

AO Raiffeisenbank

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

31 March 2015

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REPORT ON REVIEW OF CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION

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 AO Raiffeisenbank:

Introduction

We have reviewed the accompanying consolidated condensed interim statement of financial position of AO Raiffeisenbank and its subsidiaries (the "Group") as of 31 March 2015 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

25 May 2015

Moscow, Russian Federation

N.V. Kossova, Director (licence no. 01-000396), ZAO PricewaterhouseCoopers Audit



Audited entity: AO Raiffeisenbank

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

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

Independent auditor: ZAO PricewaterhouseCoopers Audit

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

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

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

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AO Raiffeisenbank
Consolidated Condensed Interim Statement of Financial Position

<i>In thousands of Russian Roubles</i>	Note	31 March 2015 (unaudited)	31 December 2014
ASSETS			
Cash and cash equivalents	6	174 652 590	185 376 922
Mandatory cash balances with the Central Bank of the Russian Federation		6 892 305	5 898 114
Trading securities	7	6 684 684	9 639 559
Repurchase receivables related to trading securities	7	3 012 500	-
Other securities at fair value through consolidated profit or loss	8	9 180 561	16 576 708
Repurchase receivables related to other securities at fair value through consolidated profit or loss	8	2 737 940	2 279 673
Due from other banks	9	13 790 443	15 394 711
Loans and advances to customers	10	550 999 514	574 089 442
Investment securities available for sale	11	1 525 432	1 517 323
Premises and equipment		14 056 686	14 403 185
Intangible assets		3 145 156	3 060 151
Deferred income tax asset		1 502 711	3 554 805
Current income tax		1 252 549	-
Investment securities held to maturity	12	3 296 264	509 782
Derivatives and other financial assets	13	63 264 234	56 776 692
Investment in associates		2 292 313	2 160 097
Other assets		1 420 225	2 042 601
TOTAL ASSETS		859 706 107	893 279 765
LIABILITIES			
Due to other banks	14	59 108 223	77 521 587
Customer accounts	15	535 030 958	531 900 500
Term borrowings from the Parent Bank	16	63 472 223	61 993 150
Term borrowings from other financial institutions	17	7 534 052	9 821 410
Debt securities in issue		21 179 544	22 228 342
Current income tax liability		-	2 623 123
Derivatives and other financial liabilities	18	58 532 671	64 221 611
Insurance contracts		15 146 866	14 635 855
Other liabilities		7 156 048	7 675 796
TOTAL LIABILITIES		767 160 585	792 621 374
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		47 165 535	55 278 404
TOTAL EQUITY		92 545 522	100 658 391
TOTAL LIABILITIES AND EQUITY		859 706 107	893 279 765

Approved for issue and signed on 25 May 2015.

Sergei Monin
Chairman of the Board



Arndt Roehling
Chief Financial Officer

The notes set out on pages 5 to 57 form an integral part of this consolidated condensed interim financial information.

	Note	Three-Month Period Ended 31 March 2015 (Unaudited)	Three-Month Period Ended 31 March 2014 (Unaudited)
<i>In thousands of Russian Roubles</i>			
Interest income	19	27 123 848	17 596 049
Interest expense	19	(15 233 392)	(7 515 209)
Net interest income		11 890 456	10 080 840
Provision for loan impairment	10	(3 732 347)	(995 557)
Net interest income after provision for loan impairment		8 158 109	9 085 283
Fee and commission income	20	4 211 999	3 603 946
Fee and commission expense	20	(1 529 061)	(1 279 510)
Gains less losses from trading securities		190 982	(560 041)
Gains less losses from other securities at fair value through profit or loss		167 269	(632 945)
Gains less losses from trading in foreign currencies		1 546 314	926 488
Unrealized gains less losses from derivative financial instruments	21	29 391 229	1 811 473
Realized gains less losses from derivative financial instruments	22	(19 891)	(301 977)
Foreign exchange translation gains less losses		(28 558 378)	(801 524)
Ineffectiveness from the hedge accounting and other derivative instruments		279 610	-
Release of provision for credit related commitments		15 845	142 486
Gains from the sale of loans	10	10 031	15 419
Other operating income		168 384	86 937
Share of profit of associate		132 216	137 412
Provision for investment securities held to maturity		(27)	(52)
Operating income		14 164 631	12 233 395
Administrative and other operating expenses	23	(5 646 062)	(5 503 127)
Profit before tax		8 518 569	6 730 268
Income tax expense		(1 631 438)	(1 292 120)
Profit for the period		6 887 131	5 438 148
Total comprehensive income for the period, net of tax		6 887 131	5 438 148

AO 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 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
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
Balance at 1 January 2015	43 268 888	591 083	1 520 016	55 039 208	239 196	100 658 391
Profit for the period	-	-	-	6 887 131	-	6 887 131
Total comprehensive income for the period	-	-	-	6 887 131	-	6 887 131
Dividends declared	-	-	-	(15 000 000)	-	(15 000 000)
Balance at 31 March 2015	43 268 888	591 083	1 520 016	46 926 339	239 196	92 545 522

The notes set out on pages 5 to 57 form an integral part of this consolidated condensed interim financial information.

AO Raiffeisenbank
Consolidated Condensed Interim Statement of Cash Flows

	Note	Three-Month Period Ended 31 March 2015 (Unaudited)	Three-Month Period Ended 31 March 2014 (Unaudited)
<i>In thousands of Russian Roubles</i>			
Cash flows from operating activities			
Interest received		25 735 938	17 509 586
Interest paid		(12 337 929)	(6 544 071)
Fees and commissions received		4 253 492	3 593 400
Fees and commissions paid		(1 529 061)	(1 279 510)
Realized losses, net of gains from trading in trading securities		(566 638)	(259 792)
Realized gains less losses arising from other securities at fair value through profit or loss		333 544	222 910
Realized losses, net of gains from financial derivative instruments		(19 891)	(301 977)
Realized gains less losses arising from trading in foreign currencies		1 546 314	926 488
Foreign exchange translation losses net of gains from foreign exchange swaps		(30 443 467)	(4 517 403)
Cash proceeds from sale of loans	10	801 156	729 753
Other operating income received		376 622	88 715
Staff costs paid		(2 785 908)	(2 668 257)
Administrative and other operating expenses paid		(2 459 523)	(2 634 774)
Income tax paid		(3 458 062)	(725 226)
Cash flows from operating activities before changes in operating assets and liabilities		(20 553 413)	4 139 842
Net (increase) in mandatory cash balances with the Central Bank of the Russian Federation		(994 191)	(13 065 447)
Net decrease in trading securities		734 470	4 358 611
Net decrease in other securities at fair value through consolidated profit and loss		7 516 247	4 578 223
Net decrease/(increase) in due from other banks		1 766 026	(10 520 365)
Net decrease in loans and advances to customers		29 967 790	109 716
Net (increase)/decrease in derivatives and other financial assets		(549 863)	375 716
Net decrease in other assets		1 184 493	647 637
Net (decrease) in due to other banks		(18 186 363)	(10 020 624)
Net (decrease) / increase in customer accounts		(328 375)	9 834 083
Insurance premiums received		140	5 051
Insurance claims paid		(8 241)	(4 492)
Net increase in derivatives and other financial liabilities		1 275 635	231 688
Net (decrease) in other liabilities		(514 164)	(176 239)
Net cash from/(used in) operating activities		1 310 191	(9 506 600)
Cash flows from investing activities			
Acquisition of premises and equipment		(454 664)	(240 835)
Proceeds from sale of premises and equipment		18 935	-
Acquisition of intangible assets		(490 730)	(497 235)
Acquisition of investment securities held to maturity		(2 750 825)	-
Net cash used in investing activities		(3 677 284)	(738 070)
Cash flows from financing activities			
Proceeds from term borrowings from the Parent Bank and other financial institutions		475 271	-
Repayment of term borrowings from the Parent Bank and other financial institutions		(1 462 685)	(875 845)
Interest paid on term borrowings from the Parent Bank and other financial institutions		(811 105)	(377 610)
Interest paid on debt securities		(520 700)	-
Proceeds from issuance of debt securities		38 619	72 241
Repayment of debt securities in issue		(103 172)	(66 692)
Net cash used in financing activities		(2 383 772)	(1 247 906)
Change in accrued interest on cash and cash equivalents		27 072	38 449
Effect of exchange rate changes on cash and cash equivalents		(6 000 539)	4 412 943
Net decrease in cash and cash equivalents		(10 724 332)	(7 041 184)
Cash and cash equivalents at the beginning of the period		185 376 922	154 508 091
Cash and cash equivalents at the end of the period	6	174 652 590	147 466 907

The notes set out on pages 5 to 57 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 2015 for AO 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 joint stock company limited by shares and was set up in accordance with the Russian regulations. The Bank is owned by Raiffeisen CIS Region Holding GmbH and Raiffeisen-Invest-Gesellschaft m.b.H, subsidiaries of Raiffeisen Zentralbank Österreich AG (the “Parent Bank”), which is the ultimate controlling parent of the Group.

Principal activity. The Bank has operated under a full banking license issued by the Central Bank the Russian Federation (“CBRF”) since 1996. The Bank operates in all banking sectors of the Russian financial markets, including money market, investments, corporate and retail banking, and provides a complete range of banking services to its clients. In addition, the Group, through operations of its subsidiaries and associates, is also involved in asset management, pension and leasing businesses. On 2 February 2005 the Bank was accepted to the State deposit insurance scheme, introduced by the Federal law No. 177-FZ “Deposits of individuals insurance in Russian Federation” dated 23 December 2003. The State Deposit Insurance Agency guarantees repayment of 100% of individual deposits up to RR 1 400 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 2015 the Group had 6 branches within the Russian Federation and 204 outlets (31 December 2014: 6 branches and 204 outlets).

The number of the Group’s employees as at 31 March 2015 was 8 284 (31 December 2014: 8 110).

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: 28 Smolenskaya-Sennaya, 119002, 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 frequent changes and varying interpretations. During the three months period ended 31 March 2015:

- Russia’s credit rating was downgraded by Fitch Ratings in January 2015 to BBB-, whilst Standard & Poor’s cut it to BB+ and Moody’s Investors Service cut it to Ba1 in February 2015, putting it below investment grade for the first time in a decade. Fitch Ratings still have Russia as investment grade. However, all these rating agencies indicated a negative outlook, meaning further downgrades are possible;
- the CBRF exchange rate fluctuated between RR 56.2376 and RR 69.6640 per USD;
- the CBRF key rate decreased from 17.0% p.a. to 14% p.a. in March 2015;
- the RTS stock exchange index ranged between 720 and 937;
- access to international financial markets to raise funding was limited for certain entities; and
- capital outflows increased compared to prior periods.

2 Operating Environment of the Group (Continued)

The financial markets continue to be volatile and are characterised by frequent significant price movements and increased trading spreads.

Subsequent to 31 March 2015: Russian Rouble was RR 49.7919 per US\$, RTS stock exchange index was 1032.

