

ZAO Raiffeisenbank

**International Financial Reporting Standards
Consolidated Condensed Interim
Financial Information and
Report on Review of Consolidated Condensed
Interim Financial Information**

30 September 2014

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Report on Review of Consolidated Condensed Interim Financial Information

To the Shareholders and Supervisory Board of ZAO Raiffeisenbank:

Introduction

We have reviewed the accompanying consolidated condensed interim statement of financial position of ZAO Raiffeisenbank and its subsidiaries (the "Group") as of 30 September 2014 and the related consolidated condensed interim statements of profit or loss and other comprehensive income for the three and nine months then ended, consolidated condensed interim changes in equity and consolidated condensed interim cash flows for the nine month period then ended and related explanatory notes. Management is responsible for the preparation and presentation of this consolidated condensed interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this consolidated condensed interim financial information based on our review.

Scope of Review

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

Conclusion

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

ZAO PricewaterhouseCoopers Audit
14 November 2014
Moscow, Russian Federation

[Signature]
N.V. Kossova, Director (license no. 0006396) ZAO PricewaterhouseCoopers Audit



Audited entity: ZAO Raiffeisenbank

State registration certificate No 3292 issued by the Central Bank of Russian Federation on 10 June 1996

17/1 Troitskaya Str., 129090 Moscow, Russian Federation

Independent auditor: ZAO PricewaterhouseCoopers Audit

State registration certificate No. 008.890, issued by the Moscow Registration Chamber on 28 February 1992

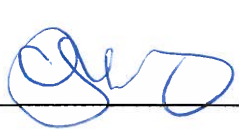
Certificate of inclusion in the Unified State Register of Legal Entities issued on 22 August 2002 under registration No. 1027700148431

Certificate of membership in self regulated organisation non-profit partnership "Audit Chamber of Russia" No. 870. ORNZ 10201003683 in the register of auditors and audit organization.

ZAO Raiffeisenbank
Consolidated Condensed Interim Statement of Financial Position

	Note	30 September 2014 (unaudited)	31 December 2013
<i>In thousands of Russian Roubles</i>			
ASSETS			
Cash and cash equivalents	6	103 567 501	154 508 091
Mandatory cash balances with the Central Bank of the Russian Federation		5 649 188	5 640 263
Trading securities	7	22 086 787	20 363 257
Repurchase receivables related to trading securities	7	134 040	8 864 414
Other securities at fair value through consolidated profit or loss	8	22 780 283	14 205 197
Repurchase receivables related to other securities at fair value through consolidated profit or loss	8	1 503 737	22 324 651
Due from other banks	9	16 534 554	9 787 579
Loans and advances to customers	10	509 586 630	432 208 116
Investment securities available for sale	11	1 514 503	1 508 805
Premises and equipment		13 398 606	13 845 951
Intangible assets		13 517 405	12 923 601
Deferred income tax asset		174 571	1 127 257
Current income tax		-	62 980
Investment securities held to maturity	12	522 727	508 655
Derivatives and other financial assets	13	19 985 408	9 570 065
Investment in associates		2 081 578	1 753 512
Other assets		1 981 637	2 169 747
TOTAL ASSETS		735 019 155	711 372 141
LIABILITIES			
Due to other banks	14	50 652 299	65 999 725
Customer accounts	15	458 461 397	452 472 765
Term borrowings from the Parent Bank	16	48 447 044	33 172 282
Term borrowings from other financial institutions	17	7 026 718	6 266 921
Debt securities in issue		20 442 450	10 354 558
Current income tax liability		629 406	-
Derivatives and other financial liabilities	18	21 864 139	6 529 237
Insurance contracts		14 509 857	14 547 380
Other liabilities		6 009 107	6 245 010
TOTAL LIABILITIES		628 042 417	595 587 878
EQUITY			
Share capital		43 268 888	43 268 888
Share premium		591 083	591 083
Additional paid-in capital		1 520 016	1 520 016
Retained earnings and other reserves		61 596 751	70 404 276
TOTAL EQUITY		106 976 738	115 784 263
TOTAL LIABILITIES AND EQUITY		735 019 155	711 372 141

Approved for issue and signed on 14 November 2014.


Sergei Monin
Chairman of the Board




Arndt Roehling
Chief Financial Officer

The notes set out on pages 5 to 62 form an integral part of this consolidated condensed interim financial information.

ZAO Raiffeisenbank
Consolidated Condensed Interim Statement of Profit or Loss and Other Comprehensive Income

	Note	Nine-Month Period Ended 30 September 2014 (Unaudited)	Three-Month Period Ended 30 September 2014 (Unaudited)	Nine-Month Period Ended 30 September 2013 (Unaudited)	Three-Month Period Ended 30 September 2013 (Unaudited)
<i>In thousands of Russian Roubles</i>					
Interest income	19	57 468 106	21 144 316	49 736 458	18 086 146
Interest expense	19	(26 005 702)	(10 100 702)	(22 780 272)	(8 490 405)
Net interest income		31 462 404	11 043 614	26 956 186	9 595 741
(Charge)/release of provision for loan impairment	10	(5 317 422)	(2 187 571)	(1 364 103)	(1 532 186)
Net interest income after provision for loan impairment		26 144 982	8 856 043	25 592 083	8 063 555
Fee and commission income	20	12 031 411	4 318 313	10 613 735	3 853 932
Fee and commission expense	20	(4 060 510)	(1 513 635)	(2 919 438)	(1 103 625)
Gains less losses from trading securities		(673 880)	(119 523)	(150 307)	301 310
Gains less losses from other securities at fair value through profit or loss		(671 152)	(77 940)	23 416	46 244
Gains less losses/(losses net of gains) from disposal of investment securities available for sale		-	-	1 032 517	-
Gains less losses from trading in foreign currencies		2 567 910	1 093 249	2 405 378	992 296
Unrealized (losses, net of gains)/gains less losses from derivative financial instruments	21	(4 932 425)	(5 438 623)	(1 631 815)	2 865 205
Realized gains less losses from derivative financial instruments	22	720 804	35 638	201 519	(2 002)
Foreign exchange translation gains less losses/(losses, net of gains)		3 793 841	4 060 261	1 618 667	(2 875 952)
Ineffectiveness from the hedge accounting and other derivative instruments		(20 386)	(20 386)	(276 903)	(174 031)
Release of provision for credit related commitments		113 869	(43 275)	95 925	15 393
Allocation of provision for investment securities held to maturity		(54)	(55)	(3 497)	(95)
Gains from the sale of loans	10	38 459	17 629	20 687	7 106
Other operating income		203 433	60 848	252 278	105 814
Share of profit of associate		385 237	108 522	289 443	105 217
Operating income		35 641 539	11 337 066	37 163 688	12 200 367
Administrative and other operating expenses	23	(18 120 213)	(6 352 772)	(16 592 701)	(5 642 389)
Profit before tax		17 521 326	4 984 294	20 570 987	6 557 978
Income tax expense		(3 532 038)	(1 228 330)	(4 495 002)	(1 557 595)
Profit for the period		13 989 288	3 755 964	16 075 985	5 000 383
Revaluation of investment securities available for sale		-	-	25 213	-
Disposal of investment securities available for sale		-	-	(1 032 517)	-
Valuation reserve due to cash flow hedge		-	-	104 132	10 493
Income tax credit/(expense)		-	-	180 634	(2 099)
Other comprehensive (loss)/income for the period, net of tax		-	-	(722 538)	8 394
Total comprehensive income for the period, net of tax		13 989 288	3 755 964	15 353 447	5 008 777

The notes set out on pages 5 to 62 form an integral part of this consolidated condensed interim financial information.

ZAO Raiffeisenbank
Consolidated Condensed Interim Statement of Changes in Equity

<i>In thousands of Russian Roubles</i>	Share capital	Share premium	Additional paid-in capital	Retained earnings	Other reserves	Total
Balance at 1 January 2013	43 268 888	591 083	1 520 016	61 111 074	960 160	107 451 221
Profit for the period	-	-	-	16 075 985	-	16 075 985
Other comprehensive loss recognized for the period	-	-	-	-	(722 538)	(722 538)
Total comprehensive income/(loss) for the period	-	-	-	16 075 985	(722 538)	15 353 447
Dividends paid	-	-	-	(11 326 944)	-	(11 326 944)
Balance at 30 September 2013	43 268 888	591 083	1 520 016	65 860 115	237 622	111 477 724
Balance at 1 January 2014	43 268 888	591 083	1 520 016	70 165 080	239 196	115 784 263
Profit for the period	-	-	-	13 989 288	-	13 989 288
Other comprehensive income recognized for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	13 989 288	-	13 989 288
Dividends paid	-	-	-	(22 796 813)	-	(22 796 813)
Balance at 30 September 2014	43 268 888	591 083	1 520 016	61 357 555	239 196	106 976 738

ZAO Raiffeisenbank
Consolidated Condensed Interim Statement of Cash Flows

	Note	Nine-Month Period Ended 30 September 2014 (Unaudited)	Nine-Month Period Ended 30 September 2013 (Unaudited)
<i>In thousands of Russian Roubles</i>			
Cash flows from operating activities			
Interest received		56 883 716	49 107 641
Interest paid		(24 851 404)	(18 711 457)
Fees and commissions received		12 041 855	10 482 188
Fees and commissions paid		(4 060 510)	(2 919 438)
Realized losses, net of gains from trading in trading securities		(513 597)	(45 138)
Realized gains less losses arising from other securities at fair value through profit or loss		(312 337)	43 945
Realized gains less losses from financial derivative instruments		720 804	201 519
Realized gains less losses arising from trading in foreign currencies		2 567 910	2 405 378
Cash proceeds from sale of loans	11	1 388 263	926 751
Other operating income received		302 440	179 839
Administrative and other operating expenses paid		(16 405 185)	(15 362 504)
Income tax paid		(1 886 967)	(5 950 917)
Cash flows from operating activities before changes in operating assets and liabilities		25 874 988	20 357 807
Net (increase) in mandatory cash balances with the Central Bank of the Russian Federation		(8 925)	(1 649 136)
Net decrease/(increase) in trading securities		6 933 535	(11 740 561)
Net decrease in other securities at fair value through consolidated profit and loss		12 444 323	5 439 678
Net (increase) /decrease in due from other banks		(5 985 262)	23 663
Net (increase) in loans and advances to customers		(48 464 229)	(46 418 812)
Net decrease in derivatives and other financial assets		727 768	113 833
Net decrease in other assets		411 723	646 253
Net (decrease) in due to other banks		(17 916 119)	(10 132 957)
Net (decrease) / increase in customer accounts		(24 306 945)	50 610 868
Insurance premiums received		8 169	5 268 143
Insurance claims paid		(45 691)	(272 102)
Net increase/(decrease) in derivatives and other financial liabilities		1 195 276	(549 952)
Net (decrease) in other liabilities		(949 073)	(265 938)
Net cash (used in)/from operating activities		(50 080 462)	11 430 787
Cash flows from investing activities			
Acquisition of premises and equipment		(1 033 594)	(1 976 577)
Proceeds from sale of premises and equipment		93 000	-
Acquisition of intangible assets		(1 335 900)	(680 931)
Dividends received		57 171	650 000
Proceeds from disposal of investment securities available for sale		-	1 032 517
Net cash used in investing activities		(2 219 323)	(974 991)
Cash flows from financing activities			
Proceeds from term borrowings from the Parent Bank and other financial institutions		14 085 101	5 058 031
Repayment of term borrowings from the Parent Bank and other financial institutions		(5 543 573)	(4 380 418)
Interest paid on term borrowings from the Parent Bank and other financial institutions		(861 356)	(919 812)
Interest paid on debt securities		(381 500)	(592 371)
Proceeds from issuance of debt securities		10 695 883	765 362
Repayment of debt securities in issue		(133 012)	(5 363)
Dividends paid		(22 796 813)	(11 326 944)
Net cash used in financing activities		(4 935 270)	(11 401 515)
Change in accrued interest on cash and cash equivalents		(9 036)	(8 646)
Effect of exchange rate changes on cash and cash equivalents		6 303 501	(803 428)
Net increase in cash and cash equivalents		(50 940 590)	(1 757 793)
Cash and cash equivalents at the beginning of the period		154 508 091	154 337 114
Cash and cash equivalents at the end of the period	6	103 567 501	152 579 321

The notes set out on pages 5 to 62 form an integral part of this consolidated condensed interim financial information.

1 Introduction

This consolidated condensed interim financial information has been prepared in accordance with International Financial Reporting Standards for the nine months period ended 30 September 2014 for ZAO Raiffeisenbank (hereinafter – the “Bank”) and its subsidiaries (together referred to as the “Group”).

The Bank was incorporated and is domiciled in the Russian Federation. The Bank is a closed joint stock company limited by shares and was set up in accordance with the Russian regulations. The Bank is owned by Raiffeisen CIS Region Holding GmbH and Raiffeisen-Invest-Gesellschaft m.b.H, subsidiaries of Raiffeisen Zentralbank Österreich AG (the “Parent Bank”), which is the ultimate controlling parent of the Group.

Principal activity. The Bank has operated under a full banking license issued by the Central Bank the Russian Federation (“CBRF”) since 1996. The Bank operates in all banking sectors of the Russian financial markets, including money market, investments, corporate and retail banking, and provides a complete range of banking services to its clients. In addition, the Group, through operations of its subsidiaries and associates, is also involved in asset management, pension and leasing businesses. On 2 February 2005 the Bank was accepted to the State deposit insurance scheme, introduced by the Federal law No. 177-FZ “Deposits of individuals insurance in Russian Federation” dated 23 December 2003. The State Deposit Insurance Agency guarantees repayment of 100% of individual deposits up to RR 700 thousand per individual in case of the withdrawal of a licence of a bank or a CBRF imposed moratorium on payments.

As at 30 September 2014 the Group had 6 branches within the Russian Federation and 198 outlets (31 December 2013: 6 branches and 187 outlets).

The number of the Group’s employees as at 30 September 2014 was 8 241 (31 December 2013: 8 380).

Registered address and place of business. The Bank’s registered address is: 17/1 Troitskaya Str., 129090, Moscow, Russian Federation. The Bank’s main place of business is: 15A Leninsky prospect, 119071, Moscow, Russian Federation.

Presentation currency. This consolidated condensed interim financial information is presented in Russian Roubles (“RR”), unless otherwise stated.

2 Operating Environment of the Group

The Russian Federation displays certain characteristics of an emerging market. Its economy is particularly sensitive to oil and gas prices. The legal, tax and regulatory frameworks continue to develop and are subject to varying interpretations. In September 2014 the United States (US) and European Union (EU) escalated financial and trade sanctions against the Russian Federation. The US and EU have designated additional Russian defense firms subject to wide-ranging asset freezes and transaction prohibitions; expanded the list of Russian financial, energy, and defense firms subject to capital market restrictions; and further curtailed the provision of certain goods and services to the Russian energy sector. In addition to these sanctions, Russia imposed an embargo on certain food imports from EU, the US and some other Western countries. During nine month-period ended 30 September 2014 the weakening of the Russian Rouble, increasing of interest rates, reducing liquidity, harder raising international funding took place which negatively impacts on Russian economy. Changes of operating environment described above may have an impact on the Group’s operations and the financial position, the effect of which is difficult to predict.

Management determined loan impairment provisions using the “incurred loss” model required by the applicable accounting standards. These standards require recognition of impairment losses that arose from past events and prohibit recognition of impairment losses that could arise from future events, including future changes in the economic environment, no matter how likely those future events are. Thus final impairment losses from financial assets could differ significantly from the current level of provisions. Refer to Note 4.

3 Summary of Significant Accounting Policies

Basis of preparation. This consolidated condensed interim financial information has been prepared in accordance with IAS 34. This consolidated condensed interim financial information should be read in conjunction with the annual IFRS consolidated financial statements of the Group for the year ended 31 December 2013.

Foreign currency translation. The functional currency of each of the Group's consolidated entities is the currency of the primary economic environment in which the entity operates. The Bank's functional currency and the Group's presentation currency is the national currency of the Russian Federation, Russian Roubles ("RR").

At 30 September 2014 principal rate of exchange used for translating foreign currency balances was USD 1 = RR 39.3866 (31 December 2013: USD 1 = RR 32.7292) and EUR 1 = 49.9540 (31 December 2013: EUR 1 = 44.9699).

Except as described below, the accounting policies and methods of computation applied in the preparation of this consolidated condensed interim financial information are consistent with the accounting policies and methods applied in the annual consolidated financial statements of the Group for the year ended 31 December 2013. Certain new standards, interpretations and amendments to the existing standards, as disclosed in the Group's consolidated financial statements for the year ended 31 December 2013, became effective for the Group from 1 January 2014. They have not significantly affected this consolidated condensed interim financial information of the Group.

Interim period measurement. Interim period income tax expense is accrued using the effective tax rate that would be applied to expected total annual earnings, i.e. the estimated weighted average annual effective income tax rate is applied to the pre-tax income of the interim period.

4 Critical Accounting Estimates, and Judgements in Applying Accounting Policies

The Group makes estimates and assumptions that affect the amounts recognised in the consolidated condensed interim financial information and the carrying amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on Management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognised in the consolidated condensed interim financial information and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

Impairment losses on loans and advances to customers. The Group regularly reviews its loan portfolios to assess impairment. In determining whether an impairment loss should be recorded in profit or loss for the period, the Group makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

A 10% increase or decrease in actual loss experience compared to the loss estimates used would result in an increase or decrease in loan impairment losses of RR 1 512 884 thousand (2013: RR 828 720 thousand), respectively. Impairment losses for individually significant loans are based on estimates of discounted future cash flows of the individual loans, taking into account repayments and realisation of any assets held as collateral against the loans. A 10% increase or decrease in the actual compared to the estimated future discounted cash flows from individually significant loans, which could arise from differences in amounts and timing of the cash flows, would result in an increase or decrease in loan impairment losses of RR 1 052 685 thousand (2013: RR 568 201 thousand), respectively.

