ZAO UniCredit Bank

Unaudited Consolidated Interim Condensed Financial Statements
for the Nine-Month Period Ended 30 September 2014

ZAO UNICREDIT BANK

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STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2014

Management of ZAO UniCredit Bank is responsible for the preparation of the consolidated interim condensed financial statements that present fairly the financial position of ZAO UniCredit Bank and its subsidiary (collectively – the "Group") as at 30 September 2014, and the related consolidated interim condensed statements of comprehensive income for the three and nine-month periods then ended, changes in equity and cash flows for the nine-month period then ended, and a summary of significant accounting policies and selected notes to the consolidated interim condensed financial statements (the "consolidated interim condensed financial statements") in compliance with International Accounting Standard ("IAS") 34, Interim Financial Reporting.

In preparing the consolidated interim condensed financial statements, management is responsible for:

- Properly selecting and applying accounting policies;
- Presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance; and
- Making an assessment of the Group's ability to continue as a going concern.

Management is also responsible for:

- Designing, implementing and maintaining an effective and sound system of internal controls, throughout the Group;
- Maintaining adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group, and which enable them to ensure that the consolidated interim condensed financial statements of the Group comply with IAS 34;
- Maintaining statutory accounting records in compliance with legislation and accounting standards of the Russian Federation;
- Taking such steps as are reasonably available to them to safeguard the assets of the Group; and
- Preventing and detecting fraud and other irregularities.

The consolidated interim condensed financial statements as at 30 September 2014 were authorized for issue by the Board of Management of ZAO UniCredit Bank on 21 October 2014.

Signed on behalf of the Board of Management

M. Alekseev — Chairman of the Board of Management

G. Chernysheva — Chief Accountant

12 November 2014

Deloitte.

ZAO Deloitte & Touche CIS
5 Lesnaya Street
Moscow, 125047
Russia

Tel: +7 (495) 787 06 00
Fax: +7 (495) 787 06 01
www.deloitte.ru

INDEPENDENT AUDITOR'S REPORT
ON REVIEW OF CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS

To the Shareholder and Supervisory Board of ZAO UniCredit Bank:

Introduction

We have reviewed the consolidated interim condensed statement of financial position of ZAO UniCredit Bank and its subsidiary (collectively – the "Group") as at 30 September 2014, and the related consolidated interim condensed statements of comprehensive income for the three and nine-month periods, changes in equity and cash flows for the nine-month period then ended and a summary of significant accounting policies and selected explanatory notes. Management is responsible for the preparation and fair presentation of these consolidated interim condensed financial statements in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting. Our responsibility is to express a conclusion on these consolidated interim condensed financial statements based on our review.

Scope of Review

We conducted our review in accordance with Federal Law "On Audit Activity", Federal Rule (Standard) of Auditing No. 33, Review of Financial Statements, and 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 Federal Auditing Standards of the Russian Federation and 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 interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34, Interim Financial Reporting.

Deloitte & Touche

12 November 2014
Moscow, Russian Federation

Ploutalova S.E., Partner
(certificate no. 01-000596 of 19 March 2012)

ZAO Deloitte & Touche CIS

Audited entity: ZAO UniCredit Bank.

Licensed by the Central Bank of the Russian Federation on 23 March 2012, License No.1.

Entered in the Unified State Register of Legal Entities on 19 August 2002 by the Moscow Inter-Regional Tax Inspectorate No.39 of the Ministry for Taxes and Duties of the Russian Federation, Registration No. 1027739082106, Certificate series 77 No. 005721432

9, Prechistenskaya emb., Moscow, Russia 119034.

Independent Auditor: ZAO "Deloitte & Touche CIS"

Certificate of state registration № 018.482, issued by the Moscow Registration Chamber on 30.10.1992.

Certificate of registration in the Unified State Register № 1027700425444 of 13.11.2002, issued by Moscow Interdistrict Inspectorate of the Russian Ministry of Taxation № 39.

Certificate of membership in "NP "Audit Chamber of Russia" (auditors' SRO) of 20.05.2009 № 3026, ORNZ 10201017407.

ZAO UNICREDIT BANK

CONSOLIDATED INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2014
(expressed in thousands of Russian Roubles)

	Notes	30 September 2014 Unaudited	31 December 2013
Assets			
Cash and cash balances	5	20 527 890	25 708 189
Trading securities	6		
- held by the Group		2 801 968	8 043 048
- pledged under repurchase agreements		331 081	3 533 397
Amounts due from credit institutions	7	189 325 176	223 403 672
Derivative financial assets	8	23 608 917	9 610 569
Derivative financial assets designated for hedging	8	4 564 992	4 131 332
Changes in fair value of portfolio hedged items		-	1 458 602
Loans to customers	9	710 085 282	548 607 344
Investment securities:			
- available-for-sale	10		
- held by the Group		38 615 074	19 457 387
- pledged under repurchase agreements		21 800 759	32 789 934
- held-to-maturity		-	299 993
Investments in associate		-	973 059
Fixed assets		6 077 582	6 328 343
Intangible assets		2 580 846	2 204 893
Current income tax		862 221	-
Other assets		3 645 569	1 950 602
Total assets		**1 024 827 357**	**888 500 364**
Liabilities			
Amounts due to credit institutions	12	177 498 327	152 653 594
Financial liabilities held for trading	13	878 314	-
Derivative financial liabilities	8	28 319 915	8 153 454
Derivative financial liabilities designated for hedging	8	7 801 236	6 601 742
Changes in fair value of portfolio hedged items		2 362 603	-
Amounts due to customers	14	584 319 310	529 544 946
Debt securities issued	15	66 733 742	50 737 686
Deferred income tax liabilities		4 625 483	2 211 333
Current income tax liabilities		-	352 795
Other liabilities		7 032 356	6 200 115
Total liabilities		**879 571 286**	**756 455 665**
Equity			
Share capital		41 787 806	41 787 806
Share premium		437 281	437 281
Cash flow hedge reserve		(877 607)	(1 159 521)
Revaluation reserve for available-for-sale investment securities		(2 968 524)	(411 821)
Retained earnings		106 877 115	91 390 954
Total equity		**145 256 071**	**132 044 699**
Total equity and liabilities		**1 024 827 357**	**888 500 364**

Signed and authorized for release on behalf of the Board of Management

M. Alekseev — Chairman of the Board of Management

G. Chernysheva — Chief Accountant

12 November 2014

The accompanying selected notes on pages 8 to 38 are an integral part of these consolidated interim condensed financial statements.

ZAO UNICREDIT BANK

CONSOLIDATED INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE THREE AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2014

(expressed in thousands of Russian Roubles)

	Notes	Three-month period ended 30 September		Nine-month period ended 30 September	
		2014 Unaudited	**2013 Unaudited**	**2014 Unaudited**	**2013 Unaudited**
Interest income		18 917 372	14 171 436	50 423 442	41 222 225
Interest expense		(9 442 541)	(6 580 728)	(24 655 520)	(19 789 330)
Net interest income		**9 474 831**	**7 590 708**	**25 767 922**	**21 432 895**
Fee and commission income		1 901 687	1 587 639	5 817 744	4 587 499
Fee and commission expense		(308 653)	(231 472)	(878 145)	(651 595)
Net fee and commission income		**1 593 034**	**1 356 167**	**4 939 599**	**3 935 904**
Dividend income		-	2	1	165 721
Gains on financial assets and liabilities held for trading	17	208 101	898 302	1 149 850	2 752 001
Fair value adjustments in portfolio hedge accounting		36 937	71 420	23 321	71 541
Gains / (losses) on disposal of:					
- loans		20 649	(14 368)	163 019	24 329
- available-for-sale investment securities		(3 709)	28 803	(19 302)	755 919
OPERATING INCOME		**11 329 843**	**9 931 034**	**32 024 410**	**29 138 310**
(Impairment) / recovery on:					
- loans	9	(837 573)	(875 676)	(3 201 716)	(2 532 460)
- other financial transactions		(20 187)	(17 517)	3 091	(70 897)
NET INCOME FROM FINANCIAL ACTIVITIES		**10 472 083**	**9 037 841**	**28 825 785**	**26 534 953**
Personnel expenses		(1 749 739)	(1 568 049)	(5 373 548)	(4 792 618)
Other administrative expenses		(1 173 026)	(1 054 788)	(3 333 959)	(3 103 094)
Depreciation of fixed assets		(167 201)	(188 635)	(521 569)	(554 807)
Amortization of intangible assets		(187 026)	(140 843)	(527 786)	(399 966)
Other provisions		49		1 578	5 281
Other operating (expenses) / income		(9 940)	(10 997)	(72 464)	19 710
Operating costs		**(3 286 883)**	**(2 963 312)**	**(9 827 748)**	**(8 825 494)**
Share of gains of associate		-	19 258	-	38 863
Gains on disposal of subsidiary		-	149 530	-	149 530
Gains / (losses) on disposal of fixed assets		2 527	696	56 714	(3 611)
PROFIT BEFORE INCOME TAX EXPENSE		**7 187 727**	**6 244 013**	**19 054 751**	**17 894 241**
Income tax expense	11	(1 437 242)	(1 240 713)	(3 810 950)	(3 754 684)
PROFIT FOR THE PERIOD		**5 750 485**	**5 003 300**	**15 243 801**	**14 139 557**
OTHER COMPREHENSIVE (LOSSES) / INCOME					
Items that may be reclassified subsequently to profit or loss					
Cash flow hedge reserve – effective portion of changes in fair value:					
- fair value changes		346 424	13 008	241 243	(203 288)
- reclassification adjustment relating to financial assets and liabilities designated for hedging disposed of in the year		(38 383)	30 120	40 671	(117 380)
Revaluation reserve for available-for-sale investment securities:					
- fair value changes		(1 330 453)	93 502	(2 545 439)	(293 211)
- reclassification adjustment relating to available-for-sale financial assets disposed of in the year		(5 095)	-	(11 264)	(368 287)
Other comprehensive (losses) / income for the period, net of tax		**(1 027 507)**	**136 630**	**(2 274 789)**	**(982 166)**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**4 722 978**	**5 139 930**	**12 969 012**	**13 157 391**

Signed and auth[illegible] behalf of the Board of Management

M. Aleksee[illegible] — Chairman of the Board of Management

G. Chernysh[illegible] — Chief Accountant

12 November 2[illegible]

The accompanying selected notes on pages 8 to 38 are an integral part of these consolidated interim condensed financial statements.

