

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

**Consolidated Interim Condensed
Financial Statements
for the 3 months ended 31 March 2014**

Contents

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

OJSC “Asian-Pacific Bank”
Consolidated Interim Condensed Statement of Cash Flows for the 3 months ended 31 March 2014

Notes	31 March 2014 RUB'000	31 March 2013 RUB'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest receipts	3 984 178	3 264 195
Interest payments	(1 866 102)	(1 333 674)
Fee and commission receipts	374 093	620 218
Fee and commission payments	(54 921)	(44 922)
Net (payments) receipts from financial instruments at fair value through profit or loss and available-for-sale financial instruments	(67 977)	218 330
Net receipts from foreign exchange	150 652	77 661
Other income receipts	191 738	121 671
Net receipts (payments) from operations with precious metals	332	(8 497)
General administrative expenses payments	(1 158 492)	(1 235 732)
(Increase) decrease in operating assets		
Obligatory reserves with the CBR	224 492	(124 721)
Financial instruments at fair value through profit or loss	4 346 779	4 943 820
Available-for-sale financial assets	445 949	(4 399 473)
Due from banks (excluding Nostro accounts and term deposits with other banks, which are included in Cash and cash equivalents)	4 657	(44 617)
Amounts receivable under reverse repurchase agreements	(1 334 169)	(959 198)
Loans to customers	(2 466 287)	(4 509 597)
Net investments in finance leases	(163 020)	7 071
Other assets	98 389	(739 864)
Increase (decrease) in operating liabilities		
Deposits and balances from banks	1 269 035	420 404
Amounts payable under repurchase agreements	(5 942 887)	(2 112 160)
Current accounts and deposits from customers	(549 625)	4 489 321
Promissory notes	1 011 144	734 218
Other liabilities	(88 025)	(34 586)
Cash flows used in operating activities before income tax paid	(1 590 067)	(650 132)
Income tax paid	(388 918)	(143 149)
Cash flows used in operations	(1 978 985)	(793 281)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net purchases of property and equipment and intangible assets	(30 567)	(127 665)
Cash flows used in investing activities	(30 567)	(127 665)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issue of bonds	2 462 302	2 999 625
Cash flows from financing activities	2 462 302	2 999 625

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

OJSC "Asian-Pacific Bank"
Consolidated Interim Condensed Statement of Cash Flows for the 3 months ended 31 March 2014

Notes	31 March 2014 RUB'000	31 March 2013 RUB'000
Net increase in cash and cash equivalents	452 750	2 078 679
Effect of changes in exchange rates on cash and cash equivalents	293 172	(22 791)
Cash and cash equivalents as at the beginning of the year	10 085 780	8 180 610
Cash and cash equivalents as at the end of the year	10 831 702	10 236 498

Mr. S.A. Tyrtsev
 Chairman of the Management Board



Mr. O.V. Marinchenko
 Chief Accountant

RUB'000	Share capital	Treasury shares	Share premium	Revaluation reserve for available-for-sale financial assets	Revaluation surplus for buildings	Retained earnings	Total equity
Balance as at 1 January 2013	562 312	-	1 192 723	9 718	1 280 014	8 484 167	11 528 934
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	642 515	642 515
Other comprehensive income, net of income tax							
<i>Items that are or may be reclassified subsequently to profit or loss</i>							
Net change in fair value of available-for-sale financial assets, net of deferred tax of RUB 4 931 thousand	-	-	-	(19 727)	-	-	(19 727)
<i>Total items that are or may be reclassified subsequently to profit or loss</i>	-	-	-	(19 727)	-	-	(19 727)
Total comprehensive income for the period	-	-	-	(19 727)	-	642 515	622 788
Balance as at 31 March 2013	562 312	-	1 192 723	(10 009)	1 280 014	9 126 682	12 151 722
Balance as at 1 January 2014	562 312	(10 307)	1 192 723	(29 827)	1 620 178	11 255 339	14 590 418
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	3 057	3 057
Other comprehensive income, net of income tax							
<i>Items that are or may be reclassified subsequently to profit or loss</i>							
Net change in fair value of available-for-sale financial assets, net of deferred tax of RUB 22 228 thousand	-	-	-	(88 912)	-	-	(88 912)
<i>Total items that are or may be reclassified subsequently to profit or loss</i>	-	-	-	(88 912)	-	-	(88 912)
Total comprehensive income for the period, net of income tax	-	-	-	(88 912)	-	3 057	(85 855)
Balance as at 31 March 2014	562 312	(10 307)	1 192 723	(118 739)	1 620 178	11 258 396	14 504 563

Mr. S.A. Tyrtsev
Chairman of the Management Board



Mr. O.V. Marinchenko
Chief Accountant

1 Background

Organisation and operations

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

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

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

The Bank has 308 (31 December 2013: 316) offices from which it conducts business throughout the Russian Federation including a head office, 5 regional branches, 70 additional offices, 230 operational offices and 2 operational cash boxes. The registered address of the head office is 225, Amurskaya Street, Blagoveschensk, 675000. The majority of the assets and liabilities are located in the Russian Federation.

As at 31 March 2014 the following shareholders held the issued shares of Open Joint Stock Company “Asian-Pacific Bank”:

Shareholder	31 March 2014	31 December 2013
	%	%
LLC “PPFIN Region” (Russian Federation)	58.22	58.22
East Capital Explorer Financial Institutions Fund AB (Sweden)	17.91	17.91
TECHSUN ENTERPRISES LIMITED (Cyprus)	8.76	7.76
International Financial Corporation	6.99	6.99
Aksenov E.V.	3.21	4.21
LLC “Expo-Leasing” (a 100% owned subsidiary of the Bank)	1.83*	1.83*
Others	3.08	3.08
Total:	100.00	100.00

* *Treasury shares*

Details of the subsidiaries are as follows:

Name	Country of incorporation	Principal activities	Ownership %	
			31 March 2014	31 December 2013
LLC “Expo-Leasing”	Russian Federation	Leasing	100%	100%
CJSC “Mortgage agent APB”	Russian Federation	Mortgage agent	see below	see below
CJSC “Mortgage agent APB 2”	Russian Federation	Mortgage agent	see below	-

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

LLC “Expo-Leasing” was registered in 2002 in Russia. Its head office is in Moscow and it has 13 branches (31 December 2013: 13) comprising a head office, 1 regional branch and 11 separate offices.

