

**Public Joint Stock Company  
“The Ural Bank for Reconstruction and Development”**

**Consolidated Condensed Interim  
Financial Statements**

**30 June 2015**



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**Public Joint Stock Company "The Ural Bank for Reconstruction and Development"**  
**Consolidated condensed interim statement of financial position**

<i>in thousands of Russian Roubles</i>	Notes	30 June 2015 (Unaudited)	31 December 2014
<b>ASSETS</b>			
Cash and cash equivalents	4	18 583 790	27 951 963
Mandatory cash balances with the Bank of Russia		1 936 500	1 565 338
Other securities at fair value through profit or loss	5	11 611 889	11 470 736
Investment securities held to maturity	6	72 990 191	28 324 182
Due from other banks	7	13 802 054	4 402 169
Loans and advances to customers	8	138 701 924	144 143 402
Finance lease receivables	9	1 638 680	1 417 298
Goodwill		162 122	162 122
Property and equipment	10	5 579 272	5 772 968
Intangible assets	11	265 769	273 325
Investment property	12	5 750 265	5 805 432
Advances to real estate developers	13	2 163 656	2 163 158
Current income tax asset		12 288	12 288
Deferred tax asset		748 422	526 184
Other assets	14	24 821 167	12 957 616
Assets held for sale	15	873 250	664 443
<b>TOTAL ASSETS</b>		<b>299 641 239</b>	<b>247 612 624</b>
<b>LIABILITIES</b>			
Due to other banks	17	83 178 061	52 195 971
Customer accounts	18	176 730 511	149 104 314
Debt securities in issue	19	11 494 649	19 259 085
Current income tax liability		24 065	145 748
Deferred tax liability		805 138	432 605
Other liabilities	20	1 651 140	1 565 959
Other borrowed funds	21	12 395 838	12 726 969
<b>TOTAL LIABILITIES</b>		<b>286 279 402</b>	<b>235 430 651</b>
<b>EQUITY</b>			
Share capital	22	3 634 812	3 634 812
Share premium	22	1 581 956	1 581 956
Additional capital	22	3 423 503	3 423 503
Revaluation reserve for property and equipment		1 223 049	1 207 532
Cumulative translation reserve		(106 442)	(100 169)
Retained earnings		3 604 959	2 434 339
<b>TOTAL EQUITY</b>		<b>13 361 837</b>	<b>12 181 973</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>299 641 239</b>	<b>247 612 624</b>

These consolidated condensed interim financial statements were approved for issue and signed on behalf of the Board of Directors on 28 August 2015.

Solovyev A.U.  
President



Sirazov M.R.  
Chief Accountant



**Public Joint Stock Company "The Ural Bank for Reconstruction and Development"**  
**Consolidated condensed interim statement of profit or loss**

<i>(Unaudited)</i> <i>in thousands of Russian Roubles</i>	Notes	Six-month period ended 30 June 2015	Six-month period ended 30 June 2014
Interest income	24	14 277 275	12 307 509
Interest expense	24	(15 225 963)	(7 528 074)
<b>Net interest (loss)/income</b>		<b>(948 688)</b>	<b>4 779 435</b>
Provision for impairment:			
- Loans and advances to customers	8	(6 848 814)	(5 457 447)
- Finance lease receivables	9	(38 292)	(948)
<b>Net interest expense after provision for impairment</b>		<b>(7 835 794)</b>	<b>(678 960)</b>
Fee and commission income	25	1 835 939	3 238 290
Fee and commission expense	25	(291 945)	(254 278)
Net losses arising from trading securities		-	(468)
Net gains/(losses) arising from other securities at fair value through profit or loss		914 474	(149 074)
Net gains arising from trading in foreign currencies		7 796 509	982 004
Net gains/(losses) arising from operations with precious metals		6 068	(7 681)
Foreign exchange translation gains/(losses)		2 489 082	(118 270)
Rental income		6 712	10 480
Loss from investment property	12	(4 118)	(73 103)
(Loss)/income from assignment of loans		(213 511)	140 672
Other operating income		57 627	41 318
Loss from termination of lease agreements		(7 423)	(4 262)
Administrative and other operating expenses		(3 265 219)	(3 418 903)
<b>Profit/(loss) before tax</b>		<b>1 488 401</b>	<b>(292 235)</b>
Income tax (expense)/refund		(302 264)	59 003
<b>Profit/(loss) for the period</b>		<b>1 186 137</b>	<b>(233 232)</b>

Solovyev A.U.  
President



Sirazov M.R.  
Chief Accountant



**Public Joint Stock Company "The Ural Bank for Reconstruction and Development"**  
**Consolidated condensed interim statement of comprehensive income**

<i>(Unaudited)</i> <i>in thousands of Russian Roubles</i>	Six-month period ended 30 June 2015	Six-month period ended 30 June 2014
Profit/(loss) for the period	1 186 137	(233 232)
Other comprehensive loss for the period net of deferred income tax		
Items that are or may be reclassified subsequently to profit or loss: Foreign currency translation effect	(6 273)	(9 197)
Other comprehensive loss net of deferred income tax	(6 273)	(9 197)
Total comprehensive income/(loss)	1 179 864	(242 429)

Solovyev A.U.  
President



Sirazov M.R.  
Chief Accountant



**Public Joint Stock Company "The Ural Bank for Reconstruction and Development"**  
**Consolidated condensed interim statement of changes in equity**

	Notes	Share capital	Share premium	Additional capital	Revaluation reserve for property and equipment	Cumulative translation reserve	Retained earnings	Total equity
<i>in thousands of Russian Roubles</i>								
<b>Balance as at 1 January 2014</b>		<b>3 634 812</b>	<b>1 581 956</b>	<b>2 379 203</b>	<b>1 297 849</b>	<b>(32 964)</b>	<b>2 271 481</b>	<b>11 132 337</b>
<b>Other comprehensive (loss)/income net of deferred income tax</b>								
<i>Items that are or may be reclassified subsequently to profit or loss:</i>								
Foreign currency translation effect (unaudited)		-	-	-	-	(9 197)	-	(9 197)
<i>Items that will not be reclassified to profit or loss:</i>								
Realised revaluation reserve for property and equipment (unaudited)		-	-	-	(65 061)	-	65 061	-
<b>Other comprehensive (loss)/income net of deferred income tax (unaudited)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>(65 061)</b>	<b>(9 197)</b>	<b>65 061</b>	<b>(9 197)</b>
<b>Loss for the period (unaudited)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(233 232)</b>	<b>(233 232)</b>
<b>Total comprehensive loss (unaudited)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>(65 061)</b>	<b>(9 197)</b>	<b>(168 171)</b>	<b>(242 429)</b>
<b>Transactions with owners, recorded directly in equity</b>								
Dividends declared (unaudited)	23	-	-	-	-	-	(400 582)	(400 582)
Additional funding from the controlling shareholder (unaudited)	22	-	-	1 044 300	-	-	-	1 044 300
<b>Balance as at 30 June 2014 (unaudited)</b>		<b>3 634 812</b>	<b>1 581 956</b>	<b>3 423 503</b>	<b>1 232 788</b>	<b>(42 161)</b>	<b>1 702 728</b>	<b>11 533 626</b>

Notes on pages 10-51 form an integral part of these consolidated condensed interim financial statements.



**Public Joint Stock Company "The Ural Bank for Reconstruction and Development"**  
**Consolidated condensed interim statement of changes in equity**

<i>in thousands of Russian Roubles</i>	Notes	Share capital	Share premium	Additional capital	Revaluation reserve for property and equipment	Cumulative translation reserve	Retained earnings	Total equity
<b>Balance as at 1 January 2015</b>		<b>3 634 812</b>	<b>1 581 956</b>	<b>3 423 503</b>	<b>1 207 532</b>	<b>(100 169)</b>	<b>2 434 339</b>	<b>12 181 973</b>
<b>Other comprehensive (loss)/income net of deferred income tax</b>								
<i>Items that are or may be reclassified subsequently to profit or loss:</i>								
Foreign currency translation effect (unaudited)		-	-	-	-	(6 273)	-	(6 273)
<i>Items that will not be reclassified to profit or loss:</i>								
Realised revaluation reserve for property and equipment (unaudited)		-	-	-	15 517	-	(15 517)	-
<b>Other comprehensive (loss)/income net of deferred income tax (unaudited)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>15 517</b>	<b>(6 273)</b>	<b>(15 517)</b>	<b>(6 273)</b>
<b>Income for the period (unaudited)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 186 137</b>	<b>1 186 137</b>
<b>Total comprehensive (loss)/income (unaudited)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>15 517</b>	<b>(6 273)</b>	<b>1 170 620</b>	<b>1 179 864</b>
<b>Balance as at 30 June 2015 (unaudited)</b>		<b>3 634 812</b>	<b>1 581 956</b>	<b>3 423 503</b>	<b>1 223 049</b>	<b>(106 442)</b>	<b>3 604 959</b>	<b>13 361 837</b>



**Solov'ev A.U.**  
**President**

**Sirazov M.R.**  
**Chief Accountant**



**Public Joint Stock Company "The Ural Bank for Reconstruction and Development"**  
**Consolidated condensed interim statement of cash flows**

<i>(Unaudited)</i> <i>in thousands of Russian Roubles</i>	Notes	Six-month period ended 30 June 2015	Six-month period ended 30 June 2014
<b>Cash flows from operating activities</b>			
Interest received		12 912 695	11 765 865
Interest paid		(13 088 160)	(7 758 102)
Fees and commissions received		1 894 416	3 295 371
Fees and commissions paid		(316 769)	(269 349)
Net losses incurred from trading securities		-	(2 930)
Net gains received from other securities at fair value through profit or loss		680 835	64 426
Net gains received from trading in foreign currencies		8 239 532	956 049
Net gains received/(losses incurred) from operations with precious metals		1 658	(9 792)
Administrative and other operating expenses paid		(2 671 174)	(2 847 756)
Income tax paid		(272 084)	(234 192)
Proceeds from assignment of loans		44 948	1 351 372
Other operating income received		72 419	49 295
<b>Cash flows provided by operating activities before changes in operating assets and liabilities</b>		<b>7 498 316</b>	<b>6 360 257</b>
<b>(Increase)/decrease in operating assets</b>			
Mandatory cash balances with the Bank of Russia		(371 162)	(231 609)
Other securities at fair value through profit or loss		(1 744 307)	(4 563 039)
Due from other banks		(9 524 476)	(585 012)
Loans and advances to customers		(2 154 803)	(9 719 195)
Finance lease receivables		(269 996)	(59 563)
Advances to real estate developers		(251 352)	56 974
Other assets		(12 832 997)	(3 562 194)
Assets held for sale		30 476	58 134
<b>Increase/(decrease) in operating liabilities</b>			
Due to other banks		34 236 725	11 377 221
Customer accounts		26 302 890	5 007 796
Promissory notes and deposit certificates in issue (included in debt securities in issue)		(7 206 767)	(2 035 621)
Other liabilities		806 242	338 120
<b>Net cash flows provided by operating activities</b>		<b>34 518 789</b>	<b>2 442 269</b>
<b>Cash flows from investing activities</b>			
Purchase of investment securities held to maturity		(46 524 761)	(598 809)
Proceeds from sale of investment securities held to maturity		3 020 609	1 815 188
Acquisition of property and equipment		(154 388)	(428 272)
Proceeds from disposal of property and equipment		22 157	4 607
Acquisition of investment property	11	(5 043)	(5 864)
Proceeds from disposal of investment property	12	24 516	22 447
Acquisition of intangible assets	12	(29 787)	(30 022)
<b>Net cash flows (used in)/provided by investing activities</b>		<b>(43 646 697)</b>	<b>779 275</b>



**Public Joint Stock Company "The Ural Bank for Reconstruction and Development"**  
**Consolidated condensed interim statement of cash flows**

<i>(Unaudited)</i> <i>in thousands of Russian Roubles</i>	Notes	Six-month period ended 30 June 2015	Six-month period ended 30 June 2014
<b>Cash flows from financing activities</b>			
Dividends paid		(301)	(400 201)
Additional funding from the controlling shareholder	22	-	1 044 300
Proceeds from bonds issued on domestic market (included in debt securities in issue)		1 549 583	1 471 444
Redemption/repurchase of bonds issued on domestic market (included in debt securities in issue)		(2 233 015)	(3 646 352)
Repayment of euro commercial papers (included in debt securities in issue)		-	(1 472 909)
Subordinated loans received		-	1 372 100
Repayment of syndicated loans		(174 647)	-
<b>Net cash flows used in financing activities</b>		<b>(858 380)</b>	<b>(1 631 618)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>		<b>618 115</b>	<b>7 193</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(9 368 173)</b>	<b>1 597 119</b>
Cash and cash equivalents at the beginning of the reporting period		27 951 963	15 396 115
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>4</b>	<b>18 583 790</b>	<b>16 993 234</b>

Solovyev A.U.  
President



Sirazov M.R.  
Chief Accountant



## **1 Introduction**

These consolidated condensed interim financial statements of Public Joint Stock Company "The Ural Bank for Reconstruction and Development" (the Bank) and its subsidiaries, special purpose entities and mutual investment funds (together referred to as the Group) for the six-month period ended 30 June 2015 are prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting".

The Bank was incorporated and is domiciled in the Russian Federation. The Bank is a public joint-stock company set up in accordance with regulations of the Russian Federation.

Due to the coming into force from 1 September 2014 of the Federal law No. 99-FZ *On modification of chapter 4 part one of the Civil code of the Russian Federation and on expire of separate provisions of acts of the Russian Federation dated 5 May 2014*, the name of the Bank was changed. From 24 February 2015 a new full trade name of the Bank is Public Joint Stock Company "The Ural Bank for Reconstruction and Development" (short trade name is UBRD, PJSC). The previous full trade name is Joint Stock Company "The Ural Bank of Reconstruction and Development" (short trade name of UBRD, JSC).

**Principal activity.** The Bank's principal business activity is commercial and retail banking transactions within the Russian Federation. The Bank operates under a general banking license issued by the Central Bank of the Russian Federation (the Bank of Russia) on 16 August 2012. Due to the change of the Bank's trade name the license was renewed on 6 February 2015. The Bank is a member of the state deposit insurance system, which was introduced by the Federal Law No.177-FZ *On deposits of individuals insurance in Russian Federation* as at 23 December 2003 (as amended on 29 June 2015). The State Deposit Insurance System guarantees repayment of 100% of individual deposits up to RUB 1 400 thousand per individual in case of the withdrawal of a license of a bank or Bank of Russia imposed moratorium on payments.

