

**“Asian-Pacific Bank”**  
**(Open joint stock company)**

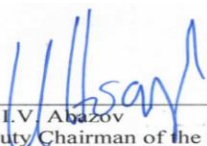
**Consolidated Interim Condensed  
Financial Statements  
for the 9 months ended 30 September  
2014**

## Contents

Consolidated interim condensed statement of profit or loss and other comprehensive income .....	3
Consolidated interim condensed statement of financial position .....	5
Consolidated interim condensed statement of cash flows .....	6
Consolidated interim condensed statement of changes in equity .....	8
Notes to the consolidated interim condensed financial statements.....	10
1 Background .....	10
2 Basis of preparation.....	11
3 Significant accounting policies.....	12
4 Interest income and expense.....	12
5 Fee and commission income .....	13
6 Net foreign exchange gain.....	13
7 Net gain (loss) on operations with precious metals .....	13
8 Other operating income .....	13
9 Impairment losses.....	14
10 Personnel expenses.....	14
11 Other general administrative expenses .....	14
12 Income tax expense .....	14
13 Placements with the Central Bank of the Russian Federation .....	16
14 Financial instruments at fair value through profit or loss .....	17
15 Available-for-sale financial assets.....	19
16 Due from banks .....	20
17 Amounts receivable under reverse repurchase agreements .....	20
18 Loans to customers.....	21
19 Net investments in finance leases .....	24
20 Transfers of financial assets .....	25
21 Property, equipment, intangible assets and investment property.....	26
22 Other assets .....	28
23 Deposits and balances from banks .....	28
24 Amounts payable under repurchase agreements.....	29
25 Current accounts and deposits from customers .....	29
26 Debt securities issued .....	29
27 Subordinated borrowings .....	30
28 Other liabilities.....	30
29 Share capital .....	31
30 Analysis by segment.....	31
31 Risk management .....	34
32 Capital management .....	42
33 Commitments .....	43
34 Cash and cash equivalents .....	43
35 Related party transactions .....	43
36 Events after the reporting date.....	46

	Notes	30 September 2014 RUB'000	30 September 2013 RUB'000
Interest income	4	12 696 858	11 196 700
Interest expense	4	(5 556 945)	(5 221 449)
<b>Net interest income</b>		<b>7 139 913</b>	<b>5 975 251</b>
Deposit insurance expenses		(149 972)	(131 920)
<b>Net interest income after deposit insurance expenses</b>		<b>6 989 941</b>	<b>5 843 331</b>
Fee and commission income	5	2 819 940	2 464 054
Fee and commission expense		(215 768)	(173 884)
<b>Net fee and commission income</b>		<b>2 604 172</b>	<b>2 290 170</b>
Net gain on financial instruments at fair value through profit or loss and realised gain on available-for-sale financial assets		261 801	872 735
Net foreign exchange gain	6	296 995	272 390
Net gain (loss) on operations with precious metals	7	42 766	(5 478)
Other operating income	8	591 457	414 281
<b>Operating income</b>		<b>10 787 132</b>	<b>9 687 429</b>
Impairment losses	9	(6 563 055)	(2 895 705)
Personnel expenses	10	(2 639 956)	(2 710 015)
Other general administrative expenses	11	(1 248 912)	(1 245 274)
<b>Profit before income tax</b>		<b>335 209</b>	<b>2 836 435</b>
Income tax expense	12	(53 774)	(560 351)
<b>Profit for the period</b>		<b>281 435</b>	<b>2 276 084</b>
<b>Other comprehensive income, net of income tax</b>			
<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		(157 186)	(34 128)
<i>Total items that are or may be reclassified subsequently to profit or loss</i>		<i>(157 186)</i>	<i>(34 128)</i>
<i>Items that will not be reclassified to profit or loss</i>			
- Disposal of buildings previously revalued		-	145
<i>Total items that will not be reclassified to profit or loss</i>		<i>-</i>	<i>145</i>
<b>Other comprehensive income for the period, net of income tax</b>		<b>(157 186)</b>	<b>(33 983)</b>
<b>Total comprehensive income for the period</b>		<b>124 249</b>	<b>2 242 101</b>

The consolidated interim condensed financial statements were approved by the Executive Board on 26 November 2014.

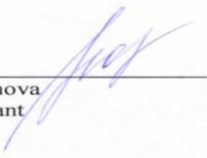
  
Mr. I.V. Abazov  
Deputy Chairman of the Executive Board

  
Ms. Ya.E. Komova  
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.

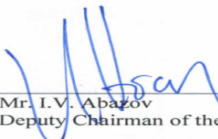
	Notes	30 September 2014 RUB'000	30 September 2013 RUB'000
Interest income	4	4 260 001	3 960 401
Interest expense	4	(1 957 031)	(1 832 543)
<b>Net interest income</b>		<b>2 302 970</b>	<b>2 127 858</b>
Deposit insurance expenses		(51 243)	(47 044)
<b>Net interest income after deposit insurance expenses</b>		<b>2 251 727</b>	<b>2 080 814</b>
Fee and commission income	5	1 040 201	948 174
Fee and commission expense		(68 359)	(70 570)
<b>Net fee and commission income</b>		<b>971 842</b>	<b>877 604</b>
Net gain on financial instruments at fair value through profit or loss and realised gain on available-for-sale financial assets		130 053	300 780
Net foreign exchange gain	6	72 077	82 712
Net gain on operations with precious metals	7	32 352	12 718
Other operating income	8	180 892	142 570
<b>Operating income</b>		<b>3 638 943</b>	<b>3 497 198</b>
Impairment losses	9	(2 396 093)	(1 138 474)
Personnel expenses	10	(800 698)	(1 093 834)
Other general administrative expenses	11	(445 641)	(456 953)
<b>Profit before income tax</b>		<b>(3 489)</b>	<b>807 937</b>
Income tax expense	12	15 985	(195 753)
<b>Profit for the period</b>		<b>12 496</b>	<b>612 184</b>
<b>Other comprehensive income, net of income tax</b>			
<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		(86 440)	48 944
<i>Total items that are or may be reclassified subsequently to profit or loss</i>		<i>(86 440)</i>	<i>48 944</i>
<i>Items that will not be reclassified to profit or loss</i>			
- Disposal of buildings previously revalued		-	145
<i>Total items that will not be reclassified to profit or loss</i>		<i>-</i>	<i>145</i>
<b>Other comprehensive income for the period, net of income tax</b>		<b>(86 440)</b>	<b>49 089</b>
<b>Total comprehensive income for the period</b>		<b>(73 944)</b>	<b>661 273</b>

  
Mr. I.V. Abazov  
Deputy Chairman of the Executive Board

  
Ms. Ya.E. Komova  
Chief Accountant

**OJSC “Asian-Pacific Bank”**  
Consolidated Interim Condensed Statement of Financial Position as at 30 September 2014

	Notes	30 September 2014 RUB'000	31 December 2013 RUB'000
<b>ASSETS</b>			
Cash		3 437 194	2 752 702
Placements with the Central Bank of the Russian Federation	13	3 767 351	6 021 534
Financial instruments at fair value through profit or loss	14	9 483 126	10 676 182
Available-for-sale financial assets	15	10 686 212	6 223 872
Due from banks	16	3 444 226	3 100 556
Amounts receivable under reverse repurchase agreements	17	1 858 231	335 720
Loans to customers	18	80 734 922	80 424 773
Net investments in finance leases	19	2 308 194	2 411 995
Current tax asset		192 298	27 549
Deferred tax asset	12	56 911	51 462
Property, equipment, intangible assets and investment property	21	5 194 329	5 005 641
Other assets	22	1 271 345	1 524 276
<b>Total assets</b>		<b>122 434 339</b>	<b>118 556 262</b>
<b>LIABILITIES</b>			
Derivative financial instruments	14	3 036	16 430
Deposits and balances from banks	23	9 780 762	6 994 667
Amounts payable under repurchase agreements	24	3 171 844	6 809 841
Current accounts and deposits from customers	25	83 848 662	81 370 124
Debt securities issued	26	6 252 630	6 104 061
Subordinated borrowings	27	2 891 419	986 344
Current tax liability		1 346	184 630
Deferred tax liability	12	411 398	444 077
Other liabilities	28	749 457	1 055 670
<b>Total liabilities</b>		<b>107 110 554</b>	<b>103 965 844</b>
<b>EQUITY</b>			
Share capital	29	585 414	562 312
Treasury shares	29	(10 307)	(10 307)
Share premium		1 778 739	1 192 723
Revaluation reserve for available-for-sale financial assets		(187 013)	(29 827)
Revaluation surplus for buildings		1 618 659	1 620 178
Retained earnings		11 538 293	11 255 339
<b>Total equity</b>		<b>15 323 785</b>	<b>14 590 418</b>
<b>Total liabilities and equity</b>		<b>122 434 339</b>	<b>118 556 262</b>

  
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Deputy Chairman of the Executive Board

  
Ms. Ya.E. Komova  
Chief Accountant

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

**OJSC “Asian-Pacific Bank”**

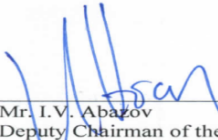
*Consolidated Interim Condensed Statement of Cash Flows for the 9 months ended 30 September 2014*