These events may have a further significant impact on the Group's future operations and financial position, the effect of which is difficult to predict. The future economic and regulatory situation and its impact on the Group's operations may differ from management's current expectations.

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. 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 2014.

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 2015 principal rate of exchange used for translating foreign currency balances was USD 1 = RR 58.4643 (31 December 2014: USD 1 = RR 56.2584) and EUR 1 = 63.3695 (31 December 2014: EUR 1 = 68.3427).

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 2014. 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 2014, became effective for the Group from 1 January 2015. 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:

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

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 1 815 010 thousand (2014: RR 2 513 750 thousand), respectively. Impairment losses for individually significant loans are based on estimates of discounted future cash flows of the individual loans, taking into account repayments and realisation of any assets held as collateral against the loans. A 10% increase or decrease in the actual compared to the estimated future discounted cash flows from individually significant loans, which could arise from differences in amounts and timing of the cash flows, would result in an increase or decrease in loan impairment losses of RR 1 178 724 thousand (2014: RR 2 016 465 thousand), respectively.

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

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 2016 apart from those disclosed in annual consolidated financial statements of the Group.

6 Cash and Cash Equivalents

	31 March 2015 (Unaudited)	31 December 2014
<i>In thousands of Russian Roubles</i>		
Cash on hand	35 675 900	70 997 518
Cash balances with the CBRF (other than mandatory reserve deposits)	7 195 378	27 726 222
Correspondent accounts and overnight placements with other banks		
- Russian Federation	29 848 507	25 123 211
- Other countries	97 389 192	58 742 211
Placements with other banks with original maturities of less than three months	281 000	394 588
Reverse securities sale and repurchase agreements with other banks and other financial institutions with original maturities of less than three months	4 262 613	2 393 172
Total cash and cash equivalents	174 652 590	185 376 922

At 31 March 2015 cash equivalents in the amount of RR 4 262 613 thousand (31 December 2014: RR 2 393 172 thousand) are effectively collateralised by securities purchased under reverse securities sale and repurchase agreements with a fair value of RR 4 732 962 thousand (31 December 2014: RR 2 760 279 thousand) which the Group has a right to sell or repledge.

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

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

7 Trading Securities and Repurchase Receivables Related to Trading Securities

	31 March 2015 (Unaudited)	31 December 2014
<i>In thousands of Russian Roubles</i>		
Corporate bonds	4 023 892	3 557 170
Federal loan bonds (OFZ)	2 510 933	1 817 714
Russian Federation Eurobonds	2 099 627	2 665 998
Corporate Eurobonds	807 897	1 348 768
Municipal bonds	254 835	249 909
Total trading securities and repurchase receivables related to trading securities	9 697 184	9 639 559

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 2015 and 31 December 2014 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 2015 and 31 December 2014 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 2015. At 31 March 2015 Federal loan bonds (OFZ) included securities with fair value of RR 1 217 947 thousand pledged under sale and repurchase agreements (31 December 2014: nil). Russian Federation Eurobonds included securities with fair value of RR 1 794 553 thousand pledged under sale and repurchase agreements (31 December 2014: RR nil thousand). Refer to Notes 14 and 27.

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

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

	31 March 2015 (Unaudited)	31 December 2014
<i>In thousands of Russian Roubles</i>		
Corporate bonds	6 350 241	10 020 972
Federal loan bonds (OFZ)	3 088 300	4 094 602
Municipal bonds	1 702 484	1 242 205
Corporate Eurobonds	749 430	702 755
Eurobonds of the European Bank for Reconstruction and Development	-	2 786 267
Total other debt securities at fair value through consolidated profit and loss	11 890 455	18 846 801
Corporate shares	28 046	9 580
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	11 918 501	18 856 381

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

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

Repurchase receivables related to Other securities at fair value through consolidated profit or loss represents securities sold under sale and repurchase agreements which the counterparty has the right, by contract or custom, to sell or re-pledge. The repurchase agreements were short-term in nature and matured in April 2015. At 31 March 2015 Federal loan bonds (OFZ) included securities with fair value of RR 2 737 940 thousand pledged under sale and repurchase agreements (31 December 2014: RR nil thousand). Corporate eurobonds included securities with fair value of RR nil thousand pledged under sale and repurchase agreements (31 December 2014: RR 2 279 673 thousand). Refer to Notes 14 and 27.

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

9 Due from Other Banks

	31 March 2015 (Unaudited)	31 December 2014
<i>In thousands of Russian Roubles</i>		
Long-term placements with other banks with original maturities of more than one year	12 169 463	12 245 610
Short-term placements with other banks with original maturities of more than three months and less than one year	1 620 980	3 149 101
Total due from other banks	13 790 443	15 394 711

As at 31 March 2015 and 31 December 2014 due from other banks are neither past due nor impaired.

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

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

10 Loans and Advances to Customers

	31 March 2015 (Unaudited)	31 December 2014
<i>In thousands of Russian Roubles</i>		
Loans to corporate customers (Corporate loans)	337 915 255	347 282 547
Loans to individuals (Retail loans)	200 909 870	210 110 051
Loans to medium entities (Middle business)	21 193 473	20 773 839
Loans to small and micro entities (SME loans)	19 775 421	21 172 885
Loans to state and municipal organisations (Public sector)	3 413	4 262
Total gross loans and advances to customers	579 797 432	599 343 584
Less: Provision for loan impairment	(28 797 918)	(25 254 142)
Total loans and advances to customers	550 999 514	574 089 442

10 Loans and Advances to Customers (Continued)

Movements in the provision for loan impairment during three-month period ended 31 March 2015 are as follows:

	Loans to corporate customers	Loans to medium entities	Retail loans	Loans to small and micro entities	Total
<i>In thousands of Russian Roubles</i>					
Provision for loan impairment at 1 January 2015	11 852 959	901 549	11 240 462	1 259 172	25 254 142
Charge of provision for impairment during the period	400 853	69 393	2 562 030	700 071	3 732 347
Disposal of provisions as a result of disposal of loans	-	(498)	(4 313)	(17 483)	(22 294)
Amounts written off during the period as uncollectible	(251 440)	(37 933)	(7 082)	(8 021)	(304 476)
Exchange differences on provision for loan impairment	198 147	(71 947)	12 021	(22)	138 199
Provision for loan impairment at 31 March 2015 (Unaudited)	12 200 519	860 564	13 803 118	1 933 717	28 797 918

Movements in the Retail provision by product for loan impairment during three-month period ended 31 March 2015 are as follows:

	Unsecured customer loans	Mortgage loans	Car loans	Credit cards and overdrafts	Total
<i>In thousands of Russian Roubles</i>					
Provision for loan impairment at 1 January 2015	6 633 389	838 226	1 579 864	2 188 983	11 240 462
(Release)/charge of provision for impairment during the year	1 532 949	367 800	265 838	395 443	2 562 030
Disposal of provisions as a result of disposal of loans	(1 795)	-	(2 272)	(246)	(4 313)
Amounts written off during the period as uncollectible	(3 797)	-	(2 456)	(829)	(7 082)
Exchange differences on provision for loan impairment	906	3 573	6 802	740	12 021
Provision for loan impairment at 31 March 2015	8 161 652	1 209 599	1 847 776	2 584 091	13 803 118

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:

	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	(59 494)	6 725	938 804	109 522	995 557
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	219 325	76	64 835	561	284 797
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 nine-month period ended 31 March 2014 are as follows:

	Unsecured customer loans	Mortgage loans	Car loans	Credit cards and overdrafts	Total
<i>In thousands of Russian Roubles</i>					
Provision for loan impairment at 1 January 2014	3 679 256	540 030	930 904	1 310 269	6 460 459
(Release)/charge of provision for impairment during the year	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

During the three-month period ended 31 March 2015 the Bank disposed loans to customers under cession and other agreements with the total gross value of RR 925 309 thousand (three-month period ended 31 March 2014: RR 991 077 thousand) for cash proceeds of RR 801 156 thousand (three-month period ended 31 March 2014: RR 729 753) and other assets with carrying value of RR 111 890 thousand (three-month period ended 31 March 2014: RR 48 570 thousand). As of the date of disposal during the three-month period ended 31 March 2015 these loans were provided for impairment in the total amount of RR 22 294 thousand (three-month period ended 31 March 2014: RR 228 173 thousand). The net financial result of a loan disposal during the three-month period ended 31 March 2015 recognized in the consolidated condensed interim statement of profit or loss and comprehensive income was a gain of RR 10 031 thousand (three-month period ended 31 March 2014: RR 15 419 thousand).

10 Loans and Advances to Customers (Continued)

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

<i>In thousands of Russian Roubles</i>	31 March 2015 (Unaudited)		31 December 2014	
	Amount	%	Amount	%
Individuals	200 909 870	34.66%	210 110 051	35.06%
Manufacturing	125 319 377	21.61%	124 938 531	20.84%
Real estate	104 474 452	18.02%	109 382 358	18.24%
Trade	56 491 619	9.74%	46 187 989	7.71%
Mining	34 460 484	5.94%	46 077 150	7.69%
Transport, storage and communication	33 142 430	5.72%	43 231 968	7.21%
Financial services	10 096 447	1.74%	7 169 964	1.20%
Electricity, gas and water supply	4 663 108	0.80%	4 654 625	0.78%
Hotels and restaurants	2 164 401	0.37%	2 202 719	0.37%
Agriculture, hunting and forestry	2 120 799	0.37%	1 994 618	0.33%
Cities and municipals	21 913	0.00%	4 823	0.00%
Other	5 932 532	1.03%	3 388 788	0.57%
Total loans and advances to customers (before provision for loan impairment)	579 797 432	100.00%	599 343 584	100.00%

10 Loans and Advances to Customers (Continued)

Analysis by credit quality of loans granted to legal entities outstanding at 31 March 2015 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	4 512 242	-	1 394	43	4 513 679
Excellent credit standing	47 035 571	-	9 855	-	47 045 426
Very good credit standing	49 467 155	-	29 226	45	49 496 426
Good credit standing	139 828 212	465 233	793 292	-	141 086 737
Sound credit standing	42 298 136	3 468 145	1 987 218	-	47 753 499
Acceptable credit standing	13 838 969	9 760 760	5 143 473	1 702	28 744 904
Marginal credit standing	5 492 219	6 123 262	7 355 444	1 623	18 972 548
Weak credit standing	9 050 589	189 941	1 961 563	-	11 202 093
Very weak credit standing	39 198	61 889	171 263	-	272 350
Total neither past due nor impaired loans, assessed for impairment on collective basis (gross)	311 562 291	20 069 230	17 452 728	3 413	349 087 662
<i>Past due but not impaired loans, assessed for impairment on a collective basis</i>					
- less than 30 days overdue	-	24 174	462 571	-	486 745
- 31 – 60 days overdue	-	93 991	177 058	-	271 049
- 61 – 90 days overdue	4 087 893	53 546	127 829	-	4 269 268
- 91 – 180 days overdue	61 884	-	1 188	-	63 072
Total past due but not impaired loans, assessed for impairment on collective basis (gross)	4 149 777	171 711	768 646	-	5 090 134
<i>Loans individually determined to be impaired</i>					
- not overdue	5 400 836	-	29 105	-	5 429 941
- less than 30 days overdue	11 249	-	17 059	-	28 308
- 31 – 60 days overdue	243 788	11 829	24 611	-	280 228
- 61 – 90 days overdue	473 720	-	27 308	-	501 028
- 91 – 180 days overdue	101 569	54 022	355 147	-	510 738
- 181 – 364 days overdue	7 840 019	697 431	465 329	-	9 002 779
- over 365 days overdue	8 132 006	189 250	635 488	-	8 956 744
Total loans individually determined to be impaired (gross)	22 203 187	952 532	1 554 047	-	24 709 766
Total gross loans and advances to customers	337 915 255	21 193 473	19 775 421	3 413	378 887 562
Less: Provision for loan impairment	(12 200 519)	(860 564)	(1 933 717)	-	(14 994 800)
Total loans and advances to customers	325 714 736	20 332 909	17 841 704	3 413	363 892 762

