

**Sberbank of Russia and its subsidiaries**

Interim Condensed Consolidated Financial Statements  
and Report on Review

*30 September 2018*

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## Report on Review of Interim Condensed Consolidated Financial Statements

To the Shareholders and the Supervisory Board of Sberbank of Russia

### Introduction

We have reviewed the accompanying interim consolidated statement of financial position of Sberbank of Russia and its subsidiaries (the "Group") as at 30 September 2018 and the related interim consolidated statements of profit or loss and comprehensive income for the three-month and nine-month periods then ended, interim consolidated statements of changes in equity and cash flows for the nine-month period then ended and selected explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

### Scope of Review

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

### Conclusion

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

*AO PricewaterhouseCoopers Audit*

30 October 2018

Moscow, Russian Federation



E.N. Kriventsev, engagement partner and certified auditor (licence no. 01-000198)  
AO PricewaterhouseCoopers Audit

Audited entity: Sberbank of Russia

Main state registration number: 1027700132195, issued on 16 August 2002

Address: 117997, Russian Federation, Moscow, Vavilova 19

Independent auditor: AO PricewaterhouseCoopers Audit

State registration certificate number 008.890, issued by the Moscow Registration Chamber on 28 February 1992

Certificate of inclusion in the Unified State Register of Legal Entities issued on 22 August 2002 under registration number 1027700148431

Member of Self-regulated organisation of auditors "Russian Union of auditors" (Association)

Main registration record number 11603050547 in the register of auditors and audit organizations

## Interim Consolidated Statement of Financial Position

<i>in billions of Russian Roubles</i>	Note	30 September 2018 (unaudited)	31 December 2017
<b>ASSETS</b>			
Cash and cash equivalents		2,172.0	2,329.4
Mandatory cash balances with central banks		218.7	427.1
Due from banks		949.1	1,317.8
Loans and advances to customers	5	18,654.6	18,488.1
Securities	6	3,090.6	3,030.5
Financial instruments pledged under repurchase agreements	7	511.2	258.9
Derivative financial assets		169.5	140.9
Deferred tax asset		13.1	15.5
Premises and equipment		539.9	516.2
Assets of the disposal groups and non-current assets held for sale	8	2,320.6	10.5
Other assets	9	608.6	577.3
<b>TOTAL ASSETS</b>		<b>29,247.9</b>	<b>27,112.2</b>
<b>LIABILITIES</b>			
Due to banks		537.6	693.3
Due to individuals	10	12,605.5	13,420.3
Due to corporate customers	10	7,282.6	6,393.9
Debt securities in issue		863.6	934.6
Other borrowed funds		58.7	247.3
Derivative financial liabilities and obligations to deliver securities		160.2	164.4
Deferred tax liability		17.0	27.7
Liabilities of the disposal groups	8	2,021.3	—
Other liabilities	11	1,305.7	1,078.4
Subordinated debt		735.0	716.3
<b>TOTAL LIABILITIES</b>		<b>25,587.2</b>	<b>23,676.2</b>
<b>EQUITY</b>			
Share capital and share premium		320.3	320.3
Treasury shares		(14.7)	(15.3)
Other reserves	17	(32.4)	68.4
Retained earnings		3,383.1	3,058.6
<b>Total equity attributable to shareholders of the Bank</b>		<b>3,656.3</b>	<b>3,432.0</b>
Non-controlling interest		4.4	4.0
<b>TOTAL EQUITY</b>		<b>3,660.7</b>	<b>3,436.0</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>29,247.9</b>	<b>27,112.2</b>

Approved for issue and signed on behalf of the Executive Board on 30 October 2018.



Alexander Vedyakhin,  
Acting CEO



Mikhail Ratinskii,  
Chief Accountant

## Interim Consolidated Statement of Profit or Loss

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Note	Nine months ended 30 September		Three months ended 30 September	
		2018	2017	2018	2017
<b>Continuing operations</b>					
Interest income calculated using the effective interest method	12	1,504.8	1,561.0	518.4	532.2
Other interest income	12	109.2	25.7	39.3	8.6
Interest expense calculated using the effective interest method	12	(502.4)	(552.7)	(173.7)	(178.3)
Other interest expense	12	(15.1)	(1.3)	(6.1)	(0.4)
Deposit insurance expenses	12	(54.7)	(41.2)	(18.6)	(13.9)
<b>Net interest income</b>	<b>12</b>	<b>1,041.8</b>	<b>991.5</b>	<b>359.3</b>	<b>348.2</b>
Net credit loss allowance charge for debt financial assets		(126.5)	(196.8)	(59.5)	(51.4)
<b>Net interest income after credit loss allowance charge for debt financial assets</b>		<b>915.3</b>	<b>794.7</b>	<b>299.8</b>	<b>296.8</b>
Fee and commission income	13	428.9	338.9	154.3	126.0
Fee and commission expense	13	(106.2)	(74.9)	(39.7)	(28.6)
Net (losses) / gains from non-derivative financial instruments at fair value through profit or loss (2017: Net gains from trading securities and securities designated as at fair value through profit or loss)		(51.5)	5.5	(22.9)	2.7
Net gains from financial instruments at fair value through other comprehensive income (2017: Net gains from investment securities available-for-sale)		3.9	22.2	0.5	1.6
Net gains from derivatives, trading in foreign currencies, foreign exchange and precious metals accounts translation	14	45.0	23.9	19.6	5.7
Net (losses) / gains arising on initial recognition of financial instruments and loan modification		(0.5)	4.7	(0.5)	0.1
Impairment of non-financial assets		—	(13.9)	—	(0.7)
Net charge for other provisions		(23.8)	(13.2)	(6.6)	(3.9)
Revenue of non-core business activities		28.4	27.5	7.7	10.0
Cost of sales and other expenses of non-core business activities		(23.4)	(24.7)	(5.1)	(8.9)
Net premiums from insurance and pension fund operations		263.1	204.5	63.2	41.4
Net claims, benefits, change in contract liabilities and acquisition costs on insurance and pension fund operations		(222.0)	(191.2)	(46.5)	(37.6)
Income from operating lease of equipment		4.2	1.8	1.7	0.8
Expenses related to equipment leased out		(2.2)	(1.4)	(0.8)	(0.6)
Other net operating income		11.6	17.7	5.5	13.1
<b>Operating income</b>		<b>1,270.8</b>	<b>1,122.1</b>	<b>430.2</b>	<b>417.9</b>
Staff and administrative expenses	15	(456.2)	(431.5)	(156.8)	(147.4)
<b>Profit before tax</b>		<b>814.6</b>	<b>690.6</b>	<b>273.4</b>	<b>270.5</b>
Income tax expense		(164.1)	(138.3)	(56.3)	(54.2)
<b>Profit from continuing operations</b>		<b>650.5</b>	<b>552.3</b>	<b>217.1</b>	<b>216.3</b>
Profit from discontinued operations (attributable to shareholders of the Bank)	8	5.0	24.0	11.0	7.8
<b>Profit for the period</b>		<b>655.5</b>	<b>576.3</b>	<b>228.1</b>	<b>224.1</b>
Attributable to:					
- shareholders of the Bank		655.6	576.0	228.2	222.4
- non-controlling interest		(0.1)	0.3	(0.1)	1.7
<b>Earnings per ordinary share based on profit for the period attributable to the shareholders of the Bank, basic and diluted</b> (expressed in RR per share)	<b>16</b>	<b>29.91</b>	<b>26.48</b>	<b>10.60</b>	<b>10.33</b>
<b>Earnings per ordinary share based on profit from continuing operations attributable to the shareholders of the Bank, basic and diluted</b> (expressed in RR per share)	<b>16</b>	<b>29.68</b>	<b>25.36</b>	<b>10.09</b>	<b>9.96</b>

Approved for issue and signed on behalf of the Executive Board on 30 October 2018.



Alexander Vedyakhin,  
Acting CEO



Mikhail Ratinskii,  
Chief Accountant

## Interim Consolidated Statement of Comprehensive Income

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Note	Nine months ended 30 September		Three months ended 30 September	
		2018	2017	2018	2017
<b>Profit for the period</b>		<b>655.5</b>	<b>576.3</b>	<b>228.1</b>	<b>224.1</b>
<b>Other comprehensive income:</b>					
<b>Continuing operations</b>					
<i>Items to be reclassified to profit or loss in subsequent periods</i>					
Debt financial instruments measured at fair value through other comprehensive income (2017: Investment securities available-for-sale):					
- Net change in fair value, net of tax (2017: Net gains on revaluation of investment securities available-for-sale, net of tax)		(47.5)	23.2	(31.0)	10.2
- Impairment transferred to profit or loss, net of tax		—	0.1	—	—
- Accumulated gains transferred to profit or loss upon disposal, net of tax		(3.1)	(17.8)	(0.4)	(1.3)
Exchange differences on translating foreign operations for the period		11.2	6.7	6.1	—
<b>Total other comprehensive (loss) / income to be reclassified to profit or loss in subsequent periods, net of tax</b>		<b>(39.4)</b>	<b>12.2</b>	<b>(25.3)</b>	<b>8.9</b>
<i>Items that will not be reclassified to profit or loss in subsequent periods</i>					
Change in valuation of office premises transferred to other classes of assets, net of tax		(1.0)	(0.6)	(0.3)	(0.6)
Remeasurement of defined benefit pension plans		(1.1)	0.2	—	(0.1)
<b>Total other comprehensive loss that will not be reclassified to profit or loss in subsequent periods</b>		<b>(2.1)</b>	<b>(0.4)</b>	<b>(0.3)</b>	<b>(0.7)</b>
<b>Total other comprehensive (loss) / income from continuing operations</b>		<b>(41.5)</b>	<b>11.8</b>	<b>(25.6)</b>	<b>8.2</b>
<b>Total other comprehensive loss from discontinued operations to be reclassified to profit or loss in subsequent periods, net of tax</b>	8	<b>(50.0)</b>	<b>(6.2)</b>	<b>(28.7)</b>	<b>(6.3)</b>
<b>Total other comprehensive (loss) / income</b>		<b>(91.5)</b>	<b>5.6</b>	<b>(54.3)</b>	<b>1.9</b>
<b>Total comprehensive income for the period</b>		<b>564.0</b>	<b>581.9</b>	<b>173.8</b>	<b>226.0</b>
Attributable to:					
- shareholders of the Bank		564.2	581.6	174.0	224.3
- non-controlling interest		(0.2)	0.3	(0.2)	1.7
<b>Total comprehensive income for the period, attributable to shareholders of the Bank from:</b>					
- continuing operations		<b>609.2</b>	<b>563.8</b>	<b>191.7</b>	<b>222.8</b>
- discontinued operations		<b>(45.0)</b>	<b>17.8</b>	<b>(17.7)</b>	<b>1.5</b>

## Interim Consolidated Statement of Changes in Equity

<i>in billions of Russian Roubles</i>	Note	Attributable to shareholders of the Bank						Non-controlling interest	Total equity
		Share capital	Share premium	Treasury shares	Other reserves (Note 17)	Retained earnings	Total		
<b>Balance as at 31 December 2016</b>		<b>87.7</b>	<b>232.6</b>	<b>(7.9)</b>	<b>70.0</b>	<b>2,435.7</b>	<b>2,818.1</b>	<b>3.5</b>	<b>2,821.6</b>
<b>Changes in equity for the nine months ended 30 September 2017 (unaudited)</b>									
Net result from treasury shares transactions		—	—	(2.6)	—	0.6	(2.0)	—	(2.0)
Dividends declared	16	—	—	—	—	(134.9)	(134.9)	—	(134.9)
Transfer of revaluation reserve for office premises upon disposal or depreciation		—	—	—	(2.1)	2.1	—	—	—
Changes in ownership interest in subsidiaries		—	—	—	—	—	—	0.4	0.4
<i>Profit for the period</i>		—	—	—	—	576.0	576.0	0.3	576.3
<i>Other comprehensive income for the period</i>		—	—	—	5.6	—	5.6	—	5.6
Total comprehensive income for the period		—	—	—	5.6	576.0	581.6	0.3	581.9
<b>Balance as at 30 September 2017 (unaudited)</b>		<b>87.7</b>	<b>232.6</b>	<b>(10.5)</b>	<b>73.5</b>	<b>2,879.5</b>	<b>3,262.8</b>	<b>4.2</b>	<b>3,267.0</b>
<b>Balance as at 31 December 2017</b>		<b>87.7</b>	<b>232.6</b>	<b>(15.3)</b>	<b>68.4</b>	<b>3,058.6</b>	<b>3,432.0</b>	<b>4.0</b>	<b>3,436.0</b>
<b>Impact of adopting IFRS 9 as at 1 January 2018 (unaudited)</b>	4	—	—	—	(7.1)	(62.4)	(69.5)	—	(69.5)
<b>Restated balance as at 1 January 2018 (unaudited)</b>		<b>87.7</b>	<b>232.6</b>	<b>(15.3)</b>	<b>61.3</b>	<b>2,996.2</b>	<b>3,362.5</b>	<b>4.0</b>	<b>3,366.5</b>
<b>Changes in equity for the nine months ended 30 September 2018 (unaudited)</b>									
Net result from treasury shares transactions		—	—	0.6	—	(1.2)	(0.6)	—	(0.6)
Dividends declared	16	—	—	—	—	(269.8)	(269.8)	—	(269.8)
Transfer of revaluation reserve for office premises upon disposal or depreciation		—	—	—	(2.3)	2.3	—	—	—
Changes in ownership interest in subsidiaries		—	—	—	—	—	—	0.6	0.6
<i>Profit for the period</i>		—	—	—	—	655.6	655.6	(0.1)	655.5
<i>Other comprehensive loss for the period</i>		—	—	—	(91.4)	—	(91.4)	(0.1)	(91.5)
Total comprehensive (loss) / income for the period		—	—	—	(91.4)	655.6	564.2	(0.2)	564.0
<b>Balance as at 30 September 2018 (unaudited)</b>		<b>87.7</b>	<b>232.6</b>	<b>(14.7)</b>	<b>(32.4)</b>	<b>3,383.1</b>	<b>3,656.3</b>	<b>4.4</b>	<b>3,660.7</b>

## Interim Consolidated Statement of Cash Flows

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	<b>Nine months ended 30 September</b>	
	<b>2018</b>	<b>2017</b>
<b>Cash flows from operating activities</b>		
Interest income calculated using the effective interest method received	1,625.4	1,648.7
Other interest income received	112.8	35.6
Interest expense calculated using the effective interest method paid	(518.9)	(589.1)
Other interest expense paid	(20.6)	(5.1)
Deposit insurance expenses paid	(51.4)	(41.4)
Fees and commissions received	467.9	357.7
Fees and commissions paid	(113.4)	(77.8)
Net gains received on non-derivative financial instruments at fair value through profit or loss (2017: Net gains received from trading securities and securities designated as at fair value through profit or loss)	2.7	0.8
Net gains received from financial instruments at fair value through other comprehensive income	3.6	22.3
Dividends received	2.0	2.1
Net (losses) / gains received on derivatives, trading in foreign currencies and operations with precious metals	(1.0)	34.0
Revenue received from non-core business activities	26.6	27.3
Expenses paid on non-core business activities	(18.9)	(18.6)
Insurance premiums received	163.2	97.2
Claims, benefits and acquisition costs on insurance operations paid	(13.4)	(2.9)
Pension fund premiums received	99.7	107.0
Claims, benefits and acquisition costs on pension fund operations paid	(16.8)	(20.8)
Income received from operating lease of equipment	5.3	1.8
Expenses paid related to equipment leased out	(0.4)	(0.1)
Other net operating income received	9.5	8.3
Staff and administrative expenses paid	(374.0)	(364.6)
Income tax paid	(173.7)	(149.1)
<b>Cash flows from operating activities before changes in operating assets and liabilities</b>	<b>1,216.2</b>	<b>1,073.3</b>
<b>Changes in operating assets and liabilities</b>		
Net decrease / (increase) in mandatory cash balances with central banks	44.1	(34.7)
Net decrease / (increase) in due from banks	299.2	(139.8)
Net increase in loans and advances to customers	(1,732.0)	(1,095.5)
Net increase in securities and financial instruments pledged under repurchase agreements	(409.6)	(470.5)
Net increase in derivative financial assets	(7.3)	(6.1)
Net (increase) / decrease in other assets	(93.9)	75.2
Net (decrease) / increase in due to banks	(164.1)	57.1
Net increase in due to individuals	159.5	383.9
Net increase in due to corporate customers	1,172.5	245.3
Net decrease in debt securities in issue	(61.0)	(185.0)
Net increase / (decrease) in other borrowed funds	0.4	(29.9)
Net decrease in obligations to deliver securities	(5.1)	(1.8)
Net increase / (decrease) in other liabilities	14.7	(55.8)
<b>Net cash from / (used in) operating activities</b>	<b>433.6</b>	<b>(184.3)</b>



## Interim Consolidated Statement of Cash Flows (Continued)

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Nine months ended 30 September	
	2018	2017
<b>Cash flows from investing activities</b>		
Acquisition of premises, equipment and intangible assets	(79.9)	(54.7)
Proceeds from disposal of premises, equipment and intangible assets including insurance payments	8.2	5.1
Acquisition of investment property	(0.1)	(0.2)
Proceeds from disposal of investment property	0.5	0.6
Acquisition of associates and joint ventures	(31.4)	—
Proceeds from disposal of associates	0.2	—
Acquisition of subsidiaries net of cash acquired	(0.9)	(1.6)
Proceeds from disposal of subsidiaries net of cash disposed	1.0	0.6
<b>Net cash used in investing activities</b>	<b>(102.4)</b>	<b>(50.2)</b>
<b>Cash flows from financing activities</b>		
Funds received from subordinated debt issued or reissued	4.3	—
Redemption of subordinated debt	(42.4)	(11.2)
Cash received from non-controlling shareholders	0.6	0.1
Purchase of treasury shares	(3.8)	(6.5)
Proceeds from disposal of treasury shares	3.2	4.5
Dividends paid	(268.5)	(134.7)
<b>Net cash used in financing activities</b>	<b>(306.6)</b>	<b>(147.8)</b>
Effect of exchange rate changes on cash and cash equivalents	50.0	(14.8)
Net effect of changes in cash and cash equivalents included in disposal groups except for discontinued operations	—	(1.3)
<b>Net decrease in cash and cash equivalents</b>	<b>74.6</b>	<b>(398.4)</b>
<b>Cash and cash equivalents as at the beginning of the period</b>	<b>2,329.4</b>	<b>2,560.8</b>
<b>Cash and cash equivalents of discontinued operations as at the end of the period</b>	<b>232.0</b>	<b>—</b>
<b>Cash and cash equivalents of continuing operations as at the end of the period</b>	<b>2,172.0</b>	<b>2,162.4</b>

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2018

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### 1 Introduction

These interim condensed consolidated financial statements of Sberbank of Russia (Sberbank, the “Bank”) and its subsidiaries (together referred to as the “Group” or “Sberbank Group”) have been prepared in accordance with IAS 34 “Interim Financial Reporting” for the nine months ended 30 September 2018. Principal subsidiaries include Russian and foreign commercial banks and other companies controlled by the Group. A list of principal subsidiaries included in these interim condensed consolidated financial statements is disclosed in Note 24.

The Bank is a public joint-stock commercial bank established in 1841 and operating in various forms since then. The Bank was incorporated and is domiciled in the Russian Federation. The Bank’s principal shareholder, the Central Bank of the Russian Federation (the “Bank of Russia”), owns 52.3% of ordinary shares or 50.0% plus 1 share of the issued and outstanding ordinary and preferred shares as at 30 September 2018 (31 December 2017: 52.3% of ordinary shares or 50.0% plus 1 share of the issued and outstanding ordinary and preferred shares).

As at 30 September 2018 the Supervisory Board of the Bank is headed by Sergey M. Ignatiev, Chairman of the Bank of Russia in the period of 2002-2013. The Supervisory Board of the Bank includes representatives from both the Bank’s principal shareholder and other shareholders as well as independent directors.

The Bank operates under a general banking license issued by the Bank of Russia since 1991. In addition, the Bank holds licenses required for trading and holding securities and engaging in other securities-related activities, including acting as a broker, a dealer, a custodian. The Bank is regulated and supervised by the Bank of Russia as a united regulator for banking, insurance and financial markets activities in the Russian Federation. The Group’s banks/companies operate under the banking/companies regulatory regimes of their respective countries.

The Group’s principal business activity is corporate and retail banking. This includes, but is not limited to, deposit taking and commercial lending in freely convertible currencies, local currencies of countries where the subsidiary banks operate and in Russian Roubles, support of clients’ export/import transactions, foreign exchange, securities trading, and trading in derivative financial instruments. The Group’s operations are conducted in both Russian and international markets. As at 30 September 2018 the Group conducts its business in Russia through Sberbank with its network of 12 (31 December 2017: 14) regional head offices, 78 (31 December 2017: 78) branches and 14,210 (31 December 2017: 14,312) sub-branches, and through principal subsidiaries located in Russia such as JSC Sberbank Leasing, LLC Sberbank Capital, CIB group companies, JSC Non-state Pension Fund of Sberbank, Insurance company “Sberbank life insurance” LLC, Insurance company “Sberbank insurance” LLC, Sberbank Factoring LLC, LLC Digital Technologies and Cetelem Bank LLC (former BNP Paribas Vostok LLC). The Group carries out banking operations in Turkey, Ukraine, Belarus, Kazakhstan, Austria, Switzerland and other countries of Central and Eastern Europe and also conducts operations through a branch office in India, representative offices in Germany and China and CIB group companies located in the United States of America, the United Kingdom, Cyprus and certain other jurisdictions. In May 2018 the Group signed definitive agreement on sale of its operations in Turkey (Refer to Note 8).

The actual headcount of the Group’s full-time employees as at 30 September 2018 was 296,103 (31 December 2017: 310,277).

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

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

At 30 September 2018 the principal rates of exchange used for translating foreign currency monetary balances and each entity’s functional currency into the Group’s presentation currency were as follows:

	/RR	/UAH	/BYN	/KZT	/EUR	/CHF	/TRY
RR/	1.000	0.431	0.032	5.536	0.013	0.015	0.091
USD/	65.591	28.265	2.109	363.129	0.860	0.977	5.996
EUR/	76.229	32.850	2.452	422.029	1.000	1.135	6.968

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2018

### 1 Introduction (continued)

At 31 December 2017 the principal rates of exchange used for translating each entity's functional currency into the Group's presentation currency and foreign currency monetary balances were as follows:

	/RR	/UAH	/BYR	/KZT	/EUR	/CHF	/TRY
RR/	1.000	0.488	0.034	5.774	0.015	0.017	0.066
USD/	57.600	28.104	1.979	332.595	0.836	0.977	3.780
EUR/	68.867	33.601	2.366	397.651	1.000	1.168	4.519

### 2 Basis of Preparation and Significant Accounting Policies

**Basis of Preparation.** These interim condensed consolidated financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" and should be read in conjunction with the annual consolidated financial statements of the Group for the year ended 31 December 2017.

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

The accounting policies and methods of computation applied in the preparation of these interim condensed consolidated financial statements are consistent with those disclosed in the annual consolidated financial statements of the Group for the year ended 31 December 2017, except for income tax expense which is recognized in these interim condensed consolidated financial statements based on management's best estimates of the weighted average income tax rate expected for the full financial year, and except for the changes introduced due to implementation of new and revised standards and interpretations (Note 4). New significant accounting policies applicable from 1 January 2018 are detailed below.

**Financial instruments – Key measurement terms.** Depending on their classification financial instruments are carried at fair value, or amortized cost as described below.

**Fair value** is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. Fair value is the current bid price for financial assets, current ask price for financial liabilities and the average of current bid and ask prices when the Group is both in short and long position for the financial instrument. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange or other institution and those prices represent actual and regularly occurring market transactions on an arm's length basis. Valuation techniques are used to fair value certain financial instruments for which external market pricing information is not available. Such valuation techniques include discounted cash flows models, generally accepted option pricing models, models based on recent arm's length transactions or consideration of financial data of the investees. Valuation techniques may require assumptions not supported by observable market data. Refer to Note 21 for more information on fair values and fair value measurement used.

**Amortized cost** is the amount at which the financial instrument was measured at initial recognition less any principal repayments, plus accrued interest, and for financial assets, adjusted for any expected credit loss allowance. Accrued interest includes amortization of transaction costs, fees and commissions deferred at initial recognition and of any premium or discount to maturity using the effective interest method. Accrued interest income and accrued interest expense, including both accrued coupon and amortized discount and premium (including transaction costs, fees and commissions deferred at origination, if any), are not presented separately and are included in the carrying values of the related interim consolidated statement of financial position items.

**Gross carrying amount of a financial asset** is the amortized cost of a financial asset before adjusting for any expected credit loss allowance.

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2018

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### 2 Basis of Preparation and Significant Accounting Policies (continued)

*Transaction costs* are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial instrument. An incremental cost is one that would not have been incurred if the transaction had not taken place. Transaction costs include fees and commissions paid to agents (including employees acting as selling agents), advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs.

*The effective interest method* is a method of allocating interest income or interest expense over the relevant period so as to achieve a constant periodic rate of interest (effective interest rate) on the carrying amount. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts (excluding future credit losses) through the expected life of the financial instrument to the gross carrying amount of the financial asset, or the amortized cost of the financial liability.

When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired assets, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not expected credit losses. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including expected credit losses. The calculation of the effective interest rate includes transaction costs and fees and commissions paid or received that are an integral part of the effective interest rate.

**Initial recognition of financial instruments.** A financial asset or financial liability is measured initially at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by either observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets.

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention (“regular way” purchases and sales) are recorded at trade date, which is the date when the Group commits to deliver a financial instrument. All other purchases and sales are recognized when the entity becomes a party to the contractual provisions of the instrument.

**Classification of financial instruments.** From 1 January 2018 on initial recognition, a financial asset is classified as measured at: amortized cost, fair value through other comprehensive income (“FVOCI”) or fair value through profit or loss (“FVPL”).

