

ZAO Raiffeisenbank

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

31 March 2014

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CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION

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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 31 March 2014 and the related consolidated condensed interim statements of profit or loss and other comprehensive income, consolidated condensed interim changes in equity and consolidated condensed interim cash flows for the three-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

28 April 2014

Moscow, Russian Federation

N.V. Kossova, Director (license no. 01-006996), ZAO PricewaterhouseCoopers Audit



Audited entity: ZAO Raiffeisenbank

State registration certificate № 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 № 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 № 1027700148431

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

ZAO Raiffeisenbank
Consolidated Condensed Interim Statement of Financial Position

<i>In thousands of Russian Roubles</i>	Note	31 March 2014 (unaudited)	31 December 2013
ASSETS			
Cash and cash equivalents	6	147 466 907	154 508 091
Mandatory cash balances with the Central Bank of the Russian Federation		18 705 710	5 640 263
Trading securities	7	9 925 618	20 363 257
Repurchase receivables related to trading securities	7	14 725 026	8 864 414
Other securities at fair value through consolidated profit or loss	8	19 454 517	14 205 197
Repurchase receivables related to other securities at fair value through consolidated profit or loss	8	11 973 125	22 324 651
Due from other banks	9	25 703 599	9 787 579
Loans and advances to customers	10	445 801 597	432 208 116
Investment securities available for sale	11	1 508 585	1 508 805
Premises and equipment		13 504 753	13 845 951
Intangible assets		13 184 336	12 923 601
Deferred income tax asset		-	1 127 257
Current income tax		19 215	62 980
Investment securities held to maturity	12	522 570	508 655
Derivatives and other financial assets	13	16 119 986	9 570 065
Investment in associates		1 890 924	1 753 512
Other assets		2 566 122	2 169 747
TOTAL ASSETS		743 072 590	711 372 141
LIABILITIES			
Due to other banks	14	56 820 037	65 999 725
Customer accounts	15	479 617 772	452 472 765
Term borrowings from the Parent Bank	16	35 494 626	33 172 282
Term borrowings from other financial institutions	17	6 659 850	6 266 921
Debt securities in issue		10 562 525	10 354 558
Deferred income tax liability		124 203	-
Derivatives and other financial liabilities	18	11 888 858	6 529 237
Insurance contracts		14 518 806	14 547 380
Other liabilities		6 163 502	6 245 010
TOTAL LIABILITIES		621 850 179	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		75 842 424	70 404 276
TOTAL EQUITY		121 222 411	115 784 263
TOTAL LIABILITIES AND EQUITY		743 072 590	711 372 141

Approved for issue and signed on 28 April 2014.

Sergei Monin
Chairman of the Board



Arndt Roechling
Chief Financial Officer

The notes set out on pages 5 to 51 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	Three-Month Period Ended 31 March 2014 (Unaudited)	Three-Month Period Ended 31 March 2013 (Unaudited)
<i>In thousands of Russian Roubles</i>			
Interest income	19	17 596 049	14 804 763
Interest expense	19	(7 515 209)	(6 618 463)
Net interest income		10 080 840	8 186 300
(Charge)/release of provision for loan impairment	10	(986 087)	553 876
Net interest income after provision for loan impairment		9 094 753	8 740 176
Fee and commission income	20	3 603 946	3 065 082
Fee and commission expense	20	(1 279 510)	(806 791)
Gains less losses from trading securities		(560 041)	65 830
Gains less losses from other securities at fair value through profit or loss		(632 945)	24 181
Gains less losses/(losses net of gains) from redemption of investment securities available for sale		-	1 032 517
Gains less losses from trading in foreign currencies		926 488	667 599
Unrealized (losses, net of gains)/gains less losses from derivative financial instruments	21	1 811 473	(3 097 574)
Realized gains less losses from derivative financial instruments	22	(301 977)	129 627
Foreign exchange translation gains less losses/(losses, net of gains)		(801 524)	3 056 688
Ineffectiveness from the hedge accounting and other derivative instruments		-	(48 485)
Release of provision for credit related commitments		133 016	53 069
Release of provision for investment securities held to maturity		(52)	391
Gains from the sale of loans	10	15 419	3 557
Other operating income		86 937	122 417
Share of profit of associate		137 412	106 556
Operating income		12 233 395	13 114 840
Administrative and other operating expenses	23	(5 503 127)	(5 145 682)
Profit before tax		6 730 268	7 969 158
Income tax expense		(1 292 120)	(1 663 931)
Profit for the period		5 438 148	6 305 227
Revaluation of investment securities available for sale		-	25 213
Redemption of investment securities available for sale		-	(1 032 517)
Valuation reserve due to cash flow hedge		-	45 669
Income tax credit/(expense)		-	192 327
Other comprehensive (loss)/income for the period, net of tax		-	(769 308)
Total comprehensive income for the period, net of tax		5 438 148	5 535 919

The notes set out on pages 5 to 51 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	-	-	-	6 305 227	-	6 305 227
Other comprehensive loss recognized for the period	-	-	-	-	(769 308)	(769 308)
Total comprehensive income/(loss) for the period	-	-	-	6 305 227	(769 308)	5 535 919
Balance at 31 March 2013	43 268 888	591 083	1 520 016	67 416 301	190 852	112 987 140
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	-	-	-	5 438 148	-	5 438 148
Other comprehensive income recognized for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	5 438 148	-	5 438 148
Balance at 31 March 2014	43 268 888	591 083	1 520 016	75 603 228	239 196	121 222 411

ZAO Raiffeisenbank
Consolidated Condensed Interim Statement of Cash Flows

	Note	Three-Month Period Ended 31 March 2014 (Unaudited)	Three-Month Period Ended 31 March 2013 (Unaudited)
<i>In thousands of Russian Roubles</i>			
Net cash used in operating activities		(9 506 600)	(10 382 601)
Cash flows from investing activities			
Acquisition of premises and equipment and intangible assets		(738 070)	(369 386)
Proceeds from disposal of investment securities available for sale		-	1 032 517
Net cash (used in)/from investing activities		(738 070)	663 131
Cash flows from financing activities			
Proceeds from term borrowings from the Parent Bank and other financial institutions		-	1 751 301
Repayment of term borrowings from the Parent Bank and other financial institutions		(875 845)	(1 146 399)
Interest paid on term borrowings from the Parent Bank and other financial institutions		(377 610)	(285 226)
Proceeds from issuance of debt securities		72 241	765 362
Repayment of debt securities in issue		(66 692)	(5 363)
Interest paid on debt securities		-	(12 843)
Net cash (used in)/from financing activities		(1 247 906)	1 066 832
Change in accrued interest on cash and cash equivalents		38 449	9 765
Effect of exchange rate changes on cash and cash equivalents		4 412 943	(85 201)
Net decrease in cash and cash equivalents		(7 041 184)	(8 728 074)
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	147 466 907	145 609 040

The notes set out on pages 5 to 51 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 three months period ended 31 March 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 Osterreich 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 31 March 2014 the Group had 6 branches within the Russian Federation and 189 outlets (31 December 2013: 6 branches and 187 outlets).

The number of the Group’s employees as at 31 March 2014 was 8 366 (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

Russian Federation. 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 April 2014 Standard & Poor’s decreased foreign long term rating of Russian Federation to BBB-, with negative outlook. This may have an impact both in the short and long term on prices of Russian financial assets and the Rouble exchange rate development in the short term, while in the medium and long term a less benign assessment of Russia could decrease investment and ultimately the growth perspectives of the economy. This may have an impact on the Group’s operations and 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 31 March 2014 principal rate of exchange used for translating foreign currency balances was USD 1 = RR 35.6871 (31 December 2013: USD 1 = RR 32.7292) and EUR 1 = 49.0519 (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 1 185 134 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 841 761 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 rate 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 at 31 March 2013:

	As originally presented	Reclassification	As reclassified at 31 March 2013
<i>In thousands of Russian Roubles</i>			
Interest Income			
Foreign exchange swap contracts	-	1 691 318	1 691 318
Cross-currency interest rate swap contracts	-	1 168 274	1 168 274
Interest rate swap contracts	-	989 410	989 410
Interest Expense			
Foreign exchange swap contracts	-	(274 536)	(274 536)
Cross-currency interest rate swap contracts	-	(1 118 322)	(1 118 322)
Interest rate swap contracts	-	(1 147 793)	(1 147 793)
Realized gains less losses from derivative financial instruments			
Foreign exchange swap contracts	1 416 782	(1 416 782)	-
Cross-currency interest rate swap contracts	49 952	(49 952)	-
Interest rate swap contracts	(158 383)	158 383	-

5 New Accounting Pronouncements

Since the Group published its last annual financial statements, no new standards and interpretations have been issued that are mandatory for the Group's annual accounting periods beginning on or after 1 January 2015 apart from those disclosed in annual consolidated financial statements of the Group.