	Notes	30 September 2014 RUB'000	30 September 2013 RUB'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Interest receipts		12 016 956	11 094 118
Interest payments		(5 667 488)	(4 727 444)
Fee and commission receipts		2 844 342	2 473 538
Fee and commission payments		(215 768)	(173 884)
Net receipts from financial instruments at fair value through profit or loss and available-for-sale financial instruments		292 981	872 735
Net receipts from foreign exchange		648 639	23 551
Other income receipts		591 457	414 281
Net receipts (payments) from operations with precious metals		38 895	(72 120)
General administrative expenses payments		(4 014 358)	(3 695 750)
<b>(Increase) decrease in operating assets</b>			
Obligatory reserves with the CBR		230 558	(396 919)
Financial instruments at fair value through profit or loss		1 210 694	3 663 738
Available-for-sale financial assets		(4 575 418)	(8 807 747)
Due from banks (excluding Nostro accounts and term deposits with other banks, which are included in Cash and cash equivalents)		645 256	56 346
Amounts receivable under reverse repurchase agreements		(1 522 733)	(328 709)
Loans to customers		(5 198 540)	(18 433 962)
Net investments in finance leases		98 819	(572 329)
Other assets		243 881	(958 747)
<b>Increase (decrease) in operating liabilities</b>			
Deposits and balances from banks		2 527 869	(480 018)
Amounts payable under repurchase agreements		(3 637 306)	5 119 675
Current accounts and deposits from customers		1 336 620	14 062 302
Promissory notes		531 564	186 800
Other liabilities		(128 136)	403 907
<b>Cash flows used in operating activities before income tax paid</b>		<b>(1 701 216)</b>	<b>(276 638)</b>
Income tax paid		(400 639)	(370 559)
<b>Cash flows used in operations</b>		<b>(2 101 855)</b>	<b>(647 197)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Net purchases of property and equipment and intangible assets		(417 218)	(195 463)
<b>Cash flows used in investing activities</b>		<b>(417 218)</b>	<b>(195 463)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Issue (purchase) of shares	29	609 118	(172 918)
Issue (repayment) of bonds		(413 647)	2 782 271
Attraction of subordinated loan		1 410 967	-
Distribution to shareholders		-	(12 150)
<b>Cash flows from financing activities</b>		<b>1 606 438</b>	<b>2 597 203</b>

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.

**OJSC "Asian-Pacific Bank"**  
*Consolidated Interim Condensed Statement of Cash Flows for the 9 months ended 30 September 2014*

	<b>30 September 2014</b>	<b>30 September 2013</b>
<b>Notes</b>	<b>RUB'000</b>	<b>RUB'000</b>
<b>Net increase in cash and cash equivalents</b>	<b>(912 635)</b>	<b>1 754 543</b>
Effect of changes in exchange rates on cash and cash equivalents	462 712	227 884
Cash and cash equivalents as at the beginning of the year	10 085 780	8 180 610
<b>Cash and cash equivalents as at the end of the period</b>	<b>9 635 857</b>	<b>10 163 037</b>

  
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 Mr. I.V. Abazov  
 Deputy Chairman of the Executive Board

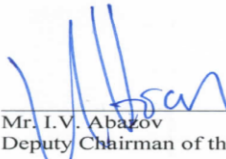
  
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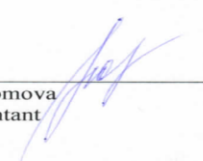
RUB'000	Share capital	Treasury shares	Share premium	Revaluation reserve for available-for-sale financial assets	Revaluation surplus for buildings	Retained earnings	Total equity
<b>Balance as at 1 January 2013</b>	<b>562 312</b>	-	<b>1 192 723</b>	<b>9 718</b>	<b>1 280 014</b>	<b>8 484 167</b>	<b>11 528 934</b>
<b>Total comprehensive income for the period</b>							
Profit for the period	-	-	-	-	-	2 276 084	<b>2 276 084</b>
<b>Other comprehensive income, net of income tax</b>							
<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 8 531 thousand	-	-	-	(34 128)	-	-	(34 128)
<i>Total items that are or may be reclassified subsequently to profit or loss</i>	-	-	-	(34 128)	-	-	(34 128)
<i>Items that will not be reclassified to profit or loss</i>							
Transfer of revaluation surplus on disposal of buildings previously revalued	-	-	-	-	(580)	725	145
<i>Total items that will not be reclassified to profit or loss</i>	-	-	-	-	(580)	725	145
<b>Total comprehensive income for the period, net of income tax</b>	-	-	-	<b>(34 128)</b>	<b>(580)</b>	<b>2 276 809</b>	<b>2 242 101</b>
<b>Transactions with owners, recorded directly in equity</b>							
Acquisition of treasury shares	-	(5 543)	-	-	-	(167 375)	(172 918)
Distributions to shareholders (note 35)	-	-	-	-	-	(12 150)	(12 150)
<b>Total transactions with owners</b>	-	<b>(5 543)</b>	-	-	-	<b>(179 525)</b>	<b>(185 068)</b>
<b>Balance as at 30 September 2013</b>	<b>562 312</b>	<b>(5 543)</b>	<b>1 192 723</b>	<b>(24 410)</b>	<b>1 279 434</b>	<b>10 581 451</b>	<b>13 585 967</b>
<b>Balance as at 1 January 2014</b>	<b>562 312</b>	<b>(10 307)</b>	<b>1 192 723</b>	<b>(29 827)</b>	<b>1 620 178</b>	<b>11 255 339</b>	<b>14 590 418</b>
<b>Total comprehensive income for the period</b>							
Profit for the period	-	-	-	-	-	281 435	281 435
<b>Other comprehensive income, net of income tax</b>							
<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)

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	Revaluation reserve for available-for-sale financial assets	Revaluation surplus for buildings	Retained earnings	Total equity
<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	-
<b>Total comprehensive income for the period, net of income tax</b>	-	-	-	(157 186)	(1 519)	282 954	124 249
<b>Transactions with owners, recorded directly in equity</b>							
Issue of shares (note 29)	23 102	-	586 016	-	-	-	609 118
<b>Total transactions with owners</b>	<b>23 102</b>	-	<b>586 016</b>	-	-	-	<b>609 118</b>
<b>Balance as at 30 September 2014</b>	<b>585 414</b>	<b>(10 307)</b>	<b>1 778 739</b>	<b>(187 013)</b>	<b>1 618 659</b>	<b>11 538 293</b>	<b>15 323 785</b>

  
 Mr. I.V. Abazov  
 Deputy Chairman of the Executive Board

  
 Ms. Ya.E. Komova  
 Chief Accountant

# 1 Background

## Organisation and operations

These consolidated interim condensed financial statements include the financial statements of OJSC “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”.

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 284 (31 December 2013: 316) offices from which it conducts business throughout the Russian Federation including a head office, 4 regional branches, 50 additional offices, 227 operational offices and 2 operational cash boxes. 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 2014 the following shareholders held the issued shares of Open Joint Stock Company “Asian-Pacific Bank”:

<b>Shareholder</b>	<b>30 September 2014</b>	<b>31 December 2013</b>
	<b>%</b>	<b>%</b>
LLC “PPFIN Region” (Russian Federation)	59.17	58.22
East Capital Explorer Financials Fund AB (Sweden)	17.91	17.91
TECHSUN ENTERPRISES LIMITED (Cyprus)	8.41	7.76
International Financial Corporation	6.71	6.99
Aksenov E.V.	3.08	4.21
LLC “Expo-Leasing” (a 100% owned subsidiary of the Bank)	1.76*	1.83*
Others	2.96	3.08
<b>Total</b>	<b>100.00</b>	<b>100.00</b>

\* *Treasury shares*

Details of the subsidiaries are as follows:

<b>Name</b>	<b>Country of incorporation</b>	<b>Principal activities</b>	<b>Ownership %</b>	
			<b>30 September 2014</b>	<b>31 December 2013</b>
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 13 branches (31 December 2013: 13) comprising a head office, 1 regional branch and 11 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 26). 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 2014 was 4 504 (31 December 2013: 4 658).

### **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. Current economic and politic situation, including situation in Ukraine and introduction of sanctions against the Russian Federation by particular countries and introduction of responsive sanctions against particular countries by the Russian Federation creates risks for operations conducted by the Group. Management of the Group believes that it takes all the necessary efforts to support the economic stability of the Group in the current environment. The consolidated financial statements reflect management’s assessment of the impact of the Russian business environment on the operations and financial position of the Group. The future business environment may differ from management’s assessment.

## **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 2014 are not necessarily indicative of the results that may be expected for the year ending 31 December 2014.

These consolidated interim condensed financial statements should be read in conjunction with the complete consolidated financial statements as at 31 December 2013.

### **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 and available-for-sale financial assets 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 IFRSs 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.

## 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 2013.

### Comparative information

A change in the presentation deposit insurance expenses was made during 9 months 2014 in order to better present the substance of the underlying transactions.

With effect from 1 January 2014, the Group presents deposit insurance expenses after net interest income. The Group previously presented deposit insurance expenses within other general administrative expenses in the consolidated interim condensed statement of profit or loss and other comprehensive income for the 9 months ended 30 September 2013. As a result, an amount of RUB 131 920 thousand has been reclassified from other general administrative expenses to deposit insurance expenses in the comparative consolidated interim condensed statement of profit or loss and other comprehensive income, to conform to the 9 months 2014 presentation.