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated at FVPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give right on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated at FVPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give right on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

All other financial assets are classified as measured at FVPL.

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2018

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### 2 Basis of Preparation and Significant Accounting Policies (continued)

In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI at FVPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

*Business model assessment.* The Group makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio management as well as compliance with those policies and practice. In particular, whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

*Assessment whether contractual cash flows are solely payments of principal and interest.* For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
- features that modify consideration of the time value of money - e.g. periodical reset of interest rates, which is not consistent with the interest payment period.

The Group holds portfolios of fixed rate loans for which the Group has the option to propose to revise the interest rate. These reset rights are limited to the market rate at the time of revision. The borrowers have an option to either accept the revised rate or repay the loan at par without penalty. The Group has determined that the contractual cash flows of these loans are solely payments of principal and interest because the option varies the interest rate within market interest rate corridor in a way that it always represents consideration for the time value of money, credit risk, other basic lending risks and costs associated with the principal amount outstanding.

*Reclassification of financial assets.* Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets. The reclassification has a prospective effect.

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2018

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### 2 Basis of Preparation and Significant Accounting Policies (continued)

**Financial liabilities.** The Group classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortized cost or FVPL.

**Interest income and expense calculated using effective interest method recognition.** Interest income and expense are recorded for debt instruments measured at amortized cost or at FVOCI on an accrual basis using the effective interest method. This method defers, as part of interest income or expense, all fees paid or received between the parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Fees integral to the effective interest rate include origination fees received or paid by the entity relating to the creation or acquisition of a financial asset or issuance of a financial liability, for example fees for evaluating creditworthiness, evaluating and recording guarantees or collateral, negotiating the terms of the instrument and for processing transaction documents. Commitment fees received by the Group to originate loans at market interest rates are integral to the effective interest rate if it is probable that the Group will enter into a specific lending arrangement and does not expect to sell the resulting loan shortly after origination. The Group does not designate loan commitments as financial liabilities at FVPL.

For financial assets that are originated or purchased credit-impaired, the effective interest rate is the rate that discounts the expected cash flows (including the initial expected credit losses) to the fair value on initial recognition (normally represented by the purchase price). As a result, the effective interest is credit-adjusted.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for:

- Financial assets that have become credit-impaired (Stage 3), for which interest revenue is calculated by applying the effective interest rate to their amortized cost (net of the expected credit loss (“ECL”) provision); and
- Financial assets that are purchased or originated credit-impaired, for which the original credit-adjusted effective interest rate is applied to the amortized cost.

**Other interest income and expense.** Other interest income and expense represents interest income and expense recorded for debt instruments measured at FVPL and is recognised on an accrual basis using nominal interest rate.

**Fee and commission income and expense.** All other fees, commissions and other income and expense items are generally recorded on an accrual basis over the period in which the services are rendered as the customer simultaneously receives and consumes the benefits as the Group performs, usually on a straight-line basis.

Loan syndication fees are recognised as income when the syndication has been completed and the Group retains no part of the loan package for itself, or retains a part at the same effective interest rate as for the other participants.

Commissions and fees arising from negotiating, or participating in the negotiation of a transaction for a third party, such as the acquisition of loans, shares or other securities or the purchase or sale of businesses, and which are earned when the Group satisfies the performance obligation are recorded upon the completion of the transaction. Portfolio and other management advisory and service fees are recognised based on the applicable service contracts, over the period in which the services are rendered as the customer simultaneously receives and consumes the benefits as the Group performs, usually on a straight-line basis. Asset management fees relating to investment funds are recognised over the period in which services are rendered as the customer simultaneously receives and consumes the benefits as the Group performs, usually on a straight-line basis. The same principle is applied for wealth management, financial planning and custody services that are continually provided over an extended period of time.

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2018

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### 3 Critical Accounting Estimates and Judgements in Applying Accounting Policies

In addition to critical accounting estimates and judgements in applying accounting policies disclosed in the annual consolidated financial statements for the year ended 31 December 2017, the Group made judgements related to implementation and application of IFRS 9 as detailed below.

**Classification of financial assets (from 1 January 2018).** Assessment of the business models within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding are disclosed in Notes 2 and 4.

**Measurement of ECL allowance (from 1 January 2018).** The measurement of expected credit loss allowance for financial assets measured at amortized cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior (e.g. the likelihood of customers defaulting and the resulting losses). A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associate ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

Information on the inputs, assumptions, estimation techniques and judgements used in measuring ECL is further detailed in Note 19.

### 4 Adoption of New or Revised Standards and Interpretations, Reclassifications

**IFRS 9 “Financial Instruments”.** The Group has adopted IFRS 9 “Financial Instruments” issued in July 2014 with a date of initial application of 1 January 2018. The requirements of IFRS 9 represent a significant change from IAS 39 “Financial Instruments: Recognition and Measurement”. The new standard brings fundamental changes to the accounting for financial assets and to certain aspects of the accounting for financial liabilities.

The key changes to the Group's accounting policies resulting from its adoption of IFRS 9 are summarized below.

- Financial assets are required to be classified into three measurement categories: those to be measured subsequently at amortized cost, those to be measured subsequently at FVOCI and those to be measured subsequently at FVPL.
- Classification for debt instruments is driven by the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest (“SPPI”). If a debt instrument is held to collect contractual cash flows, it may be carried at amortized cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held in a portfolio where an entity both holds to collect assets' cash flows and sells assets is classified as FVOCI. Financial assets that do not contain cash flows that are SPPI must be measured at FVPL (for example, derivatives). Embedded derivatives are no longer separated from financial assets but are included in assessing the SPPI condition. For an explanation of how the Group classifies financial assets under IFRS 9, see further in this Note.
- Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election on initial recognition to present changes in fair value in other comprehensive income, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss.



## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2018

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### 4 Adoption of New or Revised Standards and Interpretations, Reclassifications (continued)

- Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The key change is that an entity will be required to present the effects of changes in own credit risk of financial liabilities designated at fair value through profit or loss in other comprehensive income. For an explanation of how the Group classifies financial liabilities under IFRS 9, see further in this Note.
- IFRS 9 replaces the incurred loss model in IAS 39 with the ECL model. There is a ‘three stage’ approach which is based on the change in credit quality of financial assets since initial recognition. In practice, the new rules mean that the Group have to record an immediate loss equal to the 12-month ECL on initial recognition of financial assets that are not credit impaired (or lifetime ECL for trade receivables). Where there has been a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL. The new impairment model also applies to certain loan commitments and financial guarantee contracts but not to equity investments. For an explanation of how the Group applies the impairment requirements of IFRS 9, see further in Note 19.
- Hedge accounting requirements were amended to align accounting more closely with risk management. The standard provides entities with an accounting policy choice between applying the hedge accounting requirements of IFRS 9 and continuing to apply IAS 39 to all hedges because the standard currently does not address accounting for macro hedging. The Group has elected to continue to apply the hedge accounting requirements of IAS 39.

*Transition.* Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below.

- Amounts for the previous periods have not been restated. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognised in retained earnings and reserves as at 1 January 2018. Accordingly, the information presented for 2017 does not reflect the requirements of IFRS 9 and therefore is not comparable to the information presented for 2018 under IFRS 9.
- The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application:
  - The determination of the business model within which a financial asset is held,
  - The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVPL,
  - The designation of certain investments in equity instruments not held for trading at FVOCI,
  - For financial liabilities designated at FVPL, the determination of whether presenting the effects of changes in the financial liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss.
- If a debt security had low credit risk at the date of initial application of IFRS 9, then the Group has assumed that credit risk on the asset had not increased significantly since its initial recognition. The financial instrument has a low risk of default if the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.



## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2018

### 4 Adoption of New or Revised Standards and Interpretations, Reclassifications (continued)

**Classification of financial assets and financial liabilities on the date of initial application of IFRS 9.** The following table shows the original measurement categories in accordance with IAS 39 and the new measurement categories under IFRS 9 for the Group's financial assets and financial liabilities as at 1 January 2018.

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Measurement category under IAS 39	Measurement category under IFRS 9	IAS 39 carrying amount 31 December 2017	Reclassi- fication	Remeasurement under IFRS 9	IFRS 9 carrying amount 1 January 2018
<b>Financial assets</b>						
Cash and cash equivalents	Loans and receivables	Amortized cost	2,329.4	(4.3)	(0.2)	2,324.9
Cash and cash equivalents	Loans and receivables	FVPL (mandatorily)	—	4.3	—	4.3
<b>Total cash and cash equivalents</b>			<b>2,329.4</b>	<b>—</b>	<b>(0.2)</b>	<b>2,329.2</b>
Mandatory cash balances with central banks	Loans and receivables	Amortized cost	427.1	—	—	427.1
Due from banks	Loans and receivables	Amortized cost	1,317.8	(337.8)	(2.1)	977.9
Due from banks	Loans and receivables	FVPL (mandatorily)	—	309.2	0.8	310.0
<b>Total due from banks</b>			<b>1,317.8</b>	<b>(28.6)</b>	<b>(1.3)</b>	<b>1,287.9</b>
Loans and advances to customers	Loans and receivables	Amortized cost	18,488.1	(607.4)	(73.4)	17,807.3
Loans and advances to customers	Loans and receivables	FVPL (mandatorily)	—	565.4	(4.2)	561.2
<b>Total loans and advances to customers</b>			<b>18,488.1</b>	<b>(42.0)</b>	<b>(77.6)</b>	<b>18,368.5</b>
Securities	FVPL	FVPL (mandatorily)	84.2	291.6	—	375.8
Securities	FVPL (designated)	FVPL (designated)	429.0	(429.0)	—	—
Securities	Available-for-sale	FVOCI	1,743.7	8.7	—	1,752.4
Securities	Held-to-maturity	Amortized cost	773.6	199.3	(3.3)	969.6
<b>Total securities</b>			<b>3,030.5</b>	<b>70.6</b>	<b>(3.3)</b>	<b>3,097.8</b>
Financial instruments pledged under repurchase agreements	FVPL	FVPL (mandatorily)	0.4	—	—	0.4
Financial instruments pledged under repurchase agreements	Held-to-maturity	Amortized cost	33.8	—	—	33.8
Financial instruments pledged under repurchase agreements	Available-for-sale	FVOCI	224.7	—	—	224.7
<b>Total financial instruments pledged under repurchase agreements</b>			<b>258.9</b>	<b>—</b>	<b>—</b>	<b>258.9</b>
Derivative financial instruments	FVPL	FVPL (mandatorily)	140.9	—	—	140.9
Other financial assets	Loans and receivables	Amortized cost	253.1	—	(2.6)	250.5
<b>Total financial assets</b>			<b>26,245.8</b>	<b>—</b>	<b>(85.0)</b>	<b>26,160.8</b>
<b>Financial liabilities</b>						
Due to banks	Amortized cost	Amortized cost	693.3	(254.3)	—	439.0
Due to banks	Amortized cost	FVPL (designated)	—	254.3	0.2	254.5
<b>Total due to banks</b>			<b>693.3</b>	<b>—</b>	<b>0.2</b>	<b>693.5</b>
Due to individuals	Amortized cost	Amortized cost	13,420.3	—	—	13,420.3
Due to corporate customers	Amortized cost	Amortized cost	6,393.9	(0.6)	—	6,393.3
Due to corporate customers	Amortized cost	FVPL (designated)	—	0.6	—	0.6
<b>Total due to corporate customers</b>			<b>6,393.9</b>	<b>—</b>	<b>—</b>	<b>6,393.9</b>
Debt securities in issue	Amortized cost	Amortized cost	934.6	—	—	934.6
Other borrowed funds	Amortized cost	Amortized cost	247.3	—	—	247.3
Derivative financial liabilities and obligations to deliver securities	FVPL	FVPL (mandatorily)	164.4	—	—	164.4
Other financial liabilities and credit loss allowance for credit related commitments and other	Amortized cost	Amortized cost	317.8	—	1.6	319.4
Subordinated debt	Amortized cost	Amortized cost	716.3	—	—	716.3
<b>Total financial liabilities</b>			<b>22,887.9</b>	<b>—</b>	<b>1.8</b>	<b>22,889.7</b>

## **Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2018**

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### **4 Adoption of New or Revised Standards and Interpretations, Reclassifications (continued)**

The above table represents the transition effect to IFRS 9 of financial assets and liabilities before taxation. Related tax effect amounted to RR 17.3 billion increase in deferred tax asset.

The Group's accounting policies on the classification of financial instruments under IFRS 9 are set out in Note 2. The application of these policies resulted in the reclassifications set out in the table above and explained below.

- A portfolio of short-term placements with banks and reverse repo agreements (accounted within financial statement captions Cash and cash equivalents, Due from banks and Loans and advances to customers) was previously measured at amortized cost under IAS 39. The Group has clarified and amended its business model in respect of this portfolio as at 1 January 2018 and classified respective financial assets as measured at fair value through profit or loss under IFRS 9. In addition, the Group has designated financial liabilities associated with these financial assets at fair value through profit or loss to eliminate an accounting mismatch that would otherwise arise.
- Certain loans and advances to customers mainly held by the Group's corporate-investment banking business are classified under IFRS 9 as mandatorily measured at fair value through profit or loss because the contractual cash flows of these assets are not solely payments of principal and interest on the principal amount outstanding.
- Certain debt securities held by the Group were originally designated at fair value through profit or loss. The Group holds those assets to meet stress liquidity needs and to maximize the Group's return. The return consists of collecting contractual payments as well as gains and losses from the sale of financial assets. The Group considers that under IFRS 9 this portfolio of financial assets shall be separated into trading portfolio and portfolio for collection of contractual cash flows.

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2018

### 4 Adoption of New or Revised Standards and Interpretations, Reclassifications (continued)

The following table analyses the impact, net of tax, of transition to IFRS 9 on reserves and retained earnings. There is no impact on other components of equity.

<i>(unaudited)</i> <i>In billions of Russian Roubles</i>	<b>Impact of adopting IFRS 9 at 1 January 2018</b>
<b>Fair value reserve for investment securities available-for-sale under IAS 39 (31 December 2017)</b>	<b>35.3</b>
Reclassification of investment securities from available-for-sale to FVPL	(13.0)
Recognition of ECL under IFRS 9 for debt financial assets at FVOCI	5.9
<b>Fair value reserve for debt securities measured at FVOCI under IFRS 9 (1 January 2018)</b>	<b>28.2</b>
<b>Retained earnings under IAS 39 (31 December 2017)</b>	<b>3,058.6</b>
Reclassification of debt investment securities from available-for-sale to FVPL	13.0
Remeasurement to fair value for reclassified financial instruments under IFRS 9	(3.0)
Recognition of ECL under IFRS 9 for debt financial assets at FVOCI	(5.9)
Recognition of ECL under IFRS 9 for debt financial assets at amortized cost and credit related commitments	(66.5)
<b>Retained earnings under IFRS 9 (1 January 2018)</b>	<b>2,996.2</b>

The following table reconciles:

- the closing loss allowance for financial assets in accordance with IAS 39 and provisions for loan commitments and financial guarantee contracts in accordance with IAS 37 as at 31 December 2017; to
- the credit loss allowance determined in accordance with IFRS 9 as at 1 January 2018.

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	<b>31 December 2017 (IAS 39/IAS 37)</b>	<b>Reclassification under IFRS 9</b>	<b>Remeasurement under IFRS 9</b>	<b>1 January 2018 (IFRS 9)</b>
Due from banks, loans and advances to customers and investment securities held to maturity under IAS 39 / financial assets at amortised cost under IFRS 9	1,406.7	(28.0)	144.8	1,523.5
Available-for-sale debt investment securities under IAS 39 / debt securities at FVOCI under IFRS 9	—	—	5.9	5.9
Other financial assets	5.9	—	2.6	8.5
Credit related commitments	22.2	—	1.6	23.8
<b>Total</b>	<b>1,434.8</b>	<b>(28.0)</b>	<b>154.9</b>	<b>1,561.7</b>

As at 1 January 2018 the amount of remeasurement of the credit loss allowance for financial assets at amortized cost includes RR 65.8 billion related to increase of the gross carrying amount of those assets and related credit loss allowance to reflect all interest contractually receivable at this date.

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2018

### 4 Adoption of New or Revised Standards and Interpretations, Reclassifications (continued)

**Adoption of IFRS 15.** The Group adopted IFRS 15 “Revenue from Contracts with Customers” with the date of initial application as of 1 January 2018, which did not result in any material impact on the Group.

The following amended standards became effective for the Group from 1 January 2018, but did not have any material impact on the Group:

- **Amendments to IFRS 2 “Share-based Payment”** (issued on 20 June 2016 and effective for annual periods beginning on or after 1 January 2018).
- **Applying IFRS 9 “Financial Instruments” with IFRS 4 “Insurance Contracts” – Amendments to IFRS 4** (issued on 12 September 2016 and effective, depending on the approach, for annual periods beginning on or after 1 January 2018 for entities that choose to apply temporary exemption option, or when the entity first applies IFRS 9 for entities that choose to apply the overlay approach).
- **Annual Improvements to IFRSs 2014-2016 cycle – Amendments to IFRS 1 and IAS 28** (issued on 8 December 2016 and effective for annual periods beginning on or after 1 January 2018).
- **IFRIC 22 – “Foreign Currency Transactions and Advance Consideration”** (issued on 8 December 2016 and effective for annual periods beginning on or after 1 January 2018).
- **Transfers of Investment Property – Amendments to IAS 40** (issued on 8 December 2016 and effective for annual periods beginning on or after 1 January 2018).

**Changes in presentation and reclassifications.** Starting from 1 January 2018 the Group changed presentation of financial instruments following the application of IFRS 9. In these interim condensed consolidated financial statements the Group changed presentation of the interim consolidated statement of financial position as at 31 December 2017 and interim consolidated statement of profit or loss for the nine months and the three months ended 30 September 2017. These changes were implemented to increase comparability of the financial information for 2017 with the respective information for 2018. Also the Group changed the presentation of the interim consolidated statement of profit or loss and of the interim consolidated statement of comprehensive income due to separate presentation of discontinued operations of Denizbank. The effect of changes on the consolidated statement of financial position as at 31 December 2017 is as follows:

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	<b>As previously reported</b>	<b>Reclassification</b>	<b>As reclassified</b>
<b>Assets</b>			
Financial assets at fair value through profit or loss	654.1	(654.1)	—
Securities pledged under repurchase agreements	258.9	(258.9)	—
Investment securities available-for-sale	1,743.7	(1,743.7)	—
Investment securities held-to-maturity	773.6	(773.6)	—
Other financial assets	253.1	(253.1)	—
Other non-financial assets	324.2	(324.2)	—
Securities	—	3,030.5	3,030.5
Financial instruments pledged under repurchase agreements	—	258.9	258.9
Derivative financial assets	—	140.9	140.9
Other assets	—	577.3	577.3
<b>Liabilities</b>			
Financial liabilities at fair value through profit or loss other than debt securities in issue	164.4	(164.4)	—
Derivative financial liabilities and obligations to deliver securities	—	164.4	164.4
Provisions on insurance and pension fund operations	688.1	(688.1)	—
Other financial liabilities	289.9	(289.9)	—
Other non-financial liabilities	100.4	(100.4)	—
Other liabilities	—	1,078.4	1,078.4

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2018

### 4 Adoption of New or Revised Standards and Interpretations, Reclassifications (continued)

The effect of changes on the interim consolidated statement of profit and loss for the nine months and three months ended 30 September 2017 is as follows:

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	<b>As previously reported</b>	<b>Reclassification</b>	<b>As reclassified</b>
<b>Nine months ended 30 September 2017</b>			
Interest income	1,737.5	(1,737.5)	—
Interest income calculated using the effective interest method	—	1,561.0	1,561.0
Other interest income	—	25.7	25.7
Interest expense	(625.5)	625.5	—
Interest expense calculated using the effective interest method	—	(552.7)	(552.7)
Other interest expense	—	(1.3)	(1.3)
Deposit insurance expenses	(42.8)	1.6	(41.2)
Net provision charge for impairment of debt financial assets	(214.6)	214.6	—
Impairment of investment securities available-for-sale	(0.1)	0.1	—
Net credit loss allowance charge for debt financial assets	—	(196.8)	(196.8)
Fee and commission income	357.5	(18.6)	338.9
Fee and commission expense	(81.3)	6.4	(74.9)
Net gains from trading securities	2.9	(2.9)	—
Net gains from securities designated as at fair value through profit or loss	2.6	(2.6)	—
Net gains from investment securities available-for-sale	21.8	(21.8)	—
Net (losses) / gains from non-derivative financial instruments at fair value through profit or loss (2017: Net gains from trading securities and securities designated as at fair value through profit or loss)	—	5.5	5.5
Net gains from financial instruments at fair value through other comprehensive income (2017: Net gains from investment securities available-for-sale)	—	22.2	22.2
Net gains / (losses) from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation	7.8	(7.8)	—
Net gains / (losses) from operations with precious metals, precious metals derivatives and precious metals accounts translation	7.8	(7.8)	—
Net gains / (losses) from operations with other derivatives	0.2	(0.2)	—
Net gains from derivatives, trading in foreign currencies, foreign exchange and precious metals accounts translation	—	23.9	23.9
Impairment of premises, equipment and intangible assets	(3.2)	3.2	—
Goodwill impairment	(10.7)	10.7	—
Impairment of non-financial assets	—	(13.9)	(13.9)
Net charge for other provisions	(14.7)	1.5	(13.2)
Revenue of non-core business activities	30.1	(2.6)	27.5
Cost of sales and other expenses of non-core business activities	(26.8)	2.1	(24.7)
Income from operating lease of equipment	—	1.8	1.8
Expenses related to equipment leased out	—	(1.4)	(1.4)
Other net operating income	20.8	(3.1)	17.7
Staff and administrative expenses	(468.9)	37.4	(431.5)
Income tax expense	(142.1)	3.8	(138.3)
Profit from discontinued operations (attributable to shareholders of the Bank)	—	24.0	24.0

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2018

### 4 Adoption of New or Revised Standards and Interpretations, Reclassifications (continued)

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	As previously reported	Reclassification	As reclassified
<b>Three months ended 30 September 2017</b>			
Interest income	595.5	(595.5)	—
Interest income calculated using the effective interest method	—	532.2	532.2
Other interest income	—	8.6	8.6
Interest expense	(206.0)	206.0	—
Interest expense calculated using the effective interest method	—	(178.3)	(178.3)
Other interest expense	—	(0.4)	(0.4)
Deposit insurance expenses	(14.5)	0.6	(13.9)
Net provision charge for impairment of debt financial assets	(58.2)	58.2	—
Net credit loss allowance charge for debt financial assets	—	(51.4)	(51.4)
Fee and commission income	132.1	(6.1)	126.0
Fee and commission expense	(31.2)	2.6	(28.6)
Net gains from trading securities	1.5	(1.5)	—
Net gains from securities designated as at fair value through profit or loss	1.1	(1.1)	—
Net gains from investment securities available-for-sale	1.6	(1.6)	—
Net (losses) / gains from non-derivative financial instruments at fair value through profit or loss (2017: Net gains from trading securities and securities designated as at fair value through profit or loss)	—	2.7	2.7
Net gains from financial instruments at fair value through other comprehensive income (2017: Net gains from investment securities available-for-sale)	—	1.6	1.6
Net gains / (losses) from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation	(2.1)	2.1	—
Net gains / (losses) from operations with precious metals, precious metals derivatives and precious metals accounts translation	5.5	(5.5)	—
Net gains / (losses) from operations with other derivatives	(0.4)	0.4	—
Net gains from derivatives, trading in foreign currencies, foreign exchange and precious metals accounts translation	—	5.7	5.7
Impairment of premises, equipment and intangible assets	(0.7)	0.7	—
Impairment of non-financial assets	—	(0.7)	(0.7)
Net charge for other provisions	(4.0)	0.1	(3.9)
Revenue of non-core business activities	11.1	(1.1)	10.0
Cost of sales and other expenses of non-core business activities	(9.6)	0.7	(8.9)
Income from operating lease of equipment	—	0.8	0.8
Expenses related to equipment leased out	—	(0.6)	(0.6)
Other net operating income	14.2	(1.1)	13.1
Staff and administrative expenses	(160.4)	13.0	(147.4)
Income tax expense	(55.3)	1.1	(54.2)
Profit from discontinued operations (attributable to shareholders of the Bank)	—	7.8	7.8

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2018

### 4 Adoption of New or Revised Standards and Interpretations, Reclassifications (continued)

The effect of changes on the interim consolidated statement of comprehensive income for the nine months and three months ended 30 September 2017 is as follows:

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	<b>As previously reported</b>	<b>Reclassification</b>	<b>As reclassified</b>
<b>Nine months ended 30 September 2017</b>			
<i>Items to be reclassified to profit or loss in subsequent periods</i>			
Debt financial instruments measured at fair value through other comprehensive income (2017: Investment securities available-for-sale):			
- Net change in fair value, net of tax (2017: Net gains on revaluation of investment securities available-for-sale, net of tax)	25.5	(2.3)	23.2
- Accumulated gains transferred to profit or loss upon disposal, net of tax	(17.4)	(0.4)	(17.8)
Exchange differences on translating foreign operations for the period	(2.2)	8.9	6.7
Total other comprehensive (loss) / income from discontinued operations	—	(6.2)	(6.2)

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	<b>As previously reported</b>	<b>Reclassification</b>	<b>As reclassified</b>
<b>Three months ended 30 September 2017</b>			
<i>Items to be reclassified to profit or loss in subsequent periods</i>			
Debt financial instruments measured at fair value through other comprehensive income (2017: Investment securities available-for-sale):			
- Net change in fair value, net of tax (2017: Net gains on revaluation of investment securities available-for-sale, net of tax)	9.7	0.5	10.2
- Accumulated gains transferred to profit or loss upon disposal, net of tax	(1.2)	(0.1)	(1.3)
Exchange differences on translating foreign operations for the period	(5.9)	5.9	—
Total other comprehensive (loss) / income from discontinued operations	—	(6.3)	(6.3)

In 2018 the Group changed presentation of the interim consolidated statement of cash flows to reflect impact of adoption of IFRS 9 and to improve presentation of cash flows related to certain assets and liabilities. Those assets and liabilities are rather operating for the Group and since 2018 the cash flows related to those assets and liabilities are presented in the cash flows from operating activities.

