

“Asian-Pacific Bank”
(Public joint stock company)

**Consolidated Interim Condensed
Financial Statements
for the 9 months ended
30 September 2015**

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	Notes	30 September 2015 RUB'000	30 September 2014 RUB'000
Interest income	4	13 764 233	13 601 893
Interest expense	4	(8 302 303)	(5 556 945)
Net interest income		5 461 930	8 044 948
Deposit insurance expenses		(179 984)	(149 972)
Net interest income after deposit insurance expenses		5 281 946	7 894 976
Fee and commission income	5	1 797 921	2 819 940
Fee and commission expense		(279 488)	(215 768)
Net fee and commission income		1 518 433	2 604 172
Net gain (loss) on financial instruments at fair value through profit or loss and realised gain on available-for-sale financial assets		333 914	(643 234)
Net foreign exchange gain	6	813 194	296 995
Net gain on operations with precious metals	7	73 091	42 766
Other operating income	8	779 323	591 457
Operating income		8 799 901	10 787 132
Impairment losses	9	(7 201 599)	(6 563 055)
Personnel expenses	10	(2 396 350)	(2 639 956)
Other general administrative expenses	11	(1 661 213)	(1 248 912)
(Loss) profit before income tax		(2 459 261)	335 209
Income tax benefit (expense)	12	480 388	(53 774)
(Loss) profit for the period		(1 978 873)	281 435
Other comprehensive income (loss), net of income tax <i>Items that are or may be reclassified subsequently to profit or loss</i>			
Revaluation reserve for available-for-sale financial assets			
- Net change in fair value		369 914	(157 186)
<i>Total items that are or may be reclassified subsequently to profit or loss</i>		<i>369 914</i>	<i>(157 186)</i>
Other comprehensive income (loss) for the period, net of income tax		369 914	(157 186)
Total comprehensive (loss) income for the period		(1 608 959)	124 249

The consolidated interim condensed financial statements were approved by the Management Board on 01 December 2015.


 Mr. A.V. Vdovin
 Chairman of the Management Board




 Ms. O.L. Krimus
 Deputy Chief Accountant

The consolidated interim condensed statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to, and forming part of, the consolidated interim condensed financial statements.

	30 September 2015	30 September 2014
Notes	RUB'000	RUB'000
Interest income	4 632 241	4 589 262
Interest expense	(2 754 003)	(1 957 031)
Net interest income	1 878 238	2 632 231
Deposit insurance expenses	(61 790)	(51 243)
Net interest income after deposit insurance expenses	1 816 448	2 580 988
Fee and commission income	712 472	1 040 201
Fee and commission expense	(96 892)	(68 359)
Net fee and commission income	615 580	971 842
Net gain (loss) on financial instruments at fair value through profit or loss and realised gain on available-for-sale financial assets	142 772	(199 208)
Net foreign exchange gain	409 992	72 077
Net gain on operations with precious metals	56 115	32 352
Other operating income	207 734	180 892
Operating income	3 248 641	3 638 943
Impairment losses	(2 046 345)	(2 396 093)
Personnel expenses	(792 641)	(800 698)
Other general administrative expenses	(652 143)	(445 641)
Loss before income tax	(242 488)	(3 489)
Income tax benefit	51 000	15 985
(Loss) income for the period	(191 488)	12 496
Other comprehensive loss, net of income tax		
<i>Items that are or may be reclassified subsequently to profit or loss</i>		
Revaluation reserve for available-for-sale financial assets		
- Net change in fair value	(27 370)	(86 440)
<i>Total items that are or may be reclassified subsequently to profit or loss</i>	(27 370)	(86 440)
Other comprehensive loss for the period, net of income tax	(27 370)	(86 440)
Total comprehensive loss for the period	(218 858)	(73 944)


 Mr. A.V. Vdovits
 Chairman of the Management Board




 Ms. O.L. Krimus
 Deputy Chief Accountant

PJSC "Asian-Pacific Bank"
Consolidated Interim Condensed Statement of Financial Position as at 30 September 2015

	Notes	30 September 2015 RUB'000	31 December 2014 RUB'000
ASSETS			
Cash and cash equivalents	13	18 699 013	13 973 022
Obligatory reserves with the Central Bank of the Russian Federation		647 998	896 191
Financial instruments at fair value through profit or loss	14	35 591	44 348
Available-for-sale financial assets	15	15 495 882	13 309 230
Due from banks	16	1 140 932	999 369
Amounts receivable under reverse repurchase agreements	17	6 730 075	1 560 811
Loans to customers	18	74 230 482	85 591 339
Net investments in finance leases	19	1 619 861	2 082 190
Held-to-maturity investments	20	8 418 795	5 544 648
Current tax asset		41 586	196 821
Deferred tax asset	12	185 679	76 691
Property, equipment, intangible assets and investment property	22	5 141 672	5 196 020
Other assets	23	5 059 355	996 163
Total assets		137 446 921	130 466 843
LIABILITIES			
Derivative financial instruments	14	221 267	6 492
Deposits and balances from banks	24	5 722 171	10 721 632
Amounts payable under repurchase agreements	25	8 009 835	8 838 184
Current accounts and deposits from customers	26	96 665 549	84 497 714
Debt securities issued	27	5 207 327	6 506 591
Subordinated borrowings	28	4 879 481	4 021 246
Current tax liability		3 470	2 073
Deferred tax liability	12	-	313 697
Other liabilities	29	1 291 194	703 628
Total liabilities		122 000 294	115 611 257
EQUITY			
Share capital	30	585 414	585 414
Treasury shares		(10 307)	(10 307)
Share premium		1 778 739	1 778 739
Additional capital		2 200 000	-
Revaluation reserve for available-for-sale financial assets		(53 844)	(423 758)
Revaluation surplus for buildings		1 617 211	1 618 659
Retained earnings		9 329 414	11 306 839
Total equity		15 446 627	14 855 586
Total liabilities and equity		137 446 921	130 466 843


 Mr. A.V. Vdovin
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PJSC “Asian-Pacific Bank”
Consolidated Interim Condensed Statement of Cash Flows for the 9 months ended 30 September 2015

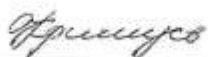
	Notes	30 September 2015 RUB'000	30 September 2014 RUB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest receipts		12 803 924	12 921 991
Interest payments		(7 146 243)	(5 667 488)
Fee and commission receipts		1 821 009	2 844 342
Fee and commission payments		(279 488)	(215 768)
Net receipts (payments) from financial instruments at fair value through profit or loss and available-for-sale financial instruments		333 914	(612 054)
Net receipts from foreign exchange		1 324 562	648 639
Other income receipts		779 323	591 457
Net receipts from operations with precious metals		73 336	38 895
General administrative expenses payments		(3 896 473)	(4 014 358)
(Increase) decrease in operating assets			
Obligatory reserves with the CBR		248 193	230 558
Financial instruments at fair value through profit or loss		-	1 210 694
Available-for-sale financial assets		(1 467 617)	(4 575 418)
Due from banks		(1 376)	645 256
Amounts receivable under reverse repurchase agreements		(5 063 449)	(1 522 733)
Loans to customers		5 338 258	(5 198 540)
Net investments in finance leases		369 557	98 819
Other assets		(4 072 477)	243 881
Increase (decrease) in operating liabilities			
Deposits and balances from banks		(5 696 441)	2 527 869
Amounts payable under repurchase agreements		(828 715)	(3 637 306)
Current accounts and deposits from customers		11 287 287	1 336 620
Promissory notes		177 800	531 564
Other liabilities		457 314	(128 136)
Cash flows from (used in) operating activities before income tax paid		6 562 198	(1 701 216)
Income tax received (paid)		122 220	(400 639)
Cash flows from (used in) operations		6 684 418	(2 101 855)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of held-to-maturity investments		(2 566 747)	-
Net purchases of property and equipment and intangible assets		(196 745)	(417 218)
Cash flows used in investing activities		(2 763 492)	(417 218)
CASH FLOWS FROM FINANCING ACTIVITIES			
Issue of shares	30	-	609 118
Net issue of bonds		(1 409 096)	(413 647)
Attraction of subordinated loan		-	1 410 967
Cash distribution from shareholders		2 200 000	-
Cash flows from financing activities		790 904	1 606 438

The consolidated interim condensed statement of cash flows is to be read in conjunction with the notes to, and forming part of, the consolidated interim condensed financial statements.