## 4 Interest income and expense

	30 September 2014 RUB'000	30 September 2013 RUB'000
<b>Interest income</b>		
Loans to customers	12 051 481	10 381 077
Net investments in finance leases	390 476	401 214
Due from banks	175 513	147 086
Promissory notes included in financial instruments at fair value through profit or loss	79 388	267 323
	<b>12 696 858</b>	<b>11 196 700</b>
<b>Interest expense</b>		
Current accounts and deposits from customers	3 877 236	3 994 397
Deposits and balances from banks	902 181	609 067
Debt securities issued	649 222	539 247
Subordinated borrowings	128 306	78 738
	<b>5 556 945</b>	<b>5 221 449</b>

**5 Fee and commission income**

	<b>30 September 2014</b> <b>RUB'000</b>	<b>30 September 2013</b> <b>RUB'000</b>
Insurance agent commission	1 527 333	1 248 825
Settlement operations	975 179	994 442
Accounts opening and maintenance	122 729	136 639
Guarantee and letter of credit issuance	64 786	38 847
Other	129 913	45 301
	<b>2 819 940</b>	<b>2 464 054</b>

**6 Net foreign exchange gain**

	<b>30 September 2014</b> <b>RUB'000</b>	<b>30 September 2013</b> <b>RUB'000</b>
Gain (loss) on derivatives and spot transactions (except swaps)	378 840	290 671
Gain (loss) on swap operations	(35 199)	4 601
Gain (loss) from revaluation of financial assets and liabilities	(46 646)	(22 882)
	<b>296 995</b>	<b>272 390</b>

**7 Net gain (loss) on operations with precious metals**

	<b>30 September 2014</b> <b>RUB'000</b>	<b>30 September 2013</b> <b>RUB'000</b>
Gain on trading operations	38 547	33 509
Gain (loss) from revaluation of financial assets and liabilities and operations with derivatives	4 219	(38 987)
	<b>42 766</b>	<b>(5 478)</b>

**8 Other operating income**

	<b>30 September 2014</b> <b>RUB'000</b>	<b>30 September 2013</b> <b>RUB'000</b>
Penalties on loans issued	441 269	271 205
Repayment of loans acquired less nominal price	43 127	5 403
Penalties on other operations	24 149	25 064
Repayment of written off loans	18 247	8 963
Rental income	16 843	20 187
Income from sale of loans	16 656	7 229
Other income	31 166	76 230
	<b>591 457</b>	<b>414 281</b>

**9 Impairment losses**

	<b>30 September 2014</b> <b>RUB'000</b>	<b>30 September 2013</b> <b>RUB'000</b>
Loans to customers	6 483 693	2 842 957
Net investments in finance leases	37 432	29 852
Other assets	41 930	22 896
	<b>6 563 055</b>	<b>2 895 705</b>

**10 Personnel expenses**

	<b>30 September 2014</b> <b>RUB'000</b>	<b>30 September 2013</b> <b>RUB'000</b>
Employee compensation	2 051 247	2 129 830
Payroll related taxes	588 709	580 185
	<b>2 639 956</b>	<b>2 710 015</b>

**11 Other general administrative expenses**

	<b>30 September 2014</b> <b>RUB'000</b>	<b>30 September 2013</b> <b>RUB'000</b>
Depreciation and amortisation	227 731	185 154
Taxes other than income tax	172 492	156 208
Repairs and maintenance	148 708	108 499
Write-off of materials and loss on disposals of assets	128 661	150 911
Rent	122 848	119 597
Communications and information services	107 485	104 673
Advertising and marketing	65 124	103 386
IT service	46 808	30 829
Security	34 176	33 108
Travel expenses	26 534	30 289
Professional services	17 437	22 996
Agent fees	15 352	76 961
Insurance	9 280	8 379
Other	126 276	114 284
	<b>1 248 912</b>	<b>1 245 274</b>

**12 Income tax expense**

	<b>30 September 2014</b> <b>RUB'000</b>	<b>30 September 2013</b> <b>RUB'000</b>
<b>Current tax expense</b>		
Current year tax expense	52 606	322 973
Origination and reversal of temporary differences	1 168	237 378
<b>Total income tax expense</b>	<b>53 774</b>	<b>560 351</b>

During 9 months ended 30 September 2014, the applicable tax rate for current and deferred tax is 20% (30 September 2013: 20%).

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

	30 September 2014 RUB'000	%	30 September 2013 RUB'000	%
<b>Profit before tax</b>	<b>335 209</b>		<b>2 836 435</b>	
Income tax at the applicable tax rate	67 042	20.0%	567 287	20.0%
Other differences	(1 794)	(0.5%)	7 516	0.3%
Income taxed at lower tax rates	(11 474)	(3.4%)	(14 452)	(0.5%)
	<b>53 774</b>	<b>16.0%</b>	<b>560 351</b>	<b>19.8%</b>

### 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 2014 and 2013. Net deferred tax liabilities have been recognised in these consolidated financial statements.

Movements in temporary differences during the 9 months ended 30 September 2014 and 2013 are presented as follows:

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
	<b>(392 615)</b>	<b>(1 168)</b>	<b>39 296</b>	<b>(354 487)</b>
Comprising of:				
Deferred tax asset	51 462			56 911
Deferred tax liability	(444 077)			(411 398)

<b>RUB'000</b>	<b>Balance 1 January 2013</b>	<b>Recognised in profit or loss</b>	<b>Recognised in other comprehensive income and directly in equity</b>	<b>Balance 30 September 2013</b>
Financial instruments at fair value through profit or loss	2 385	(19 391)	-	(17 006)
Available-for-sale financial assets	(2 429)	-	8 531	6 102
Derivative financial instruments	32 143	(29 349)	-	2 794
Loans to customers	(111 223)	(166 697)	-	(277 920)
Net investments in finance leases	25 432	28 249	-	53 681
Property, equipment and intangible assets	(300 582)	(919)	145	(301 356)
Other assets		13 271	-	13 271
Customer accounts		4 457	-	4 457
Debt securities issued	(662)	3 946	-	3 284
Other liabilities	91 595	(70 945)	-	20 650
	<b>(263 341)</b>	<b>(237 378)</b>	<b>8 676</b>	<b>(492 043)</b>
Comprising of:				
Deferred tax asset	25 432			53 681
Deferred tax liability	(288 773)			(545 723)

## 13 Placements with the Central Bank of the Russian Federation

	<b>30 September 2014 RUB'000</b>	<b>31 December 2013 RUB'000</b>
Nostro accounts	2 919 116	2 942 741
Obligatory reserves with the CBR	848 235	1 078 793
Term deposits	-	2 000 000
<b>Total placements with the Central Bank of the Russian Federation</b>	<b>3 767 351</b>	<b>6 021 534</b>



**14 Financial instruments at fair value through profit or loss**

	30 September 2014 RUB'000	31 December 2013 RUB'000
<b>ASSETS</b>		
<b>Held by the Group</b>		
<b>Debt and other fixed-income instruments</b>		
<b>- Government and municipal bonds</b>		
Russian Government Federal bonds (OFZ)	-	709 235
Regional authorities bonds	-	517 879
<b>Total government and municipal bonds</b>	<b>-</b>	<b>1 227 114</b>
<b>- Corporate bonds</b>		
rated from BB- to BBB+	4 396 477	1 684 511
rated below B+	-	102 259
<b>Total corporate bonds</b>	<b>4 396 477</b>	<b>1 786 770</b>
<b>- Promissory notes</b>		
rated from BB- to BBB+	2 505 650	1 558 241
rated below B+	1 425 565	2 637 827
<b>Total promissory notes</b>	<b>3 931 215</b>	<b>4 196 068</b>
<b>Derivative financial instruments</b>		
Foreign currency contracts	79 520	-
	<b>79 520</b>	<b>-</b>
<b>Total financial instruments at fair value through profit or loss held by the Group</b>	<b>8 407 212</b>	<b>7 209 952</b>
<b>Pledged under sale and repurchase agreements</b>		
<b>- Government and municipal bonds</b>		
Russian Government Federal bonds (OFZ)	-	380 688
Regional authorities bonds	-	71 770
<b>Total government and municipal bonds</b>	<b>-</b>	<b>452 458</b>
<b>- Corporate bonds</b>		
rated from BB- to BBB+	1 075 914	3 013 772
<b>Total corporate bonds</b>	<b>1 075 914</b>	<b>3 013 772</b>
<b>Total financial instruments at fair value through profit or loss pledged under sale and repurchase agreements</b>	<b>1 075 914</b>	<b>3 466 230</b>
<b>Total financial instruments at fair value through profit or loss</b>	<b>9 483 126</b>	<b>10 676 182</b>
<b>LIABILITIES</b>		
<b>Derivative financial instruments</b>		
Foreign currency contracts	3 036	16 430
	<b>3 036</b>	<b>16 430</b>

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 or impaired.

The table below analyses financial instruments at fair value through profit or loss at 30 September 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 1	Level 2	Total
Financial instruments at fair value through profit or loss			
- Debt and other fixed income instruments	5 472 391	3 931 215	9 403 606
- Derivative assets	386	79 134	79 520
- Derivative liabilities	(3 036)	-	(3 036)

The table below analyses financial instruments measured at fair value through profit or loss at 31 December 2013, 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	Level 2	Total
Financial instruments at fair value through profit or loss			
- Debt and other fixed income instruments	6 480 114	4 196 068	10 676 182
- Derivative liabilities	(3 878)	(12 552)	(16 430)

### Foreign currency and gold contracts

The table below summarises, by major currencies, the contractual amounts of forward exchange contracts outstanding at 30 September 2014 and at 31 December 2013 with details of the 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 exchange rates	
	30 September 2014 RUB'000	31 December 2013 RUB'000	30 September 2014 RUB'000	31 December 2013 RUB'000
<b>Buy USD sell RUB</b>				
Less than 3 months	2 444 427	496 181	38.31	33.28
<b>Buy USD sell RUB</b>				
From 3 to 12 months	-	1 533 906	-	34.29
<b>Buy Euro sell RUB</b>				
Less than 3 months	27 475	-	49.75	-
<b>Buy JPY sell RUB</b>				
Less than 3 months	10 783	9 317	36.13	31.08
<b>Buy Gold sell RUB</b>				
Less than 3 months	-	642 264	-	1 271.92
<b>Sell CNY buy RUB</b>				
Less than 3 months	45 851	-	63.87	-

	Notional amount		Weighted average contractual exchange rates	
	30 September 2014 RUB'000	31 December 2013 RUB'000	30 September 2014 RUB'000	31 December 2013 RUB'000
<b>Sell JPY buy RUB</b>				
Less than 3 months	8 986	-	36.16	-
<b>Sell USD buy RUB</b>				
Less than 3 months	118 160	-	39.46	-

## 15 Available-for-sale financial assets

	30 September 2014 RUB'000	31 December 2013 RUB'000
<b>Held by the Group</b>		
<b>Debt and other fixed-income instruments</b>		
<b>- Government and municipal bonds</b>		
Government bonds	169 627	-
Regional authorities bonds	1 012 886	267 370
<b>Total government and municipal bonds</b>	<b>1 182 513</b>	<b>267 370</b>
<b>- Corporate bonds</b>		
rated from BB- to BBB+	6 873 103	1 311 461
rated below B+	163 434	149 390
not rated	101 195	95 391
<b>Total corporate bonds</b>	<b>7 137 732</b>	<b>1 556 242</b>
<b>Total available-for-sale financial instruments held by Group</b>	<b>8 320 245</b>	<b>1 823 612</b>
<b>Pledged under sale and repurchase agreements</b>		
<b>- Government and municipal bonds</b>		
Government bonds	84 814	-
Regional authorities bonds	-	375 093
<b>Total government and municipal bonds</b>	<b>84 814</b>	<b>375 093</b>
<b>- Corporate bonds</b>		
rated from BB- to BBB+	2 281 153	3 813 394
rated below B+	-	211 773
<b>Total corporate bonds</b>	<b>2 281 153</b>	<b>4 025 167</b>
<b>Total available-for-sale financial instruments pledged under sale and repurchase agreements</b>	<b>2 365 967</b>	<b>4 400 260</b>
<b>Total available-for-sale financial instruments</b>	<b>10 686 212</b>	<b>6 223 872</b>

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 or impaired.