6 Cash and Cash Equivalents

<i>In thousands of Russian Roubles</i>	31 March 2014 (Unaudited)	31 December 2013
Cash on hand	28 987 708	28 018 369
Cash balances with the CBRF (other than mandatory reserve deposits)	8 026 772	29 147 887
Correspondent accounts and overnight placements with other banks		
- Russian Federation	4 318 700	4 895 140
- Other countries	82 789 545	28 587 205
Placements with other banks with original maturities of less than three months	11 684 425	45 934 263
Reverse securities sale and repurchase agreements with other banks and other financial institutions with original maturities of less than three months	11 659 757	17 925 227
Total cash and cash equivalents	147 466 907	154 508 091

At 31 March 2014 cash equivalents in the amount of RR 11 659 757 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 13 799 118 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 26. The information on related party balances is disclosed in Note 30.

7 Trading Securities and Repurchase Receivables Related to Trading Securities

<i>In thousands of Russian Roubles</i>	31 March 2014 (Unaudited)	31 December 2013
Corporate bonds	16 829 192	21 691 811
Federal loan bonds (OFZ)	3 774 985	5 419 124
Russian Federation Eurobonds	2 110 547	855 170
Corporate Eurobonds	1 244 232	943 348
Municipal bonds	691 688	318 218
Total trading securities and repurchase receivables related to trading securities	24 650 644	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 31 March 2014 and 31 December 2013 there were no renegotiated balances that would otherwise be past due. Trading debt securities are not collateralised.

7 Trading Securities and Repurchase Receivables Related to Trading Securities (Continued)

As at 31 March 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 April 2014. At 31 March 2014 Federal loan bonds (OFZ) included securities with fair value of RR 3 094 090 thousand pledged under sale and repurchase agreements with CBRF (31 December 2013: RR 1 475 413 thousand). Federal loan eurobonds included securities with fair value of RR 1 872 099 thousand pledged under sale and repurchase agreements with CBRF (31 December 2013: RR 342 091 thousand). Municipal bonds included securities with fair value of RR 128 092 thousand pledged under sale and repurchase agreements with CBRF (31 December 2013: RR 101 043 thousand). Corporate bonds included securities with fair value of RR 9 630 745 thousand pledged under sale and repurchase agreements with CBRF (31 December 2013: RR 6 945 867 thousand). Refer to Notes 15 and 28.

Currency, geographical and liquidity analysis of trading securities and repurchase receivables related to trading securities are disclosed in Note 26.

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

	31 March 2014 (Unaudited)	31 December 2013
<i>In thousands of Russian Roubles</i>		
Corporate bonds	18 852 561	19 895 411
Federal loan bonds (OFZ)	5 014 301	7 604 088
Eurobonds of the European Bank for Reconstruction and Development	2 773 725	2 773 886
Corporate Eurobonds	2 284 328	3 196 702
Municipal bonds	1 243 400	1 449 953
Bonds of the European Bank for Reconstruction and Development (EBRD)	1 061 979	1 061 493
Russian Federation Eurobonds	-	27 562
Total other debt securities at fair value through consolidated profit and loss	31 230 294	36 009 095
Corporate shares	197 348	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	31 427 642	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.

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 (Continued)

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 April 2014. At 31 March 2014 Federal loan bonds (OFZ) included securities with fair value of RR 4 046 339 thousand pledged under sale and repurchase agreements with CBRF (31 December 2013: RR 9 503 868 thousand). Corporate bonds included securities with fair value of RR 7 613 084 thousand pledged under sale and repurchase agreements with CBRF (31 December 2013: RR 12 820 783 thousand). Municipal bonds included securities with fair value of RR 313 702 thousand pledged under sale and repurchase agreements with CBRF (31 December 2013: RR nil thousand). Refer to Notes 15 and 28.

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 26.

9 Due from Other Banks

	31 March 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	21 236 645	5 952 352
Long-term placements with other banks with original maturities of more than one year	4 466 954	3 835 227
Total due from other banks	25 703 599	9 787 579

As at 31 March 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 29.

Currency, geographical and liquidity analysis of due from other banks are disclosed in Note 26. The information on related party balances is disclosed in Note 30.

10 Loans and Advances to Customers

	31 March 2014 (Unaudited)	31 December 2013
<i>In thousands of Russian Roubles</i>		
Loans to corporate customers (Corporate loans)	236 699 260	233 432 719
Loans to individuals (Retail loans)	190 168 398	181 691 514
Loans to small and medium entities (SME loans)	19 001 588	17 789 885
Loans to medium entities (Middle business)	18 196 204	16 530 018
Loans to state and municipal organisations (Public sector)	32 291	48 797
Total gross loans and advances to customers	464 097 741	449 492 933
Less: Provision for loan impairment	(18 296 144)	(17 284 817)
Total loans and advances to customers	445 801 597	432 208 116

10 Loans and Advances to Customers (Continued)

Movements in the provision for loan impairment during three-month period ended 31 March 2014 are as follows:

<i>In thousands of Russian Roubles</i>	Loans to corporate customers	Loans to medium entities	Retail loans	Loans to small and micro entities	Total
Provision for loan impairment at 1 January 2014	9 600 286	540 973	6 460 459	683 099	17 284 817
(Release)/charge of provision for impairment during the period	(68 790)	6 725	938 804	109 348	986 087
Disposal of provisions as a result of disposal of loans	(226 361)	-	(1 812)	-	(228 173)
Amounts written off during the period as uncollectible	(13 552)	(16 106)	(3 941)	(7 255)	(40 854)
Exchange differences on provision for loan impairment	228 621	76	64 835	735	294 267
Provision for loan impairment at 31 March 2014 (Unaudited)	9 520 204	531 668	7 458 345	785 927	18 296 144

Movements in the Retail provision by product for loan impairment during three-month period ended 31 March 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 January 2014	3 679 256	540 030	930 904	1 310 269	6 460 459
(Release)/charge of provision for impairment during the year	761 693	(5 982)	192 958	(9 865)	938 804
Disposal of provisions as a result of disposal of loans	(634)	-	(985)	(193)	(1 812)
Amounts written off during the period as uncollectible	(571)	(263)	(2 171)	(936)	(3 941)
Exchange differences on provision for loan impairment	6 891	25 628	18 897	13 419	64 835
Provision for loan impairment at 31 March 2014	4 446 635	559 413	1 139 603	1 312 694	7 458 345

Movements in the provision for loan impairment during three-month period ended 31 March 2013 are as follows:

<i>In thousands of Russian Roubles</i>	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	12 486 458	664 031	6 946 098	785 454	20 882 041
(Release)/charge of provision for impairment during the period	(450 343)	(5 108)	(149 074)	50 649	(553 876)
Release of provisions as a result of disposal of loans	(84 881)	(12 172)	(5 255)	(4 155)	(106 463)
Amounts written off during the period as uncollectible	(216 700)	-	(32 774)	(22 884)	(272 358)
Exchange differences on provision for loan impairment	68 742	(130)	23 897	48	92 557
Provision for loan impairment at 31 March 2013 (Unaudited)	11 803 276	646 621	6 782 892	809 112	20 041 901

10 Loans and Advances to Customers (Continued)

Movements in the Retail provision by product for loan impairment during three-month period ended 31 March 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	(43 793)	(120 583)	(136 338)	151 640	(149 074)
Disposal of provisions as a result of disposal of loans	(14)	(5 241)	-	-	(5 255)
Amounts written off during the period as uncollectible	(19 700)	(3 531)	(7 845)	(1 698)	(32 774)
Exchange differences on provision for loan impairment	3 524	7 791	9 710	2 872	23 897
Provision for loan impairment at 31 March 2013	3 686 299	717 075	1 135 106	1 244 412	6 782 892

During the three-month period ended 31 March 2014 the Bank disposed loans to customers under cession and other agreements with the total gross value of RR 991 077 thousand (three-month period ended 31 March 2013: RR 332 707 thousand) for cash proceeds of RR 729 753 thousand (three-month period ended 31 March 2013: RR 197 316) and other assets with carrying value of RR 48 570 thousand (three-month period ended 31 March 2013: RR 32 485). As of the date of disposal during the three-month period ended 31 March 2014 these loans were provided for impairment in the total amount of RR 228 173 thousand (three-month period ended 31 March 2013: RR 106 463 thousand). The net financial result of a loan disposal during the three-month period ended 31 March 2014 recognized in the consolidated condensed interim statement of profit or loss and comprehensive income was a gain of RR 15 419 thousand (three-month period ended 31 March 2013: RR 3 557 thousand).