CJSC “Mortgage agent APB” and CJSC “Mortgage agent APB 2” (MA APB and MA APB 2) are structured entities established to facilitate the Bank’s issue of mortgage backed securities (refer to note 26). These entities are not owned by the Group. Control arises through the predetermination of the entities’ activities, having rights to obtain the majority of benefits of the structured entities, and retaining the majority of the residual risks related to the entities.

The average number of the Group’s employees for the 3 months ended 31 March 2014 was 4 556 (31 December 2013: 4 658).

Russian business environment

The Group’s operations are primarily located in the Russian Federation. Consequently, the Group is exposed to the economic and financial markets of the Russian Federation, which display emerging-market characteristics. Legal, tax and regulatory frameworks continue to be developed, but are subject to varying interpretations and frequent changes that, together with other legal and fiscal impediments, contribute to the challenges faced by entities operating in the Russian Federation. In addition, the contraction felt after the 2008 economic downturn in the capital and credit markets and the impact of this on the Russian economy further increased the level of economic uncertainty in the environment. The consolidated financial statements reflect management’s assessment of the impact of the Russian business environment on the operations and financial position of the Group. The future business environment may differ from management’s assessment.

2 Basis of preparation

Statement of compliance

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

These consolidated interim condensed financial statements are prepared in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting. As a result, they do not include all of the information required by IFRS for a complete set of financial statements. Operating results for the three months period ended 31 March 2014 are not necessarily indicative of the results that may be expected for the year ending 31 December 2014.

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

Basis of measurement

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

Functional and presentation currency

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

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

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

Use of estimates and judgments

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

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

3 Significant accounting policies

In general the accounting policies applied by the Group in these consolidated interim condensed financial statements are consistent with those applied by the Group in the year ended 31 December 2013, except for the changes resulting from the amendments to IFRS.

4 Interest income and expense

	31 March 2014	31 March 2013
	RUB'000	RUB'000
Interest income		
Loans to customers	4 098 346	3 215 321
Net investments in finance leases	128 329	124 240
Due from banks	43 187	32 389
Promissory notes included in financial instruments at fair value through profit or loss	36 686	51 923
	4 306 548	3 423 873
Interest expense		
Current accounts and deposits from customers	1 211 091	1 271 107
Deposits and balances from banks	242 655	172 867
Debt securities issued	180 874	152 514
Subordinated borrowings	29 195	25 017
	1 663 815	1 621 505

5 Fee and commission income

	31 March 2014 RUB'000	31 March 2013 RUB'000
Settlement operations	298 980	294 500
Insurance agent commission	272 544	269 826
Accounts opening and maintenance	39 025	30 391
Guarantee and letter of credit issuance	16 614	15 042
Other	34 368	12 780
	661 531	622 539

6 Net foreign exchange gain

	31 March 2014 RUB'000	31 March 2013 RUB'000
Gain on derivatives and spot transactions (except swaps)	136 347	65 190
Gain on swap operations	153 747	28 273
Loss from revaluation of financial assets and liabilities	(155 653)	(36 925)
	134 441	56 538

7 Net gain (loss) on operations with precious metals

	31 March 2014 RUB'000	31 March 2013 RUB'000
Gain on trading operations	2 929	2 946
Gain (loss) from revaluation of financial assets and liabilities and operations with derivatives	1 274	(22 806)
	4 203	(19 860)

8 Other operating income

	31 March 2014 RUB'000	31 March 2013 RUB'000
Penalties on loans issued	134 625	77 723
Penalties on other operations	8 005	4 602
Rental income	6 106	6 156
Repayment of written off loans	7 329	3 237
Other income	35 673	29 953
	191 738	121 671

9 Impairment losses

	31 March 2014 RUB'000	31 March 2013 RUB'000
Loans to customers	2 133 669	823 725
Net investments in finance leases	5 324	7 011
Other assets	682	-
	2 139 675	830 736

10 Personnel expenses

	31 March 2014 RUB'000	31 March 2013 RUB'000
Employee compensation	708 067	587 274
Payroll related taxes	202 671	178 433
	910 738	765 707

11 Other general administrative expenses

	31 March 2014 RUB'000	31 March 2013 RUB'000
Depreciation and amortisation	68 603	63 038
Insurance	51 095	42 124
Write-off of materials and loss on disposals of assets	50 990	36 362
Repairs and maintenance	40 145	22 675
Rent	38 554	26 804
Taxes other than income tax	30 938	23 706
Advertising and marketing	14 574	19 191
Communications and information services	14 060	11 849
Security	7 450	8 602
Travel expenses	6 330	6 128
Professional services	4 105	1 274
Other	41 752	98 447
	368 596	360 200

12 Income tax expense

	31 March 2014 RUB'000	31 March 2013 RUB'000
Current tax expense		
Current year tax expense	25 740	14 396
Origination and reversal of temporary differences	(17 727)	189 582
Total income tax expense	8 013	203 978

During 3 months ended 31 March 2014, the applicable tax rate for current and deferred tax is 20% (31 March 2013: 20%).

Reconciliation of effective tax rate for the 3 months ended 31 March:

	31 March 2014 RUB'000	%	31 March 2013 RUB'000	%
Profit before tax	11 070		846 493	
Income tax at the applicable tax rate	2 214	20.0	169 299	20.0
Other differences	10 010	90.4	39 030	4.6
Income taxed at lower tax rates	(4 211)	(38.0)	(4 351)	(0.5)
	8 013	72.4	203 978	24.1

Deferred tax asset and liability

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes give rise to deferred tax assets and liabilities as at 31 March 2014 and 2013. Net deferred tax liabilities have been recognised in these consolidated financial statements.