The table below analyses available-for-sale financial assets at 30 September 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	10 686 212	10 686 212

The table below analyses financial instruments measured at fair value at 31 December 2013, 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	6 223 872	6 223 872

## 16 Due from banks

	<u>30 September 2014</u> <u>RUB'000</u>	<u>31 December 2013</u> <u>RUB'000</u>
<b>Nostro accounts</b>		
- Largest 30 Russian banks	1 455 110	582 742
- OECD banks	1 062 722	980 488
- Other Russian banks	200 050	322 402
- Other foreign banks	139 470	57 631
<b>Total nostro accounts</b>	<b>2 857 352</b>	<b>1 943 263</b>
<b>Term deposits</b>		
- Other Russian banks	278 293	307 802
- Other foreign banks	178 130	335 431
- OECD banks	120 754	-
- Largest 30 Russian banks	9 697	514 060
<b>Total term deposits</b>	<b>586 874</b>	<b>1 157 293</b>
	<b>3 444 226</b>	<b>3 100 556</b>

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

As at 30 September 2014, the Group has no banks (31 December 2013: no banks), whose balances individually exceed 10% of equity.

## 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 2014:

	Government and municipal bonds RUB'000	Corporate shares RUB'000	Corporate bonds RUB'000	Total RUB'000
<b>Amounts receivable under reverse repurchase agreements</b>				
-Other Russian banks	273 290	-	712 417	985 707
- Largest 30 Russian banks	348 425	379 237	144 862	872 524
	<b>621 715</b>	<b>379 237</b>	<b>857 279</b>	<b>1 858 231</b>

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 2013:

	Corporate bonds RUB'000	Total RUB'000
<b>Amounts receivable under reverse repurchase agreements</b>		
- Other Russian banks	335 720	335 720
	<b>335 720</b>	<b>335 720</b>

At 30 September 2014, 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 2 089 711 thousand (31 December 2013: RUB 395 986 thousand). As at 31 December 2013 the Group repledged out of them securities with fair value of RUB 338 752 thousand under repurchase agreements.

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

## 18 Loans to customers

	30 September 2014 RUB'000	31 December 2013 RUB'000
<b>Loans to corporate customers</b>	<b>27 334 904</b>	<b>26 969 176</b>
<b>Loans to retail customers</b>		
Consumer loans	54 898 528	50 582 233
Mortgage loans	9 988 490	8 684 640
<b>Total loans to retail customers</b>	<b>64 887 018</b>	<b>59 266 873</b>
<b>Gross loans to customers</b>	<b>92 221 922</b>	<b>86 236 049</b>
Impairment allowance	(11 487 000)	(5 811 276)
<b>Net loans to customers</b>	<b>80 734 922</b>	<b>80 424 773</b>

Movements in the loan impairment allowance by classes of loans to customers for the 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
<b>Balance at 1 January 2014</b>	<b>670 578</b>	<b>5 140 698</b>	<b>5 811 276</b>
Net charge	350 349	6 133 344	6 483 693
Write-offs	(11 770)	(796 199)	(807 969)
<b>Balance at 30 September 2014</b>	<b>1 009 157</b>	<b>10 477 843</b>	<b>11 487 000</b>

Movements in the loan impairment allowance by classes of loans to customers for the 9 months ended 30 September 2013 are as follows:

	Loans to corporate customers RUB'000	Loans to retail customers RUB'000	Total RUB'000
<b>Balance at 1 January 2013</b>	<b>266 267</b>	<b>2 653 568</b>	<b>2 919 835</b>
Net charge	362 955	2 480 002	2 842 957
Write-offs	(30 514)	(787 824)	(818 338)
<b>Balance at 30 September 2013</b>	<b>598 708</b>	<b>4 345 746</b>	<b>4 944 454</b>

### Credit quality of loans to customers

The following table provides information on the credit quality of loans to corporate customers as at 30 September 2014 and 31 December 2013:

	30 September 2014 RUB'000	31 December 2013 RUB'000
<b>Loans to corporate customers</b>		
Loans without individual signs of impairment	20 546 607	23 452 219
Watch list loans	5 265 540	2 440 094
Impaired loans:		
- not overdue	124 389	144 215
- overdue less than 90 days	339 769	183 923
- overdue more than 90 days and less than 1 year	533 269	407 691
- overdue more than 1 year	525 331	341 034
Total impaired loans	1 522 757	1 076 863
<b>Total gross loans to corporate customers</b>	<b>27 334 904</b>	<b>26 969 176</b>
Impairment allowance	(1 009 157)	(670 578)
<b>Net loans to corporate customers</b>	<b>26 325 747</b>	<b>26 298 598</b>

The following table provides information on the credit quality of loans to retail customers as at 30 September 2014:

	Consumer loans RUB'000	Mortgage loans RUB'000	Total loans to retail customers RUB'000
<b>Loans to retail customers</b>			
- not overdue	38 617 612	9 738 203	48 355 815
- overdue less than 30 days	2 078 240	59 991	2 138 231
- overdue 30-89 days	2 374 134	82 875	2 457 009
- overdue 90-179 days	3 116 224	40 614	3 156 838
- overdue more than 180 days	8 712 318	66 807	8 779 125
<b>Total gross loans to retail customers</b>	<b>54 898 528</b>	<b>9 988 490</b>	<b>64 887 018</b>
Impairment allowance	(10 421 180)	(56 663)	(10 477 843)
<b>Net loans to retail customers</b>	<b>44 477 348</b>	<b>9 931 827</b>	<b>54 409 175</b>

The following table provides information on the credit quality of loans to retail customers as at 31 December 2013:

	Consumer loans RUB'000	Mortgage loans RUB'000	Total loans to retail customers RUB'000
<b>Loans to retail customers</b>			
- not overdue	41 256 683	8 413 426	49 670 109
- overdue less than 30 days	1 920 372	222 352	2 142 724
- overdue 30-89 days	1 715 238	18 400	1 733 638
- overdue 90-179 days	1 703 765	17 967	1 721 732
- overdue more than 180 days	3 986 175	12 495	3 998 670
<b>Total gross loans to retail customers</b>	<b>50 582 233</b>	<b>8 684 640</b>	<b>59 266 873</b>
Impairment allowance	(5 124 569)	(16 129)	(5 140 698)
<b>Net loans to retail customers</b>	<b>45 457 664</b>	<b>8 668 511</b>	<b>54 126 175</b>

### *Asset securitisation*

As at 30 September 2014, the Group transferred mortgage loans of RUB 3 143 207 thousand (31 December 2013: RUB 1 149 703 thousand) to MA APB and MA APB 2, entities that are, in substance, controlled by the Group. These loans serve as collateral for secured mortgage backed securities issued by the Group. As at 30 September 2014, the carrying amount of liabilities on these securities is RUB 3 259 601 thousand (31 December 2013: RUB 1 206 064 thousand).

### **Industry and geographical analysis of the loan portfolio**

Loans to customers were issued primarily to customers located within the Russian Federation who operate in the following economic sectors:

	30 September 2014 RUB'000	31 December 2013 RUB'000
Wholesale and retail trade	7 177 309	7 688 160
Investment activities and real estate	2 978 354	1 543 025
Services	3 177 868	2 971 267
Production	1 746 496	2 081 655
Construction	1 668 259	2 087 437
Mining	1 234 157	1 902 577
Fishery	626 166	1 104 504
Energy	509 560	1 413 301
Other	8 216 735	6 177 250
Individuals	64 887 018	59 266 873
	<b>92 221 922</b>	<b>86 236 049</b>
Impairment allowance	(11 487 000)	(5 811 276)
	<b>80 734 922</b>	<b>80 424 773</b>

### **Significant credit exposures**

As at 30 September 2014, the Group has one borrower whose loan balances individually exceed 10% of equity (31 December 2013: no borrowers or group of borrowers). The gross amount of these balances comprised RUB 2 085 778 thousand.

For maturity analysis refer to note 31.