4 Critical Accounting Estimates, and Judgments in Applying Accounting Policies (Continued)

Fair value of derivatives. The fair values of financial derivatives that are not quoted in active markets are determined by using valuation techniques. Valuation of financial derivatives is applied to single currency interest rate swap transactions, cross currency interest swap transactions and foreign exchange forward contracts. The fair value of these transactions is determined as the difference between the present value of fixed receivable and the present value of floating obligation or vice versa. The present value of floating obligation is determined using discount factors derived from the zero coupon curve. Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of the area that created them. To the extent practical, models use only observable data, however areas such as credit risk (both own and counterparty), volatilities and correlations require Management to make estimates. Changes in assumptions about these factors could affect reported fair values. Any over or under estimation of these future cash flows could require a material adjustment to the carrying value of these derivatives. Changes in presentation. Where necessary, corresponding figures have been adjusted to conform to the presentation of the current year amounts.

Starting 1 January 2014 realized result from financial derivatives (foreign exchange swaps, cross currency interest rate swaps, and interest rate swaps) is presented in net interest income. The foreign exchange swaps and cross currency interest rate swaps are used to fund foreign currency assets by RUR money market and customer deposits therefore they are designed for economic hedging purposes and not arbitrage motives. Interest rate swaps are used for interest rate hedging purposes. Management believes that accounting for the respective result within net interest income is more consistent with the interest margin dynamics and is in line with the Group's hedging strategy.

Unrealized changes in the fair value of all derivatives not meeting criteria for hedge accounting are not affected by this reclassification and continue to be shown below the net interest income in unrealized result.

The comparative information has been changed to make presentation consistent. The table below shows the effect of such reclassification.

The effect of reclassifications for presentation purposes was as follows on amounts for nine months period ended 30 September 2013:

	As originally presented	Reclassification	As reclassified at 30 September 2013
<i>In thousands of Russian Roubles</i>			
Interest Income			
Foreign exchange swap contracts	-	6 384 625	6 384 625
Cross-currency interest rate swap contracts	-	3 811 506	3 811 506
Interest rate swap contracts	-	3 128 105	3 128 105
Interest Expense			
Foreign exchange swap contracts	-	(699 473)	(699 473)
Cross-currency interest rate swap contracts	-	(3 735 901)	(3 735 901)
Interest rate swap contracts	-	(3 604 744)	(3 604 744)
Realized gains less losses from derivative financial instruments			
Foreign exchange swap contracts	5 685 152	5 685 152	-
Cross-currency interest rate swap contracts	75 606	75 606	-
Interest rate swap contracts	(476 640)	(476 640)	-

4 Critical Accounting Estimates, and Judgments in Applying Accounting Policies (Continued)

The effect of reclassifications for presentation purposes was as follows on amounts for three months period ended 30 September 2013:

	As originally presented	Reclassification	As reclassified at 30 September 2013
<i>In thousands of Russian Roubles</i>			
Interest Income			
Foreign exchange swap contracts	-	2 384 625	2 384 625
Cross-currency interest rate swap contracts	-	1 416 276	1 416 276
Interest rate swap contracts	-	1 065 541	1 065 541
Interest Expense			
Foreign exchange swap contracts	-	(206 408)	(206 408)
Cross-currency interest rate swap contracts	-	(1 299 834)	(1 299 834)
Interest rate swap contracts	-	(1 232 410)	(1 232 410)
Realized gains less losses from derivative financial instruments			
Foreign exchange swap contracts	2 178 217	2 178 217	-
Cross-currency interest rate swap contracts	116 442	116 442	-
Interest rate swap contracts	(166 869)	(166 869)	-

5 New Accounting Pronouncements

Since the Group published its last annual consolidated financial statements, certain new standards and interpretations have been issued which are effective for the annual accounting periods starting on or after 1 October 2014 and which the Group has not early adopted:

IFRS 9 “Financial Instruments: Classification and Measurement” (issued in July 2014 and effective for annual periods beginning on or after 1 January 2018). Key features of the new standard are:

- Financial assets are required to be classified into three measurement categories: those to be measured subsequently at amortised cost, those to be measured subsequently at fair value through other comprehensive income (FVOCI) and those to be measured subsequently at fair value through profit or loss (FVPL).
- Classification for debt instruments is driven by the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI). If a debt instrument is held to collect, it may be carried at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held in a portfolio where an entity both holds to collect assets' cash flows and sells assets may be classified as FVOCI. Financial assets that do not contain cash flows that are SPPI must be measured at FVPL (for example, derivatives). Embedded derivatives are no longer separated from financial assets but will be included in assessing the SPPI condition.

Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in other comprehensive income, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss.
- Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The key change is that an entity will be required to present the effects of changes in own credit risk of financial liabilities designated at fair value through profit or loss in other comprehensive income.

5 New Accounting Pronouncements (Continued)

- IFRS 9 introduces a new model for the recognition of impairment losses – the expected credit losses (ECL) model. There is a “three stage” approach which is based on the change in credit quality of financial assets since initial recognition. In practice, the new rules mean that entities will have to record an immediate loss equal to the 12-month ECL on initial recognition of financial assets that are not credit impaired (or lifetime ECL for trade receivables). Where there has been a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL. The model includes operational simplifications for lease and trade receivables.
- Hedge accounting requirements were amended to align accounting more closely with risk management. The standard provides entities with an accounting policy choice between applying the hedge accounting requirements of IFRS 9 and continuing to apply IAS 39 to all hedges because the standard currently does not address accounting for macro hedging.

The Group is currently assessing the impact of the existing version of IFRS 9 on its consolidated financial statements.

IFRS 15, Revenue from Contracts with Customers (issued on 28 May 2014 and effective for the periods beginning on or after 1 January 2017). The new standard introduces the core principle that revenue must be recognised when the goods or services are transferred to the customer, at the transaction price. Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements. When the consideration varies for any reason, minimum amounts must be recognised if they are not at significant risk of reversal. Costs incurred to secure contracts with customers have to be capitalised and amortised over the period when the benefits of the contract are consumed. The Group is currently assessing the impact of the new standard on its consolidated financial statements.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28 (issued on 11 September 2014 and effective for annual periods beginning on or after 1 January 2016). These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are held by a subsidiary. The Group is currently assessing the impact of the amendments on its financial statements.

Annual Improvements to IFRSs 2014 (issued on 25 September 2014 and effective for annual periods beginning on or after 1 January 2016). The amendments impact 4 standards. IFRS 5 was amended to clarify that change in the manner of disposal (reclassification from “held for sale” to “held for distribution” or vice versa) does not constitute a change to a plan of sale or distribution, and does not have to be accounted for as such. The amendment to IFRS 7 adds guidance to help management determine whether the terms of an arrangement to service a financial asset which has been transferred constitute continuing involvement, for the purposes of disclosures required by IFRS 7. The amendment also clarifies that the offsetting disclosures of IFRS 7 are not specifically required for all interim periods, unless required by IAS 34. The amendment to IAS 19 clarifies that for post-employment benefit obligations, the decisions regarding discount rate, existence of deep market in high-quality corporate bonds, or which government bonds to use as a basis, should be based on the currency that the liabilities are denominated in, and not the country where they arise. IAS 34 will require a cross reference from the interim financial statements to the location of “information disclosed elsewhere in the interim financial report”. The Group is currently assessing the impact of the amendments on its financial statements.

6 Cash and Cash Equivalents

	30 September 2014 (Unaudited)	31 December 2013
<i>In thousands of Russian Roubles</i>		
Cash on hand	29 137 611	28 018 369
Cash balances with the CBRF (other than mandatory reserve deposits)	2 132 181	29 147 887
Correspondent accounts and overnight placements with other banks		
- Russian Federation	6 291 712	4 895 140
- Other countries	14 580 830	28 587 205
Placements with other banks with original maturities of less than three months	11 140 643	45 934 263
Reverse securities sale and repurchase agreements with other banks and other financial institutions with original maturities of less than three months	40 284 524	17 925 227
Total cash and cash equivalents	103 567 501	154 508 091

At 30 September 2014 cash equivalents in the amount of RR 40 284 524 thousand (31 December 2013: RR 17 925 227 thousand) are effectively collateralised by securities purchased under reverse securities sale and repurchase agreements with a fair value of RR 33 647 915 thousand (31 December 2013: RR 20 331 660 thousand) which the Group has a right to sell or repledge.

Correspondent accounts, overnight placements and placements with other banks with original maturities of less than three months and deals with securities purchased under "reverse-repo agreements" with original maturities of less than three months represent balances with large and well-known foreign banks and top-rated Russian banks and financial institutions.

Currency, geographical and liquidity analysis of cash and cash equivalents are disclosed in Note 25. The information on related party balances is disclosed in Note 29.

7 Trading Securities and Repurchase Receivables Related to Trading Securities

	30 September 2014 (Unaudited)	31 December 2013
<i>In thousands of Russian Roubles</i>		
Corporate bonds	14 821 581	21 691 811
Federal loan bonds (OFZ)	3 438 421	5 419 124
Russian Federation Eurobonds	2 162 482	855 170
Corporate Eurobonds	1 533 036	943 348
Municipal bonds	265 307	318 218
Total trading securities and repurchase receivables related to trading securities	22 220 827	29 227 671

Estimation of fair value of trading securities is based on their market quotations.

Trading securities are carried at fair value which also reflects any credit risk related write-downs. As trading securities are carried at fair value based on observable market data, the Group does not analyse or monitor impairment indicators separately on these securities.

The Bank is licensed by the Federal Commission on Securities Markets for trading in securities.

At 30 September 2014 and 31 December 2013 there were no renegotiated balances that would otherwise be past due. Trading debt securities are not collateralised.

As at 30 September 2014 and 31 December 2013 no debt trading securities are past due or impaired.

Repurchase Receivables related to trading securities represents securities sold under sale and repurchase agreements which the counterparty has the right, by contract or custom, to sell or re-pledge. The repurchase agreements were short-term in nature and matured in October 2014 and December 2014. At 30 September 2014 Federal loan bonds (OFZ) included securities with fair value of RR nil thousand pledged under sale and repurchase agreements (31 December 2013: RR 1 475 413 thousand). Federal loan eurobonds included securities with fair value of RR nil thousand pledged under sale and repurchase agreements (31 December 2013: RR 342 091 thousand). Municipal bonds included securities with fair value of RR nil thousand pledged under sale and repurchase agreements (31 December 2013: RR 101 043 thousand). Corporate bonds included securities with fair value of RR 134 040 thousand pledged under sale and repurchase agreements (31 December 2013: RR 6 945 867 thousand). Corporate eurobonds included securities with fair value of RR nil thousand pledged under sale and repurchase agreements (31 December 2013: RR nil thousand). Refer to Notes 14 and 27.

Currency, geographical and liquidity analysis of trading securities and repurchase receivables related to trading securities are disclosed in Note 25.

8 Other Securities at Fair Value Through Consolidated Profit or Loss and Repurchase Receivables Related to Other Securities at Fair Value Through Consolidated Profit or Loss

	30 September 2014 (Unaudited)	31 December 2013
<i>In thousands of Russian Roubles</i>		
Corporate bonds	16 531 732	19 895 411
Eurobonds of the European Bank for Reconstruction and Development	2 827 882	2 773 886
Federal loan bonds (OFZ)	2 022 536	7 604 088
Corporate Eurobonds	1 683 329	3 196 702
Municipal bonds	1 147 273	1 449 953
Bonds of the European Bank for Reconstruction and Development (EBRD)	-	1 061 493
Russian Federation Eurobonds	-	27 562
Total other debt securities at fair value through consolidated profit and loss	24 212 752	36 009 095
Corporate shares	71 268	520 753
Total other securities at fair value through consolidated profit or loss and repurchase receivables related to other securities at fair value through consolidated profit or loss	24 284 020	36 529 848

The Group irrevocably designated the above securities, which are not part of its trading book, as at fair value through profit or loss. The securities meet the criteria for classification as at fair value through profit or loss because Asset and Liability Committee of the Group ("ALCO") assesses performance of the investments based on their fair values in accordance with a strategy documented in the business plan.

Securities designated at fair value through profit or loss are carried at fair value which also reflects any credit risk related write-downs. As the securities are carried at their fair value based on observable market data, the Group does not analyse or monitor impairment indicators.

Repurchase receivables related to Other securities at fair value through consolidated profit or loss represents securities sold under sale and repurchase agreements which the counterparty has the right, by contract or custom, to sell or re-pledge. The repurchase agreements were short-term in nature and matured in October 2014 and December 2014. At 30 September 2014 Federal loan bonds (OFZ) included securities with fair value of RR 1 488 358 thousand pledged under sale and repurchase agreements (31 December 2013: RR 9 503 868 thousand). Corporate bonds included securities with fair value of RR 15 379 thousand pledged under sale and repurchase agreements (31 December 2013: RR 12 820 783 thousand). Corporate eurobonds included securities with fair value of RR nil thousand pledged under sale and repurchase agreements (31 December 2013: RR nil thousand). Eurobonds of the European Bank for Reconstruction and Development included securities with fair value of RR nil thousand pledged under sale and repurchase agreements (31 December 2013: RR nil thousand). Refer to Notes 14 and 27.

Currency, geographical and liquidity analysis of other securities at fair value through profit or loss and Repurchase Receivables related to Other securities at Fair Value Through Profit or Loss are disclosed in Note 25.

9 Due from Other Banks

	30 September 2014 (Unaudited)	31 December 2013
<i>In thousands of Russian Roubles</i>		
Short-term placements with other banks with original maturities of more than three months and less than one year	5 199 318	5 952 352
Long-term placements with other banks with original maturities of more than one year	11 335 236	3 835 227
Total due from other banks	16 534 554	9 787 579

As at 30 September 2014 and 31 December 2013 due from other banks are neither past due nor impaired.

Disclosure of the fair value of due from other banks is presented in Note 28.

Currency, geographical and liquidity analysis of due from other banks are disclosed in Note 25. The information on related party balances is disclosed in Note 29.

10 Loans and Advances to Customers

	30 September 2014 (Unaudited)	31 December 2013
<i>In thousands of Russian Roubles</i>		
Loans to corporate customers (Corporate loans)	289 251 150	233 432 719
Loans to individuals (Retail loans)	200 658 136	181 691 514
Loans to small and micro entities (SME loans)	21 475 323	17 789 885
Loans to medium entities (Middle business)	20 374 042	16 530 018
Loans to state and municipal organisations (Public sector)	19 947	48 797
Total gross loans and advances to customers	531 778 598	449 492 933
Less: Provision for loan impairment	(22 191 968)	(17 284 817)
Total loans and advances to customers	509 586 630	432 208 116

Movements in the provision for loan impairment during nine-month period ended 30 September 2014 are as follows:

	Loans to corporate customers	Loans to medium entities	Retail loans	Loans to small and micro entities	Total
<i>In thousands of Russian Roubles</i>					
Provision for loan impairment at 1 January 2014	9 600 286	540 973	6 460 459	683 099	17 284 817
Charge of provision for impairment during the period	1 348 438	364 691	3 157 069	447 223	5 317 421
Disposal of provisions as a result of disposal of loans	(249 789)	-	(9 603)	(25 360)	(284 752)
Amounts written off during the period as uncollectible	(414 130)	(57 249)	(117 171)	(44 449)	(632 999)
Exchange differences on provision for loan impairment	390 840	980	115 242	419	507 481
Provision for loan impairment at 30 September 2014 (Unaudited)	10 675 645	849 395	9 605 996	1 060 932	22 191 968

10 Loans and Advances to Customers (Continued)

Movements in the provision for loan impairment during three-month period ended 30 September 2014 are as follows:

	Loans to corporate customers	Loans to medium entities	Retail loans	Loans to small and micro entities	Total
<i>In thousands of Russian Roubles</i>					
Provision for loan impairment at 1 July 2014	9 304 280	653 488	8 768 225	983 193	19 709 186
Charge of provision for impairment during the periodp	1 052 943	188 343	841 836	104 448	2 187 570
Disposal of provisions as a result of disposal of loans	(23 428)	-	(4 344)	(22 549)	(50 321)
Amounts written off during the period as uncollectible	(390)	-	(91 242)	(4 216)	(95 848)
Exchange differences on provision for loan impairment	342 240	7 564	91 521	56	441 381
Provision for loan impairment at 30 September 2014 (Unaudited)	10 675 645	849 395	9 605 996	1 060 932	22 191 968

Movements in the Retail provision by product for loan impairment during nine-month period ended 30 September 2014 are as follows:

	Unsecured customer loans	Mortgage loans	Car loans	Credit cards and overdrafts	Total
<i>In thousands of Russian Roubles</i>					
Provision for loan impairment at 1 January 2014	3 679 256	540 030	930 904	1 310 269	6 460 459
(Release)/charge of provision for impairment during the year	2 185 365	(88 186)	499 872	560 018	3 157 069
Disposal of provisions as a result of disposal of loans	(3 687)	(1 513)	(4 026)	(377)	(9 603)
Amounts written off during the period as uncollectible	(15 143)	(361)	(98 110)	(3 557)	(117 171)
Exchange differences on provision for loan impairment	11 761	49 804	31 533	22 144	115 242
Provision for loan impairment at 30 September 2014	5 857 552	499 774	1 360 173	1 888 497	9 605 996

10 Loans and Advances to Customers (Continued)

Movements in the Retail provision by product for loan impairment during three-month period ended 30 September 2014 are as follows:

<i>In thousands of Russian Roubles</i>	Unsecured customer loans	Mortgage loans	Car loans	Credit cards and overdrafts	Total
Provision for loan impairment at 1 July 2014	5 318 203	509 661	1 298 263	1 642 098	8 768 225
(Release)/charge of provision for impairment during the year	534 128	(49 336)	124 559	232 485	841 836
Disposal of provisions as a result of disposal of loans	(432)	(1 513)	(2 227)	(172)	(4 344)
Amounts written off during the period as uncollectible	(3 882)	-	(85 793)	(1 567)	(91 242)
Exchange differences on provision for loan impairment	9 535	40 962	25 371	15 653	91 521
Provision for loan impairment at 30 September 2014	5 857 552	499 774	1 360 173	1 888 497	9 605 996

Movements in the provision for loan impairment during nine-month period ended 30 September 2013 are as follows:

	Loans to corporate customers	Loans to medium entities	Retail loans	Loans to small and micro entities	Total
Provision for loan impairment at 1 January 2013	12 486 382	664 031	6 946 098	785 530	20 882 041
(Release)/charge of provision for impairment during the period	(32 808)	9 945	1 183 476	203 490	1 364 103
Disposal of provisions as a result of disposal of loans	(106 574)	(12 172)	(147 141)	(94 476)	(360 363)
Amounts written off during the period as uncollectible	(1 172 504)	(66 850)	(58 349)	(172 027)	(1 469 730)
Exchange differences on provision for loan impairment	207 044	(5)	86 514	409	293 962
Provision for loan impairment at 30 September 2013 (Unaudited)	11 381 540	594 949	8 010 598	722 926	20 710 013

Movements in the provision for loan impairment during three-month period ended 30 September 2013 are as follows:

	Loans to corporate customers	Loans to medium entities	Retail loans	Loans to small and micro entities	Total
Provision for loan impairment at 1 July 2013	11 134 443	638 870	7 490 062	803 239	20 066 614
(Release)/charge of provision for impairment during the period	772 055	12 930	648 651	98 550	1 532 186
Disposal of provisions as a result of disposal of loans	(21 693)	-	(109 817)	(44 210)	(175 720)
Amounts written off during the period as uncollectible	(481 026)	(56 882)	(23 299)	(134 699)	(695 906)
Exchange differences on provision for loan impairment	(22 239)	31	5 001	46	(17 161)
Provision for loan impairment at 30 September 2013 (Unaudited)	11 381 540	594 949	8 010 598	722 926	20 710 013

10 Loans and Advances to Customers (Continued)

Movements in the Retail provision by product for loan impairment during nine-month period ended 30 September 2013 are as follows:

<i>In thousands of Russian Roubles</i>	Unsecured customer loans	Mortgage loans	Car loans	Credit cards and overdrafts	Total
Provision for loan impairment at 1 January 2013	3 746 282	838 639	1 269 579	1 091 598	6 946 098
(Release)/charge of provision for impairment during the year	808 728	(154 680)	31 920	497 508	1 183 476
Disposal of provisions as a result of disposal of loans	(109 146)	(31 540)	(6 455)	-	(147 141)
Amounts written off during the period as uncollectible	(16 649)	(10 600)	(27 810)	(3 290)	(58 349)
Exchange differences on provision for loan impairment	12 572	22 370	39 407	12 165	86 514
Provision for loan impairment at 30 September 2013	4 441 787	664 189	1 306 641	1 597 981	8 010 598

Movements in the Retail provision by product for loan impairment during three-month period ended 30 September 2013 are as follows:

<i>In thousands of Russian Roubles</i>	Unsecured customer loans	Mortgage loans	Car loans	Credit cards and overdrafts	Total
Provision for loan impairment at 1 July 2013	4 099 042	735 149	1 226 831	1 429 040	7 490 062
Charge of provision for impairment during the year	439 507	(50 407)	86 247	173 304	648 651
Disposal of provisions as a result of disposal of loans	(94 263)	(9 100)	(6 454)	-	(109 817)
Amounts written off during the period as uncollectible	(1 498)	(8 024)	(10 487)	(3 290)	(23 299)
Exchange differences on provision for loan impairment	(1 001)	(3 429)	10 504	(1 073)	5 001
Provision for loan impairment at 30 September 2013	4 441 787	664 189	1 306 641	1 597 981	8 010 598

During the nine-month period ended 30 September 2014 the Bank disposed loans to customers under cession and other agreements with the total gross value of RR 1 767 110 thousand (nine-month period ended 30 September 2013: RR 1 514 124 thousand) for cash proceeds of RR 1 388 263 thousand (nine-month period ended 30 September 2013: RR 926 751) and other assets with carrying value of RR 132 554 thousand (nine-month period ended 30 September 2013: RR 247 697). As of the date of disposal during the nine-month period ended 30 September 2014 these loans were provided for impairment in the total amount of RR 284 752 thousand (nine-month period ended 30 September 2013: RR 360 363 thousand). The net financial result of a loan disposal during the nine-month period ended 30 September 2014 recognized in the consolidated condensed interim statement of profit or loss and comprehensive income was a gain of RR 38 459 thousand (nine-month period ended 30 September 2013: RR 20 687 thousand).

10 Loans and Advances to Customers (Continued)

Economic sector risk concentrations within the customer loan portfolio are as follows:

<i>In thousands of Russian Roubles</i>	30 September 2014 (Unaudited)		31 December 2013	
	Amount	%	Amount	%
Individuals	200 658 129	37.73%	181 691 514	40.42%
Manufacturing	103 997 691	19.56%	69 827 246	15.53%
Real estate	81 188 526	15.27%	68 286 124	15.19%
Trade	50 310 627	9.46%	44 916 800	9.99%
Transport, storage and communication	38 555 187	7.25%	28 571 549	6.36%
Mining	35 125 654	6.61%	28 885 701	6.43%
Financial services	7 042 139	1.32%	8 051 301	1.79%
Hotels and restaurants	5 770 270	1.08%	6 639 662	1.48%
Electricity, gas and water supply	4 657 183	0.88%	8 595 845	1.91%
Agriculture, hunting and forestry	1 719 724	0.32%	1 481 698	0.33%
Cities and municipals	31 213	0.01%	48 797	0.01%
Other	2 722 255	0.51%	2 496 696	0.56%
Total loans and advances to customers (before provision for loan impairment)	531 778 598	100.00%	449 492 933	100.00%

10 Loans and Advances to Customers (Continued)

Analysis by credit quality of loans granted to legal entities outstanding at 30 September 2014 is as follows:

<i>In thousands of Russian Roubles</i>	Corporate loans	Middle companies	SME loans	Public sector	Total
<i>Neither past due nor impaired loans, assessed for impairment on a collective basis</i>					
Minimal risk	2 117 078	-	-	-	2 117 078
Excellent credit standing	42 733 647	-	-	-	42 733 647
Very good credit standing	44 759 915	-	-	-	44 759 915
Good credit standing	101 547 724	538 659	591 223	-	102 677 606
Sound credit standing	40 554 239	2 952 616	6 667 359	14 858	50 189 072
Acceptable credit standing	16 826 436	8 250 214	3 382 071	2 384	28 461 105
Marginal credit standing	11 661 254	7 084 753	6 950 221	2 705	25 698 933
Weak credit standing	6 757 082	225 527	2 036 877	-	9 019 486
Very weak credit standing	3 203 337	209 029	247 544	-	3 659 910
Total neither past due nor impaired loans, assessed for impairment on collective basis (gross)	270 160 712	19 260 798	19 875 295	19 947	309 316 752
<i>Past due but not impaired loans, assessed for impairment on a collective basis</i>					
- less than 30 days overdue	-	125 844	324 998	-	450 842
- 31 – 60 days overdue	87 973	16 605	117 913	-	222 491
- 61 – 90 days overdue	150 946	418 170	69 656	-	638 772
- 91 – 180 days overdue	490 958	-	1 913	-	492 871
Total past due but not impaired loans, assessed for impairment on collective basis (gross)	729 877	560 619	514 480	-	1 804 976
<i>Loans individually determined to be impaired</i>					
- less than 30 days overdue	6 261 234	67 894	15 437	-	6 344 565
- 31 – 60 days overdue	-	62 601	9 306	-	71 907
- 61 – 90 days overdue	-	-	7 146	-	7 146
- 91 – 180 days overdue	2 752 221	124 996	225 527	-	3 102 744
- 181 – 364 days overdue	542 913	18 850	334 648	-	896 411
- over 365 days overdue	8 804 193	278 284	493 484	-	9 575 961
Total loans individually determined to be impaired (gross)	18 360 561	552 625	1 085 548	-	19 998 734
Total gross loans and advances to customers	289 251 150	20 374 042	21 475 323	19 947	331 120 462
Less: Provision for loan impairment	(10 675 645)	(849 395)	(1 060 932)	-	(12 585 972)
Total loans and advances to customers	278 575 505	19 524 647	20 414 391	19 947	318 534 490

10 Loans and Advances to Customers (Continued)

Analysis by credit quality of loans granted to legal entities outstanding at 31 December 2013 is as follows:

<i>In thousands of Russian Roubles</i>	Corporate loans	Middle companies	SME loans	Public sector	Total
<i>Neither past due nor impaired loans, assessed for impairment on a collective basis</i>					
Minimal risk	2 396	-	-	-	2 396
Excellent credit standing	20 620 090	-	-	-	20 620 090
Very good credit standing	35 116 050	-	-	-	35 116 050
Good credit standing	80 728 231	591 732	199 953	-	81 519 916
Sound credit standing	37 549 196	2 512 247	4 201 273	31 424	44 294 140
Acceptable credit standing	26 310 856	6 472 657	2 069 465	17 373	34 870 351
Marginal credit standing	6 448 668	5 642 437	6 472 134	-	18 563 239
Weak credit standing	9 836 073	879 351	3 628 055	-	14 343 479
Very weak credit standing	2 932 896	50 877	258 097	-	3 241 870
Total neither past due nor impaired loans, assessed for impairment on collective basis (gross)	219 544 456	16 149 301	16 828 977	48 797	252 571 531
<i>Past due but not impaired loans, assessed for impairment on a collective basis</i>					
- less than 30 days overdue	-	34 948	130 805	-	165 753
- 31 – 60 days overdue	-	-	46 138	-	46 138
- 61 – 90 days overdue	-	-	16 176	-	16 176
- 91 – 180 days overdue	-	-	128	-	128
Total past due but not impaired loans, assessed for impairment on collective basis (gross)	-	34 948	193 247	-	228 195
<i>Loans individually determined to be impaired</i>					
- less than 30 days overdue	4 545 285	-	3 450	-	4 548 735
- 31 – 60 days overdue	-	-	41 551	-	41 551
- 61 – 90 days overdue	-	-	29 817	-	29 817
- 91 – 180 days overdue	2 261 453	-	189 315	-	2 450 768
- 181 – 364 days overdue	52 154	24 827	137 971	-	214 952
- over 365 days overdue	7 029 371	320 942	365 557	-	7 715 870
Total loans individually determined to be impaired (gross)	13 888 263	345 769	767 661	-	15 001 693
Total gross loans and advances to customers	233 432 719	16 530 018	17 789 885	48 797	267 801 419
Less: Provision for loan impairment	(9 600 286)	(540 973)	(683 099)	-	(10 824 358)
Total loans and advances to customers	223 832 433	15 989 045	17 106 786	48 797	256 977 061

10 Loans and Advances to Customers (Continued)

Analysis by credit quality of retail loans outstanding at 30 September 2014 is as follows:

<i>In thousands of Russian Roubles</i>	Unsecured consumer loans	Mortgage loans	Car loans	Credit cards and overdrafts	Total Retail Loans
<i>Current and not impaired loans, assessed for impairment on a collective basis</i>					
Very good credit standing	-	44 395 012	38 781 846	-	83 176 858
Good credit standing	87 999 211	-	-	12 436 209	100 435 420
Total current and not impaired loans, assessed for impairment on a collective basis	87 999 211	44 395 012	38 781 846	12 436 209	183 612 278
<i>Past due but not impaired loans, assessed for impairment on a collective basis</i>					
- less than 30 days overdue	2 369 645	1 036 552	953 915	1 972 305	6 332 417
- 31 – 60 days overdue	587 819	356 140	231 209	218 980	1 394 148
- 61 – 90 days overdue	410 273	139 586	144 314	128 741	822 914
Total past due but not impaired loans, assessed for impairment on a collective basis	3 367 737	1 532 278	1 329 438	2 320 026	8 549 479
<i>Loans individually determined to be impaired</i>					
- less than 30 days overdue	60 486	216 707	22 885	46 224	346 302
- 31 – 60 days overdue	17 382	43 080	8 323	3 775	72 560
- 61 – 90 days overdue	18 113	13 702	9 014	11 401	52 230
- 91 – 180 days overdue	976 016	109 834	282 349	343 938	1 712 137
- 181 – 364 days overdue	1 303 907	147 921	338 022	265 728	2 055 578
- over 365 days overdue	2 659 527	538 327	590 530	469 188	4 257 572
Total individually impaired loans (gross)	5 035 431	1 069 571	1 251 123	1 140 254	8 496 379
Total gross loans and advances to customers	96 402 379	46 996 861	41 362 407	15 896 489	200 658 136
Less: Provision for loan impaired	(5 857 552)	(499 774)	(1 360 173)	(1 888 497)	(9 605 996)
Total loans and advances to customers	90 544 827	46 497 087	40 002 234	14 007 992	191 052 140

10 Loans and Advances to Customers (Continued)

Analysis by credit quality of retail loans outstanding at 31 December 2013 is as follows:

<i>In thousands of Russian Roubles</i>	Unsecured consumer loans	Mortgage loans	Car loans	Credit cards and overdrafts	Total Retail Loans
<i>Neither past due nor impaired loans, assessed for impairment on a collective basis</i>					
Very good credit standing	-	39 492 284	36 708 224	-	76 200 508
Good credit standing	84 608 193	-	-	9 993 240	94 601 433
Total neither past due nor impaired loans, assessed for impairment on collective basis (gross)	84 608 193	39 492 284	36 708 224	9 993 240	170 801 941
<i>Past due but not impaired loans, assessed for impairment on a collective basis</i>					
- less than 30 days overdue	1 263 015	573 998	530 901	1 049 153	3 417 067
- 31 – 60 days overdue	384 100	147 941	141 966	129 388	803 395
- 61 – 90 days overdue	239 211	75 092	77 119	75 017	466 439
Total past due but not impaired loans, assessed for impairment on a collective basis	1 886 326	797 031	749 986	1 253 558	4 686 901
<i>Loans individually determined to be impaired</i>					
- less than 30 days overdue	199 851	205 450	71 954	198 428	675 683
- 31 – 60 days overdue	19 448	3 653	4 281	11 459	38 841
- 61 – 90 days overdue	16 728	29 547	16 732	10 656	73 663
- 91 – 180 days overdue	559 841	105 972	159 075	182 673	1 007 561
- 181 – 364 days overdue	906 935	330 604	187 164	127 660	1 552 363
- over 365 days overdue	1 601 502	551 977	453 114	247 968	2 854 561
Total individually impaired loans (gross)	3 304 305	1 227 203	892 320	778 844	6 202 672
Total gross loans and advances to customers	89 798 824	41 516 518	38 350 530	12 025 642	181 691 514
Less: Provision for loan impairment	(3 679 256)	(540 030)	(930 904)	(1 310 269)	(6 460 459)
Total loans and advances to customers	86 119 568	40 976 488	37 419 626	10 715 373	175 231 055

Disclosure of the fair value of the Group's loans and advances to customers at 30 September 2014 and 31 December 2013 is presented in Note 28. Currency, geographical and liquidity analysis of loans and advances to customers are disclosed in Note 25. The information on related party balances is disclosed in Note 29.

11 Investment Securities Available for Sale

	30 September 2014 (Unaudited)	31 December 2013
<i>In thousands of Russian Roubles</i>		
Eurobonds of the European Bank for Reconstruction and Development	1 514 503	1 508 805
Total investment securities available for sale	1 514 503	1 508 805

As of 30 September 2014 eurobonds were neither past due nor impaired and had minimal risk rating.

This bond is denominated in the Russian Roubles and matures in 2016 and has coupon rates of 9.45%.

For the disclosure of credit risk management refer to Note 25.

Geographical and maturity analyses of investment securities available for sale are disclosed in Note 25.

12 Investment Securities Held to Maturity

	30 September 2014 (Unaudited)	31 December 2013
<i>In thousands of Russian Roubles</i>		
Corporate bonds	524 733	510 607
Total gross investment securities held to maturity	524 733	510 607
Less: Provision for impairment	(2 006)	(1 952)
Total investment securities held to maturity	522 727	508 655

Refer to Note 28 for the disclosure of the fair value of each class of investment securities held to maturity. Currency, geographical and liquidity analysis of investment securities held to maturity are disclosed in Note 25.

13 Derivatives and Other Financial Assets

	30 September 2014 (Unaudited)	31 December 2013
<i>In thousands of Russian Roubles</i>		
Fair value of currency rate based financial derivatives	15 979 221	6 327 998
Fair value of interest rate based financial derivatives	2 589 996	1 092 927
Plastic card receivables	1 364 456	2 081 135
Trade receivables	51 735	68 005
Total derivatives and other financial assets	19 985 408	9 570 065

Currency, geographical and liquidity analysis of derivatives and other financial assets are disclosed in Note 25. The information on related party balances is disclosed in Note 29.

14 Due to Other Banks

	30 September 2014 (Unaudited)	31 December 2013
<i>In thousands of Russian Roubles</i>		
Direct sale and repurchase agreements with securities with the CBRF and other banks and other financial institutions	2 959 836	32 105 288
Short-term placements of other banks	11 342 135	25 922 707
Secured funding facility with Central Bank	20 236 536	-
Correspondent accounts and overnight placements of other banks	9 313 838	1 859 612
Long-term placements of other banks	6 799 954	6 112 118
Total due to other banks	50 652 299	65 999 725

At 30 September 2014 included in due to banks are deposits of RR 41 929 thousand (31 December 2013: RR 124 043 thousand) held as collateral for irrevocable commitments under guarantees.