ZAO UNICREDIT BANK

CONSOLIDATED INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2014
(expressed in thousands of Russian Roubles)

	Share capital	Share premium	Cash flow hedge reserve	Revaluation reserve for available-for-sale investment securities	Retained earnings	Total equity
1 January 2013	**41 787 806**	**437 281**	**(960 582)**	**4 721 389**	**67 267 237**	**113 253 131**
Total comprehensive income						
Profit for the period (Unaudited)	-	-	-	-	14 139 557	14 139 557
Other comprehensive income						
Change in cash flow hedge reserve, net of tax (Unaudited)	-	-	(320 668)	-	-	(320 668)
Net change in revaluation reserve for available-for-sale investment securities, net of tax (Unaudited)	-	-	-	(661 498)	-	(661 498)
Total other comprehensive income (Unaudited)	-	-	(320 668)	(661 498)	-	(982 166)
Total comprehensive income for the period (Unaudited)	**-**	**-**	**(320 668)**	**(661 498)**	**14 139 557**	**13 157 391**
30 September 2013 (Unaudited)	**41 787 806**	**437 281**	**(1 281 250)**	**4 059 891**	**81 406 794**	**126 410 522**
1 January 2014	**41 787 806**	**437 281**	**(1 159 521)**	**(411 821)**	**91 390 954**	**132 044 699**
Total comprehensive income						
Profit for the period (Unaudited)	-	-	-	-	15 243 801	15 243 801
Other comprehensive income						
Change in cash flow hedge reserve, net of tax (Unaudited)	-	-	281 914	-	-	281 914
Net change in revaluation reserve for available-for-sale investment securities, net of tax (Unaudited)	-	-	-	(2 556 703)	-	(2 556 703)
Total other comprehensive income (Unaudited)	-	-	281 914	(2 556 703)	-	(2 274 789)
Total comprehensive income for the period (Unaudited)	**-**	**-**	**281 914**	**(2 556 703)**	**15 243 801**	**12 969 012**
Transactions with owner, directly recorded in equity						
Purchase of subsidiary under common control (Note 18)	-	-	-	-	242 360	242 360
Total transactions with owner	-	-	-	-	**242 360**	**242 360**
30 September 2014 (Unaudited)	**41 787 806**	**437 281**	**(877 607)**	**(2 968 524)**	**106 877 115**	**145 256 071**

Signed and authorized for release on behalf of the Board of Management

M. Alekseev — Chairman of the Board of Management

G. Chernysheva — Chief Accountant

12 November 2014

The accompanying selected notes on pages 8 to 38 are an integral part of these consolidated interim condensed financial statements.

ZAO UNICREDIT BANK

CONSOLIDATED INTERIM CONDENSED STATEMENT OF CASH FLOWS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2014
(expressed in thousands of Russian Roubles)

	Note	Nine-Month Period Ended 30 September 2014 Unaudited	Nine-Month Period Ended 30 September 2013 Unaudited
Cash flows from operating activities before changes in operating assets and liabilities		**23 688 803**	**8 015 450**
Net cash used in operating activities before income tax		**(2 169 134)**	**(10 316 475)**
Corporate income tax paid		(1 994 217)	(3 155 980)
Net cash flows used in operating activities		**(4 163 351)**	**(13 472 455)**
Cash flows from investing activities			
Dividends received		1	165 721
Purchase of available-for-sale investment securities		(20 517 510)	(55 174 620)
Proceeds from redemption and sale of available-for-sale investment securities		9 385 402	63 484 232
Net result on disposal of subsidiary		-	547 238
Acquisition of subsidiary	18	(1 163 400)	-
Proceeds from sale of fixed and intangible assets		85	5 044
Purchase of fixed and intangible assets		(1 168 335)	(1 184 482)
Net cash flows (used in) / from investing activities		**(13 463 757)**	**7 843 133**
Cash flows from financing activities			
Proceeds from issuance and sale of repurchased bonds		20 156 001	20 000 000
Redemption of bonds issued under put option		(4 500 688)	(14 795 121)
Redemption of subordinated debt		(3 503 430)	(2 557 209)
Net cash flows from financing activities		**12 151 883**	**2 647 670**
Effect of exchange rates changes on cash and cash balances		294 926	115 061
Net decrease in cash and cash balances		**(5 180 299)**	**(2 866 591)**
Cash and cash balances, beginning	**5**	**25 708 189**	**24 020 106**
Cash and cash balances, ending	**5**	**20 527 890**	**21 153 515**

Signed and authorized for release on behalf of the Board of Management

M. Alekseev — Chairman of the Board of Management

G. Chernysheva — Chief Accountant

12 November 2014

The accompanying selected notes on pages 8 to 38 are an integral part of these consolidated interim condensed financial statements.

1. PRINCIPAL ACTIVITIES

These consolidated interim condensed financial statements include the financial statements of ZAO UniCredit Bank (hereinafter – the “Bank”) and its subsidiary. ZAO UniCredit Bank and its subsidiary which hereinafter are collectively referred to as the “Group”.

As at 30 September 2014 the sole shareholder of the Group is UniCredit Bank Austria AG. UniCredit Bank Austria AG, a member of UniCredit Group, is responsible for commercial banking in Central and Eastern Europe within the UniCredit Group.

The primary activities of the Group are deposit taking, lending, providing payments and settlement services, transactions with foreign currencies and securities and providing finance leases.

As at 30 September 2014 the Group comprises the Bank, the leading operating entity of the Group, and LLC UniCredit Leasing Company, a leasing company (Note 18).

The Bank (the former International Moscow Bank) was established as a closed joint-stock company under the laws of the Russian Federation in 1989. The Bank operates under General Banking License No. 1 reissued by the Central Bank of Russia (hereinafter – the “CBR”) on 23 March 2012 as well as the CBR license for transactions with precious metals issued on 20 December 2007. The Bank also possesses licenses for securities transactions and custody services from the Federal Service for the Securities Market issued on 25 April 2003, the license to act as an exchange broker on transactions with futures and options issued on 27 May 2008 and Russian Federal Customs Service permission to act as a guarantor in relation to customs authorities issued on 1 November 2013. The Bank is a member of the state deposit insurance system in the Russian Federation.

As at 30 September 2014 the Bank has 13 branches and 13 representative offices throughout the Russian Federation and one representative office in the Republic of Belarus.

The Bank’s registered legal address is 9, Prechistenskaya Embankment, Moscow, Russian Federation, 119034.

The Group operates in industries where significant seasonal or cyclical variations in operating income are not experienced during the financial year. However, operating results for the nine-month period ended 30 September 2014 are not necessarily indicative of the results that may be expected for the year ending 31 December 2014.

2. BASIS OF PREPARATION

Statement of compliance

These consolidated interim condensed financial statements are prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” (hereinafter – “IAS 34”). They do not include all of the information required for full financial statements, and should be read in conjunction with the consolidated financial statements for the year ended 31 December 2013, as these consolidated interim condensed financial statements provide an update of previously reported financial information.

Basis of measurement

These consolidated interim condensed financial statements are prepared on the historical cost basis except that financial instruments held for trading, available-for-sale assets and derivative financial instruments are stated at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Presentation currency

These consolidated interim condensed financial statements are presented in Russian Roubles (hereinafter – "RUB"). Amounts in Russian Roubles are rounded to the nearest thousand.

Use of estimates and judgements

The preparation of financial statements in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expense. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In preparing these consolidated interim condensed financial statements the significant judgements made by management in applying accounting policies and the key sources of estimation uncertainty are the same as those that applied to the consolidated financial statements for the year ended 31 December 2013.

3. SIGNIFICANT ACCOUNTING POLICIES

Interim measurement period: Income tax expense is recognized in these consolidated interim condensed financial statements based on management's best estimates of the weighted average effective annual income tax rate expected for the full financial year. Costs that incur unevenly during the financial year are anticipated or deferred in the interim report only if it would also be appropriate to anticipate or defer such costs at the end of the financial year.

The same accounting policies, presentation and methods of computation have been followed in these consolidated interim condensed financial statements as were applied in the preparation of the Group's consolidated financial statements for the year ended 31 December 2013, except for the impact of the adoption of the standards and Interpretations described below.

New standards effective starting from the current reporting period

In October 2012 the International Accounting Standards Board (IASB) published amendments to IFRS 10, IFRS 12 and IAS 27 entitled *Investment Entities.* The amendments are effective for annual periods beginning on or after 1 January 2014.

The amendments to IFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements.