Movements in temporary differences during the 3 months ended 31 March 2014 and 2013 are presented as follows:

RUB'000	Balance 1 January 2014	Recognised in profit or loss	Recognised in other comprehensive income and directly in equity	Balance 31 March 2014
Financial instruments at fair value through profit or loss	(19 797)	36 819	-	17 022
Available-for-sale financial assets	7 457	(371)	22 228	29 314
Derivative financial instruments	1 973	(27 350)	-	(25 377)
Loans to customers	(166 016)	24 728	-	(141 288)
Net investments in finance leases	51 462	(9 791)	-	41 671
Property, equipment and intangible assets	(379 271)	13 467	-	(365 804)
Other assets	-	526	-	526
Current accounts and deposits from customers	10 901	(10 901)	-	-
Debt securities issued	(2 504)	(1 089)	-	(3 593)
Other liabilities	103 180	(8 311)	-	94 869
	(392 615)	17 727	22 228	(352 660)
Comprising of:				
Deferred tax asset	51 462			41 671
Deferred tax liability	(444 077)			(394 331)

RUB'000	Balance 1 January 2013	Recognised in profit or loss	Recognised in other comprehensive income and directly in equity	Balance 31 March 2013
Financial instruments at fair value through profit or loss	2 385	(1 914)	-	471
Available-for-sale financial assets	(2 429)	-	4 931	2 502
Derivative financial instruments	32 143	(2 432)	-	29 711
Loans to customers	(111 223)	(137 820)	-	(249 043)
Net investments in finance leases	25 432	(4 167)	-	21 265
Property, equipment and intangible assets	(300 582)	(10 350)	-	(310 932)
Debt securities issued	(662)	1 103	-	441
Other liabilities	91 595	(34 002)	-	57 593
	(263 341)	(189 582)	4 931	(447 992)
Comprising of:				
Deferred tax asset	25 432			21 265
Deferred tax liability	(288 773)			(469 257)

13 Placements with the Central Bank of the Russian Federation

	31 March 2014 RUB'000	31 December 2013 RUB'000
Nostro accounts	2 377 347	2 942 741
Obligatory reserves with the CBR	854 301	1 078 793
Term deposits	-	2 000 000
Total placements with the Central Bank of the Russian Federation	3 231 648	6 021 534

14 Financial instruments at fair value through profit or loss

	31 March 2014 RUB'000	31 December 2013 RUB'000
ASSETS		
Held by the Group		
Debt and other fixed-income instruments		
- Government and municipal bonds		
Russian Government Federal bonds (OFZ)	567 098	709 235
Regional authorities bonds	-	517 879
Total government and municipal bonds	567 098	1 227 114
- Corporate bonds		
rated from BB- to BBB+	1 198 867	1 684 511
rated below B+	-	102 259
Total corporate bonds	1 198 867	1 786 770
- Promissory notes		
rated from BB- to BBB+	631 560	1 558 241
rated below B+	-	2 637 827
Total promissory notes	631 560	4 196 068
Derivative financial instruments		
Foreign currency and securities' contracts	132 167	-
	132 167	-
Total financial instruments at fair value through profit or loss held by the Group	2 529 692	7 209 952
Pledged under sale and repurchase agreements		
- Government and municipal bonds		
Russian Government Federal bonds (OFZ)	1 813 839	380 688
Regional authorities bonds	-	71 770
Total government and municipal bonds	1 813 839	452 458

	31 March 2014 RUB'000	31 December 2013 RUB'000
- Corporate bonds		
rated from BB- to BBB+	2 024 146	3 013 772
Total corporate bonds	2 024 146	3 013 772
Total financial instruments at fair value through profit or loss pledged under sale and repurchase agreements	3 837 985	3 466 230
Total financial instruments at fair value through profit or loss	6 367 677	10 676 182
LIABILITIES		
Derivative financial instruments		
Foreign currency and securities' contracts	5 284	16 430
	5 284	16 430

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

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

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

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

RUB '000	Level 1	Level 2	Total
Financial instruments at fair value through profit or loss			
- Debt and other fixed income instruments	5 603 950	631 560	6 235 510
- Derivative assets	5 000	127 167	132 167
- Derivative liabilities	(597)	(4 687)	(5 284)

The table below analyses financial instruments measured at fair value through profit or loss at 31 December 2013, by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the consolidated interim condensed statement of financial position:

RUB '000	Level 1	Level 2	Total
Financial instruments at fair value through profit or loss			
- Debt and other fixed income instruments	6 480 114	4 196 068	10 676 182
- Derivative liabilities	(3 878)	(12 552)	(16 430)

15 Available-for-sale financial assets

	31 March 2014 RUB'000	31 December 2013 RUB'000
Held by the Group		
Debt and other fixed-income instruments		
- Government and municipal bonds		
Russian Government Federal bonds (OFZ and Eurobonds)	419 374	-
Regional authorities bonds	1 174 090	267 370
Total government and municipal bonds	1 593 464	267 370
- Corporate bonds		
rated from BB- to BBB+	785 517	1 311 461
rated below B+	200 473	149 390
not rated	-	95 391
Total corporate bonds	985 990	1 556 242
Total available-for-sale financial instruments held by Group	2 579 454	1 823 612
Pledged under sale and repurchase agreements		
- Government and municipal bonds		
Regional authorities bonds	-	375 093
Total government and municipal bonds	-	375 093
- Corporate bonds		
rated from BB- to BBB+	2 899 860	3 813 394
rated below B+	189 652	211 773
Total corporate bonds	3 089 512	4 025 167
Total available-for-sale financial instruments pledged under sale and repurchase agreements	3 089 512	4 400 260
Total available-for-sale financial instruments	5 668 966	6 223 872

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

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

The table below analyses available-for-sale financial assets at 31 March 2014, by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the consolidated interim condensed statement of financial position:

RUB '000	Level 1	Total
Available-for-sale financial assets		
- Debt and other fixed income instruments	5 668 966	5 668 966

The table below analyses financial instruments measured at fair value at 31 December 2013, by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the consolidated interim condensed statement of financial position:

RUB '000	Level 1	Total
Available-for-sale financial assets		
- Debt and other fixed income instruments	6 223 872	6 223 872

16 Due from banks

	31 March 2014 RUB'000	31 December 2013 RUB'000
Nostro accounts		
- OECD banks	3 407 587	980 488
- Largest 30 Russian banks	776 685	582 742
- Other Russian banks	405 055	322 402
- Other foreign banks	111 182	57 631
Total nostro accounts	4 700 509	1 943 263
Term deposits		
- Other Russian banks	599 623	307 802
- Other foreign banks	365 663	335 431
- Largest 30 Russian banks	219 032	514 060
Total term deposits	1 184 318	1 157 293
	5 884 827	3 100 556

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

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

17 Amounts receivable under reverse repurchase agreements

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

	Government and municipal bonds RUB'000	Corporate shares RUB'000	Corporate bonds RUB'000	Total RUB'000
Amounts receivable under reverse repurchase agreements				
- Largest 30 Russian banks	878 976	342 756	193 868	1 415 600
- Other Russian banks	-	-	254 067	254 067
	878 976	342 756	447 935	1 669 667

The table below sets out receivables under reverse repurchase agreements showing individual types of securities received as collateral under reverse repurchase agreements outstanding as at 31 December 2013:

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

At 31 March 2014, the fair value of securities collateralising reverse repurchase agreements that the Group is permitted to sell or repledge in the absence of default is RUB 1 870 238 thousand (31 December 2013: RUB 395 986 thousand). As at 31 December 2013 the Group repledged out of them securities with fair value of RUB 338 752 thousand under repurchase agreements.