At 30 September 2014, included in amounts due to other banks are liabilities of RR 2 959 836 thousand (31 December 2013: RR 32 105 288) from sale and repurchase agreements. Refer to Notes 7, 8 and 27. As at 30 September 2014 the fair value of securities purchased under reverse securities sale and repurchase agreements and sold under direct sale and repurchase agreements with other banks amounted to RR 1 323 528 thousand (31 December 2013: RR 6 314 931). Bank gets access to the CBR secured funding facility amounted to RR 20 236 536 thousand, pledged with corporate loans in the amount of RR 45 319 377 thousand.

Currency, geographical and liquidity analysis of due to other banks are disclosed in Note 25. The information on related party balances is disclosed in Note 29.

15 Customer Accounts

	30 September 2014 (Unaudited)	31 December 2013
<i>In thousands of Russian Roubles</i>		
State and public organisations		
- Current/settlement accounts	1 349 481	1 493 824
- Term deposits	11 539 799	215 681
Legal entities		
- Current/settlement accounts	123 217 792	111 384 866
- Term deposits	56 767 260	78 020 744
Individuals		
- Current/demand accounts	118 360 472	107 209 879
- Term deposits	147 226 593	154 147 771
Total customer accounts	458 461 397	452 472 765

At 30 September 2014 the Group had one customer (31 December 2013: no customers) with a balance above 10% of consolidated equity of the Group as at this date. The balance of this customer was RR 11 518 307 thousand (31 December 2013: no) or 2.51% of total customer accounts.

At 30 September 2014 included in customer accounts are deposits of RR 98 362 thousand (31 December 2013: RR 98 946 thousand) held as collateral for irrevocable commitments under import letters of credit. Refer to Note 27.

15 Customer Accounts (Continued)

At 30 September 2014 included in customer accounts are deposits of RR 2 404 063 thousand (31 December 2013: RR 2 348 781 thousand) held as collateral for irrevocable commitments under guarantees. Refer to Note 27.

Disclosure of the fair value of the Group's customer accounts at 30 September 2014 is presented in Note 28. Currency, geographical and liquidity analysis of customer accounts are disclosed in Note 25. The information on related party balances is disclosed in Note 29.

Analysis of customer accounts by segments is set out below:

	30 September 2014 (Unaudited)	31 December 2013
<i>In thousands of Russian Roubles</i>		
Customer accounts of corporates (Corporate)	144 816 302	159 666 376
Customer accounts of individuals (Retail)	265 587 067	261 357 650
Customer accounts of small and micro entities (SME)	18 000 337	15 623 658
Customer accounts of medium entities (Middle business)	17 571 661	14 115 576
Customer accounts of state and municipal organisations (Public sector)	12 486 030	1 709 505
Total customer accounts	458 461 397	452 472 765

16 Term Borrowings from the Parent Bank

	30 September 2014 (Unaudited)	31 December 2013
<i>In thousands of Russian Roubles</i>		
Loans from the Parent Bank maturing in 2014 – 2017	36 787 189	33 172 282
Subordinated Loans from the Parent Bank	11 659 855	-
Total term borrowings from the Parent Bank	48 447 044	33 172 282

In August 2014 the Group raised two Subordinated loans from the Parent Bank. Loan in the amount of USD 130 193 thousand is made available for an indefinite period of time. Borrower may repay the loan at its option but only with the consent of the lender and a written consent of CBR, on the 5th anniversary of the date of inclusion the loan into own funds and each subsequent anniversary of the date. Loan in the amount USD 165 091 thousand has maturity date on August 16, 2021. For both loans the Group shall pay interest on the outstanding principal amounts at the Libor dependent floating interest rates.

Carrying value of each class of term borrowings from the Parent Bank approximates fair value at 30 September 2014 and 31 December 2013 as all these liabilities bear floating interest rate. Refer to Note 28.

Currency, geographical and liquidity analysis of term borrowings from the Parent Bank are disclosed in Note 25. The information on related party balances is disclosed in Note 29.

17 Term Borrowing from Other Financial Institutions

	30 September 2014 (Unaudited)	31 December 2013
<i>In thousands of Russian Roubles</i>		
Loans secured by diversified payment rights	6 703 494	5 681 262
Loans from development banks maturing in 2015	323 224	585 659
Total term borrowings from other financial institutions	7 026 718	6 266 921

Term borrowings from other financial institutions are represented by long term obligations of the Group denominated in US Dollars and issued by large international corporations and asset backed securities. These borrowings have maturity dates ranging from 2014 up to 2019 (2013: from 2014 up to 2019) and Libor dependent floating interest rates.

In June 2012 the Group issued floating rate loan participation notes of Series 2012-A in the amount of USD 50 million, Series 2012-B in the amount of 75 million and Series 2012-C in the amount of 50 million secured by the Bank's diversified payment rights, i.e. the rights to funds being transferred to the Bank's USD and EUR correspondent accounts. The principal of the notes is repaid quarterly starting for Series 2012-A notes from August 2014 for Series 2012-B and Series 2012-C notes from August 2015 with the final maturity of Series 2012-A notes in May 2017 and Series 2012-B and Series 2012-C notes in May 2019. Outstanding amount of secured obligations amounts to USD 170 833 thousand (31 December 2013: USD 175 000 thousand).

The Group is subject to certain covenants related to its term borrowings from other financial institutions. Refer to Note 27.

Carrying value of each class of term borrowings from other financial institutions approximates fair value at 30 September 2014 and 31 December 2013 as all these liabilities bear floating interest rate. Refer to Note 28.

Currency, geographical and liquidity analysis of term borrowings from other financial institutions are disclosed in Note 25. The information on related party balances is disclosed in Note 29.

18 Derivatives and Other Financial Liabilities

Derivatives and other financial liabilities comprise the following:

	30 September 2014 (Unaudited)	31 December 2013
<i>In thousands of Russian Roubles</i>		
Fair value of currency rate based financial derivatives	18 002 561	2 901 540
Fair value of interest rate based financial derivatives	1 813 676	2 715 515
Shortselling of trading assets	1 540 230	-
Provision for credit related commitments	277 720	391 586
Plastic cards payables	139 549	271 964
Trade payables	84 662	198 885
Settlements on conversion operations	4 574	23 324
Other	1 167	26 423
Total derivatives and other financial liabilities	21 864 139	6 529 237

18 Derivatives and Other Financial Liabilities (Continued)

Movement in the provisions for credit related commitments during nine-months period ended 30 September 2014 includes provision release of RR 113 869 thousand (during nine-months period ended 30 September 2013: release of RR 95 925 thousand). Fx effect in amount RR (3) thousand was removed from *Release of provisions for credit related commitments to Foreign exchange translation gains less losses* during the nine-month period ended 30 September 2014 (RR 0 thousand during the nine-month period ended 30 September 2013).

Shortselling of trading assets are selling deals of bond securities that the the Group has obtained as collaterals in reverse repo agreements or currently doesn't keep in its own securities' portfolio.

Currency, geographical and liquidity analysis of derivatives and other financial liabilities are disclosed in Note 25. Information on related party transactions is presented in Note 29.

19 Interest Income and Expense

	Nine-Month Period Ended 30 September 2014 (Unaudited)	Three-Month Period Ended 30 September 2014 (Unaudited)	Nine-Month Period Ended 30 September 2013 (Unaudited)	Three-Month Period Ended 30 September 2013 (Unaudited)
<i>In thousands of Russian Roubles</i>				
Interest income				
Loans and advances to retail customers	21 267 087	7 425 205	15 961 408	6 121 228
Loans and advances to legal entities	16 066 033	5 553 320	15 158 118	5 591 101
Foreign exchange swap contracts	6 351 282	2 623 225	6 384 625	2 469 823
Cross-currency interest rate swap contracts	4 407 599	1 323 320	3 811 506	1 416 276
Interest rate swap contracts	4 037 761	1 747 953	3 128 105	1 065 541
Other securities at fair value through profit and loss	1 675 146	758 100	2 207 913	649 209
Trading securities	1 364 379	468 109	1 274 904	509 322
Due from other banks	1 089 015	657 138	964 038	12 727
Reverse repo transactions	1 006 695	540 073	586 370	208 754
Investment securities available for sale	89 226	35 156	-	-
Debt securities held to maturity	42 176	12 327	56 425	14 665
Impaired financial assets	71 707	390	203 046	27 500
Total interest income	57 468 106	21 144 316	49 736 458	18 086 146
Interest expense				
Term deposits of individuals	4 623 066	1 484 569	4 464 971	1 559 900
Interest rate swap contracts	4 225 367	1 750 457	3 604 744	1 232 410
Term deposits of legal entities	3 935 455	1 487 725	3 849 524	1 702 693
Cross-currency interest rate swap contracts	3 615 750	1 371 132	3 735 901	1 299 834
Current/settlement accounts	2 548 083	1 021 294	1 894 738	744 285
Direct repo transactions	1 500 690	549 904	930 332	430 146
Foreign exchange swap contracts	1 906 335	1 037 205	699 473	206 408
Term placements of other banks	1 073 433	295 576	856 816	260 173
Term borrowings from the Parent Bank	663 043	237 641	893 354	301 508
Insurance liabilities	620 870	214 289	655 166	271 520
Debt securities in issue	610 296	224 755	876 451	298 123
Placements of the Central Bank	448 917	330 022	-	-
Term borrowings from other financial institutions	180 624	64 003	301 927	176 889
Correspondent accounts of other banks	53 773	32 130	16 875	6 516
Total interest expense	26 005 702	10 100 702	22 780 272	8 490 405
Net interest income	31 462 404	11 043 614	26 956 186	9 595 741

20 Fee and Commission Income and Expense

	Nine-Month Period Ended 30 September 2014 (Unaudited)	Three-Month Period Ended 30 September 2014 (Unaudited)	Nine-Month Period Ended 30 September 2013 (Unaudited)	Three-Month Period Ended 30 September 2013 (Unaudited)
<i>In thousands of Russian Roubles</i>				
Fee and commission income				
Commissions on operations with plastic cards	5 924 657	2 103 642	4 751 045	1 818 399
Agent insurance fee	1 234 347	512 455	1 018 433	460 268
Commissions on settlement transactions	1 063 625	398 762	959 614	357 854
Commissions on documentary business and guarantees	804 407	352 985	955 190	334 698
Commissions on cash operations	669 669	235 251	627 858	214 821
Early and late repayment fees	544 335	160 249	466 705	135 561
Credit facility fee	431 552	103 309	553 651	159 016
Fiduciary activities	444 157	153 325	345 258	121 360
Commissions on export operations	333 601	127 304	327 247	123 178
Commissions on transactions with securities	115 619	18 766	109 228	4 568
Commissions from investment banking	89 799	12 416	132 998	33 207
Commissions on transfer payments	30 982	6 886	78 975	39 218
Other	344 661	132 963	287 533	51 784
Total fee and commission income	12 031 411	4 318 313	10 613 735	3 853 932
Fee and commission expense				
Commissions on operations with plastic cards	2 790 882	1 114 013	1 999 543	739 405
Commissions on settlement transactions	632 541	182 054	446 162	188 596
Commissions on cash operations	241 255	82 923	220 802	91 683
Credit facility fee	112 767	23 773	26 201	13 965
Commissions on transactions with securities	102 083	36 196	55 401	16 959
Commissions on transfer payments	55 470	25 330	49 208	21 475
Commissions on documentary business	4 549	-	13 316	4 207
Other	120 963	49 346	108 805	27 335
Total fee and commission expense	4 060 510	1 513 635	2 919 438	1 103 625
Net fee and commission income	7 970 901	2 804 678	7 694 297	2 750 307

21 Unrealized Gains less Losses/(Losses less Gains) from Derivative Financial Instruments

	Nine-Month Period Ended 30 September 2014 (Unaudited)	Three-Month Period Ended 30 September 2014 (Unaudited)	Nine-Month Period Ended 30 September 2013 (Unaudited)	Three-Month Period Ended 30 September 2013 (Unaudited)
<i>In thousands of Russian Roubles</i>				
Foreign exchange forwards	1 006 612	406 507	71 914	(134 518)
Interest rate swaps	913 013	169 606	378 804	(6 574)
Forwards with securities	441	(3 475)	-	-
Foreign exchange options	(2 235)	(5 333)	18 135	18 240
Cross currency interest rate swaps	(1 720 594)	(104 186)	(104 795)	(727 551)
Foreign exchange swaps	(5 129 662)	(5 901 742)	(1 995 873)	3 715 608
Total unrealized gains less losses/(losses less gains) from derivative financial instruments	(4 932 425)	(5 438 623)	(1 631 815)	2 865 205

22 Realized Gains less Losses from Derivative Financial Instruments

	Nine-Month Period Ended 30 September 2014 (Unaudited)	Three-Month Period Ended 30 September 2014 (Unaudited)	Nine-Month Period Ended 30 September 2013 (Unaudited)	Three-Month Period Ended 30 September 2013 (Unaudited)
<i>In thousands of Russian Roubles</i>				
Foreign exchange forwards	731 419	45 069	211 385	(7 594)
Foreign exchange options	15 917	(4 162)	7 736	7 298
Futures on securities	(26 532)	(5 269)	(17 602)	(1 706)
Total realized gains less losses from derivative financial instruments	720 804	35 638	201 519	(2 002)

23 Administrative and Other Operating Expenses

	Nine-Month Period Ended 30 September 2014 (Unaudited)	Three-Month Period Ended 30 September 2014 (Unaudited)	Nine-Month Period Ended 30 September 2013 (Unaudited)	Three-Month Period Ended 30 September 2013 (Unaudited)
<i>In thousands of Russian Roubles</i>				
Staff costs	9 517 306	2 958 655	8 741 230	2 875 665
Rent expenses	1 642 023	536 696	1 570 028	549 058
Depreciation of premises and equipment	1 052 010	407 789	1 199 554	332 625
Deposit insurance fee	785 536	261 457	688 206	236 811
Premises and equipment maintenance expenses	814 402	328 766	667 735	243 473
Amortisation of intangible assets	723 967	268 096	543 482	194 912
IT services	976 309	533 741	951 230	397 100
Professional services	625 458	219 761	433 966	145 532
Advertising and marketing	484 231	150 546	627 406	209 029
Communication expenses	397 150	229 975	277 909	104 887
Taxes other than on income	165 389	20 684	156 503	47 494
Security expenses	151 246	59 306	149 189	56 326
Other	785 186	377 300	586 263	249 476
Total administrative and other operating expenses	18 120 213	6 352 772	16 592 701	5 642 389

24 Segment Analysis

Operating segments are components that engage in business activities that may earn revenues or incur expenses, whose operating results are regularly reviewed by the chief operating decision maker (CODM), and for which discrete financial information is available. The CODM is the person – or group of persons – who allocates resources and assesses the performance for the entity. The functions of the CODM are performed by Managing board of the Group.

(a) Description of products and services from which each reportable segment derives its revenue

The Group is organized on a basis of three primary business divisions:

- Corporate banking – comprises corporate lending, loans to corporate entities and state and municipal organizations, corporate deposit services, trade finance operations, structured corporate lending, corporate finance advisory services and leasing services.
- Retail banking – comprises retail demand and term deposit services, credit and debit card services, retail lending, including consumer loans and personal instalment loans and loans to small and micro entities, auto loans and mortgages, money transfers and private banking services.

24 Segment Analysis (Continued)

- Proprietary business – comprises securities trading, debt and equity capital markets services, foreign currency and derivative products, structured financing, lending, including loans and advances to banks and other financial institutions and other transactions.

In addition to the primary business divisions, the performance of the Group is being assessed on a basis of seven geographical regions (“Hubs”) located across the Russian Federation. These geographical hubs are: Moscow, Centre, North-West, Siberia, South, Ural and Volga.

(b) Factors that management used to identify the reportable segments

The Group’s business divisions are strategic business units that focus on different customers. They are managed separately because each business unit requires different marketing strategies and service level.

(c) Measurement of operating segment profit or loss, assets and liabilities

The accounting policies of the operating segments are materially the same as those described in the summary of significant accounting policies except for: (i) the fair value changes in available for sale securities that are reported within the segments’ profits or losses rather than in other comprehensive income; (ii) use of a transfer pricing system, (iii) different classification of certain lines of income and expenses and (iv) some balances and operations are excluded from segment analysis since they are monitored separately and on a less regular basis. In accordance with the transfer pricing system used by the Group funds are generally reallocated at internal interest rates, which are determined by reference to market interest rate benchmarks.

Segment assets and liabilities are reported to the CODM net of inter-segment assets and liabilities.