10 Loans and Advances to Customers (Continued)

Analysis by credit quality of loans granted to legal entities outstanding at 31 December 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	3 011 734	-	1 557	42	3 013 333
Excellent credit standing	53 706 539	-	12 285	-	53 718 824
Very good credit standing	58 272 175	-	36 752	13	58 308 940
Good credit standing	136 259 943	377 378	685 619	-	137 322 940
Sound credit standing	43 297 982	3 618 563	2 039 848	-	48 956 393
Acceptable credit standing	11 770 777	9 005 023	5 386 908	2 043	26 164 751
Marginal credit standing	7 582 775	6 345 929	8 517 162	2 164	22 448 030
Weak credit standing	11 101 533	232 085	2 450 356	-	13 783 974
Very weak credit standing	-	49 596	211 686	-	261 282
Total neither past due nor impaired loans, assessed for impairment on collective basis (gross)	325 003 458	19 628 574	19 342 173	4 262	363 978 467
<i>Past due but not impaired loans, assessed for impairment on a collective basis</i>					
- less than 30 days overdue	731 047	-	341 094	-	1 072 141
- 31 – 60 days overdue	97 050	55 519	88 213	-	240 782
- 61 – 90 days overdue	-	-	91 503	-	91 503
- 91 – 180 days overdue	-	-	1 025	-	1 025
Total past due but not impaired loans, assessed for impairment on collective basis (gross)	828 097	55 519	521 835	-	1 405 451
<i>Loans individually determined to be impaired</i>					
- not overdue	5 131 459	3 268	11 044	-	5 145 771
- less than 30 days overdue	10 045	-	54 725	-	64 770
- 31 – 60 days overdue	-	21 125	5 971	-	27 096
- 61 – 90 days overdue	-	-	75 784	-	75 784
- 91 – 180 days overdue	1 907 016	695 798	247 278	-	2 850 092
- 181 – 364 days overdue	6 480 787	147 528	405 509	-	7 033 824
- over 365 days overdue	7 921 685	222 027	508 566	-	8 652 278
Total loans individually determined to be impaired (gross)	21 450 992	1 089 746	1 308 877	-	23 849 615
Total gross loans and advances to customers	347 282 547	20 773 839	21 172 885	4 262	389 233 533
Less: Provision for loan impairment	(11 852 959)	(901 549)	(1 259 172)	-	(14 013 680)
Total loans and advances to customers	335 429 588	19 872 290	19 913 713	4 262	375 219 853

10 Loans and Advances to Customers (Continued)

Analysis by credit quality of retail loans outstanding at 31 March 2015 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	-	47 998 642	33 527 813	-	81 526 455
Good credit standing	83 175 939	-	-	13 580 905	96 756 844
Total current and not impaired loans, assessed for impairment on a collective basis	83 175 939	47 998 642	33 527 813	13 580 905	178 283 299
<i>Past due but not impaired loans, assessed for impairment on a collective basis</i>					
- less than 30 days overdue	2 525 632	1 235 165	933 138	1 717 216	6 411 151
- 31 – 60 days overdue	834 715	669 136	318 817	475 886	2 298 554
- 61 – 90 days overdue	589 495	355 942	182 154	9 719	1 137 310
Total past due but not impaired loans, assessed for impairment on a collective basis	3 949 842	2 260 243	1 434 109	2 202 821	9 847 015
<i>Loans individually determined to be impaired</i>					
- not overdue	60 433	162 073	20 993	36 024	279 523
- less than 30 days overdue	19 483	38 849	8 182	11 337	77 851
- 31 – 60 days overdue	16 372	44 710	7 720	8 009	76 811
- 61 – 90 days overdue	26 162	14 534	6 743	2 351	49 790
- 91 – 180 days overdue	1 171 269	534 331	324 766	383 235	2 413 601
- 181 – 364 days overdue	1 782 335	338 868	444 978	893 874	3 460 055
- over 365 days overdue	3 814 106	713 873	908 238	985 708	6 421 925
Total individually impaired loans (gross)	6 890 160	1 847 238	1 721 620	2 320 538	12 779 556
Total gross loans and advances to customers	94 015 941	52 106 123	36 683 542	18 104 264	200 909 870
Less: Provision for loan impaired	(8 161 652)	(1 209 599)	(1 847 776)	(2 584 091)	(13 803 118)
Total loans and advances to customers	85 854 289	50 896 524	34 835 766	15 520 173	187 106 752

10 Loans and Advances to Customers (Continued)

Analysis by credit quality of retail loans outstanding at 31 December 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>Neither past due nor impaired loans, assessed for impairment on a collective basis</i>					
Very good credit standing	-	48 684 028	38 590 936	-	87 274 964
Good credit standing	91 045 699	-	-	13 554 547	104 600 246
Total neither past due nor impaired loans, assessed for impairment on collective basis (gross)	91 045 699	48 684 028	38 590 936	13 554 547	191 875 210
<i>Past due but not impaired loans, assessed for impairment on a collective basis</i>					
- less than 30 days overdue	1 887 997	992 350	762 162	1 385 880	5 028 389
- 31 – 60 days overdue	583 975	468 721	217 658	207 117	1 477 471
- 61 – 90 days overdue	394 696	215 824	117 409	128 291	856 220
Total past due but not impaired loans, assessed for impairment on a collective basis	2 866 668	1 676 895	1 097 229	1 721 288	7 362 080
<i>Loans individually determined to be impaired</i>					
- not overdue	59 021	154 681	21 065	35 705	270 472
- less than 30 days overdue	19 983	39 245	10 856	12 643	82 727
- 31 – 60 days overdue	15 556	75 204	8 215	7 452	106 427
- 61 – 90 days overdue	15 046	30 677	11 997	8 079	65 799
- 91 – 180 days overdue	1 001 720	360 606	284 994	329 678	1 976 998
- 181 – 364 days overdue	1 588 662	173 522	404 883	832 186	2 999 253
- over 365 days overdue	3 200 329	651 291	754 212	765 253	5 371 085
Total individually impaired loans (gross)	5 900 317	1 485 226	1 496 222	1 990 996	10 872 761
Total gross loans and advances to customers	99 812 684	51 846 149	41 184 387	17 266 831	210 110 051
Less: Provision for loan impairment	(6 633 389)	(838 226)	(1 579 864)	(2 188 983)	(11 240 462)
Total loans and advances to customers	93 179 295	51 007 923	39 604 523	15 077 848	198 869 589

Disclosure of the fair value of the Group's loans and advances to customers at 31 March 2015 and 31 December 2014 is presented in Note 28. Currency, geographical and liquidity analysis of loans and advances to customers are disclosed in Note 25. The information on related party balances is disclosed in Note 29.

11 Investment Securities Available for Sale

	31 March 2015 (Unaudited)	31 December 2014
<i>In thousands of Russian Roubles</i>		
Eurobonds of the European Bank for Reconstruction and Development	1 525 432	1 517 323
Total investment securities available for sale	1 525 432	1 517 323

As of 31 March 2015 eurobonds were neither past due nor impaired and had minimal risk rating. This bond is denominated in the Russian Roubles and matures in 2016 and has coupon rates of 9.45%. For the disclosure of credit risk management refer to Note 25. Geographical and maturity analyses of investment securities available for sale are disclosed in Note 25.

12 Investment Securities Held to Maturity

	31 March 2015 (Unaudited)	31 December 2014
<i>In thousands of Russian Roubles</i>		
Eurobonds of the European Bank for Reconstruction and Development	2 772 536	-
Corporate bonds	524 733	510 760
Total gross investment securities held to maturity	3 297 269	510 760
Less: Provision for impairment	(1 005)	(978)
Total investment securities held to maturity	3 296 264	509 782

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

13 Derivatives and Other Financial Assets

	31 March 2015 (Unaudited)	31 December 2014
<i>In thousands of Russian Roubles</i>		
Fair value of currency rate based financial derivatives	56 263 967	48 554 933
Fair value of interest rate based financial derivatives	4 370 829	6 142 184
Plastic card receivables	2 576 600	2 026 975
Trade receivables	52 838	52 600
Total derivatives and other financial assets	63 264 234	56 776 692

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

14 Due to Other Banks

	31 March 2015 (Unaudited)	31 December 2014
<i>In thousands of Russian Roubles</i>		
Correspondent accounts and overnight placements of other banks	24 534 482	20 670 570
Short-term placements of other banks	12 663 015	7 967 318
Secured funding facility with Central Bank	9 682 898	40 956 821
Direct sale and repurchase agreements with securities with the CBRF and other banks and other financial institutions	6 235 297	1 983 277
Long-term placements of other banks	5 992 531	5 943 601
Total due to other banks	59 108 223	77 521 587

At 31 March 2015 included in due to banks are deposits of RR 128 724 thousand (31 December 2014: RR 96 145 thousand) held as collateral for irrevocable commitments under guarantees.

At 31 March 2015, included in amounts due to other banks are liabilities of RR 6 235 297 thousand (31 December 2014: RR 1 983 277 thousand) from sale and repurchase agreements. Refer to Notes 7, 8 and 27. As at 31 March 2015 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 578 420 thousand (31 December 2014: nil thousand). Bank gets access to the CBR secured funding facility amounted to 9 682 898 RR thousand (31 December 2014: 40 956 821 thousand), pledged with corporate loans in the amount of RR 76 164 137 thousand (31 December 2014: 59 594 077 thousand). CBR secured funding has the interest rates from 1.43% to 14.25% (31 December 2014: 17.25% to 18.75%) and maturity: from 1 to 2 years (31 December 2014: from 6 to 18 months).

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

15 Customer Accounts

	31 March 2015 (Unaudited)	31 December 2014
<i>In thousands of Russian Roubles</i>		
State and public organisations		
- Current/settlement accounts	1 201 421	1 555 536
- Term deposits	8 167 709	13 127
Legal entities		
- Current/settlement accounts	152 099 061	132 306 314
- Term deposits	70 592 049	87 039 761
Individuals		
- Current/demand accounts	120 602 392	137 328 703
- Term deposits	182 368 326	173 657 059
Total customer accounts	535 030 958	531 900 500

At 31 March 2015 the Group had no customer (31 December 2014: no customers) with a balance above 10% of consolidated equity of the Group as at this date.

