GROUP OF “TRANSKAPITALBANK”

International Financial Reporting Standards
Interim Condensed Consolidated Financial Statements
(unaudited)

30 September - 2015

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INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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Group of "TRANSKAPITALBANK"
Interim Consolidated Statement of Financial Position

In thousands of Russian Roubles	Note	30 September 2015	31 December 2014
Assets			
Cash and cash equivalents	5	17 656 890	13 820 363
Mandatory cash balances with the CBRF		739 034	1 057 643
Due from other banks	7	2 609 415	-
Trading securities	6	23 915 058	14 517 823
Loans and advances to customers	8	121 410 916	125 513 006
Repurchase receivables	9	7 778 317	14 942 275
Deferred income tax asset		-	1 913
Current income tax asset		510 597	457 316
Intangible assets		142 147	172 235
Premises and equipment		781 536	873 279
Other financial assets		978 034	1 032 615
Other assets		991 968	445 750
Total assets		**177 513 912**	**172 834 218**
Liabilities			
Due to other banks	10	41 855 039	41 149 861
Customer accounts	11	95 165 194	93 855 823
Debt securities in issue	12	9 568 229	9 175 303
Deferred income tax liability		338 598	270 863
Provisions for credit related commitments	20	102 046	-
Other financial liabilities		114 991	313 500
Other liabilities		354 014	361 033
Subordinated debt	13	11 001 858	9 870 647
Total liabilities		**158 499 969**	**154 997 030**
EQUITY			
Share capital		2 533 352	2 533 352
Share premium		4 566 362	4 566 362
Revaluation of available-for-sale investments		-	(14 428)
Retained earnings		11 914 229	10 751 902
Total equity		**19 013 943**	**17 837 188**
Total liabilities and equity		**177 513 912**	**172 834 218**

Approved for issue and signed on 30 November 2015.

O.V.Gryadovaya
Chairperson of the Board

S.M.Golovanova
Chief Accountant

In thousands of Russian Roubles	Note	Nine- month period ended 30 September 2015	Nine-month period ended 30 September 2014
Interest income	14	16 279 062	11 118 202
Interest expense	14	(9 551 039)	(5 592 956)
Deposit insurance program charge	14	(117 001)	(105 605)
Net interest margin		**6 611 022**	**5 419 641**
Provision for loan impairment	8	(5 003 630)	(994 354)
Net interest margin after provision for loan impairment		**1 607 392**	**4 425 287**
Fee and commission income	15	1 743 849	1 501 638
Fee and commission expense	15	(347 701)	(309 323)
Gains less losses from trading securities		2 068 463	(550 334)
Gains from available for sale securities		11 397	-
Gains less losses from trading in foreign currencies		60 559	258 724
Gains less losses from financial derivatives		(934 125)	(132 581)
Foreign exchange translation gains less losses		481 384	48 736
Provision for credit related commitments	20	(102 046)	-
Release of other provisions / (Other provision)		(80 205)	1 728
Other operating income		75 653	93 684
Administrative and other operating expenses	16	(3 141 536)	(3 322 895)
Profit before tax		**1 443 084**	**2 014 664**
Income tax expense		(280 757)	(400 672)
Profit for the year		**1 162 327**	**1 613 992**
Other comprehensive income:			
Items may be reclassified subsequently to profit or loss:			
Available-for-sale investments:			
Gains less losses arising during the year		29 432	-
Gains less losses, reclassified to profit or loss at disposal or impairment		(11 397)	-
Income tax recorded directly in other comprehensive income		(3 607)	-
Other comprehensive income for the year		**14 428**	**-**
Total comprehensive income for the year		**1 176 755**	**1 613 992**

In thousands of Russian Roubles	**Share capital**	**Share premium**	**Retained earnings**	**Revaluation of available-for-sale investments**	**Total equity**
Balance at 1 January 2014	**2 533 352**	**4 566 362**	**8 920 101**	**-**	**16 019 815**
Profit for the year	-	-	1 613 992	-	1 613 992
Other comprehensive income for nine-month Period Ended 30 September 2014	-	-	-	-	-
Total comprehensive income for nine-month Period Ended 30 September 2014	-	-	1 613 992	-	1 613 992
Balance at 30 September 2014	**2 533 352**	**4 566 362**	**10 534 093**	**-**	**17 633 807**
Balance at 1 January 2015	**2 533 352**	**4 566 362**	**10 751 902**	**(14 428)**	**17 837 188**
Profit for the year	-	-	1 162 327	-	1 162 327
Other comprehensive income for nine-month Period Ended 30 September 2015	-	-	-	14 428	14 428
Total comprehensive income for nine-month Period Ended 30 September 2015	-	-	1 162 327	14 428	1 176 755
Balance at 30 September 2015	**2 533 352**	**4 566 362**	**11 914 229**	**-**	**19 013 943**

In thousands of Russian Roubles	Note	Nine-month period ended 30 September 2015	Nine-month period ended 30 September 2014
Cash flow from operating activities			
Interest received		15 097 778	10 350 787
Interest paid		(10 394 934)	(5 612 417)
Fees and commissions received		1 750 394	1 490 507
Fees and commissions paid		(347 701)	(309 323)
Losses, net of gains received from trading securities		410 975	(205 782)
Income received from trading in foreign currencies		60 559	258 724
Income received from available-for-sale investments		11 397	-
Losses, net of gains from FX financial derivatives		(1 048 070)	(124 540)
Other operating income received		37 937	86 649
Administrative and other operating expenses paid		(3 033 732)	(3 254 060)
Income tax paid		(304 392)	(579 271)
Cash flows from operating activities before changes in operating assets and liabilities		**2 240 211**	**2 101 274**
Net (increase)/decrease in:			
- mandatory cash balances with the CBR		318 609	(42 104)
- trading securities		(7 077 635)	4 734 289
- repurchase receivables representing trading securities		8 338 800	(2 473 977)
- due from other banks		(2 095 464)	(4 252)
- loans and advances to customers		2 834 424	(13 090 237)
- held to maturity investments		-	97 316
- other financial assets		21 299	150 839
- other assets		(542 700)	(56 759)
Net increase/(decrease) in:			
- due to other banks		(66 758)	2 599 121
- customer accounts		(2 215 582)	4 471 570
- debt securities in issue		103 149	(2 460 004)
- other financial liabilities		137 901	6 286
- other liabilities		32 980	(52 965)
Net cash from/ (used in) operating activities		**2 029 234**	**(4 019 604)**
Cash flows from investing activities			
Acquisition of premises, equipment and intangible assets		(38 184)	(131 732)
Repurchase receivables representing available-for-sale investments		739 311	-
Proceeds from disposal of premises and equipment		7 763	3 130
Net cash from/ (used in) investing activities		**708 890**	**(128 602)**
Cash flows from financing activities			
Proceeds from subordinated debt		102 552	-
Gain from sale of associate		-	20 764
Issue/redemption of bonds		144 551	(1 608 275)
Net cash from/ (used in) financing activities		**247 103**	**(1 587 511)**
Effect of exchange rate changes on cash and cash equivalents		851 300	1 857 269
Net increase/ (decrease) in cash and cash equivalents		**3 836 527**	**(3 878 448)**
Cash and cash equivalents at beginning of the year	5	**13 820 363**	**18 228 991**
Cash and cash equivalents at end of the Reporting period	5	**17 656 890**	**14 350 544**

1. Introduction

These interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards for the nine-month period ended 30 September 2015 for "TRANSKAPITALBANK" (the "Bank") and its subsidiaries including a leasing company "OBLIK" JSC, a Eurobond Special Purpose Venture Transregionalcapital Ltd, a mortgage Special Purpose Venture Closed Joint Stock Company "Mortgage agent TKB-1" and an asset holding company LLC "Tritail" (together referred to as the "Group").

The Bank does not have any direct or indirect shareholdings in the subsidiaries Transregionalcapital Ltd and Closed Joint Stock Company "Mortgage agent TKB-1". SPV Transregionalcapital Ltd was established to raise capital by the issue of eurobonds and Closed Joint Stock Company "Mortgage agent TKB-1" was established to issue bonds on domestic market and secured by mortgage loans.

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

As at 30 September 2015 and 31 December 2014 the following shareholders owned more than 5% of the outstanding shares:

	30 September 2015	31 December 2014
European Bank for Reconstruction and Development	28.59%	28.59%
Gryadovaya O.V.	22.04%	22.04%
Ivanovsky L.N.	12.24%	12.24%
DEG-Deutsche Investitions und Entwicklungsgesellschaft mbH	9.14%	9.14%
International Finance Corporation	7.72%	7.72%
Other (less then 5% individually)	20.27%	20.27%
Total	**100.00%**	**100.00%**

Principal activity. The Group's principal business activity is banking operations within the Russian Federation. The Bank has operated under a full banking licence issued by the Central Bank of the Russian Federation ("CBRF") since 1992. The Bank operates under license number 2210. 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 the CBRF imposed moratorium on payments.

The Bank has 15 (31 December 2014: 18) branches within the Russian Federation. The Group had 2 284 employees at 30 September 2015 (31 December 2014: 2 461 employees).

Registered address and place of business. The Bank's registered address is: Russian Federation, 109147 Moscow, 27/35 Vorontsovskaya Str. The Bank's principal place of business is: Russian Federation 105062, Moscow, 24/2 Pokrovka Str.

Presentation currency. These interim condensed consolidated financial statements are presented in Russian Roubles ("RR"), unless otherwise stated.

2. Operating Environment of the Group

Russian Federation. The Russian Federation displays certain characteristics of an emerging market. Its economy is particularly sensitive to oil and gas prices. The legal, tax and regulatory frameworks continue to develop and are subject to frequent changes and varying interpretations. During 2014 the Russian economy was negatively impacted by a decline in oil prices and ongoing political tension in the region and international sanctions against certain Russian companies and individuals.

2. Operating Environment of the Group (Continued)

During the nine-month period ended 30 September Russia's GDP declined by 3.7% year-on-year. The deepening recession was largely caused by reduction in investments and decline in the household consumption.

