

**Joint Stock Commercial Bank
for Charity and Spiritual Development of Motherland
PERESVET
(Closed Joint Stock Company)**

**International Financial Reporting Standards
Condensed Interim Financial Information and Review Report**

Three months ended 31 March 2015

Contents

Report on Review of Condensed Interim Financial Information

Condensed Interim Financial Information

| | |
|--|---|
| Condensed Interim Statement of Financial Position | 1 |
| Condensed Interim Statement of Profit or Loss and Other Comprehensive Income | 2 |
| Condensed Interim Statement of Changes in Equity | 3 |
| Condensed Interim Statement of Cash Flows..... | 4 |

Selected Notes to the Condensed Interim Financial Information

| | | |
|----|---|----|
| 1 | Introduction | 5 |
| 2 | Operating Environment of the Bank | 6 |
| 3 | Summary of Significant Accounting Policies | 6 |
| 4 | Critical Accounting Estimates, and Judgements in Applying Accounting Policies | 7 |
| 5 | New Accounting Pronouncements..... | 7 |
| 6 | Securities Available for Sale | 7 |
| 7 | Securities Transferred Without Derecognition under Repo Agreements | 8 |
| 8 | Loans and Advances to Customers..... | 9 |
| 9 | Subordinated Loans..... | 14 |
| 10 | Perpetual Subordinated Loans | 14 |
| 11 | Segment Analysis | 15 |
| 12 | Management of Capital..... | 18 |
| 13 | Contingencies and Commitments..... | 18 |
| 14 | Transfers of Financial Assets | 20 |
| 15 | Currency Spot Transactions | 20 |
| 16 | Fair Value of Financial Instruments | 21 |
| 17 | Presentation of Financial Instruments by Measurement Category..... | 22 |
| 18 | Related Party Transactions | 24 |
| 19 | Events after the End of the Reporting Period | 26 |



Report on Review of Condensed Interim Financial Information

To the Shareholders and Board of Directors of Joint Stock Commercial Bank for Charity and Spiritual Development of Motherland PERESVET (Closed Joint Stock Company):

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Joint Stock Commercial Bank for Charity and Spiritual Development of Motherland PERESVET (Closed Joint Stock Company) (the "Bank") as at 31 March 2015, and the related condensed interim statements of profit or loss and other comprehensive income, changes in equity and cash flows and selected explanatory notes for the three month period then ended. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

The Bank has prepared three month period condensed interim financial information for the first time for the period ended 31 March 2015. As a result, the accompanying condensed interim statements of profit or loss and other comprehensive income, changes in equity and cash flows and explanatory notes do not include information for the comparative three months ended 31 March 2014, as required by International Accounting Standard 34 "Interim Financial Reporting".

Qualified Conclusion

Based on our review, except for the matter described in the preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

ZAO PricewaterhouseCoopers Audit

30 April 2015
Moscow, Russian Federation

AKB PERESVET (ZAO)
Condensed Interim Statement of Financial Position

| <i>In thousands of Russian Roubles</i> | Note | 31 March 2015 (unaudited) | 31 December 2014 |
|---|------|---------------------------------|---------------------|
| ASSETS | | | |
| Cash and cash equivalents | | 11 078 792 | 13 740 660 |
| Mandatory cash balances with the Central Bank of Russian Federation | | 904 931 | 773 570 |
| Securities available for sale | 6 | 5 900 633 | 5 988 547 |
| Securities transferred without derecognition under REPO agreements | 7 | 7 745 138 | 9 001 811 |
| Investments in joint arrangements | | 375 000 | 375 000 |
| Loans and advances to customers | 8 | 91 588 531 | 85 786 293 |
| Current income tax receivable | | 16 933 | 4 197 |
| Investment properties | | 1 250 600 | 1 250 600 |
| Premises and equipment | | 2 533 322 | 2 528 765 |
| Other financial assets | | 223 378 | 560 065 |
| Other assets | | 33 066 | 32 209 |
| TOTAL ASSETS | | 121 650 324 | 120 041 717 |
| LIABILITIES | | | |
| Due to the Central Bank of the Russian Federation | 7 | 2 810 627 | 6 064 556 |
| Due to other banks | 7 | 13 025 469 | 9 880 654 |
| Customer accounts | | 79 054 667 | 78 869 845 |
| Debt securities in issue | | 8 139 176 | 8 042 326 |
| Deferred income tax liability | | 440 471 | 301 369 |
| Other financial liabilities | | 62 811 | 58 853 |
| Other liabilities | | 84 540 | 113 239 |
| Subordinated loans | 9 | 1 070 326 | 1 957 759 |
| TOTAL LIABILITIES | | 104 688 087 | 105 288 601 |
| EQUITY | | | |
| Share capital | | 2 015 166 | 2 015 166 |
| Share premium | | 797 792 | 797 792 |
| Perpetual subordinated loans | 10 | 3 250 973 | 1 723 067 |
| Revaluation reserve for available-for-sale investments | | (849 333) | (1 209 511) |
| Retained earnings | | 11 747 639 | 11 426 602 |
| TOTAL EQUITY | | 16 962 237 | 14 753 116 |
| TOTAL LIABILITIES AND EQUITY | | 121 650 324 | 120 041 717 |

Approved for issue and signed on behalf of the Management Board on 30 April 2015.


 N.V. Gromova
 Vice-President




 I.N. Buloychik
 Chief Accountant

AKB PERESVET (ZAO)**Condensed Interim Statement of Profit or Loss and Other Comprehensive Income**

| <i>In thousands of Russian Roubles</i> | Note | Three months ended 31 March 2015 (unaudited) |
|--|------|--|
| Interest income | | 4 101 626 |
| Interest expense | | (2 878 042) |
| Net interest income | | 1 223 584 |
| Recovery of provision for loan impairment | 8 | 365 376 |
| Net interest income after recovery of provision for loan impairment | | 1 588 960 |
| Fee and commission income | | 249 854 |
| Fee and commission expense | | (13 887) |
| Losses less gains from trading in foreign currencies | | (1 500 680) |
| Foreign exchange translation gains less losses | | 370 037 |
| Gains less losses from disposals of securities available for sale | | 9 377 |
| Recovery of provision for impairment of other financial assets | | 159 |
| Other operating income | | 2 614 |
| Administrative and other operating expenses | | (317 031) |
| Profit before tax | | 389 403 |
| Income tax expense | | (68 366) |
| PROFIT FOR THE PERIOD | | 321 037 |
| Other comprehensive income/(loss): | | |
| <i>Items that may be reclassified subsequently to profit or loss:</i> | | |
| Revaluation of securities available for sale | | 459 600 |
| Cumulative income recycled to profit or loss upon disposal of investments available for sale | | (9 377) |
| Income tax related to revaluation of available for sale investments | | (90 045) |
| Other comprehensive income for the period | | 360 178 |
| Total comprehensive income for the period | | 681 215 |

The notes set out on pages 5 to 27 form an integral part of these condensed interim financial information.

AKB PERESVET (ZAO)
Condensed Interim Statement of Changes in Equity

| <i>In thousands of Russian Roubles</i> | Note | Share capital | Share premium | Perpetual subordinated loans | Revaluation reserve for available-for-sale securities | Retained earnings | Total |
|---|-------------|----------------------|----------------------|-------------------------------------|--|--------------------------|-------------------|
| Balance at 31 December 2014 | | 2 015 166 | 797 792 | 1 723 067 | (1 209 511) | 11 426 602 | 14 753 116 |
| Perpetual subordinated loans (unaudited) | 10 | - | - | 1 527 906 | - | - | 1 527 906 |
| Profit (unaudited) | | - | - | - | - | 321 037 | 321 037 |
| Other comprehensive income (unaudited) | | - | - | - | 360 178 | - | 360 178 |
| Total comprehensive income for the period (unaudited) | | - | - | - | 360 178 | 321 037 | 681 215 |
| Balance at 31 March 2015 (unaudited) | | 2 015 166 | 797 792 | 3 250 973 | (849 333) | 11 747 639 | 16 962 237 |

During the three months ended 31 March 2015, the Bank did not declare or pay dividends.

AKB PERESVET (ZAO)
Condensed Interim Statement of Cash Flows

| <i>In thousands of Russian Roubles</i> | Note | Three months ended 31 March 2015 (unaudited) |
|--|------|--|
| Cash flows from operating activities | | |
| Interest received | | 3 698 700 |
| Interest paid except interest paid on subordinated loans | | (2 456 363) |
| Fees and commissions received | | 223 157 |
| Fees and commissions paid | | (13 887) |
| Gains less losses from trading in foreign currencies | | (1 124 406) |
| Other operating income received | | 2 614 |
| Administrative and other operating expenses | | (294 631) |
| Cash flows from operating activities before changes in operating assets and liabilities | | 35 184 |
| <i>Net (increase)/decrease in:</i> | | |
| - mandatory cash balances with the Central Bank of the Russian Federation | | (131 361) |
| - loans and advances to customers | | (3 984 244) |
| - other financial assets | | (53 180) |
| <i>Net increase/(decrease) in:</i> | | |
| - amounts due to the Central Bank of the Russian Federation | | (3 258 854) |
| - due to other banks | | 3 026 147 |
| - customer accounts | | (676 845) |
| - debt securities in issue except for bonds issued | | 89 763 |
| - other financial liabilities | | (2 533) |
| Cash outflow from operating activities before tax | | (4 955 923) |
| Income tax paid | | (27 488) |
| Net cash used in operating activities | | (4 983 411) |
| Cash flows from investing activities | | |
| Acquisition of securities available for sale | | (301 626) |
| Proceeds from disposal of securities available for sale | | 2 174 209 |
| Acquisition of premises and equipment | | (20 929) |
| Net cash from investing activities | | 1 851 654 |
| Cash flows from financing activities | | |
| Interest paid on subordinated loans | | (30 836) |
| Raising perpetual subordinated loan | 10 | 685 385 |
| Interest paid on bonds in issue | | (64 865) |
| Net cash from financing activities | | 589 684 |
| Effect of exchange rate changes on cash and cash equivalents | | (119 795) |
| Net decrease in cash and cash equivalents | | (2 661 868) |
| Cash and cash equivalents at the beginning of the period | | 13 740 660 |
| Cash and cash equivalents at the end of the period | | 11 078 792 |

Interest income of RR 110 235 thousand representing the amount of penalties, fines and forfeitures on overdue loans was recognised in profit or loss for the first quarter, however, actually the Bank received these amounts in cash in April 2015 as a result of cash inflow from the agreements on sale (cession) of loans. Therefore, this interest income is not included in the above stated statement of cash flows. Refer to Note 8.