## 19 Net investments in finance leases

Net investments in finance leases comprise:

	<b>30 September 2014</b> <b>RUB'000</b>	<b>31 December 2013</b> <b>RUB'000</b>
Gross investments in finance leases	2 920 471	3 131 007
Less unearned finance lease income	(513 036)	(657 203)
	<b>2 407 435</b>	<b>2 473 804</b>
Less allowance for impairment	(99 241)	(61 809)
<b>Net investments in finance leases</b>	<b>2 308 194</b>	<b>2 411 995</b>

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:

	<b>30 September 2014</b> <b>RUB'000</b>	<b>31 December 2013</b> <b>RUB'000</b>
Within 1 year	1 865 527	1 823 676
From 1 to 5 years	1 054 944	1 307 331
<b>Minimum lease payments receivable</b>	<b>2 920 471</b>	<b>3 131 007</b>

Gross investment in leases is receivable in the following currencies:

	<b>30 September 2014</b> <b>RUB'000</b>	<b>31 December 2013</b> <b>RUB'000</b>
RUB	2 691 819	2 886 490
USD	228 652	243 722
EUR	-	795
<b>Gross investments in finance leases</b>	<b>2 920 471</b>	<b>3 131 007</b>

Movements in the impairment allowance are as follows:

	<b>30 September 2014</b> <b>RUB'000</b>	<b>30 September 2013</b> <b>RUB'000</b>
<b>Balance at 1 January</b>	61 809	48 319
Net charge	37 432	29 852
Write-offs	-	(7 030)
<b>Balance at 30 September</b>	<b>99 241</b>	<b>71 141</b>



## 20 Transfers of financial assets

The securities sold under agreements to repurchase as at 30 September 2014 are presented in the table below:

<b>RUB'000</b>	<b>Financial instruments at fair value through profit or loss</b>	<b>Financial assets available-for- sale</b>
Carrying amount of assets	1 075 914	2 365 967
Carrying amount of associated liabilities	976 318	2 195 526

The securities sold under agreements to repurchase as at 31 December 2013 are presented in the table below:

<b>RUB'000</b>	<b>Financial instruments at fair value through profit or loss</b>	<b>Financial assets available-for- sale</b>	<b>Securities received under reverse repurchase agreements repledged</b>
Carrying amount of assets	3 466 230	4 400 260	338 752
Carrying amount of associated liabilities	2 886 652	3 618 612	304 577

## 21 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
<b>Cost/revalued amount</b>							
Balance at 1 January 2014	4 387 149	642 687	44 382	55 606	255 014	190 822	5 575 660
Additions	22 967	201 394	2 067	10 151	234 090	112 721	583 389
Transfers from investment property	9 128	-	-	-	-	-	9 128
Disposals	(9 109)	(1 171)	(463)	(5 031)	(4 167)	(190 822)	(210 763)
<b>At 30 September 2014</b>	<b>4 410 135</b>	<b>842 910</b>	<b>45 986</b>	<b>60 726</b>	<b>484 937</b>	<b>112 721</b>	<b>5 957 414</b>
<b>Depreciation and impairment losses</b>							
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)
<b>Balance at 30 September 2014</b>	<b>105 238</b>	<b>488 714</b>	<b>38 709</b>	<b>33 083</b>	<b>171 385</b>	<b>-</b>	<b>837 128</b>
<b>Carrying amounts</b>							
<b>At 30 September 2014</b>	<b>4 304 897</b>	<b>354 196</b>	<b>7 277</b>	<b>27 643</b>	<b>313 552</b>	<b>112 721</b>	<b>5 120 286</b>
<b>At 1 January 2014</b>	<b>4 380 920</b>	<b>223 496</b>	<b>6 548</b>	<b>25 265</b>	<b>129 377</b>	<b>190 822</b>	<b>4 956 428</b>

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 2014 (30 September 2013: RUB 9 504 thousand).

RUB'000	Land and buildings	Computers and equipment	Fixtures and fittings	Vehicles	Intangible assets	Construction in progress	Total
<b>Cost/revalued amount</b>							
Balance at 1 January 2013	3 892 179	579 286	39 750	63 431	224 224	258 058	5 056 928
Additions	64 224	56 826	2 196	7 351	69 356	39 673	239 626
Transfers from investment property	95 483	-	-	-	-	-	95 483
Disposals	(4 900)	(8 285)	-	(16 369)	(41 969)	-	(71 523)
<b>At 30 September 2013</b>	<b>4 046 986</b>	<b>627 827</b>	<b>41 946</b>	<b>54 413</b>	<b>251 611</b>	<b>297 731</b>	<b>5 320 514</b>
<b>Depreciation and impairment losses</b>							
Balance at 1 January 2013	100 806	346 501	36 664	27 026	97 336	-	608 333
Depreciation and amortisation for the period	79 003	59 610	976	6 244	39 321	-	185 154
Disposals	(172)	(6 588)	-	(4 135)	(17 950)	-	(28 845)
<b>Balance at 30 September 2013</b>	<b>179 637</b>	<b>399 523</b>	<b>37 640</b>	<b>29 135</b>	<b>118 707</b>	<b>-</b>	<b>764 642</b>
<b>Carrying amounts</b>							
<b>At 30 September 2013</b>	<b>3 867 349</b>	<b>228 304</b>	<b>4 306</b>	<b>25 278</b>	<b>132 904</b>	<b>297 731</b>	<b>4 555 872</b>
<b>At 1 January 2013</b>	<b>3 791 373</b>	<b>232 785</b>	<b>3 086</b>	<b>36 405</b>	<b>126 888</b>	<b>258 058</b>	<b>4 448 595</b>

**Investment property**

	<b>30 September 2014</b>	<b>30 September 2013</b>
	<b>RUB'000</b>	<b>RUB'000</b>
Balance at 1 January	49 213	143 435
Taking possession of collateral for loans to customers	34 753	-
Transfer to property, equipment and intangible assets	(9 128)	(95 483)
Fair value revaluation	(795)	(1 485)
Balance at 30 September	<b>74 043</b>	<b>46 467</b>

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 2014 comprised RUB 1 557 thousand (30 September 2013: RUB 3 189 thousand).

**22 Other assets**

	<b>30 September 2014</b>	<b>31 December 2013</b>
	<b>RUB'000</b>	<b>RUB'000</b>
Other receivables	423 446	181 838
<b>Total other financial assets</b>	<b>423 446</b>	<b>181 838</b>
Prepayments	359 121	558 436
Assets held for sale	169 774	75 810
Advances on precious metals delivery	129 453	308 871
Prepayments for assets to be leased under finance lease	90 363	239 530
Materials and supplies	39 664	44 242
Other	129 995	144 420
<b>Total other non-financial assets</b>	<b>918 370</b>	<b>1 371 309</b>
<b>Gross other assets</b>	<b>1 341 816</b>	<b>1 553 147</b>
Less allowance for impairment of other non-financial assets	(70 471)	(28 871)
<b>Net other assets</b>	<b>1 271 345</b>	<b>1 524 276</b>

Movements in the impairment allowance are as follows:

	<b>30 September 2014</b>	<b>30 September 2013</b>
	<b>RUB'000</b>	<b>RUB'000</b>
<b>Balance at 1 January</b>	28 871	-
Net impairment charge	41 930	29 426
Write-offs	(330)	-
<b>Balance at 30 September</b>	<b>70 471</b>	<b>29 426</b>

**23 Deposits and balances from banks**

	<b>30 September 2014</b>	<b>31 December 2013</b>
	<b>RUB'000</b>	<b>RUB'000</b>
Vostro accounts	385 813	281 660
Term deposits from banks	7 591 212	6 694 976
Term deposit from the CBR	1 803 737	18 031
	<b>9 780 762</b>	<b>6 994 667</b>

As at 30 September 2014, the Group has three banks (including the CBR) (31 December 2013: two banks), whose balances individually exceed 10% of equity. The gross value of these balances as at 30 September 2014 is RUB 6 676 695 thousand (31 December 2013: RUB 4 257 541 thousand).

## 24 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 2014:

RUB'000	Government and municipal bonds	Corporate bonds	Total
<b>Amounts payable under direct repo agreements</b>			
-30 largest Russian banks	75 216	122 020	197 236
- The CBR	-	2 974 608	2 974 608
	<b>75 216</b>	<b>3 096 628</b>	<b>3 171 844</b>

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 2013:

RUB'000	Government and municipal bonds	Corporate bonds	Total
<b>Amounts payable under direct repo agreements</b>			
- The CBR	727 487	6 082 354	6 809 841
	<b>727 487</b>	<b>6 082 354</b>	<b>6 809 841</b>

Fair value of securities transferred under repo agreements as at 30 September 2014 comprised RUB 3 441 880 thousand (31 December 2013: RUB 8 205 242 thousand). For details, please, refer to note 20.

## 25 Current accounts and deposits from customers

	30 September 2014 RUB'000	31 December 2013 RUB'000
Current accounts and demand deposits		
- Retail	4 483 372	4 971 504
- Corporate	16 236 548	17 989 348
Term deposits		
- Retail	52 711 720	45 508 173
- Corporate	10 417 022	12 901 099
	<b>83 848 662</b>	<b>81 370 124</b>

As at 30 September 2014, the Group has one customer (31 December 2013: one customer), whose balances exceed 10% of equity. The amount owned comprised RUB 6 502 307 thousand (31 December 2013: RUB 8 186 316 thousand).

## 26 Debt securities issued

	30 September 2014 RUB'000	31 December 2013 RUB'000
Bonds	5 417 804	5 835 360
Promissory notes	834 826	268 701
	<b>6 252 630</b>	<b>6 104 061</b>

Bonds are presented by four issues: two of the Bank and the others of MA APB and MA APB 2.

In April 2012, the Group issued RUB 1 500 000 thousand of bonds with a coupon rate as at 30 September 2014 of 10.4%. These bonds mature on 30 April 2015.

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 on 26 April 2045 (see note 18 for more details).

In February 2013, the Group issued RUB 3 000 000 thousand of bonds with a coupon rate as at 30 September 2014 12%. These bonds mature on 19 February 2016. The part of the issue in the amount of RUB 2 645 020 thousand was bought back by the Group at the put-option day on 22 August 2014.

In February 2014, the Group issued RUB 2 553 000 thousand of mortgage backed securities with a coupon rate of 9%. These securities mature on 1 October 2046 (see note 18 for more details).