Net increase (decrease) in cash and cash equivalents	4 711 830	(912 635)
Effect of changes in exchange rates on cash and cash equivalents	14 161	462 712
Cash and cash equivalents as at the beginning of the year	13 973 022	10 085 780
Cash and cash equivalents as at the end of the period	13 987 183	10 545 857


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RUB'000	Share capital	Treasury shares	Share premium	Additional capital	Revaluation reserve for available-for- sale financial assets	Revaluation surplus for buildings	Retained earnings	Total equity
Balance as at 1 January 2014	562 312	(10 307)	1 192 723	-	(29 827)	1 620 178	11 255 339	14 590 418
Total comprehensive income for the period								
Profit for the period	-	-	-	-	-	-	281 435	281 435
Other comprehensive loss, net of income tax								
<i>Items that are or may be reclassified subsequently to profit or loss</i>								
Net change in fair value of available-for-sale financial assets, net of deferred tax of RUB 39 296 thousand	-	-	-	-	(157 186)	-	-	(157 186)
<i>Total items that are or may be reclassified subsequently to profit or loss</i>	-	-	-	-	(157 186)	-	-	(157 186)
<i>Items that will not be reclassified to profit or loss</i>								
Transfer of revaluation surplus on disposal of buildings previously revalued	-	-	-	-	-	(1 519)	1 519	-
<i>Total items that will not be reclassified to profit or loss</i>	-	-	-	-	-	(1 519)	1 519	-
Total comprehensive income for the period, net of income tax	-	-	-	-	(157 186)	(1 519)	282 954	124 249
Transactions with owners, recorded directly in equity								
Issue of shares (note 30)	23 102	-	586 016	-	-	-	-	609 118
Total transactions with owners	23 102	-	586 016	-	-	-	-	609 118
Balance as at 30 September 2014	585 414	(10 307)	1 778 739	-	(187 013)	1 618 659	11 538 293	15 323 785

The consolidated interim condensed statement of changes in equity is to be read in conjunction with the notes to, and forming part of, the consolidated interim condensed financial statements.

RUB'000	Share capital	Treasury shares	Share premium	Additional capital	Revaluation reserve for available-for- sale financial assets	Revaluation surplus for buildings	Retained earnings	Total equity
Balance as at 1 January 2015	585 414	(10 307)	1 778 739	-	(423 758)	1 618 659	11 306 839	14 855 586
Total comprehensive loss for the period								
Loss for the period	-	-	-	-	-	-	(1 978 873)	(1 978 873)
Other comprehensive income, net of income tax								
<i>Items that are or may be reclassified subsequently to profit or loss</i>								
Net change in fair value of available-for-sale financial assets, net of deferred tax of RUB 92 479 thousand	-	-	-	-	369 914	-	-	369 914
<i>Total items that are or may be reclassified subsequently to profit or loss</i>	-	-	-	-	369 914	-	-	369 914
<i>Items that will not be reclassified to profit or loss</i>								
Transfer of revaluation surplus on disposal of buildings previously revalued, net of deferred tax of RUB 362 thousand	-	-	-	-	-	(1 448)	1 448	-
<i>Total items that will not be reclassified to profit or loss</i>	-	-	-	-	-	(1 448)	1 448	-
Total comprehensive loss for the period, net of income tax	-	-	-	-	369 914	(1 448)	(1 977 425)	(1 608 959)
Transactions with owners, recorded directly in equity								
Cash contribution from shareholders	-	-	-	2 200 000	-	-	-	2 200 000
Total transactions with owners	-	-	-	2 200 000	-	-	-	2 200 000
Balance as at 30 September 2015	585 414	(10 307)	1 778 739	2 200 000	(53 844)	1 617 211	9 329 414	15 446 627


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The consolidated interim condensed statement of changes in equity is to be read in conjunction with the notes to, and forming part of, the consolidated interim condensed financial statements.

1 Background

Organisation and operations

These consolidated interim condensed financial statements include the financial statements of PJSC “Asian-Pacific Bank” (the Bank) and its subsidiaries (together referred to as the Group).

The Bank was established in the Russian Federation as a closed joint stock company in 1992 under the name Amurpromstroybank as a successor of Promstroybank of USSR which was founded in 1929. In 2006 the Bank was reorganised from a closed joint stock company to an open joint stock company and renamed to Asian-Pacific Bank by decision of the shareholders. On 7 May 2010 LLC “PPFIN Region”, being a common majority shareholder for OJSC “Asian-Pacific Bank”, OJSC “Kamchatprombank” and OJSC “Kolyma-Bank”, merged the operations of these entities and therefore granted full control over OJSC “Kamchatprombank” and OJSC “Kolyma-Bank” to OJSC “Asian-Pacific Bank”. In July 2015 the Bank was reorganised from an open joint stock company to a public joint stock company

The principal activities of the Bank are deposit taking and customer accounts maintenance, lending, issuing guarantees, cash and settlement operations and operations with securities and foreign exchange. The activities of the Bank are regulated by the Central Bank of the Russian Federation (the CBR). The Bank has a general banking license, and is a member of the state deposit insurance system in the Russian Federation.

The Bank has 229 (31 December 2014: 250) offices from which it conducts business throughout the Russian Federation including a head office, 4 regional branches, 41 additional offices, 183 operational offices. The registered address of the head office is 225, Amurskaya Street, Blagoveschensk, 675000. The majority of the assets and liabilities are located in the Russian Federation.

As at 30 September 2015, the following shareholders held the issued shares of Public Joint Stock Company “Asian-Pacific Bank”:

Shareholder	30 September 2015	31 December 2014
	%	%
LLC “PPFIN Region” (Russian Federation)	59.17	59.17
East Capital Explorer Financial Institutions Fund AB (Sweden)	17.91	17.91
TECHSUN ENTERPRISES LIMITED (Cyprus)	8.41	8.41
International Financial Corporation	6.71	6.71
Aksenov E.V.	3.08	3.08
LLC “Expo-Leasing” (a 100% owned subsidiary of the Bank)	1.76*	1.76*
Others	2.96	2.96
Total:	100.00	100.00

* Treasury shares

Details of the subsidiaries are as follows:

Name	Country of incorporation	Principal activities	Ownership %	
			30 September 2015	31 December 2014
LLC “Expo-Leasing”	Russian Federation	Leasing	100%	100%
CJSC “Mortgage agent APB”	Russian Federation	Mortgage agent	see below	see below
CJSC “Mortgage agent APB 2”	Russian Federation	Mortgage agent	see below	-

On 1 October 2010 100% of the shares of LLC “Expo-Leasing” were acquired by the Bank.

LLC “Expo-Leasing” was registered in 2002 in Russia. Its head office is in Moscow and it has 10 branches (31 December 2014: 10) comprising a head office, 1 regional branch and 8 separate offices.

CJSC “Mortgage agent APB” and CJSC “Mortgage agent APB 2” (MA APB and MA APB 2) are structured entities established to facilitate the Bank’s issue of mortgage backed securities (refer to note 27). These entities are not owned by the Group. Control arises through the predetermination of the entities’ activities, having rights to obtain the majority of benefits of the structured entities, and retaining the majority of the residual risks related to the entities.

The average number of the Group’s employees for the 9 months ended 30 September 2015 was 4 060 (31 December 2014: 4 489).

Russian business environment

The Group’s operations are primarily located in the Russian Federation. Consequently, the Group is exposed to the economic and financial markets of the Russian Federation, which display emerging-market characteristics. Legal, tax and regulatory frameworks continue to be developed, but are subject to varying interpretations and frequent changes that, together with other legal and fiscal impediments, contribute to the challenges faced by entities operating in the Russian Federation.

The recent conflict in Ukraine and related events has increased the perceived risks of doing business in the Russian Federation. The imposition of economic sanctions on Russian individuals and legal entities by the European Union, the United States of America, Japan, Canada, Australia and others, as well as retaliatory sanctions imposed by the Russian government, has resulted in increased economic uncertainty including more volatile equity markets, a depreciation of the Russian Rouble, a reduction in both local and foreign direct investment inflows and a significant tightening in the availability of credit. In particular, some Russian entities, including banks, may be experiencing difficulties in accessing international equity and debt markets and may become increasingly dependent on Russian state banks to finance their operations. The longer term effects of recently implemented sanctions, as well as the threat of additional future sanctions, are difficult to determine. Management of the Group believes that it takes all the necessary efforts to support the economic stability of the Group in the current environment.

2 Basis of preparation

Statement of compliance

The accompanying consolidated interim condensed financial statements are prepared in accordance with International Financial Reporting Standards (IFRS).