To qualify as an investment entity, a reporting entity is required to:

- Obtain funds from one or more investors for the purpose of providing them with professional investment management services;
- Commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- Measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments have been made to IFRS 12 and IAS 27 to introduce new disclosure requirements for investment entities.

These amendments do not have any effect on the Group's consolidated financial statements as the Bank is not an investment entity.

In December 2011 amendments to IAS 32 entitled *Offsetting Financial Assets and Financial Liabilities* were issued. These amendments clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement". The amendments are effective for annual periods beginning on or after 1 January 2014.

The application of these amendments does not have a significant impact on the Group's consolidated financial statements as the Group does not have any financial assets and financial liabilities that qualify for offset.

In June 2013 the International Accounting Standards Board (IASB) published narrow-scope amendments to IAS 39 entitled *Novation of Derivatives and Continuation of Hedge Accounting.*

These amendments will allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met (in this context a novation indicates that parties to a contract agree to replace their original counterparty with a new one). The amendments are effective for annual periods beginning on or after 1 January 2014.

These amendments do not have a significant effect on the Group's consolidated financial statements.

In May 2013 the International Accounting Standards Board (IASB) published narrow-scope amendments to IAS 36 entitled *Recoverable Amount Disclosure for Non-Financial Assets*. These amendments address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal and are applied retrospectively for annual period beginning on or after 1 January 2014.

These amendments do not have a significant effect on the Group's consolidated financial statements.

In May 2013 the International Accounting Standards Board (IASB) published IFRIC 21 entitled *Levies.* IFRIC 21 provides guidance on when to recognize a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and those where the timing and amount of the levy is certain. The amendments are effective for annual periods beginning on or after 1 January 2014.

These amendments do not have a significant effect on the Group's consolidated financial statements.

New and revised IFRSs in issue but not yet effective

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

- IFRS 9 Financial Instruments and correspondent amendments to other standards[6];
- IFRS 15 Revenue from Contracts with Customers and correspondent amendments to other standards[5];
- IFRS 14 Regulatory Deferral Accounts[2];
- Amendments to IFRSs – "Annual improvements to IFRSs 2010-2012 cycle"[1];
- Amendments to IFRSs – "Annual improvements to IFRSs 2011-2013 cycle" [1];
- Amendments to IAS 19 Employee Benefits[1];
- Amendments to IFRS 11 Joint Arrangements[2];
- Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets[2];
- Amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture[2];
- Amendments to IAS 27 Separate financial statements[2];
- Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures[3];
- Amendments to IFRSs – "Annual improvements to IFRSs 2012-2014 cycle" [4].

[1] Applicable to annual periods beginning on or after 1 July 2014, with earlier application permitted.
[2] Applicable to annual periods beginning on or after 1 January 2016, with earlier application permitted.
[3] Applicable on a prospective basis to annual periods beginning on or after 1 January 2016, with earlier application permitted.
[4] Applicable to annual periods beginning on or after 1 July 2016, with earlier application permitted.
[5] Applicable to annual periods beginning on or after 1 January 2017, with earlier application permitted.
[6] Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

IFRS 9 Financial Instruments. IFRS 9, issued in November 2009 with original effective date 1 January 2013, introduced new requirements for the classification and measurement of financial assets. IFRS 9 was amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition. In December 2011 the effective date was postponed to 1 January 2015 and this effective date was subsequently removed. In November 2013 the standard was reissued to incorporate a hedge accounting chapter with no stated effective date. In February 2014 it was tentatively decided to set 1 January 2018 as the effective date for the mandatory application of IFRS 9. In July 2014 the finalized version of IFRS 9 was issued with stated effective date 1 January 2018.

Key requirements of IFRS 9:

- All recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. The 2014 version of IFRS 9 introduces a "fair value through other comprehensive income" category for certain debt instruments. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.
- The 2014 version of IFRS 9 introduces an "expected credit loss" model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised.
- The new hedge accounting model enables companies to better reflect their risk management activities in the financial statements because it more closely aligns hedge accounting with risk management activities. Under IFRS 9 it is allowed to use hedge accounting for non-financial items. IFRS 9 also requires more extensive disclosures in relation to hedge accounting.

The management of the Group anticipates that the application of IFRS 9 in the future may have a significant impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 until a detailed review has been completed.

IFRS 15 Revenue from contracts with customer. IFRS 15 issued in May 2014 is supposed to replace *IAS 18 Revenue, IAS 11 Construction Contracts* and a number of interpretations (IFRIC and SIC).

IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers. Guidance is provided on topics such as the point in which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced.

The Management of the Group anticipates that the application of IFRS 15 in the future may have a significant impact on amounts reported in respect of the Group's financial statements. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 15 until a detailed review has been completed.

IFRS 14 Regulatory Deferral Accounts

IFRS 14 permits an entity which is a first-time adopter of International Financial Reporting Standards to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous GAAP, both on initial adoption of IFRS and in subsequent financial statements.

The application of IFRS 14 will not have any impact on the Group's financial statements in the future as the Group is not an IFRS first-time adopter.

Amendments to IFRSs – "Annual improvements to IFRSs 2010-2012 cycle"

The Annual Improvements to IFRSs 2009-2011 Cycle include a number of amendments to various IFRSs.

Particularly, amendments to IFRSs include:

IFRS 2 Share-based Payment. Amends the definitions of "vesting condition" and "market condition" and adds definitions for "performance condition" and "service condition" (which were previously part of the definition of "vesting condition").

IFRS 3 Business Combinations (with consequential amendments to other standards). Clarifies that contingent consideration that is classified as an asset or a liability shall be measured at fair value at each reporting date.

IFRS 8 Operating segments. Requires an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments. Clarifies that an entity shall only provide reconciliations of the total of the reportable segments' assets to the entity's assets if the segment assets are reported regularly.

IAS 16 Property, Plant and Equipment. Clarifies that when an item of property, plant and equipment is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount.

IAS 24 Related Party Disclosures. Clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity.

IAS 38 Intangible Assets. Clarifies that when an intangible asset is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount.

The Management of the Group anticipates that these amendments will not affect significantly the consolidated financial statements.

Amendments to IFRSs – "Annual improvements to IFRSs 2011-2013 cycle"

IFRS 3 Business Combinations. Clarifies that IFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself.

IFRS 13 Fair Value Measurement. Clarifies that the scope of the portfolio exception defined in paragraph 52 of IFRS 13 includes all contracts accounted for within the scope of *IAS 39 Financial Instruments: Recognition and Measurement* or *IFRS 9 Financial Instruments*, regardless of whether they meet the definition of financial assets or financial liabilities as defined in *IAS 32 Financial Instruments: Presentation*.

IAS 40 Investment Property. Clarifies that determining whether a specific transaction meets the definition of both a business combination as defined in *IFRS 3 Business Combinations* and investment property as defined in *IAS 40 Investment Property* requires the separate application of both standards independently of each other.

The Management of the Group anticipates that these amendments will not affect significantly the consolidated financial statements.

Amendments to IAS 19 Employee Benefits. Amended to clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service.

The Management of the Group anticipates that these amendments will not affect significantly the consolidated financial statements.

Amendments to IFRS 11 Joint Arrangements. Amended to require an acquirer of an interest in a joint operation in which the activity constitutes a business (as defined in *IFRS 3 Business Combinations*) to:

- Apply all of the business combinations accounting principles in *IFRS 3 Business Combinations* and other IFRSs, except for those principles that conflict with the guidance in *IFRS 11 Joint Arrangements;*
- Disclose the information required by *IFRS 3 Business Combinations* and other IFRSs for business combinations.

The Management of the Group anticipates that these amendments will not affect significantly the consolidated financial statements.

Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets. Amended to:

- Clarify that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment;
- Introduce a rebuttable presumption that an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated;
- Add guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.

The Management of the Group anticipates that these amendments will not affect significantly the consolidated financial statements.

Amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture. Amended to:

- Include “bearer plants” within the scope of IAS 16 rather than IAS 41, allowing such assets to be accounted for as a property, plant and equipment and measured after initial recognition on a cost or revaluation basis in accordance with IAS 16;
- Introduce a definition of “bearer plants” as a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales;
- Clarify that produce growing on bearer plants remains within the scope of IAS 41.

The Management of the Group anticipates that these amendments will not affect the consolidated financial statements.

Amendments to IAS 27 Separate financial statements

Amended to permit investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements.

The Management of the Group anticipates that these amendments will not affect the consolidated financial statements.

Amendments to IFRS 10 Consolidated financial statements and IAS 28 Investments in Associates and Joint Ventures. Amended to clarify the treatment of the sale or contribution of assets from an investor to its associate or joint venture, as follows:

- Require full recognition in the investor’s financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 Business Combinations);
- Require the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognised only to the extent of the unrelated investors’ interests in that associate or joint venture.

These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occurs by an investor transferring shares in an subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves.

The Management of the Group anticipates that these amendments will not affect significantly the consolidated financial statements.

Amendments to IFRSs – "Annual improvements to IFRSs 2012-2014 cycle"

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Adds specific guidance for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued.

IFRS 7 Financial Instruments: Disclosures. Additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements.

IAS 19 Employee benefits. Clarify that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid.

IAS 34 Interim Financial Reporting. Clarify the meaning of "elsewhere in the interim report" and "require a cross-reference".

The Management of the Group anticipates that these amendments will not affect significantly the consolidated financial statements.