## 27 Subordinated borrowings

	<b>30 September 2014</b> <b>RUB'000</b>	<b>31 December 2013</b> <b>RUB'000</b>
Subordinated loans	2 891 419	986 344
	<b>2 891 419</b>	<b>986 344</b>

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 10.92% as at 30 September 2014 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 2014 and 31 December 2013, the Group did not breach any covenants described above.

On 10 July 2014, the Group attracted a subordinated loan in the amount USD 42 million by issue subordinated Eurobonds for 5.5 years with interest rate 11%.

## 28 Other liabilities

	<b>30 September 2014</b> <b>RUB'000</b>	<b>31 December 2013</b> <b>RUB'000</b>
Other taxes payable	233 162	158 116
Payables to employees	158 154	463 786
Financial liabilities	105 376	60 354
Advances from lessees received	88 136	211 944
Deferred commission on guarantees and letters of credit issued	73 413	49 011
VAT received	56 566	41 762
Payables to creditors	34 273	70 459
Other non-financial liabilities	377	238
	<b>749 457</b>	<b>1 055 670</b>

## 29 Share capital

### Issued capital

Movement in share capital for the 9 months ended 30 September 2014 is as follows:

	Shares (thousands)	Nominal amount, RUB'000	Inflation adjustment, RUB'000	Total, RUB'000
<b>Balance as at 1 January 2014</b>	<b>4 949 019 820 939</b>	<b>554 290</b>	<b>8 022</b>	<b>562 312</b>
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
<b>Balance as at 30 September 2014</b>	<b>5 155 290 941 888</b>	<b>577 392</b>	<b>8 022</b>	<b>585 414</b>

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.

## 30 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 Executive 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 2014 RUB'000	31 December 2013 RUB'000
<b>ASSETS</b>		
Far East region	51 728 266	54 460 162
Siberia region	29 863 538	30 844 089
West region	33 440 356	28 700 692
<b>Total assets</b>	<b>115 032 160</b>	<b>114 004 943</b>
<b>LIABILITIES</b>		
Far East region	70 073 593	63 081 318
Siberia region	17 758 480	15 399 497
West region	14 957 707	22 189 149
<b>Total liabilities</b>	<b>102 789 780</b>	<b>100 669 964</b>

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

<b>RUB'000</b>	<b>Far East region</b>	<b>Siberia region</b>	<b>West region</b>	<b>Total</b>
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 financial instruments at fair value through profit or loss and realised gain on available-for-sale financial instruments	(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
<b>Revenue</b>	<b>8 591 674</b>	<b>5 777 044</b>	<b>1 589 569</b>	<b>15 958 287</b>
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
<b>Segment result</b>	<b>(344 963)</b>	<b>684 863</b>	<b>(328 410)</b>	<b>11 490</b>
Income tax income				69 334
<b>Profit for the year</b>				<b>80 824</b>

Segment information for the main reportable segments for the 9 months ended 30 September 2013 is set below:

<b>RUB'000</b>	<b>Far East region</b>	<b>Siberia region</b>	<b>West region</b>	<b>Total</b>
External interest income	5 461 946	3 295 900	978 828	9 736 674
Fee and commission income	2 150 911	1 435 276	120 172	3 706 359
Net (loss) gain on financial instruments at fair value through profit or loss and realised gain on available-for-sale financial instruments	(1 950)	-	862 003	860 052
Net foreign exchange (loss) income	(425 849)	91 481	457 882	123 515
Other operating income	218 187	112 320	4 063	334 570
<b>Revenue</b>	<b>7 403 245</b>	<b>4 934 976</b>	<b>2 422 948</b>	<b>14 761 169</b>
Impairment losses	2 144 591	1 594 731	93 601	3 832 923
Interest expense	3 153 253	862 012	1 011 117	5 026 382
Fee and commission expense	71 373	25 581	15 230	112 185
Other general administrative expenses	3 274 522	312 632	53 026	3 640 180
<b>Segment result</b>	<b>(1 240 494)</b>	<b>2 140 020</b>	<b>1 249 973</b>	<b>2 149 499</b>
Income tax expense				289 631
<b>Profit for the period</b>				<b>1 859 868</b>



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

	<b>30 September 2014</b> <b>RUB'000</b>	<b>30 September 2013</b> <b>RUB'000</b>
<b>Revenues</b>		
Total revenues for reportable segments	15 958 287	14 761 169
IFRS accounting policy adjustments:		
- interest income on loans to customers and net investments in finance leases	796 216	220 329
- securities and derivatives at fair value	(25 444)	155 017
- other adjustments	(19 242)	78 167
<b>Consolidated revenues</b>	<b>16 709 817</b>	<b>15 214 682</b>
<b>Profit or loss</b>		
Total profit or loss for reportable segments	80 824	1 859 868
IFRS accounting policy adjustments:		
- interest income on loans to customers	178 623	(180 885)
- allowance for impairment of loans to customers and net investments in finance leases	(96 509)	937 218
- depreciation and amortisation of property and equipment and intangible assets	18 208	(26 467)
- securities at fair value	(25 444)	5 819
- other adjustments	125 734	(319 469)
<b>Consolidated profit for the period</b>	<b>281 436</b>	<b>2 276 084</b>
	<b>30 September 2014</b> <b>RUB'000</b>	<b>31 December 2013</b> <b>RUB'000</b>
<b>Assets</b>		
Total assets for reportable segments	115 032 160	114 004 943
IFRS accounting policy adjustments:		
- interest income on loans to customers	37 531	(141 092)
- allowance for impairment	2 278 988	2 371 789
- depreciation and amortisation of property and equipment and intangible assets and other adjustments to property cost	181 795	159 472
- securities at fair value	7 857	51 804
- repo adjustment	-	(338 752)
- deferred tax asset	56 911	51 462
- revaluation of property and equipment	364 268	364 463
- other assets of subsidiaries (net of intragroup transactions)	4 100 292	2 447 172
- other adjustments	374 537	(414 999)
<b>Consolidated assets</b>	<b>122 434 339</b>	<b>118 556 262</b>
<b>Liabilities</b>		
Total liabilities for reportable segments	102 789 780	100 669 964
IFRS accounting policy adjustments:		
- accounting for deferred tax liability	411 398	435 961
- liabilities of subsidiaries (net of intragroup transactions)	3 985 574	2 524 792
- other adjustments	(76 198)	335 127
<b>Consolidated liabilities</b>	<b>107 110 554</b>	<b>103 965 844</b>

## Information about major customers and geographical areas

For the 9 months ended 30 September 2014 and 2013, 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.

## 31 Risk management

### a) Interest rate risk

The table below displays average effective interest rates for interest bearing assets and liabilities as at 30 September 2014 and 31 December 2013. These interest rates are an approximation of the yields to maturity of these assets and liabilities.

	30 September 2014			31 December 2013		
	Average effective interest rate, %			Average effective interest rate, %		
	RUB	USD	Other currencies	RUB	USD	Other currencies
<b>Interest bearing assets</b>						
Term deposits with the CBR	-	-	-	5%	-	-
Financial instruments at fair value through profit or loss	10%	-	-	8%	-	-
Available-for-sale financial assets	8%	-	-	8%	6%	-
Due from banks						
- nostro accounts	2%	0%	0%	0%	0%	-
- term deposits	8%	5%	1%	5%	5%	6%
Amounts receivable under reverse repurchase agreements	8%	-	-	7%	-	-
Loans to customers						
- retail	20%	10%	-	23%	10%	-
- corporate	13%	9%	9%	13%	9%	10%
Net investments in finance leases	30%	23%	-	31%	23%	-
<b>Interest bearing liabilities</b>						
Deposits and balances from banks	11%	3%	2%	10%	3%	2%
Amounts payable under repurchase agreements	8%	-	-	6%	-	-
Term deposits from customers						
- retail	10%	4%	4%	9%	4%	4%
- corporate	9%	5%	-	7%	5%	2%
Debt securities issued						
- promissory notes	9%	7%	-	7%	7%	-
- bonds	11%	-	-	11%	-	-
Subordinated borrowings	-	11%	-	-	11%	-

**b) Currency risk**

The following table shows the foreign currency structure of assets and liabilities as at 30 September 2014:

	<b>RUB</b>	<b>USD</b>	<b>EUR</b>	<b>Gold</b>	<b>Other currencies</b>	<b>Total</b>
	<b>RUB'000</b>	<b>RUB'000</b>	<b>RUB'000</b>	<b>RUB'000</b>	<b>RUB'000</b>	<b>RUB'000</b>
<b>ASSETS</b>						
Cash	1 978 321	903 289	418 435	-	137 149	3 437 194
Placements with the Central Bank of the Russian Federation	3 767 351	-	-	-	-	3 767 351
Financial instruments at fair value through profit or loss	9 403 606	79 354	113	-	53	9 483 126
Available-for-sale financial assets	10 686 212					10 686 212
Due from banks	710 898	1 256 187	629 337	748 317	99 487	3 444 226
Amounts receivable under reverse repurchase agreements	1 858 231					1 858 231
Loans to customers	74 575 568	5 769 696	389 658	-	-	80 734 922
Net investments in finance leases	2 127 353	180 841	-	-	-	2 308 194
Current tax asset	192 298	-	-	-	-	192 298
Deferred tax asset	56 911	-	-	-	-	56 911
Property, equipment, intangible assets and investment property	5 194 329	-	-	-	-	5 194 329
Other assets	1 218 554	45 029	7 762	-	-	1 271 345
<b>Total assets</b>	<b>111 769 632</b>	<b>8 234 396</b>	<b>1 445 305</b>	<b>748 317</b>	<b>236 689</b>	<b>122 434 339</b>

Notes to, and forming part of, the consolidated interim condensed financial statements for the 9 months ended 30 September 2014