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

<i>In thousands of Russian Roubles</i>	31 March 2014 (Unaudited)		31 December 2013	
	Amount	%	Amount	%
Individuals	190 168 398	40.98%	181 691 514	40.42%
Manufacturing	76 601 289	16.51%	69 827 246	15.53%
Real estate	67 671 128	14.58%	68 286 124	15.19%
Trade	46 005 635	9.91%	44 916 800	9.99%
Transport, storage and communication	29 471 360	6.35%	28 571 549	6.36%
Mining	29 366 705	6.33%	28 885 701	6.43%
Financial services	8 875 967	1.91%	8 051 301	1.79%
Hotels and restaurants	6 775 987	1.46%	6 639 662	1.48%
Electricity, gas and water supply	5 407 585	1.17%	8 595 845	1.91%
Agriculture, hunting and forestry	1 193 507	0.26%	1 481 698	0.33%
Cities and municipalities	32 291	0.01%	48 797	0.01%
Other	2 527 889	0.53%	2 496 696	0.56%
Total loans and advances to customers (before provision for loan impairment)	464 097 741	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 31 March 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	1 945 097	-	-	-	1 945 097
Excellent credit standing	25 022 692				25 022 692
Very good credit standing	34 591 533	11 828	-	-	34 603 361
Good credit standing	78 532 232	709 346	497 324	-	79 738 902
Sound credit standing	38 527 963	2 766 735	5 326 861	25 445	46 647 004
Acceptable credit standing	24 368 670	8 528 874	2 946 983	6 846	35 851 373
Marginal credit standing	5 279 380	4 922 590	6 311 895	-	16 513 865
Weak credit standing	6 798 388	675 820	2 456 984	-	9 931 192
Very weak credit standing	5 062 615	91 660	127 754	-	5 282 029
Total neither past due nor impaired loans, assessed for impairment on collective basis (gross)	220 128 570	17 706 853	17 667 801	32 291	255 535 515
<i>Past due but not impaired loans, assessed for impairment on a collective basis</i>					
- less than 30 days overdue	143 311	139 835	372 595	-	655 741
- 31 – 60 days overdue	-	-	67 057	-	67 057
- 61 – 90 days overdue	-	-	49 367	-	49 367
- 91 – 180 days overdue	-	-	3 638	-	3 638
Total past due but not impaired loans, assessed for impairment on collective basis (gross)	143 311	139 835	492 657	-	775 803
<i>Loans individually determined to be impaired</i>					
- less than 30 days overdue	6 941 801	-	10 172	-	6 951 973
- 31 – 60 days overdue	78 425	-	5 532	-	83 957
- 61 – 90 days overdue	-	-	5 852	-	5 852
- 91 – 180 days overdue	-	22 220	186 883	-	209 103
- 181 – 364 days overdue	2 294 033	-	227 815	-	2 521 848
- over 365 days overdue	7 113 120	327 296	404 876	-	7 845 292
Total loans individually determined to be impaired (gross)	16 427 379	349 516	841 130	-	17 618 025
Total gross loans and advances to customers	236 699 260	18 196 204	19 001 588	32 291	273 929 343
Less: Provision for loan impairment	(9 520 204)	(531 668)	(785 927)	-	(10 837 799)
Total loans and advances to customers	227 179 056	17 664 536	18 215 661	32 291	263 091 544

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 31 March 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	-	39 877 040	39 094 108	-	78 971 148
Good credit standing	86 758 285	-	-	10 692 209	97 450 494
Total current and not impaired loans, assessed for impairment on a collective basis	86 758 285	39 877 040	39 094 108	10 692 209	176 421 642
<i>Past due but not impaired loans, assessed for impairment on a collective basis</i>					
- less than 30 days overdue	1 858 493	1 167 633	780 991	1 423 546	5 230 663
- 31 – 60 days overdue	524 227	261 136	221 508	275 255	1 282 126
- 61 – 90 days overdue	348 799	116 667	109 121	17 309	591 896
Total past due but not impaired loans, assessed for impairment on a collective basis	2 731 519	1 545 436	1 111 620	1 716 110	7 104 685
<i>Loans individually determined to be impaired</i>					
- less than 30 days overdue	148 136	144 031	51 911	27 062	371 140
- 31 – 60 days overdue	28 576	32 137	7 329	27 002	95 044
- 61 – 90 days overdue	21 614	12 502	17 489	2 515	54 120
- 91 – 180 days overdue	676 191	114 554	199 120	229 360	1 219 225
- 181 – 364 days overdue	1 058 088	339 173	258 732	137 531	1 793 524
- over 365 days overdue	1 892 804	573 109	510 450	132 655	3 109 018
Total individually impaired loans (gross)	3 825 409	1 215 506	1 045 031	556 125	6 642 071
Total gross loans and advances to customers	93 315 213	42 637 982	41 250 759	12 964 444	190 168 398
Less: Provision for loan impaired	(4 446 635)	(559 413)	(1 139 603)	(1 312 694)	(7 458 345)
Total loans and advances to customers	88 868 578	42 078 569	40 111 156	11 651 750	182 710 053

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 31 March 2014 and 31 December 2013 is presented in Note 29. 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 30.

11 Investment Securities Available for Sale

<i>In thousands of Russian Roubles</i>	31 March 2014 (Unaudited)	31 December 2013
Eurobonds of the European Bank for Reconstruction and Development	1 508 585	1 508 805
Total investment securities available for sale	1 508 585	1 508 805

As of 31 March 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 6.67%.

For the disclosure of credit risk management refer to Note 27.

Geographical, maturity and interest rate analyses of investment securities available for sale are disclosed in Note 26.

12 Investment Securities Held to Maturity

<i>In thousands of Russian Roubles</i>	31 March 2014 (Unaudited)	31 December 2013
Corporate bonds	524 574	510 607
Total gross investment securities held to maturity	524 574	510 607
Less: Provision for impairment	(2 004)	(1 952)
Total investment securities held to maturity	522 570	508 655

Refer to Note 29 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 26.

13 Derivatives and Other Financial Assets

<i>In thousands of Russian Roubles</i>	31 March 2014 (Unaudited)	31 December 2013
Fair value of currency rate based financial derivatives	13 168 059	6 327 998
Fair value of interest rate based financial derivatives	1 178 503	1 092 927
Plastic card receivables	1 706 262	2 081 135
Trade receivables	67 162	68 005
Total derivatives and other financial assets	16 119 986	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 30.

14 Due to Other Banks

<i>In thousands of Russian Roubles</i>	31 March 2014 (Unaudited)	31 December 2013
Direct sale and repurchase agreements with securities with the CBRF and other banks and other financial institutions	33 190 173	32 105 288
Short-term placements of other banks	12 992 723	25 922 707
Long-term placements of other banks	6 714 772	6 112 118
Correspondent accounts and overnight placements of other banks	2 769 822	1 859 612
Placements of Central Bank	1 152 547	-
Total due to other banks	56 820 037	65 999 725

At 31 March 2014 included in due to banks are deposits of RR 52 140 thousand (31 December 2013: RR 124 043 thousand) held as collateral for irrevocable commitments under guarantees.

At 31 March 2014, included in amounts due to other banks are liabilities of RR 33 190 173 thousand (31 December 2013: RR 32 105 288) from sale and repurchase agreements. Refer to Notes 8, 9 and 28. As at 31 March 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 9 681 475 thousand (31 December 2013: RR 6 314 931).