Decline in demand, as well as gradual reduction in impact of the Russian rouble depreciation on the prices and food embargo factors, were the main contributors to restrain inflation in the second quarter of 2015. After reaching a peak of 16.9% (annualized) in March 2015, inflation then slowed down to 15.3% by June 2015. In July-August 2015 there was acceleration of price growth due to the increase in utility tariffs and the repeated weakening of the Russian rouble. Though inflation slowed down to 15.7% in September 2015 but still remained above the low level reached in June 2015.

The dynamics of the Russian Rouble exchange rate in the nine months of 2015 was multidirectional.

The situation on the financial markets during the second quarter of 2015 remained relatively stable in the absence of escalation of geopolitical tensions and revisions of the sovereign ratings. By mid-May 2015 the Russian rouble strengthened by 18% against USD and 15% against EUR, having regained a considerable part of the December depreciation. But the following suspension by the Bank of Russia of foreign currency REPO deals for a year period and beginning of Russian rouble interventions, depreciation of the Russian national currency resumed.

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

Management determined loan impairment provisions using the "incurred loss" model required by the applicable accounting standards. These standards require recognition of impairment losses that arose from past events and prohibit recognition of impairment losses that could arise from future events, including future changes in the economic environment, no matter how likely those future events are. 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*.** These interim condensed consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting and should be read in conjunction with the annual consolidated financial statements of the Group as at 31 December 2014.

These interim condensed consolidated financial statements do not contain all the explanatory notes as required for a full set of consolidated financial statements.

At 30 September 2015, the principal rate of exchange used for translating foreign currency balances was USD 1 = RR 66.2367 (31 December 2014: USD 1 = RR 56.2584), EUR 1 = RR 74.5825 (31 December 2014: EUR 1 = RR 68.3427).

4. Critical Accounting Estimates, and Judgements in Applying Accounting Policies

The accounting policies and methods of computation applied in the preparation of these interim condensed consolidated financial statements are consistent with those disclosed in the annual consolidated financial statements of the Group for the year ended 31 December 2014, except for the changes introduced due to implementation of new and/or revised standards and interpretations as at 1 January 2015 or as at the date indicated, noted below:

Defined benefit plans: Employee contributions – Amendments to IAS 19 Employee Benefits (issued in November 2013 and effective for annual periods beginning 1 July 2014). The amendment allows entities to recognize employee contributions as a reduction in the service cost in the period in which the related employee service is rendered, instead of attributing the contributions to the periods of service, if the amount of the employee contributions is independent of the number of years of service.

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

Improvements to IFRSs 2010 – 2012 cycle (issued in December 2013 and effective for annual periods beginning on or after 1 July 2014, unless otherwise stated below).

- *IFRS 2 Share-based Payment* was amended to clarify the definition of a 'vesting condition' and to define separately 'performance condition' and 'service condition'; The amendment is effective for share-based payment transactions for which the grant date is on or after 1 July 2014.
- *IFRS 3 Business Combinations* was amended to clarify that
  - an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity, on the basis of the definitions in IAS 32 *Financial Instruments: Presentation*, and
  - all non-equity contingent consideration, both financial and non-financial, is measured at fair value at each reporting date, with changes in fair value recognised in profit and loss.

Amendments to IFRS 3 are effective for business combinations where the acquisition date is on or after 1 July 2014.

- *IFRS 8 Operating Segments w*as amended to require
  - disclosure of the judgements made by management in aggregating operating segments, including a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics, and
  - a reconciliation of segment assets to the entity's assets when segment assets are reported.
- *IFRS 13 Fair Value Measurement.* The basis for conclusions on IFRS 13 was amended to clarify that deletion of certain paragraphs in IAS 39 *Financial Instruments: Recognition and Measurement* upon publishing of IFRS 13 was not made with an intention to remove the ability to measure short-term receivables and payables at invoice amount where the impact of discounting is immaterial.
- *IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets* were amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model.
- *IAS 24 Related Party Disclosures w*as amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity ('the management entity'), and to require to disclose the amounts charged to the reporting entity by the management entity for services provided.

Management's estimates and judgements. Judgements and critical estimates made by Management in the process of applying the accounting policies were consistent with those disclosed in the annual consolidated financial statements for the year ended 31 December 2014. Management has not identified new areas of judgement or critical estimates.

Income tax expense is recognized in these interim condensed consolidated financial statements based on management's best estimates of the effective annual income tax rate expected for the full financial year on a separate basis for certain Group entities, and is adjusted by the changes in unrecognized deferred tax assets. Costs that occur unevenly during the financial year are anticipated or deferred in the interim reporting only if it would also be appropriate to anticipate or defer such costs at the end of the financial year.

Changes in presentation and reclassifications. The Group has changed disclosure of deposit insurance program charge and VAT on factoring operations being the integral part of effective interest rate according to the substance of such expenses. The presentstion of the comparative figures has been adjusted to be consistent with the new presentation. The effect of changes on the Consolidated Statement of Profit or Loss and Other Comprehensive Income for nine-month period ended 30 September 2014 is as follows:

In thousands of Russian Roubles	**As previously reported**	**Reclassification**	**As reclassified**
Administrative and other operating expenses			
Deposit insurance program charge	(105 605)	105 605	-
Deposit insurance program charge	-	(105 605)	(105 605)

5. Cash and Cash Equivalents

In thousands of Russian Roubles	30 September 2015	31 December 2014
Cash on hand	2 522 475	3 982 787
Cash balances with the CBRF (other than mandatory reserve deposits)	3 430 162	4 468 542
Correspondent accounts and overnight placements with other banks	9 646 609	1 874 838
Short-term settlements with settlement centers and brokers	1 744 644	3 494 196
Placements with other banks with original maturities of less than three months	313 000	-
Total cash and cash equivalents	**17 656 890**	**13 820 363**

As of 30 September 2015 short term settlements with settlement centres and brokers included balances with the National Clearing Centre in the amount of RR 1 742 258 thousand (31 December 2014: RR 3 491 926 thousand).

6. Trading Securities

In thousands of Russian Roubles	30 September 2015	31 December 2014
Russian government bonds	19 004 305	8 756 920
Corporate bonds	3 858 167	5 760 903
Municipal bonds	1 052 586	-
Total trading securities	**23 915 058**	**14 517 823**

Trading securities are carried at fair value which also reflects any credit risk related write-downs. As trading securities are carried at their fair values based on observable market data using last bid prices from the Moscow exchange, Bloomberg the Group does not analyse or monitor impairment indicators.

Analysis by credit quality of debt trading securities is as follows at 30 September 2015:

In thousands of Russian Roubles	Russian government bonds	Municipal bonds	Corporate bonds	Total
Neither past due nor impaired (at fair value)				
- BBB- to BBB+ rated	17 869 352	1 049 570	327 796	19 246 718
- BB- to BB+ rated	1 134 953	3 016	3 530 371	4 668 340
Total debt trading securities	**19 004 305**	**1 052 586**	**3 858 167**	**23 915 058**

6. Trading Securities (Continued)

Analysis by credit quality of debt trading securities is as follows at 31 December 2014:

In thousands of Russian Roubles	Russian government bonds	Corporate bonds	Total
Neither past due nor impaired (at fair value)			
- BBB- to BBB+ rated	8 756 920	5 699 044	14 455 964
- BB- to BB+ rated	-	61 859	61 859
Total debt securities	**8 756 920**	**5 760 903**	**14 517 823**

The credit ratings are based on Standard & Poor's ratings where available, or Moody's or Fitch rating converted to the nearest equivalent on the Standard & Poor's rating scale.

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

7. Due from Other Banks

In thousands of Russian Roubles	30 September 2015	31 December 2014
Placements with other banks with original maturities of more than three months	2 609 415	-
Less: Provision for impairment	-	-
Total due from other banks	**2 609 415**	**-**

Analysis by credit quality of amounts due from other banks outstanding at 30 September 2015, is as follows:

In thousands of Russian Roubles	Placements with other banks	Total
Neither past due nor impaired		
- Lower than A- rated	2 307 074	2 307 074
- Unrated	302 341	302 341
Total neither past due nor impaired	**2 609 415**	**2 609 415**
Less provision for impairment	-	-
Total due from other banks	**2 609 415**	**2 609 415**

The credit ratings are based on Standard & Poor's ratings where available, or Moody's rating converted to the nearest equivalent on the Standard & Poor's rating scale.
At 30 September 2015 the Group had balances with 3 counterparty banks (2014: no banks) with aggregated amounts above RR 300 000 thousand. The total aggregate amount of these deposits was RR 2 265 015 thousand or 86.8% of the total amount due from other banks.