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

18 Loans to customers

	31 March 2014 RUB'000	31 December 2013 RUB'000
Loans to corporate customers	28 082 292	26 969 176
Loans to retail customers		
Consumer loans	52 313 236	50 582 233
Mortgage loans	9 275 578	8 684 640
Total loans to retail customers	61 588 814	59 266 873
Gross loans to customers	89 671 106	86 236 049
Impairment allowance	(7 944 945)	(5 811 276)
Net loans to customers	81 726 161	80 424 773

Movements in the loan impairment allowance by classes of loans to customers for the the 3 months ended 31 March 2014 are as follows:

	Loans to corporate customers RUB'000	Loans to retail customers RUB'000	Total RUB'000
Balance at 1 January 2014	670 578	5 140 698	5 811 276
Net charge	101 069	2 032 600	2 133 669
Balance at 31 March 2014	771 647	7 173 298	7 944 945

Movements in the loan impairment allowance by classes of loans to customers for the 3 months ended 31 March 2013 are as follows:

	Loans to corporate customers RUB'000	Loans to retail customers RUB'000	Total RUB'000
Balance at 1 January 2013	266 267	2 653 568	2 919 835
Net charge	107 908	715 817	823 725
Write-offs	(29 303)	(189 984)	(219 287)
Balance at 31 March 2013	344 872	3 179 401	3 524 273

Credit quality of loans to customers

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

	31 March 2014	31 December 2013
	RUB'000	RUB'000
Loans to corporate customers		
Loans without individual signs of impairment	24 402 919	23 452 219
Watch list loans	2 514 802	2 440 094
Impaired loans:		
- not overdue	193 619	144 215
- overdue less than 90 days	168 621	183 923
- overdue more than 90 days and less than 1 year	405 900	407 691
- overdue more than 1 year	396 431	341 034
Total impaired loans	<u>1 164 571</u>	<u>1 076 863</u>
Total gross loans to corporate customers	28 082 292	26 969 176
Impairment allowance	<u>(771 647)</u>	<u>(670 578)</u>
Net loans to corporate customers	<u>27 310 645</u>	<u>26 298 598</u>

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

	Consumer loans	Mortgage loans	Total loans to
	RUB'000	RUB'000	retail customers
			RUB'000
Loans to retail customers			
- not overdue	40 101 084	9 142 965	49 244 049
- overdue less than 30 days	2 348 691	43 024	2 391 715
- overdue 30-89 days	2 166 856	53 671	2 220 527
- overdue 90-179 days	2 336 659	21 438	2 358 097
- overdue more than 180 days	5 359 946	14 480	5 374 426
Total gross loans to retail customers	52 313 236	9 275 578	61 588 814
Impairment allowance	<u>(7 153 801)</u>	<u>(19 497)</u>	<u>(7 173 298)</u>
Net loans to retail customers	<u>45 159 435</u>	<u>9 256 081</u>	<u>54 415 516</u>

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

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

Asset securitisation

As at 31 March 2014, the Group transferred mortgage loans of RUB 3 511 600 thousand (31 December 2013: RUB 1 149 703 thousand) to MA APB and MA APB 2, entities that are, in substance, controlled by the Group. These loans serve as collateral for secured mortgage backed securities issued by the Group. As at 31 March 2014, the carrying amount of liabilities on these securities is RUB 3 676 933 thousand (31 December 2013: RUB 1 206 064 thousand).

Industry and geographical analysis of the loan portfolio

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

	31 March 2014 RUB'000	31 December 2013 RUB'000
Wholesale and retail trade	7 922 912	7 688 160
Services	3 045 621	2 971 267
Production	2 270 453	2 087 437
Mining	2 853 345	2 081 655
Construction	1 955 724	1 902 577
Fishery	2 813 145	1 413 301
Energy	956 819	1 104 504
Investment activities	735 666	777 109
Real estate	664 659	765 916
Other	4 863 948	6 177 250
Individuals	61 588 814	59 266 873
	89 671 106	86 236 049
Impairment allowance	(7 944 945)	(5 811 276)
	81 726 161	80 424 773

Significant credit exposures

As at 31 March 2014, the Group has no borrowers or groups of connected borrowers whose loan balances individually exceed 10% of equity (31 December 2013: no borrowers or group of borrowers).

For maturity analysis refer to note 30.

19 Net investments in finance leases

Net investments in finance leases comprise:

	31 March 2014 RUB'000	31 December 2013 RUB'000
Gross investments in finance leases	3 261 281	3 131 007
Less unearned finance lease income	(624 457)	(657 203)
	2 636 824	2 473 804
Less allowance for impairment	(67 133)	(61 809)
Net investments in finance leases	2 569 691	2 411 995

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

Future minimum lease payments to be received are disclosed below:

	31 March 2014 RUB'000	31 December 2013 RUB'000
Within 1 year	1 963 010	1 823 676
From 1 to 5 years	1 298 271	1 307 331
Minimum lease payments receivable	3 261 281	3 131 007

Gross investment in leases is receivable in the following currencies:

	31 March 2014 RUB'000	31 December 2013 RUB'000
RUB	3 007 650	2 886 490
USD	253 631	243 722
EUR	-	795
Gross investments in finance leases	3 261 281	3 131 007

Movements in the impairment allowance are as follows:

	31 March 2014 RUB'000	31 March 2013 RUB'000
Balance at 1 January	61 809	48 319
Net charge	5 324	7 011
Write-offs	-	-
Balance at 31 March	67 133	55 330

20 Transfers of financial assets

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

RUB'000	Financial instruments at fair value through profit or loss	Financial assets available-for- sale
Carrying amount of assets	3 837 985	3 089 512
Carrying amount of associated liabilities	3 557 117	2 701 247