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2018

### 4 Adoption of New or Revised Standards and Interpretations, Reclassifications (continued)

The effect of changes on the interim consolidated statement of cash flows for the nine months ended 30 September 2017 is as follows:

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	As previously reported	Reclassification	As reclassified
<b>Cash flows from operating activities</b>			
Interest received	1,555.3	(1,555.3)	—
Interest income calculated using the effective interest method received	—	1,648.7	1,648.7
Other interest income received	—	35.6	35.6
Interest paid	(562.0)	562.0	—
Interest expense calculated using the effective interest method paid	—	(589.1)	(589.1)
Other interest expense paid	—	(5.1)	(5.1)
Net gains received on non-derivative financial instruments at fair value through profit or loss (2017: Net gains received from trading securities and securities designated as at fair value through profit or loss)	—	0.8	0.8
Net (losses incurred) / gains received from financial instruments at fair value through other comprehensive income	—	22.3	22.3
Net losses incurred on trading securities	(0.1)	0.1	—
Net gains received on securities designated as at fair value through profit or loss	0.9	(0.9)	—
Net gains received / (losses incurred) from trading in foreign currencies and from operations with foreign currency derivatives	23.0	(23.0)	—
Net (losses incurred) / gains received from operations with other derivatives	(1.2)	1.2	—
Net gains received from operations with precious metals and precious metals derivatives	4.7	(4.7)	—
Net gains received on derivatives, trading in foreign currencies and operations with precious metals	—	34.0	34.0
Net other income received	10.1	(1.8)	8.3
Income received from operating lease of equipment	—	1.8	1.8
Expenses paid related to equipment leased out	—	(0.1)	(0.1)
Staff and administrative expenses paid	(364.7)	0.1	(364.6)
<b>Changes in operating assets and liabilities</b>			
Net increase in securities and financial instruments pledged under repurchase agreements	—	(470.5)	(470.5)
Net increase in derivative financial assets	—	(6.1)	(6.1)
Net increase in financial assets at fair value through profit or loss	(74.3)	74.3	—
Net increase in other assets	82.7	(7.5)	75.2
Net (decrease) / increase in financial liabilities at fair value through profit or loss other than debt securities in issue	(1.8)	1.8	—
Net increase / (decrease) in debt securities in issue	(24.4)	(160.6)	(185.0)
Net decrease in other borrowed funds	—	(29.9)	(29.9)
Net decrease in obligations to deliver securities	—	(1.8)	(1.8)
<b>Cash flows from investing activities</b>			
Purchase of investment securities available-for-sale	(1,123.8)	1,123.8	—
Proceeds from disposal and redemption of investment securities available-for-sale	933.6	(933.6)	—
Interest received on investment securities available-for-sale	95.1	(95.1)	—
Purchase of investment securities held-to-maturity	(289.8)	289.8	—
Proceeds from redemption of investment securities held-to-maturity	100.0	(100.0)	—
Interest received on investment securities held-to-maturity	33.9	(33.9)	—
<b>Cash flows from financing activities</b>			
Other borrowed funds received	178.7	(178.7)	—
Redemption of other borrowed funds	(208.6)	208.6	—
Interest on other borrowed funds paid	(5.5)	5.5	—
Interest on subordinated debt paid	(8.0)	8.0	—
Redemption of loan participation notes issued	(160.6)	160.6	—
Interest on loan participation notes issued paid	(18.7)	18.7	—



## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2018

### 4 Adoption of New or Revised Standards and Interpretations, Reclassifications (continued)

Starting from the beginning of 2018 the Group refined the methodology for classification of project finance loans to legal entities since models of credit risk management for clients with project risk profile were refined. The comparative information as at 31 December 2017 was amended accordingly.

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	As previously reported	Reclassification	As reclassified
Gross carrying amount of commercial loans to legal entities	10,468.1	1,927.3	12,395.4
Commercial loans to legal entities - credit loss allowance	(853.3)	(155.7)	(1,009.0)
Gross carrying amount of specialized loans to legal entities	3,706.5	(3,706.5)	—
Specialized loans to legal entities – provision for loan impairment	(316.1)	316.1	—
Gross carrying amount of project finance loans to legal entities	—	1,779.2	1,779.2
Project finance loans to legal entities – credit loss allowance	—	(160.4)	(160.4)

### 5 Loans and Advances to Customers

<i>in billions of Russian Roubles</i>	30 September 2018 (unaudited)	31 December 2017
Loans and advances to customers at amortized cost	17,934.5	18,488.1
Loans and advances to customers at fair value through profit or loss	720.1	—
<b>Total loans and advances to customers</b>	<b>18,654.6</b>	<b>18,488.1</b>

#### Loans and advances to customers at amortized cost

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Gross carrying amount	Credit loss allowance	Amortized cost
Commercial loans to legal entities	11,826.8	(1,020.8)	10,806.0
Project finance loans to legal entities	1,182.3	(178.0)	1,004.3
Mortgage loans to individuals	3,647.9	(78.4)	3,569.5
Consumer and other loans to individuals	1,999.2	(140.5)	1,858.7
Credit cards and overdrafts to individuals	646.0	(64.0)	582.0
Car loans to individuals	122.4	(8.4)	114.0
<b>Total loans and advances to customers at amortized cost</b>	<b>19,424.6</b>	<b>(1,490.1)</b>	<b>17,934.5</b>

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Carrying amount before provision	Provision for impairment	Amortized cost
Commercial loans to legal entities	12,395.4	(1,009.0)	11,386.4
Project finance loans to legal entities	1,779.2	(160.4)	1,618.8
Mortgage loans to individuals	3,190.6	(59.7)	3,130.9
Consumer and other loans to individuals	1,725.9	(108.9)	1,617.0
Credit cards and overdrafts to individuals	678.9	(57.1)	621.8
Car loans to individuals	121.2	(8.0)	113.2
<b>Total loans and advances to customers at amortized cost</b>	<b>19,891.2</b>	<b>(1,403.1)</b>	<b>18,488.1</b>

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2018

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

Commercial loans to legal entities comprise corporate loans, loans to individual entrepreneurs, federal bodies and municipal authorities. Loans are granted for current needs (working capital financing, acquisition of movable and immovable property), portfolio investments, expansion and consolidation of business, etc. The repayment source is cash flow from current production and financial activities of the borrower.

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

The tables below show the credit quality analysis of the Group's loans and advances to customers at amortized cost as at 30 September 2018.

Credit quality in the tables below is based on the following scale developed internally by the Group:

- "Minimum credit risk" – assets with counterparties that demonstrate stable ability to fulfil financial obligations in time, with insignificant probability of default.
- "Low credit risk" – assets with counterparties with low probability of default with high ability to fulfil financial obligations in time.
- "Moderate credit risk" – assets with counterparties with average probability of default and with moderate ability to fulfil financial obligations in time; more detailed consideration is required during monitoring.
- "High credit risk" – assets with high probability of default; specific attention is required during monitoring.
- "Default" – assets that are qualified as defaulted considering all available signs of impairment.

	30 September 2018				
<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Purchased/ originated credit- impaired	Total
<b>Commercial loans to legal entities</b>					
Minimum credit risk	1,819.2	5.0	—	—	1,824.2
Low credit risk	6,706.3	512.5	—	—	7,218.8
Moderate credit risk	749.0	757.5	—	—	1,506.5
High credit risk	8.8	169.3	—	—	178.1
Default	—	—	1,082.4	16.8	1,099.2
<b>Gross carrying amount of commercial loans to legal entities</b>	<b>9,283.3</b>	<b>1,444.3</b>	<b>1,082.4</b>	<b>16.8</b>	<b>11,826.8</b>
Credit loss allowance	(110.1)	(123.4)	(780.5)	(6.8)	(1,020.8)
<b>Total commercial loans to legal entities</b>	<b>9,173.2</b>	<b>1,320.9</b>	<b>301.9</b>	<b>10.0</b>	<b>10,806.0</b>

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2018

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

	30 September 2018				
<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Purchased/ originated credit- impaired	Total
<b>Project finance loans to legal entities</b>					
Minimum credit risk	76.2	0.3	—	—	76.5
Low credit risk	533.8	18.7	—	—	552.5
Moderate credit risk	224.7	38.2	—	—	262.9
High credit risk	0.7	69.5	—	—	70.2
Default	—	—	216.4	3.8	220.2
<b>Gross carrying amount of project finance loans to legal entities</b>	<b>835.4</b>	<b>126.7</b>	<b>216.4</b>	<b>3.8</b>	<b>1,182.3</b>
Credit loss allowance	(16.4)	(15.2)	(146.4)	—	(178.0)
<b>Total project finance loans to legal entities</b>	<b>819.0</b>	<b>111.5</b>	<b>70.0</b>	<b>3.8</b>	<b>1,004.3</b>

	30 September 2018				
<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Purchased/ originated credit- impaired	Total
<b>Mortgage loans to individuals</b>					
Minimum credit risk	1,375.9	11.3	—	—	1,387.2
Low credit risk	1,958.3	88.3	—	—	2,046.6
Moderate credit risk	30.2	78.7	—	—	108.9
High credit risk	—	11.8	—	—	11.8
Default	—	—	91.1	2.3	93.4
<b>Gross carrying amount of mortgage loans to individuals</b>	<b>3,364.4</b>	<b>190.1</b>	<b>91.1</b>	<b>2.3</b>	<b>3,647.9</b>
Credit loss allowance	(32.2)	(8.1)	(37.1)	(1.0)	(78.4)
<b>Total mortgage loans to individuals</b>	<b>3,332.2</b>	<b>182.0</b>	<b>54.0</b>	<b>1.3</b>	<b>3,569.5</b>

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2018

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

	30 September 2018				
<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Purchased/ originated credit- impaired	Total
<b>Consumer and other loans to individuals</b>					
Minimum credit risk	54.4	—	—	—	54.4
Low credit risk	1,496.6	22.9	—	—	1,519.5
Moderate credit risk	220.1	32.0	—	—	252.1
High credit risk	1.6	25.9	—	—	27.5
Default	—	—	145.7	—	145.7
<b>Gross carrying amount of consumer and other loans to individuals</b>	<b>1,772.7</b>	<b>80.8</b>	<b>145.7</b>	<b>—</b>	<b>1,999.2</b>
Credit loss allowance	(30.4)	(8.1)	(102.0)	—	(140.5)
<b>Total consumer and other loans to individuals</b>	<b>1,742.3</b>	<b>72.7</b>	<b>43.7</b>	<b>—</b>	<b>1,858.7</b>

	30 September 2018				
<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Purchased/ originated credit- impaired	Total
<b>Credit cards and overdrafts to individuals</b>					
Minimum credit risk	2.4	0.4	—	—	2.8
Low credit risk	173.1	339.1	—	—	512.2
Moderate credit risk	1.6	63.1	—	—	64.7
High credit risk	—	6.4	—	—	6.4
Default	—	—	59.9	—	59.9
<b>Gross carrying amount of credit cards and overdrafts to individuals</b>	<b>177.1</b>	<b>409.0</b>	<b>59.9</b>	<b>—</b>	<b>646.0</b>
Credit loss allowance	(2.3)	(9.5)	(52.2)	—	(64.0)
<b>Total credit cards and overdrafts to individuals</b>	<b>174.8</b>	<b>399.5</b>	<b>7.7</b>	<b>—</b>	<b>582.0</b>

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2018

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

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	30 September 2018				
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Purchased/ originated credit- impaired	Total
<b>Car loans to individuals</b>					
Minimum credit risk	0.4	—	—	—	0.4
Low credit risk	111.9	—	—	—	111.9
Moderate credit risk	0.7	—	—	—	0.7
High credit risk	—	0.5	—	—	0.5
Default	—	—	8.9	—	8.9
<b>Gross carrying amount of car loans to individuals</b>	<b>113.0</b>	<b>0.5</b>	<b>8.9</b>	<b>—</b>	<b>122.4</b>
Credit loss allowance	(0.5)	(0.2)	(7.7)	—	(8.4)
<b>Total car loans to individuals</b>	<b>112.5</b>	<b>0.3</b>	<b>1.2</b>	<b>—</b>	<b>114.0</b>

The following table shows reconciliations from the opening to the closing balance of the credit loss allowance of loans and advances to customers at amortized cost. Amounts for 2017 are based on IAS 39 measurement.

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Nine months ended					
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Purchased or originated credit- impaired	30 September 2018 Total	30 September 2017 Total
<b>Total loans to customers</b>						
Credit loss allowance at 1 January	272.8	129.4	1,101.8	12.8	1,516.8	1,303.4
Transfer to 12-month ECL	50.6	(33.1)	(17.5)	—	—	—
Transfer to lifetime ECL not credit-impaired	(50.1)	81.3	(31.2)	—	—	—
Transfer to lifetime ECL credit-impaired	(5.3)	(41.4)	46.7	—	—	—
Net remeasurement of credit loss allowance	(53.9)	44.0	138.7	(2.8)	126.0	196.1
Net remeasurement of credit loss allowance of discontinued operations	0.8	22.6	4.2	—	27.6	17.9
Remeasurement of the credit loss allowance to reflect all contractually receivable interest	—	—	22.8	—	22.8	—
Write-offs	—	—	(112.7)	(0.1)	(112.8)	(121.0)
Recoveries of amounts previously written off	—	—	5.2	0.1	5.3	4.4
Other movements	(7.6)	—	—	—	(7.6)	—
Exchange differences on translating foreign operations	0.2	2.4	19.7	(2.2)	20.1	(3.3)
Disposal of subsidiaries and reclassification of discontinued operations and assets held for sale	(15.6)	(40.7)	(51.8)	—	(108.1)	(2.4)
<b>Credit loss allowance at 30 September</b>	<b>191.9</b>	<b>164.5</b>	<b>1,125.9</b>	<b>7.8</b>	<b>1,490.1</b>	<b>1,395.1</b>

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2018

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

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Three months ended					
	30 September					30 September
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Purchased or originated credit- impaired	Total	Total
<b>Total loans to customers</b>						
Credit loss allowance at 30 June	209.9	154.5	1,070.4	10.5	1,445.3	1,411.6
Transfer to 12-month ECL	18.7	(14.6)	(4.1)	—	—	—
Transfer to lifetime ECL not credit-impaired	(10.0)	15.1	(5.1)	—	—	—
Transfer to lifetime ECL credit-impaired	(2.3)	(10.7)	13.0	—	—	—
Net remeasurement of credit loss allowance	(24.8)	22.6	63.5	(2.4)	58.9	51.0
Net remeasurement of credit loss allowance of discontinued operations	—	—	—	—	—	6.8
Remeasurement of the credit loss allowance to reflect all contractually receivable interest	—	—	7.2	—	7.2	—
Write-offs	—	—	(24.1)	(0.1)	(24.2)	(66.3)
Recoveries of amounts previously written off	—	—	1.6	0.1	1.7	1.4
Exchange differences on translating foreign operations	0.4	(2.4)	3.5	(0.3)	1.2	(7.0)
Disposal of subsidiaries and reclassification of discontinued operations and assets held for sale	—	—	—	—	—	(2.4)
<b>Credit loss allowance at 30 September</b>	<b>191.9</b>	<b>164.5</b>	<b>1,125.9</b>	<b>7.8</b>	<b>1,490.1</b>	<b>1,395.1</b>

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Nine months ended					
	30 September					30 September
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Purchased or originated credit- impaired	Total	Total
<b>Commercial loans to legal entities</b>						
Credit loss allowance at 1 January	189.1	88.0	714.8	11.5	1,003.4	934.5
Transfer to 12-month ECL	32.5	(20.4)	(12.1)	—	—	—
Transfer to lifetime ECL not credit-impaired	(42.6)	70.9	(28.3)	—	—	—
Transfer to lifetime ECL credit-impaired	(4.5)	(23.7)	28.2	—	—	—
Net remeasurement of credit loss allowance	(54.9)	22.7	111.2	(2.6)	76.4	137.2
Net remeasurement of credit loss allowance of discontinued operations	0.6	22.5	3.3	—	26.4	11.2
Remeasurement of the credit loss allowance to reflect all contractually receivable interest	—	—	13.3	—	13.3	—
Write-offs	—	—	(29.4)	—	(29.4)	(61.6)
Recoveries of amounts previously written off	—	—	2.3	—	2.3	0.9
Exchange differences on translating foreign operations	(0.8)	2.3	15.2	(2.1)	14.6	(3.3)
Disposal of subsidiaries and reclassification of discontinued operations and assets held for sale	(9.3)	(38.9)	(38.0)	—	(86.2)	(0.7)
<b>Credit loss allowance at 30 September</b>	<b>110.1</b>	<b>123.4</b>	<b>780.5</b>	<b>6.8</b>	<b>1,020.8</b>	<b>1,018.2</b>

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2018

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

	Three months ended					
	30 September 2018				30 September 2017	
<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Purchased or originated credit- impaired	Total	Total
<b>Commercial loans to legal entities</b>						
Credit loss allowance at 30 June	133.9	113.9	729.4	9.3	986.5	1,020.0
Transfer to 12-month ECL	10.5	(9.4)	(1.1)	—	—	—
Transfer to lifetime ECL not credit-impaired	(7.4)	11.3	(3.9)	—	—	—
Transfer to lifetime ECL credit-impaired	(1.8)	(5.7)	7.5	—	—	—
Net remeasurement of credit loss allowance	(24.2)	15.4	48.5	(2.3)	37.4	37.3
Net remeasurement of credit loss allowance of discontinued operations	—	—	—	—	—	4.9
Remeasurement of the credit loss allowance to reflect all contractually receivable interest	—	—	4.8	—	4.8	—
Write-offs	—	—	(6.4)	—	(6.4)	(37.7)
Recoveries of amounts previously written off	—	—	0.7	—	0.7	0.6
Exchange differences on translating foreign operations	(0.9)	(2.1)	1.0	(0.2)	(2.2)	(6.2)
Disposal of subsidiaries and reclassification of discontinued operations and assets held for sale	—	—	—	—	—	(0.7)
<b>Credit loss allowance at 30 September</b>	<b>110.1</b>	<b>123.4</b>	<b>780.5</b>	<b>6.8</b>	<b>1,020.8</b>	<b>1,018.2</b>

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2018

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

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Nine months ended					
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Purchased or originated credit- impaired	30 September	30 September
					2018	2017
					Total	Total
<b>Project finance loans to legal entities</b>						
Credit loss allowance at 1 January	24.1	17.4	183.9	0.2	225.6	124.8
Transfer to 12-month ECL	7.3	(5.0)	(2.3)	—	—	—
Transfer to lifetime ECL not credit-impaired	(4.0)	5.6	(1.6)	—	—	—
Transfer to lifetime ECL credit-impaired	(0.3)	(3.9)	4.2	—	—	—
Net remeasurement of credit loss allowance	(2.4)	1.1	12.4	(0.2)	10.9	34.2
Remeasurement of the credit loss allowance to reflect all contractually receivable interest	—	—	1.5	—	1.5	—
Write-offs	—	—	(53.8)	—	(53.8)	(23.2)
Recoveries of amounts previously written off	—	—	0.1	—	0.1	0.1
Other movements	(7.6)	—	—	—	(7.6)	—
Exchange differences on translating foreign operations	0.5	0.2	2.0	—	2.7	0.2
Disposal of subsidiaries and reclassification of discontinued operations and assets held for sale	(1.2)	(0.2)	—	—	(1.4)	(0.3)
<b>Credit loss allowance at 30 September</b>	<b>16.4</b>	<b>15.2</b>	<b>146.4</b>	<b>—</b>	<b>178.0</b>	<b>135.8</b>

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Three months ended					
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Purchased or originated credit- impaired	30 September	30 September
					2018	2017
					Total	Total
<b>Project finance loans to legal entities</b>						
Credit loss allowance at 30 June	14.6	17.0	146.9	0.1	178.6	143.8
Transfer to 12-month ECL	2.0	(1.9)	(0.1)	—	—	—
Transfer to lifetime ECL not credit-impaired	(1.4)	1.4	—	—	—	—
Transfer to lifetime ECL credit-impaired	(0.3)	(1.7)	2.0	—	—	—
Net remeasurement of credit loss allowance	0.1	0.4	4.7	(0.1)	5.1	6.7
Net remeasurement of credit loss allowance of discontinued operations	—	—	—	—	—	(0.1)
Remeasurement of the credit loss allowance to reflect all contractually receivable interest	—	—	0.7	—	0.7	—
Write-offs	—	—	(7.3)	—	(7.3)	(14.2)
Recoveries of amounts previously written off	—	—	—	—	—	0.1
Exchange differences on translating foreign operations	1.4	—	(0.5)	—	0.9	(0.2)
Disposal of subsidiaries and reclassification of discontinued operations and assets held for sale	—	—	—	—	—	(0.3)
<b>Credit loss allowance at 30 September</b>	<b>16.4</b>	<b>15.2</b>	<b>146.4</b>	<b>—</b>	<b>178.0</b>	<b>135.8</b>



## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2018

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

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Nine months ended					
					30 September 2018	30 September 2017
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Purchased or originated credit- impaired	Total	Total
<b>Mortgage loans to individuals</b>						
Credit loss allowance at 1 January	27.8	7.9	41.1	1.1	77.9	46.6
Transfer to 12-month ECL	5.5	(4.0)	(1.5)	—	—	—
Transfer to lifetime ECL not credit-impaired	(0.9)	1.7	(0.8)	—	—	—
Transfer to lifetime ECL credit-impaired	(0.2)	(3.6)	3.8	—	—	—
Net remeasurement of credit loss allowance	(0.4)	6.1	(5.1)	0.1	0.7	18.4
Net remeasurement of credit loss allowance of discontinued operations	—	—	—	—	—	0.1
Remeasurement of the credit loss allowance to reflect all contractually receivable interest	—	—	0.9	—	0.9	—
Write-offs	—	—	(2.1)	(0.1)	(2.2)	(1.0)
Recoveries of amounts previously written off	—	—	0.6	—	0.6	0.2
Exchange differences on translating foreign operations	0.4	—	0.2	(0.1)	0.5	0.4
Disposal of subsidiaries and reclassification of discontinued operations and assets held for sale	—	—	—	—	—	(0.6)
<b>Credit loss allowance at 30 September</b>	<b>32.2</b>	<b>8.1</b>	<b>37.1</b>	<b>1.0</b>	<b>78.4</b>	<b>64.1</b>

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Three months ended					
					30 September 2018	30 September 2017
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Purchased or originated credit- impaired	Total	Total
<b>Mortgage loans to individuals</b>						
Credit loss allowance at 30 June	30.1	8.2	34.4	1.1	73.8	69.6
Transfer to 12-month ECL	3.0	(1.6)	(1.4)	—	—	—
Transfer to lifetime ECL not credit-impaired	(0.3)	1.0	(0.7)	—	—	—
Transfer to lifetime ECL credit-impaired	(0.1)	(1.0)	1.1	—	—	—
Net remeasurement of credit loss allowance	(0.4)	1.5	3.2	0.1	4.4	(4.5)
Remeasurement of the credit loss allowance to reflect all contractually receivable interest	—	—	0.5	—	0.5	—
Write-offs	—	—	(0.2)	(0.1)	(0.3)	(0.4)
Recoveries of amounts previously written off	—	—	0.1	—	0.1	0.1
Exchange differences on translating foreign operations	(0.1)	—	0.1	(0.1)	(0.1)	(0.1)
Disposal of subsidiaries and reclassification of discontinued operations and assets held for sale	—	—	—	—	—	(0.6)
<b>Credit loss allowance at 30 September</b>	<b>32.2</b>	<b>8.1</b>	<b>37.1</b>	<b>1.0</b>	<b>78.4</b>	<b>64.1</b>

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2018

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

	Nine months ended					Total	Total
	30 September				30 September		
	2018				2017		
<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Purchased or originated credit- impaired	Total	Total	
<b>Consumer and other loans to individuals</b>							
Credit loss allowance at 1 January	27.5	5.7	98.1	—	131.3	130.3	
Transfer to 12-month ECL	5.0	(3.4)	(1.6)	—	—	—	
Transfer to lifetime ECL not credit-impaired	(2.1)	2.5	(0.4)	—	—	—	
Transfer to lifetime ECL credit-impaired	(0.3)	(7.7)	8.0	—	—	—	
Net remeasurement of credit loss allowance	4.0	12.3	15.4	(0.1)	31.6	(2.0)	
Net remeasurement of credit loss allowance of discontinued operations	0.3	0.1	0.7	—	1.1	4.3	
Remeasurement of the credit loss allowance to reflect all contractually receivable interest	—	—	5.5	—	5.5	—	
Write-offs	—	—	(18.7)	—	(18.7)	(24.7)	
Recoveries of amounts previously written off	—	—	2.2	0.1	2.3	2.4	
Exchange differences on translating foreign operations	0.1	(0.1)	1.4	—	1.4	(0.1)	
Disposal of subsidiaries and reclassification of discontinued operations and assets held for sale	(4.1)	(1.3)	(8.6)	—	(14.0)	(0.8)	
<b>Credit loss allowance at 30 September</b>	<b>30.4</b>	<b>8.1</b>	<b>102.0</b>	<b>—</b>	<b>140.5</b>	<b>109.4</b>	

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2018

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

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Three months ended					
					30 September 2018	30 September 2017
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Purchased or originated credit- impaired	Total	Total
<b>Consumer and other loans to individuals</b>						
Credit loss allowance at 30 June	28.5	5.1	99.0	—	132.6	110.8
Transfer to 12-month ECL	3.2	(1.7)	(1.5)	—	—	—
Transfer to lifetime ECL not credit-impaired	(0.8)	1.2	(0.4)	—	—	—
Transfer to lifetime ECL credit-impaired	(0.1)	(2.9)	3.0	—	—	—
Net remeasurement of credit loss allowance	(0.4)	6.5	5.6	(0.1)	11.6	8.5
Net remeasurement of credit loss allowance of discontinued operations	—	—	—	—	—	1.3
Remeasurement of the credit loss allowance to reflect all contractually receivable interest	—	—	0.9	—	0.9	—
Write-offs	—	—	(6.9)	—	(6.9)	(10.8)
Recoveries of amounts previously written off	—	—	0.8	0.1	0.9	0.6
Exchange differences on translating foreign operations	—	(0.1)	1.5	—	1.4	(0.2)
Disposal of subsidiaries and reclassification of discontinued operations and assets held for sale	—	—	—	—	—	(0.8)
<b>Credit loss allowance at 30 September</b>	<b>30.4</b>	<b>8.1</b>	<b>102.0</b>	<b>—</b>	<b>140.5</b>	<b>109.4</b>