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

As at 30 June 2015 and 31 December 2014 the ultimate controlling party of the Bank is Mr. I.A. Altushkin, affiliated with ZAO "Russian Copper Company".

As at 30 June 2015 the Bank has 13 (31 December 2014: 13) branches and 169 (31 December 2014: 346) additional and operational offices in the Russian Federation.

**Registered address and place of business.** The Bank's registered address and place of business is 620014, 67, Sakko i Vancetti St., Yekaterinburg, Russian Federation.

**Presentation currency.** These consolidated condensed interim financial statements are presented in thousands of Russian Roubles (RUB thousand).

## **2 Operating environment**

The Russian Federation is experiencing political and economic change that has affected, and may continue to affect, the activities of enterprises operating in this country. The Government continues implementation of economic reforms and development of its legal, tax and regulatory legislation. Current actions of the Government are focused on modernization of the Russian economy, aimed at increasing productivity and product quality, as well as increasing the share of industries producing high-tech products and services. Consequently, operations in the Russian Federation involve risks that typically do not exist in other markets. The stability of the Russian economy in the future is dependent significantly upon these reforms and the effectiveness of economic, financial and monetary measures undertaken by the Government.

In the first six-month period of 2015 the pace of economic growth continued to slow down along with a decreasing consumer demand and capital investments. Moreover, political uncertainty in Ukraine had a significant influence on Russian economy. The strengthening of the Russian national currency in relation to the main world currencies observed during the first half of 2015 was caused by oil prices recovery, geopolitical environment stabilisation and decrease of foreign currency demand. By the end of June the Rouble exchange rates achieved the level as of December 2014. In the first half of 2015 the Bank of Russia continues to carry out policy within the inflation targeting regime. In the first half of 2015 in the environment of decreasing inflationary risks as well as increasing risks of economic slowdown the Bank of Russia has been decreasing the key rate from 17% to 11.50%. In January 2015 Standard & Poor's has decreased country's rating, thus inhibiting access to foreign capital markets for Russian companies. According to the Ministry of Economic Development of the Russian Federation in the first half of 2015 banking sector assets decreased by 1.2%, decline experienced by retail lending market was 2%, and by corporate lending market – 0.8%. The amount of deposits from individuals increased by 4.2%, and from legal entities - decreased by 1.85%.



## 2 Operating environment (continued)

There is still uncertainty about the future growth of the Russian economy and the ability of the Group and its counterparties to raise new borrowings at reasonable rates, which in turn can affect the financial position, results of operations and business prospects. As the Russian economy is sensitive to the negative trends on the global markets, there is still a risk of increased volatility on the Russian financial markets. Despite this, management believes that in the current situation they have taken all necessary measures to support the sustainability and growth of the business. The consolidated condensed interim financial statements reflect management's assessment of the impact of the Russian business environment on the operations and financial position of the Group. The future business environment may differ from management's assessment.

## 3 Accounting policies, critical accounting estimates and judgements

**Basis of preparation.** These consolidated condensed interim financial statements for the six-month period ended 30 June 2015 are prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting", and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2014.

The principal accounting policies and methods of computation applied in the preparation of these consolidated condensed interim financial statements as well as estimates and judgements used in applying these policies are consistent with those applied in the preparation of the consolidated financial statements of the Group for the year ended 31 December 2014, except for income tax measurement.

A new standard required for the Group's reporting periods beginning on 1 January 2018 and not adopted early, is published:

IFRS 9 *Financial Instruments*, published in July 2014, is intended ultimately to replace International Financial Reporting Standard IAS 39 *Financial Instruments: Recognition and Measurement*. The Group recognises that the new standard introduces many changes to accounting for financial instruments and is likely to have a significant impact on the consolidated financial statements. The Group has not analysed the impact of these changes yet. The Group does not intend to adopt this standard early. The standard will be effective for annual periods beginning on or after 1 January 2018 and will be applied retrospectively with some exemptions.

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

## 4 Cash and cash equivalents

<i>in thousands of Russian Roubles</i>	30 June 2015 (Unaudited)	31 December 2014
Balances with the Bank of Russia (other than mandatory cash balances)	10 222 164	5 546 040
Cash on hand	4 453 644	6 515 750
Settlement accounts with trading systems	2 120 174	144 323
Correspondent accounts and overnight placements with banks:		
- Russian Federation	209 775	681 856
- other countries	1 414 178	3 535 638
Placements with other banks with original maturities of less than three months	159 975	11 528 356
Agreements for purchase and re-sale of the securities to other banks with original maturities of less than three months	3 880	-
<b>Total</b>	<b>18 583 790</b>	<b>27 951 963</b>

Correspondent accounts, overnight placements and placements with other banks with original maturities of less than three months are placed with large Russian and OECD banks with ratings from "not rated" to "A+ ". The ratings are defined according to the criteria accepted by the international rating agency Standard & Poor's or equivalent ratings of agencies of Fitch and Moody's.

Geographical, currency and maturity analyses of cash and cash equivalents are disclosed in note 27.



**5 Other securities at fair value through profit or loss**

<i>in thousands of Russian Roubles</i>	<b>30 June 2015 (Unaudited)</b>	<b>31 December 2014</b>
Corporate bonds	11 430 796	11 306 293
Russian government bonds	167 721	153 941
Municipal bonds	1 896	617
<b>Total debt securities</b>	<b>11 600 413</b>	<b>11 460 851</b>
Corporate shares	11 476	9 885
<b>Total</b>	<b>11 611 889</b>	<b>11 470 736</b>

The Group irrevocably classified these securities, which are not a part of the trading portfolio, as securities at fair value through profit or loss. These securities meet the requirements for classification as carried at fair value through profit or loss due to the fact that management evaluates results from these investments based on their fair value in accordance with a documented strategy.

Analysis by credit quality of other securities at fair value through profit or loss outstanding at 30 June 2015 is as follows:

<i>(Unaudited) in thousands of Russian Roubles</i>	<b>Corporate bonds</b>	<b>Russian government bonds</b>	<b>Municipal bonds</b>	<b>Corporate shares</b>	<b>Total</b>
- Rated from BBB- to BBB+	8 894 680	167 721	1 026	5 927	9 069 354
- Rated from BB- to BB+	2 526 732	-	572	4 626	2 531 930
- Rated from B- to B+	9 384	-	298	-	9 682
- Not rated	-	-	-	923	923
<b>Total</b>	<b>11 430 796</b>	<b>167 721</b>	<b>1 896</b>	<b>11 476</b>	<b>11 611 889</b>

Analysis by credit quality of other securities at fair value through profit or loss outstanding at 31 December 2014 is as follows:

<i>in thousands of Russian Roubles</i>	<b>Corporate bonds</b>	<b>Russian government bonds</b>	<b>Municipal bonds</b>	<b>Corporate shares</b>	<b>Total</b>
- Rated from A- to A+	1 057	-	-	-	1 057
- Rated from BBB- to BBB+	11 292 167	153 941	617	5 354	11 452 079
- Rated from BB- to BB+	4 380	-	-	3 799	8 179
- Rated from B- to B+	8 689	-	-	-	8 689
- Not rated	-	-	-	732	732
<b>Total</b>	<b>11 306 293</b>	<b>153 941</b>	<b>617</b>	<b>9 885</b>	<b>11 470 736</b>

The ratings given in the table above are defined according to the criteria accepted by the international rating agency Standard & Poor's or equivalent ratings of agencies of Fitch and Moody's.

The table below shows carrying amount of other securities at fair value through profit or loss pledged under sale and repurchase agreements as at 30 June 2015 and 31 December 2014 (see note 16).



**5 Other securities at fair value through profit or loss (continued)**

<i>in thousands of Russian Roubles</i>	<b>30 June 2015 (Unaudited)</b>	<b>31 December 2014</b>
Corporate bonds	6 928 881	11 289 535
Russian government bonds	-	153 941
<b>Total</b>	<b>6 928 881</b>	<b>11 443 476</b>

Geographical, currency and maturity analyses of other securities at fair value through profit and loss are disclosed in note 27.

**6 Investment securities held to maturity**

<i>in thousands of Russian Roubles</i>	<b>30 June 2015 (Unaudited)</b>	<b>31 December 2014</b>
Corporate eurobonds	36 344 090	-
Corporate bonds	25 187 675	27 178 955
Russian government bonds	10 057 495	-
Municipal bonds	1 400 931	1 145 227
<b>Total</b>	<b>72 990 191</b>	<b>28 324 182</b>

Analysis by credit quality of investment securities held to maturity outstanding at 30 June 2015 is as follows:

<i>(Unaudited) in thousands of Russian Roubles</i>	<b>Corporate eurobonds</b>	<b>Corporate bonds</b>	<b>Russian government bonds</b>	<b>Municipal bonds</b>	<b>Total</b>
- Rated from BBB- to BBB+	8 998 259	10 538 360	10 057 495	94 523	29 688 637
- Rated from BB- to BB+	27 345 831	9 862 866	-	1 306 408	38 515 105
- Rated from B- to B+	-	4 786 449	-	-	4 786 449
<b>Total</b>	<b>36 344 090</b>	<b>25 187 675</b>	<b>10 057 495</b>	<b>1 400 931</b>	<b>72 990 191</b>

Analysis by credit quality of other securities held to maturity outstanding at 31 December 2014 is as follows:

<i>in thousands of Russian Roubles</i>	<b>Corporate bonds</b>	<b>Municipal bonds</b>	<b>Total</b>
- Rated from A- to A+	608 256	-	608 256
- Rated from BBB- to BBB+	12 885 819	125 987	13 011 806
- Rated from BB- to BB+	8 381 534	960 851	9 342 385
- Rated from B- to B+	5 303 346	58 389	5 361 735
<b>Total</b>	<b>27 178 955</b>	<b>1 145 227</b>	<b>28 324 182</b>

The ratings given in the table above are defined according to the criteria accepted by the international rating agency Standard & Poor's or equivalent ratings of agencies of Fitch and Moody's.



**6 Investment securities held to maturity (continued)**

The table below shows carrying amount of investment securities held to maturity pledged under sale and repurchase agreements as at 30 June 2015 and 31 December 2014 (see note 16).

<i>in thousands of Russian Roubles</i>	<b>30 June 2015 (Unaudited)</b>	<b>31 December 2014</b>
Corporate eurobonds	36 344 090	-
Corporate bonds	24 986 033	27 178 955
Russian government bonds	8 453 189	-
Municipal bonds	1 295 944	1 145 227
<b>Total</b>	<b>71 079 256</b>	<b>28 324 182</b>

Geographical, currency and maturity analyses of investment securities held to maturity are disclosed in note 27.

**7 Due from other banks**

<i>in thousands of Russian Roubles</i>	<b>30 June 2015 (Unaudited)</b>	<b>31 December 2014</b>
Short-term placements with other banks with original maturities of more than three months	10 806 108	4 406 749
Other allocated funds	3 000 526	-
Allowance for impairment	(4 580)	(4 580)
<b>Total</b>	<b>13 802 054</b>	<b>4 402 169</b>

At 30 June 2015 and 31 December 2014 due from other banks are represented by the current term deposits and promissory notes of other banks with face value in Russian roubles placed in the Russian Federation. Other allocated funds are represented by individual clearing collateral for operations in currency and stock markets.

An analysis by credit quality of due from other banks (before allowance for impairment) as at 30 June 2015 is as follows:

<i>(Unaudited) in thousands of Russian Roubles</i>	<b>Short-term placements with other banks with original maturities of more than three months</b>	<b>Other allocated funds</b>	<b>Total</b>
- Rated from A- to A+	372 680	-	372 680
- Rated from BBB- to BBB+	9 757 182	3 000 526	12 757 708
- Rated from BB- to BB+	25 199	-	25 199
- Rated from B- to B+	646 467	-	646 467
- Not rated	4 580	-	4 580
<b>Total due from other banks before allowance for impairment</b>	<b>10 806 108</b>	<b>3 000 526</b>	<b>13 806 634</b>



## **7 Due from other banks (continued)**

An analysis by credit quality of due from other banks (before allowance for impairment) as at 31 December 2014 is as follows:

<i>in thousands of Russian Roubles</i>	<b>Short-term placements with other banks with original maturities of more than three months</b>
- Rated from A- to A+	2 821 389
- Rated from BBB- to BBB+	3 627
- Rated from BB- to BB+	94 482
- Rated from B- to B+	1 482 671
- Not rated	4 580
<b>Total due from other banks before allowance for impairment</b>	<b>4 406 749</b>

The ratings given in the table above are defined according to the criteria accepted by the international rating agency Standard & Poor's or equivalent ratings of agencies of Fitch and Moody's.

Due from other banks are not collateralised.

As at 30 June 2015 the Group has 3 counterparties (31 December 2014: 2 counterparties) with balances over RUB 1 000 000 thousand. The aggregate balances from these counterparties as at 30 June 2015 amount to RUB 12 751 990 thousand (31 December 2014: RUB 3 896 378 thousand), or 92% (31 December 2014: 88%) of total balances from other banks.

Geographical, currency and maturity analyses of due from other banks are disclosed in note 27.

## **8 Loans and advances to customers**

<i>in thousands of Russian Roubles</i>	<b>30 June 2015 (Unaudited)</b>	<b>31 December 2014</b>
<b>Loans to legal entities</b>		
- Related parties	11 146 420	11 456 981
- Corporate loans	73 060 079	69 767 408
- Small and medium-sized businesses	4 683 312	6 270 177
<b>Total loans to legal entities</b>	<b>88 889 811</b>	<b>87 494 566</b>
<b>Loans to individuals</b>		
- Express loans	16 934 483	16 469 798
- Loans to employees participating in payroll projects	7 013 352	7 220 531
- Unsecured consumer loans	35 408 460	40 812 181
- Collateralised consumer loans	6 080 296	6 262 147
<b>Total loans to individuals</b>	<b>65 436 591</b>	<b>70 764 657</b>
<b>Total loans and advances to customers before allowance for impairment</b>	<b>154 326 402</b>	<b>158 259 223</b>
Allowance for impairment	(15 624 478)	(14 115 821)
<b>Total</b>	<b>138 701 924</b>	<b>144 143 402</b>

Since 2012, the Group has chosen crediting of a segment of loyal and low risky borrowers with a credit history in the Bank as a main market strategy of individual crediting.

Information concerning the loans and advances to customers transferred without derecognition is represented in note 16.