Basis of consolidation

These consolidated interim condensed financial statements incorporate the financial statements of the Bank and entities controlled by the Bank. Control is achieved when the Bank:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Bank reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Bank has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Bank considers all relevant facts and circumstances in assessing whether or not the Bank's voting rights in an investee are sufficient to give it power, including:

- The size of the Bank's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Bank, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Bank has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Bank obtains control over the subsidiary and ceases when the Bank loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Bank gains control until the date when the Bank ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Bank and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Bank and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiary and associate to bring their accounting policies into line with the Group's accounting policies.
All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Bank.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under International Accounting Standard ("IAS") 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated interim condensed financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognized in the consolidated interim condensed statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.

Unrealized gains resulting from transactions with associate are eliminated against the investment in the associate. Unrealized losses are eliminated in the same way as unrealized gains except that they are only eliminated to the extent that there is no evidence of impairment.

(expressed in thousands of Russian Roubles)

Reclassifications

With effect from November 2013, the Group reclassified leasehold improvements for rented premises from fixed assets to other assets with correspondent reclassification of depreciation. The details of reclassification and effect on the financial statements for three-month and nine-month periods ended 30 September 2013 are presented as follows:

	As previously reported	Effect of reclassifications	As adjusted
Consolidated interim condensed statement of comprehensive income for the three-month period ended 30 September 2013			
Depreciation of fixed assets	(194 247)	5 612	(188 635)
Other operating (expenses) / income	(5 385)	(5 612)	(10 997)

	As previously reported	Effect of reclassifications	As adjusted
Consolidated interim condensed statement of comprehensive income for the nine-month period ended 30 September 2013			
Depreciation of fixed assets	(581 696)	26 889	(554 807)
Other operating (expenses) / income	46 599	(26 889)	19 710

With effect from January 2014, the Group reclassified interest income and expenses related to derivative financial instruments from Gains on financial assets and liabilities held for trading to Net interest income. The details of reclassification and effect on the financial statements for the three-month and nine-month periods ended 30 September 2013 are presented as follows:

	As previously reported	Effect of reclassifications	As adjusted
Consolidated interim condensed statement of comprehensive income for the three-month period ended 30 September 2013			
Interest income	13 994 253	177 183	14 171 436
Gains on financial assets and liabilities held for trading	1 075 485	(177 183)	898 302

	As previously reported	Effect of reclassifications	As adjusted
Consolidated interim condensed statement of comprehensive income for the nine-month period ended 30 September 2013			
Interest income	40 578 600	643 625	41 222 225
Gains on financial assets and liabilities held for trading	3 395 626	(643 625)	2 752 001

(expressed in thousands of Russian Roubles)

4. OPERATING SEGMENTS

For management purposes, the Group has four reporting business segments:

Corporate and Investment banking (hereinafter – *"CIB")* includes corporate lending, project and commodity and corporate structured finance, corporate sight and term deposit services, securities, foreign currency and derivatives trading and custody services.

Retail banking comprises private banking services, credit and debit card services, retail sight and term deposit services, retail lending (consumer loans, car loans and mortgages).

Leasing – represents the leasing activities of the Group.

Other – represents the Group's funding activities and other unallocated items.

Information about each segment is measured on the same basis as the information used for decision making purposes for allocating resources to segments and assessing segment performance and is prepared on the same basis as the consolidated interim condensed financial statements.

Transactions between the business segments are on normal commercial terms and conditions. Funds are ordinarily reallocated between segments, resulting in funding cost transfers included in segment revenue. Interest charged for these funds is based on the Group's funds transfer pricing policy.

Segment breakdown of assets and liabilities is set out below:

	30 September 2014 Unaudited	31 December 2013
Assets		
CIB	740 868 249	661 469 092
Retail banking	158 012 286	143 332 322
Leasing	12 039 444	-
Other	113 907 378	83 698 950
Total assets	**1 024 827 357**	**888 500 364**
Liabilities		
CIB	598 398 065	480 585 495
Retail banking	117 620 530	111 740 016
Leasing	9 523 602	-
Other	154 029 089	164 130 154
Total liabilities	**879 571 286**	**756 455 665**

(expressed in thousands of Russian Roubles)

Segment information for the operating segments for the three-month period ended 30 September 2014 and 30 September 2013 is set out below (unaudited):

	CIB	Retail Banking	Leasing	Other	Total
Net interest income / (expense) from external customers for the three-month period ended 30 September 2014	5 402 434	4 528 649	179 800	(636 052)	9 474 831
Net interest income / (expense) from external customers for the three-month period ended 30 September 2013	4 970 547	3 822 649	-	(1 202 488)	7 590 708
Inter-segment (expense) / income for the three-month period ended 30 September 2014	(569 293)	(1 850 973)	-	2 420 266	-
Inter-segment (expense) / income for the three-month period ended 30 September 2013	(843 311)	(1 374 585)	-	2 217 896	-
Net interest income for the three-month period ended 30 September 2014	**4 833 141**	**2 677 676**	**179 800**	**1 784 214**	**9 474 831**
Net interest income for the three-month period ended 30 September 2013	**4 127 236**	**2 448 064**	**-**	**1 015 408**	**7 590 708**
Net fee and commission income from external customers for the three-month period ended 30 September 2014	771 175	884 478	223	(62 842)	1 593 034
Net fee and commission income / (expense) from external customers for the three-month period ended 30 September 2013	654 955	713 663	-	(12 451)	1 356 167
Dividend income for the three-month period ended 30 September 2013	-	-	-	2	2
Gains / (losses) on financial assets and liabilities held for trading for the three-month period ended 30 September 2014:					
- from external customers	46 759	227 239	(2 267)	(63 630)	208 101
Gains / (losses) on financial assets and liabilities held for trading for the three-month period ended 30 September 2013:					
- from external customers	863 352	203 131	-	(168 181)	898 302
Fair value adjustments in portfolio hedge accounting for the three-month period ended 30 September 2014	-	-	-	36 937	36 937
Fair value adjustments in portfolio hedge accounting for the three-month period ended 30 September 2013	-	-	-	71 420	71 420

(expressed in thousands of Russian Roubles)

	CIB	**Retail Banking**	**Leasing**	**Other**	**Total**
(Losses)/ gains on disposals of financial assets for the three-month period ended 30 September 2014	(5 738)	22 678	-	-	16 940
Gains on disposals of financial assets for the three-month period ended 30 September 2013	14 435	-	-	-	14 435
Operating income for the three-month period ended 30 September 2014	**5 645 337**	**3 812 071**	**177 756**	**1 694 679**	**11 329 843**
Operating income for the three-month period ended 30 September 2013	**5 659 978**	**3 364 858**	**-**	**906 198**	**9 931 034**
(Impairment) / recovery of impairment for the three-month period ended 30 September 2014 on:					
loans	(1 106 770)	296 884	(27 687)	-	(837 573)
other financial transactions	(20 187)	-	-	-	(20 187)
Impairment for the three-month period ended 30 September 2013 on:					
loans	(563 776)	(311 668)	-	(232)	(875 676)
other financial transactions	(17 517)	-	-	-	(17 517)
Net income from financial activities for the three-month period ended 30 September 2014	**4 518 380**	**4 108 955**	**150 069**	**1 694 679**	**10 472 083**
Net income from financial activities for the three-month period ended 30 September 2013	**5 078 685**	**3 053 190**	**-**	**905 966**	**9 037 841**
Operating costs for the three-month period ended 30 September 2014 including:	(1 096 651)	(2 014 935)	(92 771)	(82 526)	(3 286 883)
depreciation on fixed assets and amortization of intangible assets	(113 629)	(239 630)	(968)	-	(354 227)
Operating costs for the three-month period ended 30 September 2013 including:	(987 733)	(1 893 567)	-	(82 012)	(2 963 312)
depreciation on fixed assets and amortization of intangible assets	(107 493)	(227 579)	-	5 594	(329 478)
Share of gains of associate for the three-month period ended 30 September 2013	-	-	-	19 258	19 258

(expressed in thousands of Russian Roubles)

	CIB	Retail Banking	Leasing	Other	Total
Gain on disposal of subsidiary for the three-month period ended 30 September 2013	-	-	-	149 530	149 530
Gains on disposal of fixed assets for the three-month period ended 30 September 2014	-	-	-	2 527	2 527
Gains on disposal of fixed assets for the three-month period ended 30 September 2013	-	-	-	696	696
Profit before income tax expense for the three-month period ended 30 September 2014	**3 421 729**	**2 094 020**	**57 298**	**1 614 680**	**7 187 727**
Profit before income tax expense for the three-month period ended 30 September 2013	**4 090 952**	**1 159 623**	**-**	**993 438**	**6 244 013**
Income tax expense for the three-month period ended 30 September 2014					(1 437 242)
Income tax expense for the three-month period ended 30 September 2013					(1 240 713)
Profit for the three-month period ended 30 September 2014					**5 750 485**
Profit for the three-month period ended 30 September 2013					**5 003 300**
Cash flow hedge reserve for the three-month period ended 30 September 2014					308 041
Cash flow hedge reserve for the three-month period ended 30 September 2013					43 128
Revaluation reserve for available-for-sale investment securities for the three-month period ended 30 September 2014					(1 335 548)
Revaluation reserve for available-for-sale investment securities for the three-month period ended 30 September 2013					93 502
Total comprehensive income for the three-month period ended 30 September 2014					**4 722 978**
Total comprehensive income for the three-month period ended 30 September 2013					**5 139 930**

(expressed in thousands of Russian Roubles)