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2018

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

	Nine months ended				
				30 September 2018	30 September 2017
<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Total	Total
<b>Credit cards and overdrafts to individuals</b>					
Credit loss allowance at 1 January	3.7	10.2	54.0	67.9	56.5
Transfer to 12-month ECL	0.2	(0.2)	—	—	—
Transfer to lifetime ECL not credit-impaired	(0.4)	0.5	(0.1)	—	—
Transfer to lifetime ECL credit-impaired	—	(2.3)	2.3	—	—
Net remeasurement of credit loss allowance	—	1.7	6.2	7.9	9.9
Net remeasurement of credit loss allowance of discontinued operations	(0.1)	—	0.2	0.1	2.3
Remeasurement of the credit loss allowance to reflect all contractually receivable interest	—	—	1.1	1.1	—
Write-offs	—	—	(7.5)	(7.5)	(10.3)
Recoveries of amounts previously written off	—	—	—	—	0.8
Exchange differences on translating foreign operations	(0.1)	(0.1)	1.1	0.9	(0.5)
Disposal of subsidiaries and reclassification of discontinued operations and assets held for sale	(1.0)	(0.3)	(5.1)	(6.4)	—
<b>Credit loss allowance at 30 September</b>	<b>2.3</b>	<b>9.5</b>	<b>52.2</b>	<b>64.0</b>	<b>58.7</b>

	Three months ended				
				30 September 2018	30 September 2017
<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Total	Total
<b>Credit cards and overdrafts to individuals</b>					
Credit loss allowance at 30 June	2.2	10.1	53.0	65.3	57.9
Transfer to lifetime ECL not credit-impaired	(0.1)	0.2	(0.1)	—	—
Transfer to lifetime ECL credit-impaired	—	0.6	(0.6)	—	—
Net remeasurement of credit loss allowance	0.2	(1.2)	1.4	0.4	3.5
Net remeasurement of credit loss allowance of discontinued operations	—	—	—	—	0.7
Remeasurement of the credit loss allowance to reflect all contractually receivable interest	—	—	0.1	0.1	—
Write-offs	—	—	(2.9)	(2.9)	(3.1)
Exchange differences on translating foreign operations	—	(0.2)	1.3	1.1	(0.3)
<b>Credit loss allowance at 30 September</b>	<b>2.3</b>	<b>9.5</b>	<b>52.2</b>	<b>64.0</b>	<b>58.7</b>

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2018

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

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Nine months ended				
		30 September 2018		30 September 2017	
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Total	Total
<b>Car loans to individuals</b>					
Credit loss allowance at 1 January	0.6	0.2	9.9	10.7	10.7
Transfer to 12-month ECL	0.1	(0.1)	—	—	—
Transfer to lifetime ECL not credit-impaired	(0.1)	0.1	—	—	—
Transfer to lifetime ECL credit-impaired	—	(0.2)	0.2	—	—
Net remeasurement of credit loss allowance	(0.2)	0.1	(1.4)	(1.5)	(1.6)
Remeasurement of the credit loss allowance to reflect all contractually receivable interest	—	—	0.5	0.5	—
Write-offs	—	—	(1.2)	(1.2)	(0.2)
Exchange differences on translating foreign operations	0.1	0.1	(0.2)	—	—
Disposal of subsidiaries and reclassification of discontinued operations and assets held for sale	—	—	(0.1)	(0.1)	—
<b>Credit loss allowance at 30 September</b>	<b>0.5</b>	<b>0.2</b>	<b>7.7</b>	<b>8.4</b>	<b>8.9</b>

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Three months ended				
		30 September 2018		30 September 2017	
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Total	Total
<b>Car loans to individuals</b>					
Credit loss allowance at 30 June	0.6	0.2	7.7	8.5	9.5
Net remeasurement of credit loss allowance	(0.1)	—	0.1	—	(0.5)
Remeasurement of the credit loss allowance to reflect all contractually receivable interest	—	—	0.2	0.2	—
Write-offs	—	—	(0.4)	(0.4)	(0.1)
Exchange differences on translating foreign operations	—	—	0.1	0.1	—
<b>Credit loss allowance at 30 September</b>	<b>0.5</b>	<b>0.2</b>	<b>7.7</b>	<b>8.4</b>	<b>8.9</b>

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2018

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

#### Loans and advances to customers at fair value through profit or loss

The following table sets out the credit quality analysis of the Group's loans and advances to customers measured at fair value through profit or loss as at 30 September 2018 using the credit quality scale same as for loans and advances to customers at amortized cost:

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	<b>Minimum credit risk</b>	<b>Low credit risk</b>	<b>Moderate credit risk</b>	<b>High credit risk</b>	<b>Default</b>	<b>Total</b>
Commercial loans to legal entities	8.0	143.6	114.9	—	3.0	269.5
Project finance loans to legal entities	30.1	206.3	87.4	112.4	10.2	446.4
Consumer and other loans to individuals	—	—	4.2	—	—	4.2
<b>Total loans and advances to customers at fair value through profit or loss</b>	<b>38.1</b>	<b>349.9</b>	<b>206.5</b>	<b>112.4</b>	<b>13.2</b>	<b>720.1</b>

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

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2018

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

The table below shows the analysis of loans at amortized cost and credit loss allowance as at 30 September 2018:

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Gross carrying amount of loans	Credit loss allowance	Total amortized cost of loans	Credit loss allowance to gross carrying amount of loans
<b>Commercial loans to legal entities</b>				
Loans not past due	11,322.7	(602.5)	10,720.2	5.3%
Loans 1 to 90 days overdue	83.1	(52.7)	30.4	63.4%
Loans over 90 days overdue	421.0	(365.6)	55.4	86.8%
<b>Total commercial loans to legal entities</b>	<b>11,826.8</b>	<b>(1,020.8)</b>	<b>10,806.0</b>	<b>8.6%</b>
<b>Project finance loans to legal entities</b>				
Loans not past due	1,020.4	(62.6)	957.8	6.1%
Loans 1 to 90 days overdue	12.8	(3.7)	9.1	28.9%
Loans over 90 days overdue	149.1	(111.7)	37.4	74.9%
<b>Total project finance loans to legal entities</b>	<b>1,182.3</b>	<b>(178.0)</b>	<b>1,004.3</b>	<b>15.1%</b>
<b>Total loans to legal entities</b>	<b>13,009.1</b>	<b>(1,198.8)</b>	<b>11,810.3</b>	<b>9.2%</b>
<b>Mortgage loans to individuals</b>				
Loans not past due	3,550.5	(34.2)	3,516.3	1.0%
Loans 1 to 90 days overdue	45.6	(9.0)	36.6	19.7%
Loans over 90 days overdue	51.8	(35.2)	16.6	68.0%
<b>Total mortgage loans to individuals</b>	<b>3,647.9</b>	<b>(78.4)</b>	<b>3,569.5</b>	<b>2.1%</b>
<b>Consumer and other loans to individuals</b>				
Loans not past due	1,828.4	(31.2)	1,797.2	1.7%
Loans 1 to 90 days overdue	43.6	(9.5)	34.1	21.8%
Loans over 90 days overdue	127.2	(99.8)	27.4	78.5%
<b>Total consumer and other loans to individuals</b>	<b>1,999.2</b>	<b>(140.5)</b>	<b>1,858.7</b>	<b>7.0%</b>
<b>Credit cards and overdrafts to individuals</b>				
Loans not past due	564.1	(7.4)	556.7	1.3%
Loans 1 to 90 days overdue	23.9	(4.6)	19.3	19.2%
Loans over 90 days overdue	58.0	(52.0)	6.0	89.7%
<b>Total credit cards and overdrafts to individuals</b>	<b>646.0</b>	<b>(64.0)</b>	<b>582.0</b>	<b>9.9%</b>
<b>Car loans to individuals</b>				
Loans not past due	112.1	(0.4)	111.7	0.4%
Loans 1 to 90 days overdue	1.4	(0.3)	1.1	21.4%
Loans over 90 days overdue	8.9	(7.7)	1.2	86.5%
<b>Total car loans to individuals</b>	<b>122.4</b>	<b>(8.4)</b>	<b>114.0</b>	<b>6.9%</b>
<b>Total loans to individuals</b>	<b>6,415.5</b>	<b>(291.3)</b>	<b>6,124.2</b>	<b>4.5%</b>
<b>Total loans at amortized cost</b>	<b>19,424.6</b>	<b>(1,490.1)</b>	<b>17,934.5</b>	<b>7.7%</b>

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2018

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

The table below shows the analysis of loans at fair value as at 30 September 2018:

	Loans and advances at fair value through profit and loss
<i>(unaudited)</i>	
<i>in billions of Russian Roubles</i>	
<b>Commercial loans to legal entities</b>	
Loans not past due	269.3
Loans 1 to 90 days overdue	0.2
<b>Total commercial loans to legal entities</b>	<b>269.5</b>
<b>Project finance loans to legal entities</b>	
Loans not past due	436.2
Loans 1 to 90 days overdue	0.8
Loans over 90 days overdue	9.4
<b>Total project finance loans to legal entities</b>	<b>446.4</b>
<b>Total loans to legal entities</b>	<b>715.9</b>
<b>Consumer loans to individuals</b>	
Loans not past due	4.2
<b>Total consumer loans to individuals</b>	<b>4.2</b>
<b>Total loans to individuals</b>	<b>4.2</b>
<b>Total loans at fair value</b>	<b>720.1</b>

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## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2018

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

The table below shows the analysis of loans at amortized cost and provisions for loan impairment as at 31 December 2017:

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Gross carrying amount of loans	Provision for loan impairment	Total amortized cost of loans	Provision for loan impairment to gross carrying amount of loans
<b>Commercial loans to legal entities</b>				
Loans not past due	11,800.1	(564.8)	11,235.3	4.8%
Loans 1 to 90 days overdue	112.0	(35.0)	77.0	31.3%
Loans over 90 days overdue	483.3	(409.2)	74.1	84.7%
<b>Total commercial loans to legal entities</b>	<b>12,395.4</b>	<b>(1,009.0)</b>	<b>11,386.4</b>	<b>8.1%</b>
<b>Project finance loans to legal entities</b>				
Loans not past due	1,646.7	(95.0)	1,551.7	5.8%
Loans 1 to 90 days overdue	15.2	(4.8)	10.4	31.6%
Loans over 90 days overdue	117.3	(60.6)	56.7	51.7%
<b>Total project finance loans to legal entities</b>	<b>1,779.2</b>	<b>(160.4)</b>	<b>1,618.8</b>	<b>9.0%</b>
<b>Total loans to legal entities</b>	<b>14,174.6</b>	<b>(1,169.4)</b>	<b>13,005.2</b>	<b>8.2%</b>
<b>Mortgage loans to individuals</b>				
Loans not past due	3,087.0	(15.9)	3,071.1	0.5%
Loans 1 to 90 days overdue	45.5	(6.4)	39.1	14.1%
Loans over 90 days overdue	58.1	(37.4)	20.7	64.4%
<b>Total mortgage loans to individuals</b>	<b>3,190.6</b>	<b>(59.7)</b>	<b>3,130.9</b>	<b>1.9%</b>
<b>Consumer and other loans to individuals</b>				
Loans not past due	1,572.0	(20.6)	1,551.4	1.3%
Loans 1 to 90 days overdue	41.2	(6.9)	34.3	16.7%
Loans over 90 days overdue	112.7	(81.4)	31.3	72.2%
<b>Total consumer and other loans to individuals</b>	<b>1,725.9</b>	<b>(108.9)</b>	<b>1,617.0</b>	<b>6.3%</b>
<b>Credit cards and overdrafts to individuals</b>				
Loans not past due	592.1	(5.7)	586.4	1.0%
Loans 1 to 90 days overdue	31.6	(4.6)	27.0	14.6%
Loans over 90 days overdue	55.2	(46.8)	8.4	84.8%
<b>Total credit cards and overdrafts to individuals</b>	<b>678.9</b>	<b>(57.1)</b>	<b>621.8</b>	<b>8.4%</b>
<b>Car loans to individuals</b>				
Loans not past due	109.2	(0.1)	109.1	0.1%
Loans 1 to 90 days overdue	2.2	(0.3)	1.9	13.6%
Loans over 90 days overdue	9.8	(7.6)	2.2	77.6%
<b>Total car loans to individuals</b>	<b>121.2</b>	<b>(8.0)</b>	<b>113.2</b>	<b>6.6%</b>
<b>Total loans to individuals</b>	<b>5,716.6</b>	<b>(233.7)</b>	<b>5,482.9</b>	<b>4.1%</b>
<b>Total loans at amortized cost</b>	<b>19,891.2</b>	<b>(1,403.1)</b>	<b>18,488.1</b>	<b>7.1%</b>

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2018

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

**Restructured loans.** Renegotiated loan portfolio of the Group consists of “modified” and “restructured” loans. A loan is considered renegotiated if terms of the original loan contract have been changed. Restructured loans represent loans which were distressed at the moment of the renegotiation.

Information on restructured corporate loans and renegotiated loans to individuals at amortized cost as at 30 September 2018 is presented in the table below.

<i>(unaudited)</i> in billions of Russian Roubles	Commercial loans to legal entities	Project finance loans to legal entities	Mortgage loans to individuals	Consumer and other loans to individuals	Credit cards and overdrafts to individuals	Car loans to individuals	Total
Loans not past due	455.6	57.0	208.8	82.0	—	—	803.4
Loans 1 to 90 days overdue	51.5	3.2	12.1	7.3	—	—	74.1
Loans over 90 days overdue	248.0	55.7	24.3	36.2	0.7	1.3	366.2
<b>Total restructured loans before credit loss allowance</b>	<b>755.1</b>	<b>115.9</b>	<b>245.2</b>	<b>125.5</b>	<b>0.7</b>	<b>1.3</b>	<b>1,243.7</b>
Less credit loss allowance	(534.7)	(82.4)	(26.8)	(26.9)	(0.7)	(1.2)	(672.7)
<b>Total restructured loans at amortized cost as at 30 September 2018</b>	<b>220.4</b>	<b>33.5</b>	<b>218.4</b>	<b>98.6</b>	<b>—</b>	<b>0.1</b>	<b>571.0</b>

Information on restructured corporate loans and renegotiated loans to individuals at fair value as at 30 September 2018 is presented in the table below.

<i>(unaudited)</i> in billions of Russian Roubles	Commercial loans to legal entities	Total
Restructured loans at fair value through profit and loss		
Loans not past due	0.1	0.1
<b>Total restructured loans at fair value through profit and loss as at 30 September 2018</b>	<b>0.1</b>	<b>0.1</b>

Information on restructured corporate loans and renegotiated loans to individuals at amortized cost as at 31 December 2017 is presented in the table below.

<i>(unaudited)</i> in billions of Russian Roubles	Commercial loans to legal entities	Project finance loans to legal entities	Mortgage loans to individuals	Consumer and other loans to individuals	Credit cards and overdrafts to individuals	Car loans to individuals	Total
Loans not past due	533.4	48.8	163.7	48.4	—	1.5	795.8
Loans 1 to 90 days overdue	33.8	4.6	12.3	4.6	—	0.8	56.1
Loans over 90 days overdue	231.1	39.6	21.0	35.4	0.2	2.8	330.1
<b>Total restructured loans before provision for loan impairment</b>	<b>798.3</b>	<b>93.0</b>	<b>197.0</b>	<b>88.4</b>	<b>0.2</b>	<b>5.1</b>	<b>1,182.0</b>
Provision for loan impairment	(471.8)	(60.9)	(17.6)	(27.5)	(0.2)	(2.3)	(580.3)
<b>Total restructured loans at amortized cost as at 31 December 2017</b>	<b>326.5</b>	<b>32.1</b>	<b>179.4</b>	<b>60.9</b>	<b>—</b>	<b>2.8</b>	<b>601.7</b>

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2018

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

**Economic sector risk concentration.** Economic sector risk concentrations within loans and advances to customers of the Group are as follows:

<i>in billions of Russian Roubles</i>	30 September 2018 (unaudited)		31 December 2017	
	Amount	%	Amount	%
Individuals	6,419.7	31.9%	5,716.6	28.7%
Oil and gas	1,690.7	8.4%	1,754.4	8.8%
Real estate	1,623.1	8.1%	1,457.3	7.3%
Trade	1,439.2	7.1%	1,530.8	7.7%
Metallurgy	1,432.1	7.1%	1,324.7	6.7%
Food and agriculture	1,050.8	5.2%	1,097.0	5.5%
Machinery	965.4	4.8%	865.2	4.3%
Telecommunications	836.7	4.2%	822.4	4.1%
Energy	810.0	4.0%	878.4	4.4%
Transport and logistics	751.5	3.7%	636.9	3.2%
Construction	722.1	3.6%	828.3	4.2%
Chemical industry	621.9	3.1%	592.0	3.0%
Government and municipal bodies	569.7	2.8%	724.6	3.6%
Services	479.1	2.4%	827.9	4.2%
Timber industry	102.5	0.5%	92.7	0.5%
Other	630.2	3.1%	742.0	3.8%
<b>Total loans and advances to customers before credit loss allowance</b>	<b>20,144.7</b>	<b>100.0%</b>	<b>19,891.2</b>	<b>100.0%</b>

As at 30 September 2018 the Group had 20 largest groups of related corporate borrowers with aggregated loan amounts due from each of these groups exceeding RR 113.7 billion (31 December 2017: 20 largest groups of related corporate borrowers with aggregated loan amounts due from each of these groups exceeding RR 98.2 billion). The total aggregate amount of these loans was RR 5,228.9 billion or 26.0% of the total gross loan portfolio of the Group (31 December 2017: RR 4,660.4 billion or 23.4%).

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2018

### 6 Securities

<i>in billions of Russian Roubles</i>	<b>30 September 2018 (unaudited)</b>	<b>31 December 2017</b>
Securities measured at fair value through other comprehensive income - debt instruments	1,543.9	—
Securities measured at amortized cost	1,047.0	—
Securities mandatorily measured at fair value through profit or loss	496.9	84.2
Securities designated at fair value through profit or loss	2.5	429.0
Securities designated at fair value through other comprehensive income - equity instruments	0.3	—
Investment securities available-for-sale	—	1,743.7
Investment securities held-to-maturity	—	773.6
<b>Total securities</b>	<b>3,090.6</b>	<b>3,030.5</b>

#### Securities measured at fair value through other comprehensive income - debt instruments

The composition of debt securities at fair value through other comprehensive income as at 30 September 2018 is presented below:

<i>in billions of Russian Roubles</i>	<b>30 September 2018 (unaudited)</b>
Russian federal loan bonds (OFZ bonds)	749.1
Corporate bonds	350.1
Bonds of the Bank of Russia	152.3
Russian Federation Eurobonds	128.9
Foreign government and municipal bonds	115.0
Mortgage-backed securities	35.7
Russian municipal and subfederal bonds	11.4
Promissory notes	1.4
<b>Total securities measured at fair value through other comprehensive income - debt instruments</b>	<b>1,543.9</b>

#### Securities measured at amortized cost

The composition of securities measured at amortized cost as at 30 September 2018 is presented below:

<i>in billions of Russian Roubles</i>	<b>30 September 2018 (unaudited)</b>
Corporate bonds	692.7
Russian federal loan bonds (OFZ bonds)	162.4
Russian municipal and subfederal bonds	139.5
Russian Federation Eurobonds	32.8
Foreign government and municipal bonds	27.5
<b>Total securities at amortized cost before credit loss allowance</b>	<b>1,054.9</b>
Credit loss allowance	(7.9)
<b>Total securities at amortized cost</b>	<b>1,047.0</b>

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2018

### 6 Securities (continued)

#### Securities mandatorily measured at fair value through profit or loss

The composition of investment securities mandatorily measured at fair value through profit or loss as at 30 September 2018 and 31 December 2017 is presented below:

<i>in billions of Russian Roubles</i>	<b>30 September 2018 (unaudited)</b>	<b>31 December 2017</b>
Russian federal loan bonds (OFZ bonds)	253.4	14.5
Corporate bonds	154.5	35.0
Bonds of the Bank of Russia	10.1	—
Russian Federation Eurobonds	1.3	9.7
Foreign government and municipal bonds	1.2	1.3
Russian municipal and subfederal bonds	0.7	0.1
<b>Total debt securities mandatorily measured at fair value through profit or loss</b>	<b>421.2</b>	<b>60.6</b>
Corporate shares	61.1	23.5
Investments in mutual funds	14.6	0.1
<b>Total securities mandatorily measured at fair value through profit or loss</b>	<b>496.9</b>	<b>84.2</b>

#### Investment securities available-for-sale

The composition of investment securities available-for-sale as at 31 December 2017 is presented below:

<i>in billions of Russian Roubles</i>	<b>31 December 2017</b>
Russian federal loan bonds (OFZ bonds)	897.9
Corporate bonds	393.1
Russian Federation Eurobonds	192.1
Foreign government and municipal bonds	161.0
Mortgage-backed securities	45.6
Russian municipal and subfederal bonds	12.0
Bonds of the Bank of Russia	10.2
Promissory notes	1.4
<b>Total debt investment securities available-for-sale</b>	<b>1,713.3</b>
Corporate shares	30.4
<b>Total investment securities available-for-sale</b>	<b>1,743.7</b>

#### Investment securities held-to-maturity

The composition of investment securities held-to-maturity as at 31 December 2017 is presented below:

<i>in billions of Russian Roubles</i>	<b>31 December 2017</b>
Corporate bonds	481.5
Russian municipal and subfederal bonds	108.6
Russian federal loan bonds (OFZ bonds)	88.2
Foreign government and municipal bonds	63.9
Russian Federation Eurobonds	32.6
<b>Total investment securities held-to-maturity before provision for impairment</b>	<b>774.8</b>
Less provision for impairment	(1.2)
<b>Total investment securities held-to-maturity</b>	<b>773.6</b>

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2018

### 6 Securities (continued)

#### Securities designated at fair value through profit or loss

The composition of securities designated at fair value through profit or loss as at 30 September 2018 and 31 December 2017 is presented below:

<i>in billions of Russian Roubles</i>	30 September 2018 (unaudited)	31 December 2017
Foreign government and municipal bonds	2.5	2.5
Corporate bonds	—	220.6
Russian federal loan bonds (OFZ bonds)	—	164.0
Russian municipal and subfederal bonds	—	1.4
Russian Federation Eurobonds	—	0.5
<b>Total debt securities designated at fair value through profit or loss</b>	<b>2.5</b>	<b>389.0</b>
Investments in mutual funds	—	11.2
Corporate shares	—	28.8
<b>Total securities designated at fair value through profit or loss</b>	<b>2.5</b>	<b>429.0</b>

### 7 Financial Instruments Pledged under Repurchase Agreements

<i>in billions of Russian Roubles</i>	30 September 2018 (unaudited)	31 December 2017
Securities measured at fair value through other comprehensive income - debt instruments	505.8	—
Securities measured at amortized cost	4.8	—
Securities mandatorily measured at fair value through profit or loss	0.6	0.4
Investment securities available-for-sale pledged under repurchase agreements	—	224.7
Investment securities held-to-maturity pledged under repurchase agreements	—	33.8
<b>Total financial instruments pledged under repurchase agreements</b>	<b>511.2</b>	<b>258.9</b>

#### Securities measured at fair value through other comprehensive income pledged under repurchase agreements - debt instruments

The composition of debt securities measured at fair value through other comprehensive income pledged under repurchase agreements as at 30 September 2018 is presented below:

<i>in billions of Russian Roubles</i>	30 September 2018 (unaudited)
Russian federal loan bonds (OFZ bonds)	436.0
Russian Federation Eurobonds	68.5
Foreign government and municipal bonds	0.8
Corporate bonds	0.5
<b>Total securities measured at fair value through other comprehensive income pledged under repurchase agreements - debt instruments</b>	<b>505.8</b>

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2018

### 7 Financial Instruments Pledged under Repurchase Agreements (continued)

#### Investment securities available-for-sale pledged under repurchase agreements

The composition of investment securities available-for-sale pledged under repurchase agreements as at 31 December 2017 is presented below:

<i>in billions of Russian Roubles</i>	<b>31 December 2017</b>
Russian federal loan bonds (OFZ bonds)	176.8
Foreign government and municipal bonds	44.2
Corporate bonds	3.6
Russian Federation Eurobonds	0.1
<b>Total investment securities available-for-sale pledged under repurchase agreements</b>	<b>224.7</b>

### 8 Disposal Groups and Non-current Assets Held for Sale

<i>in billions of Russian Roubles</i>	<b>30 September 2018 (unaudited)</b>	<b>31 December 2017</b>
Assets of discontinued operations	2,312.9	—
Non-current assets held for sale	7.5	10.4
Assets of the disposal groups	0.2	0.1
<b>Total assets of the disposal groups and non-current assets held for sale</b>	<b>2,320.6</b>	<b>10.5</b>
Liabilities of discontinued operations	2,021.1	—
Liabilities of the disposal groups	0.2	—
<b>Total liabilities of the disposal groups</b>	<b>2,021.3</b>	<b>—</b>

Assets and liabilities of discontinued operations consist of assets and liabilities of Denizbank. In May 2018 Sberbank and Emirates NBD Bank PJSC (“Emirates NBD”) signed a definitive agreement whereby Sberbank will sell its entire 99.85% stake in Denizbank for TRY 14.6 billion under a locked box mechanism. The price is based on the Denizbank consolidated equity as at 31 October 2017. In addition Emirates NBD will pay interest on the consideration for the period between 31 October 2017 and the transaction closing. The consideration is settled in US Dollars and the documentation includes hedging element for the TRY/US Dollar exchange rate to be determined within a narrow range. Therefore impact of changes in TRY/US Dollar exchange rates on the US Dollars amount of consideration to be received is insignificant. As part of the transaction Emirates NBD will acquire from Sberbank at nominal value Denizbank’s subordinated debt previously provided by Sberbank. Upon closing of the transaction, Sberbank will cease to be a shareholder in Denizbank. The closing of the transaction is subject to regulatory approval in Turkey, Russia, the United Arab Emirates (UAE) and other relevant jurisdictions where Denizbank operates. The transaction is expected to close at the end of 2018 – beginning of 2019.