**8 Loans and advances to customers (continued)**

Movements in the allowance for impairment for loans to legal entities during six-month period ended 30 June 2015 are as follows:

	Related parties	Corporate loans	Small and medium-sized businesses	Total
<i>in thousands of Russian Roubles</i>				
<b>Allowance for impairment as at 1 January 2015</b>	<b>29 255</b>	<b>723 614</b>	<b>1 258 564</b>	<b>2 011 433</b>
(Recovery)/charge of provision (unaudited)	(1 401)	79 617	285 678	363 894
Write offs (unaudited)	-	(126 111)	(393 092)	(519 203)
<b>Allowance for impairment as at 30 June 2015 (unaudited)</b>	<b>27 854</b>	<b>677 120</b>	<b>1 151 150</b>	<b>1 856 124</b>

Movements in the allowance for impairment for loans to individuals during six-month period ended 30 June 2015 are as follows:

	Express loans	Loans to employees participating in payroll projects	Unsecured consumer loans	Collateralised consumer loans	Total
<i>in thousands of Russian Roubles</i>					
<b>Allowance for impairment as at 1 January 2015</b>	<b>4 773 593</b>	<b>257 373</b>	<b>5 904 890</b>	<b>1 168 532</b>	<b>12 104 388</b>
Charge of provision (unaudited)	2 751 369	185 722	2 976 547	571 282	6 484 920
Write offs (unaudited)	(2 032 065)	(134 832)	(2 554 692)	(99 365)	(4 820 954)
<b>Allowance for impairment as at 30 June 2015 (unaudited)</b>	<b>5 492 897</b>	<b>308 263</b>	<b>6 326 745</b>	<b>1 640 449</b>	<b>13 768 354</b>

Movements in the allowance for impairment for loans to legal entities during six-month period ended 30 June 2014 are as follows:

	Related parties	Corporate loans	Small and medium-sized businesses	Total
<i>In thousands of Russian Roubles</i>				
<b>Allowance for impairment as at 1 January 2014</b>	<b>21 042</b>	<b>532 032</b>	<b>829 460</b>	<b>1 382 534</b>
(Recovery)/charge of provision (unaudited)	(3 396)	(12 940)	379 883	363 547
Write offs (unaudited)	-	(30 581)	(1 249)	(31 830)
<b>Allowance for impairment as at 30 June 2014 (unaudited)</b>	<b>17 646</b>	<b>488 511</b>	<b>1 208 094</b>	<b>1 714 251</b>



## **8 Loans and advances to customers (continued)**

Movements in the allowance for impairment for loans to individuals during six-month period ended 30 June 2014 are as follows:

	Express loans	Loans to employees participating in payroll projects	Unsecured consumer loans	Collateralised consumer loans	Total
<i>In thousands of Russian Roubles</i>					
<b>Allowance for impairment as at 1 January 2014</b>	<b>3 953 631</b>	<b>157 684</b>	<b>2 267 944</b>	<b>394 072</b>	<b>6 773 331</b>
Charge of provision (unaudited)	2 157 212	104 906	2 499 382	332 400	5 093 900
Write offs (unaudited)	(3 077 134)	(83 152)	(1 316 291)	(2 210)	(4 478 787)
<b>Allowance for impairment as at 30 June 2014 (unaudited)</b>	<b>3 033 709</b>	<b>179 438</b>	<b>3 451 035</b>	<b>724 262</b>	<b>7 388 444</b>

The loan portfolio structure by economic sectors as at 30 June 2015 and 31 December 2014 is as follows:

<i>in thousands of Russian Roubles</i>	<b>30 June 2015 (Unaudited)</b>		<b>31 December 2014</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
Individuals	65 436 591	42.4	70 764 657	44.7
Trade	45 450 360	29.5	45 533 360	28.8
Metallurgy and metals trade	15 835 528	10.3	15 884 507	10.0
Services	13 345 397	8.6	14 025 724	8.9
Manufacturing	7 499 350	4.9	5 148 866	3.3
Construction	3 317 700	2.1	1 038 147	0.7
Other	3 441 476	2.2	5 863 962	3.6
<b>Total loans and advances to customers before allowance for impairment</b>	<b>154 326 402</b>	<b>100.0</b>	<b>158 259 223</b>	<b>100.0</b>

As at 30 June 2015 the Group had a significant credit risk concentration in respect of one group of related borrowers, which are also considered as related parties. The aggregate amount of these loans is RUB 11 146 420 thousand, or 7% of the gross loan portfolio (31 December 2014: RUB 11 456 981 thousand, or 7% of the gross loan portfolio).

At 30 June 2015 the Group has 14 borrowers (31 December 2014: 16 borrowers) with aggregated loan amounts above RUB 1 500 000 thousand. The total aggregate amount of these loans is RUB 58 013 755 thousand (31 December 2014: RUB 61 534 927), or 38% (31 December 2014: 39%) of the gross loan portfolio.



## 8 Loans and advances to customers (continued)

Analysis by credit quality of loans outstanding at 30 June 2015 is as follows:

<i>(Unaudited)</i> <i>in thousands of Russian Roubles</i>	Express loans	Loans to employees participating in payroll projects	Unsecured consumer loans	Collateralised consumer loans	Total loans to individuals
<b>Loans to individuals</b>					
Current and not overdue:	6 921 147	6 192 481	23 064 398	3 544 063	39 722 089
- with credit history of less than 90 days	2 808 492	913 799	2 434 818	327 171	6 484 280
- with credit history of more than 90 days	4 112 655	5 278 682	20 629 580	3 216 892	33 237 809
overdue:	10 013 336	820 871	12 344 062	2 536 233	25 714 502
- loans overdue less than 30 days	2 181 008	345 356	2 212 605	242 217	4 981 186
- loans overdue 31 to 90 days	2 017 292	121 816	1 612 008	211 338	3 962 454
- loans overdue 91 to 210 days	2 253 222	204 177	3 285 030	571 773	6 314 202
- loans overdue 211 to 360 days	2 652 654	117 147	3 975 519	660 137	7 405 457
- loans overdue over 360 days	909 160	32 375	1 258 900	850 768	3 051 203
<b>Total loans to individuals before allowance for impairment</b>	<b>16 934 483</b>	<b>7 013 352</b>	<b>35 408 460</b>	<b>6 080 296</b>	<b>65 436 591</b>
Allowance for impairment	(5 492 897)	(308 263)	(6 326 745)	(1 640 449)	(13 768 354)
<b>Total</b>	<b>11 441 586</b>	<b>6 705 089</b>	<b>29 081 715</b>	<b>4 439 847</b>	<b>51 668 237</b>
Allowance for impairment to gross loans, %	32.44	4.4	17.87	26.98	21.04
<i>(Unaudited)</i> <i>in thousands of Russian Roubles</i>		Related parties	Corporate loans	Small and medium-sized businesses	Total loans to legal entities
<b>Loans to legal entities</b>					
Current and individually not impaired	11 146 420	-	72 208 136	2 521 792	85 876 348
overdue:	-	-	851 943	2 161 520	3 013 463
- loans overdue less than 30 days	-	-	40 431	211 292	251 723
- loans overdue 31 to 90 days	-	-	63 122	185 134	248 256
- loans overdue 91 to 180 days	-	-	-	245 404	245 404
- loans overdue 181 to 360 days	-	-	574	465 478	466 052
- loans overdue over 360 days	-	-	747 816	1 054 212	1 802 028
<b>Total loans to legal entities before allowance for impairment</b>	<b>11 146 420</b>		<b>73 060 079</b>	<b>4 683 312</b>	<b>88 889 811</b>
Allowance for impairment	(27 854)		(677 120)	(1 151 150)	(1 856 124)
<b>Total</b>	<b>11 118 566</b>		<b>72 382 959</b>	<b>3 532 162</b>	<b>87 033 687</b>
Allowance for impairment to gross loans, %	0.25		0.93	24.58	2.09



## 8 Loans and advances to customers (continued)

Analysis by credit quality of loans outstanding at 31 December 2014 is as follows:

	Express loans	Loans to employees participating in payroll projects	Unsecured consumer loans	Collateralised consumer loans	Total loans to individuals
<i>in thousands of Russian Roubles</i>					
<b>Loans to individuals</b>					
Current and not overdue:	7 790 561	6 601 473	28 620 771	4 103 012	47 115 817
- with credit history of less than 90 days	2 821 328	758 862	1 946 300	682 305	6 208 795
- with credit history of more than 90 days	4 969 233	5 842 611	26 674 471	3 420 707	40 907 022
Overdue:	8 679 237	619 058	12 191 410	2 159 135	23 648 840
- loans overdue less than 30 days	1 506 243	214 525	1 945 056	344 820	4 010 644
- loans overdue 31 to 90 days	1 961 270	139 859	2 787 904	425 684	5 314 717
- loans overdue 91 to 210 days	1 833 349	137 721	3 395 019	430 220	5 796 309
- loans overdue 211 to 360 days	2 700 608	76 455	3 401 114	454 573	6 632 750
- loans overdue over 360 days	677 767	50 498	662 317	503 838	1 894 420
<b>Total loans to individuals before allowance for impairment</b>	<b>16 469 798</b>	<b>7 220 531</b>	<b>40 812 181</b>	<b>6 262 147</b>	<b>70 764 657</b>
Allowance for impairment	(4 773 593)	(257 373)	(5 904 890)	(1 168 532)	(12 104 388)
<b>Total</b>	<b>11 696 205</b>	<b>6 963 158</b>	<b>34 907 291</b>	<b>5 093 615</b>	<b>58 660 269</b>
Allowance for impairment to gross loans, %	28.98	3.56	14.47	18.66	17.11
<i>in thousands of Russian Roubles</i>					
	Related parties	Corporate loans	Small and medium size businesses	Total loans to legal entities	
<b>Loans to legal entities</b>					
Current and individually not impaired	11 456 981	68 867 046	3 991 785	84 315 812	
Overdue:	-	900 362	2 278 392	3 178 754	
- loans overdue less than 30 days	-	35 399	269 227	304 626	
- loans overdue 31 to 90 days	-	-	192 803	192 803	
- loans overdue 91 to 180 days	-	2 878	249 278	252 156	
- loans overdue 181 to 360 days	-	203 207	632 589	835 796	
- loans overdue over 360 days	-	658 878	934 495	1 593 373	
<b>Total loans to legal entities before allowance for impairment</b>	<b>11 456 981</b>	<b>69 767 408</b>	<b>6 270 177</b>	<b>87 494 566</b>	
Allowance for impairment	(29 255)	(723 614)	(1 258 564)	(2 011 433)	
<b>Total</b>	<b>11 427 726</b>	<b>69 043 794</b>	<b>5 011 613</b>	<b>85 483 133</b>	
Allowance for impairment to gross loans, %	0.26	1.04	20.07	2.30	



## **8 Loans and advances to customers (continued)**

The loans to individuals are mostly represented by express loans and unsecured consumer loans. Express loans are loans issued to individuals at points-of-sale with minimum credit needs. Unsecured consumer loans are issued to individuals in banking offices after a scoring review. Management structures the credit analysis procedures with the aim to minimise the credit risk on unsecured consumer loans. Differences in credit quality of these products are reflected in higher interest rates on express loans.

The Group assesses the loans to individuals as current and not impaired if there is no overdue amount as at the reporting date, and no evidence that individuals will not be able to meet their obligations to repay of the loans in full and on time.

The Group assesses the credit quality of current and not impaired corporate loans by analysing the following factors:

- there are no delays in repayment of principal and interest due to the financial insolvency of the borrower
- financial statements and other financial information of the borrowers are submitted to the Group timely and in accordance with the terms of the loan agreements, and that information is transparent and allows analysis of the financial position of the borrower
- the borrower is not sued for defaults on loans granted by other credit institutions
- the loan is secured by liquid collateral, the fair value of which covers the outstanding loan amount.

Current and individually not impaired corporate loans are mostly represented by loans issued to large corporate entities which have a long credit history with the Group.

The amount reported as overdue under loan agreements of legal entities and individuals is the outstanding balance of such loans, not only the individual instalments that are overdue.

Geographical, currency and maturity analyses of loans and advances to customers are disclosed in note 27. Information on related party transactions is disclosed in note 32.

## **9 Finance lease receivables**

Finance lease receivables as at 30 June 2015 of RUB 1 251 764 thousand (31 December 2014: RUB 699 246 thousand), RUB 849 249 thousand (31 December 2014: RUB 1 012 820 thousand), and RUB 53 552 thousand (31 December 2014: RUB 67 715 thousand) are represented by leases of equipment, motor vehicles and premises, respectively.

Finance lease payments receivable (gross investment in the leases) and their present values at 30 June 2015 and 31 December 2014 are as follows:

<i>in thousands of Russian Roubles</i>	<b>Less than 1 year</b>	<b>From 1 to 5 years</b>	<b>More than 5 years</b>	<b>Total</b>
<b>Finance lease payments receivable at 30 June 2015 (unaudited)</b>	<b>834 029</b>	<b>1 223 830</b>	<b>96 706</b>	<b>2 154 565</b>
Unearned finance income (unaudited)	(63 035)	(390 328)	(54 209)	(507 572)
Allowance for impairment (unaudited)	(6 608)	(1 664)	(41)	(8 313)
<b>Present value as at 30 June 2015 (unaudited)</b>	<b>764 386</b>	<b>831 838</b>	<b>42 456</b>	<b>1 638 680</b>
<b>Finance lease payments receivable at 31 December 2014</b>	<b>805 290</b>	<b>951 815</b>	<b>22 676</b>	<b>1 779 781</b>
Unearned finance income	(62 471)	(274 517)	(11 681)	(348 669)
Allowance for impairment	(9 428)	(4 384)	(2)	(13 814)
<b>Present value as at 31 December 2014</b>	<b>733 391</b>	<b>672 914</b>	<b>10 993</b>	<b>1 417 298</b>



**9 Finance lease receivables (continued)**

Analysis of changes in the allowance for impairment of finance lease receivables is as follows:

<i>in thousands of Russian Roubles</i>	<b>2015</b>	<b>2014</b>
<b>Allowance for impairment as at 1 January</b>	<b>13 814</b>	<b>18 180</b>
Charge of provision (unaudited)	38 292	948
Write offs (unaudited)	(43 793)	(228)
<b>Allowance for impairment as at 30 June (unaudited)</b>	<b>8 313</b>	<b>18 900</b>

Analysis by credit quality of finance lease receivables outstanding as at 30 June 2015 and 31 December 2014 is as follows:

<i>in thousands of Russian Roubles</i>	<b>30 June 2015 (Unaudited)</b>	<b>31 December 2014</b>
Not overdue finance lease receivables	1 466 911	1 231 231
Overdue finance lease receivables:	180 082	199 881
- overdue less than 30 days	63 822	102 381
- overdue 31-90 days	55 282	44 026
- overdue 91-210 days	8 468	40 251
- overdue 211-360 days	43 508	841
- overdue more than 360 days	9 002	12 382
<b>Total finance lease payments receivable before allowance for impairment</b>	<b>1 646 993</b>	<b>1 431 112</b>
Allowance for impairment	(8 313)	(13 814)
<b>Total</b>	<b>1 638 680</b>	<b>1 417 298</b>

Geographical, currency and maturity analyses of finance lease receivables are disclosed in note 27.