These consolidated interim condensed financial statements are prepared in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting. As a result, they do not include all of the information required by IFRS for a complete set of financial statements. Operating results for the 9 months period ended 30 September 2015 are not necessarily indicative of the results that may be expected for the year ending 31 December 2015.

These consolidated interim condensed financial statements should be read in conjunction with the complete consolidated financial statements as at 31 December 2014 and for the year ending 31 December 2014.

Basis of measurement

The consolidated interim condensed financial statements are prepared on the historical cost basis except that financial instruments at fair value through profit or loss, available-for-sale financial assets and investment property are stated at fair value, and buildings are stated at revalued amounts.

Functional and presentation currency

The functional currency of the Bank and the subsidiaries is the Russian Rouble (RUB) as, being the national currency of the Russian Federation, it reflects the economic substance of the majority of underlying events and circumstances relevant to them.

The RUB is also the presentation currency for the purposes of these consolidated interim condensed financial statements.

Financial information presented in RUB is rounded to the nearest thousand.

Use of estimates and judgments

The preparation of consolidated interim condensed financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results could differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Changes in accounting policies and presentation

With effect from 1 January 2015, the Group has changed accounting policy in identifying related parties relationships providing more relevant information about effects of other related parties transactions. This amendment has an impact on other related parties disclosures in the Group’s consolidated interim condensed financial statements, including changing comparative information as explained in note 3.

3 Significant accounting policies

In general the accounting policies applied by the Group in these consolidated interim condensed financial statements are consistent with those applied by the Group in the year ended 31 December 2014 except as explained in note 2, which addresses changes in accounting policies.

Comparative information

With effect from 1 January 2015, the Group presents interest income on all categories of securities in interest income. The Group previously presented interest income on financial instruments at fair value through profit or loss (except promissory notes) and available-for-sale financial assets within net gain (loss) on financial instruments at fair value through profit or loss and realised gain on available-for-sale financial assets in the consolidated interim condensed statement of profit or loss and other comprehensive income for the 9 months and 3 months ended 30 September 2014. As a result, the amounts of RUB 905 035 thousand and RUB 329 261 thousand appropriately have been reclassified from net gain (loss) on financial instruments at fair value through profit or loss and realised gain on available-for-sale financial assets to interest income in the comparative consolidated interim condensed statements of profit or loss and other comprehensive income, to conform to the 2015 presentation.

With effect from 1 January 2015, the Group has changed accounting policy in identifying related parties relationships providing more relevant information about effects of other related parties transactions. The 30 September 2015 presentation of the outstanding balances and average effective interest rates as at 31 December 2014 for transactions with other related parties are presented below:

	31 December 2014 disclosure		30 September 2015 disclosure	
	31 December 2014 RUB'000	Average effective interest rate, %	31 December 2014 RUB'000	Average effective interest rate, %
Consolidated interim condensed statement of financial position				
ASSETS				
Cash and cash equivalents	1 754	-	1 754	-
Loans to customers	1 198 149	9.59%	29 004	15.08%
Other assets	2 446	-	2 354	-
LIABILITIES				
Deposits and balances from banks	24 663	3.70%	24 663	3.70%
Current accounts and deposits from customers	2 941 155	7.88%	811 335	-
Other liabilities	1 317	-	284	-
Commitments				
Undrawn loan commitments and overdraft	226 484	-	1 450	-

4 Interest income and expense

	30 September 2015 RUB'000	30 September 2014 RUB'000
Interest income		
Loans to customers	11 599 727	12 051 481
Securities	1 758 178	984 423
Net investments in finance leases	276 823	390 476
Due from banks and cash equivalents	129 505	175 513
	13 764 233	13 601 893
Interest expense		
Current accounts and deposits from customers	6 245 673	3 877 236
Deposits and balances from banks	1 131 678	902 181
Debt securities issued	562 658	649 222
Subordinated borrowings	362 294	128 306
	8 302 303	5 556 945

5 Fee and commission income

	30 September 2015 RUB'000	30 September 2014 RUB'000
Settlement operations	940 404	975 179
Insurance agent commission	261 609	1 527 333
Guarantee issuance	138 138	64 786
Accounts opening and maintenance	126 580	122 729
Other	331 190	129 913
	1 797 921	2 819 940

6 Net foreign exchange gain

	30 September 2015 RUB'000	30 September 2014 RUB'000
Gain on derivatives and spot transactions (except swaps)	1 668 322	378 840
Gain on swap operations	267 931	(35 199)
Loss from revaluation of financial assets and liabilities	(1 123 059)	(46 646)
	813 194	296 995

7 Net gain on operations with precious metals

	30 September 2015 RUB'000	30 September 2014 RUB'000
Gain on trading operations	64 272	35 847
Gain from revaluation of financial assets and liabilities and operations with derivatives	8 819	4 219
	73 091	42 766

8 Other operating income

	30 September 2015	30 September 2014
	RUB'000	RUB'000
Penalties on loans issued	429 341	441 269
Repayment of written off loans	191 785	61 374
Penalties on other operations	47 794	24 149
Rental income	17 902	16 843
Other income	92 501	47 822
	779 323	591 457

9 Impairment losses

	30 September 2015	30 September 2014
	RUB'000	RUB'000
Loans to customers	7 163 481	6 483 693
Net investments in finance leases	92 772	37 432
Other assets	(54 654)	41 930
	7 201 599	6 563 055

10 Personnel expenses

	30 September 2015	30 September 2014
	RUB'000	RUB'000
Employee compensation	1 883 158	2 051 247
Payroll related taxes	513 192	588 709
	2 396 350	2 639 956

11 Other general administrative expenses

	30 September 2015 RUB'000	30 September 2014 RUB'000
Write-off of materials and loss on disposals of assets	331 505	144 690
Depreciation and amortisation	250 455	227 731
Taxes other than income tax	153 744	172 492
Repairs and maintenance	137 561	148 708
Rent	112 343	122 848
Communications and information services	109 679	107 485
Advertising and marketing	89 857	65 124
IT expenses	73 940	46 808
Security	35 179	34 176
Travel expenses	34 319	26 534
Professional services	20 267	17 437
Agent fees for attraction of clients	19 505	15 352
Insurance	12 669	9 280
Other	280 190	110 247
	1 661 213	1 248 912

12 Income tax (benefit) expense

	30 September 2015 RUB'000	30 September 2014 RUB'000
Current year tax expense	34 414	52 606
Origination and reversal of temporary differences	(514 802)	1 168
Total income tax (benefit) expense	(480 388)	53 774

During 9 months ended 30 September 2015, the applicable tax rate for current and deferred tax is 20% (30 September 2014: 20%).

Reconciliation of effective tax rate for the 9 months ended 30 September:

	30 September 2015 RUB'000	%	30 September 2014 RUB'000	%
(Loss) profit before tax	(2 459 261)		335 209	
Income tax at the applicable tax rate	(491 852)	(20.0)%	67 042	20.0%
Other differences	19 170	0.8%	(1 794)	(0.5)%
Income taxed at lower tax rates	(7 706)	(0.3)%	(11 474)	(3.4)%
	(480 388)	(19.5)%	53 774	16.0%

Deferred tax asset and liability

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes give rise to deferred tax assets and liabilities as at 30 September 2015 and 31 December 2014. Net deferred tax assets and liabilities have been recognised in these consolidated interim condensed financial statements.

The deductible temporary differences do not expire under current tax legislation. Tax loss carry-forward expires in 2024 and 2025.