Starting from May 2018 Denizbank is considered as discontinued operations. The comparative interim consolidated statements of profit or loss and interim consolidated statements of comprehensive income have been reclassified to show the discontinued operations separately from continuing operations (Refer to Note 4). The cash flows related to the discontinued operations are separately presented in this Note. The business of Denizbank is presented within “Other countries” geographical segment in these interim condensed consolidated financial statements.

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2018

### 8 Disposal Groups and Non-current Assets Held for Sale (continued)

The table below shows the assets and liabilities of Denizbank as at 30 September 2018.

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	<b>DenizBank</b> <b>30 September 2018</b>
<b>ASSETS</b>	
Cash and cash equivalents	232.0
Mandatory cash balances with central banks	138.0
Due from banks	28.3
Loans and advances to customers	1,628.5
Securities	120.8
Financial instruments pledged under repurchase agreements	28.7
Derivative financial assets	42.9
Deferred tax asset	27.6
Premises and equipment	10.6
Other assets	55.5
<b>Total assets of discontinued operations</b>	<b>2,312.9</b>
<b>LIABILITIES</b>	
Due to banks	28.1
Due to individuals	1,146.0
Due to corporate customers	477.0
Debt securities in issue	44.0
Other borrowed funds	209.8
Derivative financial liabilities and obligations to deliver securities	38.7
Deferred tax liability	5.6
Other liabilities	71.9
<b>Total liabilities of discontinued operations</b>	<b>2,021.1</b>



## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2018

### 8 Disposal Groups and Non-current Assets Held for Sale (continued)

The results of Denizbank for the nine months ended 30 September 2018 and 30 September 2017 and for the three months ended 30 September 2018 and 30 September 2017 are presented in the table below:

<i>(unaudited)</i> in billions of Russian Roubles	Nine months ended 30 September		Denizbank Three months ended 30 September	
	2018	2017	2018	2017
Interest income calculated using the effective interest method and other interest income	170.7	150.8	58.0	54.6
Interest expense calculated using the effective interest method, other interest expense and deposit insurance expenses	(96.9)	(73.1)	(35.2)	(27.9)
<b>Net interest income</b>	<b>73.8</b>	<b>77.7</b>	<b>22.8</b>	<b>26.7</b>
Fee and commission income	33.3	25.4	11.9	9.1
Fee and commission expense	(9.9)	(6.4)	(3.5)	(2.6)
<b>Net fee and commission income</b>	<b>23.4</b>	<b>19.0</b>	<b>8.4</b>	<b>6.5</b>
Net other operating income, expenses and charges	(89.4)	(68.9)	(21.4)	(24.3)
Income tax (expense) / credit	(2.8)	(3.8)	1.2	(1.1)
<b>Profit for the period from discontinued operations</b>	<b>5.0</b>	<b>24.0</b>	<b>11.0</b>	<b>7.8</b>
<b>Earnings per ordinary share based on profit from discontinued operations attributable to the shareholders of the Bank, basic and diluted</b> (expressed in RR per share)	<b>0.23</b>	<b>1.12</b>	<b>0.51</b>	<b>0.37</b>
<b>Total other comprehensive loss from discontinued operations to be reclassified to profit or loss in subsequent periods, net of tax</b>	<b>(50.0)</b>	<b>(6.2)</b>	<b>(28.7)</b>	<b>(6.3)</b>
<b>Total comprehensive (loss) / income for the period from discontinued operations, attributable to shareholders of the Bank</b>	<b>(45.0)</b>	<b>17.8</b>	<b>(17.7)</b>	<b>1.5</b>

The cash flows from / (used in) discontinued operations of Denizbank for the nine months ended 30 September 2018 and 30 September 2017 are presented below:

<i>(unaudited)</i> in billions of Russian Roubles	Nine months ended 30 September	
	2018	2017
Cash flows from operating activities	75.4	18.8
Cash flows used in investing activities	(3.6)	(2.3)
Cash flows used in financing activities	(10.8)	(10.3)
<b>Total cash flows from discontinued operations</b>	<b>61.0</b>	<b>6.2</b>
Effect of exchange rate changes on cash and cash equivalents	(26.4)	(2.6)

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2018

### 9 Other Assets

	30 September 2018 (unaudited)	31 December 2017
<i>in billions of Russian Roubles</i>		
<b>Other financial assets</b>		
Receivables on bank cards settlements	75.3	102.0
Investments in associates and joint ventures	42.9	8.8
Settlements on foreign exchange operations	32.3	29.2
Margin calls transferred	28.2	49.1
Funds in settlement	20.7	5.4
Trade receivables	20.4	20.7
Settlements on operations with securities	13.7	5.7
Accrued fees and commissions	13.3	18.0
Receivables from Deposit Insurance Agency	11.3	7.2
Restricted cash balances	2.1	2.8
Other	11.5	10.1
<b>Total other financial assets before credit loss allowance</b>	<b>271.7</b>	<b>259.0</b>
Less credit loss allowance	(8.8)	(5.9)
<b>Total other financial assets after credit loss allowance</b>	<b>262.9</b>	<b>253.1</b>
<b>Other non-financial assets</b>		
Inventory	99.5	99.1
Intangible assets	79.9	76.0
Prepayments for premises and other assets	71.4	42.8
Precious metals	29.4	41.1
Prepayment on income tax	13.3	2.2
Goodwill	7.5	10.0
Tax settlements (other than on income tax)	6.7	7.3
Investment property	5.4	7.7
Prepaid expenses	2.3	10.3
Other	43.1	40.2
<b>Total other non-financial assets before provision for impairment</b>	<b>358.5</b>	<b>336.7</b>
Less provision for impairment of other non-financial assets	(12.8)	(12.5)
<b>Total other non-financial assets after provision for impairment</b>	<b>345.7</b>	<b>324.2</b>
<b>Total other assets</b>	<b>608.6</b>	<b>577.3</b>

In April 2018 Sberbank and Yandex closed the deal on the set up of a joint venture, Yandex.Market B.V., based on the Yandex.Market platform. At closing, the joint venture is valued at RR 60.0 billion with two parties owning equal stakes. Sberbank invested RR 30.0 billion in the joint venture. Ten percent of the joint venture's shares will be reserved for future equity awards for management and employees of Yandex.Market. The parties intend to combine the technological capabilities of Yandex and the infrastructure and technologies of Sberbank to develop a leading B2C eCommerce ecosystem.

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2018

### 10 Due to Individuals and Corporate Customers

	30 September 2018 (unaudited)	31 December 2017
<i>in billions of Russian Roubles</i>		
<b>Individuals:</b>		
- Current/demand accounts	2,996.2	3,052.2
- Term deposits	9,609.3	10,366.1
- Direct repo agreements	—	2.0
<b>Total due to individuals</b>	<b>12,605.5</b>	<b>13,420.3</b>
<b>State and public organizations:</b>		
- Current/settlement accounts	156.5	181.5
- Term deposits	705.5	180.9
- Direct repo agreements	323.2	—
<b>Total due to state and public organizations</b>	<b>1,185.2</b>	<b>362.4</b>
<b>Other corporate customers:</b>		
- Current/settlement accounts	2,202.6	2,023.3
- Term deposits	3,893.7	3,955.0
- Direct repo agreements	1.1	53.2
<b>Total due to other corporate customers</b>	<b>6,097.4</b>	<b>6,031.5</b>
<b>Total due to corporate customers</b>	<b>7,282.6</b>	<b>6,393.9</b>
<b>Total due to individuals and corporate customers</b>	<b>19,888.1</b>	<b>19,814.2</b>

As at 30 September 2018 included in due to corporate customers are deposits of RR 141.5 billion (31 December 2017: RR 121.6 billion) held as collateral for irrevocable commitments under import letters of credit. Refer to Note 20.

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2018

### 11 Other Liabilities

	30 September 2018 (unaudited)	31 December 2017
<i>in billions of Russian Roubles</i>		
<b>Provisions on insurance and pension fund operations</b>		
Provisions on pension fund operations	592.4	492.2
Provisions on insurance operations	282.2	189.4
Provision on unearned premium	8.7	6.5
<b>Total provisions on insurance and pension fund operations</b>	<b>883.3</b>	<b>688.1</b>
<b>Other financial liabilities</b>		
Accrued employee benefit costs	88.8	43.6
Payables on bank card settlements	50.5	66.0
Payables	46.9	43.3
Funds in settlement	32.7	57.8
Margin calls received	29.3	26.1
Settlements on operations with securities	21.9	4.0
Deposit insurance system fees payable	18.6	14.4
Other	34.5	34.7
<b>Total other financial liabilities</b>	<b>323.2</b>	<b>289.9</b>
<b>Other non-financial liabilities</b>		
Credit loss allowance for credit related commitments and provision for other contingencies and commitments	40.5	27.9
Taxes payable other than on income	33.9	25.1
Advances received	18.9	25.8
Deferred commissions received on guarantees issued	2.7	3.0
Income tax payable	1.0	10.0
Other	2.2	8.6
<b>Total other non-financial liabilities</b>	<b>99.2</b>	<b>100.4</b>
<b>Total other liabilities</b>	<b>1,305.7</b>	<b>1,078.4</b>

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2018

### 12 Interest Income and Expense

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Nine months ended 30 September		Three months ended 30 September	
	2018	2017	2018	2017
<b>Interest income calculated using the effective interest method</b>				
<b>Interest income on debt financial assets measured at amortized cost:</b>				
- Loans and advances to customers measured at amortized cost	1,324.9	1,360.4	455.7	462.5
- Debt securities measured at amortized cost (2017: Debt investment securities held-to-maturity)	49.7	30.2	18.1	11.3
- Due from banks measured at amortized cost	24.6	75.7	7.2	25.1
- Cash and cash equivalents measured at amortized cost	4.9	6.6	1.7	2.2
	<b>1,404.1</b>	<b>1,472.9</b>	<b>482.7</b>	<b>501.1</b>
<b>Interest income on debt financial assets measured at fair value through other comprehensive income:</b>				
- Debt securities measured at fair value through other comprehensive income (2017: Debt investment securities available-for-sale)	100.7	88.1	35.7	31.1
	<b>100.7</b>	<b>88.1</b>	<b>35.7</b>	<b>31.1</b>
<b>Total interest income calculated using the effective interest method</b>	<b>1,504.8</b>	<b>1,561.0</b>	<b>518.4</b>	<b>532.2</b>
<b>Other interest income:</b>				
- Loans and advances to customers at fair value through profit or loss	46.3	—	16.1	—
- Due from banks at fair value through profit or loss	37.6	—	14.1	—
- Securities at fair value through profit or loss (2017: Debt trading securities and debt securities designated as at fair value through profit or loss)	25.3	25.7	9.1	8.6
<b>Total other interest income</b>	<b>109.2</b>	<b>25.7</b>	<b>39.3</b>	<b>8.6</b>
<b>Interest expense on financial liabilities calculated using the effective interest method</b>				
<b>Interest expense on financial liabilities measured at amortized cost:</b>				
- Due to individuals - term deposits - measured at amortized cost	(279.2)	(326.1)	(90.4)	(102.7)
- Due to corporate customers - term deposits - measured at amortized cost	(95.0)	(82.2)	(39.1)	(27.8)
- Debt securities in issue measured at amortized cost	(45.1)	(43.9)	(16.4)	(13.6)
- Subordinated debt measured at amortized cost	(32.8)	(32.6)	(11.4)	(11.1)
- Due to corporate customers - current/settlement accounts - measured at amortized cost	(25.2)	(36.2)	(8.8)	(11.4)
- Due to individuals - current/demand accounts - measured at amortized cost	(18.1)	(14.6)	(6.3)	(4.8)
- Due to banks measured at amortized cost	(6.6)	(16.1)	(1.2)	(6.6)
- Other borrowed funds measured at amortized cost	(0.4)	(1.0)	(0.1)	(0.3)
<b>Total interest expense calculated using the effective interest method</b>	<b>(502.4)</b>	<b>(552.7)</b>	<b>(173.7)</b>	<b>(178.3)</b>
<b>Other interest expense:</b>				
- Due to banks measured at fair value through profit or loss	(13.6)	—	(5.4)	—
- Obligation to deliver securities	(1.2)	(1.3)	(0.4)	(0.4)
- Other	(0.3)	—	(0.3)	—
<b>Total other interest expense</b>	<b>(15.1)</b>	<b>(1.3)</b>	<b>(6.1)</b>	<b>(0.4)</b>
<b>Deposit insurance expenses</b>	<b>(54.7)</b>	<b>(41.2)</b>	<b>(18.6)</b>	<b>(13.9)</b>
<b>Net interest income</b>	<b>1,041.8</b>	<b>991.5</b>	<b>359.3</b>	<b>348.2</b>

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2018

### 13 Fee and Commission Income and Expense

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Nine months ended 30 September		Three months ended 30 September	
	2018	2017	2018	2017
<b>Fee and commission income</b>				
Operations with banking cards:				
- Acquiring, commissions of payment systems and other similar commissions	164.7	120.4	60.5	45.3
- Service fees	43.0	36.8	15.4	13.8
- Other	3.2	0.6	1.2	0.2
Cash and settlements transactions	145.0	125.4	51.1	44.4
Client operations with foreign currencies and precious metals	34.8	26.4	13.4	10.3
Documentary and other credit related commitments commissions	19.9	15.0	6.0	5.4
Agent commissions	7.0	6.1	3.1	3.7
Securities and commodities brokerage, custodian and investment banking (including syndications) commissions	5.2	2.8	1.9	0.7
Other	6.1	5.4	1.7	2.2
<b>Total fee and commission income</b>	<b>428.9</b>	<b>338.9</b>	<b>154.3</b>	<b>126.0</b>
<b>Fee and commission expense</b>				
Operations with banking cards:				
- Commissions to payment systems and other similar commissions	(66.8)	(46.2)	(24.9)	(17.1)
- Loyalty programs	(22.7)	(17.8)	(8.1)	(6.6)
- Other	(6.2)	(4.0)	(2.3)	(1.8)
Settlement transactions	(4.4)	(3.8)	(1.6)	(1.7)
Client operations with foreign currencies	(0.2)	(0.3)	—	(0.1)
Other	(5.9)	(2.8)	(2.8)	(1.3)
<b>Total fee and commission expense</b>	<b>(106.2)</b>	<b>(74.9)</b>	<b>(39.7)</b>	<b>(28.6)</b>
<b>Net fee and commission income</b>	<b>322.7</b>	<b>264.0</b>	<b>114.6</b>	<b>97.4</b>

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2018

### 14 Net gains / (losses) from derivatives, trading in foreign currencies, foreign exchange and precious metals accounts translation

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Nine months ended 30 September		Three months ended 30 September	
	2018	2017	2018	2017
Net gains from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation:				
- Net foreign exchange translation gains / (losses)	18.4	(25.4)	16.6	(6.7)
- Net gains / (losses) from operations with foreign currency and foreign currency interest rate derivatives	14.3	30.5	(4.9)	3.0
- Net gains from trading in foreign currencies	14.0	10.9	5.7	3.9
Net gains from operations with precious metals, precious metals derivatives and precious metals accounts translation	1.0	5.5	0.1	4.2
Net (losses) / gains from operations with other derivatives	(2.7)	2.4	2.1	1.3
<b>Total net gains from derivatives, trading in foreign currencies, foreign exchange and precious metals accounts translation</b>	<b>45.0</b>	<b>23.9</b>	<b>19.6</b>	<b>5.7</b>

### 15 Staff and Administrative Expenses

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Nine months ended 30 September		Three months ended 30 September	
	2018	2017	2018	2017
Staff costs	283.8	273.2	92.6	88.9
Depreciation of premises and equipment	34.2	28.7	12.7	10.4
Administrative expenses	24.4	22.7	9.0	9.1
Taxes other than on income	24.4	23.5	8.6	9.5
Repairs and maintenance of premises and equipment	23.3	21.7	9.5	8.2
Operating lease expenses	19.4	19.6	6.5	6.6
Amortization of intangible assets	15.1	13.1	5.5	4.4
Telecommunication expenses	14.6	13.7	5.3	5.2
Consulting and assurance services	6.5	5.7	2.6	2.3
Advertising and marketing services	4.4	2.6	2.0	1.1
Other	6.1	7.0	2.5	1.7
<b>Total staff and administrative expenses</b>	<b>456.2</b>	<b>431.5</b>	<b>156.8</b>	<b>147.4</b>

For the nine months ended 30 September 2018 expenses for defined benefit pension contribution plans amounted to RR 40.4 billion (for the nine months ended 30 September 2017: RR 40.8 billion). For the three months ended 30 September 2018 expenses for defined benefit pension contribution plans amounted to RR 12.6 billion (for the three months ended 30 September 2017: RR 13.5 billion).

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2018

### 16 Earnings per Share and Dividends

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

Earnings per ordinary share based on profit for the period attributable to the shareholders of the Bank, basic and diluted, are calculated in the table below.

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Nine months ended 30 September		Three months ended 30 September	
	2018	2017	2018	2017
Profit for the period attributable to the shareholders of the Bank	655.6	576.0	228.2	222.4
Less preference dividends declared	(11.7)	(5.8)	—	—
<b>Profit attributable to the ordinary shareholders of the Bank</b>	<b>643.9</b>	<b>570.2</b>	<b>228.2</b>	<b>222.4</b>
Weighted average number of ordinary shares in issue (billions)	21.5	21.5	21.5	21.5
<b>Earnings per ordinary share based on profit for the period attributable to the shareholders of the Bank, basic and diluted (expressed in RR per share)</b>	<b>29.91</b>	<b>26.48</b>	<b>10.60</b>	<b>10.33</b>

Earnings per ordinary share based on profit from continuing operations attributable to the shareholders of the Bank, basic and diluted, are calculated in the table below.

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Nine months ended 30 September		Three months ended 30 September	
	2018	2017	2018	2017
Profit from continuing operations attributable to the shareholders of the Bank	650.6	552.0	217.2	214.6
Less preference dividends declared	(11.7)	(5.8)	—	—
<b>Profit from continuing operations attributable to the ordinary shareholders of the Bank</b>	<b>638.9</b>	<b>546.2</b>	<b>217.2</b>	<b>214.6</b>
Weighted average number of ordinary shares in issue (billions)	21.5	21.5	21.5	21.5
<b>Earnings per ordinary share based on profit from continuing operations attributable to the shareholders of the Bank, basic and diluted (expressed in RR per share)</b>	<b>29.68</b>	<b>25.36</b>	<b>10.09</b>	<b>9.96</b>



## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2018

### 16 Earnings per Share and Dividends (continued)

On 8 June 2018, the Annual General Shareholders' Meeting of the Bank declared dividends of RR 271.0 billion for 2017 (including RR 0.9 billion of ordinary dividends and RR 0.3 billion of preference dividends attributable to the subsidiaries of the Bank). On 26 May 2017, the Annual General Shareholders' Meeting of the Bank declared dividends of RR 135.5 billion for 2016 (including RR 0.4 billion of ordinary dividends and RR 0.2 billion of preference dividends attributable to the subsidiaries of the Bank).

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Nine months ended 30 September 2018		Nine months ended 30 September 2017	
	Ordinary	Preference	Ordinary	Preference
Dividends payable as at 1 January	0.5	0.1	0.3	0.1
Dividends declared during the period	258.1	11.7	129.1	5.8
Dividends paid during the period	(257.0)	(11.5)	(128.9)	(5.8)
<b>Dividends payable as at 30 September</b>	<b>1.6</b>	<b>0.3</b>	<b>0.5</b>	<b>0.1</b>
<b>Dividends per share declared during the period (expressed in RR per share)</b>	<b>12.00</b>	<b>12.00</b>	<b>6.00</b>	<b>6.00</b>

### 17 Other Reserves

<i>in billions of Russian Roubles</i>	Note	Attributable to shareholders of the Bank					Total
		Revaluation reserve for office premises	Fair value reserve for investment securities available-for-sale	Fair value reserve for debt instruments measured at FVOCI	Foreign currency translation reserve	Remeasurement of defined benefit pension plans	
<b>Balance as at 31 December 2016</b>		66.9	24.0	—	(19.8)	(1.1)	70.0
<b>Changes in equity for the nine months ended 30 September 2017 (unaudited)</b>							
Transfer of revaluation reserve for office premises upon disposal or depreciation		(2.1)	—	—	—	—	(2.1)
Other comprehensive (loss) / income for the period		(0.6)	8.2	—	(2.2)	0.2	5.6
<b>Balance as at 30 September 2017 (unaudited)</b>		<b>64.2</b>	<b>32.2</b>	<b>—</b>	<b>(22.0)</b>	<b>(0.9)</b>	<b>73.5</b>
<b>Balance as at 31 December 2017</b>		<b>60.8</b>	<b>35.3</b>	<b>—</b>	<b>(26.4)</b>	<b>(1.3)</b>	<b>68.4</b>
<b>Impact of adopting IFRS 9 as at 1 January 2018 (unaudited)</b>	4	<b>—</b>	<b>(35.3)</b>	<b>28.2</b>	<b>—</b>	<b>—</b>	<b>(7.1)</b>
<b>Restated balance as at 1 January 2018 (unaudited)</b>		<b>60.8</b>	<b>—</b>	<b>28.2</b>	<b>(26.4)</b>	<b>(1.3)</b>	<b>61.3</b>
<b>Changes in equity for the nine months ended 30 September 2018 (unaudited)</b>							
Transfer of revaluation reserve for office premises upon disposal or depreciation		(2.3)	—	—	—	—	(2.3)
Other comprehensive loss for the period		(0.8)	—	(58.2)	(31.3)	(1.1)	(91.4)
<b>Balance as at 30 September 2018 (unaudited)</b>		<b>57.7</b>	<b>—</b>	<b>(30.0)</b>	<b>(57.7)</b>	<b>(2.4)</b>	<b>(32.4)</b>

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2018

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### 18 Segment Analysis

For the purposes of management the Group is divided into operating segments of activity – Central head office, 12 regional head offices and subsidiaries – which are defined on the basis of organizational structure of the Group and geographical areas. The principal activity of all operating segments is banking operations. For the purposes of presentation in these interim condensed consolidated financial statements the operating segments are aggregated in the following reportable segments:

- **Moscow, including:**
  - Central head office of the Group,
  - Regional head office of Moscow,
  - Subsidiaries of the Group located in the region.
  
- **Central and Northern regions of European part of Russia, including:**

Regional head offices:

  - Severo-Zapadny – Saint-Petersburg,
  - Tsentralno-Chernozemny – Voronezh,
  - Srednerussky – Moscow;

Subsidiaries of the Group located in the region.
  
- **Volga region and South of European part of Russia, including:**

Regional head offices:

  - Volgo-Vyatsky – Nizhniy Novgorod,
  - Povolzhsky – Samara,
  - Yugo-Zapadny – Rostov-on-Don;

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

Regional head offices:

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

Subsidiaries of the Group located in the region.
  
- **Other countries, including:**
  - Subsidiaries located in Turkey,
  - Subsidiaries located in Ukraine, Kazakhstan, Belarus,
  - Subsidiaries located in Austria and Switzerland,
  - Subsidiaries of Sberbank Europe AG located in Central and Eastern Europe,
  - CIB group companies located in the USA, the United Kingdom, Cyprus and certain other jurisdictions,
  - A branch office in India,
  - Representative offices in Germany and China.

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

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

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2018

### 18 Segment Analysis (continued)

The activity of each subsidiary is controlled by the Group integrally.