	<b>RUB</b> <b>RUB'000</b>	<b>USD</b> <b>RUB'000</b>	<b>EUR</b> <b>RUB'000</b>	<b>Gold</b> <b>RUB'000</b>	<b>Other currencies</b> <b>RUB'000</b>	<b>Total</b> <b>RUB'000</b>
<b>LIABILITIES</b>						
Derivative financial instruments	-	2 790	3	-	243	3 036
Deposits and balances from banks	7 783 418	1 771 274	208 924	-	17 146	9 780 762
Amounts payable under repurchase agreements	3 171 844	-	-	-	-	3 171 844
Current accounts and deposits from customers	75 105 946	6 607 400	1 267 102	720 010	148 204	83 848 662
Debt securities issued	6 219 167	33 463	-	-	-	6 252 630
Subordinated borrowings	-	2 891 419	-	-	-	2 891 419
Current tax liability	1 346	-	-	-	-	1 346
Deferred tax liability	411 398	-	-	-	-	411 398
Other liabilities	722 115	25 194	2 143	-	5	749 457
<b>Total liabilities</b>	<b>93 415 234</b>	<b>11 331 540</b>	<b>1 478 172</b>	<b>720 010</b>	<b>165 598</b>	<b>107 110 554</b>
<b>Net position</b>	<b>18 354 398</b>	<b>(3 097 144)</b>	<b>(32 867)</b>	<b>28 307</b>	<b>71 091</b>	<b>15 323 785</b>
<b>The effect of derivatives held for risk management</b>	<b>(2 309 688)</b>	<b>2 326 267</b>	<b>27 475</b>	<b>-</b>	<b>(44 054)</b>	<b>-</b>
<b>Net position after derivatives held for risk management purposes</b>	<b>16 044 710</b>	<b>(770 877)</b>	<b>(5 392)</b>	<b>28 307</b>	<b>27 037</b>	<b>15 323 785</b>

The following table shows the foreign currency structure of assets and liabilities as at 31 December 2013:

	<b>RUB</b>	<b>USD</b>	<b>EUR</b>	<b>Gold</b>	<b>Other currencies</b>	<b>Total</b>
	<b>RUB'000</b>	<b>RUB'000</b>	<b>RUB'000</b>	<b>RUB'000</b>	<b>RUB'000</b>	<b>RUB'000</b>
<b>ASSETS</b>						
Cash	2 227 190	299 326	177 202	-	48 984	2 752 702
Placements with the Central Bank of the Russian Federation	6 021 534	-	-	-	-	6 021 534
Financial instruments at fair value through profit or loss	10 676 182	-	-	-	-	10 676 182
Available-for-sale financial assets	5 548 516	675 356	-	-	-	6 223 872
Due from banks	1 101 413	1 562 175	403 138	7 106	26 724	3 100 556
Amounts receivable under reverse repurchase agreements	335 720	-	-	-	-	335 720
Loans to customers	77 640 340	2 435 282	347 322	-	1 829	80 424 773
Net investments in finance leases	2 242 910	168 431	654	-	-	2 411 995
Current tax asset	27 549	-	-	-	-	27 549
Deferred tax asset	51 462	-	-	-	-	51 462
Property, equipment, intangible assets and investment property	5 005 641	-	-	-	-	5 005 641
Other assets	1 385 770	118 014	20 492	-	-	1 524 276
<b>Total assets</b>	<b>112 264 227</b>	<b>5 258 584</b>	<b>948 808</b>	<b>7 106</b>	<b>77 537</b>	<b>118 556 262</b>

Notes to, and forming part of, the consolidated interim condensed financial statements for the 9 months ended 30 September 2014

	<b>RUB</b>	<b>USD</b>	<b>EUR</b>	<b>Gold</b>	<b>Other currencies</b>	<b>Total</b>
	<b>RUB'000</b>	<b>RUB'000</b>	<b>RUB'000</b>	<b>RUB'000</b>	<b>RUB'000</b>	<b>RUB'000</b>
<b>LIABILITIES</b>						
Derivative financial instruments	-	12 118	-	3 870	442	16 430
Deposits and balances from banks	6 177 074	635 599	177 196	-	4 798	6 994 667
Amounts payable under repurchase agreements	6 809 841	-	-	-	-	6 809 841
Current accounts and deposits from customers	74 433 454	5 443 106	761 635	501 015	230 914	81 370 124
Debt securities issued	6 036 022	68 039	-	-	-	6 104 061
Subordinated borrowings	-	986 344	-	-	-	986 344
Current tax liability	184 630	-	-	-	-	184 630
Deferred tax liability	444 077	-	-	-	-	444 077
Other liabilities	1 050 006	1 361	4 297	-	6	1 055 670
<b>Total liabilities</b>	<b>95 135 104</b>	<b>7 146 567</b>	<b>943 128</b>	<b>504 885</b>	<b>236 160</b>	<b>103 965 844</b>
<b>Net position</b>	<b>17 129 123</b>	<b>(1 887 983)</b>	<b>5 680</b>	<b>(497 779)</b>	<b>(158 623)</b>	<b>14 590 418</b>
<b>The effect of derivatives held for risk management</b>	<b>(2 681 668)</b>	<b>2 030 087</b>	<b>-</b>	<b>642 264</b>	<b>9 317</b>	<b>-</b>
<b>Net position after derivatives held for risk management purposes</b>	<b>14 447 455</b>	<b>142 104</b>	<b>5 680</b>	<b>144 485</b>	<b>(149 306)</b>	<b>14 590 418</b>

c) *Liquidity risk*

The table below shows an analysis, by expected maturities, of the amounts recognised in the consolidated statement of financial position as at 30 September 2014:

RUB'000	Demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	More than 5 years	No maturity	Total
<b>ASSETS</b>							
Cash	3 437 194	-	-	-	-	-	3 437 194
Placements with the Central Bank of Russian Federation	2 919 116	-	-	-	-	848 235	3 767 351
Financial instruments at fair value through profit or loss	5 611 847	3 871 279	-	-	-	-	9 483 126
Available-for-sale financial assets	10 686 212	-	-	-	-	-	10 686 212
Due from banks	3 076 589	202 957	153 445	-	-	11 235	3 444 226
Amounts receivable under reverse repurchase agreements	1 858 231	-	-	-	-	-	1 858 231
Loans to customers	5 341 983	8 979 427	18 173 589	42 101 889	6 138 034	-	80 734 922
Net investments in finance leases	402 471	186 780	840 510	867 727	10 706	-	2 308 194
Current tax asset	192 298	-	-	-	-	-	192 298
Deferred tax asset	-	-	-	-	-	56 911	56 911
Property, equipment, intangible assets and investment property	-	-	-	-	-	5 194 329	5 194 329
Other assets	620 509	264 728	344 399	7 068	-	34 641	1 271 345
<b>Total assets</b>	<b>34 146 450</b>	<b>13 505 171</b>	<b>19 511 943</b>	<b>42 976 684</b>	<b>6 148 740</b>	<b>6 145 351</b>	<b>122 434 339</b>

Notes to, and forming part of, the consolidated interim condensed financial statements for the 9 months ended 30 September 2014

RUB'000	Demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	More than 5 years	No maturity	Total
<b>LIABILITIES</b>							
Derivative financial instruments	3 036	-	-	-	-	-	3 036
Deposits and balances from banks	2 758 229	1 190 360	1 679 347	4 152 827	-	-	9 780 762
Amounts payable under repurchase agreements	3 171 844	-	-	-	-	-	3 171 844
Current accounts and deposits from customers	27 892 720	12 482 108	29 182 580	14 291 254	-	-	83 848 662
Debt securities issued	344 866	56 951	2 799 220	3 027 870	23 723	-	6 252 630
Subordinated borrowings	-	37 992	41 448	945 278	1 866 700	-	2 891 419
Current tax liability	1 346	-	-	-	-	-	1 346
Deferred tax liability	-	-	-	-	-	411 398	411 398
Other liabilities	381 248	184 704	143 347	40 158	-	-	749 457
<b>Total liabilities</b>	<b>34 553 290</b>	<b>13 952 114</b>	<b>33 845 941</b>	<b>22 457 388</b>	<b>1 890 423</b>	<b>411 398</b>	<b>107 110 554</b>
<b>Net position</b>	<b>(406 840)</b>	<b>(446 944)</b>	<b>(14 333 998)</b>	<b>20 519 296</b>	<b>4 258 317</b>	<b>5 733 953</b>	<b>15 323 785</b>



The table below shows an analysis, by expected maturities, of the amounts recognised in the consolidated statement of financial position as at 31 December 2013:

RUB'000	Demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	More than 5 years	No maturity	Total
<b>ASSETS</b>							
Cash	2 752 702	-	-	-	-	-	2 752 702
Placements with the Central Bank of Russian Federation	4 942 741	-	-	-	-	1 078 793	6 021 534
Financial instruments at fair value through profit or loss	8 262 499	2 413 683	-	-	-	-	10 676 182
Available-for-sale financial assets	6 223 872	-	-	-	-	-	6 223 872
Due from banks	2 388 076	2 260	695 158	-	-	15 062	3 100 556
Amounts receivable under reverse repurchase agreements	335 720	-	-	-	-	-	335 720
Loans to customers	3 448 367	4 695 986	23 647 019	41 177 357	7 456 044	-	80 424 773
Net investments in finance leases	349 363	184 675	831 039	1 046 918	-	-	2 411 995
Current tax asset	27 549	-	-	-	-	-	27 549
Deferred tax asset	-	-	-	-	-	51 462	51 462
Property, equipment, intangible assets and investment property	-	-	-	-	-	5 005 641	5 005 641
Other assets	512 414	501 979	457 432	14 844	-	37 607	1 524 276
<b>Total assets</b>	<b>29 243 303</b>	<b>7 798 583</b>	<b>25 630 648</b>	<b>42 239 119</b>	<b>7 456 044</b>	<b>6 188 565</b>	<b>118 556 262</b>
<b>LIABILITIES</b>							
Derivative financial instruments	4 313	3 015	9 102	-	-	-	16 430
Deposits and balances from banks	693 822	186 457	2 187 063	3 853 609	73 716	-	6 994 667
Amounts payable under repurchase agreements	6 809 841	-	-	-	-	-	6 809 841
Current accounts and deposits from customers	26 025 930	12 158 258	29 580 979	13 604 957	-	-	81 370 124
Debt securities issued	141 523	161 342	459 397	5 318 075	23 724	-	6 104 061
Subordinated borrowings	-	-	4 468	589 126	392 750	-	986 344
Current tax liability	-	184 630	-	-	-	-	184 630
Deferred tax liability	-	-	-	-	-	444 077	444 077
Other liabilities	546 617	126 503	382 550	-	-	-	1 055 670
<b>Total liabilities</b>	<b>34 222 046</b>	<b>12 820 205</b>	<b>32 623 559</b>	<b>23 365 767</b>	<b>490 190</b>	<b>444 077</b>	<b>103 965 844</b>
<b>Net position</b>	<b>(4 978 743)</b>	<b>(5 021 622)</b>	<b>(6 992 911)</b>	<b>18 873 352</b>	<b>6 965 854</b>	<b>5 744 488</b>	<b>14 590 418</b>

## 32 Capital management

The CBR sets and monitors capital requirements for the Bank.