Movements in temporary differences during 9 months ended 30 September are presented as follows:

RUB'000	Balance 1 January 2015	Recognised in profit or loss	Recognised in other comprehensive income and directly in equity	Balance 30 September 2015
Due from banks	(414)	51	-	(363)
Available-for-sale financial assets	69 030	(70 679)	(92 479)	(94 128)
Held-to-maturity investments	23 186	(28 582)	-	(5 396)
Derivative financial instruments	(7 571)	44 706	-	37 135
Loans to customers	(360 488)	29 719	-	(330 769)
Net investments in finance leases	73 241	16 349	-	89 590
Property, equipment and intangible assets	(376 094)	1 027	362	(374 705)
Other assets	33 583	(22 013)	-	11 570
Debt securities issued	897	17 941	-	18 838
Subordinated borrowings	(6 637)	(997)	-	(7 634)
Other liabilities	620	(11 664)	-	(11 044)
Tax loss carry-forward	313 641	538 944	-	852 585
	(237 006)	514 802	(92 117)	185 679
Comprising of:				
Deferred tax asset	76 691			185 679
Deferred tax liability	(313 697)			-

RUB'000	Balance 1 January 2014	Recognised in profit or loss	Recognised in other comprehensive income and directly in equity	Balance 30 September 2014
Financial instruments at fair value through profit or loss	(19 797)	24 177	-	4 380
Available-for-sale financial assets	7 457	92	39 296	46 845
Derivative financial instruments	1 973	(1 443)	-	530
Loans to customers	(166 016)	26 926	-	(139 090)
Net investments in finance leases	51 462	5 449	-	56 911
Property, equipment and intangible assets	(379 271)	7 992	-	(371 279)
Other assets	-	(1 403)	-	(1 403)
Current accounts and deposits from customers	10 901	(10 901)	-	-
Debt securities issued	(2 504)	4 397	-	1 893
Other liabilities	103 180	(56 454)	-	46 726
	(392 615)	(1 168)	39 296	(354 487)
Comprising of:				
Deferred tax asset	51 462			56 911
Deferred tax liability	(444 077)			(411 398)

13 Cash and cash equivalents

	30 September 2015 RUB'000	31 December 2014 RUB'000
Cash on hand	3 788 633	5 148 414
Nostro accounts with the CBR	2 801 656	3 778 620
Nostro accounts with other banks		
- Largest 30 Russian banks	3 280 276	2 043 488
- OECD banks	621 100	987 138
- Other foreign banks	228 286	103 972
- Other Russian banks	204 768	365 829
Total nostro accounts with other banks	4 334 430	3 500 427
Term deposits with the CBR	7 000 000	1 500 000
Term deposits with other banks		
- Other foreign banks	609 061	45 408
- OECD banks	161 159	-
- Largest 30 Russian banks	4 074	153
Total term deposits with other banks	774 294	45 561
Total cash and cash equivalents	18 699 013	13 973 022

As at 30 September 2015, the Group has no banks (except the CBR) (31 December 2014: no banks (except the CBR)), whose balances individually exceed 10% of equity.

None of cash and cash equivalents are impaired or past due.

14 Financial instruments at fair value through profit or loss

	30 September 2015 RUB'000	31 December 2014 RUB'000
ASSETS		
Held by the Group		
Derivative financial instruments		
Foreign currency and securities contracts, option agreements	35 591	44 348
	35 591	44 348
Total financial instruments at fair value through profit or loss held by the Group	35 591	44 348
Total financial instruments at fair value through profit or loss	35 591	44 348
LIABILITIES		
Derivative financial instruments		
Foreign currency, securities and precious metals contracts, option agreements	221 267	6 492
	221 267	6 492

Ratings of corporate entities are based on Standart & Poor's or the equivalent ratings assigned by Fitch Rating and Moody's.

All financial instruments at fair value through profit or loss are classified as held for trading.

None of financial assets at fair value through profit or loss are past due.

The table below analyses financial instruments at fair value through profit or loss at 30 September 2015, by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the consolidated interim condensed statement of financial position:

RUB '000	Level 2	Total
Financial instruments at fair value through profit or loss		
- Derivative assets	35 591	35 591
- Derivative liabilities	(221 267)	(221 267)

The table below analyses financial instruments measured at fair value through profit or loss at 31 December 2014, by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the consolidated interim condensed statement of financial position:

RUB '000	Level 2	Total
Financial instruments at fair value through profit or loss		
- Derivative assets	44 348	44 348
- Derivative liabilities	(6 492)	(6 492)

Foreign currency and securities contracts

The table below summarises, by major currencies, the contractual amounts of forward exchange and securities contracts outstanding at 30 September 2015 and at 31 December 2014 with details of the weighted average contractual exchange rates and remaining periods to maturity. Foreign currency amounts presented below are translated at rates ruling at the reporting date. The resultant unrealised gains and losses on these unmatured contracts are recognised in profit or loss and in financial instruments at fair value through profit or loss, as appropriate.

	Notional amount		Weighted average contractual rates	
	30 September 2015 RUB'000	31 December 2014 RUB'000	30 September 2015	31 December 2014
Buy USD sell RUB				
Less than 3 months	4 430 242	84 388	66.35	57.37
Buy USD sell CHF				
Less than 3 months	1 962 011	-	0.97	-
Buy USD sell JPY				
Less than 3 months	99 299	-	1.20	-
Buy EUR sell RUB				
Less than 3 months	10 442	-	73.61	-
Buy EUR sell USD				
Less than 3 months	499 703	1 435 197	1.12	1.22
Buy CNY sell RUB				
Less than 3 months	-	22 677	-	93.62
Sell USD buy RUB				
Less than 3 months	9 690 848	2 126 568	63.99	57.41
Sell USD buy JPY				
Less than 3 months	49 545	-	1.20	-
Sell USD buy CHF				
Less than 3 months	1 100 263	-	0.97	-
Sell EUR buy RUB				
Less than 3 months	6 712	27 337	73.80	70.25
Sell EUR buy USD				
Less than 3 months	37 291	-	1.12	-
Sell CNY buy RUB				
Less than 3 months	26 021	-	10.40	-

	Notional amount		Weighted average contractual rates	
	30 September 2015 RUB'000	31 December 2014 RUB'000	30 September 2015	31 December 2014
Sell Gold buy RUB				
Less than 3 months	80 892	-	2 372.37	-
Buy NorNickel GMK sell RUB				
Less than 3 months	5 169	-	9 300.00	-
Buy DIXY Group ao sell RUB				
Less than 3 months	3 107	-	309.52	-
Buy RZD,2018, CHF (LPN) sell RUB				
Less than 3 months	130 328	-	4 749.01	-
Buy Rostelecom sell RUB				
Less than 3 months	7 840	-	84.00	-
Sell Rostelecom buy RUB				
Less than 3 months	13 871	-	86.02	-
Sell Sberbank buy RUB				
Less than 3 months	18 980	-	76.50	-
Buy option for USD sale sell RUB				
Less than 3 months	332 736	-	58.00	-
Sell option for futures contract USD-RUB Si-12.15M151015CA buy RUB				
Less than 3 months	335 295	-	65 250.00	-

15 Available-for-sale financial assets

	30 September 2015	31 December 2014
	RUB'000	RUB'000
Held by the Group		
Debt and other fixed-income instruments		
- Government and municipal bonds		
Russian Government Federal bonds (OFZ)	1 427 969	328 213
Russian Government Eurobonds	677 356	291 457
Regional authorities bonds	1 406 871	-
Total government and municipal bonds	3 512 196	619 670
- Corporate bonds		
rated from BB- to BBB+	9 454 706	5 554 421
not rated	88 465	47 124
Total corporate bonds	9 543 171	5 601 545
Equity instruments		
- Corporate shares		
rated from BB- to BBB+	148 333	-
B+ and rated below B+	33 566	-
not rated	7 779	-
Total corporate shares	189 678	-
Total available-for-sale financial instruments held by Group	13 245 045	6 221 215
Pledged under sale and repurchase agreements		
- Corporate bonds		
rated from BB- to BBB+	1 095 933	7 088 015
B+ and rated below B+	1 154 904	-
Total corporate bonds	2 250 837	7 088 015
Total available-for-sale financial instruments pledged under sale and repurchase agreements	2 250 837	7 088 015
Total available-for-sale financial instruments	15 495 882	13 309 230

Ratings of corporate entities are based on Standart & Poor's or the equivalent ratings assigned by Fitch Rating and Moody's.

None of available-for-sale financial assets are past due.

The table below analyses available-for-sale financial assets at 30 September 2015, by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the consolidated interim condensed statement of financial position:

RUB '000	Level 1	Total
Available-for-sale financial assets		
- Debt and other fixed income instruments	15 306 204	15 306 204
- Equity instruments	189 678	189 678

The table below analyses financial instruments measured at fair value at 31 December 2014, by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the consolidated interim condensed statement of financial position:

RUB '000	<u>Level 1</u>	<u>Total</u>
Available-for-sale financial assets		
- Debt and other fixed income instruments	13 309 230	13 309 230

16 Due from banks

	<u>30 September 2015</u> <u>RUB'000</u>	<u>31 December 2014</u> <u>RUB'000</u>
Term deposits		
- Other foreign banks	891 786	827 600
- OECD banks	248 484	165 206
- Largest 30 Russian banks	662	6 563
Total term deposits	<u>1 140 932</u>	<u>999 369</u>

None of due from banks balances are impaired or past due.

