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

H. O. Gref

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

M. Yu. Lukyanova