The Bank defines as capital those items defined by statutory regulation as capital for credit institutions. Under the current capital requirements set by the CBR, banks have to maintain a ratio of capital to risk weighted assets (statutory capital ratio) above the prescribed minimum level. As at 30 September 2014 and 31 December 2013, this minimum level is 10%. The Bank was in compliance with the statutory capital ratio as at 30 September 2014 and 31 December 2013.

The Group also monitors its capital adequacy levels calculated in accordance with the requirements of the Basel Accord, as defined in the International Convergence of Capital Measurement and Capital Standards (updated April 1998) and Amendment to the Capital Accord to incorporate market risks (updated November 2007), commonly known as Basel I.

The following table shows the composition of the capital position calculated in accordance with the requirements of the Basel Accord as at 30 September 2014 and 31 December 2013:

	30 September 2014 RUB'000	31 December 2013 RUB'000
<b>Tier 1 capital</b>		
Share capital less treasury shares	575 107	552 005
Share premium	1 778 739	1 192 723
Retained earnings	11 538 293	11 255 339
<b>Total tier 1 capital</b>	<b>13 892 139</b>	<b>13 000 067</b>
<b>Tier 2 capital</b>		
Revaluation reserve for available-for-sale assets	(187 013)	(29 827)
Revaluation surplus for buildings	1 618 659	1 620 178
Subordinated debt (unamortised portion)	2 639 787	841 131
<b>Total tier 2 capital</b>	<b>4 071 433</b>	<b>2 431 482</b>
<b>Total capital</b>	<b>17 963 572</b>	<b>15 431 549</b>
<b>Risk-weighted assets</b>		
Banking book	94 722 873	89 008 370
Trading book	10 530 211	11 640 081
<b>Total risk weighted assets</b>	<b>105 253 084</b>	<b>100 648 451</b>
<b>Total capital expressed as a percentage of risk-weighted assets (total capital ratio)</b>	<b>17.07%</b>	<b>15.33%</b>
<b>Total tier 1 capital expressed as a percentage of risk-weighted assets (tier 1 capital ratio)</b>	<b>13.20%</b>	<b>12.92%</b>

The risk-weighted assets are measured by means of a hierarchy of risk weights classified according to the nature and reflecting an estimate of credit, market and other risks associated with each asset and counterparty, taking into account any eligible collateral or guarantees. A similar treatment is adopted for unrecognised contractual commitments, with some adjustments to reflect the more contingent nature of the potential losses.

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 2014 and 31 December 2013.

Starting from 1 April 2013 the Bank calculates the amount of capital and capital adequacy ratios in accordance with CBR requirements based on Basel III requirements. The amount of capital and capital adequacy ratios were used by the CBR in 2013 for information purposes and not for supervision purposes.

### 33 Commitments

	<b>30 September 2014</b>	<b>31 December 2013</b>
	<b>RUB'000</b>	<b>RUB'000</b>
<b>Contracted amount</b>		
Guarantees and letters of credit	8 515 303	2 965 647
Undrawn overdraft facilities	4 010 988	5 959 238
Loan and credit line commitments	182 816	739 332
	<b>12 709 107</b>	<b>9 664 217</b>

There is no significant credit risk concentration as at 30 September 2014 and 31 December 2013.

As at 30 September 2014, the Group has a commitment to purchase 2 901 kg of gold and 110 kg of silver (31 December 2013: 1 738 kg of gold) under contracts to be settled at the market price at the date of maturity.

### 34 Cash and cash equivalents

	<b>30 September 2014</b>	<b>31 December 2013</b>
	<b>RUB'000</b>	<b>RUB'000</b>
Cash on hand	3 437 194	2 752 702
Nostro accounts with the CBR	2 919 116	2 942 741
Nostro accounts with other banks	2 857 352	1 943 263
Term deposits with the CBR	-	2 000 000
Term deposits with other banks	422 195	447 074
<b>Total cash and cash equivalents</b>	<b>9 635 857</b>	<b>10 085 780</b>

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

### 35 Related party transactions

#### a) Control relationships

The Group's parent company is LLC “PPFIN Region” (Russian Federation). As at 30 September 2014, the ultimate beneficial owners of the Group were Mr. Andrey Vdovin (the owner of 16.896%), Mr. Kirill Yakubovsky (the owner of 16.896%), Mr. Alexey Maslovsky (the owner of 16.896%), Mr. Peter Hambro (the owner of 16.896%), East Capital Explorer Financial Institution Fund (Sweden) (the owner of 17.91%) and International Finance Corporation (6.71%).

In October 2014, Mr. Kirill Yakubovsky sold his stake in the Group to the other ultimate beneficial owners (Mr. Andrey Vdovin, Mr. Alexey Maslovsky and Mr. Peter Hambro) in equal portions.

## b) Transactions with the members of the Board of Directors and the Executive Board

Total remuneration included in personnel expenses for the 9 months ended 30 September 2014 and 2013 is as follows:

	30 September 2014 RUB'000	30 September 2013 RUB'000
Short term employee benefits	58 405	237 345
	<b>58 405</b>	<b>237 345</b>

The outstanding balances and average effective interest rates as at 30 September 2014 and 31 December 2013 for transactions with the members of the Board of Directors and the Executive Board are as follows:

	30 September 2014 RUB'000	Average effective interest rate, %	31 December 2013 RUB'000	Average effective interest rate, %
<b>Consolidated interim condensed statement of financial position</b>				
<b>ASSETS</b>				
Loans to customers	467	24.09%	821	19.42%
Other assets	597	-	392	-
<b>LIABILITIES</b>				
Current accounts and deposits from customers	253 549	8.92%	636 539	6.41%
Other liabilities	-	-	11 628	-
<b>Commitments</b>				
Credit commitments	1 933	-	-	-

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 Executive Board for the 9 months ended 30 September are as follows:

	30 September 2014 RUB'000	30 September 2013 RUB'000
<b>Consolidated interim condensed statement of profit or loss and other comprehensive income</b>		
Interest expense	(26 560)	(13 361)
Impairment loss charge	(2)	(16)
Other expenses	(2 086)	-

**c) Transactions with shareholders**

The outstanding balances and average effective interest rates as at 30 September 2014 and 31 December 2013 for transactions with shareholders are as follows:

	<b>30 September 2014 RUB'000</b>	<b>Average effective interest rate, %</b>	<b>31 December 2013 RUB'000</b>	<b>Average effective interest rate, %</b>
<b>Consolidated interim condensed statement of financial position</b>				
<b>ASSETS</b>				
Loans to customers	662 713	10.77%	-	-
<b>LIABILITIES</b>				
Deposits and balances from banks	95 168	15.63%	142 672	13.45%
Current accounts and deposits	402	-	79	-
Subordinated borrowings	1 219 590	10.92%	986 344	10.92%

Amounts included in the consolidated interim condensed 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:

	<b>30 September 2014 RUB'000</b>	<b>30 September 2013 RUB'000</b>
<b>Consolidated interim condensed statement of profit or loss and other comprehensive income</b>		
Interest income	24 474	-
Interest expense	(103 312)	(102 777)
Comission expenses	(5 689)	-
Impairment loss charge	(6 880)	-

During 9 months 2013 the Group made cash distribution to shareholders in the amount of RUB 12 150 thousand.

**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 2014 and 31 December 2013 for transactions with other related parties are as follows:

	30 September 2014 RUB'000	Average effective interest rate, %	31 December 2013 RUB'000	Average effective interest rate, %
<b>Consolidated interim condensed statement of financial position</b>				
<b>ASSETS</b>				
Due from banks	6 024	-	3 336	-
Loans to customers	4 929	15.90%	149 880	13.96%
Amounts receivable under reverse repurchase agreements	50 000	8.50%		
Other assets	67 171	-	292	-
<b>LIABILITIES</b>				
Deposits and balances from banks	6 147	-	2 179	0.26%
Current accounts and deposits from customers	407 055	6.67%	1 020 127	6.30%
Other liabilities	4 623	-	482	-
Debt securities issued	45 106	8.35%	101 623	9.28%
<b>Commitments</b>				
Credit commitments	-	-	90 000	-

Amounts included in the consolidated interim condensed 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 2014 RUB'000	30 September 2013 RUB'000
<b>Consolidated interim condensed statement of profit or loss and other comprehensive income</b>		
Interest income	9 547	91 943
Interest expense	(22 310)	(36 083)
Comission income	325 160	2 173
Impairment loss recovery (charge)	1 459	(5 475)

### 36 Events after the reporting date

On 8 November 2014 Mr. Sergey Tyrtsev left the position of Chairman of the Executive Board of the Bank. The CBR approved appointment Mr. Andrey Vdovin, one of the ultimate beneficial owners of the Group.