17 Amounts receivable under reverse repurchase agreements

The table below sets out receivables under reverse repurchase agreements showing individual types of securities received as collateral under reverse repurchase agreements outstanding as at 30 September 2015:

	<u>Government and municipal bonds</u> <u>RUB'000</u>	<u>Corporate bonds</u> <u>RUB'000</u>	<u>Corporate shares</u> <u>RUB'000</u>	<u>Total</u> <u>RUB'000</u>
Amounts receivable under reverse repurchase agreements				
- Largest 30 Russian banks	2 921 913	-	860 525	3 782 438
- Other Russian companies	-	688 500	2 055 247	2 743 747
- Other Russian banks	-	-	203 890	203 890
	<u>2 921 913</u>	<u>688 500</u>	<u>3 119 662</u>	<u>6 730 075</u>

The table below sets out receivables under reverse repurchase agreements showing individual types of securities received as collateral under reverse repurchase agreements outstanding as at 31 December 2014:

	<u>Corporate bonds</u> <u>RUB'000</u>	<u>Total</u> <u>RUB'000</u>
Amounts receivable under reverse repurchase agreements		
- Other Russian companies	946 566	946 566
- Other Russian banks	614 245	614 245
	<u>1 560 811</u>	<u>1 560 811</u>

At 30 September 2015, the fair value of securities collateralising reverse repurchase agreements that the Group is permitted to sell or repledge in the absence of default is RUB 7 525 942 thousand (31 December 2014: RUB 1 879 496 thousand) out of which resold securities comprise RUB 256 596 thousand (31 December 2014: the Group repledged securities with fair value of RUB 765 915 thousand under repurchase agreements).

None of amounts receivable under reverse repurchase agreements are past due or impaired.

18 Loans to customers

	30 September 2015 RUB'000	31 December 2014 RUB'000
Loans to corporate customers	37 179 293	34 158 648
Loans to retail customers		
Consumer loans	49 922 346	54 436 681
Mortgage loans	6 905 514	10 123 948
Total loans to retail customers	56 827 860	64 560 629
Gross loans to customers	94 007 153	98 719 277
Impairment allowance	(19 776 671)	(13 127 938)
Net loans to customers	74 230 482	85 591 339

Movements in the loan impairment allowance by classes of loans to customers for the 9 months ended 30 September 2015 are as follows:

	Loans to corporate customers RUB'000	Loans to retail customers RUB'000	Total RUB'000
Balance at the beginning of the year	1 361 740	11 766 198	13 127 938
Net charge	1 279 260	5 884 221	7 163 481
Write-offs	(14 465)	(500 283)	(514 748)
Balance at the end of the period	2 626 535	17 150 136	19 776 671

Movements in the loan impairment allowance by classes of loans to customers for the 9 months ended 30 September 2014 are as follows:

	Loans to corporate customers RUB'000	Loans to retail customers RUB'000	Total RUB'000
Balance at the beginning of the year	670 578	5 140 698	5 811 276
Net charge	350 349	6 133 344	6 483 693
Write-offs	(11 770)	(796 199)	(807 969)
Balance at the end of the period	1 009 157	10 477 843	11 487 000

Credit quality of loans to customers

The following table provides information on the credit quality of loans to corporate customers as at 30 September 2015 and 31 December 2014:

	30 September 2015	31 December 2014
	RUB'000	RUB'000
Loans to corporate customers		
Loans without individual signs of impairment	34 065 159	32 463 471
Impaired loans:		
- not overdue	-	-
- overdue less than 90 days	642 696	369 540
- overdue more than 90 days and less than 1 year	1 501 887	772 110
- overdue more than 1 year	969 551	553 527
Total impaired loans	<u>3 114 134</u>	<u>1 695 177</u>
Total gross loans to corporate customers	37 179 293	34 158 648
Impairment allowance	<u>(2 626 535)</u>	<u>(1 361 740)</u>
Net loans to corporate customers	<u>34 552 758</u>	<u>32 796 908</u>

The following table provides information on the credit quality of loans to retail customers as at 30 September 2015:

	Consumer loans	Mortgage loans	Total loans to
	RUB'000	RUB'000	retail customers
			RUB'000
Loans to retail customers			
- not overdue	27 407 069	6 465 121	33 872 190
- overdue less than 30 days	1 523 629	45 933	1 569 562
- overdue 30-89 days	1 756 656	102 280	1 858 936
- overdue 90-179 days	2 642 469	76 152	2 718 621
- overdue more than 180 days	16 592 523	216 028	16 808 551
Total gross loans to retail customers	49 922 346	6 905 514	56 827 860
Impairment allowance	<u>(16 982 516)</u>	<u>(167 620)</u>	<u>(17 150 136)</u>
Net loans to retail customers	<u>32 939 830</u>	<u>6 737 894</u>	<u>39 677 724</u>

The following table provides information on the credit quality of loans to retail customers as at 31 December 2014:

	Consumer loans	Mortgage loans	Total loans to
	RUB'000	RUB'000	retail customers
			RUB'000
Loans to retail customers			
- not overdue	36 963 000	9 850 665	46 813 665
- overdue less than 30 days	1 859 284	50 719	1 910 003
- overdue 30-89 days	2 216 731	73 778	2 290 509
- overdue 90-179 days	2 859 085	64 610	2 923 695
- overdue more than 180 days	10 538 581	84 176	10 622 757
Total gross loans to retail customers	54 436 681	10 123 948	64 560 629
Impairment allowance	<u>(11 699 080)</u>	<u>(67 118)</u>	<u>(11 766 198)</u>
Net loans to retail customers	<u>42 737 601</u>	<u>10 056 830</u>	<u>52 794 431</u>

Asset securitisation

As at 30 September 2015, the Group transferred mortgage loans of RUB 3 524 405 thousand (31 December 2014: RUB 3 941 004 thousand) to MA APB and MA APB 2, entities that are, in substance, controlled by the Group. Accordingly, MA APB and MA APB 2 are consolidated into these consolidated interim condensed financial statements and the loans are included in the consolidated interim condensed statement of financial position. These loans serve as collateral for secured mortgage backed securities issued by the Group. As at 30 September 2015, the carrying amount of liabilities on these securities is RUB 2 546 042 thousand (31 December 2014: RUB 3 056 990 thousand).

19 Net investments in finance leases

Net investments in finance leases comprise:

	30 September 2015	31 December 2014
	RUB'000	RUB'000
Gross investments in finance leases	2 123 858	2 694 581
Less unearned finance lease income	(268 318)	(463 140)
	1 855 540	2 231 441
Less allowance for impairment	(235 679)	(149 251)
Net investments in finance leases	1 619 861	2 082 190

Net investments in finance leases generally comprise lease contracts on various types of equipment and vehicles.

Future minimum lease payments to be received are disclosed below:

	30 September 2015	31 December 2014
	RUB'000	RUB'000
Within 1 year	1 639 914	1 768 833
From 1 to 5 years	483 944	925 748
Minimum lease payments receivable	2 123 858	2 694 581

Gross investment in leases is receivable in the following currencies:

	30 September 2015	31 December 2014
	RUB'000	RUB'000
RUB	1 830 258	2 376 670
USD	293 600	317 911
Gross investments in finance leases	2 123 858	2 694 581

Movements in the impairment allowance are as follows:

	30 September 2015	30 September 2014
	RUB'000	RUB'000
Balance at the beginning of the year	149 251	61 809
Net charge	92 772	37 432
Write-offs	(6 344)	-
Balance at the end of the period	235 679	99 241

20 Held-to-maturity investments

	30 September 2015 RUB'000	31 December 2014 RUB'000
Held by the Group		
Government and municipal bonds		
Russian Government Federal bonds (OFZ)	310 331	311 377
Regional authorities bonds	576 726	512 643
Total government and municipal bonds	887 057	824 020
Corporate bonds		
rated from BB- to BBB+	209 509	2 211 789
rated below B+	484 776	1 097
Total corporate bonds	694 285	2 212 886
Total held-to-maturity investments held by Group	1 581 342	3 036 906
Pledged under sale and repurchase agreements		
Government and municipal bonds		
Regional authorities bonds	-	360 338
Total government and municipal bonds	-	360 338
Corporate bonds		
rated from BB- to BBB+	6 097 624	1 690 159
rated below B+	739 829	457 245
Total corporate bonds	6 837 453	2 147 404
Total held-to-maturity investments pledged under sale and repurchase agreements	6 837 453	2 507 742
Total held-to-maturity investments	8 418 795	5 544 648

Ratings of corporate entities are based on Standart & Poor's or the equivalent ratings assigned by Fitch Rating and Moody's.

None of held-to-maturity investments are past due or impaired.