**10 Property and equipment**

	Land and premises	Office and computer equipment	Construction in progress	Total
<i>in thousands of Russian Roubles</i>				
Cost or valuation as at 1 January 2014	3 854 120	2 046 942	596 597	6 497 659
Accumulated depreciation	(133 829)	(893 266)	-	(1 027 095)
<b>Carrying amount as at 1 January 2014</b>	<b>3 720 291</b>	<b>1 153 676</b>	<b>596 597</b>	<b>5 470 564</b>
Additions	149 677	202 305	165 364	517 346
Transfers	117 637	386 914	(504 551)	-
Disposals – cost	(5 910)	(41 608)	-	(47 518)
Disposals - accumulated depreciation	118	34 025	-	34 143
Depreciation charge	(61 413)	(151 450)	-	(212 863)
<b>Carrying amount as at 30 June 2014 (unaudited)</b>	<b>3 920 400</b>	<b>1 583 862</b>	<b>257 410</b>	<b>5 761 672</b>
Cost or valuation as at 30 June 2014 (unaudited)	4 115 524	2 594 553	257 410	6 967 487
Accumulated depreciation (unaudited)	(195 124)	(1 010 691)	-	(1 205 815)
<b>Carrying amount as at 30 June 2014 (unaudited)</b>	<b>3 920 400</b>	<b>1 583 862</b>	<b>257 410</b>	<b>5 761 672</b>
Cost or valuation as at 1 January 2015	4 260 745	2 836 851	67 832	7 165 428
Accumulated depreciation	(259 107)	(1 133 353)	-	(1 392 460)
<b>Carrying amount as at 1 January 2015</b>	<b>4 001 638</b>	<b>1 703 498</b>	<b>67 832</b>	<b>5 772 968</b>
Additions	21 961	50 707	25 090	97 758
Transfers	5 874	53 784	(59 658)	-
Disposals – cost	(5 265)	(64 760)	-	(70 025)
Disposals - accumulated depreciation	275	44 300	-	44 575
Depreciation charge	(65 652)	(200 352)	-	(266 004)
<b>Carrying amount as at 30 June 2015 (unaudited)</b>	<b>3 958 831</b>	<b>1 587 177</b>	<b>33 264</b>	<b>5 579 272</b>
Cost or valuation as at 30 June 2015 (unaudited)	4 283 314	2 876 582	33 264	7 193 160
Accumulated depreciation (unaudited)	(324 483)	(1 289 405)	-	(1 613 888)
<b>Carrying amount as at 30 June 2015 (unaudited)</b>	<b>3 958 831</b>	<b>1 587 177</b>	<b>33 264</b>	<b>5 579 272</b>



## **11 Intangible assets**

<i>in thousands of Russian Roubles</i>	<b>Software licenses</b>
Cost as at 1 January 2014	392 996
Accumulated depreciation	(128 793)
<b>Carrying amount as at 1 January 2014</b>	<b>264 203</b>
Additions	30 022
Disposals – cost	(4 183)
Disposals - accumulated depreciation	4 183
Depreciation charge	(30 940)
<b>Carrying amount as at 30 June 2014 (unaudited)</b>	<b>263 285</b>
Cost as at 30 June 2014 (unaudited)	418 835
Accumulated depreciation (unaudited)	(155 550)
<b>Carrying amount as at 30 June 2014 (unaudited)</b>	<b>263 285</b>
Cost as at 1 January 2015	439 199
Accumulated depreciation	(165 874)
<b>Carrying amount as at 1 January 2015</b>	<b>273 325</b>
Additions	29 787
Disposals – cost	(12 863)
Disposals - accumulated depreciation	12 863
Depreciation charge	(37 343)
<b>Carrying amount as at 30 June 2015 (unaudited)</b>	<b>265 769</b>
Cost as at 30 June 2015 (unaudited)	456 123
Accumulated depreciation (unaudited)	(190 354)
<b>Carrying amount as at 30 June 2015 (unaudited)</b>	<b>265 769</b>

Additions to intangible assets represent capitalised software and license costs related to a centralised operational banking system which is used as a basis for decision making and control of financial and operating activities at all management levels of the Group.



## **12 Investment property**

<i>in thousands of Russian Roubles</i>	<b>Land and premises</b>
Cost as at 1 January 2014	6 152 980
Accumulated depreciation	(180 598)
<b>Carrying amount as at 1 January 2014</b>	<b>5 972 382</b>
Additions	5 864
Disposals – cost	(62 587)
Disposals - accumulated depreciation	708
Depreciation charge	(46 067)
<b>Carrying amount as at 30 June 2014 (unaudited)</b>	<b>5 870 300</b>
Cost as at 30 June 2014 (unaudited)	6 096 257
Accumulated depreciation (unaudited)	(225 957)
<b>Carrying amount as at 30 June 2014 (unaudited)</b>	<b>5 870 300</b>
Cost as at 1 January 2015	6 075 246
Accumulated depreciation	(269 814)
<b>Carrying amount as at 1 January 2015</b>	<b>5 805 432</b>
Additions	5 043
Disposals – cost	(15 656)
Disposals - accumulated depreciation	2 214
Depreciation charge	(46 768)
<b>Carrying amount as at 30 June 2015 (unaudited)</b>	<b>5 750 265</b>
Cost as at 30 June 2015 (unaudited)	6 064 633
Accumulated depreciation (unaudited)	(314 368)
<b>Carrying amount as at 30 June 2015 (unaudited)</b>	<b>5 750 265</b>

Information about the investment property of RUB 5 534 537 thousand (31 December 2014: RUB 5 586 861 thousand) transferred without derecognition is presented in note 16.



## **12 Investment property (continued)**

The following table shows profit and losses from operations with investment property:

<i>(Unaudited)</i> <i>in thousands of Russian Roubles</i>	<b>Six-month period ended 30 June 2015</b>	<b>Six-month period ended 30 June 2014</b>
<b>Income</b>		
Rental income	147 312	138 515
Income from disposal	24 516	22 447
<b>Total</b>	<b>171 828</b>	<b>160 962</b>
<b>Expenses</b>		
Property tax	57 429	57 584
Depreciation	46 768	46 067
Utility costs and repairs	46 677	56 085
Expenses from disposal	13 440	61 879
Advertising and marketing services	9 043	10 430
Other	2 589	2 020
<b>Total</b>	<b>175 946</b>	<b>234 065</b>
<b>Loss from operations with investment property</b>	<b>(4 118)</b>	<b>(73 103)</b>

## **13 Advances to real estate developers**

Advances to real estate developers represent investments in investment contracts for construction of apartment buildings, business centres, hotels and other properties in Moscow, Yekaterinburg and Sochi. Upon completion of construction the Group is contractually entitled to receive the real estate property. The Group generally intends to sell the majority of these investments close to completion stage. However, during 2014, the Group changed intentions concerning one project, and upon completion of construction the real estate object was transferred to the Group and transferred in assets held for sale. The Group receives income from the amounts advanced to developers at imputed rates of interest. The income is received in the legal form of penalties payable by the developers for breaches of various terms of the contracts, which is recognised as interest income.

Advances to real estate developers are neither overdue nor impaired as of 30 June 2015 and 31 December 2014. These investments are secured by the underlying real estate. Management of the Group believes that the fair value of collateral is at least equal to the carrying amount of each investment contract at the reporting date.

Geographical, currency and maturity analyses of advances to real estate developers are disclosed in note 27.



**Public Joint Stock Company "The Ural Bank for Reconstruction and Development"**  
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**14 Other assets**

<i>in thousands of Russian Roubles</i>	Notes	30 June 2015 (Unaudited)	31 December 2014
Foreign currency forward contracts	30	10 034 707	595 301
Receivables under commission agreements		7 856 795	7 516 673
Receivables from operations with securities, precious metals and foreign currencies		3 182 427	1 359 590
Settlements with Deposit Insurance Agency on insurance payments to depositors of other banks		740 232	-
Credit and debit cards receivables		95 146	164 075
Investments in non-consolidated subsidiaries		89 000	89 000
Settlements on cash and other operations		77 203	174 120
Foreign currency options	30	31 697	82 387
Securities forward contracts	30	2 550	-
Precious metals forward contracts	30	508	2 474
Other		776	776
<b>Total other financial assets</b>		<b>22 111 041</b>	<b>9 984 396</b>
Prepayments for administrative services		1 469 063	1 132 533
Equipment purchased for finance lease		571 036	1 246 735
Prepayments for construction in progress		129 761	73 393
Precious metals		37 433	65 151
Prepaid taxes other than income tax		16 103	76 055
Deferred expenses		7 493	18 095
Other		479 237	361 258
<b>Total other non-financial assets</b>		<b>2 710 126</b>	<b>2 973 220</b>
<b>Total</b>		<b>24 821 167</b>	<b>12 957 616</b>

Geographical, currency and maturity analyses of other assets are disclosed in note 27. The information on related party transactions is disclosed in note 32.

**15 Assets held for sale**

<i>in thousands of Russian Roubles</i>	30 June 2015 (Unaudited)	31 December 2014
Land and premises	838 579	641 969
Motor vehicles	25 275	15 729
Other property	9 396	6 745
<b>Total</b>	<b>873 250</b>	<b>664 443</b>

The property acquired as a result of transactions on settlement agreements and pledge agreements is recognised in assets held for sale.



## **16 Transfer of financial and non-financial assets**

The financial and non-financial assets transferred without derecognition as at 30 June 2015 are shown in the table below:

<i>(Unaudited) in thousands of Russian Roubles</i>	<b>Other securities at fair value through profit or loss</b>	<b>Investment securities held to maturity</b>	<b>Loans and advances to customers</b>	<b>Investment property</b>
Balance value of assets	6 932 761	71 079 256	1 831 280	5 534 537
Balance value of related liabilities	6 549 487	64 262 485	1 878 816	6 924 367

The financial and non-financial assets transferred without derecognition as at 31 December, 2014 are shown in the table below:

<i>in thousands of Russian Roubles</i>	<b>Other securities at fair value through profit or loss</b>	<b>Investment securities held to maturity</b>	<b>Loans and advances to customers</b>	<b>Investment property</b>
Balance value of assets	11 443 476	28 324 182	5 942 007	5 586 861
Balance value of related liabilities	10 482 396	24 417 243	6 029 817	7 066 205

### **Securities**

The Group has transactions to sell securities under sale and repurchase as well as purchase and resale agreements.

The securities sold under sale and repurchase agreements are transferred to a third party and the Group receives cash in exchange. These financial assets may be repledged or resold by counterparties even in the case of absence of default by the Group, but the counterparty has an obligation to return the securities when the contract matures. The Group has determined that it retains substantially all the risks and rewards related to these securities and therefore has not derecognised them. These securities are presented as "pledged under sale and repurchase agreements" in notes 5 and 6. The Group recognises a financial liability for cash received within due to other banks (see note 17). As at 30 June 2015 financial liabilities under second part of the sale and repurchase agreements amount to RUB 70 811 972 thousand (31 December 2014: RUB 34 899 639 thousand), including financial liabilities with the Bank of Russia of RUB 63 253 977 thousand (31 December 2014: RUB 26 452 879 thousand).

These transactions are conducted under generally accepted lending terms, as well as under the requirements determined by exchanges where the Group acts as intermediary.

### **Loans and advances to customers**

During six-month period ended 30 June 2015 the Group sold under assignment agreements loans from "Express loans" and "Unsecured consumer loans" portfolios and received cash.

These transactions do not satisfy derecognition criteria according to IFRS as the Group retained substantially all the risks and rewards of ownership of the transferred assets. The assignee has the right to demand repayment of the loan in case loan overdue over 1 day / 29 days depending on the terms of the assignment agreement.

Respectively, the Group continues to recognise these loans in the consolidated condensed interim statement of financial position until the expiration of the loan/assignment agreement. For the received cash, the Group recognises financial liabilities within the due to other banks. As at 30 June 2015 the balance value of the loans sold without derecognition before allowance for impairment amounts to RUB 1 831 280 thousand (31 December 2014: RUB 5 942 007 thousand), the balance value of the corresponding liabilities recognised within due to other banks – RUB 1 878 816 thousand (31 December 2014: the balance value of the corresponding liabilities recognised within due to other banks - RUB 5 760 035 thousand, the balance value of the liabilities recognised within customer accounts as term deposits – RUB 269 782 thousand). See notes 17 and 18.



## **16 Transfer of financial and non-financial assets (continued)**

### **Investment property**

In December 2014 the Group sold investment property with the balance value of RUB 5 534 537 thousand as at 30 June 2015 (31 December 2014: RUB 5 586 861 thousand) balance value and at the same time signed the forward contract for repurchase of this property. These transactions do not satisfy derecognition criteria according to IFRS as the Group retained substantially all the risks and rewards of ownership of the transferred assets. Respectively, the Group continues to recognise these assets in the statement of financial position within investment property and recognises financial liabilities for the cash received from sale of these assets in customer accounts as other funds. Balance value of the recognised liabilities as at 30 June 2015 amounts to RUB 6 924 367 thousand (31 December 2014: 7 066 205 thousand). See note 18.

## **17 Due to other banks**

<i>in thousands of Russian Roubles</i>	<b>30 June 2015 (Unaudited)</b>	<b>31 December 2014</b>
Sale and repurchase agreements on securities	70 811 972	34 899 639
Short-term deposits	9 241 086	10 885 177
Correspondent accounts and overnight placements	1 246 187	651 120
Other funds	1 878 816	5 760 035
<b>Total</b>	<b>83 178 061</b>	<b>52 195 971</b>

As at 30 June 2015 the Group has 5 counterparties (31 December 2014: 4 counterparties) with balances over RUB 1 000 000 thousand. The aggregate balances from these counterparties amount to RUB 76 432 267 thousand (31 December 2014: RUB 38 012 500 thousand), or 92% of total balances from other banks (31 December 2014: 97%).