Segment information for the operating segments for the nine-month period ended 30 September 2014 and 30 September 2013 is set out below (unaudited):

	CIB	Retail Banking	Leasing	Other	Total
Net interest income / (expense) from external customers for the nine-month period ended 30 September 2014	15 793 340	12 911 217	521 990	(3 458 625)	25 767 922
Net interest income / (expense) from external customers for the nine-month period ended 30 September 2013	14 712 602	10 643 908	-	(3 923 615)	21 432 895
Inter-segment (expense) / income for the nine-month period ended 30 September 2014	(2 164 259)	(5 302 175)	-	7 466 434	-
Inter-segment (expense) / income for the nine-month period ended 30 September 2013	(2 289 340)	(3 788 082)	-	6 077 422	-
Net interest income for the nine-month period ended 30 September 2014	**13 629 081**	**7 609 042**	**521 990**	**4 007 809**	**25 767 922**
Net interest income for the nine-month period ended 30 September 2013	**12 423 262**	**6 855 826**	**-**	**2 153 807**	**21 432 895**
Net fee and commission income / (expense) from external customers for the nine-month period ended 30 September 2014	2 204 566	2 664 669	(4 217)	74 581	4 939 599
Net fee and commission income / (expense) from external customers for the nine-month period ended 30 September 2013	1 976 235	1 972 123	-	(12 454)	3 935 904
Dividend income for the nine-month period ended 30 September 2014	-	-	-	1	1
Dividend income for the nine-month period ended 30 September 2013	-	-	-	165 721	165 721
Gains / (losses) on financial assets and liabilities held for trading for the nine-month period ended 30 September 2014:					
- from external customers	663 549	690 750	(936)	(203 513)	1 149 850
Gains / (losses) on financial assets and liabilities held for trading for the nine-month period ended 30 September 2013:					
- from external customers	2 224 297	548 769	-	(21 065)	2 752 001
Fair value adjustments in portfolio hedge accounting for the nine-month period ended 30 September 2014	-	-	-	23 321	23 321
Fair value adjustments in portfolio hedge accounting for the nine-month period ended 30 September 2013	-	-	-	71 541	71 541

(expressed in thousands of Russian Roubles)

	CIB	Retail Banking	Leasing	Other	Total
Gains on disposals of financial assets for the nine-month period ended 30 September 2014	102 432	41 285	-	-	143 717
Gains / (losses) on disposals of financial assets for the nine-month period ended 30 September 2013	782 900	(2 652)	-	-	780 248
Operating income for the nine-month period ended 30 September 2014	**16 599 628**	**11 005 746**	**516 837**	**3 902 199**	**32 024 410**
Operating income for the nine-month period ended 30 September 2013	**17 406 694**	**9 374 066**	**-**	**2 357 550**	**29 138 310**
(Impairment) / recovery of impairment for the nine-month period ended 30 September 2014 on:					
loans	(2 165 733)	(992 009)	(43 974)	-	(3 201 716)
other financial transactions	3 091	-	-	-	3 091
Impairment for the nine-month period ended 30 September 2013 on:					
loans	(1 445 327)	(1 086 901)	-	(232)	(2 532 460)
other financial transactions	(70 897)	-	-	-	(70 897)
Net income from financial activities for the nine-month period ended 30 September 2014	**14 436 986**	**10 013 737**	**472 863**	**3 902 199**	**28 825 785**
Net income from financial activities for the nine-month period ended 30 September 2013	**15 890 470**	**8 287 165**	**-**	**2 357 318**	**26 534 953**
Operating costs for the nine-month period ended 30 September 2014 including:	(3 273 873)	(6 027 506)	(269 336)	(257 033)	(9 827 748)
depreciation on fixed assets and amortization of intangible assets	(337 481)	(709 181)	(2 693)	-	(1 049 355)
Operating costs for the nine-month period ended 30 September 2013 including:	(3 059 191)	(5 583 583)	-	(182 720)	(8 825 494)
depreciation on fixed assets and amortization of intangible assets	(309 767)	(671 758)	-	26 752	(954 773)
Share of gains of associate for the nine-month period ended 30 September 2013	-	-	-	38 863	38 863

(expressed in thousands of Russian Roubles)

	CIB	Retail Banking	Leasing	Other	Total
Gains disposal of subsidiary for the nine-month period ended 30 September 2013	-	-	-	149 530	149 530
Gains on disposal of fixed assets for the nine-month period ended 30 September 2014	-	-	-	56 714	56 714
Losses on disposal of fixed assets for the nine-month period ended 30 September 2013	-	-	-	(3 611)	(3 611)
Profit before income tax expense for the nine-month period ended 30 September 2014	**11 163 113**	**3 986 231**	**203 527**	**3 701 880**	**19 054 751**
Profit before income tax expense for the nine-month period ended 30 September 2013	**12 831 279**	**2 703 582**	-	**2 359 380**	**17 894 241**
Income tax expense for the nine-month period ended 30 September 2014					(3 810 950)
Income tax expense for the nine-month period ended 30 September 2013					(3 754 684)
Profit for the nine-month period ended 30 September 2014					**15 243 801**
Profit for the nine-month period ended 30 September 2013					**14 139 557**
Cash flow hedge reserve for the nine-month period ended 30 September 2014					281 914
Cash flow hedge reserve for the nine-month period ended 30 September 2013					(320 668)
Revaluation reserve for available-for-sale investment securities for the nine-month period ended 30 September 2014					(2 556 703)
Revaluation reserve for available-for-sale investment securities for the nine-month period ended 30 September 2013					(661 498)
Total comprehensive income for the nine-month period ended 30 September 2014					**12 969 012**
Total comprehensive income for the nine-month period ended 30 September 013					**13 157 391**

(expressed in thousands of Russian Roubles)

Chief operating decision maker reviews the Group's results on the basis of net interest income.
The following is an analysis by segments of the Group's net interest income from continuing operations from its major products and services:

	Nine-month Period Ended 30 September 2014 Unaudited	Nine-month Period Ended 30 September 2013 Unaudited
Medium and long term financing	5 649 197	5 086 716
Current accounts	3 517 725	3 530 738
Short-term financing	2 032 081	1 755 661
Consumer loans	1 654 848	3 649 267
Mortgage loans	569 625	573 840
Term deposits	173 136	182 826
Other lending	2 594 814	38 418
Other products	9 576 496	6 615 429
Net interest income	**25 767 922**	**21 432 895**

5. CASH AND CASH BALANCES

Cash and cash balances comprise:

	30 September 2014 Unaudited	31 December 2013
Cash on hand	8 980 513	8 741 687
Current accounts with the CBR	11 547 377	16 966 502
Cash and cash balances	**20 527 890**	**25 708 189**

Included in cash and cash balances as at 30 September 2014 is amount of RUB 1 000 000 thousand (31 December 2013: none) pledged as collateral for mortgage-backed bonds issued by the Group in September 2011 (see Note 15 for details).

6. TRADING SECURITIES

Trading securities comprise:

	30 September 2014 Unaudited	31 December 2013
USD denominated		
Russian Government Eurobonds	3 608	3 482
RUB denominated		
Corporate and bank bonds	3 069 541	7 858 975
Russian Government Eurobonds and Bonds	59 900	3 713 988
Trading securities	**3 133 049**	**11 576 445**

As at 30 September 2014 included in corporate and bank bonds are securities sold under repurchase agreements with CBR in the amount of RUB 331 081 thousand (31 December 2013: RUB 3 533 397 thousand included in Russian Government Eurobonds and bonds) (see Note 12 for details).

As at 30 September 2014 included in trading securities are corporate and bank bonds blocked as collateral for "overnight" loans with the CBR in the amount of RUB 863 736 thousand (31 December 2013: RUB 953 813 thousand) (see Note 12 for details).

(expressed in thousands of Russian Roubles)

7. AMOUNTS DUE FROM CREDIT INSTITUTIONS

Amounts due from credit institutions comprise:

	30 September 2014 Unaudited	31 December 2013
Current accounts with credit institutions	29 081 701	38 593 836
Time deposits	138 113 178	158 200 034
Reverse repurchase agreements with credit institutions	17 329 037	21 771 904
Obligatory reserve with the CBR	4 801 260	4 837 898
Amounts due from credit institutions	**189 325 176**	**223 403 672**

Credit institutions are required to maintain a non-interest earning cash deposit (obligatory reserve) with the CBR, the amount of which depends on the level of funds attracted by the credit institution. The Bank's ability to withdraw such deposit is significantly restricted by statutory legislation.

As at 30 September 2014, there is one counterparty with balance that individually exceeded 10% of equity. As at 30 September 2014, the aggregate amount of this balance is RUB 93 401 119 thousand (31 December 2013: four counterparties with aggregate amount of RUB 183 228 154 thousand).

As at 30 September 2014, the Group entered into reverse repurchase agreements with a number of Russian banks. Pledged under these agreements are Russian Government bonds, corporate and bank bonds and eurobonds issued by Russian companies and banks with the total fair value of RUB 17 460 944 thousand (31 December 2013: RUB 22 547 465 thousand).

As at 30 September 2014 the Group has no term placements with CBR (31 December 2013: RUB 22 000 000 thousand).

8. DERIVATIVE FINANCIAL INSTRUMENTS

The Group enters into derivative financial instruments principally for trading and hedging purposes. The tables below show the fair values of derivative financial instruments, recorded as assets or liabilities, together with their notional amounts. The notional amount, recorded gross, is the amount of a derivative's underlying asset or notional amount to which reference rate or index is applied and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at the year end and are indicative of neither the market risk nor the credit risk.