In March 2015 interest rates under some loans issued by the Bank to corporate customers in early 2015 were repriced (increased). Additional interest income for the first quarter of 2015 was recognised in profit or loss for the first quarter of 2015, however actually the Bank received these amounts in cash in April 2015. Therefore, this interest income is not included in the above stated statement of cash flows.

As a result of renegotiated terms of subordinated loans three earlier attracted loans were recorded within the Bank's IFRS equity from 1 January 2015. This transaction did not give rise to any cash flows and therefore, the transfer is not reflected in the statement of cash flows.

1 Introduction

This condensed interim financial information has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" for the three months ended 31 March 2015 for Joint Stock Commercial Bank for Charity and Spiritual Development of Motherland PERESVET (ZAO) (the "Bank"). The Bank for the first time prepared condensed interim financial information for the first quarter. As a result, the accompanying condensed interim statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three months ended 31 March 2015 do not include comparative information as required by International Accounting Standard (IAS) 34 "Interim Financial reporting".

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

At 31 March 2015 and 31 December 2014 and the ordinary shareholders of the Bank were:

| % | 31 March 2015 (unaudited) | 31 December 2014 |
|--|---------------------------------|---------------------|
| Level one shareholders: | | |
| Religious Association "Russian Orthodox Church Department for Finance and Economy (Moscow Patriarchate)" | 29.9 | 29.9 |
| ZAO Expocenter | 24.4 | 24.4 |
| OOO Sodeistvie | 19.8 | 19.8 |
| OOO Soglasie | 12.4 | 12.4 |
| ZAO NAST-INVEST | 9.5 | 9.5 |
| OOO Vnukovo-Invest | 1.7 | 1.7 |
| Other | 2.3 | 2.3 |
| Total | 100.0 | 100.0 |
| Ultimate owners: | | |
| Religious Association "Russian Orthodox Church Department for Finance and Economy (Moscow Patriarchate)" | 49.7 | 49.7 |
| Chamber of Commerce and Industry of the Russian Federation | 24.4 | 24.4 |
| Kagdina E.A. | 12.4 | 12.4 |
| Litvyakov V.I. | 9.5 | 9.5 |
| Panasenko P.E. | 1.7 | 1.7 |
| Other (individually less than 2%) | 2.3 | 2.3 |
| Total | 100.0 | 100.0 |

Principal activity. The Bank's principal business activity is commercial and retail banking operations within the Russian Federation. The Bank has operated under a full banking license issued by the Central Bank of the Russian Federation ("CBRF") since 1992. The Bank participates in the state deposit insurance scheme, which was introduced by Federal Law № 177-FZ "Deposits of individuals insurance in Russian Federation" dated 23 December 2003. The State Deposit Insurance Agency guarantees repayment of 100% of individual deposits up to RR 1 400 thousand per individual in the case of the withdrawal of a licence of a bank or a CBRF imposed moratorium on payments.

At 31 March 2015, the Bank has one (31 December 2014: one) branch in the Russian Federation in the city of St. Petersburg. Additionally, the Bank has representative offices in Moscow. The Bank had 437 employees at 31 March 2015 (31 December 2014: 428 employees).

Registered address and place of business. The Bank's registered address is: 14, Krasnopresnenskaya nab., Moscow, Russian Federation, 123100.

Presentation currency. This condensed interim financial information is presented in thousands of Russian Roubles ("RR thousands").

2 Operating Environment of the Bank

Russian Federation. The Russian Federation displays certain characteristics of an emerging market. Its economy is particularly sensitive to oil and gas prices. The tax, currency and customs regulatory frameworks within the Russian Federation continue to develop and are subject to frequent changes and varying interpretations. A fall in oil prices, continuing political tension in the region, as well as international sanctions against Russian companies and individuals have had a negative impact on the Russian economy in 2014.

During the three months ended 31 March 2015, the financial markets continued to be volatile and were characterised by frequent significant price movements and increased trading spreads. Thus, in the first quarter of 2015:

- the CBRF exchange rate varied within the range from RR 56.2376 to RR 69.6640 per USD and from RR 62.0811 to RR 78.79 per EUR;
- In January 2015, Fitch Ratings downgraded Russia's credit rating to BBB-, Standard & Poor's cut it to BB+, and Moody's Investors Service downgraded it to Ba1, which for the first time in ten years is below the investment grade. Fitch Ratings kept Russia's sovereign rating at the investment grade. However, all these rating agencies provided negative outlooks for the future, which means that Russia's credit rating may be further downgraded;
- the RTS stock exchange index increased from 720.31 to 937.07 points;
- bank lending activity decreased as banks are reassessing the business models of their borrowers and their ability to withstand the increased lending and exchange rates;
- the CBRF key refinancing interest rate decreased from 17.0% p.a. to 15% p.a. in February 2015, to 14% p.a. in March 2015 and will be further decreased to 12.5% from 5 May 2015.

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

Management determined loan impairment provisions using the "incurred loss" model required by the applicable accounting standards. These standards require recognition of impairment losses that arose from past events and prohibit recognition of impairment losses that could arise from future events, including future changes in the economic environment, no matter how likely those future events are. Thus final impairment losses from financial assets could differ significantly from the current level of provisions.

3 Summary of Significant Accounting Policies

Basis of preparation. This condensed interim financial information has been prepared in accordance with IAS 34 "Interim Financial Reporting" and should be read in conjunction with the annual financial statements for the year ended 31 December 2014, which have been prepared in accordance with International Financial Reporting Standards (IFRS).

The table below shows official foreign exchange rates of the Bank of Russia at the beginning and the end of the reporting period that the Bank used in this condensed interim financial information:

| | 31 March 2015 | 31 December 2014 |
|---------|------------------|---------------------|
| RR/USD | 58.4643 | 56.2584 |
| RR/Euro | 63.3695 | 68.3427 |

Except as described below, the same accounting policies and methods of computation were followed in the preparation of this condensed interim financial information as compared with the annual consolidated financial statements for the year ended 31 December 2014.

Interim period tax measurement. Interim period income tax expense is accrued using the effective tax rate that would be applicable to expected total annual earnings, that is, the estimated weighted average annual effective income tax rate applied to the pre-tax income of the interim period.

4 Critical Accounting Estimates, and Judgements in Applying Accounting Policies

Estimates and judgements were consistent with those made in the reporting year ended 31 December 2014.

Impairment losses on loans and advances. In case of changes in the probability of loss on loans and advances to customers by +/- 10%, the recovery of provision for impairment would have been higher/lower by 10 792 thousand Roubles.

Perpetual subordinated loans. At 31 March 2015 and 31 December 2014 the Bank included some perpetual subordinated loans within IFRS equity. The terms and conditions of these subordinated loan agreements provide for termination (in full or partially) upon occurrence of certain events of the Bank's obligations to repay the principal (an option to use the borrowed funds for "losses absorption"). In addition, the subordinated loan agreement does not provide for mandatory payment of interest. Interest payments under this subordinated loan are made at the Bank's discretion and the Bank recognises related liabilities only after corresponding interest is declared for payment. Therefore interest expenses are accounted for as dividends payments.

In March 2015, the Bank signed additional agreements with a number of companies in relation to earlier issued subordinated loans. These additional agreements amended the terms and conditions of these loans and resulted in achieving their compliance with definition of equity under IFRS. The additional agreements (signed under the English Law) contain a back force clause, which says that changes to the initial subordinated loan agreement should be considered as relevant since 1 January 2015. On the basis of the above the management of the Bank classified the subordinated loan as an equity component starting 1 January 2015. Refer to Notes 9 and 10.

Related party transactions. In the normal course of business the Bank enters into transactions with its related parties. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form. Refer to Note 18.

5 New Accounting Pronouncements

Since the Bank published its last annual financial statements, no new standards and interpretations were issued that are mandatory for the Bank's accounting periods beginning on or after 1 January 2014 or later in addition to those that are already disclosed in the Bank's IFRS financial statements for the year ended 31 December 2014.