15 Customer Accounts (Continued)

At 31 March 2015 included in customer accounts are deposits of RR 2 795 thousand (31 December 2014: RR 36 196 thousand) held as collateral for irrevocable commitments under import letters of credit. Refer to Note 27.

At 31 March 2015 included in customer accounts are deposits of RR 1 120 134 thousand (31 December 2014: RR 4 446 495 thousand) held as collateral for irrevocable commitments under guarantees. Refer to Note 27.

Disclosure of the fair value of the Group's customer accounts at 31 March 2015 is presented in Note 28. Currency, geographical and liquidity analysis of customer accounts are disclosed in Note 25. The information on related party balances is disclosed in Note 29.

Analysis of customer accounts by segments is set out below:

<i>In thousands of Russian Roubles</i>	31 March 2015 (Unaudited)	31 December 2014
Customer accounts of individuals (Retail)	302 970 718	310 985 762
Customer accounts of corporates (Corporate)	182 953 039	178 204 581
Customer accounts of medium entities (Middle business)	20 520 029	22 230 338
Customer accounts of small and micro entities (SME)	19 218 042	18 911 156
Customer accounts of state and municipal organisations (Public sector)	9 369 130	1 568 663
Total customer accounts	535 030 958	531 900 500

16 Term Borrowings from the Parent Bank

<i>In thousands of Russian Roubles</i>	31 March 2015 (Unaudited)	31 December 2014
Loans from the Parent Bank maturing in 2015 – 2018	46 222 490	45 335 058
Subordinated Loans from the Parent Bank	17 249 733	16 658 092
Total term borrowings from the Parent Bank	63 472 223	61 993 150

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

Carrying value of each class of term borrowings from the Parent Bank approximates fair value at 31 March 2015 and 31 December 2014 as all these liabilities bear floating interest rate. Refer to Note 28.

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

17 Term Borrowing from Other Financial Institutions

	31 March 2015 (Unaudited)	31 December 2014
<i>In thousands of Russian Roubles</i>		
Loans secured by diversified payment rights	7 294 369	9 355 939
Loans from development banks maturing in 2015	239 683	465 471
Total term borrowings from other financial institutions	7 534 052	9 821 410

Term borrowings from other financial institutions are represented by long term obligations of the Group denominated in US Dollars and issued by large international corporations and asset backed securities. These borrowings have maturity dates ranging from 2015 up to 2019 (2014: from 2015 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 162 500 thousand (31 December 2014: USD 166 667 thousand). Bank bought tranche A of participation notes in January 2015 in the amount of USD 37 500 thousand.

In December 2014 the Group issued floating rate loan participation notes of Series 2014-1 in the amount of USD 15 790 thousand, Series 2014-2 in the amount of 2 370 thousand with final maturity of Series 2014-1 in November 2017 and Series 2014-2 in March 2018. Notes are unsecured and to be used for funding of structured products.

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

Carrying value of each class of term borrowings from other financial institutions approximates fair value at 31 March 2015 and 31 December 2014 as all these liabilities bear floating interest rate. Refer to Note 28.

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

18 Derivatives and Other Financial Liabilities

Derivatives and other financial liabilities comprise the following:

	31 March 2015 (Unaudited)	31 December 2014
<i>In thousands of Russian Roubles</i>		
Fair value of currency rate based financial derivatives	35 096 673	57 662 938
Dividends payable	15 000 000	-
Shortselling of trading assets	4 193 382	2 764 825
Fair value of interest rate based financial derivatives	3 876 080	3 260 581
Plastic cards payables	152 788	281 141
Provision for credit related commitments	116 348	130 156
Trade payables	78 631	105 177
Settlements on conversion operations	14 816	16 309
Other	3 953	484
Total derivatives and other financial liabilities	58 532 671	64 221 611

Movement in the provisions for credit related commitments during three-months period ended 31 March 2015 includes provision release of RR 15 845 thousand (during three-months period ended 31 March 2014: release of RR 142 486 thousand). Fx effect in amount RR (2 037) thousand was removed from Release of provisions for credit related commitments to Foreign exchange translation gains less losses during the three-month period ended 31 March 2015 (RR (9 470) thousand during the three-month period ended 31 March 2014).

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

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

19 Interest Income and Expense

	Three-Month Period Ended 31 March 2015 (Unaudited)	Three-Month Period Ended 31 March 2014 (Unaudited)
<i>In thousands of Russian Roubles</i>		
Interest income		
Loans and advances to legal entities	8 030 909	5 013 955
Loans and advances to retail customers	7 639 540	6 711 779
Foreign exchange swap contracts	5 335 209	1 774 671
Interest rate swap contracts	3 796 641	996 573
Cross-currency interest rate swap contracts	993 295	1 589 429
Due from other banks	495 469	208 561
Other securities at fair value through profit and loss	373 998	515 238
Trading securities	207 125	513 811
Interest income from reverse repo transactions	111 218	197 842
Interest income on impaired financial assets	85 416	33 914
Investment securities available for sale	49 358	24 355
Debt securities held to maturity	5 670	15 921
Total interest income	27 123 848	17 596 049
Interest expense		
Interest rate swap contracts	2 837 678	1 133 460
Term deposits of legal entities	2 535 921	1 231 560
Current/settlement accounts	2 342 773	653 434
Term deposits of individuals	2 125 181	1 621 016
Foreign exchange swap contracts	1 241 182	346 243
Cross-currency interest rate swap contracts	1 103 461	1 173 370
Placements of the Central Bank	1 095 177	10 033
Term placements of other banks	603 210	314 975
Term borrowings from the Parent Bank	579 695	213 141
Debt securities in issue	388 516	189 025
Interest expense on Insurance liabilities	209 458	147 682
Term borrowings from other financial institutions	101 750	58 115
Interest expense from repo transactions	46 033	414 104
Correspondent accounts of other banks	23 357	9 051
Total interest expense	15 233 392	7 515 209
Net interest income	11 890 456	10 080 840

20 Fee and Commission Income and Expense

	Three-Month Period Ended 31 March 2015 (Unaudited)	Three-Month Period Ended 31 March 2014 (Unaudited)
<i>In thousands of Russian Roubles</i>		
Fee and commission income		
Commissions on operations with plastic cards	2 106 456	1 801 031
Commissions on settlement transactions	357 096	301 881
Commissions on documentary business and guarantees	356 853	193 418
Insurance commission income	332 408	336 918
Fiduciary activities	220 450	141 295
Commissions on cash operations	210 304	210 828
Early and late repayment fees	164 374	214 045
Commissions on export operations	124 388	100 883
Consulting service income	115 297	34 249
Commissions on transactions with securities	77 175	37 478
Credit facility fee	54 897	112 615
Commissions from investment banking	7 006	41 587
Other	85 295	77 718
Total fee and commission income	4 211 999	3 603 946
Fee and commission expense		
Commissions on operations with plastic cards	1 213 951	835 779
Commissions on settlement transactions	134 396	231 711
Commissions on cash operations	99 439	74 291
Commissions on transactions with securities	34 731	30 160
Credit facility fee	2 716	46 512
Other	43 828	61 057
Total fee and commission expense	1 529 061	1 279 510
Net fee and commission income	2 682 938	2 324 436

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

	Three-Month Period Ended 31 March 2015 (Unaudited)	Three-Month Period Ended 31 March 2014 (Unaudited)
<i>In thousands of Russian Roubles</i>		
Foreign exchange swaps	30 119 410	(1 886 871)
Foreign exchange options	92 636	(17 866)
Cross currency interest rate swaps	21 740	2 319 666
Forwards with securities	(4 345)	2 550
Foreign exchange forwards	(141 326)	838 089
Interest rate swaps	(696 886)	555 905
Total unrealized gains less losses/(losses less gains) from derivative financial instruments	29 391 229	1 811 473

22 Realized Gains less Losses from Derivative Financial Instruments

	Three-Month Period Ended 31 March 2015 (Unaudited)	Three-Month Period Ended 31 March 2014 (Unaudited)
<i>In thousands of Russian Roubles</i>		
Foreign exchange forwards	(18 086)	(294 435)
Foreign exchange futures	(12 472)	(22 667)
Foreign exchange options	10 667	15 125
Total realized gains less losses from derivative financial instruments	(19 891)	(301 977)

23 Administrative and Other Operating Expenses

	Three-Month Period Ended 31 March 2015 (Unaudited)	Three-Month Period Ended 31 March 2014 (Unaudited)
<i>In thousands of Russian Roubles</i>		
Staff costs	2 534 062	3 203 359
Rent expenses	510 522	531 009
Amortisation of intangible assets	405 724	218 712
Depreciation of premises and equipment	347 406	332 709
IT services	323 930	171 886
Deposit insurance fee	312 636	263 387
Premises and equipment maintenance expenses	231 832	195 923
Professional services	226 785	158 783
Advertising and marketing	84 902	157 458
Communication expenses	80 735	27 090
Taxes other than on income	52 952	51 546
Security expenses	30 482	38 136
Other	504 094	153 129
Total administrative and other operating expenses	5 646 062	5 503 127

24 Segment Analysis

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

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

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

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

24 Segment Analysis (Continued)

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

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

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

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

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

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

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

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

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

	31 March 2015 (Unaudited)	31 December 2014
<i>In thousands of Russian Roubles</i>		
Corporate business	345 543 155	352 939 835
Retail business	213 668 194	227 808 611
Proprietary business	288 938 145	299 101 390
Total business division assets	848 149 494	879 849 836
Corporate business	180 060 811	181 790 824
Retail business	322 957 998	333 290 471
Proprietary business	254 375 168	265 588 215
Total business division liabilities	757 393 977	780 669 510

24 Segment Analysis (Continued)

Business divisions of the Group for the three-month period ended 31 March 2015 are as follows:

<i>In thousands of Russian Roubles</i>	Corporate business (Unaudited)	Retail business (Unaudited)	Proprietary business (Unaudited)	Total (Unaudited)
Net interest result	3 963 906	6 111 907	1 782 889	11 858 702
Net fee and commission result	1 060 524	2 815 328	75 887	3 951 739
Provision for loan impairment	(260 276)	(3 245 767)	(1 161)	(3 507 204)
Trading result	40 481	-	1 844 925	1 885 406
Valuation result from hedge accounting and other derivative instruments	-	-	(640 045)	(640 045)
Net income from investments	(24 377)	-	382 989	358 612
General administrative expenses	(950 133)	(4 227 556)	(327 865)	(5 505 554)
Other operating loss	-	-	(258 550)	(258 550)
Total business division result before tax	3 830 125	1 453 912	2 859 069	8 143 106
Income taxes	-	-	-	(1 614 356)
Total business division result after tax	3 830 125	1 453 912	2 859 069	6 528 750

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

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 2015 and actual the year ended 31 December 2014 are set out below:

<i>In thousands of Russian Roubles</i>	31 March 2015 (Unaudited)	31 December 2014
Capital expenditure	945 394	4 582 209
Cost/income ratio	31.58%	45.54%
Average equity	96 601 958	108 221 327
Return on equity before tax	35.27%	20.26%
Return on equity after tax	28.52%	16.18%

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 2015 are as follows:

<i>In thousands of Russian Roubles</i>	31 March 2015 (Unaudited)	31 December 2014
Head Office	284 665 197	295 230 593
Moscow	314 116 985	289 377 662
Centre	22 058 486	27 038 051
North-West	82 351 906	86 856 039
Siberia	34 477 970	47 231 836
South	35 717 500	37 316 863
Ural	39 495 709	42 999 990
Volga	35 265 741	53 798 802
Total hub assets	848 149 494	879 849 836
Head Office	220 380 436	245 654 347
Moscow	387 258 893	382 710 595
Centre	9 087 555	13 078 433
North-West	73 422 220	72 763 374
Siberia	11 104 865	17 892 785
South	11 177 399	11 484 377
Ural	10 485 161	14 546 221
Volga	34 477 448	22 539 378
Total hub liabilities	757 393 977	780 669 510

24 Segment Analysis (Continued)

Hubs of the Group for the three-month period ended 31 March 2015 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	1 570 493	5 915 566	398 750	1 522 799	628 533	601 637	550 348	670 576	11 858 702
Net fee and commission result	(5 797)	2 388 158	135 420	631 166	252 910	174 633	159 829	215 420	3 951 739
Provision for loan impairment	3 994	(948 615)	(208 550)	(207 919)	(1 097 351)	(357 147)	(301 975)	(389 641)	(3 507 204)
Trading result	1 844 894	30 953	622	5 506	-	518	2 913	-	1 885 406
Valuation result from hedge accounting and other derivative instruments	(640 045)	-	-	-	-	-	-	-	(640 045)
Net income from investments	358 612	-	-	-	-	-	-	-	358 612
General administrative expenses	(265 462)	(2 593 232)	(275 147)	(734 658)	(512 471)	(357 476)	(325 313)	(441 795)	(5 505 554)
Other operating loss	(258 550)	-	-	-	-	-	-	-	(258 550)
Total hub result before tax	2 608 139	4 792 830	51 095	1 216 894	(728 379)	62 165	85 802	54 560	8 143 106
Income taxes	(1 614 356)	-	-	-	-	-	-	-	(1 614 356)
Total hub result after tax	993 783	4 792 830	51 095	1 216 894	(728 379)	62 165	85 802	54 560	6 528 750

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)

(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 2015 (Unaudited)	Three-Month Period Ended 31 March 2014 (Unaudited)
Total interest and fee and commission result for segment	15 810 441	11 994 321
Reclassification of interest result to trading result and net income from investments	(270 483)	1 046 469
Reclassification of commission result to trading result	(1 338 408)	(872 135)
Reclassification of provision for loan impairment to interest result and unwinding effect	-	419
Effect of the consolidation of the subsidiaries and other adjustments	371 844	236 202
Total net interest and fee and commission result	14 573 394	12 405 276

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 2015 (Unaudited)	Three-Month Period Ended 31 March 2014 (Unaudited)
Total segment result	6 528 750	5 150 685
Consolidation of subsidiaries and associate		148 344
Intercompany adjustments and other	173 859	139 119
Profit after tax	6 887 131	5 438 148

24 Segment Analysis (Continued)

Reconciliation of other material items of income or expenses for the three-month period ended 31 March 2015 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 2015				
Net interest result	11 858 702	(270 483)	302 237	11 890 456
Net fee and commission result	3 951 739	(1 338 408)	69 607	2 682 938
Provision for loan impairment	(3 507 204)	-	(199 267)	(3 706 471)
Trading result	1 885 406	1 608 891	(24 386)	3 469 911
Valuation result from hedge accounting and other derivative instruments	(640 045)	-	-	(640 045)
Net income from investments	358 612	-	(191 370)	167 242
Depreciation and amortization	(751 220)	-	(1 910)	(753 130)
Other administrative expenses	(4 754 334)	-	365 495	(4 388 839)
Share of profit of associates	-	-	132 216	132 216
Other operating loss	(258 550)	-	(77 160)	(335 710)
Income taxes	(1 614 356)	-	(17 082)	(1 631 438)

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	1 046 469	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)

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

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

25 Financial Risk Management

The risk management function within the Group is carried out in respect of financial risks (credit market geographical currency liquidity and interest rate) operational risks and credit risk concentrations. The primary objectives of the financial risk management function are to identify and assess risks establish risk limits assume risk mitigation measures ensure that all material risks are measured and limited and that business in general is evaluated under a risk/return perspective. The operational and legal risk management functions are intended to ensure proper functioning of internal policies and procedures to minimise operational and legal risks. Policies and processes for managing financial risks remain unchanged from those disclosed in last annual consolidated financial statements for the year ended 31 December 2014.

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

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

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

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

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

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

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

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

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

25 Financial Risk Management (Continued)

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

The table below summarises the Group's exposure to foreign currency exchange rate risk at 31 March 2015:

<i>In thousands of Russian Roubles</i>	RR	USD	EUR	Other	Total
Cash and cash equivalents	49 747 494	111 779 445	12 416 649	709 002	174 652 590
Mandatory cash balances with the Central bank of the Russian Federation	6 892 305	-	-	-	6 892 305
Trading securities and repurchase receivables related to trading securities	8 889 287	807 897	-	-	9 697 184
Other securities at fair value through profit or loss and repurchase receivables related to other securities at fair value through profit or loss	10 327 714	1 562 741	-	-	11 890 455
Due from other banks	7 543 103	6 245 589	-	1 751	13 790 443
Loans and advances to customers	295 078 468	232 678 098	22 549 037	693 911	550 999 514
Investment securities available for sale	1 525 432	-	-	-	1 525 432
Investment securities held-to-maturity	3 296 264	-	-	-	3 296 264
Derivatives and other financial assets	50 131 084	12 283 735	759 743	89 672	63 264 234
Total monetary financial assets	433 431 151	365 357 505	35 725 429	1 494 336	836 008 421
Due to other banks	47 786 612	8 176 629	3 142 079	2 903	59 108 223
Customer accounts	281 801 088	165 638 081	83 516 332	4 075 457	535 030 958
Term borrowings from the Parent Bank	-	60 091 124	3 381 099	-	63 472 223
Term borrowings from other financial institutions	-	7 534 052	-	-	7 534 052
Debt securities in issue	19 834 185	187 244	1 158 115	-	21 179 544
Insurance contracts	15 146 866	-	-	-	15 146 866
Derivatives and other financial liabilities	24 449 696	32 395 287	1 621 112	66 576	58 532 671
Total monetary financial liabilities	389 018 447	274 022 417	92 818 737	4 144 936	760 004 537
Less fair value of currency derivatives	41 182 680	(19 106 161)	(933 984)	24 759	21 167 294
Currency derivatives	73 556 864	(112 664 773)	56 925 596	3 349 607	21 167 294
Net position including currency derivatives	76 786 888	(2 223 524)	766 272	674 248	76 003 884

25 Financial Risk Management (Continued)

The Group's exposure to foreign currency exchange rate risk at 31 December 2014 is presented below:

<i>In thousands of Russian Roubles</i>	RR	USD	EUR	Other	Total
Cash and cash equivalents	64 673 312	59 079 720	60 331 955	1 291 935	185 376 922
Mandatory cash balances with the Central bank of the Russian Federation	5 898 114	-	-	-	5 898 114
Trading securities and repurchase receivables related to trading securities	8 328 550	1 311 009	-	-	9 639 559
Other securities at fair value through profit or loss and repurchase receivables related to other securities at fair value through profit or loss	15 888 566	2 958 235	-	-	18 846 801
Due from other banks	9 401 135	5 991 838	-	1 738	15 394 711
Loans and advances to customers	301 034 122	246 032 648	25 558 997	1 463 675	574 089 442
Investment securities available for sale	1 517 323	-	-	-	1 517 323
Investment securities held-to-maturity	509 782	-	-	-	509 782
Derivatives and other financial assets	37 926 305	18 518 793	326 515	5 079	56 776 692
Total monetary financial assets	445 177 209	333 892 243	86 217 467	2 762 427	868 049 346
Due to other banks	67 458 447	6 045 849	3 928 695	88 596	77 521 587
Customer accounts	271 656 150	161 931 264	94 071 600	4 241 486	531 900 500
Term borrowings from the Parent Bank	-	57 881 851	4 111 299	-	61 993 150
Term borrowings from other financial institutions	-	9 821 410	-	-	9 821 410
Debt securities in issue	19 985 021	1 022 849	1 220 472	-	22 228 342
Insurance contracts	14 635 855	-	-	-	14 635 855
Derivatives and other financial liabilities	7 497 614	55 332 810	1 341 098	50 089	64 221 611
Total monetary financial liabilities	381 233 087	292 036 033	104 673 164	4 380 171	782 322 455
Less fair value of currency derivatives	27 722 240	(35 652 725)	(1 136 906)	(40 614)	(9 108 005)
Currency derivatives	49 567 089	(79 587 024)	17 998 734	2 913 196	(9 108 005)
Net position including currency derivatives	85 788 971	(2 078 089)	679 943	1 336 066	85 726 891

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

25 Financial Risk Management (Continued)

Geographical risk concentrations. The geographical concentration of the Group's financial assets and liabilities at 31 March 2015 is set out below:

<i>In thousands of Russian Roubles</i>	Russia	Austria	Other European Union	Other countries	Total
Assets					
Cash and cash equivalents	77 265 818	93 260 556	3 979 192	147 024	174 652 590
Mandatory cash balances with the Central bank of the Russian Federation	6 892 305	-	-	-	6 892 305
Trading securities and repurchase receivables related to trading securities	8 889 287	-	807 897	-	9 697 184
Other securities at fair value through profit or loss and repurchase receivables related to other securities at fair value through profit or loss	11 169 071	-	749 430	-	11 918 501
Due from other banks	7 541 644	5 872 836	53 319	322 644	13 790 443
Loans and advances to customers	509 457 905	18 979	35 466 627	6 056 003	550 999 514
Investment securities available for sale	-	-	1 525 432	-	1 525 432
Investment securities held-to- maturity	523 728	-	2 772 536	-	3 296 264
Derivatives and other financial assets	27 673 531	32 717 845	2 726 147	146 711	63 264 234
Total financial assets	649 413 289	131 870 216	48 080 580	6 672 382	836 036 467
Liabilities					
Due to other banks	46 948 552	7 312 811	4 378 817	468 043	59 108 223
Customer accounts	523 075 755	933 460	8 823 228	2 198 515	535 030 958
Term borrowings from the Parent Bank	-	63 472 223	-	-	63 472 223
Term borrowings from other financial institutions	-	-	7 294 369	239 683	7 534 052
Debt securities in issue	20 992 300	-	187 244	-	21 179 544
Insurance contracts	15 146 866	-	-	-	15 146 866
Derivatives and other financial liabilities	22 674 786	32 092 015	3 713 060	52 810	58 532 671
Total financial liabilities	628 838 259	103 810 509	24 396 718	2 959 051	760 004 537
Net balance sheet position	20 575 030	28 059 707	23 683 862	3 713 331	76 031 930
Credit related commitments (Note 27)	258 648 436	900 218	16 035 466	2 868 962	278 453 082