Currency, geographical and liquidity analysis of due to other banks are disclosed in Note 26. The information on related party balances is disclosed in Note 30.

15 Customer Accounts

<i>In thousands of Russian Roubles</i>	31 March 2014 (Unaudited)	31 December 2013
State and public organisations		
- Current/settlement accounts	1 105 116	1 493 824
- Term deposits	21 798 394	215 681
Legal entities		
- Current/settlement accounts	129 887 540	111 384 866
- Term deposits	62 249 201	78 020 744
Individuals		
- Current/demand accounts	113 031 975	107 209 879
- Term deposits	151 545 546	154 147 771
Total customer accounts	479 617 772	452 472 765

At 31 March 2014 the Group had no (31 December 2013: no customers) with a balance above 10% of consolidated equity of the Group as at this date.

At 31 March 2014 included in customer accounts are deposits of RR 411 702 thousand (31 December 2013: RR 98 946 thousand) held as collateral for irrevocable commitments under import letters of credit. Refer to Note 27.

At 31 March 2014 included in customer accounts are deposits of RR 2 546 601 thousand (31 December 2013: RR 2 348 781 thousand) held as collateral for irrevocable commitments under guarantees. Refer to Note 27.

15 Customer Accounts (Continued)

Disclosure of the fair value of the Group's customer accounts at 31 March 2014 is presented in Note 29. Currency, geographical and liquidity analysis of customer accounts are disclosed in Note 26. The information on related party balances is disclosed in Note 30.

Analysis of customer accounts by segments

	31 March 2014 (Unaudited)	31 December 2013
<i>In thousands of Russian Roubles</i>		
Customer accounts of corporate customers (Corporate)	163 734 310	159 666 376
Customer accounts of individuals (Retail)	264 577 521	261 357 650
Customer accounts of small and medium entities (SME)	14 308 711	15 623 658
Customer accounts of medium entities (Middle business)	14 093 720	14 115 576
Customer accounts of state and municipal organisations (Public sector)	22 903 510	1 709 505
Total customer accounts	479 617 772	452 472 765

16 Term Borrowings from the Parent Bank

	31 March 2014 (Unaudited)	31 December 2013
<i>In thousands of Russian Roubles</i>		
Loans from the Parent Bank maturing in 2014 – 2016	35 494 626	33 172 282
Total term borrowings from the Parent Bank	35 494 626	33 172 282

Carrying value of each class of term borrowings from the Parent Bank approximates fair value at 31 March 2014 and 31 December 2013 as all these liabilities bear floating interest rate. Refer to Note 29.

Currency, geographical and liquidity analysis of term borrowings from the Parent Bank are disclosed in Note 26. The information on related party balances is disclosed in Note 30.

17 Term Borrowing from Other Financial Institutions

<i>In thousands of Russian Roubles</i>	31 March 2014 (Unaudited)	31 December 2013
Loans secured by diversified payment rights	6 197 585	5 681 262
Loans from development banks maturing in 2014 – 2015	462 265	585 659
Total term borrowings from other financial institutions	6 659 850	6 266 921

Term borrowings from other financial institutions are represented by long term obligations of the Group denominated in Russian Roubles and US Dollars and issued by large international banks and asset backed securities. These borrowings have maturity dates ranging from 2013 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 175 million.

The Group is subject to certain covenants related to its term borrowings from other financial institutions. Refer to Note 28.

Carrying value of each class of term borrowings from other financial institutions approximates fair value at 31 March 2014 and 31 December 2013 as all these liabilities bear floating interest rate. Refer to Note 29.

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 30.

18 Derivatives and Other Financial Liabilities

Derivatives and other financial liabilities comprise the following:

<i>In thousands of Russian Roubles</i>	31 March 2014 (Unaudited)	31 December 2013
Fair value of currency rate based financial derivatives	8 459 554	2 901 540
Fair value of interest rate based financial derivatives	2 418 450	2 715 515
Plastic cards payables	501 331	271 964
Provision for credit related commitments	258 570	391 586
Trade payables	185 243	198 885
Settlements on conversion operations	39 725	23 324
Other	25 985	26 423
Total derivatives and other financial liabilities	11 888 858	6 529 237

Movement in the provisions for credit related commitments during three-months period ended 31 March 2014 includes provision release of RR 133 016 thousand (during three-months period ended 31 March 2013: release of RR 53 069 thousand).

Currency, geographical and liquidity analysis of derivatives and other financial liabilities are disclosed in Note 26. Information on related party transactions is presented in Note 30.

19 Interest Income and Expense

<i>In thousands of Russian Roubles</i>	Three-Month Period Ended 31 March 2014 (Unaudited)	Three-Month Period Ended 31 March 2013 (Unaudited)
Interest income		
Loans and advances to retail customers	6 711 779	4 486 384
Loans and advances to legal entities	5 013 955	4 611 376
Foreign exchange swap contracts	1 774 671	1 691 318
Cross-currency interest rate swap contracts	1 589 429	1 168 274
Interest rate swap contracts	996 573	989 410
Other securities at fair value through profit and loss	515 238	849 018
Trading securities	513 811	287 960
Due from other banks	208 561	438 982
Interest income from reverse repo transactions	197 842	181 171
Interest income on impaired financial assets	33 914	87 149
Investment securities available for sale	24 355	-
Debt securities held to maturity	15 921	13 721
Total interest income	17 596 049	14 804 763
Interest expense		
Term deposits of individuals	1 621 016	1 400 530
Term deposits of legal entities	1 231 560	829 460
Cross-currency interest rate swap contracts	1 173 370	1 118 322
Interest rate swap contracts	1 133 460	1 147 793
Current/settlement accounts	653 434	521 156
Interest expense from repo transactions	414 104	306 974
Foreign exchange swap contracts	346 243	274 536
Term borrowings from the Parent Bank	213 141	285 682
Debt securities in issue	189 025	294 805
Term placements of other banks	314 975	182 888
Term borrowings from other financial institutions	58 115	55 666
Interest expense on Insurance liabilities	147 682	196 205
Placements of the Central Bank	10 033	-
Correspondent accounts of other banks	9 051	4 446
Total interest expense	7 515 209	6 618 463
Net interest income	10 080 840	8 186 300

20 Fee and Commission Income and Expense

<i>In thousands of Russian Roubles</i>	Three-Month Period Ended 31 March 2014 (Unaudited)	Three-Month Period Ended 31 March 2013 (Unaudited)
Fee and commission income		
Commissions on operations with plastic cards	1 801 031	1 379 058
Insurance commission income	336 918	264 118
Commissions on settlement transactions	301 881	266 396
Early and late repayment fees	214 045	116 676
Commissions on cash operations	210 828	198 497
Commissions on documentary business and guarantees	193 418	294 742
Fiduciary activities	141 295	116 460
Credit facility fee	112 615	173 108
Commissions on export operations	100 883	96 845
Commissions from investment banking	41 587	22 950
Commissions on transactions with securities	37 478	32 583
Commissions on transfer payments	12 171	26 784
Other	99 796	76 865
Total fee and commission income	3 603 946	3 065 082
Fee and commission expense		
Commissions on operations with plastic cards	835 779	552 270
Commissions on settlement transactions	231 711	118 233
Commissions on cash operations	74 291	68 341
Credit facility fee	46 512	4 576
Commissions on transactions with securities	30 160	25 168
Commissions on transfer payments	7 731	13 607
Commissions on documentary business	3 104	1 703
Other	50 222	22 893
Total fee and commission expense	1 279 510	806 791
Net fee and commission income	2 324 436	2 258 291

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

<i>In thousands of Russian Roubles</i>	Three-Month Period Ended 31 March 2014 (Unaudited)	Three-Month Period Ended 31 March 2013 (Unaudited)
Cross currency interest rate swaps	2 319 666	(487 096)
Foreign exchange forwards	838 089	48 790
Interest rate swaps	555 905	58 958
Forwards with securities	2 550	-
Foreign exchange options	(17 866)	3 494
Foreign exchange swaps	(1 886 871)	(2 721 720)
Total unrealized gains less losses/(losses less gains) from derivative financial instruments	1 811 473	(3 097 574)