Information concerning obligations under sale and repurchase agreements on securities, as well as concerning the other funds is disclosed in note 16.

Geographical, currency and maturity analyses of due to other banks are disclosed in note 27.

## **18 Customer accounts**

<i>in thousands of Russian Roubles</i>	<b>30 June 2015 (Unaudited)</b>	<b>31 December 2014</b>
<b>State and public organisations</b>		
- Current/settlement accounts	13 486	11 359
- Term deposits	2 190 180	-
<b>Other legal entities</b>		
- Current/settlement accounts	13 061 096	12 480 339
- Term deposits	22 191 982	30 093 071
- Other funds	6 924 367	7 066 205
<b>Individuals</b>		
- Current/demand accounts	5 609 845	5 732 163
- Term deposits	126 739 555	93 721 177
<b>Total</b>	<b>176 730 511</b>	<b>149 104 314</b>

State and public organisations exclude government owned profit oriented businesses.

Information concerning the other funds is disclosed in note 16.

At 30 June 2015 the Group has 19 customers (31 December 2014: 16 customers) with balances above RUB 300 000 thousand. The aggregate balances from these customers are RUB 17 687 849 thousand (31 December 2014: RUB 20 341 020 thousand), or 10% (31 December 2014: 14%) of total customer accounts.



## 18 Customer accounts (continued)

At 30 June 2015 customer accounts included deposits in the amount of RUB 50 777 thousand (31 December 2014: RUB 620 173 thousand) held as collateral for irrevocable commitments under import letters of credit.

The economic sector concentrations as at 30 June 2015 and 31 December 2014 within customer accounts are as follows:

<i>in thousands of Russian Roubles</i>	30 June 2015 (Unaudited)		31 December 2014	
	Amount	%	Amount	%
Individuals	132 349 400	74.9	99 453 340	66.7
Services	23 079 519	13.1	22 671 819	15.2
Manufacturing	5 889 724	3.3	7 512 268	5.0
Trade	5 750 493	3.3	7 675 905	5.1
Construction	2 735 730	1.5	4 380 047	2.9
Other	6 925 645	3.9	7 410 935	5.1
<b>Total</b>	<b>176 730 511</b>	<b>100.0</b>	<b>149 104 314</b>	<b>100.0</b>

Geographical, currency and maturity analyses of customer accounts are disclosed in note 27. The information on related parties transactions is disclosed in note 32.

## 19 Debt securities in issue

<i>in thousands of Russian Roubles</i>	30 June 2015 (Unaudited)	31 December 2014
Bonds issued on the domestic market	5 522 282	6 176 641
Loan participation notes	3 741 865	3 788 985
Promissory notes	1 829 432	9 189 032
Deposit certificates	401 070	104 427
<b>Total</b>	<b>11 494 649</b>	<b>19 259 085</b>

The following table provides information on the bonds issued on the domestic market:

UBRD, PJSC			
Issuer	BO-1	BO-5	BO-8
Series	BO-1	BO-5	BO-8
Issue, thousand roubles	2 000 000	2 000 000	3 000 000
Nominal value, roubles	1 000	1 000	1 000
Date of issue	October 2012	April 2013	September 2013
Maturity date	September 2015	April 2020	September 2016
Interest rate of the first two coupons, % p.a.	12.50	11.15	10.75
Interest rate of other coupons, % p.a.	determined by the issuer	determined by the issuer	determined by the issuer
Quantity of coupon periods	6	14	6
Coupon period	182 days	182 days	6 months
Date of offer	-	21.10.2015	23.09.2015

In April 2015 the Group repaid bonds of the BO-05 series submitted to the offer. As at 30 June 2015 the nominal value of the repaid bonds is RUB 820 368 thousand (31 December 2014: RUB 0).

In March 2015 the Group repaid bonds of the BO-08 series submitted to the offer. As at 30 June 2015 the nominal value of the repaid bonds is RUB 759 098 thousand (31 December 2014: RUB 970 150 thousand).

As at 5 May 2014 the bonds of 02 series have been redeemed at maturity in the amount of RUB 2 000 000 thousand.



## **19 Debt securities in issue (continued)**

On 27 June 2013 the Group issued loan participation notes in the amount of USD 68 million for the period of 5.5 years at a fixed interest rate of 12% p. a. The issuer is the structured entity UBRD Capital Limited. As at 30 June 2015 these loan participation notes are stated at amortised cost of RUB 3 741 865 thousand (31 December 2014: RUB 3 788 985 thousand).

In the first half of 2014 the Group repaid at maturity two series of Euro commercial papers in the amount of USD 43.3 million.

Geographical, currency and maturity analyses of debt securities in issue are disclosed in note 27.

## **20 Other liabilities**

<i>in thousands of Russian Roubles</i>	<b>Notes</b>	<b>30 June 2015 (Unaudited)</b>	<b>31 December 2014</b>
Trade payables		620 745	650 889
Payables on mandatory insurance of deposits		123 323	93 105
Foreign currency forward contracts	30	37 240	114 623
Settlements on plastic cards		3 525	6 669
Precious metals forward contracts	30	665	3 859
Other		82 879	90 212
<b>Total other financial liabilities</b>		<b>868 377</b>	<b>959 357</b>
Advance payments under sale agreements		410 618	410 618
Taxes other than income tax payable		233 949	136 932
Advance payments under lease agreements		51 197	34 943
Provision for financial guarantee agreements		39 744	-
Settlements with staff		38 089	362
Other		9 166	23 747
<b>Total other non-financial liabilities</b>		<b>782 763</b>	<b>606 602</b>
<b>Total</b>		<b>1 651 140</b>	<b>1 565 959</b>

Geographical, currency and maturity analyses of other financial liabilities are disclosed in note 27. The information on transactions with related parties is disclosed in note 32.

## **21 Other borrowed funds**

<i>in thousands of Russian Roubles</i>	<b>30 June 2015 (Unaudited)</b>	<b>31 December 2014</b>
Subordinated loans	10 951 257	11 089 323
Syndicated loans	1 444 581	1 637 646
<b>Total</b>	<b>12 395 838</b>	<b>12 726 969</b>



## 21 Other borrowed funds (continued)

The following table provides information about subordinated loans as at 30 June 2015 and 31 December 2014:

Amount of the loan in USD	25 000 000	40 000 000	30 000 000	20 000 000	30 000 000	50 000 000
Issue date	31.12.2014	20.06.2014	30.12.2013	28.02.2013	27.12.2012	21.12.2007
Maturity	6 years	6 years	6 years	6 years	6 years	10 years
Lender	XANGBO GLOBAL MARKETS PTE LTD	XANGBO GLOBAL MARKETS PTE LTD	XANGBO GLOBAL MARKETS PTE LTD	XANGBO GLOBAL MARKETS PTE LTD	XANGBO GLOBAL MARKETS PTE LTD	The Royal Bank of Scotland
Interest rate as at 30 June 2015, % p.a.	10.25	10.25	8.25	8.25	8.25	9.89
Interest rate as at 31 December 2014, % p.a.	10.25	10.25	8.25	8.25	8.25	9.83
Carrying value as at 30 June 2015 (in thousands of Russian Roubles)	1 388 125	2 227 234	1 665 751	1 141 403	1 666 969	2 861 775
Carrying value as at 31 December 2014 (in thousands of Russian Roubles)	1 406 460	2 257 293	1 688 134	1 146 332	1 689 373	2 901 731

In the event of the Bank's liquidation the creditors under these subordinated loans would be the last ones entitled to receive repayment.

In April 2014 the Group attracted a syndicated loan in the amount of USD 33.8 million for 5 years. The loan was granted by AKA Export Finance Bank and Commerzbank at the contract interest rate which is a cumulative rate of six-month's LIBOR and the margin equal to 2% p.a.

Geographical, currency and maturity analyses of other borrowed funds are disclosed in note 27.

## 22 Share capital, share premium and additional capital

<i>in thousands of Russian Roubles</i>	<b>Number of outstanding shares</b>	<b>Ordinary shares</b>
At 1 January 2014	1 001 454 334	3 634 812
At 30 June 2014 (unaudited)	1 001 454 334	3 634 812
At 1 January 2015	1 001 454 334	3 634 812
At 30 June 2015 (unaudited)	1 001 454 334	3 634 812

Share capital contributions made before 1 January 2003, are adjusted by RUB 630 449 thousand according to changes in general purchasing power of the Russian Rouble as defined by IAS 29 *Financial Reporting in Hyperinflationary Economies*.

As at 30 June 2015 and 31 December 2014 all outstanding shares were authorised, issued and fully paid in.

As at 30 June 2015 all ordinary shares have a nominal value of RUB 3 per share (31 December 2014: RUB 3 per share). Each share carries one vote.

Share premium is the amount by which the contributions to share capital exceeded the nominal value of the shares issued.



## **22 Share capital, share premium and additional capital (continued)**

In the first half of 2014 additional capital was increased by RUB 1 044 300 thousand represented by additional gratuitous finance contributions made by the controlling shareholder. As at 30 June 2015 additional capital amounts to RUB 3 423 503 thousand (31 December 2014: RUB 3 423 503 thousand).

## **23 Dividends**

In accordance with the legislation of the Russian Federation, the Bank distributes profits as dividends or transfers them to reserves (fund accounts) on the basis of the statutory accounting reports. The reserves under Russian Accounting Rules at 30 June 2015 are RUB 8 411 774 thousand (31 December 2014: RUB 8 411 762 thousand).

On 20 May 2014 at annual shareholders' meeting dividends on the results of 2013 were declared at the rate of RUB 0.40 to one issued ordinary share of the Bank. The total amount of dividends is RUB 400 582 thousand.

## **24 Interest income and expense**

<i>(Unaudited)</i> <i>in thousands of Russian Roubles</i>	<b>Six-month period ended 30 June 2015</b>	<b>Six-month period ended 30 June 2014</b>
<b>Interest income</b>		
Loans and advances to customers	10 902 723	9 937 808
Investment securities held to maturity	2 222 861	1 119 953
Other securities at fair value through profit or loss	911 347	1 057 469
Finance lease receivables	126 500	148 964
Due from other banks	67 910	32 496
Correspondent accounts with other banks	45 934	10 819
<b>Total</b>	<b>14 277 275</b>	<b>12 307 509</b>
<b>Interest expense</b>		
Term deposits of individuals	8 008 199	3 695 391
Sale and repurchase agreements	2 650 282	1 433 609
Term placements of legal entities	1 612 444	801 751
Debt securities in issue	910 718	861 028
Term placements of other banks	636 038	420 957
Subordinated loans	542 075	210 220
Other attracted funds from banks	442 006	-
Current/settlement accounts	384 263	100 391
Syndicated loans	28 047	-
Correspondent accounts of other banks	11 891	4 727
<b>Total</b>	<b>15 225 963</b>	<b>7 528 074</b>
<b>Net interest (expense)/income</b>	<b>(948 688)</b>	<b>4 779 435</b>

The information on transactions with related parties is disclosed in note 32.



**25 Fee and commission income and expense**

<i>(Unaudited)</i> <i>in thousands of Russian Roubles</i>	<b>Six-month period ended 30 June 2015</b>	<b>Six-month period ended 30 June 2014</b>
<b>Fee and commission income</b>		
Client service packages	674 740	1 322 700
Transactions with plastic cards and cheques	350 758	422 865
Settlement transactions	342 142	259 642
Trade finance transactions	198 696	1 077 970
Guarantees issued	62 620	36 420
Cash transactions	42 435	55 048
Cash collection	12 156	11 275
Transactions with securities	1 348	1 315
Other	151 044	51 055
<b>Total</b>	<b>1 835 939</b>	<b>3 238 290</b>
<b>Fee and commission expense</b>		
Transactions with plastic cards and cheques	178 825	110 671
Cash collection	35 318	35 256
Trade finance transactions	33 256	66 177
Settlement transactions	27 213	26 454
Currency transactions	11 698	8 471
Transactions with securities	3 651	3 763
Transactions with precious metals	1 948	721
Other	36	2 765
<b>Total</b>	<b>291 945</b>	<b>254 278</b>
<b>Net fee and commission income</b>	<b>1 543 994</b>	<b>2 984 012</b>

Fee and commission income included in line "Client service packages" is a commission for insurance services, granting access to the system of remote banking and other services. The information on transactions with related parties is disclosed in note 32.

**26 Segment analysis**

The Group has four reportable segments, which are represented by separate business units. The business units offer different products and services, and are managed separately because they require different technology and marketing strategies. The Assets and Liabilities Management Committee reviews internal management reports on each business unit on at least a twice a month basis, analyses and monitors the efficiency and quality of performance, and insures coordination of business units in liquidity and profit management. The following summary describes the operations in each of the reportable segments.

- Retail banking – representing private banking services, private customer current accounts, savings, deposits, investment savings products, custody, credit and debit cards, consumer loans and mortgages.
- Corporate banking – representing direct debit facilities, current accounts, deposits, overdrafts, loan and other credit facilities, foreign currency and derivative financial instruments.
- Financial markets – representing financial instrument trading, loans and deposits in the interbank market, dealing in foreign exchange, precious metals and derivative financial instruments.
- Global markets – representing documentary operations and operations on attracting funds on international markets, such as eurobonds and Euro commercial papers.

Information regarding the results of each reportable segment is presented below. Performance is measured based on segment profit before income tax as included in the internal management reports based on the accounting data received in accordance with the Russian Accounting Rules (with adjustment of certain entries by economic substance) reviewed by the Assets and Liabilities Management Committee.



## 26 Segment analysis (continued)

Segment profit is used to measure its performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within this industry.

Segment information for the reportable segments as at and for the six-month period ended 30 June 2015 is set out below.