6 Securities Available for Sale

| <i>In thousands of Russian Roubles</i> | 31 March 2015 (unaudited) | 31 December 2014 |
|--|---------------------------------|---------------------|
| Federal loan bonds | 5 495 382 | 3 516 692 |
| Bonds of credit institutions | 327 386 | 307 921 |
| Promissory notes of Russian banks | 42 738 | 2 128 807 |
| Total debt securities | 5 865 506 | 5 953 420 |
| Corporate shares | 35 127 | 35 127 |
| Total equity securities | 35 127 | 35 127 |
| Total securities available for sale | 5 900 633 | 5 988 547 |

Debt securities within securities available for sale (except for promissory notes of Russian banks) are included in the Lombard List of the Bank of Russia.

6 Securities Available for Sale (Continued)

Federal loan bonds are Russian Rouble denominated government debt securities issued by the Ministry of Finance of the Russian Federation. These bonds are traded on Moscow Interbank Currency Exchange (MICEX), other Russian stock exchanges and on the over-the-counter market. At 31 March 2015, federal loan bonds have maturity dates from June 2015 to May 2020 (31 December 2014: from June 2015 to July 2022), coupon rates from 5.5% p.a. to 7.5% p.a. (31 December 2014: from 5.5% p.a. to 7.6% p.a.).

Bonds of credit institutions are Russian Rouble denominated debt securities issued by large Russian banks. These bonds are traded on Moscow Interbank Currency Exchange (MICEX), other Russian stock exchanges and on the over-the-counter market. At 31 March 2015, banking bonds have maturity dates from October 2018 to September 2023 (31 December 2014: from October 2018 to September 2023), coupon rates from 7.75% p.a. to 12.5% p.a. (31 December 2014: from 7.75% p.a. to 12.5% p.a.).

Promissory notes of Russian banks are Russian Rouble denominated debt securities issued by large Russian banks. At 31 March 2015, these promissory notes have maturity dates from December 2016 to January 2017 (31 December 2014: from March 2015 to January 2017), coupon rates from 5% p.a. to 11.6% p.a. (31 December 2014: from 5% p.a. to 11.6% p.a.).

Estimated fair value of securities available for sale is disclosed in Note 16.

7 Securities Transferred without Derecognition under REPO Agreements

At 31 March 2015, the following securities were transferred without derecognition under REPO agreements with the Bank of Russia and ZAO AKB National Clearing Center (ZAO AKB NCC) with maturity date on 1 April 2015 and cash was received (unaudited):

| <i>In thousands of Russian Roubles</i> | Fair value of transferred securities | | | Cash received | | | Interest rates on cash borrowing |
|--|---|--|-----------------------------|---|--|-----------------------------|----------------------------------|
| | Under REPO agreements with the Bank of Russia | Under REPO agreements with ZAO AKB NCC | Total under REPO agreements | Under REPO agreements with the Bank of Russia | Under REPO agreements with ZAO AKB NCC | Total under REPO agreements | |
| Federal loan bonds | - | 4 571 731 | 4 571 731 | - | 4 356 356 | 4 356 356 | 14.5% |
| Bonds of credit institutions | 2 725 212 | - | 2 725 212 | 2 383 052 | - | 2 383 052 | 14.3% |
| Corporate bonds | 448 195 | - | 448 195 | 427 575 | - | 427 575 | 14.5% |
| Total | 3 173 407 | 4 571 731 | 7 745 138 | 2 810 627 | 4 356 356 | 7 166 983 | |

At 31 December 2014, the following securities were transferred without derecognition under REPO agreements with the Bank of Russia and ZAO AKB National Clearing Center with maturity dates from 5 to 14 January 2015 and cash was received:

| <i>In thousands of Russian Roubles</i> | Fair value of transferred securities | | | Cash received | | | Interest rates on cash borrowing |
|--|---|--|-----------------------------|---|--|-----------------------------|----------------------------------|
| | Under REPO agreements with the Bank of Russia | Under REPO agreements with ZAO AKB NCC | Total under REPO agreements | Under REPO agreements with the Bank of Russia | Under REPO agreements with ZAO AKB NCC | Total under REPO agreements | |
| Federal loan bonds | 3 487 492 | 2 561 955 | 6 049 447 | 3 526 916 | 2 367 931 | 5 894 847 | 13.0% - 17.8% |
| Bonds of credit institutions | 2 484 347 | - | 2 484 347 | 2 125 114 | - | 2 125 114 | 17.8% |
| Corporate bonds | 468 017 | - | 468 017 | 412 526 | - | 412 526 | 17.8% |
| Total | 6 439 856 | 2 561 955 | 9 001 811 | 6 064 556 | 2 367 931 | 8 432 487 | |

7 Securities Transferred without Derecognition under REPO Agreements (Continued)

Federal loan bonds are Russian Rouble denominated government debt securities issued by the Ministry of Finance of the Russian Federation. These bonds are traded on Moscow Interbank Currency Exchange (MICEX), other Russian stock exchanges and on the over-the-counter market. At 31 March 2015 federal loan bonds have maturity dates from August 2016 to July 2022 (31 December 2014: from June 2015 to April 2021), coupon rates from 5.5% p.a. to 7.6% p.a. (31 December 2014: from 5.5% p.a. to 7.6% p.a.).

Bonds of credit institutions are Russian Rouble denominated debt securities issued by large Russian banks. These bonds are traded on Moscow Interbank Currency Exchange (MICEX), other Russian stock exchanges and on the over-the-counter market. At 31 March 2015, banking bonds have maturity dates from February 2016 to September 2023 (31 December 2014: from February 2016 to September 2023), coupon rates from 7.75% p.a. to 18% p.a. (31 December 2014: from 7.75% p.a. to 13.5% p.a.).

Corporate bonds are Russian Rouble denominated debt securities issued by large Russian companies. These bonds are traded on Moscow Interbank Currency Exchange (MICEX), other Russian stock exchanges and on the over-the-counter market. At 31 March 2015, corporate bonds have maturity dates from September 2016 to March 2033 (31 December 2014: from September 2016 to March 2033), coupon rates from 7.6% p.a. to 10.75% p.a. (31 December 2014: from 7.6% p.a. to 10.75% p.a.).

The primary factor that the Bank considers in determining whether a debt security is impaired is its overdue status.

The information on the estimated fair values of securities transferred without derecognition is disclosed in Note 16.

8 Loans and Advances to Customers

| <i>In thousands of Russian Roubles</i> | 31 March 2015 (unaudited) | 31 December 2014 |
|--|--|-----------------------------|
| Corporate loans | 32 480 311 | 34 078 642 |
| Loans to small and medium-sized entities | 32 277 130 | 27 533 234 |
| Infrastructure | 22 112 799 | 20 459 442 |
| Loans to VIP individuals | 4 988 906 | 4 351 143 |
| Other loans to individuals | 463 686 | 482 702 |
| Loan impairment provision | (734 301) | (1 118 870) |
| Total loans and advances to customers | 91 588 531 | 85 786 293 |

The Bank uses the following classification of loans by classes:

Loans to legal entities:

- Infrastructure loans include loans issued to entities with state participation and loans issued to commercial entities for the purpose of fulfilling obligations under government contracts and secured with proceeds from government contracts with Russian Federation constituents, ministries or entities with state participation of strategic importance for Russian economy;
- Loans to small and medium businesses are loans issued under the programmes for support and development of small and medium-sized businesses;
- Corporate loans are loans issued to commercial entities.
- Loans to individuals:
- Loans to VIP individuals are loans to individuals with gross amount exceeding RR 15 000 thousand;
- Other loans to individuals are loans to individuals with gross amount less than RR 15 000 thousand.

8 Loans and Advances to Customers (Continued)

The movements in the provision for loan impairment during three months ended 31 March 2015 are as follows (unaudited):

| <i>In thousands of Russian Roubles</i> | Corporate loans | Loans to small and medium-sized entities | Infra-structure | Loans to VIP individuals | Other loans to individuals | Total |
|--|-----------------------|--|-----------------|--------------------------|----------------------------|-----------------------|
| Provision for loan impairment at 1 January 2015 | 537 217 | 306 179 | 113 939 | 142 985 | 18 550 | 1 118 870 |
| (Recovery of provision)/ provision for impairment during the period* Cession agreements | (215 241) (13 613) | (95 406) (5 580) | (38 101) - | (18 343) - | 1 715 - | (365 376) (19 193) |
| Provision for loan impairment at 31 March 2015 | 308 363 | 205 193 | 75 838 | 124 642 | 20 265 | 734 301 |

* Recovery of provision for impairment in the first quarter of 2015 is due to the following: (i) a number of borrowers provided additional collateral under the loans issued in US Dollars and Euro. The impact of this factor on the amount of provision for impairment is recovery of provision in the amount of RR 167 262 thousand; (ii) calculation of the provision was performed with account for the fact of disposal and repayment of overdue loans in the total amount (before provision for impairment) of RR 553 036 thousand during the period after the reporting date and before the date of this financial information, which was the result of agreements signed in the first quarter of 2015. The impact of this factor on the amount of provision for impairment is recovery of provision in the amount of RR 145 515 thousand. Refer to Note 19.

In the first quarter of 2015, the Bank sold receivables from loans and advances to customers in the total amount (before provision for impairment) being RR 1 305 995 thousand and transferred all risks and rewards of ownership of these assets. Amortised cost less provision for impairment of loans disposed was RR 1 286 862 thousand at the date of disposal. Fair value of consideration received under the sale contract equalled to the amortised cost of receivables at the date of disposal. Disposal of these loans (with account for provision for impairment) did not have any impact on the Bank's financial result for the first quarter of 2015 recorded in the statement of profit or loss and other comprehensive income.