8. Loans and Advances to Customers

In thousands of Russian Roubles	30 September 2015	31 December 2014
Loans to legal entities:		
- Loans to large corporate customers	57 745 095	52 753 512
- Loans to small and medium-sized entities	39 317 311	46 890 576
Loans to individuals:		
- Mortgage loans	28 777 620	26 070 408
- Personal and consumer loans	5 063 368	5 799 540
- Car loans	830 915	1 128 444
- Other	500 269	437 915
Total loans and advances to customers (before impairment)	**132 234 578**	**133 080 395**
Less: Provision for loan impairment	(10 823 662)	(7 567 389)
Total loans and advances to customers	**121 410 916**	**125 513 006**

Movements in the provision for loan impairment during nine-month period ended 30 September 2015 are as follows:

In thousands of Russian Roubles	Loans to large corporate customers	Loans to small and medium-sized entities	Mortgage loans	Personal and consu-mer loans	Car loans	Other loans to indivi-duals	Total
Provision for loan impairment at 1 January 2015	**1 387 731**	**5 314 451**	**353 879**	**341 114**	**106 634**	**63 580**	**7 567 389**
Provision for impairment during the year	2 969 498	1 283 193	307 540	389 472	36 326	17 601	5 003 630
Amounts written off during the year as uncollectible	(130 000)	(1 177 184)	(422)	(183 287)	-	(106)	(1 490 999)
Disposal of loans	(104 495)	(148 878)	-	(664)	(1 374)	(947)	(256 358)
Provision for loan impairment at 30 September 2015	**4 122 734**	**5 271 582**	**660 997**	**546 635**	**141 586**	**80 128**	**10 823 662**

Movements in the provision for loan impairment during 2014 are as follows:

In thousands of Russian Roubles	Loans to large corporate customers	Loans to small and medium-sized entities	Mortgage loans	Personal and consu-mer loans	Car loans	Other loans to indivi-duals	Total
Provision for loan impairment at 1 January 2014	**1 046 102**	**4 733 364**	**278 767**	**275 090**	**92 426**	**12 465**	**6 438 214**
Provision for impairment during the year	356 855	1 020 508	76 548	66 309	22 180	51 115	1 593 515
Amounts written off during the year as uncollectible	-	(221 331)	-	(285)	-	-	(221 616)
Disposal of loans	(15 226)	(218 090)	(1 436)	-	(7 972)	-	(242 724)
Provision for loan impairment at 31 December 2014	**1 387 731**	**5 314 451**	**353 879**	**341 114**	**106 634**	**63 580**	**7 567 389**

8. Loans and Advances to Customers (Continued)

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

	30 September 2015		31 December 2014	
In thousands of Russian Roubles	**Amount**	**%**	**Amount**	**%**
Trade	37 588 441	28.4	40 210 575	30.2
Individuals	35 172 172	26.6	33 436 307	25.1
Construction	11 181 183	8.5	9 961 697	7.5
Industry	7 850 503	5.9	7 009 330	5.3
Food industry	6 553 289	5.0	6 181 001	4.6
Autodealing, repair and servicing	5 628 616	4.3	6 922 141	5.2
Real estate	5 415 629	4.1	6 033 637	4.5
Energy	4 813 466	3.6	4 898 170	3.7
Machinebuilding industry	3 559 438	2.7	3 717 890	2.8
Service companies	3 238 219	2.4	3 506 107	2.6
Leasing companies	2 684 079	2.0	2 350 343	1.8
Agricultural	2 432 995	1.8	1 994 446	1.5
Transport and communications	1 924 982	1.5	1 550 608	1.2
Construction of infrastructural objects	1 470 706	1.1	2 682 908	2.0
Investment and insurance companies	1 069 088	0.8	1 124 580	0.8
Other	1 651 772	1.3	1 500 655	1.2
Total loans and advances to customers (before impairment)	**132 234 578**	**100**	**133 080 395**	**100**

Trade sector is represented primarily by food products trade, consumer products trade (cosmetics, clothes, furniture), oil products and fuel, computer equipment, automobiles and components.

Industrial sector is represented by metal product manufacturing and processing enterprises, chemical and textile industry enterprises.

At 30 September 2015, the Group had 10 groups of borrowers (2014: 14 groups of borrowers) with aggregated loan amounts above 5% of the Group's total capital each in accordance with the requirements of the Basel Accord as disclosed in Note 19. The aggregate amount of these loans as at 30 September 2015 is RR 23 811 456 thousand (31 December 2014: RR 28 026 941 thousand), or 18.0% (31 December 2014: 21.0%) of the gross loan portfolio.

The Group has transferred a pool of fixed interest rate mortgage loans to individuals to finance the purchase of habitation to Closed Joint Stock Company "Mortgage agent TKB-1", a Russia-based special purpose entity. At 30 September 2015 the amount of loans securitised was RR 2 868 922 thousand (31 December 2014: RR 3 358 874 thousand). The subsidiary is consolidated due to the requirements stated in IFRS 10 "Consolidated Financial Statements".

Information about collateral at 30 September 2015 is as follows:

In thousands of Russian Roubles	**Loans to large corporate customers**	**Loans to small and medium-sized entities**	**Mortgage loans**	**Personal and consumer loans**	**Car loans**	**Other loans to indivi-duals**	**Total**
Unsecured loans	18 921 540	11 068 132	1 342 218	3 055 400	111 066	500 269	34 998 625
Loans collateralised by:							
- real estate	12 044 659	13 091 637	27 336 829	782 684	488	-	53 256 297
- corporate guarantees	12 036 992	5 596 948	97 571	142 280	-	-	17 873 791
- goods in turnover	7 776 475	2 303 410	-	-	-	-	10 079 885
- equipment	1 663 517	4 150 264	-	44 779	719 361	-	6 577 921
- receivables	4 032 501	2 183 749	-	59 579	-	-	6 275 829
- mortgage sertificates and other securities	706 411	218 162	-	759 327	-	-	1 683 900
- cash deposits	457 000	350 707	1 002	20 477	-	-	829 186
- Group's debt securities	106 000	354 302	-	198 842	-	-	659 144
Total loans and advances to customers	**57 745 095**	**39 317 311**	**28 777 620**	**5 063 368**	**830 915**	**500 269**	**132 234 578**

8. Loans and Advances to Customers (Continued)

Information about collateral at 31 December 2014 is as follows:

In thousands of Russian Roubles	**Loans to large corporate customers**	**Loans to small and medium-sized entities**	**Mortgage loans**	**Personal and consumer loans**	**Car loans**	**Other loans to indivi-duals**	**Total**
Unsecured loans	15 385 672	13 299 673	1 673 376	3 078 273	128 857	436 971	34 002 822
Loans collateralised by:							
- real estate	9 259 467	14 767 211	24 295 516	739 868	488	-	49 062 550
- corporate guarantees	14 238 332	6 909 097	101 516	193 419	-	944	21 443 308
- goods in turnover	8 161 302	3 323 432	-	-	-	-	11 484 734
- receivables	3 174 875	3 270 535	-	-	-	-	6 445 410
- equipment	1 269 451	4 069 784	-	54 306	999 099	-	6 392 640
- mortgage certificates and other securities	910 405	273 188	-	1 449 699	-	-	2 633 292
- cash deposits	305 058	607 633	-	15 975	-	-	928 666
- Group's debt securities	48 950	370 023	-	268 000	-	-	686 973
Total loans and advances to customers	**52 753 512**	**46 890 576**	**26 070 408**	**5 799 540**	**1 128 444**	**437 915**	**133 080 395**

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

As at 30 September 2015 personal and consumer loans besides loans granted to the employees of the Bank's corporate clients included express consumer loans granted to "walk-in" customers in the amount of RR 88 540 thousand or 1.75% of total consumer loans portfolio (31 December 2014: RR 114 635 thousand or 2.0%).

The Group estimates its loan loss provision using a Methodology for determining the borrower's credit rating. Credit rating is a complex estimate of a borrower's financial stability and solvency and is expressed as scores assigned to creditworthiness based on assessed factors. Such factors include: estimate of the borrower's financial situation on the basis of indicators derived from financial statements, assessment of the borrower's business risk (reputation and market data on the borrower's business); estimate of movement on settlement/current accounts of the borrower with the Bank (cash flow adequacy); evaluation of the shareholder (founder) structure; statistics of repayment of the previously issued loans (credit history).

Creditworthiness rating of a corporate customer determines the amount of estimated loan loss provision and the credit risk rating category.

In accordance with the Methodology the following ratings are assigned:

Rating	**Description of Rating**
A1	Credit risk is practically non-existent
A2	Minimal risk: the most reliable borrowers
A3	Low risk: reliable borrowers
B1	Low risk: good borrowers
B2	Moderate risk: fairly reliable borrowers
B3	Medium risk: average borrowers
B4	Acceptable risk: borrowers with creditworthiness below average
B5	Maximum allowable risk: fairly good borrowers
C1	High risk: borrowers with unsatisfactory creditworthiness
C2	Very high risk: sub-standard loans
C3	Loans with expected default
D	Default

The estimated loan loss provision is adjusted for collateral based on the application of various discount factors to the assessed fair value of collateral and depending on collateral liquidity and quality.

8. Loans and Advances to Customers (Continued)

Analysis by credit quality of loans and advances to customers outstanding at 30 September 2015 is as follows:

In thousands of Russian Roubles	**Loans to large corporates**	**Loans to small and medium-sized entities**	**Mortgage loans**	**Personal and consumer loans**	**Car loans**	**Other loans to individuals**	**Total**
Loans individually/collectively determined to be neither past due nor impaired							
A3	36 715 375	17 961 484	21 021 723	1 381 882	421 082	401 539	77 903 085
B1	11 318 765	7 098 016	5 155 748	2 979 588	164 496	2 464	26 719 077
B2	1 405 327	4 342 404	118 811	-	48 619	-	5 915 161
B3	893 641	206 492	-	-	-	-	1 100 133
B4	-	18 790	-	-	-	-	18 790
B5	-	41 859	-	-	-	-	41 859
C2	-	146 046	-	-	-	-	146 046
Total loans individually/collectively determined to be neither past due nor impaired (gross)	**50 333 108**	**29 815 091**	**26 296 282**	**4 361 470**	**634 197**	**404 003**	**111 844 151**
Loans individually/collectively determined to be past due but not impaired							
- less than 30 days overdue	504 110	83 992	581 238	42 188	18 477	13 175	1 243 180
- 31 to 90 days overdue	139 785	72 361	178 457	2 653	-	-	393 256
- 91 to 180 days overdue	86 807	1 602 496	104 340	805	-	-	1 794 448
Total loans individually/collectively determined to be past due but not impaired (gross)	**730 702**	**1 758 849**	**864 035**	**45 646**	**18 477**	**13 175**	**3 430 884**
Loans individually/collectively determined to be impaired							
- impaired but not past due	2 225 905	4 137 291	-	23 727	2 188	-	6 389 111
- less than 30 days overdue	-	190	-	26 611	2 370	-	29 171
- 31 to 90 days overdue	382 055	5 432	136 488	56 279	14 348	3 098	597 700
- 91 to 180 days overdue	497 992	187 418	195 104	203 416	25 993	22 864	1 132 787
- 181 to 365 days overdue	2 428 139	2 070 446	597 141	192 644	27 203	31 276	5 346 849
- over 365 days overdue	1 147 194	1 342 594	688 570	153 575	106 139	25 853	3 463 925
Total loans individually/collectively determined to be impaired (gross)	**6 681 285**	**7 743 371**	**1 617 303**	**656 252**	**178 241**	**83 091**	**16 959 543**
Total loans and advanced to customers (gross)	**57 745 095**	**39 317 311**	**28 777 620**	**5 063 368**	**830 915**	**500 269**	**132 234 578**
Less impairment provision	**(4 122 734)**	**(5 271 582)**	**(660 997)**	**(546 635)**	**(141 586)**	**(80 128)**	**(10 823 662)**
Total loans and advances to customers	**53 622 361**	**34 045 729**	**28 116 623**	**4 516 733**	**689 329**	**420 141**	**121 410 916**