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

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

21 Property, equipment, intangible assets and investment property

RUB'000	Land and buildings	Computers and equipment	Fixtures and fittings	Vehicles	Intangible assets	Construction in progress	Total
Cost/revalued amount							
Balance at 1 January 2014	4 387 149	642 687	44 382	55 606	255 014	190 822	5 575 660
Additions	2 432	68 587	207	5 163	10 412	141 174	227 975
Disposals	-	(34)	(375)	(1 889)	(11 997)	(190 822)	(205 117)
At 31 March 2014	4 389 581	711 240	44 214	58 880	253 429	141 174	5 598 518
Depreciation and impairment losses							
Balance at 1 January 2014	6 229	419 191	37 834	30 341	125 637	-	619 232
Depreciation and amortisation for the period	33 816	20 730	442	2 122	11 493	-	68 603
Disposals	-	(34)	(375)	(2 032)	(5 520)	-	(7 961)
Balance at 31 March 2014	40 045	439 887	37 901	30 431	131 610	-	679 874
Carrying amounts							
At 31 March 2014	4 349 536	271 353	6 313	28 449	121 819	141 174	4 918 644
At 1 January 2014	4 380 920	223 496	6 548	25 265	129 377	190 822	4 956 428

There are no capitalised borrowing costs related to the acquisition or construction of property, equipment and intangible assets during the 3 months ended 31 March 2014 (31 March 2013: nil).

RUB'000	Land and buildings	Computers and equipment	Fixtures and fittings	Vehicles	Intangible assets	Construction in progress	Total
Cost/revalued amount							
Balance at 1 January 2013	3 892 179	579 286	39 750	63 431	224 224	258 058	5 056 928
Additions	2 362	22 508	347	1 369	8 309	228 171	263 066
Disposals	-	(8 242)	-	-	(11 685)	(125 824)	(145 751)
At 31 March 2013	3 894 541	593 552	40 097	64 800	220 848	360 405	5 174 243
Depreciation and impairment losses							
Balance at 1 January 2013	100 806	346 501	36 664	27 026	97 336	-	608 333
Depreciation and amortisation for the period	26 110	21 496	240	1 989	13 203	-	63 038
Disposals	-	(7 396)	-	-	(3 761)	-	(11 157)
Balance at 31 March 2013	126 916	360 601	36 904	29 015	106 778	-	660 214
Carrying amounts							
At 31 March 2013	3 767 625	232 951	3 193	35 785	114 070	360 405	4 514 029
At 1 January 2013	3 791 373	232 785	3 086	36 405	126 888	258 058	4 448 595

Investment property

	31 March 2014 RUB'000	31 March 2013 RUB'000
Balance at 1 January	49 213	143 435
Fair value revaluation	(256)	(807)
Balance at 31 March	48 957	142 628

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

Rental income from investment property for the 3 months ended 31 March 2014 comprised RUB 101 thousand (31 March 2013: RUB 1 773 thousand).

22 Other assets

	31 March 2014 RUB'000	31 December 2013 RUB'000
Other receivables	365 931	181 838
Total other financial assets	365 931	181 838
Prepayments	609 154	558 436
Advances on precious metals delivery	64 902	308 871
Prepayments for assets to be leased under finance lease	191 029	239 530
Materials and supplies	40 074	44 242
Other	198 583	220 230
Total other non-financial assets	1 103 742	1 371 309
Gross other assets	1 469 673	1 553 147
Less allowance for impairment of other non-financial assets	(29 553)	(28 871)
Net other assets	1 440 120	1 524 276

Movements in the impairment allowance are as follows:

	31 March 2014 RUB'000	31 March 2013 RUB'000
Balance at 1 January	28 871	-
Net charge	682	-
Balance at 31 March	29 553	-

23 Deposits and balances from banks

	31 March 2014 RUB'000	31 December 2013 RUB'000
Vostro accounts	667 332	281 660
Term deposits from banks	6 895 944	6 694 976
Term deposit from the CBR	801 627	18 031
	8 364 903	6 994 667

As at 31 March 2014, the Group has two banks (31 December 2013: two banks), whose balances individually exceed 10% of equity. The gross value of these balances as at 31 March 2014 is RUB 4 174 791 thousand (31 December 2013: RUB 4 257 541 thousand).

24 Amounts payable under repurchase agreements

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

RUB'000	Government and municipal bonds	Corporate bonds	Total
Amounts payable under direct repo agreements			
- The CBR	1 492 318	4 483 763	5 976 081
- Largest 30 Russian banks	282 283	-	282 283
	1 774 601	4 483 763	6 258 364

The table below sets out payables under direct repo agreements showing individual types of securities transferred as collateral under repo agreements outstanding as at 31 December 2013:

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

Fair value of securities transferred under repo agreements as at 31 March 2014 comprised RUB 6 927 497 thousand (31 December 2013: RUB 8 205 242 thousand). For details, please, refer to note 20.

25 Current accounts and deposits from customers

	31 March 2014 RUB'000	31 December 2013 RUB'000
Current accounts and demand deposits		
- Retail	4 241 965	4 971 504
- Corporate	15 183 797	17 989 348
Term deposits		
- Retail	45 865 148	45 508 173
- Corporate	10 543 526	12 901 099
	75 834 436	81 370 124

As at 31 March 2014, the Group has one customer (31 December 2013: one customer), whose balances exceed 10% of equity. The amount owned comprised RUB 6 537 967 thousand (31 December 2013: RUB 8 186 316 thousand).

26 Debt securities issued

	31 March 2014 RUB'000	31 December 2013 RUB'000
Bonds	8 258 035	5 835 360
Promissory notes	1 299 254	268 701
	9 557 289	6 104 061

Bonds are presented by four issues: two of the Bank and the others of CJSC “Mortgage agent APB” and CJSC “Mortgage agent APB 2”.

In April 2012, the Group issued RUB 1 500 000 thousand of bonds with a coupon rate as at 31 March 2014 of 10.4%. These bonds mature on 30 April 2015.

In December 2012, the Group issued RUB 1 521 863 thousand of mortgage backed securities with a coupon rate of 8.75%. These securities mature on 26 April 2045 (see note 18 for more details).

In February 2013, the Group issued RUB 3 000 000 thousand of bonds with a coupon rate as at 31 March 2014 of 10.4%. These bonds mature on 19 February 2016.