21 Transfers of financial assets

(a) Transferred financial assets, that are not derecognized in their entirety

The securities sold under agreements to repurchase as at 30 September 2015 are presented in the table below:

RUB'000	Financial assets available-for-sale	Held-to- maturity investments
Carrying amount of assets	2 250 837	6 837 453
Carrying amount of associated liabilities	1 859 463	6 150 372

The securities sold under agreements to repurchase as at 31 December 2014 are presented in the table below:

RUB'000	Financial assets available-for-sale	Held-to- maturity investments	Securities received under reverse repurchase agreements repledged
Carrying amount of assets	7 088 015	2 507 742	765 915
Carrying amount of associated liabilities	6 088 856	2 135 083	614 245

(b) Transferred financial assets, that are derecognized in their entirety, but where the Group has a continuing involvement

Securitisations

As part of certain securitisation transactions that result in the Group derecognising the transferred financial assets in their entirety, the Group retains servicing rights in respect of the transferred financial assets. Under the servicing arrangements the Group collects cash flows on the transferred mortgages on behalf of the unconsolidated structured entity. In return the Group receives a fee that is expected to compensate the Group adequately for performing the servicing of the related assets. Consequently, the Group accounts for the servicing arrangements as executory contracts and has not recognised a servicing asset/liability. The servicing fees are based on a fixed percentage of the cash flows that the Group collects as an agent on the transferred residential mortgages. Potentially, a loss from servicing activities may occur if the costs the Group incurs in performing the servicing activity exceed the fee receivable, or if the Group does not perform the servicing activity in accordance with the servicing agreements.

During the 9 months ended 30 September 2015, the Group transferred residential mortgage loans (while retaining the servicing rights) to unconsolidated structured entity CJSC «Multi Originator Mortgage Agent 1». The loans were classified as loans to customers and measured at amortised cost with a total carrying amount of RUB 2 300 027 thousand at the date of transfer.

During the 9 months ended 30 September 2015 the Group recognised income of RUB 116 thousand during in respect of servicing transferred residential mortgage loans. As at 30 September 2015, the fair value of the loans to customers that the Group still services amounts to RUB 2 287 494 thousand (31 December 2014: nil).

22 Property, equipment, intangible assets and investment property

RUB'000	Land and buildings	Computers and equipment	Fixtures and fittings	Vehicles	Intangible assets	Construction in progress	Total
Cost/revalued amount							
Balance at 1 January 2015	4 543 635	858 878	19 329	60 497	505 518	45 358	6 033 215
Additions and transfers	33 731	22 193	709	2 373	104 737	90 122	253 865
Transfers from investment property	4 677	-	-	-	-	-	4 677
Disposals and transfers	(11 048)	(7 932)	(673)	(1 276)	(28 332)	(45 358)	(94 619)
At 30 September 2015	4 570 995	873 139	19 365	61 594	581 923	90 122	6 197 138
Depreciation, amortisation and impairment losses							
Balance at 1 January 2015	138 630	506 720	12 658	34 862	188 448	-	881 318
Depreciation and amortisation for the period	98 976	83 973	1 522	7 013	58 971	-	250 455
Disposals	(266)	(7 257)	(367)	(1 276)	(28 333)	-	(37 499)
Balance at 30 September 2015	237 340	583 436	13 813	40 599	219 086	-	1 094 274
Carrying amounts							
At 30 September 2015	4 333 655	289 703	5 552	20 995	362 837	90 122	5 102 864
At 31 December 2014	4 405 005	352 158	6 671	25 635	317 070	45 358	5 151 897

There are no capitalised borrowing costs related to the acquisition or construction of property, equipment and intangible assets during the 9 months ended 30 September 2015 (30 September 2014: nil).

RUB'000	Land and buildings	Computers and equipment	Fixtures and fittings	Vehicles	Intangible assets	Construction in progress	Total
Cost/revalued amount							
Balance at 1 January 2014	4 387 149	642 687	44 382	55 606	255 014	190 822	5 575 660
Additions and transfers	22 967	201 394	2 067	10 151	234 090	112 721	583 389
Disposals and transfers	9 128	-	-	-	-	-	9 128
Transfers from investment property	(9 109)	(1 171)	(463)	(5 031)	(4 167)	(190 822)	(210 763)
At 30 September 2014	4 410 135	842 910	45 986	60 726	484 937	112 721	5 957 414
Depreciation, amortisation and impairment losses							
Balance at 1 January 2014	6 229	419 191	37 834	30 341	125 637	-	619 232
Depreciation and amortisation for the period	99 393	70 348	1 338	6 737	49 915	-	227 731
Disposals	(384)	(825)	(463)	(3 995)	(4 167)	-	(9 835)
Balance at 30 September 2014	105 238	488 714	38 709	33 083	171 385	-	837 128
Carrying amounts							
At 30 September 2014	4 304 897	354 196	7 277	27 643	313 552	112 721	5 120 286
At 31 December 2013	4 380 920	223 496	6 548	25 265	129 377	190 822	4 956 428

Investment property

	30 September 2015	30 September 2014
	RUB'000	RUB'000
Balance at 1 January	44 123	49 213
Taking possession of collateral for loans to customers	-	34 753
Transfer to property, equipment and intangible assets	(4 677)	(9 128)
Fair value revaluation	(638)	(795)
Balance at 30 September	38 808	74 043

Fair value measurement of investment property is categorised as Level 3 in the fair value hierarchy.

Rental income from investment property for the 9 months ended 30 September 2015 comprised RUB 1 366 thousand (30 September 2014: RUB 1 557 thousand).

23 Other assets

	30 September 2015	31 December 2014
	RUB'000	RUB'000
Settlements on purchase of shares	2 300 000	-
Continuing involvement with sold loan portfolio	563 048	-
Demands on banknote deals	298 125	-
Brokerage settlements	226 368	29 643
Other receivables	238 379	243 796
Total other financial assets	3 625 920	273 439
Prepayments	488 425	289 552
Advances on precious metals delivery	462 499	63 245
Prepayments for assets to be leased under finance lease	78 669	87 842
Inventory	67 713	133 350
Materials and supplies	42 363	40 925
Other	312 436	183 370
Total other non-financial assets	1 452 105	798 284
Total other assets	5 078 025	1 071 723
Less allowance for impairment	(18 670)	(75 560)
Total other assets net of allowance for impairment	5 059 355	996 163

Movements in the impairment allowance are as follows:

	30 September 2015	30 September 2014
	RUB'000	RUB'000
Balance at the beginning of the year	75 560	28 871
Net (recovery) charge	(54 654)	41 930
Write-offs	(2 236)	(330)
Balance at the end of the period	18 670	70 471

24 Deposits and balances from banks

	30 September 2015 RUB'000	31 December 2014 RUB'000
Vostro accounts	546 885	146 920
Term deposits from banks	5 175 286	8 618 727
Term deposit from the CBR	-	1 955 985
	5 722 171	10 721 632

As at 30 September 2015, the Group has one bank (31 December 2014: three banks (including the CBR)), whose balances individually exceed 10% of equity. The gross value of these balances as at 30 September 2015 is RUB 1 818 559 thousand (31 December 2014: RUB 6 501 347 thousand).

25 Amounts payable under repurchase agreements

The table below sets out payables under direct repo agreements showing individual types of securities transferred as collateral under repo agreements outstanding as at 30 September 2015:

RUB'000	Corporate bonds	Total
Amounts payable under direct repo agreements		
- The CBR	7 228 025	7 228 025
- Largest 30 Russian banks	781 810	781 810
	8 009 835	8 009 835

The table below sets out payables under direct repo agreements showing individual types of securities transferred as collateral under repo agreements outstanding as at 31 December 2014:

RUB'000	Government and municipal bonds	Corporate bonds	Total
Amounts payable under direct repo agreements			
- The CBR	317 890	8 520 294	8 838 184
	317 890	8 520 294	8 838 184

Fair value of securities transferred under repo agreements as at 30 September 2015 comprised RUB 9 118 128 thousand (31 December 2014: RUB 9 404 640 thousand).

26 Current accounts and deposits from customers

	30 September 2015 RUB'000	31 December 2014 RUB'000
Current accounts and demand deposits		
- Retail	4 260 111	4 374 344
- Corporate	15 321 459	13 594 354
Term deposits		
- Retail	64 903 728	54 258 564
- Corporate	12 180 251	12 270 452
	96 665 549	84 497 714

27 Debt securities issued

	30 September 2015 RUB'000	31 December 2014 RUB'000
Bonds	4 209 164	5 668 351
Promissory notes	998 163	838 240
	5 207 327	6 506 591

Bonds are presented by three issues: one of the Bank and the others of MA APB and MA APB 2.