The Bank values the derivative financial instruments using widely accepted valuation techniques which are based on market interest rates and forward currency rates. Significant changes in these variables could cause the fair value of the derivatives to change materially.

The table below shows the fair value derivative instruments held for trading, recorded as assets or liabilities, together with their notional amounts.

	30 September 2014 Unaudited			31 December 2013		
	Notional principal	Fair value		Notional principal	Fair value	
		Asset	Liability		Asset	Liability
Cross-currency interest rate swaps	206 767 714	13 971 377	15 180 283	119 287 024	3 220 078	2 475 282
Interest rate swaps and options	384 247 505	5 906 751	7 588 147	562 871 053	5 593 894	4 678 428
Foreign exchange forwards	133 227 298	3 730 789	5 551 485	118 737 605	796 597	999 744
Futures on foreign exchange and securities	1 785 756	-	-	1 915 000	-	-
Total derivative assets/liabilities		**23 608 917**	**28 319 915**		**9 610 569**	**8 153 454**

(expressed in thousands of Russian Roubles)

The table below shows the fair values of financial instruments designated for hedging, recorded as assets or liabilities, together with their notional amounts.

	30 September 2014 Unaudited			31 December 2013		
	Notional principal	Fair value Asset	Fair value Liability	Notional principal	Fair value Asset	Fair value Liability
Cash flow hedge						
Interest rate swaps	25 997 086	85 467	117 889	54 056 600	2 469 229	34 328
Cross-currency interest rate swaps	37 643 141	292 185	4 196 393	64 822 785	342 050	1 901 649
Total cash flow hedge		**377 652**	**4 314 282**		**2 811 279**	**1 935 977**
Fair value hedge						
Interest rate swaps	398 812 353	4 187 340	3 486 954	319 397 426	1 320 053	4 665 765
Total fair value hedge		**4 187 340**	**3 486 954**		**1 320 053**	**4 665 765**
Total derivative financial assets/ liabilities designated for hedging		**4 564 992**	**7 801 236**		**4 131 332**	**6 601 742**

9. LOANS TO CUSTOMERS

Loans to customers comprise:

	30 September 2014 Unaudited	31 December 2013
Corporate customers	546 565 294	389 987 061
Retail customers, including SME	166 857 437	150 576 092
Reverse repurchase agreements with companies	16 434 810	25 023 050
Gross loans to customers	**729 857 541**	**565 586 203**
Allowance for loan impairment	(19 772 259)	(16 978 859)
Loans to customers	**710 085 282**	**548 607 344**

As at 30 September 2014 and 31 December 2013, the Group entered into reverse repurchase agreements with a number of Russian companies. Pledged under these agreements are Russian Government bonds, municipal bonds and corporate and bank bonds issued by Russian companies and banks with the total fair value of RUB 17 724 946 thousand (31 December 2013: RUB 25 693 159 thousand).

As at 30 September 2014, the Group had RUB 125 982 311 thousand due from its ten largest customers (17% of gross loan portfolio) (31 December 2013: RUB 87 770 748 thousand or 16%). An allowance of RUB 304 043 thousand was recognized against these loans (31 December 2013: RUB 163 851 thousand).

As at 30 September 2014, the Group had three borrowers with a loans amounts that exceeded 10% of equity (31 December 2013: one borrower). As at 30 September 2014, the amount of these loans is RUB 51 165 926 thousand (31 December 2013: RUB 14 357 834 thousand).

Included in retail loans as at 30 September 2014 are mortgage loans with gross amount of RUB 4 714 477 thousand (31 December 2013: RUB 5 406 343 thousand) pledged as collateral for mortgage-backed bonds issued by the Group in September 2011 (see Note 15 for details).

(expressed in thousands of Russian Roubles)

A reconciliation of the allowance for loan impairment is as follows:

	Three-month period ended 30 September		Nine-month period ended 30 September	
	2014 Unaudited	**2013 Unaudited**	**2014 Unaudited**	**2013 Unaudited**
Allowance for loan impairment at the beginning of the period	**18 327 957**	**16 510 129**	**16 978 859**	**15 907 718**
Charge for the period	837 573	875 676	3 201 716	2 532 460
Loans sold or recovered through the sale of collateral during the period	(112 056)	(147 849)	(1 241 250)	(523 407)
Loans written-off during the period	(15 583)	(186 744)	(97 911)	(1 177 235)
Acquisition of subsidiary	-	-	61 982	-
Effect of exchange rate changes	734 368	(40 163)	868 863	271 513
Allowance for loan impairment at the end of the period	**19 772 259**	**17 011 049**	**19 772 259**	**17 011 049**

10. AVALIABLE-FOR-SALE INVESTMENT SECURITIES

Available-for-sale investment securities comprise:

	30 September 2014 Unaudited	31 December 2013
Debt and other fixed income available-for-sale investment securities		
USD denominated		
Corporate Eurobonds	132 239	113 517
Bank bonds	-	576 420
RUB denominated		
Russian Government Bonds	32 270 907	23 373 728
Corporate and bank bonds	28 004 009	28 175 160
Total debt and other fixed income available-for-sale investment securities	**60 407 155**	**52 238 825**
Equity investment securities available-for-sale		
RUB denominated		
Equity investments in financial institutions	5 833	5 833
EUR denominated		
Equity investments in financial institutions	2 845	2 663
Total equity investments securities available-for-sale	**8 678**	**8 496**
Total available-for-sale investment securities	**60 415 833**	**52 247 321**

As at 30 September 2014 included in Russian Government bonds, municipal bonds and corporate and bank bonds are securities sold under repurchase agreements with the CBR in the amount of RUB 21 800 759 thousand (31 December 2013: RUB 32 789 934 thousand) (see Note 12 for details).

As at 30 September 2014 included in debt and other fixed income investment securities available-for-sale are bonds blocked as collateral for “overnight” loans with the CBR in the amount of RUB 24 698 906 thousand (31 December 2013: RUB 16 337 799 thousand) (see Note 12 for details).

(expressed in thousands of Russian Roubles)

11. TAXATION

The corporate income tax expense comprises:

	Three-month period ended 30 September		Nine-month period ended 30 September	
	2014 Unaudited	2013 Unaudited	2014 Unaudited	2013 Unaudited
Current tax charge	(645 361)	1 314 128	779 201	3 066 472
Deferred tax benefit – reversal of temporary differences	2 082 603	(73 415)	3 031 749	688 212
Income tax expense	**1 437 242**	**1 240 713**	**3 810 950**	**3 754 684**

Tax effect relating to components of other comprehensive income comprises:

	Three-Month Period Ended 30 September 2014 Unaudited			Three-Month Period Ended 30 September 2013 Unaudited		
	Amount before tax	Tax expense	Amount net-of-tax	Amount before tax	Tax expense	Amount net-of-tax
Cash flow hedge reserve	385 051	(77 010)	308 041	53 910	(10 782)	43 128
Revaluation reserve for available-for-sale investment securities	(1 669 435)	333 887	(1 335 548)	116 878	(23 376)	93 502
Other comprehensive income	**(1 284 384)**	**256 877**	**(1 027 507)**	**170 788**	**(34 158)**	**136 630**

	Nine-Month Period Ended 30 September 2014 Unaudited			Nine-Month Period Ended 30 September 2013 Unaudited		
	Amount before tax	Tax expense	Amount net-of-tax	Amount before tax	Tax expense	Amount net-of-tax
Cash flow hedge reserve	352 391	(70 477)	281 914	(400 835)	80 167	(320 668)
Revaluation reserve for available-for-sale investment securities	(3 195 879)	639 176	(2 556 703)	(826 872)	165 374	(661 498)
Other comprehensive income	**(2 843 488)**	**568 699**	**(2 274 789)**	**(1 227 707)**	**245 541**	**(982 166)**

12. AMOUNTS DUE TO CREDIT INSTITUTIONS

Amounts due to credit institutions comprise:

	30 September 2014 Unaudited	31 December 2013
Current accounts	14 676 718	14 722 701
Time deposits and loans	132 055 111	74 996 332
Repurchase agreements	20 775 698	31 929 978
Direct repurchase agreements from reverse repurchase agreements	-	18 678 470
Subordinated debt	9 990 800	12 326 113
Amounts due to credit institutions	**177 498 327**	**152 653 594**

As at 30 September 2014, the ten largest deposits, excluding subordinated debt, represented 91% of total amounts due to credit institutions (31 December 2013: 87%).

(expressed in thousands of Russian Roubles)

As at 30 September 2014, the Group had two counterparties with the balances that exceeded 10% of equity (31 December 2013: two counterparties). As at 30 September 2014, the aggregate amount of these balances is RUB 121 626 342 thousand (31 December 2013: RUB 106 651 835 thousand).

As at 30 September 2014 the Group has term deposits due to the CBR in the amount of RUB 60 108 592 thousand and repurchase agreements with CBR in the amount of RUB 20 775 698 thousand (31 December 2013: RUB 10 017 329 thousand and RUB 50 608 448 thousand respectively) (see Notes 6 and 10 for details).

13. FINANCIAL LIABILITIES HELD FOR TRADING

As at 30 September 2014 financial liabilities held for trading in the amount of RUB 878 314 thousand (as at 30 December 2013: none) represent obligation in relation to securities received under reverse repurchase agreements and then sold to the third parties. As at 30 September 2014 this obligation relates to Russian Government Eurobonds.