Assets liabilities and credit related commitments have generally been based on the country in which the counterparty is located. 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 2014 is set out below:

	Russia	Austria	Other European Union	Other countries	Total
<i>In thousands of Russian Roubles</i>					
Assets					
Cash and cash equivalents	126 636 239	50 321 527	4 511 521	3 907 635	185 376 922
Mandatory cash balances with the Central bank of the Russian Federation	5 898 114	-	-	-	5 898 114
Trading securities and repurchase receivables related to trading securities	8 290 791	-	1 348 768	-	9 639 559
Other securities at fair value through profit or loss and repurchase receivables related to other securities at fair value through profit or loss	15 367 359	-	3 489 022	-	18 856 381
Due from other banks	9 431 004	5 646 987	-	316 720	15 394 711
Loans and advances to customers	528 880 889	515	41 742 333	3 465 705	574 089 442
Investment securities available for sale	-	-	1 517 323	-	1 517 323
Investment securities held-to-maturity	509 782	-	-	-	509 782
Derivatives and other financial assets	34 464 773	18 978 278	3 196 235	137 406	56 776 692
Total financial assets	729 478 951	74 947 307	55 805 202	7 827 466	868 058 926
Liabilities					
Due to other banks	67 156 943	4 107 410	5 519 854	737 380	77 521 587
Customer accounts	517 289 651	978 230	10 434 348	3 198 271	531 900 500
Term borrowings from the Parent Bank	-	61 993 150	-	-	61 993 150
Term borrowings from other financial institutions	-	-	9 355 939	465 471	9 821 410
Debt securities in issue	21 205 493	-	1 022 849	-	22 228 342
Insurance contracts	14 635 855	-	-	-	14 635 855
Derivatives and other financial liabilities	9 335 272	50 795 644	4 044 748	45 947	64 221 611
Total financial liabilities	629 623 214	117 874 434	30 377 738	4 447 069	782 322 455
Net balance sheet position	99 855 737	(42 927 127)	25 427 464	3 380 397	85 736 471
Credit related commitments (Note 27)	296 469 507	1 218 832	15 948 287	4 171 580	317 808 206

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 had 4 borrowers with significant risk concentration at 31 March 2015 (31 December 2014: 1 borrower).

25 Financial Risk Management (Continued)

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

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.

25 Financial Risk Management (Continued)

The Bank monitors expected maturities which may be summarised as follows at 31 March 2015 and 31 December 2014:

<i>In thousands of Russian Roubles, 31 March 2015</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	174 652 590	-	-	-	174 652 590
Mandatory cash balances with the Central bank of the Russian Federation	6 892 305	-	-	-	6 892 305
Trading securities and repurchase receivables related to trading securities	9 697 184	-	-	-	9 697 184
Other securities at fair value through profit or loss and repurchase receivables related to other securities at fair value through profit or loss	11 918 501	-	-	-	11 918 501
Due from other banks	1 243 287	10 631 960	1 865 088	50 108	13 790 443
Loans and advances to customers	86 099 266	108 902 819	279 221 306	76 776 123	550 999 514
Investment securities available for sale	1 525 432	-	-	-	1 525 432
Investment securities held-to- maturity	-	2 750 825	545 439	-	3 296 264
Derivatives and other financial assets	18 759 817	8 068 829	35 558 636	876 952	63 264 234
Total financial assets	310 788 382	130 354 433	317 190 469	77 703 183	836 036 467
Due to other banks	43 313 210	4 188 642	11 606 371		59 108 223
Customer accounts	357 675 742	136 435 990	34 606 038	6 313 188	535 030 958
Term borrowings from the Parent bank	8 216 716	15 913 248	29 697 495	9 644 764	63 472 223
Term borrowings from other financial institutions	28 225	1 598 466	5 907 361	-	7 534 052
Debt securities in issue	13 015	360 710	20 805 819	-	21 179 544
Insurance contracts	981 141	13 225	59 627	14 092 873	15 146 866
Derivatives and other financial liabilities	33 656 055	3 396 621	20 749 744	730 251	58 532 671
Total financial liabilities	443 884 104	161 906 902	123 432 455	30 781 076	760 004 537
Net liquidity gap at 31 March 2015	(133 095 722)	(31 552 469)	193 758 014	46 922 107	76 031 930
Cumulative gap at 31 March 2015	(133 095 722)	(164 648 191)	29 109 823	76 031 930	-

25 Financial Risk Management (Continued)

<i>In thousands of Russian Roubles, 31 December 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	185 376 922	-	-	-	185 376 922
Mandatory cash balances with the Central bank of the Russian Federation	5 898 114	-	-	-	5 898 114
Trading securities and repurchase receivables related to trading securities	9 639 559	-	-	-	9 639 559
Other securities at fair value through profit or loss and repurchase receivables related to other securities at fair value through profit or loss	18 856 381	-	-	-	18 856 381
Investment securities available for sale	1 517 323	-	-	-	1 517 323
Due from other banks	2 267 616	9 513 932	3 613 163	-	15 394 711
Loans and advances to customers	86 469 080	113 483 709	293 498 583	80 638 070	574 089 442
Investment securities held- to-maturity portfolio	-	-	509 782	-	509 782
Derivatives and other financial assets	11 397 416	7 003 454	37 673 316	702 506	56 776 692
Total financial assets	321 422 411	130 001 095	335 294 844	81 340 576	868 058 926
Due to other banks	30 591 390	34 395 692	12 534 505	-	77 521 587
Customer accounts	381 178 436	104 529 597	40 219 507	5 972 960	531 900 500
Term borrowings from the Parent bank	1 002 360	23 348 094	28 333 523	9 309 173	61 993 150
Term borrowings from other financial institutions	270 042	2 035 780	7 515 588	-	9 821 410
Debt securities in issue	98 435	1 027 465	21 102 442	-	22 228 342
Insurance contracts	14 435	955 819	55 313	13 610 288	14 635 855
Derivatives and other financial liabilities	30 425 014	13 586 751	19 723 578	486 268	64 221 611
Total financial liabilities	443 580 112	179 879 198	129 484 456	29 378 689	782 322 455
Net liquidity gap at 31 December 2014	(122 157 701)	(49 878 103)	205 810 388	51 961 887	85 736 471
Cumulative gap at 31 December 2014	(122 157 701)	(172 035 804)	33 774 584	85 736 471	-

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

26 Management of Capital

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

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

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

<i>In thousands of Russian Roubles</i>	31 March 2015	31 December 2014
Tier 1 capital		
Net assets under Russian GAAP	85 264 605	84 006 264
Less: intangible assets, The negative value of the additional capital and shares of subsidiaries	(2 569 292)	(1 267 041)
Subordinated debt	7 611 666	7 324 472
Total Tier 1 Capital	90 306 979	90 063 695
Tier 2 capital		
Subordinated debt	9 651 906	9 287 733
Other	4 877 569	13 965 672
Total Tier 2 capital	14 529 475	23 253 405
Total regulatory capital	104 836 454	113 317 100

The Group is also subject to minimum capital requirements established by covenants stated in loan agreements including capital adequacy levels calculated in accordance with the requirements of the Basel Accord as defined in the International Convergence of Capital Measurement and Capital Standards (updated April 1998), Amendment to the Capital Accord to incorporate market risks (updated November 2005) and Group of Governors and Heads of Supervision announces higher global minimum capital standards (updated September 2010) commonly known as Basel III.

26 Management of Capital (Continued)

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

<i>In thousands of Russian Roubles</i>	31 March 2015	31 December 2014
<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	47 165 535	55 278 404
Less: deferred tax	(1 502 711)	(3 554 805)
Total tier 1 capital before deductions	91 042 811	97 103 586
Less: intangible assets	(3 145 156)	(3 060 151)
Total tier 1 capital	87 897 655	94 043 435
<i>Tier 2 capital</i>		
Revaluation reserve for equity instruments	(1 688)	(1 688)
Subordinated debt	15 685 978	16 612 205
Less: insurance holding companies	(173 709)	(173 709)
Items from additional own funds plus LLP surplus	1 150 043	300 840
Total tier 2 capital	16 660 624	16 737 648
Total capital	104 558 279	110 781 083

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 2015	31 December 2014
<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	46 926 339	55 039 208
Other reserves	239 196	239 196
Total tier 1 capital before deductions	92 545 522	100 658 391
Less: DTA	(1 502 711)	(3 554 805)
Total tier 1 capital	91 042 811	97 103 586
<i>Tier 2 capital</i>		
Subordinated debt	15 685 978	16 612 205
Items from additional own funds plus LLP surplus	1 150 043	300 840
Total tier 2 capital	16 836 021	16 913 045
Total capital	107 878 832	114 016 631

The Group and the Bank have complied with all externally imposed capital requirements throughout 2015 and 2014.

Risk weighted assets

<i>In thousands of Russian Roubles</i>	31 March 2015	31 December 2014
Total Risk weighted assets	634 845 292	622 449 708
Capital Adequacy Ratio by Austrian Banking Act	16.47%	17.80%
Capital Adequacy Ratio by Basel III	16.99%	18.32%

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

27 Contingencies and Commitments

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

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

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

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

The Group includes companies incorporated outside of Russia. The tax liabilities of the Group are determined on the assumption that these companies are not subject to Russian profits tax, because they do not have a permanent establishment in Russia. This interpretation of relevant legislation may be challenged but the impact of any such challenge cannot be reliably estimated currently; however, it may be significant to the financial position and/or the overall operations of the Group. In 2014, the Controlled Foreign Company (CFC) legislation introduced Russian taxation of profits of foreign companies and non-corporate structures (including trusts) controlled by Russian tax residents (controlling parties). Starting from 2015, CFC income will be subject to a 20% tax rate if the CFC is controlled by a legal entity and a rate of 13% if it is controlled by an individual. As a result, management reassessed the Group's tax positions and recognised deferred taxes for temporary differences that arose from the expected taxable manner of recovery of the relevant Group's operations to which the CFC legislation will apply to.

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.

27 Contingencies and Commitments (Continued)

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 2015 (Unaudited)	31 December 2014
Not later than 1 year	570 168	766 184
Later than 1 year and not later than 5 years	3 322	3 322
Total operating lease commitments	573 490	769 506

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 2015.