8. Loans and Advances to Customers (Continued)

Analysis by credit quality of loans and advances to customers outstanding at 31 December 2014 is as follows:

In thousands of Russian Roubles	Loans to large corporates	Loans to small and medium-sized entities	Mortgage loans	Personal and consumer loans	Car loans	Other loans to individuals	Total
Loans individually/collectively determined to be neither past due nor impaired							
A3	37 302 950	26 342 865	20 222 668	2 426 784	-	-	86 295 267
B1	11 305 276	6 879 926	4 413 620	2 934 843	975 237	383 584	26 892 486
B2	2 997 737	5 310 761	-	-	-	-	8 308 498
B3	-	1 010 914	-	-	-	-	1 010 914
C1	-	338 788	-	-	-	-	338 788
C3	-	8 226	-	-	-	-	8 226
Total loans individually/collectively determined to be neither past due nor impaired (gross)	**51 605 963**	**39 891 480**	**24 636 288**	**5 361 627**	**975 237**	**383 584**	**122 854 179**
Loans individually/collectively determined to be past due but not impaired							
- less than 30 days overdue	105 059	27 152	225 550	28 683	10 738	-	397 182
- 31 to 90 days overdue	408 968	237 030	314 873	12 902	401	-	974 174
- 91 to 180 days overdue	10 544	269 632	68 528	-	-	-	348 704
Total loans individually/collectively determined to be past due but not impaired (gross)	**524 571**	**533 814**	**608 951**	**41 585**	**11 139**	**-**	**1 720 060**
Loans individually/collectively determined to be impaired							
- impaired but not past due	-	2 497 102	-	-	-	-	2 497 102
- less than 30 days overdue	-	-	18 967	16 415	2 061	16 062	53 505
- 31 to 90 days overdue	-	144 976	73 492	58 328	15 985	10 498	303 279
- 91 to 180 days overdue	-	64 682	210 342	70 569	20 951	8 064	374 608
- 181 to 365 days overdue	492 978	511 965	94 099	28 714	24 046	9 240	1 161 042
- over 365 days overdue	130 000	3 246 557	428 269	222 302	79 025	10 467	4 116 620
Total loans individually/collectively determined to be impaired (gross)	**622 978**	**6 465 282**	**825 169**	**396 328**	**142 068**	**54 331**	**8 506 156**
Total loans and advanced to customers (gross)	**52 753 512**	**46 890 576**	**26 070 408**	**5 799 540**	**1 128 444**	**437 915**	**133 080 395**
Less impairment provision	**(1 387 731)**	**(5 314 451)**	**(353 879)**	**(341 114)**	**(106 634)**	**(63 580)**	**(7 567 389)**
Total loans and advances to customers	**51 365 781**	**41 576 125**	**25 716 529**	**5 458 426**	**1 021 810**	**374 335**	**125 513 006**

Loans to large corporate and small and medium-sized entities included in total loans individually/collectively determined to be impaired are provided for impairment individually. Loans to individuals are provided for impairment on collective basis.

8. Loans and Advances to Customers (Continued)

The primary factors that the Group considers in determining whether a loan is impaired are its overdue status and realisability of related collateral, if any. As a result, the Group presents above an ageing analysis of loans that are determined to be impaired.

Information on related party balances is disclosed in Note 21.

9. Repurchase Receivables

Repurchase receivables represents securities sold under sale and repurchase agreements which the counterparty has the right, by contract or custom, to sell or repledge. The repurchase agreements are short-term in nature.

In thousands of Russian Roubles	**30 September 2015**	**31 December 2014**
Trading securities sold under sale and repurchase agreements		
Corporate bonds	7 778 317	14 234 454
Total repurchase receivables representing trading securities	**7 778 317**	**14 234 454**
Available-for-sale investments sold under sale and repurchase agreements		
Corporate bonds	-	707 821
Total repurchase receivables representing available-for-sale investments	**-**	**707 821**
Total repurchase receivables	**7 778 317**	**14 942 275**

The primary factor that the Group considers in determining whether a debt security classified as a repurchase receivable is impaired is its overdue status. As at 30 September 2015 the Group had no repurchase receivables that are individually considered to be impaired. The debt securities are not collateralised.

Analysis by credit quality of repurchase receivables is as follows at 30 September 2015:

In thousands of Russian Roubles	**Corporate bonds**	**Total**
- BB- to BB+ rated	7 778 317	7 778 317
Total repurchase receivables representing trading securities	**7 778 317**	**7 778 317**
Total repurchase receivables	**7 778 317**	**7 778 317**

Analysis by credit quality of repurchase receivables is as follows at 31 December 2014:

In thousands of Russian Roubles	**Corporate bonds**	**Total**
- BBB- to BBB+ rated	14 942 275	14 942 275
Total repurchase receivables, representing trading securities	**14 942 275**	**14 942 275**
Total repurchase receivables	**14 942 275**	**14 942 275**

10. Due to Other Banks

In thousands of Russian Roubles	30 September 2015	31 December 2014
Special purpose-oriented program	11 497 633	9 912 485
Short-term placements of other banks	8 619 024	2 441 529
Sale and repurchase agreements with other banks	7 001 153	13 006 168
Correspondent accounts and overnight placements of other banks	5 415 212	53 859
The CBRF loans	5 211 346	7 838 428
Trade and ECA covered finance	4 110 671	7 897 392
Total due to other banks	**41 855 039**	**41 149 861**

At 30 September 2015, included in amounts due to other banks are liabilities of RR 7 001 153 thousand (31 December 2014: RR 13 006 168 thousand) from sale and repurchase agreements disclosed in Note 9.

Under Trade and Export Credit Agency ("ECA") covered finance the Group has obtained short-term financing of international trade transactions and medium- and long-term financing of capital expenditures under insurance cover by export credit agencies.

Under special purpose-oriented program the Group has obtained special purpose-oriented financing from international and Russian development institutes. Information on related party balances is disclosed in Note 21.

11. Customer Accounts

In thousands of Russian Roubles	30 September 2015	31 December 2014
Other legal entities		
- Current/settlement accounts	25 239 181	20 854 574
- Term deposits	26 775 608	33 227 870
Individuals		
- Current/demand accounts	2 522 945	2 646 304
- Term deposits	40 627 460	37 127 075
Total customer accounts	**95 165 194**	**93 855 823**

Economic sector concentrations within customer accounts are as follows:

In thousands of Russian Roubles	30 September 2015		31 December 2014	
	Amount	**%**	**Amount**	**%**
Individuals	43 150 405	45.3	39 773 378	42.4
Industry	14 914 996	15.7	18 223 695	19.4
Trade	10 997 930	11.6	10 192 420	10.9
Investment and insurance companies	7 143 761	7.5	10 626 126	11.3
Construction	6 351 176	6.7	4 377 089	4.7
Service companies	5 065 853	5.3	3 548 743	3.8
Machinebuilding industry	1 982 413	2.1	2 535 009	2.7
Real estate	1 524 853	1.6	1 867 572	2.0
Construction of infrastructural objects	1 193 624	1.3	545 733	0.6
Energy	649 848	0.7	199 190	0.2
Autodealing, repair and servicing	445 066	0.5	338 374	0.4
Food industry	424 444	0.4	250 734	0.3
Transport and communications	423 169	0.4	344 115	0.4
Agricultural	89 350	0.1	362 306	0.4
Leasing companies	33 119	0.0	107 306	0.1
Transportation of petroleum products	42	0.0	72	0.0
Other	775 145	0.8	563 963	0.6
TOTAL	**95 165 194**	**100**	**93 855 824**	**100**

11. Customer Accounts (Continued)

At 30 September 2015, the Group had 39 customers (2014: 44 customers) with balances above RR 300 000 thousand. The aggregate balance of these customers was RR 35 035 189 thousand (31 December 2014: RR 39 085 491 thousand) or 36.8 % (2014: 41.7%) of total customer accounts.

Information on related party balances is disclosed in Note 21.

12. Debt Securities in Issue

In thousands of Russian Roubles	30 September 2015	31 December 2014
Promissory notes	4 098 777	3 609 494
Bonds issued on domestic market	2 686 631	1 900 380
Bonds secured by mortgage loans	2 570 476	3 160 229
Savings certificates	212 348	505 200
Total debt securities in issue	**9 568 232**	**9 175 303**

At 30 September 2015 the Group had debt securities in issue held by 3 counterparties (2014: 2 counterparties) with balances above RR 300 000 thousand. The aggregate amount of these balances was RR 1 576 656 thousand (31 December 2014: RR 963 351 thousand) or 16% (31 December 2014: 10.5%) of total debt securities in issue.

13. Subordinated Debt

Name	Currency	Maturity date (year)	Interest rate, %	30 September 2015	31 December 2014
Eurobonds issued	USD	2020/2017	10/7.74	6 381 997	5 748 321
Bonds issued on domestic market	RUR	2018	13.00	1 039 890	1 007 480
Vnesheconombank	RUR	2019	6.50	986 748	986 748
INRS International services	EUR	2017	9.00	773 962	693 706
Dolmiano Investments Limited	USD	2022	7.50	339 486	283 084
Diolon Shipping Limited	USD	2022	6.60	285 891	238 892
Dolmiano Investments Limited	USD	2022	6.60	269 354	225 034
Dolmiano Investments Limited	USD	2022	9.00	264 947	230 138
Dolmiano Investments Limited	USD	2022	8.60	205 873	171 201
Diolon Shipping Limited	USD	2022	8.30	205 624	171 116
Dolmiano Investments Limited	USD	2021	8.50	132 473	114 927
Diolon Shipping Limited	EUR	2020	10.00	115 613	-
Total subordinated debt				**11 001 858**	**9 870 647**

Subordinated debt ranks after other creditors in case of liquidation.