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

27 Subordinated borrowings

	31 March 2014 RUB'000	31 December 2013 RUB'000
Subordinated loan	1 104 712	986 344
	1 104 712	986 344

On 21 November 2012 the Bank attracted a subordinated loan in the amount USD 30 million from one of the Bank's shareholders - IFC. The loan with interest rate 10.92% as at 31 March 2014 mature by tranches until 16 December 2019.

According to the terms of the agreement the Group is subject to a debt covenant stating that at the end of each quarter the Group should comply with a number of financial and non-financial covenants.

As at 31 March 2014 and 31 December 2013, the Group did not breach any covenants described above.

28 Other liabilities

	31 March 2014 RUB'000	31 December 2013 RUB'000
Payables to employees	564 725	463 786
Advances from lessees received	159 182	211 944
Other taxes payable	117 318	158 116
Payables to creditors	43 665	70 459
Deferred commission on guarantees and letters of credit issued	33 521	49 011
Other non-financial liabilities	107 309	102 354
	1 025 720	1 055 670

29 Analysis by segment

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

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

Segment breakdown of assets and liabilities is set out below:

	31 March 2014	31 December 2013
	RUB'000	RUB'000
ASSETS		
Far East region	54 794 408	54 460 162
Siberia region	30 432 316	30 844 089
West region	24 494 743	28 700 692
Total assets	109 721 467	114 004 943
LIABILITIES		
Far East region	60 812 124	63 081 318
Siberia region	15 155 169	15 399 497
West region	21 123 504	22 189 149
Total liabilities	97 090 797	100 669 964

Segment information for the main reportable segments for the 3 months ended 31 March 2014 is set below:

RUB'000	Far East region	Siberia region	West region	Total
External interest income	2 139 124	1 406 596	310 690	3 856 410
Fee and commission income	428 696	312 976	33 174	774 846
Net loss on financial instruments at fair value through profit or loss and realised gain on available-for-sale financial instruments	(219)	-	(125 093)	(125 312)
Net foreign exchange (loss)/income	(4 460 390)	44 249	4 542 890	126 749
Other operating income	105 555	55 166	1 142	161 863
Revenue	(1 787 234)	1 818 987	4 762 803	4 794 556
Impairment losses	758 111	805 561	(104 723)	1 458 949
Interest expense	1 065 851	284 022	363 253	1 713 126
Fee and commission expense	16 129	7 912	2 876	26 917
General administrative expenses	804 813	316 113	49 444	1 170 370
Segment result	(4 432 138)	405 379	4 451 953	425 194
Income tax expense				190 186
Profit for the year				235 008

Segment information for the main reportable segments for the 3 months ended 31 March 2013 is set below:

RUB'000	Far East region	Siberia region	West region	Total
External interest income	1 674 158	987 929	238 504	2 900 591
Fee and commission income	547 873	329 043	26 961	903 877
Net (loss) gain on financial instruments at fair value through profit or loss and realised gain on available-for-sale financial instruments	(474)	-	256 601	256 127
Net foreign exchange income (loss)	(22 503)	(28 289)	80 854	30 062
Other operating income	58 283	32 229	1 456	91 968
Revenue	2 257 337	1 320 912	604 376	4 182 625
Impairment losses	765 640	537 357	68 301	1 371 298
Interest expense	979 043	296 104	256 449	1 531 596
Fee and commission expense	18 372	5 213	3 077	26 662
Other general administrative expenses	836 028	79 004	13 641	928 673
Segment result	(341 746)	403 235	262 908	324 396
Income tax expense				13 052
Profit for the period				311 344

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

	31 March 2014 RUB'000	31 March 2013 RUB'000
Revenues		
Total revenues for reportable segments	4 794 557	4 182 625
IFRS accounting policy adjustments:		
- interest income on loans to customers and net investmentd in finance leases	266 498	181 245
- securities at fair value	(25 444)	7 621
- other adjustments	113 204	98 072
Consolidated revenues	5 148 815	4 469 563
Profit or loss		
Total profit or loss for reportable segments	235 009	311 344
IFRS accounting policy adjustments:		
- interest income on loans to customers	266 498	181 245
- allowance for impairment of loans to customers and net investments in finance leases	(680 727)	547 599
- depreciation and amortisation of property and equipment and intangible assets	(8 869)	(8 525)
- securities at fair value	(25 444)	7 621
- other adjustments	216 590	(396 769)
Consolidated profit for the period	3 057	642 515

	31 March 2014	31 December 2013
	RUB'000	RUB'000
Assets		
Total assets for reportable segments	109 721 467	114 004 943
IFRS accounting policy adjustments:		
- interest income on loans to customers	16 527	(141 092)
- allowance for impairment of loans to customers and net investments in finance leases	1 048 177	1 735 282
- allowance for impairment of other assets	637 864	636 507
- depreciation and amortisation of property and equipment and intangible assets and other adjustments to property cost	151 944	159 472
- securities at fair value	11 913	51 804
- repo adjustment	-	(338 752)
- deferred tax asset	41 671	51 462
- revaluation of property and equipment	364 463	364 463
- other assets of subsidiaries (net of intragroup transactions)	4 740 987	2 447 172
- other adjustments	319 357	(414 999)
Consolidated assets	117 054 370	118 556 262
Liabilities		
Total liabilities for reportable segments	97 090 797	100 669 964
IFRS accounting policy adjustments:		
- accounting for deferred tax liability	394 331	435 961
- liabilities of subsidiaries (net of intragroup transactions)	4 762 328	2 524 792
- other adjustments	302 351	335 127
Consolidated liabilities	102 549 807	103 965 844

Information about major customers and geographical areas

For the 3 months ended 31 March 2014 and 2013, there were no corporate customers whose revenues individually exceed 10% of total revenue.