22 Realized Gains less Losses from Derivative Financial Instruments

<i>In thousands of Russian Roubles</i>	Three-Month Period Ended 31 March 2014 (Unaudited)	Three-Month Period Ended 31 March 2013 (Unaudited)
Foreign exchange forwards	(294 435)	135 321
Foreign exchange futures	(22 667)	(1 928)
Foreign exchange options	15 125	(3 766)
Total realized gains less losses from derivative financial instruments	(301 977)	129 627

23 Administrative and Other Operating Expenses

<i>In thousands of Russian Roubles</i>	Three-Month Period Ended 31 March 2014 (Unaudited)	Three-Month Period Ended 31 March 2013 (Unaudited)
Staff costs	3 203 359	2 864 421
Rent expenses	531 009	465 315
Depreciation of premises and equipment	332 709	429 901
Deposit insurance fee	263 387	218 506
Amortisation of intangible assets	218 712	165 971
Premises and equipment maintenance expenses	195 923	181 403
Professional services	158 783	111 090
Advertising and marketing	157 458	152 963
IT services	171 886	222 318
Taxes other than on income	51 546	54 445
Security expenses	38 136	41 701
Communication expenses	27 090	97 133
Other	153 129	140 515
Total administrative and other operating expenses	5 503 127	5 145 682

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 medium entities, auto loans and mortgages, money transfers and private banking services.
- 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.

24 Segment Analysis (Continued)

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:

<i>In thousands of Russian Roubles</i>	31 March 2014 (Unaudited)	31 December 2013
Corporate business	242 819 912	247 691 004
Retail business	204 472 417	200 394 659
Proprietary business	271 665 966	239 651 596
Total business division assets	718 958 295	687 737 259
Corporate business	158 678 311	157 163 543
Retail business	279 646 091	277 958 315
Proprietary business	171 126 405	148 218 528
Total business division liabilities	609 450 807	583 340 386

24 Segment Analysis (Continued)

Business divisions of the Group for the three-month period ended 31 March 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	2 047 677	5 346 410	1 451 015	8 845 102
Net fee and commission result	892 567	2 355 181	(98 529)	3 149 219
Provision for loan impairment	133 190	(1 016 221)	2	(883 029)
Trading result	(77 791)	2 246	777 606	702 061
Valuation result from hedge accounting and other derivative instruments	7 762	-	546 744	554 506
Net income from investments	2 859	-	(482 042)	(479 183)
General administrative expenses	(1 019 396)	(3 988 969)	(273 309)	(5 281 674)
Other operating loss	-	-	(37 133)	(37 133)
Total business division result before tax	1 986 868	2 698 647	1 884 354	6 569 869
Income taxes	-	-	-	(1 419 184)
Total business division result after tax	1 986 868	2 698 647	1 884 354	5 150 685

Business divisions of the Group for the three-month period ended 31 March 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	2 073 693	3 867 329	1 102 831	7 043 853
Net fee and commission result	912 993	1 793 180	41 077	2 747 250
Provision for loan impairment	555 834	122 142	-	677 976
Trading result	(11 853)	-	1 279 444	1 267 591
Valuation result from hedge accounting and other derivative instruments	-	-	(18 659)	(18 659)
Net income from investments	-	532 517	524 573	1 057 090
General administrative expenses	(1 007 654)	(3 526 505)	(344 676)	(4 878 835)
Other operating loss	-	-	(12 043)	(12 043)
Total business division result before tax	2 523 013	2 788 663	2 572 547	7 884 223
Income taxes	-	-	-	(1 663 911)
Total business division result after tax	2 523 013	2 788 663	2 572 547	6 220 312

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 three-months period ended 31 March 2014 and actual the year ended 31 December 2013 are set out below:

<i>In thousands of Russian Roubles</i>	31 March 2014 (Unaudited)	31 December 2013
Capital expenditure	737 387	4 718 759
Cost/income ratio	42.05%	46.09%
Average equity	118 503 337	111 622 154
Return on equity before tax	22.72%	23.13%
Return on equity after tax	18.36%	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 three-month period ended 31 March 2014 are as follows:

<i>In thousands of Russian Roubles</i>	31 March 2014 (Unaudited)	31 December 2013
Head Office	266 330 779	234 532 440
Moscow	205 755 020	208 916 518
Centre	24 283 448	23 431 537
North-West	60 081 252	61 684 163
Siberia	47 890 252	47 739 612
South	31 213 635	30 337 072
Ural	40 527 542	40 211 733
Volga	42 876 367	40 884 184
Total hub assets	718 958 295	687 737 259
Head Office	139 567 069	129 409 571
Moscow	342 979 876	333 062 904
Centre	14 576 024	12 001 918
North-West	56 475 861	63 898 578
Siberia	11 229 451	11 738 961
South	8 953 169	9 960 726
Ural	9 887 432	9 816 796
Volga	25 781 925	13 450 932
Total hub liabilities	609 450 807	583 340 386

24 Segment Analysis (Continued)

Hubs of the Group for the three-month period ended 31 March 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	1 332 108	3 883 044	392 379	1 028 327	676 416	477 428	463 667	591 733	8 845 102
Net fee and commission result	(155 941)	2 006 558	130 769	495 410	184 366	147 595	143 583	196 879	3 149 219
Provision for loan impairment	(1)	(410 818)	(132 605)	(60 019)	184 912	(135 683)	(235 703)	(93 112)	(883 029)
Trading result	777 761	(71 864)	3 071	1 779	(3 437)	1 044	-	(6 293)	702 061
Valuation result from hedge accounting and other derivative instruments	554 506	-	-	-	-	-	-	-	554 506
Net income from investments	(479 183)	-	-	-	-	-	-	-	(479 183)
General administrative expenses	(208 216)	(2 674 177)	(243 750)	(663 470)	(476 307)	(316 410)	(298 531)	(400 813)	(5 281 674)
Other operating loss	(37 133)	-	-	-	-	-	-	-	(37 133)
Total hub result before tax	1 783 901	2 732 743	149 864	802 027	565 950	173 974	73 016	288 394	6 569 869
Income taxes	(1 419 184)								(1 419 184)
Total hub result after tax	364 717	2 732 743	149 864	802 027	565 950	173 974	73 016	288 394	5 150 685

24 Segment Analysis (Continued)

Hubs of the Group for the three-month period ended 31 March 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	1 013 393	3 392 626	255 023	759 645	539 106	321 975	385 348	376 737	7 043 853
Net fee and commission result	(18 942)	1 659 418	87 528	407 518	168 575	120 179	170 791	152 183	2 747 250
Provision for loan impairment	38 569	353 800	(105 847)	32 596	27 677	(77 874)	375 287	33 768	677 976
Trading result	1 273 482	(4 372)	(558)	1 043	-	-	-	(2 004)	1 267 591
Valuation result from hedge accounting and other derivative instruments	(18 659)	-	-	-	-	-	-	-	(18 659)
Net income from investments	1 057 090	-	-	-	-	-	-	-	1 057 090
General administrative expenses	(185 283)	(2 395 454)	(232 839)	(603 268)	(501 641)	(289 548)	(282 894)	(387 908)	(4 878 835)
Other operating loss	(12 043)	-	-	-	-	-	-	-	(12 043)
Total hub result before tax	3 147 607	3 006 018	3 307	597 534	233 717	74 732	648 532	172 776	7 884 223
Income taxes	(1 663 911)	-	-	-	-	-	-	-	(1 663 911)
Total hub result after tax	1 483 696	3 006 018	3 307	597 534	233 717	74 732	648 532	172 776	6 220 312

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>	Three-Month Period Ended 31 March 2014 (Unaudited)	Three-Month Period Ended 31 March 2013 (Unaudited)
Total interest and fee and commission result for segment	11 994 321	9 791 103
Reclassification of interest result to trading result and net income from investments	1 046 469	1 008 593
Reclassification of commission result to trading result	(872 135)	(518 576)
Reclassification of provision for loan impairment to interest result and unwinding effect	419	86 309
Effect of the consolidation of the subsidiaries and other adjustments	236 202	77 162
Total net interest and fee and commission result	12 405 276	10 444 591