On June 2nd, 2015 Transkapitalbank successfully solicited the consent of note holders to convert its "old style" subordinated notes due July 18, 2017 into Basel III compliant Tier 2 notes in line with CBR Regulation No. 395-P "On the Methodology for Determining the Amount of Own Funds (Capital) of Credit Organisations ("Basel III")" dated 28 December 2012. The structural changes included adding a point of non-viability (PONV) trigger and maturity extension until September 18, 2020. Investors were offered a coupon increase from 7.74 to 10%.

14. Interest Income and Expense

In thousands of Russian Roubles	**Nine-month period ended 30 September 2015**	**Nine-month period ended 30 September 2014**
Interest income		
Loans and advances to customers	13 844 776	10 301 826
Debt trading securities	2 302 993	747 763
Due from other banks	103 344	64 923
Debt securities available for sale	27 678	-
Correspondent accounts with other banks	271	2 813
Investments held to maturity	-	877
Total interest income	**16 279 062**	**11 118 202**
Interest expense		
Term deposits of individuals	2 946 715	1 873 821
Term placements of other banks	2 564 314	1 111 492
Term deposits of legal entities	2 507 505	1 243 991
Subordinated debt	711 608	429 805
Debt securities in issue	649 588	796 587
Current/settlement accounts	160 783	137 258
Correspondent accounts of other banks	10 526	2
Total interest expense	**9 551 039**	**5 592 956**
Deposit insurance program charge	117 001	105 605
Net interest income	**6 611 022**	**5 419 641**

15. Fee and Commission Income and Expense

In thousands of Russian Roubles	**Nine-month period ended 30 September 2015**	**Nine-month period ended 30 September 2014**
Fee and commission income		
Performance guarantees issued	711 899	622 388
Settlement transactions	370 977	244 669
Plastic cards	360 662	320 113
Cash transactions	117 047	123 015
Currency control	89 253	68 571
Cash collection	70 722	87 438
Banknote transactions and operations with precious coins	11 961	8 625
Financial garantees issued	616	14 677
Other	10 712	12 142
Total fee and commission income	**1 743 849**	**1 501 638**
Fee and commission expense		
Plastic cards	254 418	177 410
Settlement transactions	64 851	85 183
Banknote transactions	15 901	8 306
Cash collection	5 532	4 219
Financial garantees received	2 418	25 296
Other	4 581	8 909
Total fee and commission expense	**347 701**	**309 323**
Net fee and commission income	**1 396 148**	**1 192 315**

16. Administrative and Other Operating Expenses

In thousands of Russian Roubles	**Nine-month period ended 30 September 2015**	**Nine-month period ended 30 September 2014**
Staff costs	1 509 995	1 577 010
Social security tax	379 144	370 493
Office rent	251 193	239 099
Insurance expenses on transportation of valuables	241 937	339 662
Communication expenses	127 679	107 134
Taxes other than on income	103 192	104 319
Maintenance	89 863	111 354
Depreciation of premises and equipment	86 211	108 421
Security expenses	78 431	91 495
Professional services	73 549	81 403
Amortisation of intangible assets	63 222	60 761
Other insurance expenses	46 620	52 460
Advertising and other business development expenses	20 142	36 688
Other	70 358	42 596
Total administrative and other operating expenses	**3 141 536**	**3 322 895**

17. Segment analysis

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

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

The Group is organised on the basis of five main business segments:

- **Treasury –** includes money market operations, brokerage and custody services, transactions with securities and foreign currency, REPO agreements and operations with derivative financial instruments;
- **International financing** – raising funds on international capital markets.
- **Overall Management** – this segment performs the centralized risk management, and is responsible for infrastructure maintenance and development.
- **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 products.

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

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

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

The CODM reviews financial information prepared based on Russian accounting standards and on standalone financial reporting of the Bank in particular, adjusted to meet the requirements of internal reporting. Such financial information differs in certain aspects from International Financial Reporting Standards:

17. Segment analysis (Continued)

(i) the fair value changes in available for sale securities are reported within the segments’ profits or losses rather than in other comprehensive income; The securities presented in the portfolio ”trading securities” are subject to revaluation at average market quotes, rather than at the last bid price;

(ii) the depreciation rates of fixed assets differ from the depreciation rates applied under IFRS; the value of the fixed assets purchased before 1 January 2003 is not adjusted for inflation;

(iii) income taxes are not allocated to segments;

(iv) loan provisions are recognized based on management judgement and availability of information, rather than based on the incurred loss model prescribed in IAS 39;

(v) commission income relating to lending is recognized immediately rather than deferred using the effective interest method; and

(vi) the segmental financial reporting, analyzed by the CODM, does not include operating results of the subsidiaries; the operating results analysis is delegated on a regular basis to the subsidiaries’ management. The information about operating results of the subsidiaries is quarterly reported to the Chairperson of the Bank’s Management Board.

The Group calculates the volume of allocated and raised resources within the segments. This calculation is based on the ratio of allocated and raised resources with regard to liquidity and types of foreign currencies (roubles, dollars, euro) for each accounting period. Internal allocation and funding rates are equal and are based on average market borrowing rates.

Expenses, which cannot be directly charged to a segment, are allocated. The principles of allocation are selected in accordance with the objective expense allocation basis such as: salary fund, staff number, occupied working area.

When defining profit or loss of an operational segment, the Bank allocates amortization costs within its operational segments. However, this principle is not applied to book value of fixed assets.

The CODM estimates the segment results based on profit before income tax.

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

Segment information for the reportable segments for the nine-month period ended 30 September 2015 and 31 December 2014 is set out below:

In thousands of Russian Roubles	**30 September 2015**	**31 December 2014**
Assets		
Corporate banking	90 333 831	94 215 407
Treasury	46 509 013	37 269 899
Retail banking	38 311 564	38 088 746
Overall management	1 821 539	1 860 698
International financing	143 538	314 084
Total reportable segment assets	**177 119 485**	**171 748 834**
Liabilities		
Corporate banking	56 486 673	54 796 837
Retail banking	43 311 481	39 922 375
Treasury	38 461 078	37 218 618
International financing	20 652 006	22 971 583
Overall management	294 062	49 259
Total reportable segment liabilities	**159 205 299**	**154 958 672**

17. Segment analysis (Continued)

In thousands of Russian Roubles	Treasury	Corporate banking	Retail banking	International financing	Overall management	Total
Nine-month period ended 30 September 2015						
External revenues:						
- Interest income	254 606	10 166 937	3 774 070	-	-	14 195 613
- Fee and commission income	11 952	1 324 111	412 393	-	-	1 748 456
- Other operating income	-	62 173	95 644	-	-	157 817
Revenues from other segments:						
- Interest income	-	-	-	1 225 291	2 815 453	4 040 744
Total revenues	**266 558**	**11 553 221**	**4 282 107**	**1 225 291**	**2 815 453**	**20 142 630**
Interest expense	(3 673 724)	(2 862 642)	(2 945 915)	(969 565)	-	(10 451 846)
Interest expense to other segments	(7 986)	(3 967 326)	(65 430)	-	-	(4 040 742)
Provision for loan impairment	(2 706)	(2 599 815)	(731 554)	-	-	(3 334 075)
Provision for credit related commitments	-	(460 043)	26 576	-	-	(433 467)
Fee and commission expense	(44 544)	(49 326)	(279 517)	(48 437)	-	(421 824)
Gains less losses from trading securities	4 337 054	11 412	-	-	-	4 348 466
Losses less gains from trading in foreign currencies	(155 280)	35 084	-	-	-	(120 196)
Administrative and other operating expenses	(103 763)	(1 017 436)	(989 542)	(42 410)	(982 227)	(3 135 378)
Depreciation	(2 137)	(15 716)	(18 419)	(566)	(33 011)	(69 849)
Segment result	**613 472**	**627 413**	**(721 694)**	**164 313**	**1 800 215**	**2 483 719**

In thousands of Russian Roubles	Treasury	Corporate banking	Retail banking	International financing	Overall management	Total
Nine-month period ended 30 September 2014						
External revenues:						
- Interest income	86 266	7 324 704	2 928 675	-	-	10 339 645
- Fee and commission income	2 387	1 113 456	366 119	-		1 481 961
- Other operating income	-	30 668	39 573	-	-	70 241
Revenues from other segments:						-
- Interest income	855 407	-	328 961	998 093	1 549 460	3 731 920
Total revenues	**944 060**	**8 468 828**	**3 663 328**	**998 093**	**1 549 460**	**15 623 769**
Interest expense	(1 474 344)	(1 717 786)	(1 867 435)	(713 798)	-	(5 773 363)
Interest expense to other segments	-	(3 731 921)	-	-	-	(3 731 921)
Provision for loan impairment	(476)	(590 212)	(267 219)	-	-	(857 907)
Provision for credit related commitments	(230)	84 913	(23 411)	-	-	61 272
Fee and commission expense	(17 761)	(69 924)	(198 783)	(88 436)		(374 904)
Gains less losses from trading securities	260 477	10 081	-	-	(110 577)	159 981
Gains less losses from trading in foreign currencies	168 422	(52 353)	-	-	-	116 070
Administrative and other operating expenses	(86 093)	(1 058 842)	(835 722)	(28 550)	(1 212 150)	(3 221 357)
Depreciation	(2 658)	(32 693)	(22 649)	(881)	(26 931)	(85 813)
Segment result	**(208 603)**	**1 310 091**	**448 109**	**166 428**	**199 802**	**1 915 827**

17. Segment analysis (Continued)

(e) Reconciliation of reportable segment revenues, profit or loss, assets and liabilities

Total consolidated revenues comprise interest income, fee and commission income and other operating income.