Economic sector risk concentrations within the customer loan portfolio as at 31 March 2015 (unaudited) and 31 December 2014 are as follows:

| <i>In thousands of Russian Roubles</i> | 31 March 2015 (unaudited) | | 31 December 2014 | |
|--|---------------------------|---------------|-------------------|---------------|
| | Amount | % | Amount | % |
| Infrastructure* | 22 112 799 | 24.0% | 20 459 442 | 23.5% |
| Trade | 20 570 633 | 22.3% | 19 423 328 | 22.4% |
| Services | 10 370 896 | 11.2% | 9 081 106 | 10.4% |
| Financial sector | 10 179 094 | 11.1% | 10 400 881 | 12.0% |
| Construction and real estate | 9 244 981 | 10.0% | 9 472 149 | 10.9% |
| Production | 6 572 913 | 7.1% | 6 145 659 | 7.1% |
| Individuals | 5 452 592 | 5.9% | 4 833 845 | 5.6% |
| Other | 4 233 868 | 4.6% | 3 120 340 | 3.6% |
| Agriculture | 1 417 219 | 1.5% | 1 730 496 | 2.0% |
| Transport and infrastructure | 1 294 664 | 1.4% | 1 413 025 | 1.6% |
| Energy and power supply | 873 173 | 0.9% | 824 892 | 0.9% |
| Total loans and advances to customers (before impairment) | 92 322 832 | 100.0% | 86 905 163 | 100.0% |

* At 31 March 2015, the loans of infrastructure economic sector in the amount of RR 16 126 642 thousand (31 December 2014: RR 14 027 310 thousand) were collateralised by revenue from contracts with Russian Federation constituents with international rating not lower than the country rating.

At 31 March 2015, the Bank had 18 borrowers (31 December 2014: 19 borrowers) with aggregated loan amounts exceeding 5% of the Bank's equity (31 December 2014: 5% of the Bank's equity). The aggregate amount of these loans was RR 24 559 126 thousand (31 December 2014: RR 25 402 191 thousand), or 26.7% of the gross loan portfolio (31 December 2014: 29.2%).

8 Loans and Advances to Customers (Continued)

At 31 March 2015, loans in the amount of RR 2 319 266 thousand net of provision for impairment (31 December 2014: RR 2 011 375 thousand) were pledged as collateral with respect to the loans from OAO Russian Bank for Small and Medium Enterprises Support in the amount of RR 2 736 538 thousand (31 December 2014: RR 2 054 559 thousand). Note 13.

At 31 March 2015, loans in the amount of RR 15 483 125 thousand (31 December 2014: RR 14 951 027 thousand) were collateralised with guarantee deposits.

Information about loan collateral at 31 March 2015 is as follows (unaudited):

| <i>In thousands of Russian Roubles</i> | Corporate loans | Loans to small and medium- sized entities | Infra- structure | Loans to VIP individuals | Other loans to individuals | Total |
|--|--------------------|--|---------------------|-----------------------------|----------------------------------|-------------------|
| Loans collateralised by: | | | | | | |
| - cash in the form of guarantee deposits and the Bank's own securities | 6 648 620 | 3 761 724 | 5 198 655 | 128 280 | 3 978 | 15 741 257 |
| - real estate | 14 339 739 | 12 679 065 | 7 247 358 | 3 208 659 | 201 900 | 37 676 721 |
| - motor vehicles | 4 875 530 | 977 799 | 1 730 040 | - | 34 787 | 7 618 156 |
| - pledge of equipment | 191 983 | 1 548 431 | 3 668 205 | - | - | 5 408 619 |
| - goods in turnover | 1 025 163 | 1 903 365 | 1 439 966 | - | 700 | 4 369 194 |
| Loans guaranteed by legal entities | 3 502 750 | 6 708 630 | 2 306 924 | 176 863 | 19 966 | 12 715 133 |
| Unsecured loans | 1 896 526 | 4 698 116 | 521 651 | 1 475 104 | 202 355 | 8 793 752 |
| Total loans and advances to customers | 32 480 311 | 32 277 130 | 22 112 799 | 4 988 906 | 463 686 | 92 322 832 |

Information about loan collateral at 31 December 2014 is as follows:

| <i>In thousands of Russian Roubles</i> | Corporate loans | Loans to small and medium- sized entities | Infra- structure | Loans to VIP individuals | Other loans to individuals | Total |
|--|--------------------|--|---------------------|-----------------------------|----------------------------------|-------------------|
| Loans collateralised by: | | | | | | |
| - cash in the form of guarantee deposits and the Bank's own securities | 6 593 594 | 2 990 494 | 5 448 988 | 145 980 | 13 074 | 15 192 130 |
| - real estate | 14 081 250 | 11 818 900 | 5 740 202 | 2 623 375 | 207 508 | 34 471 235 |
| - motor vehicles | 4 416 572 | 1 139 766 | 930 544 | - | 32 865 | 6 519 747 |
| - pledge of equipment | 140 000 | 1 479 440 | 3 894 217 | - | - | 5 513 657 |
| - goods in turnover | 1 521 629 | 1 896 995 | 1 393 060 | - | 700 | 4 812 384 |
| Loans guaranteed by legal entities | 4 875 243 | 4 643 114 | 1 955 602 | 547 941 | 18 726 | 12 040 626 |
| Unsecured loans | 2 450 354 | 3 564 526 | 1 096 828 | 1 033 846 | 209 830 | 8 355 384 |
| Total loans and advances to customers | 34 078 642 | 27 533 235 | 20 459 441 | 4 351 142 | 482 703 | 86 905 163 |

The disclosure above represents the lower of the carrying value of the loan or collateral taken; the unsecured part of loan is disclosed within the unsecured exposures. The carrying value of loans is allocated based on liquidity of the assets taken as collateral.

At 31 March 2015, unsecured loans of RR 8 793 752 thousand (31 December 2014: RR 8 355 384 thousand) include carrying value of fully unsecured loans and unsecured part of loans for which the collateral amount was lower than carrying value.

The primary factors that the Bank considers in determining whether a loan is impaired are its overdue status and realisability of related collateral.

Overdue loans assessed as impaired include the overdue amount and the principal amount as at the reporting date.

8 Loans and Advances to Customers (Continued)

Analysis by credit quality of loan portfolio at 31 March 2015 is as follows (unaudited):

| | Loans before provision for impairment | Provision for impairment | Impairment loss relative to loans before provision for impairment, % | Loans collateralised by cash in the form of guarantee deposits and the Bank's own securities | Loans net of loans collateralised by cash in the form of guarantee deposits and the Bank's own securities | Impairment loss relative to loans net of loans collateralised by cash in the form of guarantee deposits and the Bank's own securities before provision for impairment, % |
|--|---------------------------------------|--------------------------|--|--|---|--|
| <i>In thousands of Russian Roubles</i> | | | | | | |
| Corporate loans | | | | | | |
| - neither impaired nor past due, collectively assessed for impairment | 27 777 513 | 81 428 | 0.29 | 6 648 620 | 21 128 893 | 0.39 |
| - impaired but not past due | 4 408 661 | 189 897 | 4.31 | - | 4 408 661 | 4.31 |
| - past due but not impaired | 133 715 | 344 | 0.26 | - | 133 715 | 0.26 |
| - impaired and past due: | | | | | | |
| - over 90 days | 160 422 | 36 694 | 22.87 | - | 160 422 | 22.87 |
| Loans to small and medium-sized entities | | | | | | |
| - neither impaired nor past due, collectively assessed for impairment | 31 877 074 | 159 742 | 0.50 | 3 754 724 | 28 122 350 | 0.57 |
| - past due but not impaired | 201 929 | 557 | 0.28 | - | 201 929 | 0.28 |
| - impaired and past due: | | | | | | |
| - over 90 days | 198 127 | 44 894 | 22.66 | 7 000 | 191 127 | 23.49 |
| Infrastructure | | | | | | |
| - neither impaired nor past due, collectively assessed for impairment | 22 112 799 | 75 838 | 0.34 | 5 198 655 | 16 914 144 | 0.45 |
| Loans to VIP individuals | | | | | | |
| - neither impaired nor past due, collectively assessed for impairment | 4 578 393 | 86 028 | 1.88 | 128 280 | 4 450 113 | 1.93 |
| - past due but not impaired | 184 192 | 10 809 | 5.87 | - | 184 192 | 5.87 |
| - impaired and past due: | | | | | | |
| - less than 90 days | 81 366 | 3 143 | 3.86 | - | 81 366 | 3.86 |
| - over 90 days | 144 955 | 24 662 | 17.01 | - | 144 955 | 17.01 |
| Other loans to individuals | | | | | | |
| - neither impaired nor past due, collectively assessed for impairment | 370 442 | 6 824 | 1.84 | 3 978 | 366 464 | 1.86 |
| - past due but not impaired | 400 | 7 | 1.75 | - | 400 | 1.75 |
| - impaired and past due: | | | | | | |
| - less than 90 days | 35 982 | 1 662 | 4.62 | - | 35 982 | 4.62 |
| - over 90 days | 56 862 | 11 772 | 20.70 | - | 56 862 | 20.70 |
| Total neither impaired nor past due, collectively assessed for impairment | 86 716 221 | 409 860 | 0.47 | 15 734 257 | 70 981 964 | 0.58 |
| Total impaired but not past due | 4 408 661 | 189 897 | 4.31 | - | 4 408 661 | 4.31 |
| Total past due but not impaired | 520 236 | 11 717 | 2.25 | - | 520 236 | 2.25 |
| Total impaired and past due | 677 714 | 122 827 | 19.27 | 7 000 | 670 714 | 18.31 |
| Total | 92 322 832 | 734 301 | 0.80 | 15 741 257 | 76 581 575 | 0.96 |