(d) Information about reportable segment profit or loss, assets and liabilities by business divisions

Assets and liabilities of business segments of the Group are set out below:

	30 September 2014 (Unaudited)	31 December 2013
<i>In thousands of Russian Roubles</i>		
Corporate business	298 728 090	247 691 004
Retail business	216 957 700	200 394 659
Proprietary business	196 315 272	239 651 596
Total business division assets	712 001 062	687 737 259
Corporate business	151 204 613	157 163 543
Retail business	285 028 723	277 958 315
Proprietary business	180 907 430	148 218 528
Total business division liabilities	617 140 766	583 340 386

24 Segment Analysis (Continued)

Business divisions of the Group for the nine-month period ended 30 September 2014 are as follows:

<i>In thousands of Russian Roubles</i>	Corporate business (Unaudited)	Retail business (Unaudited)	Proprietary business (Unaudited)	Total (Unaudited)
Net interest result	6 623 889	16 782 372	5 928 735	29 334 996
Net fee and commission result	2 901 630	7 506 252	(86 824)	10 321 058
Provision for loan impairment	(1 661 818)	(3 579 989)	(7 352)	(5 249 159)
Trading result	61 124	6 309	(207 703)	(140 270)
Valuation result from hedge accounting and other derivative instruments	3 119	-	802 928	806 047
Net income from investments	2 859	-	(431 616)	(428 757)
General administrative expenses	(3 313 753)	(13 054 297)	(947 472)	(17 315 522)
Other operating loss	-	-	(272 743)	(272 743)
Total business division result before tax	4 617 050	7 660 647	4 777 953	17 055 650
Income taxes	-	-	-	(3 558 690)
Total business division result after tax	4 617 050	7 660 647	4 777 953	13 496 960

Business divisions of the Group for the three-month period ended 30 September 2014 are as follows:

<i>In thousands of Russian Roubles</i>	Corporate business (Unaudited)	Retail business (Unaudited)	Proprietary business (Unaudited)	Total (Unaudited)
Net interest result	2 397 561	5 831 208	2 638 177	10 866 946
Net fee and commission result	1 004 960	2 602 395	(17 513)	3 589 842
Provision for loan impairment	(1 387 397)	(935 889)	-	(2 323 286)
Trading result	106 330	1 354	(1 532 588)	(1 424 904)
Valuation result from hedge accounting and other derivative instruments	(4 643)	-	290 891	286 248
Net income from investments	-	-	3 814	3 814
General administrative expenses	(1 121 040)	(4 567 346)	(345 847)	(6 034 233)
Other operating loss	-	-	(152 234)	(152 234)
Total business division result before tax	995 771	2 931 722	884 700	4 812 193
Income taxes	-	-	-	(1 045 837)
Total business division result after tax	995 771	2 931 722	884 700	3 766 356

24 Segment Analysis (Continued)

Business divisions of the Group for the nine-month period ended 30 September 2013 are as follows:

<i>In thousands of Russian Roubles</i>	Corporate business (Unaudited)	Retail business (Unaudited)	Proprietary business (Unaudited)	Total (Unaudited)
Net interest result	6 520 660	13 380 113	2 521 230	22 422 003
Net fee and commission result	3 111 709	6 255 658	138 327	9 505 694
Provision for loan impairment	570 941	(1 372 953)	-	(802 012)
Trading result	(43 725)	1 743	5 176 468	5 134 486
Valuation result from hedge accounting and other derivative instruments	(10 551)	-	(46 241)	(56 792)
Net income from investments	(8 232)	532 517	528 151	1 052 436
General administrative expenses	(2 966 883)	(11 709 141)	(1 218 594)	(15 894 618)
Other operating loss	-	-	(192 664)	(192 664)
Total business division result before tax	7 173 919	7 087 937	6 906 677	21 168 533
Income taxes	-	-	-	(4 478 195)
Total business division result after tax	7 173 919	7 087 937	6 906 677	16 690 338

Business divisions of the Group for the three-month period ended 30 September 2013 are as follows:

<i>In thousands of Russian Roubles</i>	Corporate business (Unaudited)	Retail business (Unaudited)	Proprietary business (Unaudited)	Total (Unaudited)
Net interest result	2 343 565	4 948 388	750 788	8 042 741
Net fee and commission result	792 089	2 396 596	67 887	3 256 572
Provision for loan impairment	(425 526)	(752 993)	1	(1 178 518)
Trading result	271 557	1 743	2 533 261	2 806 561
Valuation result from hedge accounting and other derivative instruments	(10 551)	-	(137 332)	(147 883)
Net loss from investments	(8 232)	-	57 965	49 733
General administrative expenses	(940 236)	(4 041 015)	(419 573)	(5 400 824)
Other operating loss	-	-	(49 612)	(49 612)
Total business division result before tax	2 022 666	2 552 719	2 803 385	7 378 770
Income taxes	-	-	-	(1 547 305)
Total business division result after tax	2 022 666	2 552 719	2 803 385	5 831 465

24 Segment Analysis (Continued)

Major customers

The Group does not have any single customer, from which it earns revenue representing 10% of more of the total revenues. Based on domicile of the customers substantially all of the revenues are from Russian customers.

Major ratio calculations for the reportable segment of the Group annualized for the nine-months period ended 30 September 2014 and actual the year ended 31 December 2013 are set out below:

<i>In thousands of Russian Roubles</i>	30 September 2014 (Unaudited)	31 December 2013
Capital expenditure	2 367 789	4 718 759
Cost/income ratio	44.36%	46.09%
Average equity	111 380 501	111 622 154
Return on equity before tax	20.97%	23.13%
Return on equity after tax	16.75%	18.27%

Capital expenditure represents additions to non-current assets other than financial instruments, deferred tax assets and post-employment benefit assets.

(e) Information about reportable segment profit or loss, assets and liabilities by geographical location

Hubs of the Group for the nine-month period ended 30 September 2014 are as follows:

<i>In thousands of Russian Roubles</i>	30 September 2014 (Unaudited)	31 December 2013
Head Office	191 305 987	234 532 440
Moscow	249 624 495	208 916 518
Centre	26 100 579	23 431 537
North-West	73 074 326	61 684 163
Siberia	47 381 630	47 739 612
South	32 899 598	30 337 072
Ural	41 756 128	40 211 733
Volga	49 858 319	40 884 184
Total hub assets	712 001 062	687 737 259
Head Office	153 583 723	129 409 571
Moscow	331 791 746	333 062 904
Centre	14 233 557	12 001 918
North-West	59 077 904	63 898 578
Siberia	15 399 615	11 738 961
South	9 412 625	9 960 726
Ural	10 592 070	9 816 796
Volga	23 049 526	13 450 932
Total hub liabilities	617 140 766	583 340 386

24 Segment Analysis (Continued)

Hubs of the Group for the nine-month period ended 30 September 2014 are as follows:

<i>In thousands of Russian Roubles</i>	Head Office (Unaudited)	Moscow (Unaudited)	Centre (Unaudited)	North-West (Unaudited)	Siberia (Unaudited)	South (Unaudited)	Ural (Unaudited)	Volga (Unaudited)	Total (Unaudited)
Net interest result	5 504 389	12 347 633	1 234 746	3 277 691	2 120 739	1 493 359	1 483 114	1 873 327	29 334 998
Net fee and commission result	(301 457)	6 428 527	430 718	1 594 217	621 815	466 943	472 176	608 119	10 321 058
Provision for loan impairment	2	(705 637)	(409 721)	(342 314)	(2 164 739)	(506 781)	(593 144)	(526 825)	(5 249 159)
Trading result	(207 341)	74 188	1 097	8 950	(6 094)	4 855	1 176	(17 101)	(140 270)
Valuation result from hedge accounting and other derivative instruments	806 047								806 047
Net income from investments	(428 757)								(428 757)
General administrative expenses	(710 995)	(9 076 906)	(762 718)	(2 065 022)	(1 518 497)	(996 657)	(950 134)	(1 234 593)	(17 315 522)
Other operating loss	(272 745)			-	-	-	-	-	(272 745)
Total hub result before tax	4 389 143	9 067 805	494 122	2 473 522	(946 776)	461 719	413 188	702 927	17 055 650
Income taxes	(3 558 690)	-	-	-	-	-	-	-	(3 558 690)
Total hub result after tax	830 453	9 067 805	494 122	2 473 522	(946 776)	461 719	413 188	702 927	13 496 960

24 Segment Analysis (Continued)

Hubs of the Group for the three-month period ended 30 September 2014 are as follows:

<i>In thousands of Russian Roubles</i>	Head Office (Unaudited)	Moscow (Unaudited)	Centre (Unaudited)	North-West (Unaudited)	Siberia (Unaudited)	South (Unaudited)	Ural (Unaudited)	Volga (Unaudited)	Total (Unaudited)
Net interest result	2 466 347	4 361 046	432 190	1 204 517	690 275	521 874	539 724	650 973	10 866 946
Net fee and commission result	(90 812)	2 192 467	152 142	569 969	215 940	165 099	169 548	215 489	3 589 842
Provision for loan impairment	0	(32 684)	(113 694)	(72 772)	(1 670 317)	(118 398)	(113 516)	(201 907)	(2 323 288)
Trading result	(1 532 581)	106 821	23	4 440	-	-	63	(3 670)	(1 424 904)
Valuation result from hedge accounting and other derivative instruments	286 248	-	-	-	-	-	-	-	286 248
Net income from investments	3 814	-	-	-	-	-	-	-	3 814
General administrative expenses	(252 423)	(3 254 108)	(253 916)	(688 903)	(508 676)	(345 769)	(319 031)	(411 407)	(6 034 233)
Other operating loss	(152 232)	-	-	-	-	-	-	-	(152 232)
Total hub result before tax	728 361	3 373 542	216 745	1 017 251	(1 272 778)	222 806	276 788	249 478	4 812 193
Income taxes	(1 045 837)	-	-	-	-	-	-	-	(1 045 837)
Total hub result after tax	(317 476)	3 373 542	216 745	1 017 251	(1 272 778)	222 806	276 788	249 478	3 766 356

24 Segment Analysis (Continued)

Hubs of the Group for the nine-month period ended 30 September 2013 are as follows:

<i>In thousands of Russian Roubles</i>	Head Office (Unaudited)	Moscow (Unaudited)	Centre (Unaudited)	North-West (Unaudited)	Siberia (Unaudited)	South (Unaudited)	Ural (Unaudited)	Volga (Unaudited)	Total (Unaudited)
Net interest result	2 131 565	11 102 841	924 033	2 478 353	1 963 516	1 127 666	1 299 837	1 394 192	22 422 003
Net fee and commission result	(63 833)	5 720 389	320 376	1 414 987	589 544	420 466	567 883	535 882	9 505 694
Provision for loan impairment	-	(521 063)	(259 727)	44 856	6 870	(204 473)	248 965	(117 440)	(802 012)
Trading result	5 176 910	(39 912)	649	18 808	-	1 143	-	(23 112)	5 134 486
Valuation result from hedge accounting and other derivative instruments	(56 792)	-	-	-	-	-	-	-	(56 792)
Net income from investments	1 052 436	-	-	-	-	-	-	-	1 052 436
General administrative expenses	(1 066 676)	(7 553 904)	(734 248)	(1 923 892)	(1 561 900)	(928 789)	(889 777)	(1 235 432)	894 618
Other operating loss	(192 664)	-	-	-	-	-	-	-	(192 664)
Total hub result before tax	6 980 946	8 708 351	251 083	2 033 112	998 030	416 013	1 226 908	554 090	21 168 533
Income taxes	(4 478 195)	-	-	-	-	-	-	-	(4 478 195)
Total hub result after tax	2 502 751	8 708 351	251 083	2 033 112	998 030	416 013	1 226 908	554 090	16 690 338

24 Segment Analysis (Continued)

Hubs of the Group for the three-month period ended 30 September 2013 are as follows:

<i>In thousands of Russian Roubles</i>	Head Office (Unaudited)	Moscow (Unaudited)	Centre (Unaudited)	North-West (Unaudited)	Siberia (Unaudited)	South (Unaudited)	Ural (Unaudited)	Volga (Unaudited)	Total (Unaudited)
Net interest result	562 104	3 936 872	355 822	901 286	815 827	429 325	486 612	554 893	8 042 741
Net fee and commission result	2 981	2 053 924	127 113	495 062	34 570	155 134	183 153	204 635	3 256 572
Provision for loan impairment	2	(653 062)	(79 142)	(132 523)	(73 057)	(106 199)	(59 133)	(75 404)	(1 178 518)
Trading result	2 533 025	277 861	197	9 298	-	1 143	-	(14 963)	2 806 561
Valuation result from hedge accounting and other derivative instruments	(147 883)	-	-	-	-	-	-	-	(147 883)
Net loss from investments	49 733	-	-	-	-	-	-	-	49 733
General administrative expenses	(367 371)	(2 520 325)	(261 568)	(665 582)	(528 764)	(329 381)	(313 952)	(413 881)	(5 400 824)
Other operating loss	(49 612)	-	-	-	-	-	-	-	(49 612)
Total hub result before tax	2 582 979	3 095 270	142 422	607 541	248 576	150 022	296 680	255 280	7 378 770
Income taxes	(1 547 305)	-	-	-	-	-	-	-	(1 547 305)
Total hub result after tax	1 035 674	3 095 270	142 422	607 541	248 576	150 022	296 680	255 280	5 831 465

24 Segment Analysis (Continued)

(f) Reconciliation of reportable segment revenues, profit or loss, assets and liabilities

Reconciliation of segment revenues, segment result and other material items is presented below.

<i>In thousands of Russian Roubles</i>	Nine-Month Period Ended 30 September 2014 (Unaudited)	Three-Month Period Ended 30 September 2014 (Unaudited)	Nine-Month Period Ended 30 September 2013 (Unaudited)	Three-Month Period Ended 30 September 2013 (Unaudited)
Total interest and fee and commission result for segment	39 656 056	14 456 788	31 927 697	11 299 313
Reclassification of interest result to trading result and net income from investments	1 714 868	492	4 818 104	2 099 866
Reclassification of commission result to trading result	(2 530 101)	(851 886)	(1 870 786)	(521 819)
Reclassification of provision for loan impairment to interest result and unwinding effect	-	856	202 160	27 492
Effect of the consolidation of the subsidiaries and other adjustments	592 484	242 044	(426 692)	(558 804)
Total net interest and fee and commission result	39 433 307	13 848 294	34 650 483	12 346 048

Total revenue comprises interest and similar income and fee and commission income.

Reconciliation of reportable segment result is presented below.

<i>In thousands of Russian Roubles</i>	Nine-Month Period Ended 30 September 2014 (Unaudited)	Three-Month Period Ended 30 September 2014 (Unaudited)	Nine-Month Period Ended 30 September 2013 (Unaudited)	Three-Month Period Ended 30 September 2013 (Unaudited)
Total segment result	13 496 960	3 766 356	16 690 339	5 831 466
Consolidation of subsidiaries and associate	436 411	168 612	(699 533)	(756 112)
Intercompany adjustments and other	55 917	(179 004)	85 179	(74 971)
Profit after tax	13 989 288	3 755 964	16 075 985	5 000 383

24 Segment Analysis (Continued)

Reconciliation of other material items of income or expenses for the nine-month period ended 30 September 2014 is as follows:

	Total amount for reportable segment	Reclassifi- cations	Consolidation of the subsi- diaries and associate and other	As reported under IFRS
<i>In thousands of Russian Roubles</i>				
Main income or expenses for the nine-month period ended 30 September 2014				
Net interest result	29 334 998	1 714 868	412 538	31 462 404
Net fee and commission result	10 321 058	(2 530 101)	179 946	7 970 903
Provision for loan impairment	(5 249 159)	-	84 066	(5 165 093)
Trading result	(140 270)	815 233	(25 146)	649 817
Valuation result from hedge accounting and other derivative instruments	806 047	-	-	806 047
Net income from investments	(428 757)	-	(242 451)	(671 208)
Depreciation and amortization	(1 771 555)	-	(4 422)	(1 775 977)
Other administrative expenses	(15 543 967)	-	(15 081)	(15 559 048)
Share of profit of associates	-	-	385 237	385 237
Other operating loss	(272 743)	-	(309 013)	(581 756)
Income taxes	(3 558 690)	-	26 652	(3 532 038)

Reconciliation of other material items of income or expenses for the three-month period ended 30 September 2014 is as follows:

	Total amount for reportable segment	Reclassifi- cations	Consolidation of the subsi- diaries and associate and other	As reported under IFRS
<i>In thousands of Russian Roubles</i>				
Main income or expenses for the Three-Month period ended 30 September 2014				
Net interest result	10 866 946	1 348	175 320	11 043 614
Net fee and commission result	3 589 842	(851 886)	66 724	2 804 680
Provision for loan impairment	(2 323 286)	(856)	110 926	(2 213 216)
Trading result	(1 424 904)	851 394	(102 122)	(675 632)
Valuation result from hedge accounting and other derivative instruments	286 248	-	-	286 248
Net income from investments	3 814	-	(81 811)	(77 997)
Depreciation and amortization	(674 442)	-	(1 443)	(675 885)
Other administrative expenses	(5 359 791)	-	60 206	(5 299 585)
Share of profit of associates	-	-	108 522	108 522
Other operating (loss)/profit	(152 232)	-	(164 223)	(316 455)
Income taxes	(1 045 837)	-	(182 493)	(1 228 330)

24 Segment Analysis (Continued)

Reconciliation of other material items of income or expenses for the nine-month period ended 30 September 2013 is as follows:

	Total amount for reportable segment	Reclassifi- cations	Consolidation of the subsi- diaries and associate and other	As reported under IFRS
<i>In thousands of Russian Roubles</i>				
Main income or expenses for the Nine- Month period ended 30 September 2013				
Net interest result	22 422 003	5 020 264	(486 081)	26 956 186
Net fee and commission result	9 505 694	(1 870 786)	59 389	7 694 297
Provision for loan impairment	(802 012)	(202 160)	(243 319)	(1 247 491)
Trading result	5 134 486	(3 224 221)	299 950	2 210 215
Valuation result from hedge accounting and other derivative instruments	(56 792)	276 903	(263 787)	(43 676)
Net income from investments	1 052 436	-	1	1 052 437
Depreciation and amortization	(1 737 724)	-	(5 312)	(1 743 036)
Other administrative expenses	(14 156 892)	-	(114 854)	(14 271 746)
Share of profit of associates		-	289 443	289 443
Other operating loss	(192 665)	-	(132 977)	(325 642)
Income taxes	(4 478 195)	-	(16 807)	(4 495 002)

Reconciliation of other material items of income or expenses for the three-month period ended 30 September 2013 is as follows:

	Total amount for reportable segment	Reclassifi- cations	Consolidation of the subsi- diaries and associate and other	As reported under IFRS
<i>In thousands of Russian Roubles</i>				
Main income or expenses for the Three- Month period ended 30 September 2013				
Net interest result	8 042 741	2 127 358	(574 358)	9 595 741
Net fee and commission result	3 256 572	(521 819)	15 554	2 750 307
Provision for loan impairment	(1 178 518)	(27 493)	(303 676)	(1 509 687)
Trading result	2 806 561	(1 752 075)	257 802	1 312 288
Valuation result from hedge accounting and other derivative instruments	(147 883)	174 031	(231 610)	(205 462)
Net income from investments	49 733	-	(3 583)	46 150
Depreciation and amortization	(525 607)	-	(1 930)	(527 537)
Other administrative expenses	(4 875 215)	-	1 496	(4 873 719)
Share of profit of associates		-	105 217	105 217
Other operating loss	(49 613)	(2)	(86 153)	(135 768)
Income taxes	(1 547 305)	-	(10 290)	(1 557 595)

Provision for loan impairment comprises of provision for impairment of loans and advances to customers, provision for credit related commitments and gains from the sale of loans.