<i>in thousands of Russian Roubles</i>	<b>Retail banking</b>	<b>Corporate banking</b>	<b>Financial markets</b>	<b>Global markets</b>	<b>Total</b>
<b>Six-month period ended 30 June 2015 (unaudited)</b>					
Interest income from external operations	4 614 169	3 712 487	3 787 799	1 874 304	13 988 759
Interest expense	(7 977 378)	(2 493 150)	(3 630 370)	(651 154)	(14 752 052)
Gains/(losses) from transactions with other segments	5 487 526	(1 918 461)	1 190 210	-	4 759 275
Fee and commission income/(expense)	1 071 904	411 629	(14 029)	(1 830)	1 467 674
Gain from transactions with securities	-	-	2 534 647	-	2 534 647
Gain from transactions with foreign currencies and precious metals	89 670	102 344	9 560 634	-	9 752 648
Other operating income	108 034	31 730	2	-	139 766
Administrative and other operating expenses	(1 208 319)	(702 663)	(20 986)	(6 513)	(1 938 481)
<b>Profit/(loss) before tax</b>	<b>2 185 606</b>	<b>(856 084)</b>	<b>13 407 907</b>	<b>1 214 807</b>	<b>15 952 236</b>
<b>30 June 2015 (unaudited)</b>					
<b>Segment assets</b>	<b>60 633 055</b>	<b>83 077 260</b>	<b>83 630 760</b>	<b>33 963 820</b>	<b>261 304 895</b>
<b>Segment liabilities</b>	<b>129 096 739</b>	<b>42 661 201</b>	<b>81 084 010</b>	<b>13 894 155</b>	<b>266 736 105</b>

Segment information for the reportable segments as at 31 December 2014 and for the six-month period ended 30 June 2014 is set out below.

<i>in thousands of Russian Roubles</i>	<b>Retail banking</b>	<b>Corporate banking</b>	<b>Financial markets</b>	<b>Global markets</b>	<b>Total</b>
<b>Six-month period ended 30 June 2014 (unaudited)</b>					
Interest income from external operations	5 972 391	2 800 320	2 550 445	338 494	11 661 650
Interest expense	(3 683 029)	(1 272 106)	(2 262 152)	(289 782)	(7 507 069)
Gains/(losses) from transactions with other segments	1 767 734	(855 652)	572 508	-	1 484 590
Fee and commission income	1 706 922	480 337	4 153	39 842	2 231 254
Loss from transactions with securities	-	-	(494 038)	-	(494 038)
Gain from transactions with foreign currencies and precious metals	59 852	44 361	18 201	-	122 414
Other operating income	214 319	27 731	-	-	242 050
Administrative and other operating expenses	(1 328 726)	(568 229)	(16 447)	(5 306)	(1 918 708)
<b>Profit before tax</b>	<b>4 709 463</b>	<b>656 762</b>	<b>372 670</b>	<b>83 248</b>	<b>5 822 143</b>



**26 Segment analysis (continued)**

<i>in thousands of Russian Roubles</i>	<b>Retail banking</b>	<b>Corporate banking</b>	<b>Financial markets</b>	<b>Global markets</b>	<b>Total</b>
<b>31 December 2014</b>					
<b>Segment assets</b>	<b>62 474 268</b>	<b>86 289 505</b>	<b>38 856 791</b>	<b>27 160 479</b>	<b>214 781 043</b>
<b>Segment liabilities</b>	<b>95 047 063</b>	<b>45 986 647</b>	<b>51 442 814</b>	<b>13 603 120</b>	<b>206 079 644</b>

In the tables above, administrative and other operating expenses are allocated between the segments based on the percentage of the number of employees attributable to each segment. Property and equipment are not allocated between segments in management accounting. Income and expenses from transactions with other segments represent income and expenses from lending and borrowing between segments and is calculated by using a transfer rate determined by management. Pricing in transactions between segments are carried out on an arm's length.

Reconciliation of reportable segment profit or loss for the six-month periods ended 30 June 2015 and 30 June 2014 is as follows:

<i>(Unaudited) in thousands of Russian Roubles</i>	<b>Six-month period ended 30 June 2015</b>	<b>Six-month period ended 30 June 2014</b>
<b>Segment profit before tax</b>	<b>15 952 236</b>	<b>5 822 143</b>
Allowance for impairment of loans and advances to customers per management accounts	(6 721 700)	(4 722 624)
Elimination of revenues on transactions with other segments	(4 759 275)	(1 484 591)
Unallocated administrative and other operating expenses	(1 565 063)	(2 111 048)
Other revenues	32 863	227 446
IFRS accounting policy adjustments:		
- securities at fair value	(1 708 602)	383 676
- interest income on loans and advances to customers	367 341	1 574 722
- elimination of loss from transactions with subsidiaries, structured entities and mutual funds	229 989	693 974
- assignment of loans	(187 668)	5 531
- allowance for impairment of loans and advances to customers, finance lease receivables and due from other banks	(165 406)	(735 771)
- administrative and other operating expenses on accrual basis	161 081	408 317
- securities at amortised cost	114 080	(36 024)
- depreciation and financial result from disposal of property and equipment, investment property, intangible assets and other property	(107 420)	(157 805)
- loss of subsidiaries, structured entities and mutual funds from transactions with third parties	(87 687)	(217 164)
- other adjustments	(66 368)	56 983
<b>Consolidated profit/(loss) before tax</b>	<b>1 488 401</b>	<b>(292 235)</b>



**26 Segment analysis (continued)**

Reconciliation of reportable segment assets and liabilities as at 30 June 2015 and 31 December 2014 is as follows:

<i>in thousands of Russian Roubles</i>	<b>30 June 2015 (Unaudited)</b>	<b>31 December 2014</b>
<b>Segment assets</b>	<b>261 304 895</b>	<b>214 781 043</b>
Unallocated assets	33 316 585	18 291 303
Allowance for impairment of loans and advances to customers per management accounts	(17 616 279)	(14 951 987)
Deviation of average balances from balances at the period end	12 823 004	15 302 200
IFRS accounting policy adjustments:		
- assets of subsidiaries, structured entities and mutual funds from transactions with third parties	27 627 809	25 860 890
- elimination of balances with subsidiaries, structured entities and mutual funds	(21 660 736)	(17 704 569)
- allowance for impairment of loans and advances to customers, finance lease receivables and due from other banks	1 978 908	817 772
- loans and advances to customers transferred without derecognition	1 683 249	5 885 783
- securities at fair value	1 553 162	529 926
- administrative and other operating expenses on accrual basis	(1 248 344)	(908 041)
- write-off of loans and advances to customers against allowance for impairment	(1 065 622)	(1 066 245)
- revaluation of property and equipment, depreciation of property and equipment, investment property and intangible assets	(848 498)	(720 284)
- interest income on loans and advances to customers	763 253	808 948
- deferred tax asset and current income tax asset	533 935	405 355
- intangible assets capitalisation	381 625	376 222
- goodwill	162 122	162 122
- derivatives at fair value	69 407	12 510
- securities at amortised cost	4 314	(108 064)
- other adjustments	(121 550)	(162 260)
<b>Consolidated assets</b>	<b>299 641 239</b>	<b>247 612 624</b>
<b>Segment liabilities</b>	<b>266 736 105</b>	<b>206 079 644</b>
Unallocated liabilities	403 737	355 636
Deviation of average balances from balances at the period end	11 959 027	15 199 636
IFRS accounting policy adjustments:		
- elimination of balances with subsidiaries, structured entities and mutual funds	(13 714 539)	(11 699 124)
- liabilities of subsidiaries, structured entities and mutual funds from transactions with third parties	11 896 192	12 284 684
- liabilities for repurchase of investment property transferred without derecognition	6 468 345	6 535 647
- liabilities for repurchase of loans and advances to customers transferred without derecognition	1 878 816	6 026 547
- deferred tax liability and current income tax liability	403 454	517 664
- administrative and other operating expenses on accrual basis	115 222	99 695
- other borrowed funds at amortised cost	(3 044)	(22 327)
- derivatives at fair value	37 240	186
- debt securities in issue at amortised cost	(15 367)	(20 676)
- other adjustments	114 214	73 439
<b>Consolidated liabilities</b>	<b>286 279 402</b>	<b>235 430 651</b>

Adjustments for deviation of average assets and liabilities balances from balances at the period ends caused by analysing average balances in management accounts for June 2015 and for December 2014.



## **26 Segment analysis (continued)**

**Geographical segments.** The Group operates in the Russian Federation and foreign countries. Segment information for the main geographical segments is set out below as at 30 June 2015 and 31 December 2014 and for the six-month periods ended 30 June 2015 and 30 June 2014.

<i>in thousands of Russian Roubles</i>	<b>Russia</b>	<b>Other countries</b>	<b>Total</b>
<b>30 June 2015 (unaudited)</b>			
Segment assets	137 866 095	123 438 800	261 304 895
Credit related commitments	7 830 135	253 271	8 083 406
<b>Six-month period ended 30 June 2015 (unaudited)</b>			
External revenues	13 371 952	2 224 247	15 596 199
<b>31 December 2014</b>			
Segment assets	139 332 705	75 448 338	214 781 043
Credit related commitments	9 154 229	2 269 605	11 423 834
<b>Six-month period ended 30 June 2014 (unaudited)</b>			
External revenues	12 662 486	1 472 468	14 134 954

In presenting geographical information the allocation of external revenues and assets as well as credit related commitments is based on the geographical location of counterparties. Cash on hand, precious metals, property and equipment and capital expenditure are allocated based on the country in which they are physically held.

## **27 Financial risk management, corporate governance and internal control**

Risk management is a cornerstone of the Bank's activity and is an essential element of operating activities of the Group. Risk management is carried out in relation to financial risks (credit, market, currency, other price risks, interest rate risk, geographical and liquidity risk) and non-financial (operational, legal, strategic risks, risk of loss of business reputation and regulatory risk). The specified risks are the main (significant) risks which the Group faces in the course of implementation of its activity. The system of the reporting on significant risks and the Group's equity (capital) is developed in the Group. The main purpose of financial risk management is identification of risk limits and further ensuring compliance with the set limits. Non-financial risk management has to provide appropriate compliance with internal regulations and procedures for minimisation of the specified risks.

Policies and procedures for financial risk management, corporate governance structure as well as internal control policies and procedures are consistent with those applied and disclosed in the consolidated financial statements of the Group for the year ended 31 December 2014.



**27 Financial risk management, corporate governance and internal control (continued)**

**Currency risk.** Management sets limits on the level of exposure by currency and in total for both overnight and intra-day positions, which are monitored daily. The table below summarises exposure to foreign currency exchange rate risk at 30 June 2015.

<i>(Unaudited) in thousands of Russian Roubles</i>	RUB	USD	Euro	Precious metals	Other	Total
<b>Assets</b>						
Cash and cash equivalents	12 781 145	5 344 995	393 247	-	64 403	18 583 790
Mandatory cash balances with the Bank of Russia	1 936 500	-	-	-	-	1 936 500
Other securities at fair value through profit or loss	11 611 889	-	-	-	-	11 611 889
Investment securities held to maturity	36 646 101	36 344 090	-	-	-	72 990 191
Due from other banks	3 655 700	10 146 354	-	-	-	13 802 054
Loans and advances to customers	92 069 198	45 755 531	877 195	-	-	138 701 924
Finance lease receivables	1 638 680	-	-	-	-	1 638 680
Advances to real estate developers	1 539 832	623 824	-	-	-	2 163 656
Other financial assets	1 098 516	10 942 929	125	-	9	12 041 579
<b>Total monetary assets</b>	<b>162 977 561</b>	<b>109 157 723</b>	<b>1 270 567</b>	<b>-</b>	<b>64 412</b>	<b>273 470 263</b>
<b>Liabilities</b>						
Due to other banks	69 780 726	12 838 104	559 231	-	-	83 178 061
Customer accounts	154 357 851	17 875 144	4 197 006	234 042	66 468	176 730 511
Debt securities in issue	7 725 374	3 769 275	-	-	-	11 494 649
Other borrowed funds	-	12 395 838	-	-	-	12 395 838
Other financial liabilities	830 449	7	16	-	-	830 472
<b>Total monetary liabilities</b>	<b>232 694 400</b>	<b>46 878 368</b>	<b>4 756 253</b>	<b>234 042</b>	<b>66 468</b>	<b>284 629 531</b>
<b>Net position</b>	<b>(69 716 839)</b>	<b>62 279 355</b>	<b>(3 485 686)</b>	<b>(234 042)</b>	<b>(2 056)</b>	<b>(11 159 268)</b>
<b>Derivative financial instruments</b>	<b>67 087 018</b>	<b>(60 754 214)</b>	<b>3 488 218</b>	<b>207 920</b>	<b>2 615</b>	<b>10 031 557</b>
<b>Net position including derivative instruments</b>	<b>(2 629 821)</b>	<b>1 525 141</b>	<b>2 532</b>	<b>(26 122)</b>	<b>559</b>	<b>(1 127 711)</b>



**27 Financial risk management, corporate governance and internal control (continued)**

The table below summarises the exposure to foreign currency exchange rate risk at 31 December 2014.

<i>in thousands of Russian Roubles</i>	<b>RUB</b>	<b>USD</b>	<b>Euro</b>	<b>Precious metals</b>	<b>Other</b>	<b>Total</b>
<b>ASSETS</b>						
Cash and cash equivalents	15 325 829	11 610 246	945 115	-	70 773	27 951 963
Mandatory cash balances with the Bank of Russia	1 565 338	-	-	-	-	1 565 338
Other securities at fair value through profit or loss	11 470 736	-	-	-	-	11 470 736
Investment securities held to maturity	28 324 182	-	-	-	-	28 324 182
Due from other banks	1 490 766	2 911 403	-	-	-	4 402 169
Loans and advances to customers	101 758 063	41 982 097	403 242	-	-	144 143 402
Finance lease receivables	1 417 298	-	-	-	-	1 417 298
Advances to real estate developers	1 531 083	632 075	-	-	-	2 163 158
Other financial assets	753 233	8 550 769	223	-	9	9 304 234
<b>Total monetary assets</b>	<b>163 636 528</b>	<b>65 686 590</b>	<b>1 348 580</b>	<b>-</b>	<b>70 782</b>	<b>230 742 480</b>
<b>LIABILITIES</b>						
Due to other banks	50 209 244	1 339 153	647 574	-	-	52 195 971
Customer accounts	121 681 399	22 223 994	4 874 141	251 831	72 949	149 104 314
Debt securities in issue	15 418 760	3 840 325	-	-	-	19 259 085
Other borrowed funds	-	12 726 969	-	-	-	12 726 969
Other financial liabilities	834 415	7	6 453	-	-	840 875
<b>Total monetary liabilities</b>	<b>188 143 818</b>	<b>40 130 448</b>	<b>5 528 168</b>	<b>251 831</b>	<b>72 949</b>	<b>234 127 214</b>
<b>Net position</b>	<b>(24 507 290)</b>	<b>25 556 142</b>	<b>(4 179 588)</b>	<b>(251 831)</b>	<b>(2 167)</b>	<b>(3 384 734)</b>
<b>Derivative financial instruments</b>	<b>21 228 705</b>	<b>(24 968 987)</b>	<b>4 114 230</b>	<b>182 657</b>	<b>5 075</b>	<b>561 680</b>
<b>Net position including derivative instruments</b>	<b>(3 278 585)</b>	<b>587 155</b>	<b>(65 358)</b>	<b>(69 174)</b>	<b>2 908</b>	<b>(2 823 054)</b>

Derivatives in each column represent the fair value at the reporting date of the respective currency that the Group agreed to buy (positive amount) or sell (negative amount) with the counterparty. The net total represents the fair value of the currency derivatives. The above analysis includes only monetary assets and liabilities. Investments in equities and non-monetary assets are not considered to give rise to any material currency risk.