Segment reporting of the Group's assets and liabilities as at 30 September 2018 is as follows:

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	<b>Moscow</b>	<b>Central and Northern regions of European part of Russia</b>	<b>Volga region and South of European part of Russia</b>	<b>Ural, Siberia and Far East of Russia</b>	<b>Other countries</b>	<b>Total</b>
Total assets	14,801.3	3,712.8	3,133.4	3,520.2	4,022.9	<b>29,190.6</b>
Total liabilities	10,724.4	4,646.4	3,603.2	3,564.9	3,205.3	<b>25,744.2</b>

Segment reporting of the Group's assets and liabilities as at 31 December 2017 is as follows:

<i>in billions of Russian Roubles</i>	<b>Moscow</b>	<b>Central and Northern regions of European part of Russia</b>	<b>Volga region and South of European part of Russia</b>	<b>Ural, Siberia and Far East of Russia</b>	<b>Other countries</b>	<b>Total</b>
Total assets	12,812.1	3,313.6	3,189.6	3,451.8	4,222.8	<b>26,989.9</b>
Total liabilities	8,879.1	4,623.2	3,547.0	3,454.3	3,244.9	<b>23,748.5</b>

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2018

### 18 Segment Analysis (continued)

Reconciliation of total assets and total liabilities as per the reportable segments with the Group's total assets and total liabilities under IFRS as at 30 September 2018 and 31 December 2017 is as follows:

<i>in billions of Russian Roubles</i>	30 September 2018 (unaudited)		31 December 2017	
	Total assets	Total liabilities	Total assets	Total liabilities
<b>Total segment assets and liabilities</b>	<b>29,190.6</b>	<b>25,744.2</b>	<b>26,989.9</b>	<b>23,748.5</b>
Difference in netting sets	(5.0)	(5.0)	0.7	0.7
Adjustment to staff expenses accrued (bonuses, annual leave, pension liabilities)	—	1.4	—	0.1
Adjustment of credit loss allowance for debt financial assets	(30.4)	—	75.8	—
Accounting for derivatives at fair value	7.6	(4.7)	(1.4)	11.5
Accounting for loans by effective rate method	61.0	—	(8.5)	—
Write-down of low value assets	(10.4)	—	(10.0)	—
Adjustment of other provisions	198.9	—	157.1	—
Adjustment of depreciation and initial cost or revalued amount of premises and equipment	4.4	—	(0.5)	—
Accounting for financial contracts with embedded derivatives	(0.2)	—	(1.0)	—
Accounting for financing by the effective rate method and early redemption of debt securities in issue	(116.1)	(117.2)	(81.1)	(78.5)
Accrual of expenses on customer loyalty programs	—	2.6	—	0.7
Currency translation of investments in subsidiaries and associates	(3.3)	—	(3.3)	—
Adjustment for credit related commitments provision	—	(60.4)	—	(41.6)
Adjustment for legal claims provision	—	4.4	—	1.1
Commission income adjustment	9.3	2.7	7.3	2.6
Reclassification of securities between portfolios	(0.3)	(1.0)	—	—
Adjustment for recognition of securities on trade date	0.4	0.4	—	—
Accounting for mortgage loans securitisation	2.8	2.7	3.9	3.9
Adjustment for deferred tax	(25.1)	14.0	(2.7)	23.9
Accounting for loans at fair value	(16.5)	—	—	—
Effect of initial recognition of financial instruments at fair value	(15.7)	(0.1)	(5.0)	(1.6)
Other	(4.1)	3.2	(9.0)	4.9
<b>The Group's total assets/liabilities under IFRS</b>	<b>29,247.9</b>	<b>25,587.2</b>	<b>27,112.2</b>	<b>23,676.2</b>

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2018

### 18 Segment Analysis (continued)

Segment reporting of the Group's income and expenses for the nine months ended 30 September 2018 is as follows:

<i>(unaudited)</i> <i>in billions of Russian</i> <i>Roubles</i>	<b>Moscow</b>	<b>Central and Northern regions of European part of Russia</b>	<b>Volga region and South of European part of Russia</b>	<b>Ural, Siberia and Far East of Russia</b>	<b>Other countries</b>	<b>Inter- company eliminations</b>	<b>Total</b>
Interest income	785.3	284.8	264.6	290.6	235.2	(61.4)	<b>1,799.1</b>
Interest expense	(305.4)	(126.4)	(92.9)	(88.6)	(131.5)	59.9	<b>(684.9)</b>
Intersegment income / (expense)	94.5	(30.8)	(31.5)	(32.2)	—	—	—
<b>Net interest income</b>	<b>574.4</b>	<b>127.6</b>	<b>140.2</b>	<b>169.8</b>	<b>103.7</b>	<b>(1.5)</b>	<b>1,114.2</b>
Net fee and commission income	36.1	100.3	89.2	93.6	37.3	(18.7)	<b>337.8</b>
Net trading income	(8.0)	0.7	0.7	0.7	2.3	0.9	<b>(2.7)</b>
Other net operating gains/(losses)	24.4	(5.2)	(14.0)	(6.0)	(7.1)	(12.3)	<b>(20.2)</b>
<b>Net operating income before credit loss allowance</b>	<b>626.9</b>	<b>223.4</b>	<b>216.1</b>	<b>258.1</b>	<b>136.2</b>	<b>(31.6)</b>	<b>1,429.1</b>
Net credit loss allowance charge for debt financial assets	(38.0)	(21.4)	(21.7)	(24.6)	(71.2)	13.8	<b>(163.1)</b>
Staff and administrative expenses	(244.7)	(66.3)	(59.7)	(65.9)	(68.0)	15.2	<b>(489.4)</b>
<b>Profit/(loss) before tax (Segment result)</b>	<b>344.2</b>	<b>135.7</b>	<b>134.7</b>	<b>167.6</b>	<b>(3.0)</b>	<b>(2.6)</b>	<b>776.6</b>
<b>Other disclosures</b>							
Capital expenditure incurred (additions of premises, equipment, intangible assets and investment property)	44.4	12.0	13.8	12.1	30.1	—	<b>112.4</b>
Depreciation of premises and equipment and amortisation of intangible assets	(31.3)	(5.3)	(6.3)	(5.9)	(8.2)	—	<b>(57.0)</b>

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2018

### 18 Segment Analysis (continued)

Segment reporting of the Group's income and expenses for the three months ended 30 September 2018 is as follows:

<i>(unaudited)</i> in billions of Russian Roubles	Moscow	Central and Northern regions of European part of Russia	Volga region and South of European part of Russia	Ural, Siberia and Far East of Russia	Other countries	Inter- company eliminations	Total
Interest income	275.8	98.5	87.7	98.0	79.8	(21.4)	<b>618.4</b>
Interest expense	(110.8)	(41.6)	(30.2)	(29.3)	(47.5)	21.4	<b>(238.0)</b>
Intersegment income / (expense)	30.5	(9.9)	(10.3)	(10.3)	—	—	—
<b>Net interest income</b>	<b>195.5</b>	<b>47.0</b>	<b>47.2</b>	<b>58.4</b>	<b>32.3</b>	<b>—</b>	<b>380.4</b>
Net fee and commission income	17.5	34.7	30.5	31.8	13.8	(6.6)	<b>121.7</b>
Net trading income	(21.0)	0.6	0.7	0.7	4.6	3.8	<b>(10.6)</b>
Other net operating gains/(losses)	7.0	(0.4)	(0.6)	(1.0)	0.4	1.5	<b>6.9</b>
<b>Net operating income before credit loss allowance</b>	<b>199.0</b>	<b>81.9</b>	<b>77.8</b>	<b>89.9</b>	<b>51.1</b>	<b>(1.3)</b>	<b>498.4</b>
Net credit loss allowance charge for debt financial assets	(31.2)	(4.5)	(4.3)	(4.5)	(21.9)	(3.0)	<b>(69.4)</b>
Staff and administrative expenses	(87.4)	(21.4)	(19.4)	(21.0)	(21.8)	5.3	<b>(165.7)</b>
<b>Profit before tax (Segment result)</b>	<b>80.4</b>	<b>56.0</b>	<b>54.1</b>	<b>64.4</b>	<b>7.4</b>	<b>1.0</b>	<b>263.3</b>
<b>Other disclosures</b>							
Capital expenditure incurred (additions of premises, equipment, intangible assets and investment property)	19.7	4.9	6.1	5.1	16.4	—	<b>52.2</b>
Depreciation of premises and equipment and amortisation of intangible assets	(11.7)	(1.8)	(2.1)	(1.9)	(2.9)	—	<b>(20.4)</b>

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2018

### 18 Segment Analysis (continued)

Segment reporting of the Group's income and expenses for the nine months ended 30 September 2017 is as follows:

<i>(unaudited)</i> <i>in billions of Russian</i> <i>Roubles</i>	<b>Moscow</b>	<b>Central and Northern regions of European part of Russia</b>	<b>Volga region and South of European part of Russia</b>	<b>Ural, Siberia and Far East of Russia</b>	<b>Other countries</b>	<b>Inter- company eliminations</b>	<b>Total</b>
Interest income	713.5	270.8	271.4	306.3	217.7	(53.0)	<b>1,726.7</b>
Interest expense	(269.6)	(140.4)	(103.6)	(102.0)	(105.9)	52.2	<b>(669.3)</b>
Intersegment income / (expense)	75.8	(26.6)	(24.1)	(25.1)	—	—	—
<b>Net interest income</b>	<b>519.7</b>	<b>103.8</b>	<b>143.7</b>	<b>179.2</b>	<b>111.8</b>	<b>(0.8)</b>	<b>1,057.4</b>
Net fee and commission income	14.0	82.5	73.7	79.5	31.1	(5.9)	<b>274.9</b>
Net trading income	44.3	(0.1)	(0.1)	—	(2.5)	(3.0)	<b>38.6</b>
Other net operating losses	(4.8)	(8.0)	(2.6)	(7.6)	(2.3)	1.3	<b>(24.0)</b>
<b>Net operating income before credit loans allowance</b>	<b>573.2</b>	<b>178.2</b>	<b>214.7</b>	<b>251.1</b>	<b>138.1</b>	<b>(8.4)</b>	<b>1,346.9</b>
Net credit loss allowance charge for debt financial assets	(94.3)	(27.5)	(40.5)	(22.3)	(43.0)	—	<b>(227.6)</b>
Staff and administrative expenses	(208.2)	(67.1)	(62.8)	(68.1)	(67.9)	3.2	<b>(470.9)</b>
<b>Profit before tax (Segment result)</b>	<b>270.7</b>	<b>83.6</b>	<b>111.4</b>	<b>160.7</b>	<b>27.2</b>	<b>(5.2)</b>	<b>648.4</b>
<b>Other disclosures</b>							
Capital expenditure incurred (additions of premises, equipment, intangible assets and investment property)	26.8	8.3	10.4	8.6	27.2	—	<b>81.3</b>
Depreciation of premises and equipment and amortisation of intangible assets	(29.5)	(5.5)	(6.3)	(6.0)	(6.8)	—	<b>(54.1)</b>

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2018

### 18 Segment Analysis (continued)

Segment reporting of the Group's income and expenses for the three months ended 30 September 2017 is as follows:

<i>(unaudited)</i> in billions of Russian Roubles	Moscow	Central and Northern regions of European part of Russia	Volga region and South of European part of Russia	Ural, Siberia and Far East of Russia	Other countries	Inter- company eliminations	Total
Interest income	246.2	97.0	110.3	79.0	76.1	(18.5)	<b>590.1</b>
Interest expense	(93.0)	(43.8)	(40.6)	(22.8)	(39.1)	18.5	<b>(220.8)</b>
Intersegment income / (expense)	29.4	(10.9)	(11.1)	(7.4)	—	—	—
<b>Net interest income</b>	<b>182.6</b>	<b>42.3</b>	<b>58.6</b>	<b>48.8</b>	<b>37.0</b>	—	<b>369.3</b>
Net fee and commission income	5.2	31.3	32.0	22.0	10.8	(0.1)	<b>101.2</b>
Net trading income	12.5	—	—	—	1.7	(4.1)	<b>10.1</b>
Other net operating gains/(losses)	6.5	(2.0)	2.5	(3.4)	(0.2)	(0.4)	<b>3.0</b>
<b>Net operating income before credit loans allowance</b>	<b>206.8</b>	<b>71.6</b>	<b>93.1</b>	<b>67.4</b>	<b>49.3</b>	<b>(4.6)</b>	<b>483.6</b>
Net credit loss allowance charge for debt financial assets	(47.9)	(1.0)	(21.1)	(5.3)	(14.5)	—	<b>(89.8)</b>
Staff and administrative expenses	(76.8)	(24.2)	(26.2)	(17.5)	(23.2)	1.2	<b>(166.7)</b>
<b>Profit before tax (Segment result)</b>	<b>82.1</b>	<b>46.4</b>	<b>45.8</b>	<b>44.6</b>	<b>11.6</b>	<b>(3.4)</b>	<b>227.1</b>
<b>Other disclosures</b>							
Capital expenditure incurred (additions of premises, equipment, intangible assets and investment property)	12.7	3.9	5.3	3.5	7.1	—	<b>32.5</b>
Depreciation of premises and equipment and amortisation of intangible assets	(10.0)	(1.9)	(2.4)	(1.8)	(2.5)	—	<b>(18.6)</b>



## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2018

### 18 Segment Analysis (continued)

Reconciliation of profit before tax for the reportable segments with the Group's profit before tax under IFRS for the nine months and three months ended 30 September 2018 and 30 September 2017 is as follows:

<i>(unaudited)</i> in billions of Russian Roubles	Nine months ended 30 September		Three months ended 30 September	
	2018	2017	2018	2017
<b>Total segments result</b>	<b>776.6</b>	<b>648.4</b>	<b>263.3</b>	<b>227.1</b>
Adjustment to staff expenses accrued (bonuses, annual leave, pension liabilities)	0.7	(1.7)	0.4	4.7
Adjustment of credit loss allowance for debt financial assets	(4.8)	22.5	(2.4)	32.7
Accounting for derivatives at fair value	10.2	(8.9)	—	—
Accounting for loans by effective rate method	15.8	10.3	2.8	2.6
Write-down of low value assets	(0.3)	(1.2)	(0.3)	(0.5)
Adjustment of other provisions	41.7	27.7	6.5	12.2
Adjustment of depreciation and initial cost or revalued amount of premises and equipment	3.0	8.0	0.2	2.1
Accounting for financial contracts with embedded derivatives	0.8	2.1	0.4	0.1
Accounting for financing by the effective rate method and early redemption of debt securities in issue	0.5	(0.5)	0.2	(0.4)
Accrual of expenses on customer loyalty programs	2.3	0.3	1.1	(0.4)
Adjustment for credit related commitments provision	16.8	11.8	8.8	1.3
Adjustment for legal claims provision	(3.3)	(0.3)	0.5	(0.1)
Commission income adjustment	1.9	3.6	(3.3)	1.1
Reclassification of securities between portfolios	(3.3)	0.9	(2.7)	0.4
Accounting for mortgage loans securitisation	0.1	4.7	0.2	(0.3)
Effect of initial recognition of financial instruments at fair value	(12.2)	(0.5)	—	(0.1)
Accounting for loans at fair value	(16.4)	—	10.7	—
Other	(7.7)	(8.8)	(3.2)	(3.1)
<b>The Group's profit before tax under IFRS</b>	<b>822.4</b>	<b>718.4</b>	<b>283.2</b>	<b>279.4</b>

The differences shown above arise from classification variances as well as different accounting policies.

Adjustment of provisions is related to the difference between methodology applied in statutory accounting records used primarily as a basis for management reporting and IFRS impairment methodology.

For the nine months ended 30 September 2018 the Group's revenues from customers in the Russian Federation amounted to RR 2,270.7 billion (for the nine months ended 30 September 2017: RR 2,166.2 billion); revenues from customers in all foreign countries from which the Group derives revenues amounted to RR 279.6 billion (for the nine months ended 30 September 2017: RR 232.0 billion). For the nine months ended 30 September 2018 intersegment revenues amounted to RR 115.8 billion (for the nine months ended 30 September 2017: RR 94.1 billion).

For the three months ended 30 September 2018 the Group's revenues from customers in the Russian Federation amounted to RR 754.0 billion (for the three months ended 30 September 2017: RR 718.9 billion); revenues from customers in all foreign countries from which the Group derives revenues amounted to RR 100.3 billion (for the three months ended 30 September 2017: RR 82.7 billion). For the three months ended 30 September 2018 intersegment revenues amounted to RR 37.6 billion (for the three months ended 30 September 2017: RR 36.5 billion).

No revenue from transactions with a single external customer or counterparty amounted to 10.0% or more of the Group's total revenue during the nine months and the three months ended 30 September 2018 and 30 September 2017.

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2018

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### 19 Financial Risk Management

The Bank manages all significant types of risk for the Group, which are identified annually as a result of ongoing procedures for identification and evaluation of significant risks. The Group recognizes following significant types of risks: credit risk of corporate and retail customers, country risk, credit risk of financial institutions, liquidity risk, market risks on the operations on financial markets (interest rate risk, currency risk, commodity risk, risk of market credit spread, volatility risk), the risk of loss due to changes in value of real estate, legal and compliance risk, reputation risk, risk of models, risk of cybersecurity, operational, strategic, regulatory and tax risks. The Group's risk management policies are designed to identify and analyze these risks, to set appropriate risk limits and controls, and to monitor the risks and limits. The operational risk management functions are intended to ensure proper functioning of internal policies and procedures to minimize operational risk.

The Group's risk management policies and procedures are consistent with those disclosed in the annual consolidated financial statements of the Group for the year ended 31 December 2017, except for the changes in the policies and procedures for credit risk management disclosed below.

**Adoption of IFRS 9: Credit risk. Expected credit losses allowance model and main provisioning principles.** The Group applies a model for assessment of credit loss allowance for financial debt instruments, the key principle of which is the timely reflection of the deterioration or improvement in the credit quality of debt financial instruments taking into account current and forecasted information. The amount of expected credit losses recognized as a credit loss allowance depends on the degree of deterioration in credit quality since the initial recognition of a debt financial instrument.

Depending on the change in credit quality from the time of initial recognition, the Group classifies financial instruments as:

- “12-month expected credit loss (ECL)” (Stage 1) - debt financial instruments for which there was recorded no significant increase in credit risk, and provisions for such debt financial instruments are created on the basis of 12-month expected credit losses;
- “Lifetime ECL not credit-impaired” (Stage 2) - debt financial instruments for which there was recorded significant increase in credit risk, but not being impaired, and provisions for such instruments are created on the basis of expected credit losses for the whole lifetime;
- “Lifetime ECL credit-impaired” (Stage 3) – Impaired debt financial instruments.

For purchased or originated credit-impaired financial instruments the credit loss allowance represents the amount of cumulative changes of expected credit losses for the entire life of the instrument from the moment of acquisition or origination.

**Signs of a significant increase in credit risk before transfer of assets to credit impaired.** The main factors that indicate that a significant increase in credit risk occurred are:

- 1) Overdue payments for the period of 31-90 days (inclusive);
- 2) Significant changes in the external and internal credit rating that arose as a result of changes in credit risk compared to the date of initial recognition;
- 3) Deterioration of the internal rating to the level at which the Group does not issue loans;
- 4) Identification of criteria that may affect the ability of the counterparty to pay (revocation of a license, availability of claims, violation of credit documentation, etc.).

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2018

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### 19 Financial Risk Management (continued)

#### ***The main signs of debt financial instrument being credit-impaired (stage 3):***

- 1) the borrower is past due more than 90 days on credit obligation to the Group;
- 2) default restructuring of the debt and / or financial obligation on financial markets operations and the expected insolvency;
- 3) other signs of insolvency, which lead to assignment of default rating to the borrower (bankruptcy, expected decision on borrower's liquidation or activity ceasing, expectations of overdue payments etc.).

***Recovery of the credit quality.*** Improvement of borrower's debt credit quality to Stage 1 risk level, for which significant increase in credit risk was recorded on previous reporting dates, is based on the assessment of the credit risk at reporting date as compared with those at the date of initial recognition.

Recovery of the credit-impaired debt credit quality to stage 1 risk level is recognized only if as of the reporting date no signs of impairment or indicators of significant increase in credit risk are noted.

***Expected credit loss allowance recognition for assets that are purchased or originated credit-impaired.*** Expected credit loss allowance for purchased or originated credit impaired financial assets is measured as cumulative changes in lifetime expected credit losses since initial recognition.

Debt financial asset is classified as purchased or originated credit-impaired when one or more events occurred which negatively impact expected cash flows for such financial asset and those events are present as of the date of initial recognition. Such events include:

- significant financial difficulties of the counterparty / issuer;
- breach of the contract terms, such as past due payment;
- provision of favorable terms to a counterparty / issuer for economic reasons or contractual terms underpinned by financial difficulties of such counterparty / issuer and which the creditor would not otherwise provide;
- probability of a bankruptcy or other financial reorganization;
- the market becomes inactive for a financial asset as a result of the issuer's financial difficulties;
- acquisition or origination of a financial asset with significant discount which reflects incurred credit losses.

***Expected credit loss allowance valuation methods and approaches.*** For the purpose of expected credit loss allowance assessment two methods are used: at the transaction level or at the counterparty level. An assessment at the transaction level is used for all debt financial instruments except for Retail segment.

An assessment at the counterparty level is used for all debt financial instruments assigned to Retail segment.

The Group mainly uses collective assessment for calculation of expected credit loss allowance. Collective assessment is mandatory for financial instruments that are not individually material for the Group or for which there were no significant increase in credit risk recorded during the reporting period or default.

***Individual assessment of expected credit losses.*** The amount of expected credit loss allowance is determined as the difference between the gross carrying amount of a debt financial asset and its recoverable amount. Estimation of expected credit losses with an individual approach takes into account time value of money, as well as reasonable information on past, current and expected future economic conditions. Discounted cash flow method is used for calculation of recoverable amount. This method is based on expected future payments on the debt financial asset (or other cash flows) and effective interest rate used as discount rate. Assessment of the recoverable amount takes into account following cash inflows:

- 1) free cash flows from operating activities;
- 2) future amounts recoverable upon the sale of a collateral;
- 3) cash receipts from other sources - for example, as a result of court proceedings (other than the sale of a collateral) or bankruptcy.

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2018

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### 19 Financial Risk Management (continued)

The amount of expected credit loss allowance for each debt financial asset is based on an estimate of the weighted average expected credit losses for scenarios under consideration. The number of scenarios (not less than two including one with 100% loss) and their weights are determined in accordance with the Group methodology, taking into consideration current and reasonable forecasted information. As a result of the assessment on an individual basis, the carrying amount after deduction of expected credit loss allowance for debt financial asset is calculated.

**Collective assessment of expected credit losses.** Collective assessment of expected credit loss allowance for debt financial assets is performed on the basis of individual risk metrics (PD, LGD, EAD), which are assigned to each particular counterparty / issuer upon the analysis of financial and other information. Regular monitoring is carried out for such risk metrics.

PD – a probability of default which is based on the risk segment and the internal rating (or past due group) for the relevant period (12 months or the entire life of the instrument (Lifetime PD)). Values are determined based on internal models, as well as migration matrices (Markov chains). Lifetime PD calculation is adjusted for forward looking information. Current and expected changes in macroeconomic situation are used as forward looking information (for example real GDP growth, capital outflow, increase of real disposable households' income etc.). Macroeconomic scenarios and their probability assessment are responsibility of the Group macroeconomic research center.

The basic segmentation principle for calculation of the probability of default (PD) for the provisioning purposes implies that debt financial instruments with a similar risk profile should be assigned to the same portfolio with a similar level of risk. The risk segment is determined on the basis of the counterparty / issuer specifics, its country of residence, size and business model.

LGD – a level of the loss arising on default, defined as the amount of losses of the debt at a time of possible default. Internal models developed on internal data are used for assignment of particular values.

EAD – exposure at default. Internal models developed on internal data are used for assessment of EAD.

**Assessment of loss allowance for credit related commitments.** Assessment of loss allowance for credit related commitments is performed on a similar basis with balance sheet exposures by application of credit conversion factor (CCF) if the counterparty has current balance sheet exposure. Statistical information and Basel Committee values are used for calculation of CCF. If the counterparty does not have balance sheet exposure the assessment of expected credit loss allowance is performed on an individual or collective basis depending on the amount of exposure by applying CCF.

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

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

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2018

### 19 Financial Risk Management (continued)

The table below summarizes the Group's exposure to foreign exchange risk in respect of financial assets, liabilities and derivatives as at 30 September 2018.

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	<b>Russian Roubles</b>	<b>US Dollars</b>	<b>Euro</b>	<b>Turkish Lyra</b>	<b>Other</b>	<b>Total</b>
<b>Assets</b>						
Cash and cash equivalents	1,217.2	643.1	216.2	—	95.5	<b>2,172.0</b>
Mandatory cash balances with central banks	186.6	—	5.4	—	26.7	<b>218.7</b>
Due from banks	788.7	77.6	21.9	—	60.9	<b>949.1</b>
Loans and advances to customers	13,764.2	3,078.5	1,194.1	—	617.8	<b>18,654.6</b>
Securities	2,245.0	615.2	130.6	—	99.8	<b>3,090.6</b>
Financial instruments pledged under repurchase agreements	435.9	74.4	0.1	—	0.8	<b>511.2</b>
Financial assets of discontinued operations (except for derivatives)	10.6	552.1	764.3	833.8	45.5	<b>2,206.3</b>
Other financial assets	156.6	46.6	55.8	—	3.9	<b>262.9</b>
<b>Total financial assets</b>	<b>18,804.8</b>	<b>5,087.5</b>	<b>2,388.4</b>	<b>833.8</b>	<b>950.9</b>	<b>28,065.4</b>
<b>Liabilities</b>						
Due to banks	307.3	91.5	82.3	—	56.5	<b>537.6</b>
Due to individuals	9,854.9	1,764.7	652.6	—	333.3	<b>12,605.5</b>
Due to corporate customers	3,848.1	2,601.0	478.3	—	355.2	<b>7,282.6</b>
Debt securities in issue	480.2	277.9	90.5	—	15.0	<b>863.6</b>
Other borrowed funds	0.1	1.5	56.2	—	0.9	<b>58.7</b>
Obligations to deliver securities	8.7	16.7	0.4	—	—	<b>25.8</b>
Financial liabilities of discontinued operations (except for derivatives)	4.6	508.8	793.0	634.8	18.6	<b>1,959.8</b>
Other financial liabilities	251.9	31.3	29.4	—	10.6	<b>323.2</b>
Subordinated debt	530.2	199.6	0.7	—	4.5	<b>735.0</b>
<b>Total financial liabilities</b>	<b>15,286.0</b>	<b>5,493.0</b>	<b>2,183.4</b>	<b>634.8</b>	<b>794.6</b>	<b>24,391.8</b>
<b>Net financial assets/(liabilities)</b>	<b>3,518.8</b>	<b>(405.5)</b>	<b>205.0</b>	<b>199.0</b>	<b>156.3</b>	<b>3,673.6</b>
<b>Net derivatives (including derivatives of discontinued operations)</b>	<b>53.8</b>	<b>331.3</b>	<b>(272.2)</b>	<b>(73.3)</b>	<b>(0.3)</b>	<b>39.3</b>
<b>Credit related commitments and performance guarantees before loss allowance (including discontinued operations) (Note 20)</b>	<b>3,699.1</b>	<b>823.9</b>	<b>520.9</b>	<b>488.5</b>	<b>8.4</b>	<b>5,540.8</b>

The table below summarizes the Group's exposure to foreign exchange risk in respect of financial assets, liabilities and derivatives as at 31 December 2017.