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

30 Risk management

a) Interest rate risk

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

	31 March 2014			31 December 2013		
	Average effective interest rate, %			Average effective interest rate, %		
	RUB	USD	Other currencies	RUB	USD	Other currencies
Interest bearing assets						
Term deposits with the CBR	-	-	-	5%	-	-
Financial instruments at fair value through profit or loss	8%	6%	-	8%	-	-
Available-for-sale financial assets	9%	8%	-	8%	6%	-
Due from banks						
- nostro accounts	0%	0%	1%	0%	0%	-
- term deposits	8%	5%	6%	5%	5%	6%
Amounts receivable under reverse repurchase agreements	8%	-	-	7%	-	-
Loans to customers						
- retail	22%	10%	-	23%	10%	-
- corporate	14%	9%	9%	13%	9%	10%
Net investments in finance leases	31%	23%	-	31%	23%	-
Interest bearing liabilities						
Deposits and balances from banks	10%	3%	2%	10%	3%	2%
Amounts payable under repurchase agreements	7%	-	-	6%	-	-
Current accounts and deposits from customers						
- retail	9%	4%	4%	9%	4%	4%
- corporate	8%	5%	4%	7%	5%	2%
Debt securities issued						
- promissory notes	10%	7%	-	7%	7%	-
- bonds	10%	-	-	11%	-	-
Subordinated borrowings	-	11%	-	-	11%	-

b) Currency risk

The following table shows the foreign currency structure of assets and liabilities as at 31 March 2014:

	RUB	USD	EUR	Gold	Other currencies	Total
	RUB'000	RUB'000	RUB'000	RUB'000	RUB'000	RUB'000
ASSETS						
Cash	1 923 512	924 348	344 318	-	83 298	3 275 476
Placements with the Central Bank of the Russian Federation	3 231 648	-	-	-	-	3 231 648
Financial instruments at fair value through profit or loss	5 536 390	828 173	2 740	-	374	6 367 677
Available-for-sale financial assets	5 251 018	417 948	-	-	-	5 668 966
Due from banks	1 053 148	1 834 785	2 645 986	276 817	74 091	5 884 827
Amounts receivable under reverse repurchase agreements	1 669 667	-	-	-	-	1 669 667
Loans to customers	78 106 460	3 194 673	425 028	-	-	81 726 161
Net investments in finance leases	2 389 197	180 494	-	-	-	2 569 691
Current tax asset	210 865	-	-	-	-	210 865
Deferred tax asset	41 671	-	-	-	-	41 671
Property, equipment, intangible assets and investment property	4 967 601	-	-	-	-	4 967 601
Other assets	1 309 120	126 584	4 416	-	-	1 440 120
Total assets	105 690 297	7 507 005	3 422 488	276 817	157 763	117 054 370

	RUB RUB'000	USD RUB'000	EUR RUB'000	Gold RUB'000	Other currencies RUB'000	Total RUB'000
LIABILITIES						
Derivative financial instruments	-	5 274	-	-	10	5 284
Deposits and balances from banks	6 918 151	1 195 893	248 424	-	2 435	8 364 903
Amounts payable under repurchase agreements	6 258 364	-	-	-	-	6 258 364
Current accounts and deposits from customers	68 265 987	5 929 476	1 232 034	257 991	148 948	75 834 436
Debt securities issued	9 515 303	41 986	-	-	-	9 557 289
Subordinated borrowings	-	1 104 712	-	-	-	1 104 712
Current tax liability	4 768	-	-	-	-	4 768
Deferred tax liability	394 331	-	-	-	-	394 331
Other liabilities	1 020 748	1 509	583	-	2 880	1 025 720
Total liabilities	92 377 652	8 278 850	1 481 041	257 991	154 273	102 549 807
Net position	13 312 645	(771 845)	1 941 447	18 826	3 490	14 504 563
The effect of derivatives held for risk management	876 588	1 008 161	(1 909 836)	-	25 087	-
Net position after derivatives held for risk management purposes	14 189 233	236 316	31 611	18 826	28 577	14 504 563

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

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

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

c) *Liquidity risk*

The table below shows an analysis, by expected maturities, of the amounts recognised in the consolidated statement of financial position as at 31 March 2014:

RUB'000	Demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	More than 5 years	No maturity	Total
ASSETS							
Cash	3 275 476	-	-	-	-	-	3 275 476
Placements with the Central Bank of Russian Federation	2 377 347	-	-	-	-	854 301	3 231 648
Financial instruments at fair value through profit or loss	5 648 979	630 108	88 590	-	-	-	6 367 677
Available-for-sale financial assets	5 668 966	-	-	-	-	-	5 668 966
Due from banks	5 175 432	3 446	703 916	-	-	2 033	5 884 827
Amounts receivable under reverse repurchase agreements	1 669 667	-	-	-	-	-	1 669 667
Loans to customers	5 086 044	5 780 093	22 605 979	41 761 855	6 492 190	-	81 726 161
Net investments in finance leases	427 324	193 780	872 010	1 076 577	-	-	2 569 691
Current tax asset	210 865	-	-	-	-	-	210 865
Deferred tax asset	-	-	-	-	-	41 671	41 671
Property, equipment, intangible assets and investment property	-	-	-	-	-	4 967 601	4 967 601
Other assets	669 528	457 808	263 677	15 601	-	33 506	1 440 120
Total assets	30 209 628	7 065 235	24 534 172	42 854 033	6 492 190	5 899 112	117 054 370

Notes to, and forming part of, the consolidated interim condensed financial statements for the 3 months ended 31 March 2014

RUB'000	Demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	More than 5 years	No maturity	Total
LIABILITIES							
Derivative financial instruments	5 284	-	-	-	-	-	5 284
Deposits and balances from banks	1 614 968	339 250	2 558 516	3 852 169	-	-	8 364 903
Amounts payable under repurchase agreements	6 258 364	-	-	-	-	-	6 258 364
Current accounts and deposits from customers	26 306 843	8 882 006	25 800 198	14 845 389	-	-	75 834 436
Debt securities issued	344 842	32 853	1 838 623	6 996 963	344 008	-	9 557 289
Subordinated borrowings	-	-	34 099	642 368	428 245	-	1 104 712
Current tax liability	-	4 768	-	-	-	-	4 768
Deferred tax liability	-	-	-	-	-	394 331	394 331
Other liabilities	800 099	96 259	129 362	-	-	-	1 025 720
Total liabilities	35 330 400	9 355 136	30 360 798	26 336 889	772 253	394 331	102 549 807
Net position	(5 120 772)	(2 289 901)	(5 826 626)	16 517 144	5 719 937	5 504 781	14 504 563

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

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

31 Capital management

The CBR sets and monitors capital requirements for the Bank.