In thousands of Russian Roubles	**Nine-month period ended 30 September 2015**	**Nine-month period ended 30 September 2014**
Total revenues for reportable segments	**20 142 630**	**15 623 769**
(a) interest income on securities	2 330 671	748 640
(b) interest income on leasing operations	241 810	183 880
(c) intergroup adjustments	(330 223)	(24 116)
(d) accrued income on loans	(335 824)	-
(e) intersegment results	(4 040 744)	(3 731 921)
Other	90 245	(86 728)
Total consolidated revenues	**18 098 565**	**12 713 524**

(a) Interest income on securities is included within gains less losses from trading securities in the segment reporting;

(b) Interest income on leasing operations is arising from the leasing subsidiary of the Bank. Financial results from subsidiaries are excluded from the segment reporting results;

(c) Interest income from subsidiaries of the Bank is not eliminated from the total interest income of the Bank for the segment reporting results;

(d) Accrued income on loans is arising from discounted cash flow method;

(e) Intersegment results are results arising from trading between segment;

In thousands of Russian Roubles	**Nine-month period ended 30 September 2015**	**Nine-month period ended 30 September 2014**
Total reportable segment result	**2 483 719**	**1 915 827**
(f) net interest income	715 649	307 458
(g) provisions for credit related commitments	251 216	(59 544)
(h) other comprehensive income	14 428	-
(i) gain from associate	-	95 455
(j) other accruals	(80 387)	(108 085)
(k) losses less gains from operations in foreign currencies	(271 986)	-
(l) provisions for loans impairment	(1 669 555)	(136 447)
Profit or loss before tax	**1 443 084**	**2 014 664**

(f) Accrued income on loans is arising from discounted cash flow method; different approaches to financial derivatives assessment;

(g) Provisions for credit related commitments impairment and other provisions in segment reporting are based on the statutory provision methodology of the Bank, which is different from the provision methodology applied by the Group in these consolidated financial statements;

(h) Other comprehensive income includes results from available-for-sale investments, which are excluded from segment reporting results;

(i) Gain from associate is arising from sale of investments in factoring company in 2014;

(j) Accruals are mainly represented by differences in accounting of operating expenses and commissions;

17. Segment analysis (Continued)

(k) Different approaches to financial derivatives assessment;

(l) Provision for loan impairment in segment reporting is based on the statutory provision methodology of the Bank, which is different from the provision methodology applied by the Group in these consolidated financial statements;

In thousands of Russian Roubles	30 September 2015	31 December 2014
Total reportable segment assets	**177 119 485**	**171 748 834**
(m) income tax	424 392	(121 039)
(n) effect on consolidation	299 432	319 652
(o) financial derivatives	234 516	-
(p) loans to customers	(113 810)	837 133
(q) securities	(491 916)	(66 700)
other	41 813	116 338
Total consolidated assets	**177 513 912**	**172 834 218**

(m) Difference is related to deferred tax;

(n) The segmental financial reporting, analyzed by the CODM, does not include operating results of the subsidiaries;

(o) Different approaches to financial derivatives assessment;

(p) Loan provisions are recognized based on management judgment and availability of information, rather than based on the incurred loss model prescribed in IAS 39;

(q) The fair value changes in available for sale securities are reported within the segments' profits or losses rather than in other comprehensive income; The securities presented in the portfolio "securities available for sale" and "trading securities" are subject to revaluation at average market quotes, rather than at the last bid price;

In thousands of Russian Roubles	30 September 2015	31 December 2014
Total reportable segment liabilities	**159 205 299**	**154 958 672**
(r) income tax	9 868	171 441
(s) financial derivatives	(13 056)	186 620
(t) effect on consolidation	(35 618)	(7 441)
(u) accruals	(68 219)	345 865
(v) other reserves	(498 601)	(712 669)
other	(99 704)	54 542
Total consolidated liabilities	**158 499 969**	**154 997 030**

(r) Difference is related to deferred tax;

(s) Different approaches to financial derivatives assessment;

(t) The segmental financial reporting, analyzed by the CODM, does not include operating results of the subsidiaries;

(u) Accruals are mainly represented by differences in accounting of operating expenses and commissions;

(v) Difference is related to provisions for contingent liabilities.

17. Segment analysis (Continued)

(f) Analysis of revenues by products and services

The Group's revenues are analysed by products and services in Notes 14 (interest income), Note 15 (fee and commission income).

(g) Geographical information

The Group operates in the Russian Federation only. Substantially all revenues of the Group were received from counterparties that conduct their business in the Russian Federation.

(h) Major customers

The Group has no clients whose revenues represent 10% or more of the total revenues.

18. Financial Risk Management

The risk management structure is based on the break-even principle and is aimed at the best balance between profitability and level of the risks taken.

The Board of Directors, executive bodies, collective bodies (committees) of the Bank regularly receive necessary and sufficient information about the level of risks and their influence on the changes of capital adequacy, about the facts of excess of the assigned risk level: violation of limits, restrictions and established procedures, results of stress testing.

Risk management system comprises all the directions of the Bank's activity and influences the decision making process on all levels beginning with strategic and ending with operating tasks.

The risk management function within the Group is carried out in respect of financial and operational risks. Financial risk comprises market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The primary objectives of the financial risk management function are to establish limits for each type of risk, and then ensure that exposure to risks stays within these limits. The risk management function is aimed at decreasing the probability of unforeseen losses resulting from the influence of internal and external non-financial factors and at cutting down costs on financing liquidation of these losses.

Credit risk

The Group takes on exposure to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Exposure to credit risk arises as a result of the Group's lending and other transactions with counterparties giving rise to financial assets. The primary objective of credit risk management is to generate maximum profitability subject to the level of assumed credit risk. This objective is achieved due to setting up a system of effective tools allowing minimization of likelihood of default on principal amount and interest on loans issued. The main instrument of credit risk management is administration of loans, including a set of sequential actions performed at different stages of transactions exposed to credit risk. The principal instrument for credit risk regulation is setting limits for financial instruments on borrowers and counterparties, assessment of the borrowers' and counterparties' financial position in order to set loan loss provisions and assessment of collateral quality.

The Group's maximum exposure to credit risk is reflected in the carrying amounts of financial assets on the consolidated statement of financial position. For guarantees and commitments to extend credit, the maximum exposure to credit risk is the amount of the commitment. Refer to Note 20.

In a complex foreign economic environment an effective risk management system is a priority to the Group. Lending products are given only after thorough assessment of all the risks connected with the borrower's activity.

18. Financial Risk Management (Continued)

Loss given default of the group of homogeneous loans is included in the product cost.

Collective bodies established depending on the scale of credit risk and the lines of activity effectively manage credit risk of the Group.

The Bank Management establishes collective bodies having the right to make decision on operations subject to credit risk, gives to the collective bodies and designated individuals an authority to decide.

- Credit Committee of the Bank makes decisions on the structure of the loan portfolio on the whole, as well as on certain operations subject to credit risk with legal entities (except credit institutions), individual entrepreneurs and individuals. Some responsibilities of the Credit Committee are laid on Small Credit Committee and credit commissions that make decisions on limited number of operations within particular programs and credit products for legal entities and individuals (further "lending programs").

- Risk Management Committee carries out the following functions:

  – approves limits for different types of risks;

  – makes decisions related to changes in the structure of portfolio investments, attraction and allocation of resources;

  – monitors the effect of current fluctuations of market prices on financial instruments and makes decisions on formation or reduction of relevant financial instruments portfolios;

- The Limit Committee of the Bank makes decisions on transactions with legal entities and credit institutions;

- The Committee on work with non-performing loans of individuals makes decisions on questions dealing with non-performing and/or overdue loans of individuals;

- The Committee on work with non-performing loans of legal entities (except credit institutions) and individual entrepreneurs makes decisions on questions dealing with non-performing and/or overdue loans of legal entities (except credit institutions) and individual entrepreneurs.

For the purpose of mitigation of its credit risk level, the Group has developed a system of limits allowing to limit exposure to credit risk. The Bank's credit policy sets portfolio limits on its loan portfolio. The Bank's Executive Board sets limits on lending by branches. The Credit Committee sets limits on credit products for borrowers and counterparties. Decisions on transactions with the Bank's related parties (limited up to 3% of the Bank's equity per related borrower) and insiders (limited up to 2% of the Bank's equity per insider) are made by the Credit Committee and in other cases by the Board of Directors. The Risk Management Committee sets limits on industry diversification of loan portfolio and limits on concentration of major loans. Limits on financial instruments on counterparty banks and issuers of securities are set by the Limits Committee. Limits are monitored on a regular basis and revised as required, but not less than once a year.

Credit limits directly depend on financial performance of borrower and on credit rating being an integral estimation of the borrower's financial stability and solvency. Internal credit rating is expressed as scores assigned to creditworthiness based on estimated factors:

- borrower's financial position;
- review of the borrower's business reputation and information of its operations;
- estimation of turnover on the borrower's accounts with the Bank (stability of cash flows);
- assessment of the shareholding (foundation) structure;
- credit history.

18. Financial Risk Management (Continued)

Loans are usually issued against a liquid collateral, including costs of sale of the collateral and sufficient coverage of the loan principal and interest. The most relevant indicators of the collateral analysis are sufficiency and liquidity of the collateral received. The Group actively applies collateral insurance. Credit quality of the loans and fair value of collateral are monitored on a continuing basis.

The Group monitors and controls the level of credit risk of every call of the Bank to its counterparty; of subportfolios, arranged into groups according to the lines of activity and lending programs; of subportfolios made by the divisions taking part in the credit process; of aggregate credit portfolio.

The Group's divisions involved in lending transactions perform ageing analysis of outstanding loans and follow up past due balances. Management therefore considers it appropriate to provide ageing and other information about credit risk as disclosed in Note 8.

To minimize credit risk losses divisions responsible for monitoring credit risk are to find out non-performing loans in due time. When a problem or non-performing loan is identified compliance units develop the most effective plan to pay overdue amounts and responsible divisions implement it.

When the quality of an asset deteriorates, the Group creates provision for impairment losses fairly reflecting the size of impairment according to the internal normative documents of the Bank and the International Financial Reporting Standards.