8 Loans and Advances to Customers (Continued)

Analysis by credit quality of loan portfolio at 31 December 2014 is as follows:

| | Loans before provision for impairment | Provision for impairment | Impairment loss relative to loans before provision for impairment, % | Loans collateralised by cash in the form of guarantee deposits and the Bank's own securities | Loans net of loans collateralised by cash in the form of guarantee deposits and the Bank's own securities | Impairment loss relative to loans net of loans collateralised by cash in the form of guarantee deposits and the Bank's own securities before provision for impairment, % |
|--|---------------------------------------|--------------------------|--|--|---|--|
| <i>In thousands of Russian Roubles</i> | | | | | | |
| Corporate loans | | | | | | |
| - neither impaired nor past due, collectively assessed for impairment | 29 445 500 | 184 695 | 0.63 | 6 193 594 | 23 251 906 | 0.79 |
| - impaired but not past due | 4 281 691 | 266 685 | 6.23 | 400 000 | 3 881 691 | 6.87 |
| - impaired and past due: | | | | | | |
| - over 90 days | 351 451 | 85 836 | 24.42 | - | 351 451 | 24.42 |
| Loans to small and medium-sized entities | | | | | | |
| - neither impaired nor past due, collectively assessed for impairment | 27 218 970 | 195 590 | 0.72 | 2 983 494 | 24 235 476 | 0.81 |
| - impaired and past due: | | | | | | |
| - less than 90 days | 308 730 | 108 138 | 35.03 | 7 000 | 301 730 | 35.84 |
| - over 90 days | 5 534 | 2 450 | 44.27 | - | 5 534 | 44.27 |
| Infrastructure | | | | | | |
| - neither impaired nor past due, collectively assessed for impairment | 20 459 442 | 113 940 | 0.56 | 5 448 988 | 15 010 454 | 0.76 |
| Loans to VIP individuals | | | | | | |
| - neither impaired nor past due, collectively assessed for impairment | 4 037 070 | 70 797 | 1.75 | 145 980 | 3 891 090 | 1.82 |
| - impaired and past due: | | | | | | |
| - less than 90 days | 234 073 | 66 731 | 28.51 | - | 234 073 | 28.51 |
| - over 90 days | 80 000 | 5 458 | 6.82 | - | 80 000 | 6.82 |
| Other loans to individuals | | | | | | |
| - neither impaired nor past due, collectively assessed for impairment | 425 808 | 7 104 | 1.67 | 13 074 | 412 734 | 1.72 |
| - impaired and past due: | | | | | | |
| - less than 90 days | 48 469 | 11 325 | 23.37 | - | 48 469 | 23.37 |
| - over 90 days | 8 425 | 121 | 1.44 | - | 8 425 | 1.44 |
| Total neither impaired nor past due, collectively assessed for impairment | 81 586 790 | 572 126 | 0.70 | 14 785 130 | 66 801 660 | 0.86 |
| Total impaired but not past due | 4 281 691 | 266 685 | 6.23 | 400 000 | 3 881 691 | 6.87 |
| Total impaired and past due | 1 036 682 | 280 059 | 27.01 | 7 000 | 1 029 682 | 27.20 |
| Total | 86 905 163 | 1 118 870 | 1.29 | 15 192 130 | 71 713 033 | 1.56 |

9 Subordinated Loans

At 31 March 2015, subordinated loans were as follows (unaudited):

| Counterparty | Carrying value in thousands of Russian Roubles | Nominal value in thousands of currency | Currency | Year of attraction | Year of maturity | Nominal interest rate, % | Regularity of interest payment |
|--|---|---|--------------------|-----------------------|---------------------|--------------------------------|--------------------------------------|
| OOO Industrial and Commercial Company VICTORIA-5 | 500 000 | 500 000 | Russian Roubles | 2009 | 2016 | 14.0 | Monthly |
| ZAO EXPOCENTER | 570 326 | 9 000 | Euro | 2009 | 2019 | 9.0 | Quarterly |

At 31 December 2014, subordinated loans were as follows:

| Counterparty | Carrying value in thousands of Russian Roubles | Nominal value in thousands of currency | Currency | Year of attraction | Year of maturity | Nominal interest rate, % | Regularity of interest payment |
|--|---|---|--------------------|-----------------------|---------------------|--------------------------------|--------------------------------------|
| OOO Industrial and Commercial Company VICTORIA-5 | 500 000 | 500 000 | Russian Roubles | 2009 | 2016 | 14.0 | Monthly |
| ZAO EXPOCENTER | 615 084 | 9 000 | Euro | 2009 | 2019 | 9.0 | Quarterly |
| Lomergon Investments Limited | 300 000 | 300 000 | Russian Roubles | 2011 | 2022 | 13.5 | Quarterly |
| Ejerid Enterprises Limited | 421 938 | 7 500 | US Dollars | 2001 | 2023 | 14.0 | Quarterly |
| Dawson Holdings Limited | 120 737 | 120 737 | Russian Roubles | 2002 | 2022 | 16.0 | Monthly |

In March 2015, the Bank signed additional agreements to the existing contracts on subordinated loans with Lomergon Investments Limited, Dawson Holdings Limited in the total amount of RR 420 737 thousand and Ejerid Enterprises Limited in the amount of RR 7 500 thousand in order to bring them into compliance with the requirements of Regulation of the Bank of Russia No. 395-P to perpetual (without indication of the date of mandatory repayment) subordinated loans whose carrying amount is taken into account in determining the Bank's regulatory core capital. As at 31 March 2015 these perpetual subordinated loans included these perpetual subordinated loans within the Bank's equity (capital) under IFRS. Refer to Note 10.

The information on the estimated fair value of subordinated loans is disclosed in Note 16. Information on related party balances is disclosed in Note 18.

10 Perpetual Subordinated Loans

Perpetual subordinated loans, which are a components of the Equity (capital) were presented as at 31 March 2015 and 31 December 2014 as follows:

| Counterparty | Carrying value in thousands of Russian Roubles | | Nominal amount in thousands of currency | Date of initial recognition within IFRS equity | Currency of denomination | Nominal interest rate, % |
|------------------------------|--|---------------------|--|--|-----------------------------|--------------------------------|
| | At 31 March 2015 (unaudited) | 31 December 2014 | | | | |
| Barung Holdings Limited: | | | | | | |
| - Tranche 1 | 1 440 750 | 1 440 750 | 25 500 | 23 December 2014 | US Dollars | 9.0 |
| - Tranche 2 | 282 317 | 282 317 | 5 000 | 23 December 2014 | US Dollars | 9.0 |
| - Tranche 3 | 685 385 | - | 11 800 | 31 March 2015 | US Dollars | 9.0 |
| Lomergon Investments Limited | 300 000 | - | 300 000 | 1 January 2015 | Russian Roubles | 13.5 |
| Ejerid Enterprises Limited | 421 784 | - | 7 500 | 1 January 2015 | US Dollars | 14.0 |
| Dawson Holdings Limited | 120 737 | - | 120 737 | 1 January 2015 | Russian Roubles | 16.0 |
| Total | 3 250 973 | 1 723 067 | | | | |

10 Perpetual Subordinated Loans(Continued)

In August 2014, the Bank signed a contract with Barung Holdings Ltd. to attract a perpetual subordinated loan in the amount of USD 150 000 thousand with nominal interest rate of 9%. The contract provides for attracting funds during 2014 and 2015 in tranches.

The terms of the subordinated loan are in compliance with the requirements of the Bank of Russia to the parameters of subordinated loans whose carrying value is taken into account in determining the Bank's regulatory core capital, which is used to calculate the Bank's capital adequacy ratio according to Regulation of the Bank of Russia No. 395-P.

In March 2015, the Bank signed additional agreements to the existing contracts on subordinated loans with Lomergon Investments Limited, Dawson Holdings Limited in order to bring them into compliance with the requirements of Regulation of the Bank of Russia No. 395-P to subordinated loans whose carrying amount is taken into account in determining the Bank's regulatory core capital. Refer to Note 9.

The terms and conditions of these subordinated loans provide (after additional agreements are signed) do not provide for mandatory repayment of the interest and the principal and provide for an option to use the borrowed funds for "losses absorption". The Bank classified these perpetual subordinated loans within equity (capital) since in accordance with IAS 32 "Financial Instruments: Presentation" these instruments met the criteria of equity (capital) component. Refer to Note 4.

The perpetual subordinated loans denominated in US Dollars is recorded within the Bank's equity (capital) in Russian Roubles equivalent at the exchange rate of the Bank of Russia at the date of recognition within IFRS equity and are not subject to revaluation since the their classification as equity (capital).

Since from the date when additional agreements come into effect interest payments under these subordinated loans are made at the Bank's discretion, the Bank charges related expenses and recognises related liabilities only after corresponding interest is declared for payment. Therefore, these interest expenses is to be recognised as dividend payment. During the reporting period the Bank decided not to make interest payment under the contracts on subordinated loans.