The Russian Rouble has been depreciating significantly relative to US dollar and euro in 2014 and half of 2015. Now an uncertainty of future exchange rates fluctuations makes it difficult to assess its influence over the Group's capital and profit or loss.



**27 Financial risk management, corporate governance and internal control (continued)**

**Geographical risk concentrations.** The geographical concentration of assets and liabilities at 30 June 2015 is set out below.

<i>(Unaudited)</i> <i>in thousands of Russian Roubles</i>	<b>Russia</b>	<b>Other countries</b>	<b>Total</b>
<b>Assets</b>			
Cash and cash equivalents	17 009 636	1 574 154	18 583 790
Mandatory cash balances with the Bank of Russia	1 936 500	-	1 936 500
Other securities at fair value through profit or loss	11 611 889	-	11 611 889
Investment securities held to maturity	36 037 972	36 952 219	72 990 191
Due from other banks	3 655 700	10 146 354	13 802 054
Loans and advances to customers	82 677 987	56 023 937	138 701 924
Finance lease receivables	1 638 680	-	1 638 680
Advances to real estate developers	2 163 656	-	2 163 656
Other financial assets	3 368 905	18 742 136	22 111 041
<b>Total financial assets</b>	<b>160 100 925</b>	<b>123 438 800</b>	<b>283 539 725</b>
<b>Total non-financial assets</b>	<b>15 978 351</b>	<b>123 163</b>	<b>16 101 514</b>
<b>Total</b>	<b>176 079 276</b>	<b>123 561 963</b>	<b>299 641 239</b>
<b>Liabilities</b>			
Due to other banks	82 768 261	409 800	83 178 061
Customer accounts	167 722 484	9 008 027	176 730 511
Debt securities in issue	7 752 783	3 741 866	11 494 649
Other borrowed funds	-	12 395 838	12 395 838
Other financial liabilities	305 475	562 902	868 377
<b>Total financial liabilities</b>	<b>258 549 003</b>	<b>26 118 433</b>	<b>284 667 436</b>
<b>Total non-financial liabilities</b>	<b>1 201 348</b>	<b>410 618</b>	<b>1 611 966</b>
<b>Total</b>	<b>259 750 351</b>	<b>26 529 051</b>	<b>286 279 402</b>
<b>Net position</b>	<b>(83 671 075)</b>	<b>97 032 912</b>	<b>13 361 837</b>
<b>Credit related commitments</b>	<b>7 830 135</b>	<b>253 271</b>	<b>8 083 406</b>



## 27 Financial risk management, corporate governance and internal control (continued)

The geographical concentration of assets and liabilities at 31 December 2014 is set out below.

<i>in thousands of Russian Roubles</i>	<b>Russia</b>	<b>Other countries</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	17 187 969	10 763 994	27 951 963
Mandatory cash balances with the Bank of Russia	1 565 338	-	1 565 338
Other securities at fair value through profit or loss	11 470 736	-	11 470 736
Investment securities held to maturity	27 715 926	608 256	28 324 182
Due from other banks	1 490 766	2 911 403	4 402 169
Loans and advances to customers	92 444 421	51 698 981	144 143 402
Finance lease receivables	1 417 298	-	1 417 298
Advances to real estate developers	2 163 158	-	2 163 158
Other financial assets	518 692	9 465 704	9 984 396
<b>Total financial assets</b>	<b>155 974 304</b>	<b>75 448 338</b>	<b>231 422 642</b>
<b>Total non-financial assets</b>	<b>16 066 819</b>	<b>123 163</b>	<b>16 189 982</b>
<b>TOTAL</b>	<b>172 041 123</b>	<b>75 571 501</b>	<b>247 612 624</b>
<b>LIABILITIES</b>			
Due to other banks	51 287 928	908 043	52 195 971
Customer accounts	140 715 763	8 388 551	149 104 314
Debt securities in issue	15 470 100	3 788 985	19 259 085
Other borrowed funds	-	12 726 969	12 726 969
Other financial liabilities	390 023	569 334	959 357
<b>Total financial liabilities</b>	<b>207 863 814</b>	<b>26 381 882</b>	<b>234 245 696</b>
<b>Total non-financial liabilities</b>	<b>774 337</b>	<b>410 618</b>	<b>1 184 955</b>
<b>TOTAL</b>	<b>208 638 151</b>	<b>26 792 500</b>	<b>235 430 651</b>
<b>Net position</b>	<b>(36 597 028)</b>	<b>48 779 001</b>	<b>12 181 973</b>
<b>Credit related commitments</b>	<b>9 154 229</b>	<b>2 269 605</b>	<b>11 423 834</b>

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

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



## **27 Financial risk management, corporate governance and internal control (continued)**

The Group maintains liquidity management when the bond portfolio, composed of liquid securities of issuers which have high credit quality, is used as an instrument for regulation of cash liquidity gaps and can be converted into cash within 1 month. Therefore other securities at fair value through profit or loss as at 30 June 2015 and 31 December 2014 are classified as "Demand and less than 1 month" in the tables below. The fair value of securities which are classified in this category with maturity more than 12 months amounts to RUB 8 708 805 thousand (31 December 2014: RUB 10 795 663 thousand).

Management expects that contractual maturity dates of term deposits from individuals are not representative for analysis of liquidity position, as based on analysis of internal statistics, 80% of agreements are prolonged and based on past experience this ratio has never gone lower. Accordingly, 80% of term deposits from individuals in categories "On demand and less than 1 month", "From 1 to 3 month", "From 3 to 12 months" and "From 1 to 3 years" are classified in the category "Over 3 years" to present more accurately expected cash flows. However in accordance with Russian legislation, individuals can withdraw their term deposits at any time, losing in most cases the accrued interest.

The table below shows analysis of term deposits from individuals as at 30 June 2015 and 31 December 2014 on the basis of possible contractual maturity.

<i>in thousands of Russian Roubles</i>	<b>30 June 2015 (Unaudited)</b>	<b>31 December 2014</b>
On demand and less than 1 month	5 002 136	2 948 969
From 1 to 3 months	4 903 605	5 704 594
From 3 to 12 months	46 567 618	26 872 921
From 1 to 3 years	1 038 413	13 187 264
Over 3 years	69 227 783	45 007 429
<b>Total</b>	<b>126 739 555</b>	<b>93 721 177</b>

The Group uses investment securities held to maturity for cash management purposes. The Bank acquires only securities that meet the requirements of the Lombard list of the Bank of Russia, because of this the Group may raise cash using their securities through repurchase operations. As at 30 June 2015 investment securities held to maturity amounted to RUB 71 079 256 thousand (31 December 2014: RUB 28 324 182 thousand) were sold under agreements to repurchase, but the Group retains substantially all the risks and rewards related to these securities, and therefore has not derecognised them (see note 6). Management believes that the contract terms of sale and repurchase agreements are not meaningful for liquidity analysis, because after termination of these agreements new agreements on the pledge of these securities will be concluded. Consequently the Group includes direct sale and repurchase agreements as a long-term source of funding. Expected maturity terms of underlying borrowing transactions are presented in accordance with relevant maturity of securities held to maturity, which are pledged under direct sale and repurchase agreements. The table below shows analysis of amounts of due to other banks as at 30 June 2015 and 31 December 2014 by contractual maturity.

<i>in thousands of Russian Roubles</i>	<b>30 June 2015 (Unaudited)</b>	<b>31 December 2014</b>
On demand and less than 1 month	62 895 180	40 189 053
From 1 to 3 month	5 350 173	1 368 602
From 3 to 12 months	12 092 898	4 554 543
From 1 to 3 years	1 392 296	2 579 274
Over 3 years	1 447 514	3 504 499
<b>Total</b>	<b>83 178 061</b>	<b>52 195 971</b>



**27 Financial risk management, corporate governance and internal control (continued)**

The following table shows financial assets and liabilities by remaining contractual maturity dates as at 30 June 2015

<i>(Unaudited) in thousands of Russian Roubles</i>	<b>Demand and less than 1 month</b>	<b>From 1 to 3 months</b>	<b>From 3 to 12 months</b>	<b>From 1 to 3 years</b>	<b>Over 3 years</b>	<b>Total</b>
<b>Assets</b>						
Cash and cash equivalents	18 583 790	-	-	-	-	18 583 790
Mandatory cash balances with the Bank of Russia	252 144	138 973	176 972	99 179	1 269 232	1 936 500
Other securities at fair value through profit or loss	11 611 889	-	-	-	-	11 611 889
Investment securities held to maturity	250 057	1 352 836	9 545 027	37 540 993	24 301 278	72 990 191
Due from other banks	3 000 527	-	10 155 666	1 238	644 623	13 802 054
Loans and advances to customers	4 895 969	8 013 833	53 458 444	38 905 476	33 428 202	138 701 924
Finance lease receivables	110 180	144 441	509 766	639 827	234 466	1 638 680
Advances to real estate developers	-	-	1 983 695	179 961	-	2 163 656
Other financial assets	378 424	2 044 102	12 029 350	6 845 337	813 828	22 111 041
<b>Total financial assets</b>	<b>39 082 980</b>	<b>11 694 185</b>	<b>87 858 920</b>	<b>84 212 011</b>	<b>60 691 629</b>	<b>283 539 725</b>
<b>Liabilities</b>						
Due to other banks	10 639 422	6 589 753	9 492 932	35 085 460	21 370 494	83 178 061
Customer accounts	23 011 402	12 683 037	16 150 977	9 051 387	115 833 708	176 730 511
Debt securities in issue	152 565	2 987 131	2 053 782	2 878 220	3 422 951	11 494 649
Other borrowed funds	-	179 352	1 187 308	4 539 024	6 490 154	12 395 838
Other financial liabilities	305 478	-	372 251	190 648	-	868 377
<b>Total financial liabilities</b>	<b>34 108 867</b>	<b>22 439 273</b>	<b>29 257 250</b>	<b>51 744 739</b>	<b>147 117 307</b>	<b>284 667 436</b>
<b>Net liquidity gap as at 30 June 2015</b>	<b>4 974 113</b>	<b>(10 745 088)</b>	<b>58 601 670</b>	<b>32 467 272</b>	<b>(86 425 678)</b>	<b>(1 127 711)</b>
<b>Cumulative liquidity gap as at 30 June 2015</b>	<b>4 974 113</b>	<b>(5 770 975)</b>	<b>52 830 695</b>	<b>85 297 967</b>	<b>(1 127 711)</b>	



**27 Financial risk management, corporate governance and internal control (continued)**

The following table shows financial assets and liabilities by remaining contractual maturity dates as at 31 December 2014.

<i>in thousands of Russian Roubles</i>	<b>Demand and less than 1 month</b>	<b>From 1 to 3 months</b>	<b>From 3 to 12 months</b>	<b>From 1 to 3 years</b>	<b>Over 3 years</b>	<b>Total</b>
<b>ASSETS</b>						
Cash and cash equivalents	20 885 699	7 066 264	-	-	-	27 951 963
Mandatory cash balances with the Bank of Russia	226 394	154 397	125 263	159 534	899 750	1 565 338
Other securities at fair value through profit or loss	11 470 736	-	-	-	-	11 470 736
Investment securities held to maturity	-	1 316 290	6 285 899	9 457 364	11 264 629	28 324 182
Due from other banks	-	-	2 824 847	97 453	1 479 869	4 402 169
Loans and advances to customers	8 101 552	7 155 027	51 703 761	41 335 081	35 847 981	144 143 402
Finance lease receivables	92 952	134 776	505 664	582 287	101 619	1 417 298
Advances to real estate developers	-	-	328 417	1 834 741	-	2 163 158
Other financial assets	1 036 046	1 669 469	7 189 105	-	89 776	9 984 396
<b>Total financial assets</b>	<b>41 813 379</b>	<b>17 496 223</b>	<b>68 962 956</b>	<b>53 466 460</b>	<b>49 683 624</b>	<b>231 422 642</b>
<b>LIABILITIES</b>						
Due to other banks	15 783 641	2 555 713	9 928 974	10 529 890	13 397 753	52 195 971
Customer accounts	21 564 865	14 706 933	11 931 732	15 196 205	85 704 579	149 104 314
Debt securities in issue	669 967	7 132 547	4 358 316	2 991 985	4 106 270	19 259 085
Other borrowed funds	-	186 297	1 201 179	4 630 496	6 708 997	12 726 969
Other financial liabilities	959 357	-	-	-	-	959 357
<b>Total financial liabilities</b>	<b>38 977 830</b>	<b>24 581 490</b>	<b>27 420 201</b>	<b>33 348 576</b>	<b>109 917 599</b>	<b>234 245 696</b>
<b>Net liquidity gap as at 31 December 2014</b>	<b>2 835 549</b>	<b>(7 085 267)</b>	<b>41 542 755</b>	<b>20 117 884</b>	<b>(60 233 975)</b>	<b>(2 823 054)</b>
<b>Cumulative liquidity gap as at 31 December 2014</b>	<b>2 835 549</b>	<b>(4 249 718)</b>	<b>37 293 037</b>	<b>57 410 921</b>	<b>(2 823 054)</b>	

Management believes the matching and/or controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Group. It is unusual for banks ever to be completely matched since business transactions are often of an uncertain term and of different types. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity and its exposure to changes in interest and exchange rates.

Management believes that in spite of a substantial portion of customers' accounts being on demand, diversification of these deposits by number and type of depositors, and the past experience of the Group would indicate that these customer accounts provide a long-term and stable source of funding.



## **28 Capital management**

The Group's objectives when managing capital are (i) to comply with capital requirements set by the Bank of Russia, (ii) to safeguard the Group's ability to continue as a going concern, and (iii) to obtain return on capital on a long term basis.