To minimize credit risk losses caused by non-financial risks the Bank uses a system of insurance against risks of the total loan portfolio as well as of separate loans. The maximum credit risk exposure of the Group is included in the balance cost of financial assets in the Consolidated Statement of financial position unless otherwise stated. The possibility to offset assets against liabilities does not have any material impact on minimization of potential credit risk. Credit risk on off-balance financial instruments is defined as a possibility of losses if the other party of the transaction with this financial instrument fails to fulfill the terms of the agreement. The Group implements the same credit policy in relation to contingent liabilities as for the balance financial instruments, based on the procedures of confirmation of transactions, use of limits, restricting risk and the monitoring procedures.

Market risk

The Group takes on exposure to market risks. Market risks arise from open positions in (a) currency, (b) interest rates and (c) equity products, all of which are exposed to general and specific market movements.

To manage market risk the Bank analyses sensibility of financial result to the changes of interest rates, foreign currency exchanges, market prices of securities and other financial instruments.

The analysis is based on assessment of volatility and interrelation of different risk factors and stress-testing. To keep risk within the policy the Group manages misbalances (GAP), sets limits on financial instruments, limits of acceptable losses (stop-loss) on trading instruments.

Risk Management Committee sets limits on the value of risk that may be accepted, which is monitored on a daily basis. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

Interest rate risk

The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its consolidated financial position and cash flows. Interest margins may increase as a result of such changes, but may reduce or create losses in the event that unexpected movements arise.

Losses arising from interest risk are measured as follows:

- likely reduction of difference between interest received and paid;
- likely decrease of fair value of the Group's assets estimated based on future cash flows formed as a difference between interest paid and received.

18. Financial Risk Management (Continued)

Interest rate risk management covers all assets and liabilities of the Bank, as well as offbalance sheet accounts related to arising of interest rate risk. In order to determine the potential exposure of the Group to interest rate risk, gap analysis and duration method are applied. For gap analysis, the level of asset and liability gap sensitive to changes in interest rates is applied as the main indicator measuring the interest rate risk. For duration method analysis, the amount of interest rate risk giving rise to decrease of the Bank's economic value by more than 20% of equity is treated as critical.

In order to minimise the interest rate risk, loan agreements provide for periodic revision of interest rates depending on changes in the market interest rates.

Management monitors on a daily basis and sets limits on the level of mismatch of interest rate repricing that may be undertaken.

Financial assets of the Group are subject to the following sources of interest rate risks:

- mismatch of maturity periods of assets and liabilities and off-balance commitments with fixed interest rate;
- mismatch of maturity periods of assets and liabilities and off-balance commitments with floating interest rate;
- mismatch of the changes in interest rates on allocating and borrowing funds of the Group (for financial instruments with fixed interest rate provided that the maturity dates are the same);
- mismatch of the changes in interest rates (for financial instruments with floating interest rate provided that the periods of floating interest rates review match together).

The table below summarises the Group's exposure to interest rate risks. The table presents the aggregated amounts of the Group's financial assets and liabilities at carrying amounts, categorised by the earlier of contractual interest repricing or maturity dates:

In thousands of Russian Roubles	**Demand and less than 1 month**	**From 1 to 3 months**	**From 3 to 12 months**	**From 1 to 5 years**	**Over 5 years**	**Total**
30 September 2015						
Total financial assets	45 493 882	19 872 057	38 115 554	34 220 961	22 765 516	160 467 970
Total financial liabilities	25 545 067	25 356 674	38 767 588	32 169 526	3 217 247	125 056 102
Net interest sensitivity gap at 30 September 2015	**19 948 815**	**(5 484 617)**	**(652 034)**	**2 051 435**	**19 548 269**	**35 411 868**
31 December 2014						
Total financial assets	40 446 383	22 527 870	47 811 982	25 803 331	19 341 306	155 930 872
Total financial liabilities	38 579 151	26 325 943	41 545 321	22 894 466	3 346 619	132 691 500
Net interest sensitivity gap at 31 December 2014	**1 867 232**	**(3 798 073)**	**6 266 661**	**2 908 865**	**15 994 687**	**23 239 372**

Currency risk

Currency risk is determined as probability of negative fluctuations in foreign currency exchange rates resulting in losses from re-assessment of market value of assets and liabilities. The Group is exposed to foreign currency exchange risk on open positions (mainly USD/RR and EUR/RR exchange rate fluctuations). The Group manages currency risk by controlling its open foreign exchange currency position projecting changes in the exchange rate of the Russian rouble and other macro-economic indicators to minimize losses from sizeable fluctuations in the exchange rates of national and foreign currencies.

18. Financial Risk Management (Continued)

The Bank`s Treasury undertakes daily aggregation of the currency position of the Group and takes measures for minimizing of the Group's currency risk exposure. The Group uses swaps, forwards tradable on Moscow Exchange as the main instruments for risk management. For the purpose of currency risk analysis, the following actions are taken in respect of each currency in which the Group holds an open currency position:

– dynamic of fluctuation of the exchange rate of currency is analysed;

– factors impacting exchange rate of the relevant currency are analysed;

– feasibility of setting long (short) position is determined;

– aggregate amount of profit/loss arising from revaluation of the position is determined;

– ratio between the calculated aggregate amount of income (losses) and equity is determined.

Based on the performed currency risk analysis:

– the maximum amount of currency position is determined (limiting of the currency position); and

– the maximum amount of ratio of losses from position revaluation is set (limiting of losses: stoploss).

Risk Management Committee sets limits in respect of currency risk both overnight and intraday positions, and monitors compliance.

The table below summarises the Group's exposure to foreign currency exchange rate risk at the end of the reporting period:

In thousands of Russian Roubles	**Russian Roubles**	**US Dollars**	**Euros**	**Other**	**Total**
At 30 September 2015					
Monetary financial assets	133 718 362	31 395 818	9 794 620	178 864	175 087 664
Monetary financial liabilities	94 816 523	45 456 218	17 302 115	130 455	157 705 311
Less fair value of currency derivatives	(818)	(599 336)	(93 634)	(221)	(694 009)
Currency derivatives	(21 789 683)	14 485 681	7 947 509	50 502	694 009
Net position including currency derivatives	**17 111 338**	**(174 055)**	**346 380**	**98 690**	**17 382 353**
At 31 December 2014					
Monetary financial assets	124 121 908	37 425 860	9 181 599	154 358	170 883 725
Monetary financial liabilities	106 629 311	30 466 787	17 237 126	31 910	154 365 134
Less fair value of currency derivatives	(386)	(664 764)	102 355	(280)	(563 075)
Currency derivatives	(1 616 861)	(6 022 364)	8 132 817	69 483	563 075
Net position including currency derivatives	**15 875 350**	**271 945**	**179 645**	**191 651**	**16 518 591**

Derivatives presented above are monetary financial assets or monetary financial liabilities, but are presented separately in order to show the Group's gross exposure.

Amounts disclosed in respect of derivatives represent the fair value, at the end of the reporting period, of the respective currency that the Group agreed to buy (positive amount) or sell (negative amount) before netting of positions and payments 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.

18. Financial Risk Management (Continued)

Other price risk

The Group has exposure to equity price risk. The principal methods of equity risk management applied by the Group are:

– estimation of the issuer's financial position;

– setting limits per issuers of securities;

– setting limits on transactions with securities.

When equity risk is measured, the level of change in the price of this security within the set period of time is estimated. The following factors are taken into consideration:

– retrospective date on price fluctuations;

– issuer's nature;

– market liquidity of this security Ratings assigned by recognised rating agencies to these securities and their description as financial instruments;

– level of concentration of the Group's position in securities of one issuer or in a range of its issues.

The Bank considers transactions with uncovered shares and derivative financial instruments as highly risky. In order to minimize the price risk the Risk management committee set nominal limits depending on the type of financial instruments and determining the size of current position as at the end of the day. All transactions with securities and derivative financial instruments on securities are conducted within the limits on issuers set by the Limit Committee.

Prepayment risk

The Group is exposed to prepayment risk through providing fixed or variable rate loans, including mortgages, which give the borrower the right to early repay the loans. The Group's current year financial result and equity at the current reporting date would not have been significantly impacted by changes in prepayment rates because such loans are carried at amortised cost and the prepayment right is at or close to the amortised cost of the loans and advances to customers.

Liquidity risk

Liquidity risk is defined as the risk of the Group's inability to finance its activity, that is inability to ensure growth of assets and fulfill its obligations as they fall due without carrying any losses in amounts unacceptable for the financial stability. The aim of liquidity risk management is to maximize profit while keeping up necessary and sufficient level of liquid assets. The Group is exposed to daily calls on its available cash resources from overnight deposits, current accounts, maturing deposits, loans draw downs, guarantees 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. The Group manages liquidity risk.

Liquidity risk is managed by the Group's Risk Management Committee. Current liquidity is managed by the Treasury Department which carries out transactions in the money markets to maintain current liquidity and optimise cash flows.

The Bank's Liquidity Division is operating within the Treasury Department and carrying out planning and management of instant and shortterm liquidity, as well as calculations and analysis of mediumterm and longterm liquidity. The Treasury Department receives information on financial assets and liabilities and then provides for an adequate portfolio of shortterm liquid assets, largely made up of shortterm liquid trading securities, deposits with banks and other interbank facilities, to ensure that sufficient liquidity is maintained within the Group as a whole. The daily liquidity position is monitored and regular liquidity stress testing under a variety of scenarios covering both normal and more severe market conditions is performed by the Treasury Department.

18. Financial Risk Management (Continued)

GAP analysis is an instrument for projecting structural liquidity allowing to make a conclusion on the level of structural matching of the balance sheet assets and liabilities.

The Group seeks to maintain a stable funding base primarily consisting of amounts due to other banks, corporate and retail customer deposits and debt securities. The Group invests the funds in diversified portfolios of liquid assets, in order to be able to respond quickly and smoothly to unforeseen liquidity requirements.