11 Segment Analysis

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

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

The Bank is organised on a basis of six main business segments:

- Corporate banking – representing operations with major corporate and government owned entities other than those included in infrastructure segment, including settlement and current accounts, deposits, overdrafts, loan and other credit facilities, foreign currency and debt obligations.
- Infrastructure – representing operations with entities with state participation, as well as transactions with the entities participating in the implementation of the programs of cooperation with the state, fulfilling obligations under government contracts concluded with Russian Federation constituents, ministries, entities with state participation of strategic importance for Russian economy, including settlement and current accounts, deposits, loans and other credit facilities
- Banking transactions with small and medium businesses – representing operations with small and medium entities other than those included in infrastructure segment, including settlement and current accounts, deposits, credit lines, loan and other credit facilities, foreign currency and debt obligations.

11 Segment Analysis (Continued)

- Treasury operations – representing operations with credit institutions, including attraction and placement of short-term interbank loans and the Bank's liquidity position management, currency conversion operations and management of the Bank's foreign exchange position, operations with debt obligations.
- Retail VIP banking – representing banking services to individuals with respect to whom the Bank's receivables or obligations exceed RR 15 000 thousand, banking services related to customer current accounts, savings, deposits, investment savings products, custody, credit and debit cards, consumer loans and mortgages.
- Retail banking – representing private banking services to individuals other than those included in Retail VIP banking segment, private customer current accounts, savings, deposits, investment savings products, custody, credit and debit cards, consumer loans and mortgages.

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

The Bank's segments are strategic lines of business that focus on different customers. They are managed separately because each line of business requires different marketing strategies and service level. The information on the lines of business is submitted to key management personnel in order to assess performance and allocate resources.

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

The operating decision maker, the Management Board, reviews the Bank's financial information prepared based on Russian Accounting Rules (RAR). Such financial information differs in certain aspects from International Financial Reporting Standards: The main differences are:

- Adjustments of the provision for impairment of loans and advances to customers arise from the difference between the valuation technique used to calculate provisions for loan impairment under IFRS and RAR to prepare management reports. Under RAR, the provision is calculated in accordance with CBRF requirements based on formal criteria depending on the financial position of the borrower, quality of debt service and availability of collateral, whereas under IFRS in accordance with IAS 39 the provision is calculated based on actual losses incurred;
- Differences in revaluation of securities available for sale charged to profit or loss under IFRS arise from the difference between the security valuation techniques used under the IFRS and RAR to prepare management reports. The Bank calculates carrying value of securities for management reporting purposes under RAR using daily "weighted average price" quotation and takes into consideration provision for impairment of certain securities, while under IFRS securities are carried at quoted market prices as the most representative of fair value at the reporting date;
- Adjustments of accruals arise mainly from the fact that the Bank uses nominal interest rates to calculate income and expense items for preparation of management reports and effective interest rates to calculate items for IFRS financial statements;
- Commission income related to lending is recognised immediately rather than deferred using the effective interest method;
- Deferred income tax position is not calculated for the purposes of management reporting;
- All other differences also result from the differences between RAR (used as the basis for management reporting) and IFRS.

The Management Board of the Bank evaluates performance of each segment based on the ratio of the segment's assets to liabilities.

11 Segment Analysis (Continued)

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

Segment information for the reportable segments for the three months ended 31 March 2015 (unaudited) is set out below:

| <i>In thousands of Russian Roubles</i> | Corporate operations | Infra-structure | Operations with small and medium businesses | Treasury operations | Retail VIP operations | Retail operations | Other | Total |
|--|----------------------|------------------|---|---------------------|-----------------------|-------------------|----------------|------------------|
| Interest income | 1 206 806 | 1 140 740 | 1 156 663 | 150 107 | 151 156 | 15 995 | - | 3 821 467 |
| Fee and commission income | 44 895 | 128 807 | 46 072 | 2 288 | 4 349 | 406 | - | 226 817 |
| Other income | 1 414 | - | - | 26 893 | 1 115 | 104 | 407 257 | 436 783 |
| Total revenues | 1 253 115 | 1 269 547 | 1 202 735 | 179 288 | 156 620 | 16 505 | 407 257 | 4 485 067 |
| Interest expense | 734 791 | 1 068 899 | 152 793 | 475 649 | 284 429 | 159 655 | - | 2 876 216 |
| Fee and commission expense | 2 997 | - | - | 6 086 | 3 123 | 1 681 | - | 13 887 |
| Trade operations | 76 | 928 | - | 430 | - | - | - | 1 434 |
| Administrative expenses | 58 470 | 39 277 | 80 032 | 64 114 | 59 154 | 31 852 | - | 332 899 |
| Provision for impairment | (127 102) | 15 632 | 87 751 | - | (28 918) | 14 497 | - | (38 140) |
| Realised and unrealised exchange differences | 293 042 | 115 569 | - | - | 343 734 | 106 578 | - | 858 923 |
| Income taxes | - | - | - | - | - | - | 19 310 | 19 310 |
| Total expenses | 962 274 | 1 240 305 | 320 576 | 546 279 | 661 522 | 314 263 | 19 310 | 4 064 529 |
| Segment profit | 290 841 | 29 242 | 882 159 | (366 991) | (504 902) | (297 758) | 387 947 | 420 538 |

Segment information about reportable segment assets and liabilities at 31 March 2015 (unaudited) and 31 December 2014 is set out below:

| <i>In thousands of Russian Roubles</i> | Corporate operations | Infra-structure | Operations with small and medium businesses | Treasury operations | Retail VIP operations | Retail operations | Other | Total |
|--|----------------------|-----------------|---|---------------------|-----------------------|-------------------|-----------|-------------|
| 31 March 2015 (unaudited) | | | | | | | | |
| Total assets reported to the Management Board | 31 855 098 | 32 049 381 | 32 180 566 | 15 088 082 | 4 924 408 | 460 288 | 3 805 000 | 120 362 823 |
| Total liabilities reported to the Management Board | 34 379 425 | 31 430 289 | 6 396 236 | 15 788 336 | 11 815 644 | 6 322 967 | - | 106 132 897 |
| 31 December 2014 | | | | | | | | |
| Total assets reported to the Management Board | 33 860 282 | 29 994 995 | 27 749 200 | 19 433 149 | 4 316 958 | 479 589 | 3 377 575 | 119 211 748 |
| Total liabilities reported to the Management Board | 30 716 092 | 34 803 165 | 7 072 353 | 15 925 899 | 11 228 057 | 5 835 860 | - | 105 581 426 |

11 Segment Analysis (Continued)

Reconciliation of profit for reportable segments with profit under IFRS for the three months ended 31 March 2015 is as follows:

| <i>In thousands of Russian Roubles</i> | At 31 March 2015 (unaudited) |
|--|---|
| Profit for reportable segments | 420 538 |
| Loan impairment provision | 336 288 |
| Commission income on guarantees | 26 697 |
| Impairment of other financial assets | 10 300 |
| Accruals of income/expenses | 261 663 |
| Recognition of fair value of investment properties | (407 257) |
| Recognition of SPOT transactions at fair value | (366 669) |
| Income taxes | (49 057) |
| Other adjustments | 88 534 |
| Profit under IFRS | 321 037 |

During the three months ended 31 March 2015 and in 2014, the Bank had no external clients or counterparties, revenue on transactions with which exceeded 10% of the Bank's gross revenue.

12 Management of Capital

The Bank's objectives when managing capital are to: (i) to comply with the capital requirements set by the Central Bank of the Russian Federation (statutory capital ratios), (ii) to safeguard the Bank's ability to continue as a going concern and (iii) to maintain a sufficient capital base to achieve a capital adequacy ratio based on the Basel Accord of at least 8%; (iv) to ensure access to certain financial resources. The total capital under management is equal to the amount of equity as shown in the statement of financial position. The amount of capital that the Bank managed at 31 March 2015 was RR 16 962 237 thousand (31 December 2014: RR 14 753 116 thousand).

Compliance with statutory capital adequacy ratios set by the Central Bank of the Russian Federation is monitored monthly with reports outlining their calculation reviewed and signed by the Bank's President and Chief Accountant. The Management Board reviews the Bank's capital structure semi-annually. For the purposes of this review the Management Board analyses, in particular, the cost of capital and the risks associated with each class of capital. The Bank adjusts the capital structure on the basis of the recommendations of the Management Board.

Under the current capital requirements set by the Central Bank of Russia, banks have to maintain a ratio of regulatory capital to risk weighted assets ("statutory capital ratio") above a prescribed minimum level.

The Bank complied with all externally imposed capital requirements throughout the three months ended 31 March 2015 and as at 31 December 2014.

13 Contingencies and Commitments

Legal proceedings. In the normal course of business, claims against the Bank are received. On the basis of its own estimates and both internal (and external) professional advice management of the Bank is of the opinion that no material losses will be incurred in respect of claims/potential claims and accordingly no provision has been made in these financial statements.

Off-balance sheet credit related commitments. The primary purpose of these instruments is to ensure that funds are available to a customer as required.

13 Contingencies and Commitments (Continued)

Financial guarantees and standby letters of credit, which represent irrevocable assurances that the Bank 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 Bank on behalf of a customer authorising a third party to draw drafts on the Bank up to a stipulated amount under specific terms and conditions, are collateralised by the underlying shipments of goods to which they relate or cash deposits and therefore carry less risk than a direct borrowing.