14. AMOUNTS DUE TO CUSTOMERS

The amounts due to customers include the following:

	30 September 2014 Unaudited	31 December 2013
Current accounts	125 096 451	103 923 218
Time deposits	458 685 553	425 477 232
Direct repurchase agreements from reverse repurchase agreements with customers	537 306	144 496
Amounts due to customers	**584 319 310**	**529 544 946**

As at 30 September 2014, approximately 55% of total amounts due to customers were placed with the Group by its ten largest customers (31 December 2013: 46%).

Analysis of customer accounts by type of customer is as follows:

	30 September 2014 Unaudited	31 December 2013
Corporate		
Current accounts	56 761 785	38 928 841
Time deposits	409 388 909	378 720 675
Direct repurchase agreements from reverse repurchase agreements with customers	537 306	144 496
Total corporate accounts	**466 688 000**	**417 794 012**
Retail		
Current accounts	68 334 666	64 994 377
Time deposits	49 296 644	46 756 557
Total retail accounts	**117 631 310**	**111 750 934**
Amounts due to customers	**584 319 310**	**529 544 946**

(expressed in thousands of Russian Roubles)

Included in retail time deposits are deposits of individuals in the amount of RUB 38 265 947 thousand (31 December 2013: RUB 31 740 949 thousand). In accordance with the Russian Civil Code, the Group is obliged to repay such deposits upon demand of the depositor. In case a term deposit is repaid upon demand of the depositor prior to maturity, the related interest rate on it is paid based on the interest rate for demand deposits, unless a different interest rate is specified in the contract. The remaining part of retail time deposits in the amount of RUB 11 030 697 thousand (31 December 2013: RUB 15 015 608 thousand) is represented by deposits placed by small business enterprises.

15. DEBT SECURITIES ISSUED

Debt securities issued consists of the following:

	30 September 2014 Unaudited	**31 December 2013**
Bonds issued	66 733 742	50 737 686
Debt securities issued	**66 733 742**	**50 737 686**

On 14 February 2013 the Group placed two RUB 5 000 000 thousand bonds issues with a nine-year maturity. The bonds each have a face value of RUB one thousand and carry nine semi-annual interest coupons. The coupon rate was set as 8.6% for every semi-annual period.

On 26 February 2013 the Group placed two RUB 5 000 000 thousand bonds issues with a nine-year maturity. The bonds each have a face value of RUB one thousand and carry nine semi-annual interest coupons. The coupon rate was set as 8.15% for the first four semi-annual periods. In February 2015 the coupon rate will be set for the remaining two semi-annual periods. The Group has an obligation to buy the bonds back at their nominal value upon the bond holders request just before the end of the fourth semi-annual period.

On 4 September 2013 the Group redeemed bonds under a put option amounting to RUB 4 920 994 thousand.

On 6 September 2013 the Group redeemed bonds under a put option amounting to RUB 4 904 785 thousand.

On 9 September 2013 the Group redeemed bonds under a put option amounting to RUB 4 969 342 thousand.

On 16 May 2014 the Group redeemed bonds under a put option amounting to RUB 4 500 688 thousand.

On 23 May 2014 the Group placed RUB 10 000 000 thousand bonds issues with a five-year maturity. The bonds each have a face value of RUB one thousand and carry ten semi-annual interest coupons. The coupon rate was set as 9.7% for the first two semi-annual periods. In May 2015 the coupon rate will be set for the remaining semi-annual periods. The Group has an obligation to buy the bonds back at their nominal value upon the bond holders request just before the end of the second semi-annual period.

On 12 August 2014 the Group placed RUB 10 000 000 thousand bonds issues with a five-year maturity. The bonds each have a face value of RUB one thousand and carry ten semi-annual interest coupons. The coupon rate was set as 10.3% for the first two semi-annual periods. In August 2015 the coupon rate will be set for the remaining semi-annual periods. The Group has an obligation to buy the bonds back at their nominal value upon the bond holders request just before the end of the second semi-annual period.

As at 30 September 2014 mortgage-backed bonds with the carrying value of RUB 5 022 466 thousand (31 December 2013: RUB 5 124 685 thousand) are secured by a pool of mortgage loans with the carrying value of RUB 4 714 477 thousand (31 December 2013: RUB 5 406 343 thousand) and by cash in the amount of RUB 1 000 000 thousand (31 December 2013: none) (see Note 5 and Note 9 for details).

(expressed in thousands of Russian Roubles)

16. COMMITMENTS AND CONTINGENCIES

	30 September 2014 Unaudited	31 December 2013
Undrawn loan commitments	223 865 858	200 972 879
Undrawn commitments to issue documentary instruments	118 301 324	111 731 631
Guarantees issued	110 106 265	86 736 982
Letters of credit	31 581 483	13 251 818
Gross undrawn commitments, guarantees and letters of credit	**483 854 930**	**412 693 310**
Provisions for unrecognised commitments	(29 418)	(32 509)
Total undrawn commitments, guarantees and letters of credit	**483 825 512**	**412 660 801**

Operating Environment

Emerging markets such as the Russian Federation are subject to different risks than more developed markets, including economic, political and social, and legal and legislative risks. Laws and regulations affecting businesses in the Russian Federation continue to change rapidly; tax and regulatory frameworks are subject to varying interpretations. The future economic direction of the Russian Federation is heavily influenced by the fiscal and monetary policies adopted by the government, together with developments in the legal, regulatory, and political environment.

Because the Russian Federation produces and exports large volumes of oil and gas, its economy is particularly sensitive to the price of oil and gas on the world market.

Starting from March 2014, sanctions have been imposed in several packages by the U.S. and the E.U. on certain Russian officials, businessmen and companies. In April 2014, an international credit agency Standard & Poor's downgraded long-term foreign currency sovereign rating of the Russian Federation from BBB to BBB- with a negative outlook. Fitch credit agency has also revised creditworthiness outlook of the Russian Federation from stable to negative. In October 2014 Moody's downgraded long-term sovereign rating of the Russian Federation from Baa1 to Baa2 with a negative outlook. In July 2014 sectoral sanctions have been imposed by the U.S. and the E.U. on five state-owned Russian banks (Sberbank, VTB, Gazprombank, Vneshekonombank, Russian Agricultural Bank): these banks and their subsidiaries excluding those registered in the E.U. are not permitted to attract U.S. or E.U. debt or equity capital for periods exceeding 90 days. In addition, on 6 August the President of the Russian Federation approved counter-sanctions to prohibit or limit for one year import of certain types of agricultural products, raw materials and food to the Russian Federation from countries that joined the sanctions against the Russian Federation. These developments, particularly if sanctions are further extended, may result in reduced access of the Russian businesses to international capital and export markets, capital flight, weakening of the Ruble and other negative economic consequences.

The impact of these developments on future operations and financial position of the Group is at this stage difficult to determine.

(expressed in thousands of Russian Roubles)

17. GAINS ON FINANCIAL ASSETS AND LIABILITIES HELD FOR TRADING

Gains on financial assets and liabilities held for trading comprise:

	Three-Month Period Ended 30 September		Nine-Month Period Ended 30 September	
	2014 Unaudited	**2013 Unaudited**	**2014 Unaudited**	**2013 Unaudited**
Net losses from trading securities	(12 397)	(2 775)	(358 302)	(167 694)
Net (losses) / gains from foreign exchange, interest based derivatives and changes in fair value of money market deposits:				
- spot, derivative and money market deposits trading	(8 752 723)	1 134 718	(10 155 931)	(1 906 924)
- translation of other foreign currency assets and liabilities	8 973 221	(233 641)	11 664 083	4 826 619
Gains on financial assets and liabilities held for trading	**208 101**	**898 302**	**1 149 850**	**2 752 001**

18. ACQUISITION

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are outside the scope of IFRS 3 *Business Combinations*, and there is no other guidance for such situations under IFRS. The Group elects to account for such transactions prospectively as of the date when common control was established. The assets and liabilities acquired are recognized at the carrying amounts. The difference between the consideration paid and the net assets acquired is accounted for directly in equity. The consolidated statement of financial position, consolidated statement of comprehensive income and consolidated statement of cash flows are not restated.

In February 2014 in addition to the existing 40% participation ZAO UniCredit Bank has purchased the remaining 60% share participation in LLC “UniCredit Leasing” from UniCredit Leasing S.p.A. LLC “UniCredit Leasing” owns 100% of shares in ZAO “Locat Leasing Russia”. Both companies operate in the financial leasing industry on the local market. As a result of this transaction the Group comprises the Bank, the leading operating entity of the Group, and LLC “UniCredit Leasing” a 100% leasing subsidiary. The transaction is accounted for as a transaction under common control since both the Bank and UniCredit Leasing S.p.A have the same ultimate shareholders.

The following table presents information on net assets of the subsidiary as of acquisition date based on IFRS financial statements:

Assets	
Amounts due from credit institutions	1 244 351
Loans to customers	9 004 670
Fixed assets	19 785
Deferred income tax	35 504
Current income tax	98 928
Other assets	1 191 496
Total assets	**11 594 734**
Liabilities	
Amounts due to credit institutions	8 423 741
Other liabilities	792 174
Total liabilities	**9 215 915**
Net assets	**2 378 819**
Consideration paid	1 163 400
Fair value of previous 40% shareholding	973 059
Less: Net assets	(2 378 819)
Result from acquisition recognized in equity	**242 360**

(expressed in thousands of Russian Roubles)

19. FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair values of financial assets and financial liabilities are determined as follows.