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>	Three-Month Period Ended 31 March 2014 (Unaudited)	Three-Month Period Ended 31 March 2013 (Unaudited)
Total segment result	5 150 685	6 220 312
Consolidation of subsidiaries and associate	148 344	101 830
Intercompany adjustments and other	139 119	(16 915)
Profit after tax	5 438 148	6 305 227

24 Segment Analysis (Continued)

Reconciliation of other material items of income or expenses for the three-month period ended 31 March 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 31 March 2014				
Net interest result	8 845 102	1 046 888	188 850	10 080 840
Net fee and commission result	3 149 219	(872 135)	47 352	2 324 436
Provision for loan impairment	(883 029)	(419)	45 796	(837 652)
Trading result	702 061	(174 334)	(7 814)	519 913
Valuation result from hedge accounting and other derivative instruments	554 506	-	-	554 506
Net income from investments	(479 183)	-	(153 814)	(632 997)
Depreciation and amortization	(549 922)	-	(1 499)	(551 421)
Other administrative expenses	(4 731 752)	-	(66 825)	(4 798 577)
Share of profit of associates	-	-	137 412	137 412
Other operating loss	(37 133)	-	(29 059)	(66 192)
Income taxes	(1 419 184)	-	127 064	(1 292 120)

Reconciliation of other material items of income or expenses for the three-month period ended 31 March 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 31 March 2013				
Net interest result	7 043 853	1 144 811	(2 364)	8 186 300
Net fee and commission result	2 747 250	(568 038)	79 079	2 258 291
Provision for loan impairment	677 976	(86 309)	18 835	610 502
Trading result	1 267 591	(538 502)	14 770	743 859
Valuation result from hedge accounting and other derivative instruments	(18 659)	48 485	-	29 826
Net income from investments	1 057 090	-	-	1 057 090
Depreciation and amortization	(594 195)	-	(1 677)	(595 872)
Other administrative expenses	(4 284 640)	-	(124 655)	(4 409 295)
Share of profit of associates	-	-	106 556	106 556
Other operating (loss)/profit	(12 043)	(447)	(5 609)	(18 099)
Income taxes	(1 663 911)	-	(20)	(1 663 931)

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. The reconciling items are attributable to the following.

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 Treasury Directorate which trades within trading limits recommended by the market risk management unit and approved by the ALCO/CC performs trading and market positioning for the Group. The Group 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.

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.

25 Financial Risk Management (Continued)

The table below summarises the Group's exposure to foreign currency exchange rate risk at 31 March 2014:

<i>In thousands of Russian Roubles</i>	RUR	USD	EUR	Other	Total
Cash and cash equivalents	44 406 691	93 137 194	9 274 162	648 860	147 466 907
Mandatory cash balances with the Central bank of the Russian Federation	18 705 710	-	-	-	18 705 710
Trading securities and repurchase receivables related to trading securities	23 489 871	1 160 773	-	-	24 650 644
Other securities at fair value through profit or loss and repurchase receivables related to other securities at fair value through profit or loss	28 007 968	3 222 326	-	-	31 230 294
Due from other banks	9 297 339	6 593 101	9 811 982	1 177	25 703 599
Loans and advances to customers	294 790 322	135 910 887	13 926 197	1 174 191	445 801 597
Investment securities available for sale	1 508 585	-	-	-	1 508 585
Investment securities held-to-maturity	522 570	-	-	-	522 570
Derivatives and other financial assets	13 485 774	1 884 339	741 787	8 086	16 119 986
Total monetary financial assets	434 214 830	241 908 620	33 754 128	1 832 314	711 709 892
Due to other banks	49 344 928	6 166 222	1 306 926	1 961	56 820 037
Customer accounts	299 061 411	100 234 283	76 492 691	3 829 387	479 617 772
Term borrowings from the Parent Bank	-	30 574 147	4 920 479	-	35 494 626
Term borrowings from other financial institutions	-	6 657 334	2 516	-	6 659 850
Debt securities in issue	10 393 647	26 205	142 673	-	10 562 525
Insurance contracts	14 518 806	-	-	-	14 518 806
Derivatives and other financial liabilities	2 363 650	9 366 914	153 375	4 919	11 888 858
Total monetary financial liabilities	375 682 442	153 025 105	83 018 660	3 836 267	615 562 474
Less fair value of currency derivatives	10 496 278	(6 335 526)	544 519	3 234	4 708 505
Currency derivatives	48 683 198	(96 415 894)	49 861 438	2 579 763	4 708 505
Net position including currency derivatives	96 719 308	(1 196 853)	52 387	572 576	96 147 418

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>	RUR	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 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 31 March 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	57 544 517	77 191 420	2 552 496	10 178 474	147 466 907
Mandatory cash balances with the Central bank of the Russian Federation	18 705 710	-	-	-	18 705 710
Trading securities and repurchase receivables related to trading securities	23 406 412	-	1 244 232	-	24 650 644
Other securities at fair value through profit or loss and repurchase receivables related to other securities at fair value through profit or loss	25 307 610	-	6 120 032	-	31 427 642
Due from other banks	8 922 100	16 237 078	1 784	542 637	25 703 599
Loans and advances to customers	416 166 215	1 013	28 029 164	1 605 205	445 801 597
Investment securities available for sale	1 508 585	-	-	-	1 508 585
Investment securities held-to-maturity	522 570	-	-	-	522 570
Derivatives and other financial assets	7 670 309	6 247 040	2 168 316	34 321	16 119 986
Total financial assets	559 754 028	99 676 551	40 116 024	12 360 637	711 907 240
Liabilities					
Due to other banks	48 670 881	5 550 252	2 108 217	490 687	56 820 037
Customer accounts	467 489 244	724 833	8 004 652	3 399 043	479 617 772
Term borrowings from the Parent Bank	-	35 494 626	-	-	35 494 626
Term borrowings from other financial institutions	2 516	-	6 197 585	459 749	6 659 850
Debt securities in issue	10 562 525	-	-	-	10 562 525
Insurance contracts	14 518 806	-	-	-	14 518 806
Derivatives and other financial liabilities	1 962 372	6 802 575	3 099 868	24 043	11 888 858
Total financial liabilities	543 206 344	48 572 286	19 410 322	4 373 522	615 562 474
Net balance sheet position	16 547 684	51 104 265	20 705 702	7 987 115	96 344 766
Credit related commitments (Note 27)	232 342 194	2 023 745	7 753 199	3 046 481	245 165 619

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 31 March 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 draw downs 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 31 March 2014 and 31 December 2013:

<i>In thousands of Russian Roubles, 31 March 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	147 466 907	-	-	-	147 466 907
Mandatory cash balances with the Central bank of the Russian Federation	18 705 710	-	-	-	18 705 710
Trading securities and repurchase receivables related to trading securities	24 650 644	-	-	-	24 650 644
Other securities at fair value through profit or loss and repurchase receivables related to other securities at fair value through profit or loss	31 427 642	-	-	-	31 427 642
Due from other banks	11 409 297	10 642 818	3 651 484	-	25 703 599
Loans and advances to customers	80 543 379	92 456 705	220 716 686	52 084 827	445 801 597
Investment securities available for sale	1 508 585	-	-	-	1 508 585
Investment securities held-to- maturity	-	-	522 570	-	522 570
Derivatives and other financial assets	3 882 355	3 461 275	8 704 775	71 581	16 119 986
Total financial assets	319 594 519	106 560 798	233 595 515	52 156 408	711 907 240
Due to other banks	48 805 097	464 198	7 550 742	-	56 820 037
Customer accounts	342 555 468	84 497 111	51 028 988	1 536 205	479 617 772
Term borrowings from the Parent bank	659 558	13 814 289	21 020 779	-	35 494 626
Term borrowings from other financial institutions	18 363	463 951	5 899 007	278 529	6 659 850
Debt securities in issue	44 569	150 260	10 341 586	26 110	10 562 525
Insurance contracts	12 074	939 191	365 503	13 202 038	14 518 806
Derivatives and other financial liabilities	3 912 636	1 662 416	5 594 854	718 952	11 888 858
Total financial liabilities	396 007 765	101 991 416	101 801 459	15 761 834	615 562 474
Net liquidity gap at 31 March 2014	(76 413 246)	4 569 382	131 794 056	36 394 574	96 344 766
Cumulative gap at 31 March 2014	(76 413 246)	(71 843 864)	59 950 192	96 344 766	

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%.