Commitments to extend credit represent unused portions of credit lines to extend credit. With respect to credit risk on irrevocable commitments to extend credit, the Bank is potentially exposed to loss in an amount equal to the total unused commitments, if the unused amounts were to be drawn down. 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 Bank 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 are as follows:

| <i>In thousands of Russian Roubles</i> | 31 March 2015 (unaudited) | 31 December 2014 |
|---|---------------------------------|---------------------|
| Financial guarantees | 5 182 952 | 5 252 914 |
| Total credit related commitments | 5 182 952 | 5 252 914 |

At 31 March 2015, performance guarantees are provided to the customers in the amount of RR 15 378 104 thousand (31 December 2014: RR 12 055 517 thousand). The performance guarantees are secured with guarantee deposits and balances on the accounts opened to cover banking guarantees in the amount of RR 6 197 015 thousand at 31 March 2015 (31 December 2014: RR 4 415 496 thousand).

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

| <i>In thousands of Russian Roubles</i> | Note | At 31 March 2015 (unaudited) | | At 31 December 2014 | |
|--|------|------------------------------|----------------------|---------------------|----------------------|
| | | Asset pledged | Related liability | Asset pledged | Related liability |
| Securities pledged as collateral under sale and repurchase agreements | 7 | 7 745 138 | 7 166 983 | 9 001 811 | 8 432 487 |
| Loans issued under the programme of cooperation with OAO Russian Bank for Small and Medium Enterprises Support | 8 | 2 319 266 | 2 736 538 | 2 011 375 | 2 054 559 |

Mandatory cash balances with the CBRF in the amount of RR 904 931 thousand (31 December 2014: RR 773 570 thousand) represent mandatory reserve deposits which are not available to finance the Bank's day to day operations.

14 Transfers of Financial Assets**(a) Transfers that did not qualify for derecognition of the financial asset**

The Bank transferred financial assets in transactions that did not qualify for derecognition in the current and prior periods.

Sale and repurchase agreements

| <i>In thousands of Russian Roubles</i> | 31 March 2015 (unaudited) | 31 December 2014 |
|--|------------------------------|------------------------|
| | Repurchase receivables | Repurchase receivables |
| Carrying value of the assets | 7 745 138 | 9 001 811 |
| Carrying value of the associated liabilities | 7 166 983 | 8 432 487 |

(b) Transfers that qualified for derecognition of the financial asset in its entirety**Disposal of loans**

In the first quarter of 2015, the Bank sold receivables from loans and advances to customers in the total amount (before provision for impairment) being RR 1 305 995 thousand and transferred all risks and rewards of ownership of the assets. Amortised cost less provision for impairment of loans disposed was RR 1 286 862 thousand at the date of disposal. Fair value of consideration received under the sale contract equalled to the amortised cost of receivables at the date of disposal. Disposal of these loans (with account for provision for impairment) did not have any impact on the Bank's financial result for the first quarter of 2015 recorded in the statement of profit or loss and other comprehensive income. Refer to Note 8.

15 Currency SPOT transactions

The table below sets out fair values at the end of the reporting period of currencies receivable or payable under currency spot transactions entered into by the Bank. The table reflects gross positions before the netting of any counterparty positions (and payments) and covers the contracts with settlement dates after the end of the respective reporting period. The contracts are short term in nature:

| <i>In thousands of Russian Roubles</i> | Note | 31 March 2015 (unaudited) | 31 December 2014 |
|--|------|---------------------------------------|---------------------------------------|
| | | Contracts with positive fair value | Contracts with positive fair value |
| Currency SPOT transactions: fair values, at the end of the reporting period, of | | | |
| - USD receivable on settlement (+) | | 9 061 966 | 6 437 963 |
| - Euros receivable on settlement (+) | | 4 968 169 | 4 261 113 |
| - RR payable on settlement (-) | | (13 870 983) | (10 163 650) |
| Net fair value of currency spot transactions | | 159 152 | 535 426 |

Currency SPOT transactions entered into by the Bank are generally traded at the stock market with professional market counterparties on standardised contractual terms and conditions. Currency SPOT transactions 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.

16 Fair Value of Financial Instruments

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

(a) Recurring fair value measurements

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

| Category | 31 March 2015 (unaudited) | | | 31 December 2014 | | |
|---|------------------------------|----------------|------------------|-------------------|------------------|------------------|
| | Level 1 | Level 2 | Level 3 | Level 1 | Level 2 | Level 3 |
| ASSETS AT FAIR VALUE | | | | | | |
| Securities available for sale | 5 822 768 | 42 738 | 35 127 | 3 824 613 | 2 128 807 | 35 127 |
| Federal loan bonds | 5 495 382 | - | - | 3 516 692 | - | - |
| Bonds of credit institutions | 327 386 | - | - | 307 921 | - | - |
| Promissory notes of Russian banks | - | 42 738 | - | - | 2 128 807 | - |
| Corporate equity securities | - | - | 35 127 | - | - | 35 127 |
| Securities transferred without derecognition under REPO agreements | 7 745 138 | - | - | 9 001 811 | - | - |
| Federal loan bonds | 4 571 731 | - | - | 6 049 447 | - | - |
| Bonds of credit institutions | 2 725 212 | - | - | 2 484 347 | - | - |
| Corporate bonds | 448 195 | - | - | 468 017 | - | - |
| Other financial assets | - | 159 152 | - | - | 535 426 | - |
| Currency transactions | - | 159 152 | - | - | 535 426 | - |
| NON-FINANCIAL ASSETS | - | - | 1 250 600 | - | - | 1 250 600 |
| Investment properties | - | - | 1 250 600 | - | - | 1 250 600 |
| Total financial assets carried at fair value | 13 567 906 | 201 890 | 1 285 727 | 12 826 424 | 2 664 233 | 1 285 727 |

There were no changes in valuation technique for level 3 recurring fair value measurements during the three months ended 31 March 2015 (2014: none).

The fair values of corporate bonds in Level 3 of fair value hierarchy were estimated using the discounted cash flows valuation technique.

The fair values of corporate equity securities in Level 3 of fair value hierarchy were estimated using the data on the issuer's net assets.

The fair values of investment properties in Level 2 was estimated using the comparative method.

16 Fair Value of Financial Instruments (Continued)**(b) Assets and liabilities not measured at fair value but for which fair value is disclosed**

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

| <i>In thousands of Russian Roubles</i> | 31 March 2015 (unaudited) | | | 31 December 2014 | | |
|--|------------------------------|-------------------|--------------------|-------------------|-------------------|--------------------|
| | Level 1 | Level 3 | Carrying value | Level 1 | Level 3 | Carrying value |
| Financial assets | | | | | | |
| Due from financial institutions | | | | | | |
| Cash and cash equivalents | 11 078 792 | - | 11 078 792 | 13 740 660 | - | 13 740 660 |
| Mandatory cash balances with the Central Bank of Russian Federation | 904 931 | - | 904 931 | 773 570 | - | 773 570 |
| Due from other banks | - | - | - | - | - | - |
| Loans and advances to customers | | | | | | |
| - Corporate loans | - | 86 203 704 | 86 280 847 | - | 81 244 058 | 81 113 984 |
| - Loans to individuals | - | 5 246 282 | 5 307 684 | - | 4 623 351 | 4 672 309 |
| Total financial assets | 11 983 723 | 91 449 986 | 103 572 254 | 14 514 230 | 85 867 409 | 100 300 523 |
| Financial liabilities | | | | | | |
| Due to other banks | | | | | | |
| - Due to the CBRF | - | 2 810 627 | 2 810 627 | - | 6 064 556 | 6 064 556 |
| - Due from other banks | - | 12 694 505 | 13 025 469 | - | 9 513 270 | 9 880 654 |
| Customer accounts | | | | | | |
| - accounts of legal entities | - | 60 765 447 | 60 870 966 | - | 61 727 394 | 61 836 328 |
| - accounts of individuals | - | 18 400 827 | 18 183 701 | - | 17 195 526 | 17 033 517 |
| Debt securities in issue | 7 907 357 | 231 819 | 8 139 176 | 7 705 975 | 185 477 | 8 042 326 |
| Subordinated loans | - | 1 070 326 | 1 070 326 | - | 1 957 759 | 1 957 759 |
| Total financial liabilities | 7 907 357 | 95 973 551 | 104 100 265 | 7 705 975 | 96 643 982 | 104 815 140 |

The fair values in Level 3 of fair value hierarchy were estimated using the discounted cash flows valuation technique. The fair value of unquoted fixed interest rate instruments was estimated based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risk and remaining maturity.

For financial assets and liabilities with maturities over one year the Bank discounts payments at average weighted rate by type of product and currency calculated by the Bank of Russia on the basis of financial statements of credit institutions for the month preceding the reporting date.

17 Presentation of Financial Instruments by Measurement Category

For the purposes of measurement under IAS 39 "Financial Instruments: Recognition and Measurement", the Bank classifies financial assets into the following categories: (a) loans and receivables; (b) available-for-sale financial assets.