In December 2012, the Group issued RUB 1 521 863 thousand of mortgage backed securities with a coupon rate of 8.75%. These securities mature not later than 26 April 2045 (see note 18 for more details) with partially repayments each quarter.

In February 2013, the Group issued RUB 3 000 000 thousand of bonds with a coupon rate as at 30 September 2015 of 12.00%. These bonds mature on 19 February 2016. The part of the issue amounted to RUB 2 645 020 thousand and RUB 952 359 thousand has been repaid by the Group at the put-option date on 22 August 2014 and 24 August 2015 respectively.

In February 2014, the Group issued RUB 2 553 000 thousand of mortgage backed securities with a coupon rate of 9%. These securities mature not later than 1 October 2046 (see note 18 for more details) with partially repayments each quarter.

On 29 April 2015, the Group repaid RUB 1 500 000 thousand of bonds with a coupon rate of 10.4% due to their maturity.

28 Subordinated borrowings

	30 September 2015 RUB'000	31 December 2014 RUB'000
Subordinated loan	4 879 481	4 021 246
	4 879 481	4 021 246

On 21 November 2012 the Bank attracted a subordinated loan in the amount USD 30 million from one of the Bank's shareholders - IFC. The loan with interest rate 12.92% as at 30 September 2015 mature by tranches until 16 December 2019.

According to the terms of the agreement the Group is subject to a debt covenant stating that at the end of each quarter the Group should comply with a number of financial and non-financial covenants. As at 30 September 2015 and 31 December 2014 the Group breached one of the financial covenants. The Group and IFC is in process of negotiating the change of this covenant. Subordinated debt are not payable on demand as at 30 September 2015 and 31 December 2014.

On 10 July 2014, the Group issued subordinated Loan Participation Notes in the amount of USD 42 million for 5.5 years with interest rate of 11.00% through SCI Finance B.V., partially consolidated structured entity incorporated in the Netherlands. This entity was partially consolidated because portion of the entity is a deemed separate entity which is in substance "ring-fenced" from the rest of the entity, and the Group has control over deemed separate entity. The Group consolidated only those assets and returns related to the issue of Loan Participation Notes.

29 Other liabilities

	30 September 2015 RUB'000	31 December 2014 RUB'000
Payables to employees	285 073	182 575
Obligations on delivery of securities, received as the pledge in the result of reverse REPO deals	256 597	-
Settlements on agreements for delivery of precious metals	144 508	-
Other taxes payable	136 821	150 783
Settlements on the assignment of claims	117 562	3 284
Deferred commission on guarantees	101 003	77 123
Payables to creditors	84 512	44 527
Advances from lessees received	80 954	145 759
Other liabilities	84 164	99 577
	1 291 194	703 628

30 Share capital

Issued capital

Movements in share capital for the 9 months ended 30 September are as follows:

	Shares (thousands)	Nominal amount, RUB'000	Inflation adjustment, RUB'000	Total, RUB'000
Balance as at 1 January 2014	4 949 019 820 939	554 290	8 022	562 312
Ordinary shares	4 858 303 245 205	544 130	7 875	552 005
Preferred shares	250	-	-	-
Purchased ordinary treasury shares	90 716 575 484	10 160	147	10 307
Issue of ordinary shares	206 271 120 949	23 102	-	23 102
Balance as at 30 September 2014	5 155 290 941 888	577 392	8 022	585 414
Balance as at 1 January 2015	5 155 290 941 888	577 392	8 022	585 414
Ordinary shares	5 064 574 366 154	567 232	7 875	575 107
Preferred shares	250	-	-	-
Purchased ordinary treasury shares	90 716 575 484	10 160	147	10 307
Balance as at 30 September 2015	5 155 290 941 888	577 392	8 022	585 414

On 14 April 2014 the Group issued 206 271 120 949 312 ordinary shares with a nominal value of RUB 0.000000112 per each share and total nominal value of RUB 23 102 thousand. Total value of shares at the price of issue is RUB 609 118 thousand.

31 Analysis by segment

The Group has seventeen divisions located in different regions of the Russian Federation, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately. For each of the strategic business units the chief operating decision maker reviews internal management reports on at least a monthly basis. The Group combined branches into three reporting units based on geographical location: Far East region, Siberia region and West region.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax as included in the internal management reports that are based on statutory financial information and that are reviewed by the Chairman of the Management Board. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to others who operate within these industries.

Segment breakdown of assets and liabilities is set out below:

	30 September 2015 RUB'000	31 December 2014 RUB'000
ASSETS		
Far East region	47 778 311	55 172 615
West region	59 769 179	40 828 079
Siberia region	23 229 521	28 858 843
Total assets	130 777 011	124 859 537
LIABILITIES		
Far East region	74 919 510	70 014 400
West region	21 702 433	25 057 952
Siberia region	22 143 241	17 411 503
Total liabilities	118 765 184	112 483 855

Segment information for the main reportable segments for the 9 months ended 30 September 2015 is set below:

RUB'000	Far East region	Siberia region	West region	Total
External interest income	6 138 496	3 558 084	2 150 400	11 846 980
Fee and commission income	1 032 463	396 660	178 904	1 608 027
Net (loss) gain on operations with securities (including interest income)	(3 341)	-	1 933 608	1 930 267
Net foreign exchange (loss) gain	(3 345 999)	211 610	4 095 124	960 735
Other operating income	2 382 170	140 958	9 336	2 532 464
Revenue	6 203 789	4 307 312	8 367 372	18 878 473
Impairment losses	2 802 074	3 697 058	873 623	7 372 755
Interest expense	5 115 128	1 470 655	1 460 183	8 045 966
Fee and commission expense	65 073	29 387	9 996	104 456
General administrative expenses	3 439 251	419 958	41 318	3 900 527
Segment result	(5 217 737)	(1 309 746)	5 982 252	(545 231)
Income tax gain				19 403
Loss for the period				(525 828)

Segment information for the main reportable segments for the 9 months ended 30 September 2014 is set below:

RUB'000	Far East region	Siberia region	West region	Total
External interest income	6 495 796	4 227 707	1 021 134	11 744 637
Fee and commission income	1 636 764	1 249 383	129 407	3 015 554
Net (loss) gain on operations with securities (including interest income)	(1 917)	-	315 657	313 740
Net foreign exchange income	88 607	132 490	118 232	339 329
Other operating income	372 424	167 464	5 139	545 027
Revenue	8 591 674	5 777 044	1 589 569	15 958 287
Impairment losses	2 740 617	3 121 414	604 517	6 466 548
Interest expense	3 406 171	889 950	1 150 429	5 446 550
Fee and commission expense	129 509	34 112	9 881	173 502
General administrative expenses	2 660 340	1 046 705	153 152	3 860 197
Segment result	(344 963)	684 863	(328 410)	11 490
Income tax expense				69 334
Profit for the period				80 824

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities

	30 September 2015 RUB'000	30 September 2014 RUB'000
Revenues		
Total revenues for reportable segments	18 878 473	15 958 287
IFRS accounting policy adjustments:		
- interest income on loans to customers and net investments in finance lease	539 500	796 216
- financial instruments	23 780	(25 444)
- reclassification of cash distribution from shareholders to capital	(2 200 000)	-
- other adjustments	319 923	(19 242)
Consolidated revenues	17 561 676	16 709 817
Profit or loss		
Total (loss) profit for reportable segments	(525 828)	80 824
IFRS accounting policy adjustments:		
- interest income on loans to customers and net investments in finance lease	539 500	796 216
- allowance for impairment of loans to customers, net investments in finance leases and other assets	171 155	(96 509)
- depreciation and amortisation of property and equipment and intangible assets	26 858	18 208
- financial instruments at fair value	23 780	(25 444)
- reclassification of cash distribution from shareholders to capital	(2 200 000)	-
- other adjustments	(14 338)	(491 860)
Consolidated (loss) profit for the period	(1 978 873)	281 435

	30 September 2015 RUB'000	31 December 2014 RUB'000
Assets		
Total assets for reportable segments	130 777 011	124 859 537
IFRS accounting policy adjustments:		
- interest income on loans to customers	171 132	60 264
- allowance for impairment of loans to customers and net investments in finance leases	1 515 197	1 900 500
- allowance for impairment of other assets	807 197	268 487
- depreciation and amortisation of property and equipment and intangible assets and other adjustments to property cost	231 696	198 993
- financial instruments at fair value	18 674	(283 964)
- double repo adjustment	-	(764 820)
- deferred tax asset	(127 962)	76 691
- revaluation of property and equipment	363 395	364 391
- other assets of subsidiaries (net of intragroup transactions)	3 071 507	3 855 272
- other adjustments	619 074	(68 508)
Consolidated assets	137 446 921	130 466 843
Liabilities		
Total liabilities for reportable segments	118 765 184	112 483 855
IFRS accounting policy adjustments:		
- accounting for deferred tax liability	(137 374)	313 697
- liabilities of subsidiaries (net of intragroup transactions)	2 851 682	3 672 069
- double repo adjustment	-	(764 820)
- other adjustments	520 802	(93 544)
Consolidated liabilities	122 000 294	115 611 257

Information about major customers and geographical areas

For the 9 months ended 30 September 2015 and 2014, there were no corporate customers whose revenues individually exceed 10% of total revenue.