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.
- Unquoted equities and debt securities classified as available-for-sale are valued using models that use both observable and unobservable data. The non-observable inputs to the models include assumptions regarding the future financial performance of the investee, its risk profile, and economic assumptions regarding the industry and geographical jurisdiction in which the investee operates.
- As there is no active secondary market in Russia for loans and advances to banks and customers, deposits by banks and customers, promissory notes issued, subordinated debt, other borrowing funds and other financial assets and liabilities, there is no reliable market value available for these portfolios.
- For financial assets and liabilities that have a short term maturity (less than 3 months), it is assumed that the carrying amounts approximate to their fair value. This assumption is also applied to demand deposits and savings accounts without a maturity.
- For loans and advances to banks and customers and deposits by banks and customers and promissory notes issued fair value has been estimated by reference to the market rates available at the balance sheet date for similar instruments of maturity equal to the remaining fixed period.
- The fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.
- The fair value valuation of derivative instruments are based on discounted cash flow analysis and performed using the management's best estimates and applicable interest rates. Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

	30 September 2014		
	Level 1	**Level 2**	**Total**
Financial assets at FVTPL			
Trading securitites			
- held by the Group	63 508	2 738 460	2 801 968
- pledged under repurchase agreements	-	331 081	331 081
Investment securities			
- available-for-sale			
- held by the Group	26 029 013	12 577 383	38 606 396
- pledged under repurchase agreements	3 131 857	18 668 902	21 800 759
Derivative financial assets	-	23 608 917	23 608 917
Derivative financial assets designated for hedging	-	4 564 992	4 564 992
Total	**29 224 378**	**62 489 735**	**91 714 113**
Financial liabilities at FVTPL			
Derivative financial liabilities	-	28 319 915	28 319 915
Derivative financial liabilities designated for hedging	-	7 801 236	7 801 236
Total	**-**	**36 121 151**	**36 121 151**

(expressed in thousands of Russian Roubles)

	31 December 2013		
	Level 1	**Level 2**	**Total**
Financial assets at FVTPL			
Trading securitites			
held by the Group	136 142	7 906 906	8 043 048
pledged under repurchase agreements	3 303 137	230 260	3 533 397
Investment securities available-for-sale			
held by the Group	2 728 842	16 720 049	19 448 891
pledged under repurchase agreements	19 755 677	13 034 257	32 789 934
Derivative financial assets	-	9 610 569	9 610 569
Derivative financial assets designated for hedging	-	4 131 332	4 131 332
Total	**25 923 798**	**51 633 373**	**77 557 171**
Financial liabilities at FVTPL			
Derivative financial liabilities	-	8 153 454	8 153 454
Derivative financial liabilities designated for hedging	-	6 601 742	6 601 742
Total	**-**	**14 755 196**	**14 755 196**

The table above does not include AFS equity investments of RUR 8 678 thousand (31 December 2013: RUR 8 496 thousand) which do not have a quoted market price in an active market and whose fair value cannot be reliably measured due to absence of the market for such instruments. Currently the Group does not intend to dispose of these investments.

During the nine-month period ended 30 September 2014 and 30 September 2013 there were no transfers between levels 1 and 2 for trading securities.

During the nine-month period ended 30 September 2014 there was no transfers between levels 1 and 2 for available-for-sale investment securities. During the nine-month period ended 30 September 2013 the transfers from level 1 to level 2 amounted to RUR 2 268 858 thousand for available-for-sale investment securities.

Except as detailed below, management of the Group considers that the fair value of financial assets and liabilities approximates their carrying value:

	30 September 2014		31 December 2013	
	Carrying value Unaudited	**Fair value Unaudited**	**Carrying value**	**Fair value**
Financial assets				
Amounts due from credit institutions	189 325 176	196 162 931	223 403 672	223 504 788
Loans to customers	710 085 282	735 147 485	548 607 344	580 441 850
Investment securities held-to-maturity	-	-	299 993	299 191
Financial liabilities				
Amounts due to credit institutions	177 498 327	178 574 314	152 653 594	151 810 815
Amounts due to customers	584 319 310	594 169 171	529 544 946	534 985 153
Debt securities issued	66 733 742	65 806 556	50 737 686	50 976 208

(expressed in thousands of Russian Roubles)

20. RELATED PARTY DISCLOSURES

The Bank's ultimate parent is the UniCredit Group. The Bank's immediate parent is UniCredit Bank Austria AG. Both entities produce publicly available financial statements.

In accordance with IAS 24 "Related Party Disclosures", parties are considered to be related if one party has the ability to control the other party or 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.

Related parties may enter into transactions which unrelated parties might not, and transactions between related parties may not be effected on the same terms, conditions and amounts as transactions between unrelated parties.

Balances and transactions with UniCredit Bank Austria AG (the immediate parent) and more senior parents within the UniCredit Group are as follows:

	30 September 2014 Unaudited	Weighted average interest rate, % Unaudited	31 December 2013	Weighted average interest rate, %
Amounts due from credit institutions				
In Russian Roubles	130 285	0.0%	1 905 989	7.1%
In EUR	38 014	0.0%	225 606	0.0%
In USD	93 261 063	2.9%	129 336 010	0.3%
Other assets	68 073		87 141	
Amounts due to credit institutions				
In Russian Roubles	2 820 539	8.1%	963 548	0.0%
In EUR	12 669 949	2.4%	10 411 201	2.4%
In USD	40 522 310	2.2%	46 924 855	2.2%
In other currencies	-		155 404	0.3%
Derivative financial liabilities	1 590 923		-	
Other liabilities	251 447		170 175	
Commitments and guarantees issued	4 093 639		3 592 476	
Commitments and guarantees received	3 423 105		2 043 830	

	Nine-Month Period Ended 30 September 2014 Unaudited	Nine-Month Period Ended 30 September 2013 Unaudited
Interest income	1 154 977	361 995
Interest expense	(1 175 121)	(1 308 934)
Fee and commission income	18 258	10 449
Fee and commission expense	(51 351)	(33 476)
Gains on financial assets and liabilities held for trading	(1 540 072)	26 075
Recovery of personnel expenses for seconded employees/(personnel expenses)	6 301	(7 061)
Other income	-	201

(expressed in thousands of Russian Roubles)

Balances and transactions with other companies controlled by the UniCredit Group are as follows:

	30 September 2014 Unaudited	Weighted average interest rate, % Unaudited	31 December 2013	Weighted average interest rate, %
Amounts due from credit institutions				
In EUR	5 558 871	0.5%	14 354 913	0.0%
In USD	1 737 613	6.8%	4 073	0.0%
In Russian Roubles	4 043 605	10.9%	3 000	6.5%
In other currencies	2 609	0.0%	1 685	0.0%
Derivative financial assets	2 761 328		2 223 130	
Derivative financial assets designated for hedging	1 510 682		1 244 897	
Loans to customers				
In EUR	1 963 854	6.2%	1 824 030	6.2%
In Russian Roubles	728 022	5.0%	675 403	5.0%
Intangible assets	156 477		172 375	
Other assets	3 784		2 360	
Amounts due to credit institutions				
In Russian Roubles	1 668 527	0.0%	1 186 328	5.0%
In EUR	179 687	0.0%	95 056	0.0%
In USD	3 969 617	2.3%	3 948 408	2.3%
In other currencies	1 409	0.0%	1 436	0.0%
Derivative financial liabilities	5 261 942		3 208 485	
Derivative financial liabilities designated for hedging	5 598 939		3 829 564	
Amounts due to customers				
In Russian Roubles	188 778	8.0%	833 700	5.5%
In EUR	254 501	0.9%	509 554	0.1%
In USD	37	0.0%	23 300	0.5%
Other liabilities	301 618		190 472	
Commitments and guarantees issued	20 142 214		15 184 104	
Commitments and guarantees received	7 217 642		3 700 784	

	Nine-Month Period Ended 30 September 2014 Unaudited	Nine-Month Period Ended 30 September 2013 Unaudited
Interest income	4 701 452	3 758 511
Interest expense	(4 405 834)	(3 121 648)
Fee and commission income	11 355	15 787
Fee and commission expense	(37 005)	(24 562)
Losses on financial assets and liabilities held for trading	(4 690 371)	(2 848 472)
Other income	700	16 884
Personnel expenses	(26 568)	(30 182)
Other administrative expenses	(68 098)	(28 354)
Gains on disposal of subsidiary	-	149 530

(expressed in thousands of Russian Roubles)

Subordinated loans from the members of the UniCredit Group included in amounts due to credit institutions are as follows:

	Nine-Month Period Ended 30 September 2014 Unaudited	Nine-Month Period Ended 30 September 2013 Unaudited	
	UniCredit Bank Austria AG and more senior parents within the UniCredit Group	UniCredit Bank Austria AG and more senior parents within the UniCredit Group	Other companies controlled by the UniCredit Group
Subordinated debt at the beginning of the period	12 326 113	12 655 191	2 435 466
Subordinated debt repaid during the period	(3 503 430)	-	(2 557 209)
Accrual of interest, net of interest paid	171 297	(35 232)	(10 970)
Effect of exchange rates changes	996 820	980 080	132 713
Subordinated debt at the end of the period	**9 990 800**	**13 600 039**	**-**

For the nine-month period ended 30 September 2014 compensation of the key management personnel comprises remuneration in the amount of RUB 89 898 thousand (nine-month period ended 30 September 2013: RUB 83 966 thousand) and post-employment benefits in the amount of RUB 767 thousand (nine-month period ended 30 September 2013: RUB 666 thousand).