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

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

Outstanding credit related commitments by products are as follows:

<i>In thousands of Russian Roubles</i>	31 March 2015 (Unaudited)	31 December 2014
Undrawn credit lines and Overdraft facilities (revocable)	103 892 110	111 245 331
Guarantees issued (irrevocable)	68 633 818	71 282 135
Undrawn commitments to issue documentary instruments (revocable)	45 307 561	61 097 071
Undrawn commitments to issue documentary instruments (irrevocable)	30 298 345	36 630 715
Undrawn credit lines and Overdraft facilities (irrevocable)	9 631 622	15 218 959
Import letters of credit (irrevocable)	18 588 956	20 726 893
Export letters of credit (irrevocable)	2 100 670	1 607 102
Credit related commitments before provision	278 453 082	317 808 206
Less: Provision for credit related commitments	(116 348)	(130 156)
Total credit related commitments	278 336 734	317 678 050

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 82 519 thousand at 31 March 2015 (31 December 2014: RR 70 776 thousand).

27 Contingencies and Commitments (Continued)

Outstanding credit related commitments by segments as of 31 March 2015 are as follows:

	Credit lines, Overdraft facilities and Commitments to issue documentary instruments	Guarantees and Letters of credit	Total contingencies and commitments
<i>In thousands of Russian Roubles</i>			
Credit related commitments to corporate customers (Corporate business)	142 992 165	82 060 891	225 053 056
Credit related commitments to individuals (Retail business)	29 761 741	31 806	29 793 547
Credit related commitments to medium entities (Middle business)	13 521 498	6 838 088	20 359 586
Credit related commitments to small and micro entities (SME business)	2 853 573	392 658	3 246 231
Credit related commitments to state and municipal organisations (Public sector)	662	-	662
Credit related commitments before provision	189 129 639	89 323 443	278 453 082
Less: Provision for credit related commitments	(10 663)	(105 685)	(116 348)
Total credit related commitments	189 118 976	89 217 758	278 336 734

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

	Credit lines, Overdraft facilities and Commitments to issue documentary instruments	Guarantees and Letters of credit	Total contingencies and commitments
<i>In thousands of Russian Roubles</i>			
Credit related commitments to corporate customers (Corporate business)	173 661 795	85 213 628	258 875 423
Credit related commitments to individuals (Retail business)	32 353 734	89 699	32 443 433
Credit related commitments to medium entities (Middle business)	14 298 434	7 835 828	22 134 262
Credit related commitments to small and micro entities (SME business)	3 877 417	476 976	4 354 393
Credit related commitments to state and municipal organisations (Public sector)	695	-	695
Credit related commitments before provision	224 192 075	93 616 131	317 808 206
Less: Provision for credit related commitments	(14 187)	(115 969)	(130 156)
Total credit related commitments	224 177 888	93 500 162	317 678 050

27 Contingencies and Commitments (Continued)

Outstanding credit related commitments by currency are as follows:

	31 March 2015 (Unaudited)	31 December 2014
<i>In thousands of Russian Roubles</i>		
Russian Roubles	194 204 200	218 901 979
US Dollars	57 853 294	64 982 391
Euro	25 451 181	32 796 649
Other	944 407	1 127 187
Total credit related commitments before provision	278 453 082	317 808 206

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

	Note	31 March 2015 (Unaudited)		31 December 2014	
		Asset pledged	Related liability	Asset pledged	Related liability
<i>In thousands of Russian Roubles</i>					
Repurchase receivables related to trading securities	7, 14	1 875 092	1 811 802	-	-
Repurchase Receivables related to other securities at Fair Value Through Profit or Loss	8, 14	3 875 348	3 854 142	2 279 673	1 983 277
Total		5 750 440	5 665 944	2 279 673	1 983 277

As at 31 March 2015 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 4 262 613 thousand (31 December 2014: RR 2 393 172 thousand). As at 31 March 2015 the fair value of such securities repledged under direct sale and repurchase agreements with other banks amounted to RR 578 420 thousand (31 December 2014: nil thousand). Refer to Note 14.

Mandatory cash balances with the Bank of Russia in the amount of RR 6 892 305 thousand (31 December 2014: RR 5 898 114 thousand) represent mandatory reserve deposits which are not available to finance the Group's day-to-day operations.

As at 31 March 2015 restricted cash represents monetary funds in the amount of RR 2 795 thousand which collateralise settlements on irrevocable letters of credit (31 December 2014: RR 36 196 thousand).

As at 31 March 2015 restricted cash represents monetary funds in the amount of RR 1 120 134 thousand which collateralise settlements on irrevocable commitments under guarantees (31 December 2014: RR 4 446 495 thousand).

28 Fair Value of Financial Instruments

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

(a) Recurring fair value measurements

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

	31 March 2015			31 December 2014		
	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	3 933 556	90 336	4 023 892	3 542 894	14 276	3 557 170
- Federal loan bonds (OFZ)	2 510 933	-	2 510 933	1 817 714	-	1 817 714
- Corporate eurobonds	807 897	-	807 897	1 348 768	-	1 348 768
- Russian Federation Eurobonds	2 099 627	-	2 099 627	2 665 998	-	2 665 998
- Municipal bonds	254 835	-	254 835	249 909	-	249 909
Other securities at fair value through profit and loss						
- Corporate bonds	6 344 793	5 448	6 350 241	10 013 739	7 233	10 020 972
- Federal loan bonds (OFZ)	3 088 300	-	3 088 300	4 094 602	-	4 094 602
- Corporate eurobonds	749 430	-	749 430	702 755	-	702 755
- Eurobonds of EBRD	-	-	-	-	2 786 267	2 786 267
- Municipal bonds	1 702 484	-	1 702 484	1 242 205	-	1 242 205
- Corporate shares	28 046	-	28 046	9 580	-	9 580
Investment securities available for sale						
-	1 525 432	-	1 525 432	1 517 323	-	1 517 323
Derivatives and other financial assets carried at fair value						
- Fair value of currency rate based financial derivatives	-	56 263 967	56 263 967	-	48 554 933	48 554 933
- Fair value of interest rate based financial derivatives	-	4 370 829	4 370 829	-	6 142 184	6 142 184
Total assets recurring fair value measurements						
	23 045 333	60 730 580	83 775 913	27 205 487	57 504 893	84 710 380

28 Fair Value of Financial Instruments (Continued)

	31 March 2015			31 December 2014		
	Quoted price in an active market (Level 1)	Valuation technique with inputs observable in markets (Level 2)	Total	Quoted price in an active market (Level 1)	Valuation technique with inputs observable in markets (Level 2)	Total
<i>In thousands of Russian Roubles</i>						
Liabilities carried at fair value						
Financial liabilities						
Derivatives and other financial liabilities						
- Fair value of currency rate based financial derivatives	-	35 096 673	35 096 673	-	57 662 938	57 662 938
- Fair value of interest rate based financial derivatives	-	3 876 080	3 876 080	-	3 260 581	3 260 581
- Shortselling of trading assets	4 193 382	-	4 193 382	2 764 825	-	2 764 825
Total liabilities recurring fair value measurements	4 193 382	38 972 753	43 166 135	2 764 825	60 923 519	63 688 344

The valuation technique based on discounted cash flows is used in the fair value measurement for level 2 measurements at 31 March 2015. The following main inputs are relevant:

- Spot and Forward currency exchange rates. Cash Rate, Interest Rate Futures quotes and IRS quotes are used for foreign currencies, implied RUB rates are derived from foreign exchange forward contracts.
- Cross currency interest rate swaps (CCIRS) curves. CCIRS are used for discounting and projection of cash flows and are derived from Cash Rate quotes, Futures quotes and Interest Rate Swap quotes available from Chicago Merchandile (for futures) and contributors which quote these instruments on Over the counter market.
- Adjustment for credit risk. The Bank has the Credit Value Adjustment (also known as Credit Risk Adjustment or Default Risk Adjustment) which reflects the probability of default of the counterparty and Debit Value Adjustment which reflects the possibility of our default. Credit Value Adjustment (CVA) is an adjustment to the price of derivatives reflecting expected losses arising from the possible default of the counterparty both by counterparty and by instrument.
- CVA is calculated with a Monte-Carlo methodology simulating both expected exposure coming from derivative positions with counterparty (estimated with Group market risk calculation approach) and the default event coming from counterparty Default Probability and Recovery Rate. CVA itself is calculated for each counterparty by calculating Bank's expected losses on the event of having positive derivative position revaluation with defaulted counterparty adjusted by the recovery rate. The adjustment is calculated based on observable market inputs.
- Shortselling of trading assets are selling deals of bond securities that the Group has obtained as collaterals in reverse repo agreements or currently doesn't keep in its own securities' portfolio.

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

28 Fair Value of Financial Instruments (Continued)

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

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

	31 March 2015				31 December 2014			
	Quoted price in an active market (Level 1)	Valuation technique with inputs observable in markets (Level 2)	Valuation technique not based on observable market data technique (Level 3)	Carrying value	Quoted price in an active market (Level 1)	Valuation technique with inputs observable in markets (Level 2)	Valuation technique not based on observable market data technique (Level 3)	Carrying value
In thousands of Russian Roubles								
FINANCIAL ASSETS CARRIED AT AMORTIZED COST								
Due from other banks								
- Short-term placements with other banks with original maturities of more than three months	-	1 620 980	-	1 620 980	-	3 149 101	-	3 149 101
- Long-term placements with other banks with original maturities of more than three months	-	12 169 463	-	12 169 463	-	12 245 610	-	12 245 610
Loans and advances to customers								
- Corporate loans	-	-	322 386 676	325 714 736	-	-	329 767 022	335 429 588
- Retail loans	-	-	156 585 552	187 106 752	-	-	188 241 477	198 869 589
- Small and micro entities loans	-	-	16 190 307	17 841 704	-	-	17 451 014	19 913 713
- Loans to middle business	-	-	19 889 263	20 332 909	-	-	18 871 352	19 872 290
- Public sector loans	-	-	3 251	3 413	-	-	3 966	4 262
Investment securities held to maturity								
- Corporate bonds	495 312	-	-	523 728	500 942	-	-	509 782
- Eurobonds of EBRD	-	2 768 377	-	2 772 536	-	-	-	-
Total	495 312	16 558 820	515 055 249	568 086 221	500 942	15 394 711	554 334 831	589 993 935