Trading result, Net income from investments and valuation result from hedge accounting and other derivative instruments comprises gains less losses from trading securities, gains less losses from trading in foreign currencies, unrealised and realized gains less losses from derivative financial instruments and foreign exchange translation losses, less gains, ineffectiveness from hedge accounting, gain from redemption of investment securities available for sale, gains less losses from other securities at fair value through profit or loss and provision for investment securities held to maturity.

25 Financial Risk Management

The risk management function within the Group is carried out in respect of financial risks (credit market geographical currency liquidity and interest rate) operational risks and credit risk concentrations. The primary objectives of the financial risk management function are to identify and assess risks establish risk limits assume risk mitigation measures ensure that all material risks are measured and limited and that business in general is evaluated under a risk/return perspective. The operational and legal risk management functions are intended to ensure proper functioning of internal policies and procedures to minimise operational and legal risks. Policies and processes for managing financial risks remain unchanged from those disclosed in last annual consolidated financial statements for the year ended 31 December 2013.

Market risk. Market risk is the risk of loss due to adverse changes in interest rates exchange rates equity prices commodity prices and credit spreads which may affect the Group's equity profit or the market value of its assets and liabilities. Market risk derives from on and off balance sheet positions in the Bank's treasury investment banking and lending operations.

The Group's market risk management approach encompasses the recognition measurement monitoring and management of market risk that results from the Group's banking business on a group basis. The Group encounters market risk in both trading and non-trading activities (including interest rate positions balance sheet structures and hedging positions).

The Group's market risk management unit is in charge of identifying and assessing market risks and establishing procedures to control market risks including monitoring position limits and exposures.

The Group's market risk management unit also assesses market risk for new businesses and products including structured products. The Assets and Liabilities Management Department and Markets and Investment Banking Directorate, which trade within the trading limits set by the market risk management unit and approved by the ALCO/Parent Bank' MACO/CC, performs trading and market positioning for the Bank. The Bank is subject to the policies and limits set by the Parent Bank and approved by the Parent Bank's market risk committee.

The Group's market risk management unit is in charge of daily limit monitoring and weekly reporting to the Parent Bank and is responsible for reporting any limited breach to the Parent Bank. In the case of a limit breach the Parent Bank board member responsible for global treasury has the right to intervene in the Group's risk management activities and practices.

The Group uses an interest rate sensitivity analysis to assess interest rate risk for its banking portfolio which consists of loans deposits interbank money market transactions fixed-income held-to-maturity securities and interest rate derivatives and for its trading portfolio which consists of fixed income trading securities. The Group creates an interest rate repricing gap for each portfolio by comparing the present market value of all future cash flows calculated taking the current market interest rate that the Group uses for internal pricing against the value of all future cash flows in the current market increased by one basis point.

The Group uses set of position limits to prevent the concentration of certain financial instruments including trading securities and open foreign exchange positions as well as in the Group's overall portfolio in order to maintain the market value of the overall portfolio. The position limits are set for individual positions and for the overall portfolio and account for certain market conditions including liquidity.

Currency risk. Currency risk results from fluctuations in the prevailing foreign currency exchange rates. The Group is exposed to foreign currency exchange risk on open positions (mainly USD/RR and EUR/RR exchange rate fluctuations).

Foreign exchange risk management is done centrally by the Treasury Directorate for the Group's Head Office and all regional and Moscow branches.

25 Financial Risk Management (Continued)

The Group's Treasury Directorate undertakes daily aggregation of the currency position of the Group and takes measures for maintaining of the Bank's currency position on a minimum level. The Group uses swaps forwards and USD futures contracts tradable on MICEX and RTS as the main instruments for hedging risk.

The table below summarises the Group's exposure to foreign currency exchange rate risk at 30 September 2014:

<i>In thousands of Russian Roubles</i>	RR	USD	EUR	Other	Total
Cash and cash equivalents	73 922 001	10 117 324	18 468 197	1 059 979	103 567 501
Mandatory cash balances with the Central bank of the Russian Federation	5 649 188	-	-	-	5 649 188
Trading securities and repurchase receivables related to trading securities	21 022 415	1 198 412	-	-	22 220 827
Other securities at fair value through profit or loss and repurchase receivables related to other securities at fair value through profit or loss	21 078 733	3 134 019	-	-	24 212 752
Due from other banks	12 232 280	4 301 003	-	1 271	16 534 554
Loans and advances to customers	309 672 960	178 602 127	20 375 689	935 854	509 586 630
Investment securities available for sale	1 514 503	-	-	-	1 514 503
Investment securities held-to-maturity	522 727	-	-	-	522 727
Derivatives and other financial assets	14 667 666	4 913 590	368 236	35 916	19 985 408
Total monetary financial assets	460 282 473	202 266 475	39 212 122	2 033 020	703 794 090
Due to other banks	42 599 091	6 336 185	1 652 126	64 897	50 652 299
Customer accounts	275 405 477	107 747 659	71 875 267	3 432 994	458 461 397
Term borrowings from the Parent Bank	-	44 179 746	4 267 298	-	48 447 044
Term borrowings from other financial institutions	-	7 026 718	-	-	7 026 718
Debt securities in issue	19 827 597	36 578	578 275	-	20 442 450
Insurance contracts	14 509 857	-	-	-	14 509 857
Derivatives and other financial liabilities	3 272 549	18 072 914	475 668	43 008	21 864 139
Total monetary financial liabilities	355 614 571	183 399 800	78 848 634	3 540 899	621 403 904
Less fair value of currency derivatives	10 439 637	(12 215 159)	(245 222)	(2 596)	(2 023 340)
Currency derivatives	(4 150 216)	(41 082 327)	41 020 917	2 188 286	(2 023 340)
Net position including currency derivatives	90 078 049	(10 000 493)	1 629 627	683 003	82 390 186

25 Financial Risk Management (Continued)

The Group's exposure to foreign currency exchange rate risk at 31 December 2013 is presented below:

<i>In thousands of Russian Roubles</i>	RR	USD	EUR	Other	Total
Cash and cash equivalents	72 507 966	57 633 708	23 730 775	635 642	154 508 091
Mandatory cash balances with the Central bank of the Russian Federation	5 640 263	-	-	-	5 640 263
Trading securities and repurchase receivables related to trading securities	28 340 456	887 215	-	-	29 227 671
Other securities at fair value through profit or loss and repurchase receivables related to other securities at fair value through profit or loss	31 854 942	4 154 153	-	-	36 009 095
Due from other banks	8 957 803	828 681	-	1 095	9 787 579
Loans and advances to customers	285 086 371	132 116 370	15 005 375	-	432 208 116
Investment securities available for sale	1 508 805	-	-	-	1 508 805
Investment securities held-to-maturity	508 655	-	-	-	508 655
Derivatives and other financial assets	7 754 787	1 028 696	781 469	5 113	9 570 065
Total monetary financial assets	442 160 048	196 648 823	39 517 619	641 850	678 968 340
Due to other banks	58 315 966	6 857 276	824 674	1 809	65 999 725
Customer accounts	293 938 889	93 874 729	61 060 498	3 598 649	452 472 765
Term borrowings from the Parent Bank	-	28 002 087	5 170 195	-	33 172 282
Term borrowings from other financial institutions	-	6 264 762	2 159	-	6 266 921
Debt securities in issue	10 231 888	14 900	107 770	-	10 354 558
Insurance contracts	14 547 380	-	-	-	14 547 380
Derivatives and other financial liabilities	2 379 523	4 053 561	93 979	2 174	6 529 237
Total monetary financial liabilities	379 413 646	139 067 315	67 259 275	3 602 632	589 342 868
Less fair value of currency derivatives	4 542 822	(1 783 940)	664 541	3 035	3 426 458
Currency derivatives	31 927 361	(60 389 894)	28 609 199	3 279 792	3 426 458
Net position including currency derivatives	90 130 941	(1 024 446)	203 002	315 975	89 625 472

The above analysis includes only monetary financial assets and liabilities. Investments in equities and non-monetary assets are not considered to give rise to any material currency risk.

25 Financial Risk Management (Continued)

Geographical risk concentrations. The geographical concentration of the Group's financial assets and liabilities at 30 September 2014 is set out below:

<i>In thousands of Russian Roubles</i>	Russia	Austria	Other European Union	Other countries	Total
Assets					
Cash and cash equivalents	88 987 636	9 642 812	2 910 156	2 026 897	103 567 501
Mandatory cash balances with the Central bank of the Russian Federation	5 649 188	-	-	-	5 649 188
Trading securities and repurchase receivables related to trading securities	20 687 791	-	1 533 036	-	22 220 827
Other securities at fair value through profit or loss and repurchase receivables related to other securities at fair value through profit or loss	19 772 810	-	4 511 210	-	24 284 020
Due from other banks	12 364 247	3 944 502	1 969	223 836	16 534 554
Loans and advances to customers	470 701 414	968	36 375 547	2 508 701	509 586 630
Investment securities available for sale	-	-	1 514 503	-	1 514 503
Investment securities held-to- maturity	522 727	-	-	-	522 727
Derivatives and other financial assets	13 356 972	5 367 599	1 212 089	48 748	19 985 408
Total financial assets	632 042 785	18 955 881	48 058 510	4 808 182	703 865 358
Liabilities					
Due to other banks	40 575 052	7 451 880	2 306 949	318 418	50 652 299
Customer accounts	445 855 915	892 637	8 515 414	3 197 431	458 461 397
Term borrowings from the Parent Bank	-	48 447 044	-	-	48 447 044
Term borrowings from other financial institutions	-	-	6 703 495	323 223	7 026 718
Debt securities in issue	20 442 450	-	-	-	20 442 450
Insurance contracts	14 509 857	-	-	-	14 509 857
Derivatives and other financial liabilities	3 984 198	16 326 234	1526 817	26 890	21 864 139
Total financial liabilities	525 367 472	73 117 795	19 052 675	3 865 962	621 403 904
Net balance sheet position	106 675 313	(54 161 914)	29 005 835	942 220	82 461 454
Credit related commitments (Note 27)	287 329 394	1 913 222	14 044 639	2 549 304	305 836 559

Assets liabilities and credit related commitments have generally been based on the country in which the counterparty is located. Balances with Russian counterparties actually outstanding to/from off-shore companies of these Russian counterparties are allocated to the caption "Russia". Cash on hand have been allocated based on the country in which they are physically held.

25 Financial Risk Management (Continued)

The geographical concentration of the Group's assets and liabilities at 31 December 2013 is set out below:

	Russia	Austria	Other European Union	Other countries	Total
<i>In thousands of Russian Roubles</i>					
Assets					
Cash and cash equivalents	82 645 611	40 448 961	2 724 821	28 688 698	154 508 091
Mandatory cash balances with the Central bank of the Russian Federation	5 640 263	-	-	-	5 640 263
Trading securities and repurchase receivables related to trading securities	28 284 323	-	943 348	-	29 227 671
Other securities at fair value through profit or loss and repurchase receivables related to other securities at fair value through profit or loss	29 497 767	-	7 032 081	-	36 529 848
Due from other banks	8 664 662	13 746	1 636	1 107 535	9 787 579
Loans and advances to customers	405 023 026	2 676	25 726 383	1 456 031	432 208 116
Investment securities available for sale	1 508 805	-	-	-	1 508 805
Investment securities held-to-maturity	508 655	-	-	-	508 655
Derivatives and other financial assets	5 257 568	2 716 102	1 567 261	29 134	9 570 065
Total financial assets	567 030 680	43 181 485	37 995 530	31 281 398	679 489 093
Liabilities					
Due to other banks	59 617 366	4 773 510	1 080 446	528 403	65 999 725
Customer accounts	435 789 337	1 857 283	12 478 226	2 347 919	452 472 765
Term borrowings from the Parent Bank	-	33 172 282	-	-	33 172 282
Term borrowings from other financial institutions	-	2 158	5 684 529	580 234	6 266 921
Debt securities in issue	10 354 558	-	-	-	10 354 558
Insurance contracts	14 547 380	-	-	-	14 547 380
Derivatives and other financial liabilities	1 552 536	3 245 847	1 650 540	80 314	6 529 237
Total financial liabilities	521 861 177	43 051 080	20 893 741	3 536 870	589 342 868
Net balance sheet position	45 169 503	130 405	17 101 789	27 744 528	90 146 225
Credit related commitments (Note 27)	235 076 072	886 965	7 944 912	2 224 987	246 132 936

Credit risk concentrations. Management monitors and discloses concentrations of credit risk by obtaining reports listing exposures to borrowers with aggregated loan balances in excess of 10% of net assets. The Group did not have any such significant risk concentrations at 30 September 2014 or 31 December 2013.

Liquidity risk. Liquidity risk is defined as the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Group is exposed to daily calls on its available cash resources from overnight deposits current accounts maturing deposits loan drawdowns guarantees and from margin and other calls on cash settled derivative instruments. The Group does not maintain cash resources to meet all of these needs as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high level of certainty. Liquidity risk is managed by the Asset and Liability Committee of the Group.

25 Financial Risk Management (Continued)

The Group seeks to maintain a stable funding base comprising primarily amounts due to other banks corporate and retail customer deposits and invest the funds in diversified portfolios of liquid assets in order to be able to respond quickly and smoothly to unforeseen liquidity requirements.

The liquidity management of the Group requires considering the level of liquid assets necessary to settle obligations as they fall due; maintaining access to a range of funding sources; maintaining funding contingency plans and monitoring balance sheet liquidity ratios against regulatory requirements. The Group calculates liquidity ratios on a daily basis in accordance with the requirement of the CB RF.

The Bank monitors expected maturities which may be summarised as follows at 30 September 2014 and 31 December 2013:

<i>In thousands of Russian Roubles, 30 September 2014</i>	Demand and less than 3 months	From 3 to 12 months	From 1 to 5 years	Over 5 years	Total
Cash and cash equivalents	103 567 501	-	-	-	103 567 501
Mandatory cash balances with the Central bank of the Russian Federation	5 649 188	-	-	-	5 649 188
Trading securities and repurchase receivables related to trading securities	22 220 827	-	-	-	22 220 827
Other securities at fair value through profit or loss and repurchase receivables related to other securities at fair value through profit or loss	24 284 020	-	-	-	24 284 020
Due from other banks	5 229 190	7 162 215	4 143 149	-	16 534 554
Loans and advances to customers	76 496 553	113 143 740	255 611 837	64 334 500	509 586 630
Investment securities available for sale	1 514 503	-	-	-	1 514 503
Investment securities held-to- maturity	-	-	522 727	-	522 727
Derivatives and other financial assets	8 034 118	1 853 692	9 796 813	300 785	19 985 408
Total financial assets	246 995 900	122 159 647	270 074 526	64 635 285	703 865 358
Due to other banks	43 681 303	526 629	6 444 367	-	50 652 299
Customer accounts	327 663 581	78 933 090	46 541 905	5 322 821	458 461 397
Term borrowings from the Parent bank	-	16 055 729	25 875 120	6 516 195	48 447 044
Term borrowings from other financial institutions	190 365	1 116 955	5 719 398	-	7 026 718
Debt securities in issue	72 929	461 536	19 907 985	-	20 442 450
Insurance contracts	10 558	943 925	53 260	13 502 114	14 509 857
Derivatives and other financial liabilities	10 427 007	4 930 267	6 197 479	309 386	21 864 139
Total financial liabilities	382 045 743	102 968 131	110 739 514	25 650 516	621 403 904
Net liquidity gap at 30 September 2014	(135 049 843)	19 191 516	159 335 012	38 984 769	82 461 454
Cumulative gap at 30 September 2014	(135 049 843)	(115 858 327)	43 476 685	82 461 454	-

25 Financial Risk Management (Continued)

<i>In thousands of Russian Roubles, 31 December 2013</i>	Demand and less than 3 months	From 3 to 12 months	From 1 to 5 years	Over 5 years	Total
Cash and cash equivalents	154 508 091	-	-	-	154 508 091
Mandatory cash balances with the Central bank of the Russian Federation	5 640 263	-	-	-	5 640 263
Trading securities and repurchase receivables related to trading securities	29 227 671	-	-	-	29 227 671
Other securities at fair value through profit or loss and repurchase receivables related to other securities at fair value through profit or loss	36 529 848	-	-	-	36 529 848
Investment securities available for sale	1 508 805	-	-	-	1 508 805
Due from other banks	2 146 531	4 825 435	2 815 613	-	9 787 579
Loans and advances to customers	76 478 010	89 046 250	213 833 532	52 850 324	432 208 116
Investment securities held- to-maturity portfolio	-	-	508 655	-	508 655
Derivatives and other financial assets	3 179 472	2 282 140	4 018 111	90 342	9 570 065
Total financial assets	309 218 691	96 153 825	221 175 911	52 940 666	679 489 093
Due to other banks	59 139 557	345 234	6 514 934	-	65 999 725
Customer accounts	324 793 589	76 895 383	49 360 793	1 423 000	452 472 765
Term borrowings from the Parent bank	659 558	12 716 640	19 796 084	-	33 172 282
Term borrowings from other financial institutions	23 228	307 995	5 425 076	510 622	6 266 921
Debt securities in issue	62 470	119 826	10 172 262	-	10 354 558
Insurance contracts	28 915	14 518 465	-	-	14 547 380
Derivatives and other financial liabilities	1 465 324	1 030 412	3 451 435	582 066	6 529 237
Total financial liabilities	386 172 641	105 933 955	94 720 584	2 515 688	589 342 868
Net liquidity gap at 31 December 2013	(76 953 950)	(9 780 130)	126 455 327	50 424 978	90 146 225
Cumulative gap at 31 December 2013	(76 953 950)	(86 734 080)	39 721 247	90 146 225	-

The above given analyses are based on contractual maturities except for the entire portfolio of trading securities is classified within demand and less than one month based on Management's assessment of the portfolio's realisability.