26 Management of Capital (Continued)

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:

<i>In thousands of Russian Roubles</i>	31 March 2014 (Unaudited)	31 December 2013
Net assets under Russian GAAP	96 667 319	71 361 655
Less: intangible assets and equity investments	(1 186 243)	(1 636 037)
Plus: other	5 289 950	24 683 509
Total regulatory capital	100 771 026	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) and Amendment to the Capital Accord to incorporate market risks (updated November 2005) commonly known as Basel II.

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:

<i>In thousands of Russian Roubles</i>	31 March 2014 (Unaudited)	31 December 2013
<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	75 842 424	70 404 276
Less: deferred income tax asset	-	(1 127 257)
Total tier 1 capital before deductions	121 222 411	114 657 006
Less: intangible assets	(13 184 336)	(12 923 601)
Total tier 1 capital	108 038 075	101 733 405
<i>Tier 2 capital</i>		
Revaluation reserve for equity instruments	(1 688)	(1 688)
Less: insurance holding companies	(173 709)	(173 709)
Items from additional own funds plus LLP surplus	1 832 263	1 642 536
Total tier 2 capital	1 656 866	1 467 139
Total capital	109 694 941	103 200 544

26 Management of Capital (Continued)

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

<i>In thousands of Russian Roubles</i>	31 March 2014 (Unaudited)	31 December 2013
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	75 842 424	70 404 276
Total tier 1 capital before deductions	121 222 411	115 784 263
Less: goodwill	(10 700 290)	(10 700 290)
Total tier 1 capital	110 522 121	105 083 973
Tier 2 capital		
Revaluation reserve for equity instruments	(1 688)	(1 688)
Less: insurance holding companies	(173 709)	(173 709)
Items from additional own funds plus LLP surplus	1 832 263	1 642 536
Total tier 2 capital	1 656 866	1 467 139
Total capital	112 178 987	106 551 112

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

Risk weighted assets

<i>In thousands of Russian Roubles</i>	31 March 2014 (Unaudited)	31 December 2013
Total Risk weighted assets	585 743 872	546 218 655
Capital Adequacy Ratio by Austrian Banking Act	18.73%	18.89%
Capital Adequacy Ratio by Basel II	19.15%	19.51%

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.

27 Contingencies and Commitments (Continued)

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 non-compliant 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:

<i>In thousands of Russian Roubles</i>	31 March 2014 (Unaudited)	31 December 2013
Not later than 1 year	691 471	661 202
Later than 1 year and not later than 5 years	3 056	3 056
Total operating lease commitments	694 527	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 31 March 2014.

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.

27 Contingencies and Commitments (Continued)

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:

<i>In thousands of Russian Roubles</i>	31 March 2014 (Unaudited)	31 December 2013
Undrawn credit lines and Overdraft facilities (revocable)	81 407 651	91 348 915
Guarantees issued (irrevocable)	57 918 704	55 711 430
Undrawn commitments to issue documentary instruments (revocable)	49 888 658	44 707 877
Undrawn credit lines and Overdraft facilities (irrevocable)	23 133 187	20 187 874
Undrawn commitments to issue documentary instruments (irrevocable)	18 000 442	19 431 034
Import letters of credit (irrevocable)	13 966 556	14 058 886
Export letters of credit (irrevocable)	850 421	686 920
Credit related commitments before provision	245 165 619	246 132 936
Less: Provision for credit related commitments	(258 570)	(391 586)
Total credit related commitments	244 907 049	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 39 187 thousand at 31 March 2014 (31 December 2013: RR 50 926 thousand).

Outstanding credit related commitments by segments as of 31 March 2014 are as follows:

<i>In thousands of Russian Roubles</i>	Credit lines, Overdraft facilities and Commitments to issue documentary instruments	Guarantees and Letters of credit	Total contingencies and commitments
Credit related commitments to corporate customers (Corporate business)	128 848 119	67 433 406	196 281 525
Credit related commitments to medium entities (Middle business)	10 927 303	4 404 907	15 332 210
Credit related commitments to individuals (Retail business)	28 986 407	476 423	29 462 830
Credit related commitments to small and micro entities (SME business)	3 667 420	420 945	4 088 365
Credit related commitments to state and municipal organisations (Public sector)	689	-	689
Credit related commitments before provision	172 429 938	72 735 681	245 165 619
Less: Provision for credit related commitments	(93 764)	(164 806)	(258 570)
Total credit related commitments	172 336 174	72 570 875	244 907 049

27 Contingencies and Commitments (Continued)

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

<i>In thousands of Russian Roubles</i>	Credit lines, Overdraft facilities and Commitments to issue documentary instruments	Guarantees and Letters of credit	Total contingencies and commitments
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

Outstanding credit related commitments by currency are as follows:

<i>In thousands of Russian Roubles</i>	31 March 2014 (Unaudited)	31 December 2013
Russian Roubles	174 914 168	177 754 116
US Dollars	45 564 472	45 594 205
Euro	24 622 391	22 723 935
Other	64 588	60 680
Total credit related commitments before provision	245 165 619	246 132 936

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

<i>In thousands of Russian Roubles</i>	Note	31 March 2014 (Unaudited)		31 December 2013	
		Asset pledged	Related liability	Asset pledged	Related liability
Repurchase receivables related to trading securities	8, 14	14 725 026	13 463 114	8 864 414	7 398 092
Repurchase Receivables related to other securities at Fair Value Through Profit or Loss	8, 14	11 973 125	11 022 923	22 324 651	19 182 009
Total		26 698 151	24 486 037	31 189 065	26 580 101

27 Contingencies and Commitments (Continued)

As at 31 March 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 11 659 757 thousand (31 December 2013: RR 17 925 227 thousand). As at 31 March 2014 the fair value of such securities repledged under direct sale and repurchase agreements with other banks amounted to RR 9 681 475 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 18 705 710 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 31 March 2014 restricted cash represents monetary funds in the amount of RR 411 702 thousand which collateralise settlements on irrevocable letters of credit (31 December 2013: RR 98 946 thousand).

As at 31 March 2014 restricted cash represents monetary funds in the amount of RR 2 546 601 thousand which collateralise settlements on irrevocable commitments under guarantees (31 December 2013: RR 2 348 781 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.

28 Fair Value of Financial Instruments (Continued)

(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:

	31 March 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	16 829 192	-	16 829 192	21 691 811	-	21 691 811
- Federal loan bonds (OFZ)	3 774 985	-	3 774 985	5 419 124	-	5 419 124
- Russian Federation Eurobonds	2 110 547	-	2 110 547	855 170	-	855 170
- Corporate eurobonds	1 244 232	-	1 244 232	943 348	-	943 348
- Municipal bonds	691 688	-	691 688	318 218	-	318 218
Other securities at fair value through profit and loss						
- Corporate bonds	18 852 561	-	18 852 561	19 895 411	-	19 895 411
- Federal loan bonds (OFZ)	5 014 301	-	5 014 301	7 604 088	-	7 604 088
- Corporate eurobonds	2 284 328	-	2 284 328	3 196 702	-	3 196 702
- Eurobonds of EBRD	2 773 725	-	2 773 725	2 773 886	-	2 773 886
- Municipal bonds	1 243 400	-	1 243 400	1 449 953	-	1 449 953
- Bonds of EBRD	1 061 979	-	1 061 979	1 061 493	-	1 061 493
- Corporate shares	197 348	-	197 348	520 753	-	520 753
- Russian Federal eurobonds	-	-	-	27 562	-	27 562
- Investment securities available for sale	1 508 585	-	1 508 585	1 508 805	-	1 508 805
Derivatives and other financial assets carried at fair value						
- Fair value of currency rate based financial derivatives	-	13 168 059	13 168 059	-	6 327 998	6 327 998
- Fair value of interest rate based financial derivatives	-	1 178 503	1 178 503	-	1 092 927	1 092 927
Total assets recurring fair value measurements	57 586 871	14 346 562	71 933 433	67 266 324	7 420 925	74 687 249

28 Fair Value of Financial Instruments (Continued)

	31 March 2014		31 December 2013	
	Valuation technique with inputs observable in markets (Level 2)	Total	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	8 459 554	8 459 554	2 901 540	2 901 540
- Fair value of interest rate based financial derivatives	2 418 450	2 418 450	2 715 515	2 715 515
Total liabilities recurring fair value measurements	10 878 004	10 878 004	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 31 March 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.