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 2015				31 December 2014			
	Quoted price in an active market (Level 1)	Valuation technique with inputs observable in markets (Level 2)	Valuation technique not based on observable market data technique (Level 3)	Carrying value	Quoted price in an active market (Level 1)	Valuation technique with inputs observable in markets (Level 2)	Valuation technique not based on observable market data technique (Level 3)	Carrying value
<i>In thousands of Russian Roubles</i>								
FINANCIAL LIABILITIES CARRIED AT AMORTIZED COST								
<i>Due to other banks</i>								
- Correspondent accounts and overnight placements of other banks	-	24 534 482	-	24 534 482	-	20 670 570	-	20 670 570
- Short-term placements of other banks	-	12 663 015	-	12 663 015	-	7 967 318	-	7 967 318
- Long-term placements of other banks	-	6 235 992	-	5 992 531	-	6 238 955	-	5 943 601
- Sale and repurchase agreements with securities with CBRF	-	6 235 297	-	6 235 297	-	1 983 277	-	1 983 277
- Placements of Central Bank	-	9 682 898	-	9 682 898	-	40 956 821	-	40 956 821
<i>Customer accounts</i>								
- Current/settlement accounts of legal entities	-	152 099 061	-	152 099 061	-	132 306 314	-	132 306 314
- Term deposits of legal entities	-	71 592 624	-	70 592 049	-	87 898 649	-	87 039 761
- Current/demand accounts of individuals	-	120 602 392	-	120 602 392	-	137 328 703	-	137 328 703
- Term deposits of individuals	-	183 468 176	-	182 368 326	-	174 910 032	-	173 657 059
- Current/settlement accounts of state and public organisations	-	1 201 421	-	1 201 421	-	1 555 536	-	1 555 536
- Term deposits of state and public organisations	-	8 167 709	-	8 167 709	-	13 127	-	13 127
<i>Insurance contracts</i>	-	15 146 866	-	15 146 866	-	14 635 855	-	14 635 855
<i>Debt securities in issue</i>								
- Bonds issued on domestic market	19 059 155	-	-	19 716 816	18 735 862	-	-	19 790 404
- Promissory notes	-	1 275 485	-	1 275 485	-	1 415 089	-	1 415 089
- Bonds issued on external market	-	168 241	-	187 244	-	1 022 849	-	1 022 849
<i>Term borrowings from the Parent Bank</i>	-	63 472 223	-	63 472 222	-	61 993 150	-	61 993 150
<i>Term borrowings from other financial institutions</i>								
- Term borrowings from other financial institutions	-	239 683	-	239 683	-	465 471	-	465 471
- Loans secured by diversified payment rights	-	7 294 369	-	7 294 369	-	9 355 939	-	9 355 939
<i>Other financial liabilities</i>								
- Provision for other credit related commitments	-	-	116 348	116 348	-	-	130 156	130 156
- Shareholders dividends	-	15 000 000	-	15 000 000	-	-	-	-
Total	19 059 155	699 079 934	116 348	716 588 214	18 735 862	700 717 655	130 156	718 231 000

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 2015 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: 0.08% – 0.10% p.a.)	93 255 733	18 295	-	-	-
Long-term placements with other banks with original maturities of more than one year (contractual interest rate: 0.60% – 0.60% p.a.)	5 872 836	-	-	-	-
Gross amount of loans and advances to customers (contractual interest rate: 1.89% – 16.69% p.a.)	-	-	3 766 588	188 653	-
Purchased intangible assets less accumulated depreciation	214 684	-	-	-	-
Derivatives and other financial assets	32 715 785	228	-	-	-
Investments in associate	-	-	2 292 313	-	-
Due to other banks (contractual interest rate: 1.65% – 14.00% p.a.)	4 914 892	2 779 373	-	-	33 382
Customer accounts (contractual interest rate: 4.89% – 21.85% p.a.)	-	-	2 551 720	-	-
Term borrowings from the Parent Bank (contractual interest rate: 1.42% – 3.18% p.a.)	63 472 223	-	-	-	-
Debt securities in issue (contractual interest rate: 5.46% p.a.)	-	137 189	-	-	-
Derivatives and other financial liabilities	33 851 161	24 273	608	-	-
Other liabilities	-	-	-	421 186	82 115

The income and expense items with related parties for three-month period ended 31 March 2015 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	7 031 175	116 889	57 778	3 529	-
Interest expense	(2 958 055)	(40 544)	(75 720)	-	-
Fee and commission income	3 986	2 305	337	-	-
Fee and commission expense	(34 198)	(2)	-	-	-
Gains less losses/(losses less gains) from trading in foreign currencies	3 906	(75 266)	4 050	-	-
Unrealized (losses net of gains)/gains less losses from financial derivatives	32 483 156	(32 196)	-	-	-
Administrative and other operating expenses	(213 169)	-	-	(51 651)	(21 398)
Other operating income	6	-	923	-	-
Share of profit of associate	-	-	132 216	-	-

29 Related Party Transactions (Continued)

At 31 March 2015 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	897 550	438 784	-	-
Guarantees received by the Group at the period end	1 402 109	846 339	-	84 800
Letters of credit issued by the Group at the period end	-	1 218 800	-	-
Undrawn credit lines and overdraft facilities	-	-	10 841 958	-
Interest rate swap agreements – notional amount as at the period end	308 762 097	-	-	-
Interest rate swap agreements – fair values as at the period end	1 011 742	-	-	-
Cross currency interest rate swap agreements – notional amount receivable as at the period end	78 159 877	-	-	-
Cross currency interest rate swap agreements – notional amount payable as at the period end	86 281 395	-	-	-
Cross currency interest rate swap agreements – fair values at the period end	(8 430 856)	-	-	-
Foreign currency derivative financial instruments – principal amount purchased	226 406 869	3 830 518	-	-
Foreign currency derivative financial instruments – principal amount sold	215 503 694	3 855 432	-	-
Foreign currency derivative financial instruments – fair value	8 034 789	(23 274)	-	-
Currency Options purchased – notional amount	5 846	-	-	-
Currency Options purchased – fair value	465	-	-	-

29 Related Party Transactions (Continued)

At 31 December 2014 the outstanding balances with related parties were as follows:

	Parent bank	Subsidiaries of the Parent Bank	Associates	Members of the Managing Board	Other related parties
<i>In thousands of Russian Roubles</i>					
Corresponding accounts and overnight placements with other banks (contractual interest rate: 0.00% – 0.00% p.a.)	37 926 173	13 341	-	-	-
Placements with other banks with original maturities of less than three months (contractual interest rate: 0.10% – 0.10% p.a.)	12 376 848	18 500	-	-	-
Long-term placements with other banks with original maturities of more than one year (contractual interest rate: 0.60% – 0.60% p.a.)	5 642 811	-	-	-	-
Gross amount of loans and advances to customers (contractual interest rate: 1.89% – 16.69% p.a.)	-	-	4 021 830	235 442	-
Purchased intangible assets less accumulated depreciation	279 711	-	-	-	-
Derivatives and other financial assets	18 980 654	14 698	-	-	-
Investments in associates	-	-	2 267 544	-	-
Due to other banks (contractual interest rate: 1.65% – 15.00% p.a.)	327 691	4 371 295	-	-	36 664
Customer accounts (contractual interest rate: 0.28% – 21.85% p.a.)	-	-	2 326 426	-	-
Term borrowings from the Parent Bank (contractual interest rate: 1.48% – 3.16% p.a.)	61 993 150	-	-	-	-
Debt securities in issue (contractual interest rate: 3.64% – 5.46% p.a.)	-	1 022 849	-	-	-
Other liabilities	-	-	-	420 264	70 755
Derivatives and other financial liabilities	50 858 242	5 777	1 089	-	-

The income and expense items with related parties for 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	-	-
Unrealized (losses net of gains)/gains less losses from financial derivatives	(139 655)	441	-	-	-
Administrative and other operating expenses	(177 502)	(3 614)	-	(105 460)	-
Other operating income	-	-	955	-	-
Share of profit of associate	-	-	137 412	-	-

29 Related Party Transactions (Continued)

At 31 December 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 year end	1 216 386	385 686	-	-
Guarantees received by the Group at the year end	1 402 109	846 339	-	98 000
Letters of credit issued by the Group at the year end	1 018 109	-	-	-
Undrawn credit lines	-	-	8 144 966	-
Interest rate swap agreements – notional amount as at the year end	300 366 730	-	-	-
Interest rate swap agreements – fair values as at the year end	2 549 390	-	-	-
Cross currency interest rate swap agreements – notional amount receivable as at the year end	83 066 539	-	-	-
Cross currency interest rate swap agreements – notional amount payable as at the year end	89 857 466	-	-	-
Cross currency interest rate swap agreements – fair values as at the year end	(7 844 990)	-	-	-
Foreign currency derivative financial instruments – principal amount purchased	177 259 648	1 624 889	-	-
Foreign currency derivative financial instruments – principal amount sold	199 664 137	1 611 245	-	-
Foreign currency derivative financial instruments – fair value	(26 586 344)	8 922	-	-

The Bank's immediate parent is Raiffeisen CIS Region Holding GmbH (2014: Raiffeisen CIS Region Holding GmbH). The Bank is ultimately controlled by Raiffeisen Zentralbank Österreich AG (2014: Raiffeisen Zentralbank Österreich AG).

Key management compensation is presented below:

	31 March 2015 Expense	31 March 2015 Accrued liability	31 March 2014 Expense	31 December 2014 Accrued liability
<i>In thousands of Russian Roubles</i>				
Short-term benefits:				
- Salaries	50 728	-	37 404	-
- Short-term bonuses	1 387	406 575	68 056	405 188
Share-based compensation:				
- Cash-settled share-based compensation	(464)	14 611	-	15 076
Total	51 651	421 186	105 460	420 264

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

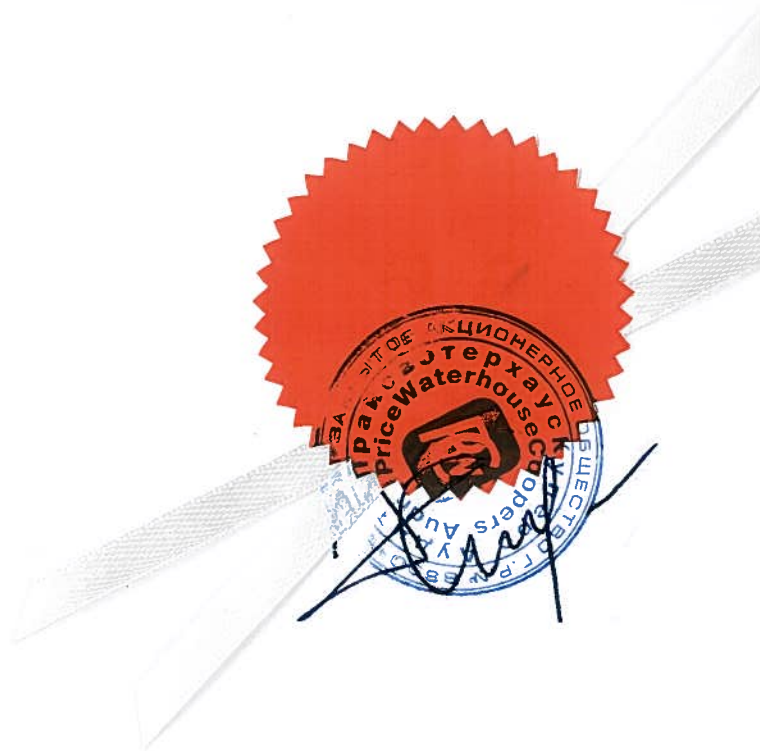
30 Subsequent events

The Group paid dividends to RBI in the amount RR 15 000 000 thousand in April 2015.

In April 2015 the Group raised Subordinated loan from the Parent Bank in the amount of USD 228 160 thousand. Maturity date of Subordinated loan is April 22, 2020.

N.V. Kossova, Director,
ZAO PricewaterhouseCoopers Audit

25 May 2015



61 (sixty one) pages are numbered, bound and sealed.