<i>in billions of Russian Roubles</i>	<b>Russian Roubles</b>	<b>US Dollars</b>	<b>Euro</b>	<b>Turkish Lyra</b>	<b>Other</b>	<b>Total</b>
<b>Total financial assets</b>	<b>17,318.4</b>	<b>4,879.0</b>	<b>1,997.1</b>	<b>1,097.0</b>	<b>813.4</b>	<b>26,104.9</b>
<b>Total financial liabilities</b>	<b>14,096.9</b>	<b>5,178.1</b>	<b>2,010.9</b>	<b>799.4</b>	<b>641.2</b>	<b>22,726.5</b>
<b>Net financial assets/(liabilities)</b>	<b>3,221.5</b>	<b>(299.1)</b>	<b>(13.8)</b>	<b>297.6</b>	<b>172.2</b>	<b>3,378.4</b>
<b>Net derivatives</b>	<b>(137.7)</b>	<b>341.2</b>	<b>(46.6)</b>	<b>(126.0)</b>	<b>(23.5)</b>	<b>7.4</b>
<b>Credit related commitments and performance guarantees before loss allowance (Note 20)</b>	<b>3,145.4</b>	<b>629.1</b>	<b>412.1</b>	<b>633.4</b>	<b>125.9</b>	<b>4,945.9</b>

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

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2018

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### 19 Financial Risk Management (continued)

**Liquidity risk.** Liquidity risk is defined as the risk of inability of the Group to finance its performance, i.e. to ensure the growth of assets and/or fulfil its obligations as far as they arise on the condition of compliance to the requirements of the local regulator in the normal course of business as well as during stress situations. The Group is exposed to daily calls on its available cash resources from interbank overnight deposits, customer's current accounts, term deposits, loan drawdowns, guarantees, margin calls and on cash settled derivative instruments.

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

- cash and cash equivalents represent highly liquid assets and are classified as "On demand and less than 1 month";
- securities mandatorily measured and designated at fair value through profit or loss (2017: trading securities and securities designated as at fair value through profit or loss) and highly liquid portion of securities measured at fair value through other comprehensive income are considered to be liquid assets as these securities could be easily converted into cash within short period of time. Such financial instruments are disclosed in the analysis of liquidity position as "on demand and less than 1 month";
- securities measured at fair value through other comprehensive income (2017: investment securities available-for-sale) which are less liquid are disclosed according to remaining contractual maturities (for debt instruments) or as "No stated maturity / overdue" (for equity instruments);
- securities measured at amortized cost (2017: investment securities held-to-maturity) including those pledged under repurchase agreements are classified based on the earliest of two dates: redemption offer date or maturity date of security;
- highly liquid portion of financial instruments pledged under repurchase agreements is disclosed based on the remaining maturities of repurchase agreements;
- loans and advances to customers, amounts due from banks, other assets, debt securities in issue, amounts due to banks, other borrowed funds and other liabilities are included into analysis of liquidity position based on remaining contractual maturities (for loans and advances to customers "No stated maturity / overdue" category represents only actual payments which were overdue);
- due to individuals are not disclosed as "On demand and less than 1 month" in full amount although individuals have a right to withdraw money from any account, including term deposits, before maturity date, losing the right to accrued interest;
- diversification of current accounts of individuals and corporate customers by number and type of customers and the past experience of the Group indicate that such balances provide a long-term and stable source of funding. As a result in the analysis of liquidity position current accounts of individuals and corporate customers are allocated on the basis of expected time of funds outflow and assumptions regarding the "permanent" part of current account balances. Term deposits of individuals and corporate customers are allocated on the basis of their contractual maturity for the purposes of liquidity analysis.
- assets and liabilities other than those discussed above are generally classified on the basis of their contractual maturities.

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2018

### 19 Financial Risk Management (continued)

The analysis of liquidity position of the Group's assets and liabilities as at 30 September 2018 is set out below.

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	On demand and less than 1 month	From 1 to 6 months	From 6 to 12 months	From 1 to 3 years	More than 3 years	No stated maturity/ overdue	Total
<b>Assets</b>							
Cash and cash equivalents	2,172.0	—	—	—	—	—	2,172.0
Mandatory cash balances with central banks	49.1	57.5	22.1	31.9	58.1	—	218.7
Due from banks	663.4	262.2	11.8	6.3	5.2	0.2	949.1
Loans and advances to customers	961.6	1,775.1	1,678.2	5,491.0	8,618.7	130.0	18,654.6
Securities	1,850.9	44.8	58.8	238.3	876.4	21.4	3,090.6
Financial instruments pledged under repurchase agreements	506.3	—	—	0.1	4.8	—	511.2
Derivative financial assets	16.4	53.2	18.8	51.2	29.9	—	169.5
Deferred tax asset	—	—	—	—	—	13.1	13.1
Premises and equipment	—	—	—	—	—	539.9	539.9
Assets of the disposal groups and non-current assets held for sale	—	2,318.9	0.4	—	—	1.3	2,320.6
Other assets	247.0	64.5	47.0	40.1	32.3	177.7	608.6
<b>Total assets</b>	<b>6,466.7</b>	<b>4,576.2</b>	<b>1,837.1</b>	<b>5,858.9</b>	<b>9,625.4</b>	<b>883.6</b>	<b>29,247.9</b>
<b>Liabilities</b>							
Due to banks	352.1	91.7	5.2	54.6	34.0	—	537.6
Due to individuals	1,461.0	4,896.4	1,644.9	1,939.6	2,663.6	—	12,605.5
Due to corporate customers	1,811.8	868.4	343.1	1,010.1	3,249.2	—	7,282.6
Debt securities in issue	91.0	226.7	132.8	261.1	152.0	—	863.6
Other borrowed funds	0.6	1.0	24.8	8.8	23.5	—	58.7
Derivative financial liabilities and obligations to deliver securities	36.4	43.2	27.7	30.4	22.5	—	160.2
Deferred tax liability	—	—	—	—	—	17.0	17.0
Liabilities of the disposal groups	—	2,021.3	—	—	—	—	2,021.3
Other liabilities	235.5	144.6	48.7	169.8	647.3	59.8	1,305.7
Subordinated debt	11.8	29.3	5.9	515.8	172.2	—	735.0
<b>Total liabilities</b>	<b>4,000.2</b>	<b>8,322.6</b>	<b>2,233.1</b>	<b>3,990.2</b>	<b>6,964.3</b>	<b>76.8</b>	<b>25,587.2</b>
<b>Net liquidity gap</b>	<b>2,466.5</b>	<b>(3,746.4)</b>	<b>(396.0)</b>	<b>1,868.7</b>	<b>2,661.1</b>	<b>806.8</b>	<b>3,660.7</b>
<b>Cumulative liquidity gap as at 30 September 2018</b>	<b>2,466.5</b>	<b>(1,279.9)</b>	<b>(1,675.9)</b>	<b>192.8</b>	<b>2,853.9</b>	<b>3,660.7</b>	<b>—</b>

The analysis of liquidity position of the Group's assets and liabilities as at 31 December 2017 is set out below.

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	On demand and less than 1 month	From 1 to 6 months	From 6 to 12 months	From 1 to 3 years	More than 3 years	No stated maturity/ overdue	Total
<b>Total assets</b>	<b>6,963.8</b>	<b>2,221.7</b>	<b>2,482.7</b>	<b>5,413.3</b>	<b>8,702.2</b>	<b>1,328.5</b>	<b>27,112.2</b>
<b>Total liabilities</b>	<b>5,648.4</b>	<b>6,096.1</b>	<b>2,393.5</b>	<b>2,979.7</b>	<b>6,453.3</b>	<b>105.2</b>	<b>23,676.2</b>
<b>Net liquidity gap</b>	<b>1,315.4</b>	<b>(3,874.4)</b>	<b>89.2</b>	<b>2,433.6</b>	<b>2,248.9</b>	<b>1,223.3</b>	<b>3,436.0</b>
<b>Cumulative liquidity gap as at 31 December 2017</b>	<b>1,315.4</b>	<b>(2,559.0)</b>	<b>(2,469.8)</b>	<b>(36.2)</b>	<b>2,212.7</b>	<b>3,436.0</b>	<b>—</b>



## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2018

### 20 Contingencies and Commitments

**Legal proceedings.** From time to time and in the normal course of business, claims against the Group are received. On the basis of its own estimates and internal professional advice the Management is of the opinion that no material losses will be incurred in respect of the claims in excess of the amounts already provided for in these interim condensed consolidated financial statements.

Moscow Prosecutor's office filed a claim in the Moscow Arbitration Court against the Bank and a customer of the Bank (together - parties) to void the derivative deals concluded between the parties. The Bank's management examined the circumstances of the case, the existing documentation and the Bank estimates the outflow of resources on this lawsuit as possible. In relation to this claim the Group booked a provision in the amount of expected losses.

In the context of recognition and enforcement of the arbitration decision of the international court in relation to the claim of residents of Ukraine against the Russian Federation in Ukraine, Kiev Appeal Court sequestered the shares of Sberbank JSC (Ukraine) owned by the Group, imposing restrictions on operations with these shares. Besides, the court set restrictions on disposal of movable and immovable property of Sberbank JSC (Ukraine) as well as liquidation and reorganization of Sberbank JSC (Ukraine). The restrictions described above do not have material impact on the overall performance of the Group.

**Credit related commitments and performance guarantees.** Outstanding credit related commitments and performance guarantees are as follows:

<i>in billions of Russian Roubles</i>	<b>30 September 2018 (unaudited)</b>	<b>31 December 2017</b>
Commitments to extend credit	2,338.1	2,028.2
Guarantees issued:		
- Performance guarantees	769.0	638.6
- Financial guarantees	637.3	1,069.9
Undrawn credit lines	450.8	831.4
Export letters of credit	289.0	194.7
Import letters of credit and letters of credit for domestic settlements	218.1	183.1
<b>Total credit related commitments and performance guarantees before loss allowance (except for those of discontinued operations)</b>	<b>4,702.3</b>	<b>4,945.9</b>
Less loss allowance	(30.3)	(22.2)
<b>Credit related commitments and performance guarantees of discontinued operations before loss allowance</b>	<b>838.5</b>	—
Less loss allowance related to discontinued operations	(5.4)	—
<b>Total credit related commitments and performance guarantees</b>	<b>5,505.1</b>	<b>4,923.7</b>

As at 30 September 2018 included in due to corporate customers are deposits of RR 141.5 billion (31 December 2017: RR 121.6 billion) held as collateral for irrevocable commitments under import letters of credit. Refer to Note 10.

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



## **Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2018**

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### **21 Fair Value Disclosures**

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

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

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

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2018

### 21 Fair Value Disclosures (continued)

The following table shows an analysis of assets carried at fair value by level of the fair value hierarchy as at 30 September 2018:

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Level 1	Level 2	Level 3	Total
<b>Assets carried at fair value or revalued amount</b>				
Cash and cash equivalents	—	39.1	—	39.1
Due from banks	—	335.2	—	335.2
<b>Loans and advances to customers</b>	—	—	720.1	720.1
- Commercial loans to legal entities	—	—	269.5	269.5
- Project finance loans to legal entities	—	—	446.4	446.4
- Consumer and other loans to individuals	—	—	4.2	4.2
<b>Securities</b>				
- <b>Securities measured at fair value through other comprehensive income</b>	<b>1,321.4</b>	<b>186.4</b>	<b>36.4</b>	<b>1,544.2</b>
Russian federal loan bonds (OFZ bonds)	655.8	93.3	—	749.1
Corporate bonds	302.9	47.2	—	350.1
Bonds of the Bank of Russia	152.3	—	—	152.3
Russian Federation Eurobonds	128.9	—	—	128.9
Foreign government and municipal bonds	69.9	44.4	0.7	115.0
Mortgage-backed securities	—	—	35.7	35.7
Russian municipal and subfederal bonds	11.4	—	—	11.4
Promissory notes	—	1.4	—	1.4
Corporate shares	0.2	0.1	—	0.3
- <b>Securities mandatorily measured at fair value through profit or loss</b>	<b>414.6</b>	<b>39.1</b>	<b>43.2</b>	<b>496.9</b>
Russian federal loan bonds (OFZ bonds)	253.4	—	—	253.4
Corporate bonds	115.4	39.1	—	154.5
Corporate shares	32.1	—	29.0	61.1
Bonds of the Bank of Russia	10.1	—	—	10.1
Investments in mutual funds	0.4	—	14.2	14.6
Russian Federation Eurobonds	1.3	—	—	1.3
Foreign government and municipal bonds	1.2	—	—	1.2
Russian municipal and subfederal bonds	0.7	—	—	0.7
- <b>Securities designated at fair value through profit or loss</b>	<b>2.5</b>	<b>—</b>	<b>—</b>	<b>2.5</b>
Foreign government and municipal bonds	2.5	—	—	2.5
<b>Financial instruments pledged under repurchase agreements</b>				
- <b>Securities measured at fair value through other comprehensive income</b>	<b>459.3</b>	<b>46.5</b>	<b>—</b>	<b>505.8</b>
Russian federal loan bonds (OFZ bonds)	389.5	46.5	—	436.0
Russian Federation Eurobonds	68.5	—	—	68.5
Foreign government and municipal bonds	0.8	—	—	0.8
Corporate bonds	0.5	—	—	0.5
- <b>Securities mandatorily measured at fair value through profit or loss</b>	<b>0.6</b>	<b>—</b>	<b>—</b>	<b>0.6</b>
Corporate bonds	0.6	—	—	0.6
<b>Derivative financial assets</b>	<b>—</b>	<b>168.5</b>	<b>1.0</b>	<b>169.5</b>
Foreign currency interest rate derivatives	—	43.4	—	43.4
Foreign currency derivatives	—	38.7	—	38.7
Commodity derivatives including precious metals derivatives	—	35.6	—	35.6
Interest rate derivatives	—	28.1	—	28.1
Equity securities derivatives	—	14.1	1.0	15.1
Debt securities derivatives	—	8.0	—	8.0
Credit risk derivatives	—	0.2	—	0.2
Other derivatives	—	0.4	—	0.4
<b>Investment property</b>	<b>—</b>	<b>—</b>	<b>5.4</b>	<b>5.4</b>
<b>Office premises</b>	<b>—</b>	<b>—</b>	<b>267.1</b>	<b>267.1</b>
<b>Assets of discontinued operations</b>	<b>81.7</b>	<b>42.9</b>	<b>4.4</b>	<b>129.0</b>
<b>Total assets carried at fair value</b>	<b>2,280.1</b>	<b>857.7</b>	<b>1,077.6</b>	<b>4,215.4</b>

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2018

### 21 Fair Value Disclosures (continued)

The following table shows an analysis of assets carried at fair value by level of the fair value hierarchy as at 31 December 2017:

<i>in billions of Russian Roubles</i>	Level 1	Level 2	Level 3	Total
<b>Assets carried at fair value or revalued amount</b>				
<b>Securities mandatorily measured at fair value through profit or loss</b>	<b>77.1</b>	<b>7.1</b>	—	<b>84.2</b>
Corporate bonds	27.9	7.1	—	35.0
Corporate shares	23.5	—	—	23.5
Russian federal loan bonds (OFZ bonds)	14.5	—	—	14.5
Russian Federation Eurobonds	9.7	—	—	9.7
Foreign government and municipal bonds	1.3	—	—	1.3
Investments in mutual funds	0.1	—	—	0.1
Russian municipal and subfederal bonds	0.1	—	—	0.1
<b>Securities designated as at fair value through profit or loss</b>	<b>269.5</b>	<b>125.4</b>	<b>34.1</b>	<b>429.0</b>
Corporate bonds	94.9	125.4	0.3	220.6
Russian federal loan bonds (OFZ bonds)	164.0	—	—	164.0
Corporate shares	6.2	—	22.6	28.8
Investments in mutual funds	—	—	11.2	11.2
Foreign government and municipal bonds	2.5	—	—	2.5
Russian municipal and subfederal bonds	1.4	—	—	1.4
Russian Federation Eurobonds	0.5	—	—	0.5
<b>Financial instruments pledged under repurchase agreements</b>	<b>225.1</b>	—	—	<b>225.1</b>
Russian federal loan bonds (OFZ bonds)	176.8	—	—	176.8
Foreign government and municipal bonds	44.2	—	—	44.2
Corporate bonds	3.6	—	—	3.6
Corporate shares	0.4	—	—	0.4
Russian Federation Eurobonds	0.1	—	—	0.1
<b>Investment securities available-for-sale</b>	<b>1,643.4</b>	<b>51.9</b>	<b>48.4</b>	<b>1,743.7</b>
Russian federal loan bonds (OFZ bonds)	897.9	—	—	897.9
Corporate bonds	379.3	13.8	—	393.1
Russian Federation Eurobonds	192.1	—	—	192.1
Foreign government and municipal bonds	124.3	36.7	—	161.0
Mortgage-backed securities	—	—	45.6	45.6
Corporate shares	27.6	—	2.8	30.4
Russian municipal and subfederal bonds	12.0	—	—	12.0
Bonds of the Bank of Russia	10.2	—	—	10.2
Promissory notes	—	1.4	—	1.4
<b>Derivative financial instruments</b>	—	<b>140.0</b>	<b>0.9</b>	<b>140.9</b>
Foreign currency interest rate derivatives	—	39.8	—	39.8
Foreign currency derivatives	—	30.1	—	30.1
Commodity derivatives including precious metals derivatives	—	25.4	—	25.4
Interest rate derivatives	—	25.4	—	25.4
Equity securities derivatives	—	9.2	0.9	10.1
Debt securities derivatives	—	9.8	—	9.8
Credit risk derivatives	—	0.2	—	0.2
Other derivatives	—	0.1	—	0.1
<b>Investment property</b>	—	—	<b>7.7</b>	<b>7.7</b>
<b>Office premises</b>	—	—	<b>276.7</b>	<b>276.7</b>
<b>Total assets carried at fair value</b>	<b>2,215.1</b>	<b>324.4</b>	<b>367.8</b>	<b>2,907.3</b>

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2018

### 21 Fair Value Disclosures (continued)

The following table shows fair values of assets for which fair values are disclosed, by level of the fair value hierarchy as at 30 September 2018:

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
<b>Financial assets carried at amortized cost</b>					
Cash and cash equivalents	2,132.9	624.4	1,508.5	—	<b>2,132.9</b>
Mandatory cash balances with central banks	218.7	—	218.7	—	<b>218.7</b>
Due from banks	613.9	—	613.9	—	<b>613.9</b>
Loans and advances to customers	17,934.5	—	—	18,740.0	<b>18,740.0</b>
Securities	1,047.0	711.4	328.3	0.9	<b>1,040.6</b>
Financial instruments pledged under repurchase agreements	4.8	4.9	—	—	<b>4.9</b>
Other financial assets	262.9	—	—	262.9	<b>262.9</b>
Assets of discontinued operations	2,124.6	63.9	398.2	1,660.0	<b>2,122.1</b>
<b>Total financial assets carried at amortized cost</b>	<b>24,339.3</b>	<b>1,404.6</b>	<b>3,067.6</b>	<b>20,663.8</b>	<b>25,136.0</b>

The following table shows fair values of assets for which fair values are disclosed, by level of the fair value hierarchy as at 31 December 2017:

<i>in billions of Russian Roubles</i>	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
<b>Financial assets carried at amortized cost</b>					
Cash and cash equivalents	2,329.4	646.8	1,682.6	—	<b>2,329.4</b>
Mandatory cash balances with central banks	427.1	—	427.1	—	<b>427.1</b>
Due from banks	1,317.8	—	1,317.8	—	<b>1,317.8</b>
Loans and advances to customers	18,488.1	—	—	19,287.9	<b>19,287.9</b>
Financial instruments pledged under repurchase agreements	33.8	33.1	—	—	<b>33.1</b>
Investment securities held-to-maturity	773.6	719.9	71.9	—	<b>791.8</b>
Other financial assets	253.1	—	—	253.1	<b>253.1</b>
<b>Total financial assets carried at amortized cost</b>	<b>23,622.9</b>	<b>1,399.8</b>	<b>3,499.4</b>	<b>19,541.0</b>	<b>24,440.2</b>

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2018

### 21 Fair Value Disclosures (continued)

The following table shows an analysis of liabilities carried at fair value by level of the fair value hierarchy as at 30 September 2018:

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Level 1	Level 2	Level 3	Total
<b>Liabilities carried at fair value</b>				
Due to banks designated at fair value through profit or loss	—	237.7	—	<b>237.7</b>
Due to corporate customers designated at fair value through profit or loss	—	0.3	—	<b>0.3</b>
<b>Derivative financial instruments</b>	—	<b>134.4</b>	—	<b>134.4</b>
Foreign currency interest rate derivatives	—	47.6	—	<b>47.6</b>
Foreign currency derivatives	—	38.2	—	<b>38.2</b>
Interest rate derivatives	—	30.8	—	<b>30.8</b>
Commodity derivatives including precious metals derivatives	—	14.4	—	<b>14.4</b>
Equity securities derivatives	—	1.1	—	<b>1.1</b>
Debt securities derivatives	—	0.5	—	<b>0.5</b>
Credit risk derivatives	—	0.1	—	<b>0.1</b>
Other derivatives	—	1.7	—	<b>1.7</b>
<b>Obligation to deliver securities</b>	<b>25.8</b>	—	—	<b>25.8</b>
Corporate bonds	11.0	—	—	<b>11.0</b>
Corporate shares	7.1	—	—	<b>7.1</b>
Russian Federation Eurobonds	4.4	—	—	<b>4.4</b>
Russian federal loan bonds (OFZ bonds)	3.0	—	—	<b>3.0</b>
Foreign government and municipal bonds	0.3	—	—	<b>0.3</b>
<b>Liabilities of discontinued operations</b>	—	<b>38.7</b>	—	<b>38.7</b>
<b>Total liabilities carried at fair value</b>	<b>25.8</b>	<b>411.1</b>	—	<b>436.9</b>

The following table shows an analysis of liabilities carried at fair value by level of the fair value hierarchy as at 31 December 2017:

<i>in billions of Russian Roubles</i>	Level 1	Level 2	Level 3	Total
<b>Liabilities carried at fair value</b>				
<b>Derivative financial instruments</b>	—	<b>133.5</b>	—	<b>133.5</b>
Foreign currency interest rate derivatives	—	53.3	—	<b>53.3</b>
Foreign currency derivatives	—	33.5	—	<b>33.5</b>
Commodity derivatives including precious metals derivatives	—	23.3	—	<b>23.3</b>
Interest rate derivatives	—	22.1	—	<b>22.1</b>
Equity securities derivatives	—	1.0	—	<b>1.0</b>
Credit risk derivatives	—	0.3	—	<b>0.3</b>
<b>Obligation to deliver securities</b>	<b>30.9</b>	—	—	<b>30.9</b>
Corporate bonds	12.8	—	—	<b>12.8</b>
Russian federal loan bonds (OFZ bonds)	7.3	—	—	<b>7.3</b>
Corporate shares	5.6	—	—	<b>5.6</b>
Russian Federation Eurobonds	4.4	—	—	<b>4.4</b>
Foreign government and municipal bonds	0.6	—	—	<b>0.6</b>
Investments in mutual funds	0.2	—	—	<b>0.2</b>
<b>Total liabilities carried at fair value</b>	<b>30.9</b>	<b>133.5</b>	—	<b>164.4</b>

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2018

### 21 Fair Value Disclosures (continued)

The following table shows fair values of liabilities for which fair values are disclosed, by level of the fair value hierarchy as at 30 September 2018:

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Carrying value			Fair value	
		Level 1	Level 2	Level 3	Total
<b>Financial liabilities carried at amortized cost</b>					
Due to banks	299.9	—	288.4	12.7	<b>301.1</b>
Due to individuals	12,605.5	—	2,996.2	9,602.4	<b>12,598.6</b>
Due to corporate customers	7,282.3	—	2,358.8	4,784.4	<b>7,143.2</b>
Debt securities in issue	863.6	538.0	316.0	6.6	<b>860.6</b>
Other borrowed funds	58.7	—	58.4	0.4	<b>58.8</b>
Other financial liabilities	323.2	—	—	323.2	<b>323.2</b>
Subordinated debt	735.0	197.5	31.8	503.6	<b>732.9</b>
Liabilities of discontinued operations	1,959.8	—	—	1,957.6	<b>1,957.6</b>
<b>Total liabilities carried at amortized cost</b>	<b>24,128.0</b>	<b>735.5</b>	<b>6,049.6</b>	<b>17,190.9</b>	<b>23,976.0</b>

The following table shows fair values of liabilities for which fair values are disclosed, by level of the fair value hierarchy as at 31 December 2017:

<i>in billions of Russian Roubles</i>	Carrying value			Fair value	
		Level 1	Level 2	Level 3	Total
<b>Financial liabilities carried at amortized cost</b>					
Due to banks	693.3	—	693.8	—	<b>693.8</b>
Due to individuals	13,420.3	—	3,052.2	10,347.1	<b>13,399.3</b>
Due to corporate customers	6,393.9	—	2,204.8	4,131.8	<b>6,336.6</b>
Debt securities in issue	934.6	396.9	492.1	61.6	<b>950.6</b>
Other borrowed funds	247.3	—	2.4	244.2	<b>246.6</b>
Other financial liabilities	289.9	—	—	289.9	<b>289.9</b>
Subordinated debt	716.3	199.8	6.5	515.4	<b>721.7</b>
<b>Total liabilities carried at amortized cost</b>	<b>22,695.6</b>	<b>596.7</b>	<b>6,451.8</b>	<b>15,590.0</b>	<b>22,638.5</b>

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2018

### 21 Fair Value Disclosures (continued)

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

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

#### *Derivatives*

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

#### *Securities measured at fair value through profit or loss and securities at fair value through other comprehensive income (2017: investment securities available-for-sale)*

Securities measured at fair value through profit or loss, securities measured at fair value through other comprehensive income (2017: investment securities available-for-sale) valued using a valuation technique or pricing models primarily consist of unquoted equity and debt securities. These securities are valued using models which sometimes only incorporate data observable in the market and at other times use both observable and non-observable data. The non-observable inputs to the models include assumptions regarding the future financial performance of the investee, its risk profile, and economic assumptions regarding the industry and geographical jurisdiction in which the investee operates.