Compliance with capital adequacy ratio is set by the Bank of Russia.

The Group defines as capital those items defined by statutory regulation as capital for credit institutions. Since 1 January 2014 the Group calculates amounts of capital in accordance with Provision of the Bank of Russia dated 28 December 2012 No.395-P *On methodology of calculation of own funds (capital) of the credit organisations (Basel III)*.

The following table shows the minimum level of capital adequacy ratio of the Group as at 30 June 2015 and 31 December 2014:

<i>(percentage)</i>	<b>30 June 2015</b>	<b>31 December 2014</b>
Base capital adequacy ratio N20.1	5.00	5.00
Main capital adequacy ratio N20.2	6.00	5.50
Own funds (capital) adequacy ratio N20.0	10.00	10.00

Since 1 January 2015 minimum level of N20.2 ratio is 6.00%.

The following table shows the calculation of capital adequacy of the Group based on requirements set by the Bank of Russia as at 31 December 2014:

<i>in thousands of Russian Roubles</i>	<b>30 June 2015 (Unaudited)</b>	<b>31 December 2014</b>
Base capital	12 403 055	12 219 978
Main capital	12 403 055	12 219 978
Additional capital	11 934 750	12 095 997
<b>Own funds (capital)</b>	<b>24 337 805</b>	<b>24 315 975</b>
Risk weighted assets for N20.1	202 398 283	123 177 288
Risk weighted assets for N20.2	202 398 283	123 170 232
Risk weighted assets for N20.0	202 478 667	123 255 673
Ratio N20.1, %	6.13	6.66
Ratio N20.2, %	6.13	6.67
Ratio N20.0, %	12.02	13.26

The Group maintains capital adequacy at level appropriate to the nature and volume of its operations. Mandatory ratios in accordance with the Bank of Russia requirements are calculated and controlled by the management on a daily basis. The Group submits on monthly basis as at 1 date of each month data of mandatory ratios calculation to territorial office of the Bank of Russia in the prescribed form.

In case values of capital adequacy ratios become close to set limits set by the Bank of Russia and Group's internal policy this information is communicated to the management of the Group. The Group is in compliance with the statutory capital ratios as at 30 June 2015 and December 2014.



## **29 Contingencies and commitments**

**Legal proceedings.** From time to time and in the normal course of business, claims against the Group may be received. On the basis of its own estimates and internal professional advice management is of the opinion that no material losses will be incurred in respect of claims and accordingly no provision has been made in these consolidated condensed interim financial statements.

**Tax legislation.** The taxation system in the Russian Federation is relatively new and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are often unclear, contradictory and subject to varying interpretation by different tax authorities. Taxes are subject to review and investigation by a number of authorities who have the authority to impose severe fines, penalties and interest charges. A tax year remains open for review by the tax authorities during the three subsequent calendar years; however, under certain circumstances a tax year may remain open longer. Recent events within the Russian Federation suggest that the tax authorities are taking a more assertive position in their interpretation and enforcement of tax legislation.

These circumstances may create tax risks in the Russian Federation that are substantially more significant than in other countries. Management believes that it has provided adequately for tax liabilities based on its interpretations of applicable Russian tax legislation, official pronouncements and court decisions. However, the interpretations of the relevant authorities could differ and the effect on the financial position of the Group, if the authorities were successful in enforcing their interpretations, could be significant.

From 1 January 2012 the new transfer pricing legislation came into force, which significantly changed the transfer pricing rules, bringing them closer to the principles of the OECD. This also creates additional uncertainty due to the practical application of tax laws in some cases.

New transfer pricing rules require taxpayers to provide documentation of controlled transactions and defines new principles and tools for additional taxes and interest, if prices in controlled transactions differ from the market.

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

Credit related commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Group is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments since most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Group monitors the term to maturity of credit related commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

Outstanding credit related commitments as at 30 June 2015 and 31 December 2014 are as follows:

<i>in thousands of Russian Roubles</i>	<b>30 June 2015 (Unaudited)</b>	<b>31 December 2014</b>
Commitments to extend credit	3 597 709	3 526 096
Guarantees issued	3 417 747	3 542 617
Unused limits on overdraft loans	915 460	1 960 840
Import letters of credit	152 490	2 394 281
<b>Total</b>	<b>8 083 406</b>	<b>11 423 834</b>

The total outstanding contractual amount of undrawn credit lines, letters of credit, and guarantees does not necessarily represent future cash requirements, as these financial instruments may expire or terminate without being funded.



## 29 Contingencies and commitments (continued)

Credit related commitments as at 30 June 2015 and 31 December 2014 are denominated in the following currencies:

<i>in thousands of Russian Roubles</i>	30 June 2015 (Unaudited)	31 December 2014
Russian Roubles	7 636 532	8 649 706
USD	420 763	2 729 020
Euro	26 111	45 108
<b>Total</b>	<b>8 083 406</b>	<b>11 423 834</b>

**Funds management and trust activities.** The Group provides trust services to individuals, trusts, retirement benefit plans and other institutions, whereby it holds and manages assets or invests funds received in various financial instruments at the direction of the customer. The Group receives fee income for providing these services. Trust assets are not assets of the Group and are not recognised in the consolidated condensed interim statement of financial position. The Group is not exposed to any credit risk relating to such placements as it does not guarantee these investments.

**Custody activities.** The Group provides custody services to its customers, whereby it holds securities on behalf of customers and receives fee income for providing these services. These securities are not assets of the Group and are not recognised in the consolidated condensed interim statement of financial position.

## 30 Financial derivatives

Foreign exchange and other derivative financial instruments entered into by the Group are generally traded in an over-the-counter market with professional market counterparties on standardised contractual terms and conditions. Derivatives have potentially favourable (assets) or unfavourable (liabilities) conditions as a result of fluctuations in market interest rates, foreign exchange rates or other variables relative to their terms. The aggregate fair values of derivative financial assets and liabilities can fluctuate significantly from time to time.

The table below sets out fair values of currencies receivable or payable under foreign exchange forward contracts entered into by the Group as at 30 June 2015 and 31 December 2014. The table reflects gross positions before the netting of any counterparty positions and covers the contracts with settlement dates after the respective reporting date.

<i>in thousands of Russian Roubles</i>	30 June 2015 (Unaudited)		31 December 2014	
	Contracts with positive fair value	Contracts with negative fair value	Contracts with positive fair value	Contracts with negative fair value
<b>Foreign currency forward contracts: fair values, at the reporting date, of</b>				
- USD receivable on settlement	3 796 547	284 859	-	-
- USD payable on settlement	(56 804 405)	(7 854 835)	(18 626 594)	(6 240 738)
- Euro receivable on settlement	-	7 530 121	-	4 114 230
- Euro payable on settlement	(4 041 903)	-	-	-
- RUB receivable on settlement	67 084 468	-	19 216 820	2 011 885
- Other currencies receivable on settlement	-	2 615	5 075	-
<b>Net fair value of foreign currency forward contracts</b>	<b>10 034 707</b>	<b>(37 240)</b>	<b>595 301</b>	<b>(114 623)</b>



30 Financial derivatives (continued)

	30 June 2015 (Unaudited)		31 December 2014	
	Contracts with positive fair value	Contracts with negative fair value	Contracts with positive fair value	Contracts with negative fair value
<i>in thousands of Russian Roubles</i>				
<b>Precious metals forward contracts: fair values, at the reporting date, of</b>				
- USD receivable on settlement	667 517	-	259 731	123 718
- USD payable on settlement	-	(875 594)	(123 705)	(443 786)
- Precious metals receivable on settlement	-	874 929	124 206	440 415
- Precious metals payable on settlement	(667 009)	-	(257 758)	(124 206)
<b>Net fair value of precious metals forward contracts</b>	<b>508</b>	<b>(665)</b>	<b>2 474</b>	<b>(3 859)</b>
<b>Foreign currency options: fair values, at the reporting date</b>	<b>31 697</b>	<b>-</b>	<b>82 387</b>	<b>-</b>
<b>Securities forward contracts</b>				
- RUB receivable on settlement	208 745	-	-	-
- RUB payable on settlement	(206 195)	-	-	-
<b>Net fair value of securities forward contracts</b>	<b>2 550</b>	<b>-</b>	<b>-</b>	<b>-</b>

Geographical, currency and maturity analyses of financial derivatives are disclosed in note 27. Information on related party transactions is disclosed in note 32.



### 31 Group companies

As at 30 June 2015 and 31 December 2014 the Group has the following main consolidated subsidiaries, structured entities and mutual funds:

The name	Country of incorporation	Principal activity	Share, %	
			30 June 2015	31 December 2014
Subsidiary				
UBRD Finance Limited	Ireland	issue of debt securities	100	100
Structured entities				
LLC "UBRiR-Finance"	Russian Federation	management of securities	-	-
LLC "UBRiR-leasing"	Russian Federation	leasing company	-	-
LLC "Fininvest K"	Russian Federation	ownership of property and equipment of the Group	-	-
Sebright Finance Limited	United Kingdom	ownership of property and equipment of the Group	-	-
LLC "Invest Techno"	Russian Federation	ownership of property and equipment of the Group	-	-
UBRD Capital Limited	Ireland	issue of debt securities	-	-
Mutual funds				
Closed unit investment fund "Invest-Ural Kommercheskaya nedvizhimost"	Russian Federation	ownership of property and equipment of the Group	100	100
Closed unit investment fund "UBRR -Nedvizhimost"	Russian Federation	ownership of items of investment property of the Group	100	100
Closed unit investment fund "Antey"	Russian Federation	ownership of items of investment property of the Group	100	100
Closed unit investment fund "NIKS"	Russian Federation	ownership of items of investment property of the Group	100	100
Open unit investment fund "Aktivnye investitsii"	Russian Federation	investments in securities	-	-
Open unit investment fund "Alternativniy protsent"	Russian Federation	investments in securities	-	-
Open unit investment fund "Bazovye otrasli"	Russian Federation	investments in securities	-	-
Open unit investment fund "Lombardniy spisok"	Russian Federation	investments in securities	-	-
Open unit investment fund "Mobilniy capital"	Russian Federation	investments in securities	-	-

Structured entity of the Group LLC "UBRiR-Finance" owns open unit investment funds.

As at 30 June 2015 and as at 31 December 2014 the financial statements of CJSC "Stozhok", LLC "Uralstroyinvestservice" and LLC UK "Invest-Ural" were not included in the consolidated financial statements due to immateriality of assets and liabilities of these entities. As at 30 June 2015 and as at 31 December 2014 all mutual funds are under the control of LLC UK "Invest-Ural".



### 32 Related party transactions

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

At 30 June 2015 the outstanding balances with related parties are as follows:

<i>(Unaudited)</i> <i>in thousands of Russian Roubles</i>	Shareholders	Companies under common control	Other related parties
Gross amount of loans and advances to customers (contractual interest rates: 10%-18%)	232 510	11 146 420	23 540
Allowance for impairment of loans and advances to customers	(1 178)	(27 854)	(119)
Other assets	-	-	56
Customer accounts (contractual interest rates: 0%-16.5%)	232 215	1 111 634	105 776
Foreign currency forward contracts	-	(661)	-
Other liabilities	-	10 508	-

The income and expense with related parties for the six-month period ended 30 June 2015 are as follows:

<i>(Unaudited)</i> <i>in thousands of Russian Roubles</i>	Shareholders	Companies under common control	Other related parties
Interest income	6 562	628 330	955
Interest expense	(8 112)	(157 485)	(4 757)
Fee and commission income	171	8 800	54
Fee and commission expense	(178)	-	(91)
Other operating income	8	2	4
Other operating expense	-	(4)	(90)
(Loss)/gain from trading in foreign currencies	-	(299 387)	73
Loss from trading in precious metals	-	(22 342)	-

At 30 June 2015 the other commitments with related parties are as follows:

<i>(Unaudited)</i> <i>in thousands of Russian Roubles</i>	Shareholders	Companies under common control	Other related parties
Guarantees issued	-	60 065	-



### 32 Related party transactions (continued)

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

<i>in thousands of Russian Roubles</i>	Shareholders	Companies under common control	Other related parties
Gross amount of loans and advances to customers (contractual interest rates: 8%-22%)	205 038	11 456 981	17 845
Allowance for impairment of loans and advances to customers	(1 039)	(29 255)	(90)
Other assets	-	262 200	858
Customer accounts (contractual interest rates: 0%-25.5%)	217 174	3 533 532	95 299
Foreign exchange forward contracts	-	258 340	-
Other liabilities	-	3 860	-

The income and expense with related parties for the six-month ended 30 June 2014 are as follows:

<i>(Unaudited) in thousands of Russian Roubles</i>	Shareholders	Companies under common control	Other related parties
Interest income	6 028	455 234	795
Interest expense	(9 980)	(28 372)	(3 375)
Fee and commission income	116	2 843	68
Fee and commission expense	(279)	-	(136)
(Loss)/gain from trading in foreign currencies	-	(11 260)	5
Gain from trading in precious metals	-	33 274	-
Other operating income	7	-	4

At 31 December 2014 the other commitments with related parties are as follows:

<i>in thousands of Russian Roubles</i>	Shareholders	Companies under common control	Other related parties
Guarantees issued	-	66 526	-

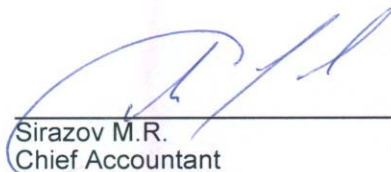
Other related parties represent seven members of the Management Board and five members of the Board of Directors of the Bank. In the six-month period ended 30 June 2015 the remuneration of management comprises salaries, discretionary bonuses and other short-term benefits amounting to RUB 53 850 thousand (six-month period ended 30 June 2014: RUB 47 026 thousand). Social security costs amount to RUB 8 865 thousand (six-month period ended 30 June 2014: RUB 5 576 thousand) of the total remuneration of the Group's management.

### 33 Events after reporting date

In July 2015 the Group acted as a lender and co-arranger of the syndicated loan to CJSC Alfa-Bank (Belarus). The loan in the amount of USD 5 million was disbursed by the Group in two tranches of USD 2.5 million at the interest rate which is a cumulative rate of three-month's LIBOR and the margin equal to 7.4% p.a. with maturity in January 2016. The total amount of facility received by CJSC Alfa-Bank under this agreement is USD 30 million and EUR 4 million.

  
 S. Uspoviyev A.U.  
 President



  
 Sirazov M.R.  
 Chief Accountant