26 Management of Capital

The Group's objectives when managing capital are (i) to comply with the capital requirements set by the CBRF (ii) to safeguard the Group's ability to continue as a going concern and (iii) to maintain a sufficient capital base to achieve a capital adequacy ratio based on the Austrian Banking Act which assumes major principles of the Basel Accord of at least 8%.

Under the current capital requirements set by the CBRF banks have to maintain a ratio of regulatory capital to risk weighted assets ("statutory capital ratio") above a prescribed minimum level. According to requirements set by the CBRF statutory capital ratio has to be maintained above minimum level of 10%. Compliance with capital adequacy ratios set by the CBRF is monitored monthly with reports outlining their calculation reviewed and signed by the Bank's Chief Executive Officer and Chief Accountant. Management believes the Bank meets all the requirements in relation to the minimum amount of regulatory capital set by the CBRF.

Regulatory capital is based on the Bank's reports prepared under Russian accounting standards and comprises:

	30 September 2014 (Unaudited)	31 December 2013
<i>In thousands of Russian Roubles</i>		
Net assets under Russian GAAP	83 118 713	71 361 655
Less: intangible assets and negative value of the additional capital	(15 855)	(1 636 037)
Total Core Capital	83 102 858	69 725 618
Subordinated debt	5 127 875	-
Less: intangible assets and shares of subsidiaries	(1 193 356)	-
Additional Equity Tier 1 capital	3 934 519	-
Tier 2 capital		
Subordinated debt	6 502 357	-
Other	2 901 448	24 683 509
Total Tier 2 capital	9 403 805	24 683 509
Total regulatory capital	96 441 182	94 409 127

The Group is also subject to minimum capital requirements established by covenants stated in loan agreements including 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), Amendment to the Capital Accord to incorporate market risks (updated November 2005) and Group of Governors and Heads of Supervision announces higher global minimum capital standards (updated September 2010) commonly known as Basel III.

26 Management of Capital (Continued)

The composition of the Group's capital calculated in accordance with the Austrian Banking Act which assumes major principles and requirements of Basel Accord is as follows:

	30 September 2014 (Unaudited)	31 December 2013
<i>In thousands of Russian Roubles</i>		
<i>Tier 1 capital</i>		
Share capital	43 268 888	43 268 888
Share premium	591 083	591 083
Additional paid-in capital	1 520 016	1 520 016
Retained earnings and other reserves	61 596 751	70 404 276
Less: deferred income tax asset	-	(1 127 257)
Total tier 1 capital before deductions	106 976 738	114 657 006
Less: intangible assets	(13 517 405)	(12 923 601)
Total tier 1 capital	93 459 333	101 733 405
<i>Tier 2 capital</i>		
Revaluation reserve for equity instruments	(1 688)	(1 688)
Subordinated debt	11 630 233	-
Less: insurance holding companies	(173 709)	(173 709)
Items from additional own funds plus LLP surplus	1 479 293	1 642 536
Total tier 2 capital	12 934 129	1 467 139
Total capital	106 393 462	103 200 544

26 Management of Capital (Continued)

The composition of the Group's capital calculated in accordance with Basel Accord is as follows:

	30 September 2014 (Unaudited)	31 December 2013
<i>In thousands of Russian Roubles</i>		
Common Equity Tier 1 capital		
Share capital	43 268 888	43 268 888
Share premium	591 083	591 083
Additional paid-in capital	1 520 016	1 520 016
Retained earnings	61 357 555	70 165 080
Other reserve	239 196	239 196
Total Common Equity Tier 1 capital before deductions	106 976 738	115 784 263
Less: goodwill	(10 700 290)	(10 700 290)
Less: DTA	-	(1 127 257)
Less: Cash flow hedge reserve	-	(109 849)
Total Common Equity Tier 1 capital	96 276 448	103 846 867
Tier 2 capital		
Subordinated debt	11 630 233	-
Items from additional own funds plus LLP surplus	1 479 293	1 642 536
Total tier 2 capital	13 109 526	1 642 536
Total capital	109 385 974	105 489 403

The Group and the Bank have complied with all externally imposed capital requirements throughout 2014 and 2013.

Risk weighted assets

	30 September 2014 (Unaudited)	31 December 2013
<i>In thousands of Russian Roubles</i>		
Total Risk weighted assets	582 329 045	539 056 513
Capital Adequacy Ratio by Austrian Banking Act	18.24%	19.14%
Common Equity Tier 1 Ratio by Basel III	16.50%	19.26%
Tier 1 Capital Ratio by Basel III	16.50%	19.26%
Total Capital Adequacy Ratio by Basel III	18.75%	19.57%

The Bank manages capital ratios using different capital amounts calculated in accordance with the above mentioned Capital Adequacy regulations.

27 Contingencies and Commitments

Legal proceedings. From time to time and in the normal course of business claims against the Group may be received. On the basis of its own estimates and internal professional advice Management is of the opinion that certain losses could be incurred in respect of claims and accordingly has made provisions for the legal cases in this consolidated condensed interim financial information.

Tax legislation. Russian tax and customs legislation which was enacted or substantively enacted at the end of the reporting period is subject to varying interpretations when being applied to the transactions and activities of the Group. Consequently tax positions taken by management and the formal documentation supporting the tax positions may be successfully challenged by relevant authorities. Russian tax administration is gradually strengthening including the fact that there is a higher risk of review of tax transactions without a clear business purpose or with tax incompliant counterparties. Fiscal periods remain open to review by the authorities in respect of taxes for three calendar years preceding the year of review. Under certain circumstances reviews may cover longer periods.

Russian transfer pricing legislation enacted during the current period is effective prospectively to new transactions from 1 January 2012. It introduces significant reporting and documentation requirements. The transfer pricing legislation that is applicable to transactions on or prior to 31 December 2012 provides the possibility for tax authorities to make transfer pricing adjustments and impose additional tax liabilities in respect of all controllable transactions provided that the transaction price differs from the market price by more than 20%. Controllable transactions include transactions with interdependent parties as determined under the Russian Tax Code all cross-border transactions (irrespective of whether performed between related or unrelated parties) transactions where the price applied by a taxpayer differs by more than 20% from the price applied in similar transactions by the same taxpayer within a short period of time and barter transactions. Significant difficulties exist in interpreting and applying the transfer pricing legislation in practice. Any prior existing court decisions may provide guidance but are not legally binding for decisions by other or higher level courts in the future.

Tax liabilities arising from transactions between companies are determined using actual transaction prices. It is possible with the evolution of the interpretation of the transfer pricing rules that such transfer prices could be challenged. The impact of any such challenge cannot be reliably estimated; however it may be significant to the financial position and/or the overall operations of the entity.

As Russian tax legislation does not provide definitive guidance in certain areas the Group adopts from time to time interpretations of such uncertain areas that reduce the overall tax rate of the Group. While management currently estimates that the tax positions and interpretations that it has taken can probably be sustained there is a possible risk that outflow of resources will be required should such tax positions and interpretations be challenged by the relevant authorities. The impact of any such challenge cannot be reliably estimated; however it may be significant to the financial position and/or the overall operations of the Group.

Operating lease commitments. Where the Group is the lessee the future minimum lease payments under non-cancellable operating leases are as follows:

	30 September 2014 (Unaudited)	31 December 2013
<i>In thousands of Russian Roubles</i>		
Not later than 1 year	757 036	661 202
Later than 1 year and not later than 5 years	3 322	3 056
Total operating lease commitments	760 358	664 258

Compliance with covenants. The Group is subject to certain covenants related primarily to its other borrowed funds. Non-compliance with such covenants may result in negative consequences for the Group including growth in the cost of borrowings and declaration of default. The Group's Management believes that the Group is in compliance with covenants as at 30 September 2014.

27 Contingencies and Commitments (Continued)

Credit related commitments. The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit which represent irrevocable assurances that the Group will make payments in the event that a customer cannot meet its obligations to third parties carry the same credit risk as loans. Documentary and commercial letters of credit which are written undertakings by the Group on behalf of a customer authorising a third party to draw drafts on the Group up to a stipulated amount under specific terms and conditions are collateralised by the underlying shipments of goods to which they relate or cash deposits and therefore carry less risk than a direct borrowing.

Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans guarantees or letters of credit. With respect to credit risk on commitments to extend credit the Group is potentially exposed to loss in an amount equal to the total unused commitments. However the likely amount of loss is less than the total unused commitments since most commitments to extend credit are contingent upon customers maintaining specific credit standards.

Outstanding credit related commitments by products are as follows:

	30 September 2014 (Unaudited)	31 December 2013
<i>In thousands of Russian Roubles</i>		
Undrawn credit lines and Overdraft facilities (revocable)	104 142 784	91 348 915
Guarantees issued (irrevocable)	80 619 914	55 711 430
Undrawn commitments to issue documentary instruments (revocable)	52 523 947	44 707 877
Undrawn commitments to issue documentary instruments (irrevocable)	30 311 908	19 431 034
Undrawn credit lines and Overdraft facilities (irrevocable)	22 101 398	20 187 874
Import letters of credit (irrevocable)	15 270 765	14 058 886
Export letters of credit (irrevocable)	865 843	686 920
Credit related commitments before provision	305 836 559	246 132 936
Less: Provision for credit related commitments	(277 720)	(391 586)
Total credit related commitments	305 558 839	245 741 350

The total outstanding contractual amount of undrawn credit lines letters of credit and guarantees does not necessarily represent future cash requirements as these financial instruments may expire or terminate without being funded. Fair value of guarantee contracts was RR 58 872 thousand at 30 September 2014 (31 December 2013: RR 50 926 thousand).

27 Contingencies and Commitments (Continued)

Outstanding credit related commitments by segments as of 30 September 2014 are as follows:

	Credit lines, Overdraft facilities and Commitments to issue documentary instruments	Guarantees and Letters of credit	Total contingencies and commitments
<i>In thousands of Russian Roubles</i>			
Credit related commitments to corporate customers (Corporate business)	158 792 499	90 998 042	249 790 541
Credit related commitments to medium entities (Middle business)	14 641 327	4 996 236	19 637 563
Credit related commitments to individuals (Retail business)	31 610 913	225 139	31 836 052
Credit related commitments to small and micro entities (SME business)	4 034 707	537 105	4 571 812
Credit related commitments to state and municipal organisations (Public sector)	591	-	591
Credit related commitments before provision	209 080 037	96 756 522	305 836 559
Less: Provision for credit related commitments	(77 576)	(200 144)	(277 720)
Total credit related commitments	209 002 461	96 556 378	305 558 839

Outstanding credit related commitments by segments as of 31 December 2013 are as follows:

	Credit lines, Overdraft facilities and Commitments to issue documentary instruments	Guarantees and Letters of credit	Total contingencies and commitments
<i>In thousands of Russian Roubles</i>			
Credit related commitments to corporate customers (Corporate business)	133 580 591	65 746 879	199 327 470
Credit related commitments to medium entities (Middle business)	10 293 508	4 030 497	14 324 005
Credit related commitments to individuals (Retail business)	28 238 513	163 422	28 401 935
Credit related commitments to small and micro entities (SME business)	3 562 445	516 438	4 078 883
Credit related commitments to state and municipal organisations (Public sector)	643	-	643
Credit related commitments before provision	175 675 700	70 457 236	246 132 936
Less: Provision for credit related commitments	(84 513)	(307 073)	(391 586)
Total credit related commitments	175 591 187	70 150 163	245 741 350

27 Contingencies and Commitments (Continued)

Outstanding credit related commitments by currency are as follows:

	30 September 2014 (Unaudited)	31 December 2013
<i>In thousands of Russian Roubles</i>		
Russian Roubles	224 150 630	177 754 116
US Dollars	55 725 827	45 594 205
Euro	25 099 488	22 723 935
Other	860 614	60 680
Total credit related commitments before provision	305 836 559	246 132 936

Assets pledged and restricted. The Group had assets pledged as collateral with the following carrying value:

	Note	30 September 2014 (Unaudited)		31 December 2013	
		Asset pledged	Related liability	Asset pledged	Related liability
<i>In thousands of Russian Roubles</i>					
Repurchase receivables related to trading securities	7, 14	134 040	134 176	8 864 414	7 398 092
Repurchase Receivables related to other securities at Fair Value Through Profit or Loss	8, 14	1 503 737	1 504 477	22 324 651	19 182 009
Total		1 637 777	1 638 653	31 189 065	26 580 101

As at 30 September 2014 the estimated fair value of securities purchased under reverse sale and repurchase agreements (Note 6) which the Group has the right to sell or repledge in the absence of default of the counterparty was RR 40 284 524 thousand (31 December 2013: RR 17 925 227 thousand). As at 30 September 2014 the fair value of such securities repledged under direct sale and repurchase agreements with other banks amounted to RR 1 323 528 thousand (31 December 2013: RR 6 314 931 thousand). Refer to Note 14.

Mandatory cash balances with the Bank of Russia in the amount of RR 5 649 188 thousand (31 December 2013: RR 5 640 263 thousand) represent mandatory reserve deposits which are not available to finance the Group's day-to-day operations.

As at 30 September 2014 restricted cash represents monetary funds in the amount of RR 98 362 thousand which collateralise settlements on irrevocable letters of credit (31 December 2013: RR 98 946 thousand).

As at 30 September 2014 restricted cash represents monetary funds in the amount of RR 2 404 063 thousand which collateralise settlements on irrevocable commitments under guarantees (31 December 2013: RR 2 348 781 thousand).

Bank gets access to the CBR secured funding facility amounted to RR 20 236 536 thousand, pledged with corporate loans in the amount of RR 45 319 377 thousand.

28 Fair Value of Financial Instruments

Fair value measurements are analyzed by level in the fair value hierarchy as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based on observable market data (that is, unobservable inputs). Management applies judgment in categorizing financial instruments using the fair value hierarchy. If a fair value measurement uses observable inputs that require significant adjustment, that measurement is a Level 3 measurement. The significance of a valuation input is assessed against the fair value measurement in its entirety.

(a) Recurring fair value measurements

Recurring fair value measurements are those that the accounting standards require or permit in the statement of financial position at the end of each reporting period. The level in the fair value hierarchy into which the recurring fair value measurements are categorized are as follows:

	30 September 2014			31 December 2013		
	Quoted price in an active market (Level 1)	Valuation technique with inputs observable in markets (Level 2)	Total	Quoted price in an active market (Level 1)	Valuation technique with inputs observable in markets (Level 2)	Total
<i>In thousands of Russian Roubles</i>						
Assets at fair value						
Financial assets						
Trading securities						
- Corporate bonds	14 695 241	126 340	14 821 581	21 691 811	-	21 691 811
- Federal loan bonds (OFZ)	3 438 421	-	3 438 421	5 419 124	-	5 419 124
- Russian Federation Eurobonds	2 162 482	-	2 162 482	855 170	-	855 170
- Corporate eurobonds	1 533 036	-	1 533 036	943 348	-	943 348
- Municipal bonds	265 307	-	265 307	318 218	-	318 218
Other securities at fair value through profit and loss						
- Corporate bonds	16 192 800	338 932	16 531 732	19 895 411	-	19 895 411
- Eurobonds of EBRD	-	2 827 882	2 827 882	2 773 886	-	2 773 886
- Federal loan bonds (OFZ)	2 022 536	-	2 022 536	7 604 088	-	7 604 088
- Corporate eurobonds	1 683 329	-	1 683 329	3 196 702	-	3 196 702
- Municipal bonds	1 147 273	-	1 147 273	1 449 953	-	1 449 953
- Corporate shares	71 268	-	71 268	520 753	-	520 753
- Bonds of EBRD	-	-	-	1 061 493	-	1 061 493
- Russian Federal eurobonds	-	-	-	27 562	-	27 562
Investment securities available for sale	1 514 503	-	1 514 503	1 508 805	-	1 508 805
Derivatives and other financial assets carried at fair value						
- Fair value of currency rate based financial derivatives	-	15 979 221	15 979 221	-	6 327 998	6 327 998
- Fair value of interest rate based financial derivatives	-	2 589 996	2 589 996	-	1 092 927	1 092 927
Total assets recurring fair value measurements	44 726 196	21 862 371	66 588 567	67 266 324	7 420 925	74 687 249

28 Fair Value of Financial Instruments (Continued)

	30 September 2014			31 December 2013		
	Quoted price in an active market (Level 1)	Valuation technique with inputs observable in markets (Level 2)	Total	Quoted price in an active market (Level 1)	Valuation technique with inputs observable in markets (Level 2)	Total
<i>In thousands of Russian Roubles</i>						
Liabilities carried at fair value						
Financial liabilities						
Derivatives and other financial liabilities						
- Fair value of currency rate based financial derivatives	-	18 002 561	18 002 561	-	2 901 540	2 901 540
- Fair value of interest rate based financial derivatives	-	1 813 676	1 813 676	-	2 715 515	2 715 515
- Shortselling of trading assets	1 540 230		1 540 230	-	-	-
Total liabilities recurring fair value measurements	1 540 230	19 816 237	21 356 467	-	5 617 055	5 617 055

The valuation technique based on discounted cash flows is used in the fair value measurement for level 2 measurements at 30 September 2014. The following main inputs are relevant:

- **Spot and Forward currency exchange rates.** Cash Rate, Interest Rate Futures quotes and IRS quotes are used for foreign currencies, implied RUB rates are derived from foreign exchange forward contracts.
- **Cross currency interest rate swaps (CCIRS) curves.** CCIRS are used for discounting and projection of cash flows and are derived from Cash Rate quotes, Futures quotes and Interest Rate Swap quotes available from Chicago Merchandile (for futures) and contributors which quote these instruments on Over the counter market.
- **Adjustment for credit risk.** The Bank has the Credit Value Adjustment (also known as Credit Risk Adjustment or Default Risk Adjustment) which reflects the probability of default of the counterparty and Debit Value Adjustment which reflects the possibility of our default. Credit Value Adjustment (CVA) is an adjustment to the price of derivatives reflecting expected losses arising from the possible default of the counterparty both by counterparty and by instrument.