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

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

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

	31 March 2014	31 December 2013
	RUB'000	RUB'000
Tier 1 capital		
Share capital less treasury shares	552 005	552 005
Share premium	1 192 723	1 192 723
Retained earnings	11 258 396	11 255 339
Total tier 1 capital	13 003 124	13 000 067
Tier 2 capital		
Revaluation reserve for available-for-sale assets	(118 739)	(29 827)
Revaluation surplus for buildings	1 620 178	1 620 178
Subordinated debt (unamortised portion)	981 679	841 131
Total tier 2 capital	2 483 118	2 431 482
Total capital	15 486 242	15 431 549
Risk-weighted assets		
Banking book	91 461 729	89 008 370
Trading book	8 366 974	11 640 081
Total risk weighted assets	99 828 703	100 648 451
Total capital expressed as a percentage of risk-weighted assets (total capital ratio)	15.51%	15.33%
Total tier 1 capital expressed as a percentage of risk-weighted assets (tier 1 capital ratio)	13.03%	12.75%

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

The Group is subject to minimum capital adequacy requirements calculated in accordance with the methodology of International Finance Corporation (IFC) established by covenants under liabilities incurred by the Group. The Group has complied with all externally imposed capital requirements as at 31 March 2014 and 31 December 2013.

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

32 Commitments

	31 March 2014	31 December 2013
	RUB'000	RUB'000
Contracted amount		
Guarantees and letters of credit	3 405 115	2 965 647
Undrawn overdraft facilities	5 684 546	5 959 238
Loan and credit line commitments	394 744	739 332
	9 484 405	9 664 217

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

As at 31 March 2014, the Group has a commitment to purchase 3 853 kg of gold and 66 kg of silver (31 December 2013: 1 738 kg of gold) under contracts to be settled at the market price at the date of maturity.

33 Cash and cash equivalents

	31 March 2014	31 December 2013
	RUB'000	RUB'000
Cash on hand	3 275 476	2 752 702
Nostro accounts with the CBR	2 377 347	2 942 741
Nostro accounts with other banks	4 700 509	1 943 263
Term deposits with the CBR	-	2 000 000
Term deposits with other banks	478 370	447 074
Total cash and cash equivalents	10 831 702	10 085 780

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

34 Related party transactions

a) Control relationships

The Group's parent company is LLC "PPFIN Region" (Russian Federation). As at 31 March 2014, the ultimate beneficial owners of the Group were Mr. Andrey Vdovin (the owner of 16.745%), Mr. Kirill Yakubovsky (the owner of 16.745%), Mr. Alexey Maslovsky (the owner of 16.745%), Mr. Peter Hambro (the owner of 16.745%), East Capital Explorer Financial Institution Fund (Sweden) (the owner of 17.91%), International Finance Corporation (6.99%) and Mr. Evgeniy Aksenov (the owner of 3.21%).

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

Total remuneration included in personnel expenses for the 3 months ended 31 March 2014 and 2013 is as follows:

	31 March 2014 RUB'000	31 March 2013 RUB'000
Short term employee benefits	19 060	21 237
	19 060	21 237

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

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

	31 March 2014 RUB'000	Average effective interest rate, %	31 December 2013 RUB'000	Average effective interest rate, %
Consolidated interim condensed statement of financial position				
ASSETS				
Loans to customers	401	18.00%	821	19.42%
Other assets	1 060	-	392	-
LIABILITIES				
Current accounts and deposits from customers	446 125	7.80%	636 539	6.41%
Other liabilities	12 558	-	11 628	-

Other amounts included in the consolidated interim condensed statement of profit or loss and other comprehensive income in relation to transactions with the members of the Board of Directors and the Management Board for the 3 months ended 31 March are as follows:

	31 March 2014 RUB'000	31 March 2013 RUB'000
Consolidated interim condensed statement of of profit or loss and other comprehensive income		
Interest income	-	24
Interest expense	(6 899)	(2 669)
Commission income	4	-

c) Transactions with shareholders

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

	31 March 2014 RUB'000	Average effective interest rate, %	31 December 2013 RUB'000	Average effective interest rate, %
Consolidated interim condensed statement of financial position				
LIABILITIES				
Deposits and balances from banks	142 676	15.63%	142 672	13.45%
Current accounts and deposits	86	-	79	-
Subordinated borrowings	1 104 712	10.92%	986 344	10.92%

Amounts included in the consolidated interim condensed statement of profit or loss and other comprehensive income in relation to transactions with shareholders for the 3 months ended 31 March are as follows:

	31 March 2014 RUB'000	31 March 2013 RUB'000
Consolidated interim condensed statement of profit or loss and other comprehensive income		
Interest expense	(34 380)	(35 427)
Commission income	17	40

d) Transactions with other related parties

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

The outstanding balances and average effective interest rates as at 31 March 2014 and 31 December 2013 for transactions with other related parties are as follows:

	31 March 2014 RUB'000	Average effective interest rate, %	31 December 2013 RUB'000	Average effective interest rate, %
Consolidated interim condensed statement of financial position				
ASSETS				
Due from banks	6 523	-	3 336	-
Loans to customers	151 536	13.87%	149 880	13.96%
Other assets	2 144	-	292	-

	31 March 2014 RUB'000	Average effective interest rate, %	31 December 2013 RUB'000	Average effective interest rate, %
LIABILITIES				
Deposits and balances from banks	328 549	0.45%	2 179	0.26%
Current accounts and deposits from customers	484 021	6.20%	1 020 127	6.30%
Other liabilities	13 441	-	482	-
Debt securities issued	70 800	9.97%	101 623	9.28%
Commitments				
Undrawn loan commitments and overdraft	-	-	90 000	-

Amounts included in the consolidated interim condensed statement of profit or loss and other comprehensive income in relation to transactions with other related parties for the 3 months ended 31 March are as follows:

	31 March 2014 RUB'000	31 March 2013 RUB'000
Consolidated interim condensed statement of profit or loss and other comprehensive income		
Interest income	7 085	30 392
Interest expense	(5 798)	(18 179)
Commission income	1 819	4 318
Net foreign exchange income	-	-
Other income	2 411	2 319
Other expense	(72)	(7 053)
Impairment loss recovery (charge)	65	(38)

35 Events after the reporting date

On 14 April 2014 the Group issued 206 271 120 949 312 ordinary shares with a nominal value of RUB 0.000000112 per each share and total nominal value of RUB 23 102 thousand. Total value of shares at the price of issue is RUB 609 119 thousand.