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

	31 March 2014			Carrying value	31 December 2013			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)		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)	
<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	-	21 236 645	-	21 236 645	-	5 952 352	-	5 952 352
- Long-term placements with other banks with original maturities of more than three months	-	4 465 565	-	4 466 954	-	3 833 745	-	3 835 227
<i>Loans and advances to customers</i>								
- Corporate loans	-	-	227 483 221	227 179 056	-	-	224 605 653	223 832 433
- Retail loans	-	-	173 557 381	182 710 053	-	-	173 123 224	175 231 055
- Small and medium entities loans	-	-	18 017 794	18 215 661	-	-	17 149 278	17 106 786
- Loans to middle business	-	-	17 603 243	17 664 536	-	-	16 056 160	15 989 045
- Public sector loans	-	-	31 838	32 291	-	-	48 355	48 797
<i>Investment securities held to maturity</i>								
- Corporate bonds	519 157	-	-	522 570	509 788	-	-	508 655
Total	519 157	25 702 210	436 693 477	472 027 766	509 788	9 786 097	430 982 670	442 504 350

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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:

	31 March 2014			31 December 2013			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)	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)		
<i>In thousands of Russian Roubles</i>								
FINANCIAL LIABILITIES CARRIED AT AMORTIZED COST								
Due to other banks								
- Correspondent accounts and overnight placements of other banks	-	2 769 822	-	2 769 822	-	1 859 612	-	1 859 612
- Short- term placements of other banks	-	12 992 723	-	12 992 723	-	25 922 707	-	25 922 707
- Long- term placements of other banks	-	6 710 923	-	6 714 772	-	6 284 550	-	6 112 118
- Sale and repurchase agreements with securities with CBRF	-	33 190 173	-	33 190 173	-	32 105 288	-	32 105 288
- Placements of Central Bank	-	1 152 547	-	1 152 547	-	-	-	-
Customer accounts								
- Current/settlement accounts of legal entities	-	129 887 540	-	129 887 540	-	111 384 866	-	111 384 866
- Term deposits of legal entities	-	62 866 558	-	62 249 201	-	78 581 797	-	78 020 744
- Current/demand accounts of individuals	-	113 031 974	-	113 031 975	-	107 209 879	-	107 209 879
- Term deposits of individuals	-	154 504 248	-	151 545 546	-	156 877 745	-	154 147 771
- Current/settlement accounts of state and public organisations	-	1 105 116	-	1 105 116	-	1 493 824	-	1 493 824
- Term deposits of state and public organisations	-	21 798 394	-	21 798 394	-	215 681	-	215 681
Insurance contracts	-	14 518 806	-	14 518 806	-	14 547 380	-	14 547 380
Debt securities in issue								
- Bonds issued on domestic market	10 143 444	-	-	10 347 465	10 112 041	-	-	10 160 941
- Promissory notes	215 060	-	-	215 060	193 617	-	-	193 617
Term borrowings from the Parent Bank	-	35 494 626	-	35 494 626	-	33 172 282	-	33 172 282
Term borrowings from other financial institutions								
- Term borrowings from other financial institutions	-	462 265	-	462 265	-	585 563	-	585 659
- Loans secured by diversified payment rights	-	6 197 585	-	6 197 585	-	5 681 262	-	5 681 262
Other financial liabilities								
- Provision for other credit related commitments	-	-	258 570	258 570	-	-	391 586	391 586
Total	10 358 504	596 683 300	258 570	603 932 186	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 31 March 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: 0.0% – 0.0% p.a.)	77 145 425	1 520 293	-	-	-
Due from other banks (contractual interest rate: 0.01% – 8.5% p.a.)	23 374 676	495 532	-	-	-
Gross amount of loans and advances to customers (contractual interest rate: 0.00% – 15.49% p.a.)	-	-	3 601 082	236 143	-
Purchased intangible assets less accumulated depreciation	447 270	-	-	-	-
Derivatives and other financial assets	6 247 040	1 715	-	-	-
Investments in associate	-	-	1 890 924	-	-
Due to other banks (contractual interest rate: 1.33% – 9.35% p.a.)	363 582	5 705 370	-	-	-
Customer accounts (contractual interest rate: 0.00% – 0.00% p.a.)	-	-	980 768	-	-
Term borrowings from the Parent Bank (contractual interest rate: 1.71% – 3.20% p.a.)	35 494 626	-	-	-	-
Term borrowings from other financial institutions (contractual interest rate: 0.00% p.a.)	-	-	-	-	4 501
Derivatives and other financial liabilities	6 802 575	961	-	-	-
Other liabilities	-	-	-	413 633	-

29 Related Party Transactions (Continued)

The income and expense items with related parties for the three-month period ended 31 March 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	1 407 501	10 944	61 112	4 343	
Interest expense	(1 325 597)	(48 795)	(9 025)	-	(6 208)
Fee and commission income	2 219	1 675	881	-	-
Fee and commission expense	(52 776)	-	-	-	-
Gains less losses/(losses less gains) from trading in foreign currencies	175 670	(68 377)	2 529	-	-
Realized gains less losses/(losses net of gains) from financial derivatives	-	-	-	-	-
Unrealized (losses net of gains)/gains less losses from financial derivatives	(139 655)	441	-	-	-
Ineffectiveness from the hedge accounting and other derivative instruments	-	-	-	-	-
Administrative and other operating expenses	(177 502)	(3 614)	-	(105 460)	-
Other operating income	-	-	955	-	-
Share of profit of associate	-	-	137 412	-	-

At 31 March 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	745 250	117 488	24 881	-
Guarantees received by the Group at the period end	875 852	583 360	-	98 000
Letters of credit issued by the Group at the period end	-	555 158	10 742	-
Undrawn credit lines and overdraft facilities	870 000	400 000	4 652 966	-
Stand-by facilities issued by Parent Bank	16 059 195			
Interest rate swap agreements – notional amount as at the period end	188 391 678	-	-	-
Interest rate swap agreements – fair values as at the period end	(917 667)	-	-	-
Cross currency interest rate swap agreements – notional amount receivable as at the period end	75 300 892	-	-	-
Cross currency interest rate swap agreements – notional amount payable as at the period end	75 279 338	-	-	-
Cross currency interest rate swap agreements – fair values at the period end	832 234	-	-	-
Foreign currency derivative financial instruments – principal amount purchased	68 945 737	1 064 374	-	-
Foreign currency derivative financial instruments – principal amount sold	68 739 091	1 063 807	-	-
Foreign currency derivative financial instruments – fair value	(470 103)	768	-	-

29 Related Party Transactions (Continued)

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	-	-

The income and expense items with related parties for the three-month period ended 31 March 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	1 338 739	29 563	78 483	2 508	-
Interest expense	(1 082 670)	(44 161)	(11 525)	-	(11 584)
Fee and commission income	58 930	2 225	424	-	-
Fee and commission expense	(12 156)	-	-	-	-
Gains less losses from trading in foreign currencies	(2 521)	(33)	-	-	-
Realized gains less losses/ (losses, net of gains) from derivative financial instruments	305 294	11 677	-	-	-
Unrealized (losses, net of gains)/gains less losses from financial derivatives	(1 479 131)	4 052	-	-	-
Ineffectiveness from the hedge accounting	(45 669)	-	-	-	-
Administrative and other operating expenses	(87 225)	(3 643)	-	(94 554)	-
Other operating income	-	-	884	-	-
Share of profit of associate	-	-	106 556	-	-

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 Osterreich AG (2013: Raiffeisen Zentralbank Osterreich AG).

Key management compensation is presented below:

	31 March 2014 Expense	31 March 2014 Accrued liability	31 March 2013 Expense	31 December 2013 Accrued liability
<i>In thousands of Russian Roubles</i>				
Short-term benefits:				
- Salaries	37 404	-	32 156	-
- Short-term bonuses	68 056	403 186	62 398	335 129
Share-based compensation:				
- Cash-settled share-based compensation	-	10 447	-	4 470
Total	105 460	413 633	94 554	339 599

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