CVA is calculated with a Monte-Carlo methodology simulating both expected exposure coming from derivative positions with counterparty (estimated with Group market risk calculation approach) and the default event coming from counterparty Default Probability and Recovery Rate. CVA itself is calculated for each counterparty by calculating Bank's expected losses on the event of having positive derivative position revaluation with defaulted counterparty adjusted by the recovery rate. The adjustment is calculated based on observable market inputs.
- **Shortselling of trading assets** are selling deals of bond securities that the Group has obtained as collaterals in reverse repo agreements or currently doesn't keep in its own securities' portfolio.

The fair value of shares is determined by multiplying the number of shares by the market price as the share of the shareholding is immaterial.

28 Fair Value of Financial Instruments (Continued)

(b) Assets and liabilities not measured at fair value but for which fair value is disclosed

Fair values analysed by level in the fair value hierarchy and carrying value of assets not measured at fair value are as follows:

	30 September 2014				31 December 2013			
	Quoted price in an active market (Level 1)	Valuation technique with inputs observable in markets (Level 2)	Valuation technique not based on observable market data technique (Level 3)	Carrying value	Quoted price in an active market (Level 1)	Valuation technique with inputs observable in markets (Level 2)	Valuation technique not based on observable market data technique (Level 3)	Carrying value
<i>In thousands of Russian Roubles</i>								
FINANCIAL ASSETS CARRIED AT AMORTIZED COST								
<i>Due from other banks</i>								
- Short-term placements with other banks with original maturities of more than three months	-	5 199 318	-	5 199 318	-	5 952 352	-	5 952 352
- Long-term placements with other banks with original maturities of more than three months	-	11 335 236	-	11 335 236	-	3 833 745	-	3 835 227
<i>Loans and advances to customers</i>								
- Corporate loans	-	-	278 046 945	278 575 505	-	-	224 605 653	223 832 433
- Retail loans	-	-	180 223 209	191 052 140	-	-	173 123 224	175 231 055
- Small and micro entities loans	-	-	19 945 405	20 414 391	-	-	17 149 278	17 106 786
- Loans to middle business	-	-	19 408 601	19 524 647	-	-	16 056 160	15 989 045
- Public sector loans	-	-	19 632	19 947	-	-	48 355	48 797
<i>Investment securities held to maturity</i>								
- Corporate bonds	520 262	-	-	522 727	509 788	-	-	508 655
Total	520 262	16 534 554	497 643 792	526 643 911	509 788	9 786 097	430 982 670	442 504 350

28 Fair Value of Financial Instruments (Continued)

Fair values analyzed by level in the fair value hierarchy and carrying value of liabilities not measured at fair value are as follows:

	30 September 2014				31 December 2013			
	Quoted price in an active market (Level 1)	Valuation technique with inputs observable in markets (Level 2)	Valuation technique not based on observable market data technique (Level 3)	Carrying value	Quoted price in an active market (Level 1)	Valuation technique with inputs observable in markets (Level 2)	Valuation technique not based on observable market data technique (Level 3)	Carrying value
<i>In thousands of Russian Roubles</i>								
FINANCIAL LIABILITIES CARRIED AT AMORTIZED COST								
<i>Due to other banks</i>								
- Correspondent accounts and overnight placements of other banks	-	9 313 838	-	9 313 838	-	1 859 612	-	1 859 612
- Short- term placements of other banks	-	11 342 135	-	11 342 135	-	25 922 707	-	25 922 707
- Long- term placements of other banks	-	6 808 797	-	6 799 954	-	6 284 550	-	6 112 118
- Sale and repurchase agreements with securities with CBRF and other banks and other financial institutions	-	2 959 836	-	2 959 836	-	32 105 288	-	32 105 288
- Placements of Central Bank		20 236 536		20 236 536		-		-
<i>Customer accounts</i>								
- Current/settlement accounts of legal entities	-	123 217 792	-	123 217 792	-	111 384 866	-	111 384 866
- Term deposits of legal entities	-	57 382 877	-	56 767 260	-	78 581 797	-	78 020 744
- Current/demand accounts of individuals	-	118 360 472	-	118 360 472	-	107 209 879	-	107 209 879
- Term deposits of individuals	-	150 105 125	-	147 226 593	-	156 877 745	-	154 147 771
- Current/settlement accounts of state and public organisations	-	1 349 481	-	1 349 481	-	1 493 824	-	1 493 824
- Term deposits of state and public organisations	-	11 539 799	-	11 539 799	-	215 681	-	215 681
<i>Insurance contracts</i>	-	14 509 857	-	14 509 857	-	14 547 380	-	14 547 380
<i>Debt securities in issue</i>								
- Bonds issued on domestic market	19 445 738	-	-	19 686 817	10 112 041	-	-	10 160 941
- Promissory notes	755 633	-	-	755 633	193 617	-	-	193 617
<i>Term borrowings from the Parent Bank</i>	-	48 447 044	-	48 447 044	-	33 172 282	-	33 172 282
<i>Term borrowings from other financial institutions</i>								
- Term borrowings from other financial institutions	-	323 224	-	323 224	-	585 563	-	585 659
- Loans secured by diversified payment rights	-	6 703 494	-	6 703 494	-	5 681 262	-	5 681 262
<i>Other financial liabilities</i>	-	-	-	-	-	-	-	-
- Provision for other credit related commitments	-	-	277 720	277 720	-	-	391 586	391 586
Total	20 201 371	582 600 307	277 720	599 817 485	10 305 658	575 922 436	391 586	583 205 217

28 Fair Value of Financial Instruments (Continued)

The fair values in level 2 of fair value hierarchy were estimated using the discounted cash flows valuation technique. The fair value of floating rate instruments that are not quoted in an active market was estimated to be equal to their carrying amount. The fair value of unquoted fixed interest rate instruments was estimated based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risk and remaining maturity.

For assessment of fair value of loans and advances to customer categorized at Level 3, the Bank uses Discounted cash flows model.

The Bank calculates FV for loans with fixed interest rate with remaining maturity of more than one year. The Bank uses the following assumptions:

- the fair values of loans with floating rate are considered to be equal to the carrying value because the interest payments are based on LIBOR or MIBOR depending on the terms of agreement;
- the fair value of loans with remaining maturity less than one year are considered to be equal to the carrying value due to the fact that effect of fair value recalculation based on current market rates is not material.

For corporate loans with maturity more than one year the Bank discounts monthly payments at weighted average rate by product type and currency type calculated based on contractual rates for loans issued by the Bank during the last quarter before the reporting date.

For loans to private individuals with maturity more than one year the Bank discounts monthly payments at weighted average rate by product type and currency type calculated based on the loans issued at the end of the last quarter before the reporting date.

29 Related Party Transactions

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

At 30 September 2014 the outstanding balances with related parties were as follows:

	Parent bank	Subsidiaries of the Parent Bank	Associates	Members of the Managing Board	Other related parties
<i>In thousands of Russian Roubles</i>					
Corresponding accounts and overnight placements with other banks (contractual interest rate: 0.00% – 0.00% p.a.)	9 573 231	14 802	-	-	-
Placements with other banks with original maturities of less than three months (contractual interest rate: 8.25% – 8.25% p.a.)	-	68 000	-	-	-
Due from other banks (contractual interest rate: 0.60% – 0.60% p.a.)	3 944 502	-	-	-	-
Gross amount of loans and advances to customers (contractual interest rate: 1.89% – 11.70% p.a.)	-	-	3 539 993	236 058	-
Purchased intangible assets less accumulated depreciation	403 822	-	-	-	-
Derivatives and other financial assets	5 369 933	3 365	-	-	-
Investments in associate	-	-	2 081 578	-	-
Due to other banks (contractual interest rate: 1.39% – 9.35% p.a.)	290 061	6 926 050	-	-	59 595
Customer accounts (contractual interest rate: 3.51% – 9.14% p.a.)	-	-	1 416 630	-	-
Term borrowings from the Parent Bank (contractual interest rate: 1.71% – 3.20% p.a.)	48 447 044	-	-	-	-
Term borrowings from other financial institutions (contractual interest rate: 0.00% p.a.)	-	-	-	-	-
Derivatives and other financial liabilities	16 326 213	1 465	-	-	-
Other liabilities	-	-	-	450 687	-

29 Related Party Transactions (Continued)

The income and expense items with related parties for the nine-month period ended 30 September 2014 were as follows:

	Parent bank	Subsidiaries of the Parent Bank	Associates	Members of the Managing Board	Other related parties
<i>In thousands of Russian Roubles</i>					
Interest income	6 211 229	90 366	176 275	16 736	
Interest expense	(4 069 571)	(163 540)	(46 668)	-	(6 208)
Fee and commission income	19 474	6 150	1 867	-	-
Fee and commission expense	(153 966)	(6)	-	-	-
Gains less losses/(losses less gains) from trading in foreign currencies	(8 868)	(107 407)	4 289	-	-
Unrealized (losses net of gains)/gains less losses from financial derivatives	(11 043 424)	2 231	-	-	-
Ineffectiveness from the hedge accounting and other derivative instruments	-	-	-	-	-
Administrative and other operating expenses	(557 484)	(11 022)	-	(456 969)	-
Other operating income	-	-	-	-	-
Share of profit of associate	-	-	385 237	-	-

The income and expense items with related parties for the three-month period ended 30 September 2014 were as follows:

	Parent bank	Subsidiaries of the Parent Bank	Associates	Members of the Managing Board	Other related parties
<i>In thousands of Russian Roubles</i>					
Interest income	2 444 126	45 765	63 442	3 441	
Interest expense	(1 143 226)	(59 611)	(21 727)	-	-
Fee and commission income	8 709	1 882	475	-	-
Fee and commission expense	(41 179)	(3)	-	-	-
Gains less losses/(losses less gains) from trading in foreign currencies	(1 714 119)	(28 981)	1 703	-	-
Unrealized (losses net of gains)/gains less losses from financial derivatives	(10 545 677)	3 019	-	-	-
Ineffectiveness from the hedge accounting and other derivative instruments	-	-	-	-	-
Administrative and other operating expenses	(198 531)	(1 227)	-	(103 950)	-
Other operating income	-	-	-	-	-
Share of profit of associate	-	-	108 522	-	-

29 Related Party Transactions (Continued)

At 30 September 2014 other rights and obligations with related parties were as follows:

	Parent bank	Subsidiaries of the Parent Bank	Associates	Other related parties
<i>In thousands of Russian Roubles</i>				
Guarantees issued by the Group at the period end	954 595	197 540	-	-
Guarantees received by the Group at the period end	1 144 283	670 285	-	98 000
Letters of credit issued by the Group at the period end	-	242 315	-	-
Undrawn credit lines and overdraft facilities	-	-	5 431 567	-
Stand-by facilities issued by Parent Bank	-	-	-	-
Interest rate swap agreements – notional amount as at the period end	222 637 734	-	-	-
Interest rate swap agreements – fair values as at the period end	580 952	-	-	-
Cross currency interest rate swap agreements – notional amount receivable as at the period end	80 038 163	-	-	-
Cross currency interest rate swap agreements – notional amount payable as at the period end	84 697 908	-	-	-
Cross currency interest rate swap agreements – fair values at the period end	(5 058 789)	-	-	-
Foreign currency derivative financial instruments – principal amount purchased	122 150 744	1 503 231	-	-
Foreign currency derivative financial instruments – principal amount sold	127 646 041	1 500 903	-	-
Foreign currency derivative financial instruments – fair value	(6 480 483)	2 558	-	-
Currency Options purchased - notional amount	249 770	-	-	-
Currency Options purchased - fair value	(291)	-	-	-

At 31 December 2013 the outstanding balances with related parties were as follows:

	Parent bank	Subsidiaries of the Parent Bank	Associates	Members of the Managing Board	Other related parties
<i>In thousands of Russian Roubles</i>					
Corresponding accounts and overnight placements with other banks (contractual interest rate: 0.01% – 4.00% p.a.)	21 564 786	42 875	-	-	-
Placements with other banks with original maturities of less than three months (contractual interest rate: 0.03% – 0.45% p.a.)	43 279 434	-	-	-	-
Due from other banks (contractual interest rate: 0.00% – 8.20% p.a.)	669 994	403 495	-	-	-
Gross amount of loans and advances to customers (contractual interest rate: 2.61% – 15.49% p.a.)	-	-	4 604 871	238 810	-
Purchased intangible assets less accumulated depreciation	395 515	-	-	-	-
Derivatives and other financial assets	2 716 102	724	-	-	-
Investments in associates	-	-	1 753 512	-	-
Due to other banks (contractual interest rate: 0.26% – 9.27% p.a.)	204 023	4 623 736	-	-	54 528
Customer accounts (contractual interest rate: 0.00% – 0.00% p.a.)	-	-	2 738 386	-	-
Term borrowings from the Parent Bank (contractual interest rate: 1.69 % – 3.18% p.a.)	33 172 282	-	-	-	-
Other liabilities	-	-	-	339 599	-
Derivatives and other financial liabilities	3 246 667	-	722	-	-

29 Related Party Transactions (Continued)

The income and expense items with related parties for the nine-month period ended 30 September 2013 were as follows:

	Parent bank	Subsidiaries of the Parent Bank	Associates	Members of the Managing Board	Other related parties
<i>In thousands of Russian Roubles</i>					
Interest income	4 722 066	92 659	223 390	11 937	-
Interest expense	(3 848 134)	(156 899)	(48 508)	-	(36 197)
Fee and commission income	196 901	6 353	3 537	-	-
Fee and commission expense	(43 515)	-	-	-	-
Gains less losses/ (losses less gains) from trading in foreign currencies	(125 556)	(17 839)	10 089	-	(5 867)
Unrealized (losses net of gains)/ gains less losses from financial derivatives	(1 730 438)	(12 522)	-	-	-
Ineffectiveness from the hedge accounting and other derivative instruments	(104 132)	-	-	-	-
Administrative and other operating expenses	(566 031)	(7 411)	-	(235 520)	-
Other operating income	-	-	2 658	-	-
Share of profit of associate	-	-	289 443	-	-

The income and expense items with related parties for the three-month period ended 30 September 2013 were as follows:

	Parent bank	Subsidiaries of the Parent Bank	Associates	Members of the Managing Board	Other related parties
<i>In thousands of Russian Roubles</i>					
Interest income	1 730 370	70 720	78 439	4 591	-
Interest expense	(1 389 894)	(80 806)	(24 386)	-	(12 478)
Fee and commission income	73 991	1 684	1 370	-	-
Fee and commission expense	(17 096)	-	-	-	-
Losses less gains from trading in foreign currencies	39 705	(2 795)	2 772	-	-
Unrealized (losses, net of gains)/ gains less losses from financial derivatives	1 062 284	(18 925)	-	-	-
Ineffectiveness from the hedge accounting and other derivative instruments	(10 493)	-	-	-	-
Administrative and other operating expenses	(193 421)	(1 766)	-	(76 764)	-
Other operating income	-	-	889	-	-
Share of profit of associate	-	-	105 217	-	-

29 Related Party Transactions (Continued)

At 31 December 2013 other rights and obligations with related parties were as follows:

	Parent bank	Subsidiaries of the Parent Bank	Associates
<i>In thousands of Russian Roubles</i>			
Guarantees issued by the Group at the year end	480 531	94 381	22 811
Guarantees received by the Group at the year end	610 603	493 011	-
Letters of credit issued by the Group at the year end	-	-	20 641
Undrawn credit lines	-	400 000	3 023 519
Interest rate swap agreements – notional amount as at the year end	131 576 390	-	-
Interest rate swap agreements – fair values as at the year end	(1 160 912)	-	-
Cross currency interest rate swap agreements – notional amount receivable as at the year end	71 284 400	-	-
Cross currency interest rate swap agreements – notional amount payable as at the year end	71 178 913	-	-
Cross currency interest rate swap agreements – fair values as at the year end	575 329	-	-
Foreign currency derivative financial instruments – principal amount purchased	24 290 537	986 638	-
Foreign currency derivative financial instruments – principal amount sold	24 087 170	986 477	-
Foreign currency derivative financial instruments – fair value	55 838	327	-

The Bank's immediate parent is Raiffeisen CIS Region Holding GmbH (2013: Raiffeisen CIS Region Holding GmbH). The Bank is ultimately controlled by Raiffeisen Zentralbank Österreich AG (2013: Raiffeisen Zentralbank Österreich AG).

Key management compensation is presented below:

	30 September 2014 Expense	30 September 2014 Accrued liability	30 September 2013 Expense	31 December 2013 Accrued liability
<i>In thousands of Russian Roubles</i>				
Short-term benefits:				
- Salaries	132 478	-	105 383	-
- Short-term bonuses	230 277	440 756	129 534	335 129
- SB payment	94 214			
Share-based compensation:				
- Cash-settled share-based compensation	-	9 931	603	4 470
Total	456 969	450 687	235 520	339 599

Short-term bonuses fall due within twelve months after the end of the period in which Management rendered the related services.

N .V. Kossova, Director,
ZAO PricewaterhouseCoopers Audit

14 November 2014



66 (sixty six) pages are numbered, bound and sealed.