17 Presentation of Financial Instruments by Measurement Category (Continued)

The following table provides a reconciliation of classes of financial assets with these measurement categories as of 31 March 2015 (unaudited):

| | Loans and receivables | Assets at fair value through profit or loss | Available for sale financial assets | Total |
|--|--------------------------|---|---|--------------------|
| Financial assets | | | | |
| <i>Cash and cash equivalents</i> | | | | |
| Cash on hand | 4 183 028 | - | - | 4 183 028 |
| Cash balances with the CBRF | 1 934 909 | - | - | 1 934 909 |
| Correspondent accounts and placements with other banks with original maturities of less than three months | 4 960 855 | - | - | 4 960 855 |
| <i>Mandatory cash balances with CBRF</i> | 904 931 | - | - | 904 931 |
| Due from other banks | - | - | - | - |
| <i>Loans and advances to customers</i> | | | | |
| Corporate loans | 32 171 948 | - | - | 32 171 948 |
| Loans to small and medium-sized entities | 32 071 937 | - | - | 32 071 937 |
| Infrastructure | 22 036 961 | - | - | 22 036 961 |
| Loans to VIP individuals | 4 864 264 | - | - | 4 864 264 |
| Other loans to individuals | 443 421 | - | - | 443 421 |
| <i>Securities available for sale</i> | | | | |
| Federal loan bonds | - | - | 5 495 382 | 5 495 382 |
| Bonds of credit institutions | - | - | 327 386 | 327 386 |
| Promissory notes of Russian banks | - | - | 42 738 | 42 738 |
| Corporate equity securities | - | - | 35 127 | 35 127 |
| <i>Securities transferred without derecognition under REPO agreements</i> | | | | |
| Federal loan bonds | - | - | 4 571 731 | 4 571 731 |
| Bonds of credit institutions | - | - | 2 725 212 | 2 725 212 |
| Corporate bonds | - | - | 448 195 | 448 195 |
| <i>Other financial assets</i> | 64 226 | 159 152 | - | 223 378 |
| Total financial assets | 103 636 480 | 159 152 | 13 645 771 | 117 441 403 |
| NON-FINANCIAL ASSETS | | | | |
| | - | - | - | 4 208 921 |
| Total assets | 103 636 480 | 159 152 | 13 645 771 | 121 650 324 |

17 Presentation of Financial Instruments by Measurement Category (Continued)

The following table provides a reconciliation of classes of financial assets with these measurement categories as of 31 December 2014:

| | Loans and receivables | Assets at fair value through profit or loss | Available for sale financial assets | Total |
|--|--------------------------|---|---|--------------------|
| Financial assets | | | | |
| Cash and cash equivalents | | | | |
| Cash on hand | 3 461 121 | - | - | 3 461 121 |
| Cash balances with the CBRF | 3 790 787 | - | - | 3 790 787 |
| Correspondent accounts and placements with other banks with original maturities of less than three months | 6 488 752 | - | - | 6 488 752 |
| Mandatory cash balances with CBRF | 773 570 | - | - | 773 570 |
| Loans and advances to customers | | | | |
| Corporate loans | 50 331 648 | - | - | 50 331 648 |
| Loans to small and medium-sized entities | 30 782 336 | - | - | 30 782 336 |
| Loans to VIP individuals | 4 208 157 | - | - | 4 208 157 |
| Other loans to individuals | 464 152 | - | - | 464 152 |
| Securities available for sale | | | | |
| Federal loan bonds | - | - | 3 516 692 | 3 516 692 |
| Bonds of credit institutions | - | - | 307 921 | 307 921 |
| Promissory notes of Russian banks | - | - | 2 128 807 | 2 128 807 |
| Corporate equity securities | - | - | 35 127 | 35 127 |
| Securities transferred without derecognition under REPO agreements | | | | |
| Federal loan bonds | - | - | 6 049 447 | 6 049 447 |
| Bonds of credit institutions | - | - | 2 484 347 | 2 484 347 |
| Corporate bonds | - | - | 468 017 | 468 017 |
| Other financial assets | 24 639 | 535 426 | - | 560 065 |
| Total financial assets | 100 835 949 | 535 426 | 14 990 358 | 115 850 946 |
| NON-FINANCIAL ASSETS | | | | |
| Total assets | 100 835 949 | 535 426 | 14 990 358 | 120 041 717 |

As at 31 March 2015 and 31 December 2014, all of the Bank's financial liabilities except for derivatives were carried at amortised cost. Derivatives belong to the fair value through profit or loss measurement category.

18 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.

18 Related Party Transactions (Continued)

At 31 March 2015, the outstanding balances with related parties were as follows (unaudited):

| | Beneficiaries | Shareholders | Entities under common significant influence | Key management personnel | Joint arrangements (Mutual investment fund) | Other related parties | TOTAL |
|---|---------------|--------------|---|--------------------------|---|-----------------------|------------|
| <i>In thousands of Russian Roubles</i> | | | | | | | |
| Loans to customers (weighted average interest rate 9%) | - | - | - | 5 422 | - | - | 5 422 |
| Provision for impairment of loans to customers | - | - | - | (109) | - | - | (109) |
| Investments in joint arrangements | - | - | - | - | 375 000 | - | 375 000 |
| Customer accounts (weighted average interest rate: 4%) | 1 014 094 | 9 696 310 | 496 624 | 143 436 | 166 302 | 5 114 | 11 521 880 |
| Subordinated loans received (weighted average interest rate 9%) | - | 570 326 | - | - | - | - | 570 326 |
| Issued guarantees (weighted average interest rate 1.6%) | - | 114 000 | 62 628 | - | - | - | 176 628 |

The income and expense items with related parties for the three months ended 31 March 2015 were as follows (unaudited):

| | Beneficiaries | Shareholders | Entities under common significant influence | Key management personnel | Joint arrangements (Mutual investment fund) | Other related parties | TOTAL |
|--|---------------|--------------|---|--------------------------|---|-----------------------|---------|
| <i>In thousands of Russian Roubles</i> | | | | | | | |
| Interest income | - | 459 | - | 172 | - | - | 631 |
| Interest expense | 8 725 | 191 955 | 104 | 3 660 | 4 438 | 143 | 209 025 |
| Provision for loan impairment | - | - | - | (49) | - | - | (49) |
| Fee and commission income | 9 | 1 390 | 925 | 2 | - | 4 | 2 330 |
| Impairment of investment securities available for sale | - | - | - | - | - | - | - |
| Administrative and other operating expenses | - | 4 477 | - | - | - | - | 4 477 |

Aggregate amounts lent to and repaid by related parties during the three months ended 31 March 2015 were as follows (unaudited):

| | Beneficiaries | Shareholders | Entities under common significant influence | Key management personnel | Joint arrangements (Mutual investment fund) | Other related parties | TOTAL |
|---|---------------|--------------|---|--------------------------|---|-----------------------|-------|
| <i>In thousands of Russian Roubles</i> | | | | | | | |
| Amounts lent to related parties during the period | - | - | - | 7 049 | - | - | 7 049 |
| Amounts repaid by related parties during the period | - | - | - | 4 538 | - | - | 4 538 |

18 Related Party Transactions (Continued)

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

| | Benefici- aries | Share- holders | Entities under common significant influence | Key manage- ment personnel | Joint arrange- ments (Mutual investment fund) | Other related parties | TOTAL |
|---|--------------------|-------------------|---|-------------------------------------|--|-----------------------------|------------|
| <i>In thousands of Russian Roubles</i> | | | | | | | |
| Loans to customers (weighted average interest rate 9%) | - | - | - | 3 399 | - | - | 3 399 |
| Provision for impairment of loans to customers | - | - | - | (60) | - | - | (60) |
| Investment securities available for sale | - | - | - | - | 375 000 | - | 375 000 |
| Customer accounts (weighted average interest rate 4%) | 515 150 | 10 053 978 | 479 654 | 78 954 | 167 210 | 4 676 | 11 299 622 |
| Subordinated loans received (weighted average interest rate 9%) | - | 615 084 | - | - | - | - | 615 084 |
| Issued guarantees (weighted average interest rate 1.6%) | - | 114 000 | 62 628 | - | - | - | 176 628 |

Key management (members of the Management Board and of the Board of Directors) compensation is presented below:

| | 31 March 2015 (unaudited) Expense |
|---|---|
| <i>In thousands of Russian Roubles</i> | |
| <i>Short-term benefits:</i> | |
| Salaries | 6 494 |
| - including compensation to the members of the Board of Directors | 1 335 |
| Bonuses | 170 |
| - including to the members of the Board of Directors | - |
| Insurance contributions | 1 508 |
| Total | 8 172 |

19 Events After the End of the Reporting Period

In April 2015, International rating agency Fitch Ratings Services assigned to the Bank long-term rating at "B+" with negative outlook.

In April 2015, the Bank placed exchange bonds of series BO-04 (identification number of the issue – 4B020402110B) with nominal value of RR 3 000 000 thousand with maturity in three years, quarterly coupon payments and an annual offer. The rate of the first – fourth coupons was set at 17.0% p.a., which corresponds to effective yield of 18.1%.

In April 2015, the Bank cessed its rights to receivables on overdue loans in the total amount of RR 432 102 thousand (before provision for loans impairment) and transferred all risks and rewards on these loans at the moment, when cash in the amount of RR 492 102 thousand was received on the Bank's settlement account as a payment for transferred receivables under the agreements on cession of loans. In April 2015, the Bank recognised additional gain from sale of these loans in the amount of RR 60 000 thousand, which represent the excess of the received consideration over the amortised cost of loans at the moment of sale.

19 Events After the End of the Reporting Period (Continued)

In April 2015, the General Shareholders Meeting of the Bank took a decision to introduce amendments to the Bank's Charter related to the change of the Bank's legal form from ZAO (closed joint stock company) to AO (joint stock company) in order to bring it into compliance with Federal Law No. 99-FZ of 5 May 2014 "On Amending Chapter 4 of Part 1 of the Russian Federation Civil Code and Invalidating Some Provisions of Russian Laws" (not a reorganisation). The estimated date of registration of the Bank's amended charter with account for approval procedures in the Bank of Russia and registration procedures in the taxation authorities is the end of May – beginning of June 2015.

On 30 April 2015, the CB RF declared the decrease of key rate to 12.5% effective from 5 May 2015.