The majority of revenues from external customers relate to residents of the Russian Federation. The majority of non-current assets are located in the Russian Federation.

32 Capital management

The CBR sets and monitors capital requirements for the Group. The Group calculates amount of capital in accordance with Provision of the CBR dated 28 December 2012 No 395-P *On Methodology of Calculation of Own Funds (Capital) of the Credit Organisations (Basel III)*.

As at 31 December 2014, minimum levels of basic capital ratio (ratio N20.1), main capital ratio (ratio N20.2), own funds (capital) ratio (ratio N20.0) are 5.0%, 5.5% and 10.0%, accordingly. Since 1 January 2015 minimum level of ratio N20.2 is 6.0%. The Group is in compliance with the statutory capital ratios as at 30 September 2015 and 31 December 2014.

The calculation of capital adequacy for the Group based on requirements set by the CBR ratios as at 30 September 2015 and 31 December 2014 is as follows:

	30 September 2015	31 December 2014
	RUB'000	RUB'000
Base capital	10 467 069	10 583 112
Additional capital	-	-
Main capital	10 467 069	10 583 112
Supplementary capital	4 626 191	4 706 475
Own funds (capital)	15 093 260	15 289 587
Risk-weighted assets	129 434 300	130 176 800
Ratio N20.1 (%)	8.19	8.23
Ratio N20.2 (%)	8.19	8.23
Ratio N20.0 (%)	11.66	11.75

The Group is subject to minimum capital adequacy requirements calculated in accordance with the methodology of International Finance Corporation (IFC) established by covenants under liabilities incurred by the Group. The Group has complied with all externally imposed capital requirements as at 30 September 2015 and 31 December 2014.

33 Involvement with unconsolidated structured entities

The table below describes the structured entities that the Group does not consolidate but in which it holds an interest as at 30 September 2015:

Description	Country of registration	The main types of activity	Interest held by the Group	Total assets RUB'000
CJSC «Multi Originator Mortgage Agent 1»	Russian Federaation	Mortgage agent	See below	11 811 565

CJSC «Multi Originator Mortgage Agent 1» (MMA 1) is a structured entity established to facilitate the issue of mortgage backed securities (refer to note 21). The Group does not control MMA 1. The involvement of the Group refers to retaining risks and benefits of the entity in the amount of the issued lower tranche of bonds by MMA 1 which was bought by the Group, as well as the fees for transferred mortgage loan servicing.

The table below sets out the carrying amounts of interests held by the Group in MMA 1 as at 30 September 2015, representing the maximum exposure to loss:

	Other assets RUB'000
Continuing involvement with sold loan portfolio	563 048
Impairment allowance	(502)
Total continuing involvement with sold loan portfolio net of impairment allowance	562 546

34 Commitments

	30 September 2015 RUB'000	31 December 2014 RUB'000
Contracted amount		
Guarantees and letters of credit	6 172 205	7 835 975
Undrawn overdraft facilities	5 637 301	4 025 655
Loan and credit line commitments	1 364 446	1 434 392
	13 173 952	13 296 022

As at 30 September 2015, the Group has a commitment to purchase 5 402 kg of gold and 121 kg of silver (31 December 2014: 3 573 kg of gold and 147 kg of silver) under contracts to be settled at the market price at the date of maturity.

There is no significant credit risk concentration as at 30 September 2015 and 31 December 2014.

35 Related party transactions

(a) Control relationships

The Group's parent company is LLC "PPFIN Region" (Russian Federation). As at 30 September 2015 and 31 December 2014, the ultimate beneficial owners of the Group were Mr. Andrey Vdovin (the owner of 22.528%), Mr. Alexey Maslovsky (the owner of 22.528%), Mr. Peter Hambro (the owner of 22.528%), East Capital Explorer Financial Institution Fund (Sweden) (the owner of 17.91%), International Finance Corporation (6.71%).

(b) Transactions with the members of the Board of Directors and the Management Board

Total remuneration included in personnel expenses for the 9 months ended 30 September is as follows:

	30 September 2015 RUB'000	30 September 2014 RUB'000
Short term employee benefits	83 853	58 405
	83 853	58 405

These amounts include non-cash benefits in respect of the members of the Board of Directors and the Management Board.

The outstanding balances and average effective interest rates as at 30 September 2015 and 31 December 2014 for transactions with the members of the Board of Directors and the Management Board are as follows:

	30 September 2015 RUB'000	Average effective interest rate, %	31 December 2014 RUB'000	Average effective interest rate, %
Consolidated interim condensed statement of financial position				
ASSETS				
Loans to customers	200 921	15.41%	298	21.67%
Other assets	1 943	-	1 498	-
LIABILITIES				
Current accounts and deposits from customers	122 679	12.78%	198 257	11.54%
Other liabilities	769	-	4 349	-
Commitments				
Undrawn loan commitments and overdraft	932	-	1 200	-

Other amounts included in the consolidated interim condensed statement of profit or loss and other comprehensive income in relation to transactions with the members of the Board of Directors and the Management Board for the 9 months ended 30 September are as follows:

	30 September 2015 RUB'000	30 September 2014 RUB'000
Consolidated interim condensed statement of profit or loss and other comprehensive income		
Interest income	9 733	-
Interest expense	(12 761)	(26 560)
Impairment losses	(1 124)	(2)
Other expenses (payments to the Board of Directors)	(7 999)	(2 086)

(c) Transactions with shareholders

The outstanding balances and average effective interest rates as at 30 September 2015 and 31 December 2014 for transactions with shareholders owning more than 10% share capital are as follows:

	30 September 2015 RUB'000	Average effective interest rate, %	31 December 2014 RUB'000	Average effective interest rate, %
Consolidated interim condensed statement of financial position				
ASSETS				
Loans to customers	5 544 034	10.18%	4 643 669	9.88%
LIABILITIES				
Current accounts and deposits	1	-	6	-

Amounts included in the consolidated statement of profit or loss and other comprehensive income in relation to transactions with shareholders for the 9 months ended 30 September are as follows:

	30 September 2015 RUB'000	30 September 2014 RUB'000
Consolidated statement of profit or loss and other comprehensive income		
Interest income	428 844	24 474
Impairment losses	(16 469)	(6 880)

(d) Transactions with other related parties

Other related parties are represented by companies controlled by management, shareholders and the ultimate beneficial owners of the Group.

The outstanding balances and average effective interest rates as at 30 September 2015 and 31 December 2014 for transactions with other related parties are as follows:

	30 September 2015 RUB'000	Average effective interest rate, %	31 December 2014 RUB'000	Average effective interest rate, %
Consolidated interim condensed statement of financial position				
ASSETS				
Cash and cash equivalents	22 321	-	1 754	-
Loans to customers	8 898	22.94%	29 004	15.08%
Other assets	2 313 128	-	2 354	-
LIABILITIES				
Deposits and balances from banks	103 198	-	24 663	3.70%
Current accounts and deposits from customers	667 541	9.54%	811 335	-
Other liabilities	7 726	-	284	-
Commitments				
Undrawn loan commitments and overdraft	14 771	-	1 450	-

Amounts included in the consolidated statement of profit or loss and other comprehensive income in relation to transactions with other related parties for the 9 months ended 30 September are as follows:

	30 September 2015 RUB'000	30 September 2014 RUB'000
Consolidated interim condensed statement of profit or loss and other comprehensive income		
Interest income	3 560	9 547
Interest expense	(48 313)	(22 310)
Impairment (charge) recovery	(1 014)	459

36 Events after the reporting date

On 27 October 2015, the Group acquired the right of ownership for 346 875 ordinary shares of PJSC M2M Private Bank, the company, controlled by ultimate beneficiaries of the Group, that comprised 25% share of ownership of the company. The total acquisition price of shares comprised RUB 575 000 thousand.