The following table shows transfers between Level 1 and Level 2 of the fair value hierarchy for financial assets measured at fair value during the nine months ended 30 September 2018:

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	<b>Transfers between Level 1 and Level 2</b>	
	<b>From Level 1 to Level 2</b>	<b>From Level 2 to Level 1</b>
<b>Financial assets</b>		
Securities measured at fair value through other comprehensive income	186.2	25.8
Securities mandatorily measured at fair value through profit or loss	30.2	16.9
Securities measured at fair value through other comprehensive income pledged under repurchase agreements	43.5	—
<b>Total transfers of financial assets</b>	<b>259.9</b>	<b>42.7</b>

The following table shows transfers between Level 1 and Level 2 of the fair value hierarchy for financial assets measured at fair value during the year ended 31 December 2017:

<i>in billions of Russian Roubles</i>	<b>Transfers between Level 1 and Level 2</b>	
	<b>From Level 1 to Level 2</b>	<b>From Level 2 to Level 1</b>
<b>Financial assets</b>		
Securities mandatorily measured at fair value through profit or loss	0.3	0.1
Securities designated as at fair value through profit or loss	1.6	4.1
Investment securities available-for-sale	20.5	10.4
<b>Total transfers of financial assets</b>	<b>22.4</b>	<b>14.6</b>

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2018

### 21 Fair Value Disclosures (continued)

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

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

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

The following table shows a reconciliation of the opening and closing amount of Level 3 assets and liabilities which are recorded at fair value as at 30 September 2018:

<i>(unaudited)</i> in billions of Russian Roubles	At 1 January 2018 as adjusted under IFRS 9	Total gains/ (losses) reported in profit or loss	Foreign currency revaluation	Total gains/ (losses) reported in other compre- hensive income	Origination/ Purchases	Sales/ Settlements	Transfers from Level 3	Transfers to assets of discontinued operations	Transfers to Level 3	At 30 September 2018
Securities mandatorily measured at fair value through profit or loss	36.9	2.2	2.0	—	0.7	(0.8)	—	—	2.2	43.2
Securities measured at fair value through other comprehensive income	45.7	0.3	—	0.2	—	(10.5)	—	—	0.7	36.4
Loans and advances to customers	561.2	(32.1)	67.4	—	246.0	(122.4)	—	—	—	720.1
Derivative financial assets	0.9	0.1	—	—	—	—	—	—	—	1.0
Investment property	7.7	(0.4)	0.2	—	2.2	(1.8)	—	(2.5)	—	5.4
Office premises	276.7	(4.4)	0.7	(1.4)	3.9	(5.3)	(0.4)	(2.7)	—	267.1
Assets of discontinued operations	—	—	(0.8)	(0.1)	0.1	—	—	5.2	—	4.4
<b>Total level 3 assets</b>	<b>929.1</b>	<b>(34.3)</b>	<b>69.5</b>	<b>(1.3)</b>	<b>252.9</b>	<b>(140.8)</b>	<b>(0.4)</b>	<b>—</b>	<b>2.9</b>	<b>1,077.6</b>
Due to corporate customers	0.6	—	—	—	1.4	(0.4)	(1.6)	—	—	—
<b>Total level 3 liabilities</b>	<b>0.6</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>1.4</b>	<b>(0.4)</b>	<b>(1.6)</b>	<b>—</b>	<b>—</b>	<b>—</b>

For the nine months ended 30 September 2018 the losses in the amount of RR 29.6 billion reported in the interim consolidated statement of profit or loss on Level 3 financial assets were unrealized.

For the nine months ended 30 September 2018 the gains in the amount RR 0.2 billion reported in the interim consolidated statement of comprehensive income on Level 3 financial assets were unrealized.

Details of valuation of significant assets as at 30 September 2018 are summarised below.

#### Valuation of loans using valuation techniques based on non-observable inputs

The Group determined fair value of loans based on discounted cash flow models and using the pricing of embedded derivatives. The models use a number of observable and non-observable inputs on the market, key of which are the discount rate and the credit spread.

Should the discount rate used by the Group in the valuation model for loans to chemical company of RR 162.2 billion increase / decrease by 1.0%, the carrying value of the loans would be RR 4.1 billion lower / RR 4.1 billion higher.

Should the discount rate used by the Group in the valuation model for loans to an oil refining company of RR 109.7 billion increase / decrease by 1.0%, the carrying value of the loans would be RR 1.8 billion lower / RR 1.8 billion higher.

Should the discount rate used by the Group in the valuation model for loans to another oil refining company of RR 65.2 billion increase / decrease by 1.0%, the carrying value of the loans would be RR 1.0 billion lower / RR 1.0 billion higher.

Should the discount rate used by the Group in the valuation model for loans to a mining company of RR 54.4 billion increase / decrease by 1.0%, the carrying value of the loans would be RR 1.7 billion lower / RR 1.7 billion higher.



## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2018

### 21 Fair Value Disclosures (continued)

Should the discount rate used by the Group in the valuation model for loans to metallurgical company of RR 52.0 billion increase / decrease by 1.0%, the carrying value of the loans would be RR 1.7 billion lower / RR 1.7 billion higher.

#### Valuation of mortgage-backed securities of RR 35.7 billion using valuation techniques based on non-observable inputs

The model uses a number of observable and unobservable inputs to derive a valuation, key of which include risk-free curve and the credit spread for JSC “DOM.RF” (the former Agency for Housing Mortgage Lending) (all considered observable), while portfolio aging period and behavioral adjustment on refinancing position represent key unobservable inputs.

Should the risk-free curve used by the Group in the valuation model increase / decrease by 1.0%, the carrying value of the financial instrument would be RR 0.02 billion lower / RR 0.06 billion lower. Should the JSC “DOM.RF” credit spread used by the Group in the valuation model increase / decrease by 1.0%, the carrying value of the financial instrument would be RR 1.3 billion lower / RR 1.4 billion higher.

The following table shows a reconciliation of the opening and closing amount of Level 3 assets which are recorded at fair value as at 31 December 2017:

<i>in billions of Russian Roubles</i>	At 31 December 2016	Total gains/ (losses) reported in profit or loss	Foreign currency revaluation	Total losses reported in other compre- hensive income	Purchases	Sales/ Settlements	Transfers from Level 3	Transfers to other classes of assets	Transfers to Level 3	At 31 December 2017
Securities mandatorily measured at fair value through profit or loss	—	—	—	—	0.7	—	(0.7)	—	—	—
Securities designated as at fair value through profit or loss	22.8	2.0	(0.6)	—	4.1	—	(0.7)	—	6.5	34.1
Investment securities available-for- sale	0.2	3.7	—	(2.4)	57.2	(10.3)	—	—	—	48.4
Derivative financial instruments	—	0.9	—	—	—	—	—	—	—	0.9
Investment property	8.4	(0.6)	(0.3)	—	2.1	(1.9)	—	—	—	7.7
Office premises	293.6	(5.9)	(0.8)	(3.4)	7.5	(8.9)	—	(5.4)	—	276.7
<b>Total level 3 assets</b>	<b>325.0</b>	<b>0.1</b>	<b>(1.7)</b>	<b>(5.8)</b>	<b>71.6</b>	<b>(21.1)</b>	<b>(1.4)</b>	<b>(5.4)</b>	<b>6.5</b>	<b>367.8</b>

For the year ended 31 December 2017 the gains in the amount of RR 6.9 billion reported in the consolidated statement of profit or loss on Level 3 financial assets were unrealized.

For the year ended 31 December 2017 the losses in the amount RR 2.4 billion reported in the consolidated statement of comprehensive income on Level 3 financial assets were unrealized.

Details of valuation of significant assets as at 31 December 2017 are summarised below.

#### Valuation of mortgage-backed securities of RR 45.6 billion using valuation techniques based on non-observable inputs

The model uses a number of observable and unobservable inputs to derive a valuation. Examples of such include Russian mortgage rates and the credit spread for JSC “DOM.RF” (all considered observable), while portfolio aging period and behavioral adjustment on refinancing position are examples of unobservable inputs.

Should the Russian mortgage rate used by the Group (published by the Bank of Russia) in the valuation model increase / decrease by 1.0%, the carrying value of the financial instrument would be RR 0.01 billion higher / RR 0.02 million lower. Should the JSC “DOM.RF” credit spread used by the Group in the valuation model increase / decrease by 1.0%, the carrying value of the financial instrument would be RR 1.2 billion lower / RR 1.3 billion higher.

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2018

### 22 Related Party Transactions

For the purposes of these interim condensed consolidated financial statements, parties are considered to be related if one party has the ability to control the other party, is under common control, or can exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

The Group's principal shareholder is the Bank of Russia (refer to Note 1). Other related parties in the tables below comprise subsidiaries and associates of the Bank of Russia, key management personnel, their close family members, associated companies of the Group. Disclosures are made in Note 23 for significant transactions with state-controlled entities and government bodies.

As at 30 September 2018 and 31 December 2017, the outstanding balances with the Bank of Russia and other related parties were as follows:

<i>in billions of Russian Roubles</i>	<b>30 September 2018 (unaudited)</b>		<b>31 December 2017</b>	
	<b>Bank of Russia</b>	<b>Other related parties</b>	<b>Bank of Russia</b>	<b>Other related parties</b>
<b>Assets</b>				
Cash and cash equivalents	762.6	1.2	920.4	—
Mandatory cash balances with the Bank of Russia	186.6	—	158.9	—
Derivative financial assets	—	2.0	—	2.4
Due from banks	—	—	5.2	6.9
Gross loans and advances to customers before credit loss allowance	—	70.6	—	42.2
Securities	162.4	—	10.2	—
Other assets	—	10.2	—	0.2
<b>Liabilities</b>				
Due to banks	109.6	0.1	90.5	0.1
Due to individuals	—	11.2	—	10.1
Due to corporate customers	—	3.1	—	1.8
Derivative financial liabilities and obligations to deliver securities	—	11.3	—	16.6
Subordinated debt	528.4	—	504.4	—
Other liabilities	—	6.3	—	3.0

As at 30 September 2018 included in operations with other related parties are deposits attracted from key management personnel and their close family members in the amount of RR 11.2 billion (31 December 2017: RR 10.1 billion). As at 30 September 2018 and 31 December 2017 there were no loans and advances granted to key management personnel and their close family members.

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2018

### 22 Related Party Transactions (continued)

The income and expense items with the Bank of Russia and other related parties for the nine months ended 30 September 2018 and 30 September 2017 were as follows:

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Nine months ended 30 September			
	2018		2017	
	Bank of Russia	Other related parties	Bank of Russia	Other related parties
Interest income calculated using the effective interest method	12.9	1.0	7.6	3.4
Interest expense on subordinated debt calculated using the effective interest method	(24.2)	—	(24.2)	—
Interest expense calculated using the effective interest method other than on subordinated debt	(4.0)	(0.6)	(4.9)	(0.5)
Revenue of non-core business activities	—	—	—	0.1
Fee and commission income	0.3	0.2	0.3	—
Fee and commission expense	(1.3)	(0.1)	(1.3)	—
Net gains from non-derivative financial instruments at fair value through profit or loss	0.1	(1.3)	—	—
Net gains / (losses) from derivatives, trading in foreign currencies, foreign exchange and precious metals accounts translation	1.8	(2.7)	0.5	—
Other net operating expenses	—	—	—	(0.4)
Staff and administrative expenses	(0.1)	(4.9)	—	(5.0)

The income and expense items with the Bank of Russia and other related parties for the three months ended 30 September 2018 and 30 September 2017 were as follows:

<i>(unaudited)</i> <i>in billions of Russian Roubles</i>	Three months ended 30 September			
	2018		2017	
	Bank of Russia	Other related parties	Bank of Russia	Other related parties
Interest income calculated using the effective interest method	3.9	0.4	1.0	1.7
Interest expense on subordinated debt calculated using the effective interest method	(8.3)	—	(8.3)	—
Interest expense calculated using the effective interest method other than on subordinated debt	(1.2)	(0.3)	(1.6)	(0.2)
Fee and commission income	0.1	0.1	—	—
Fee and commission expense	(0.5)	(0.1)	(0.5)	—
Net gains from non-derivative financial instruments at fair value through profit or loss	—	(0.5)	—	—
Net gains from derivatives, trading in foreign currencies, foreign exchange and precious metals accounts translation	1.3	4.1	0.2	—
Other net operating expenses	—	—	—	(0.4)
Staff and administrative expenses	(0.1)	(1.8)	—	(1.8)

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2018

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### 22 Related Party Transactions (continued)

For the nine months ended 30 September 2018, interest expense on deposits attracted from key management personnel and their close family members comprised RR 0.3 billion (for the nine months ended 30 September 2017: RR 0.4 billion). For the three months ended 30 September 2018, interest expense on deposits attracted from key management personnel and their close family members comprised RR 0.1 billion (for the three months ended 30 September 2017: RR 0.1 billion).

For the nine months ended 30 September 2018, regular remuneration of the members of the key management personnel comprised salaries and bonuses totaling RR 3.4 billion (for the nine months ended 30 September 2017: RR 3.1 billion). For the three months ended 30 September 2018, regular remuneration of the members of the key management personnel comprised salaries and bonuses totaling RR 1.2 billion (for the three months ended 30 September 2017: RR 1.0 billion). Payments to the key management personnel for the nine months ended 30 September 2018 comprised RR 1.8 billion (for the nine months ended 30 September 2017: RR 1.7 billion). Payments to the key management personnel for the three months ended 30 September 2018 comprised RR 0.4 billion (for the three months ended 30 September 2017: RR 0.4 billion).

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

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

Share-based long term compensation is payable in cash, and is remeasured at each reporting date based on the forward price of the Bank's ordinary shares. For the nine months ended 30 September 2018 share-based long term compensation (including remeasurement of the outstanding balance to reflect changes in the price of the Bank's ordinary shares) has amounted to RR 1.5 billion (for the nine months ended 30 September 2017: RR 1.7 billion). For the three months ended 30 September 2018 share-based long term compensation has amounted to RR 0.3 billion (for the three months ended 30 September 2017: RR 0.8 billion). Payables on share-based long term compensation as at 30 September 2018 amounted to RR 3.8 billion (31 December 2017: RR 2.2 billion). The related obligations are included in other financial liabilities in the interim consolidated statement of financial position until paid.

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2018

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

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

Balances with state-controlled entities and government bodies which are significant in terms of the carrying amounts as at 30 September 2018 are disclosed below:

<i>(unaudited)</i> <i>In billions of Russian Roubles</i>		<b>30 September 2018</b>		
		<b>Loans and advances to customers / Due from banks</b>	<b>Due to corporate customers / Due to banks</b>	<b>Guarantees issued/ Undrawn credit lines</b>
<b>Client</b>	<b>Sector</b>			
Client 1	Oil and gas	488.3	45.7	11.0
Client 2	Government and municipal bodies	—	471.7	—
Client 3	Machinery	227.7	73.7	15.0
Client 4	Oil and gas	248.2	30.1	5.9
Client 5	Oil and gas	181.0	76.0	0.2
Client 6	Machinery	55.9	53.4	98.5
Client 7	Energy	46.3	136.9	21.0
Client 8	Energy	135.5	15.3	—
Client 9	Machinery	31.0	40.8	73.9
Client 10	Machinery	95.7	28.9	13.7
Client 11	Machinery	80.4	20.2	2.3
Client 12	Machinery	7.5	27.9	66.1
Client 13	Banking	71.4	25.8	—
Client 14	Machinery	—	—	92.5
Client 15	Machinery	33.5	37.1	11.9
Client 16	Transport and logistics	65.8	—	4.3
Client 17	Metallurgy	60.3	—	—
Client 18	Machinery	20.5	—	34.0
Client 19	Energy	49.0	—	—
Client 20	Services	36.7	4.5	—

Additionally as at 30 September 2018 balances from operations with state-controlled entities and government bodies include receivables from Deposit Insurance Agency of RR 11.3 billion (31 December 2017: RR 7.2 billion) which represent receivables recognized from settlements on deposit compensations to clients of the banks whose license was withdrawn by the Bank of Russia. These balances are included in other assets in the interim consolidated statement of financial position. Refer to Note 9.

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2018

### 23 Operations with State-Controlled Entities and Government Bodies (continued)

Balances with state-controlled entities and government bodies as at 31 December 2017 disclosed below contain balances of clients which are significant in terms of the carrying amounts as at 30 September 2018 (Clients 1 -20), and in addition entities with the balances which were significant as at 31 December 2017 (Clients 21-22):

<i>In billions of Russian Roubles</i>		<b>31 December 2017</b>		
		<b>Loans and advances to customers / Due from banks</b>	<b>Due to corporate customers / Due to banks</b>	<b>Guarantees issued/ Undrawn credit lines</b>
<b>Client</b>	<b>Sector</b>			
Client 1	Oil and gas	424.9	41.7	15.1
Client 2	Government and municipal bodies	—	20.0	—
Client 3	Machinery	194.4	70.5	10.7
Client 4	Oil and gas	244.0	6.4	5.3
Client 5	Oil and gas	13.0	119.5	180.2
Client 6	Machinery	60.9	55.1	108.1
Client 7	Energy	54.1	166.8	19.7
Client 8	Energy	102.4	25.6	2.4
Client 9	Machinery	31.9	47.2	74.0
Client 10	Machinery	87.4	53.5	11.1
Client 11	Machinery	39.7	23.4	4.4
Client 12	Machinery	11.0	45.3	79.1
Client 13	Banking	86.1	25.9	—
Client 14	Machinery	—	7.1	86.5
Client 15	Machinery	33.6	59.9	9.7
Client 16	Transport and logistics	69.2	14.9	7.7
Client 17	Metallurgy	58.9	6.3	—
Client 18	Machinery	5.9	3.0	—
Client 19	Energy	60.1	10.1	—
Client 20	Services	47.6	3.1	—
Client 21	Telecommunications	31.0	—	20.2
Client 22	Government and municipal bodies	50.9	—	—

As at 30 September 2018 and 31 December 2017 the Group's investments in securities issued by government-controlled corporate entities were as follows:

<i>In billions of Russian Roubles</i>	<b>30 September 2018 (unaudited)</b>		<b>31 December 2017</b>	
	<b>Corporate bonds</b>	<b>Corporate shares</b>	<b>Corporate bonds</b>	<b>Corporate shares</b>
Securities mandatorily measured at fair value through profit or loss (2017: trading securities and securities designated as at fair value through profit or loss)	122.2	5.1	357.5	11.3
Securities measured at amortized cost (2017: Investment securities held-to-maturity)	313.3	—	226.1	—
Securities measured at fair value through other comprehensive income - debt instruments (2017: Investment securities available-for-sale)	246.4	—	243.3	25.2
Financial instruments pledged under repurchase agreements	1.2	—	—	0.3

For disclosures on investments in government debt securities please refer to Notes 6 and 7.

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2018

### 24 Principal Subsidiaries

The table below provides details on principal subsidiaries of the Bank as at 30 September 2018:

<i>(unaudited)</i> Name	Nature of business	Percentage of ownership	Country of registration
DenizBank (DenizBank AS)	banking	99.85%	Turkey
Sberbank Europe AG	banking	100.00%	Austria
OJSC BPS-Sberbank	banking	98.43%	Belarus
SB JSC Sberbank	banking	100.00%	Kazakhstan
SBERBANK JSC	banking	100.00%	Ukraine
Sberbank (Switzerland) AG	banking	99.28%	Switzerland
Cetelem Bank LLC	banking	79.20%	Russia
JSC Sberbank Leasing	leasing	100.00%	Russia
LLC Sberbank Capital	finance	100.00%	Russia
SB CIB Holding LLC	finance	100.00%	Russia
Insurance company "Sberbank life insurance" LLC	finance	100.00%	Russia
Insurance company "Sberbank insurance" LLC	finance	100.00%	Russia
Sberbank Factoring LLC	finance	100.00%	Russia
JSC Rublyovo-Arkhangelskoye	construction	100.00%	Russia
LLC Sberbank Investments	finance	100.00%	Russia
Aukcion LLC	services	100.00%	Russia
PS Yandex.Money LLC	finance	75.00% minus one Russian Rouble	Russia
LLC Digital Technologies	digital business	100.00%	Russia
JSC Non-state Pension Fund of Sberbank	finance	100.00%	Russia

The share of the subsidiaries of the Bank in the consolidated assets of the Group as at 30 September 2018 was 19.7% (31 December 2017: 20.4%).

### 25 Capital Adequacy Ratio

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

According to requirements set by the Bank of Russia regulatory capital ratio N1.0 has to be maintained by the Bank above the minimum level of 8.0% (31 December 2017: 8.0%). As at 30 September 2018 this regulatory capital adequacy ratio N1.0 was 15.2% (31 December 2017: 14.9%).

The Group also monitors capital adequacy ratio based on requirements of Basel Committee of Banking Supervision "Basel III: A global regulatory framework for more resilient banks and banking systems" (December 2010, updated in June 2011), commonly known as Basel III requirements. According to Basel III requirements minimum level of capital adequacy ratio is 6.0% for Tier 1 capital and 8.0% for total capital.

For assessment of credit risk in accordance with standardised approach the requirements of the national regulator (the Bank of Russia Instruction № 180-E "Mandatory bank ratios" dated 28 June 2017) were applied in the calculation of risk weighted assets where Basel III requirements allow to apply such national regulator requirements. In particular such approach was used for the following main types of assets:

- government and municipal debt financial instruments of the Russian Federation and its subjects nominated and funded in Russian Roubles;
- specific types of loans to which higher risk weights are applied in accordance with the Bank of Russia requirements;
- correspondent accounts and mandatory cash balances with the Bank of Russia.

## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2018

### 25 Capital Adequacy Ratio (continued)

Starting from 30 June 2018 for the purposes of calculation of capital adequacy ratio in accordance with Basel III requirements credit risk was assessed using internal ratings-based (“IRB”) approach for part of certain classes of financial instruments:

- Loans to corporate customers;
- Loans to individuals;
- Debt securities;
- Derivatives;
- Credit related commitments.

Financial instruments to which IRB approach is applied for the purposes of credit risk calculation under Basel III requirements are the same as financial instruments to which IRB approach is applied for the purposes of regulatory reporting.

The capital adequacy ratio of the Group as at 30 September 2018 and 31 December 2017 calculated in accordance with Basel III requirements is disclosed below.

	30 September 2018 Standardised and IRB approach (unaudited)	30 September 2018 Standardised approach (unaudited)	1 January 2018 Standardised approach as adjusted under IFRS 9 (unaudited)	31 December 2017 Standardised approach
<i>in billions of Russian Roubles</i>				
<b>Tier 1 capital</b>				
Share capital	87.7	87.7	87.7	87.7
Share premium	232.6	232.6	232.6	232.6
Retained earnings	3,383.1	3,383.1	2,996.2	3,058.6
Non-controlling interest	6.6	6.6	4.4	4.4
Treasury shares	(14.7)	(14.7)	(15.3)	(15.3)
Revaluation reserve for office premises	57.7	57.7	60.8	60.8
Fair value reserve for investment securities available-for-sale	—	—	—	35.3
Fair value reserve for debt instruments measured at fair value through other comprehensive income	(30.0)	(30.0)	28.2	—
Foreign currency translation reserve	(57.7)	(57.7)	(21.0)	(21.0)
Remeasurement of defined benefit pension plans	(2.4)	(2.4)	(1.0)	(1.0)
less goodwill	(7.5)	(7.5)	(8.0)	(8.0)
less intangible assets	(79.9)	(79.9)	(60.8)	(60.8)
Other deductions from capital	(13.5)	(13.5)	(12.7)	(12.7)
<b>Tier 1 capital</b>	<b>3,562.0</b>	<b>3,562.0</b>	<b>3,291.1</b>	<b>3,360.6</b>
<b>Tier 2 capital</b>				
Eligible subordinated debt	144.7	144.7	459.7	459.7
Excess of total eligible provisions over expected loss amount under IRB approach	59.5	—	—	—
<b>Tier 2 capital</b>	<b>204.2</b>	<b>144.7</b>	<b>459.7</b>	<b>459.7</b>
<b>Total capital</b>	<b>3,766.2</b>	<b>3,706.7</b>	<b>3,750.8</b>	<b>3,820.3</b>
<b>Risk weighted assets (RWA)</b>				
Credit risk	25,953.6	26,646.6	25,195.1	25,245.7
Operational risk	3,092.8	3,092.8	3,092.8	3,092.8
Market risk	956.2	956.2	1,081.1	1,158.3
<b>Total risk weighted assets (RWA)</b>	<b>30,002.6</b>	<b>30,695.6</b>	<b>29,369.0</b>	<b>29,496.8</b>
<b>Common equity Tier 1 capital adequacy ratio (Common equity Tier 1 capital / Total RWA), %</b>	<b>11.9</b>	<b>11.6</b>	<b>11.2</b>	<b>11.4</b>
<b>Tier 1 capital adequacy ratio (Tier 1 capital / Total RWA), %</b>	<b>11.9</b>	<b>11.6</b>	<b>11.2</b>	<b>11.4</b>
<b>Total capital adequacy ratio (Total capital / Total RWA), %</b>	<b>12.6</b>	<b>12.1</b>	<b>12.8</b>	<b>13.0</b>



## Selected Notes to the Interim Condensed Consolidated Financial Statements – 30 September 2018

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### 25 Capital Adequacy Ratio (continued)

In the table below is disclosed the leverage ratio as at 30 September 2018 and 31 December 2017 calculated in accordance with “Basel III: Leverage ratio framework and disclosure requirements” issued in January 2014 updated with “Basel III: Finalising post-crisis reforms” requirements issued in December 2017.

<i>in billions of Russian Roubles (unaudited)</i>	<b>30 September 2018</b>	<b>1 January 2018 as adjusted under IFRS 9</b>	<b>31 December 2017</b>
Tier 1 capital	3,562.0	3,291.1	3,360.6
Total leverage ratio exposure	31,369.6	29,033.3	29,112.0
<b>Leverage ratio, %</b>	<b>11.4</b>	<b>11.3</b>	<b>11.5</b>

The Group was in compliance with external capital requirements during the nine months ended 30 September 2018 and the year ended 31 December 2017.