The Group maintains adequate portfolio of short-term liquid assets, mainly consisting of liquid trading securities, deposits in other banks and other interbank instruments to keep sufficient liquidity level of the Bank on the whole.

The Group regularly performs liquidity stress-tests based on various scenarios, comprising standard and more negative market conditions.

The obligatory liquidity ratios settled by the CBRF are controlled every day.

To prevent violation of statutory liquidity ratios set by the CBRF the Risk Management Committee set internal liquidity ratios: in respect of N2 - minimum 20%, N3 – minimum 60% and N4 – maximum 110%.

In order to minimise the risk of liquidity loss, the Group's dependency on interbank transactions is analysed, as well as transactions of major clients and concentration of credit risks.

To manage liquidity the Group monitors expected maturities of financial assets and financial liabilities, which may be summarised as follows at 30 September 2015:

In thousands of Russian Roubles	**Less than 1 month**	**From 1 to 3 months**	**From 3 months to 1 year**	**From 1 to 5 years**	**Over 5 years**	**Total**
ASSETS						
Cash and balances with the Cental Bank of the Russian Federation	17 656 890	-	-	-	-	17 656 890
Mandatory balances with the CBRF	259 664	121 546	279 873	77 118	833	739 034
Due from other banks	-	956 438	1 652 977	-	-	2 609 415
Trading securities	23 915 058	-	-	-	-	23 915 058
Repurchase receivables	7 778 317	-	-	-	-	7 778 317
Loans to customers	8 565 985	18 915 619	36 489 935	34 673 861	22 765 516	121 410 916
Other financial assets	288 581	-	8	689 445	-	978 034
TOTAL FINANCIAL ASSETS	**58 464 495**	**19 993 603**	**38 422 793**	**35 440 424**	**22 766 349**	**175 087 664**
LIABILITIES						
Deposits from banks	23 599 449	3 528 969	5 122 835	9 373 186	230 600	41 855 039
Customer accounts	33 436 808	15 651 382	29 415 565	16 554 124	107 315	95 165 194
Debt securities issued	856 387	1 276 621	4 379 039	1 846 015	1 210 167	9 568 229
Subordinated debt	-	101 842	28 326	9 202 525	1 669 165	11 001 858
Other financial liabilities	16 779	6 231	52 511	39 294	176	114 991
TOTAL FINANCIAL LIABILITIES	**57 909 423**	**20 565 045**	**38 998 276**	**37 015 144**	**3 217 423**	**157 705 311**
Net liquidity gap	**555 072**	**(571 442)**	**(575 483)**	**(1 574 720)**	**19 548 926**	**17 382 353**
Cumulative liquidity gap	**555 072**	**(16 370)**	**(591 853)**	**(2 166 573)**	**17 382 353**	

18. Financial Risk Management (Continued)

The expected maturities are as follows at 31 December 2014:

In thousands of Russian Roubles	Less than 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 to 5 years	Over 5 years	Total
ASSETS						
Cash and cash equivalents	13 820 363	-	-	-	-	13 820 363
Mandatory balances with the CBRF	442 444	176 956	332 630	104 383	1 230	1 057 643
Trading securities	14 517 823	-	-	-	-	14 517 823
Repurchase receivables	14 942 275	-	-	-	-	14 942 275
Loans and advances to customers	10 028 517	22 527 870	47 811 982	25 803 331	19 341 306	125 513 006
Other financial assets	678 895	17 874	128 229	207 617	-	1 032 615
TOTAL FINANCIAL ASSETS	**54 430 317**	**22 722 700**	**48 272 841**	**26 115 331**	**19 342 536**	**170 883 725**
LIABILITIES						
Due to other banks	17 899 261	6 568 202	7 779 648	8 796 840	105 910	41 149 861
Customer accounts	39 266 737	15 703 191	29 513 734	9 263 069	109 092	93 855 823
Debt securities issued	1 254 131	1 366 479	2 787 614	2 146 048	1 621 031	9 175 303
Subordinated debt	-	132 100	26 924	8 293 911	1 417 712	9 870 647
Other financial liabilities	257 010	14 603	21 322	20 565	-	313 500
TOTAL FINANCIAL LIABILITIES	**58 677 139**	**23 784 575**	**40 129 242**	**28 520 433**	**3 253 745**	**154 365 134**
Net liquidity gap	**(4 246 822)**	**(1 061 875)**	**8 143 599**	**(2 405 102)**	**16 088 791**	**16 518 591**
Cumulative liquidity gap	**(4 246 822)**	**(5 308 697)**	**2 834 902**	**429 800**	**16 518 591**	

The entire portfolio of trading securities is therefore classified within demand and less than one month based on management's assessment of the portfolio's realisability.

Current/settlement accounts are classified in full amount within category "Less than one month".

To manage liquidity gap the Group has a number of instruments, for instance, the Bank is on the List of banks, which attracts funds under the program "On granting loans collaterised by assets or guarantees to the credit instituations by the CBRF".

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 transacted is 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 of the Group and its exposure to changes in interest and exchange rates.

Management believes that in spite of a substantial portion of customer 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 for the Group.

Liquidity requirements to support calls under guarantees and standby letters of credit are considerably less than the amount of the commitment because the Group does not generally expect the third party to draw funds under the agreement. The total outstanding contractual amount of commitments to extend credit does not necessarily represent future cash requirements, since many of these commitments will expire or terminate without being funded.

18. Financial Risk Management (Continued)

Other risk concentrations

Management monitors and discloses concentrations of credit risk by obtaining reports listing exposures to borrowers with aggregated loan balances in excess of 5% of net assets. Refer to Note 8.

19. Management of Capital

The Group's objectives when managing capital are to ensure that all Group entities continue as a going concern in the foreseeable future while maximising the return to shareholders through the optimisation of the debt and equity balance.

The Group's Board of Directors reviews capital structure on a regular basis, at least quarterly. Within the scope of this review the Board considers the cost of capital and the risks inherent to each class of capital.On the basis of the Board's recommendations the Group maintains capital adequacy and balances overall capital structure by additional share issue and receipt of subordinated loans.

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

In thousands of Russian Roubles	**30 September 2015**	**31 December 2014**
Net assets under Russian GAAP	17 757 059	17 221 786
Less intangible assets	(18 903)	(1 725)
Plus subordinated debt	9 857 785	5 216 019
Total regulatory capital	**27 595 941**	**22 436 080**

Group also monitors capital adequacy calculated in accordance with the requirements of the Basel Accord II, as defined in the International Convergence of Capital Measurement and Capital Standards (updated April 1998) and Amendment to the Capital Accord to incorporate market and operational risks.

The table below shows the Group's capital structure and calculation of capital adequacy ratio in accordance with requirements of the Basel Accord II as at 30 September 2015 and 31 December 2014:

In thousands of Russian Roubles	**30 September 2015**	**31 December 2014**
Tier 1 capital:		
Share capital	2 533 352	2 533 352
Share premium	4 566 362	4 566 362
Retained earnings	11 914 229	10 751 902
Goodwill	(47 476)	(47 476)
Total tier 1 capital	**18 966 467**	**17 804 140**
Tier 2 capital		
Subordinated debt	10 057 187	6 356 396
Revaluation of available-for-sale investments	-	(14 428)
Total tier 2 capital	**10 057 187**	**6 341 968**
Total capital	**29 023 654**	**24 146 108**
Risk weighted assets	**183 622 096**	**166 392 873**
Capital expressed as a percentage of risk-weighted assets	**15,8%**	**14,5%**
Tier 1 capital expressed as a percentage of risk-weighted assets	**10,3%**	**10,7%**

19. Management of Capital (Continued)

The Group is subject to minimum capital adequacy requirements calculated in accordance with the Basel Accord II established by covenants under liabilities incurred by the Group. Under these covenants the Group has to maintain the total capital ratio at a level not less than 12%. As of 30 September 2015, as of 31 December 2014 and during respective financial periods the Group has complied with all imposed capital requirements.

20. Contingencies and Commitments

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

Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Group is potentially exposed to loss in an amount equal to the total unused commitments, 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 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 are as follows:

In thousands of Russian Roubles	**30 September 2015**	**31 December 2014**
Financial guarantees	721 207	4 424 722
Letters of credit and other contingencies related to settlement transactions	363 054	561 462
Total credit-related contingencies and commitments, net of provision	**1 084 261**	**4 986 184**
Performance guarantees	**29 608 229**	**31 218 588**
Less: Provisions for performance guarantees	(102 046)	-
Total performance guarantees, net of provision	**29 506 183**	**31 218 588**

Credit related commitments are irrevocable or are revocable only in response to a material adverse change.

Performance guarantees. Performance guarantees are contracts that provide compensation if another party fails to perform a contractual obligation. Such contracts do not transfer only credit risk. The risk under performance guarantee contracts is the possibility that the insured event (i.e. the failure to perform the contractual obligation by another party) occurs. The key risks the Group faces are significant fluctuations in the frequency and severity of payments incurred on such contracts relative to expectations. The Group uses historical data and statistical techniques to predict levels of such payments. Claims must be made before the contract matures and most claims are settled within short term. This allows the Group to achieve a high degree of certainty about the estimated payments and therefore future cash flows. The Group manages such risks by constantly monitoring the level of payments for such products and has the ability to adjust its fees in the future to reflect any change in claim payments experience. The Group has a claim payment requests handling process which includes the right to review the claim and reject fraudulent or non-compliant requests.

20. Contingencies and Commitments (Continued)

Credit related commitments are denominated in currencies as follows:

In thousands of Russian Roubles	30 September 2015	31 December 2014
Russian Roubles	27 916 340	34 531 633
US Dollars	1 151 254	754 196
Euros	1 503 707	918 943
Others	19 143	
Total	**30 590 444**	**36 204 772**

Movements in provisions for credit related commitments are as follows:

In thousands of Russian Roubles	2015	2014
Carrying amount at 1 January	-	-
Provision for credit related commitments	102 046	-
Carrying amount at 30 September	**102 046**	**-**

21. 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 September 2015 the outstanding balances with related parties were as follows:

In thousands of Russian Roubles	Shareholders with significant influence	Key management personnel	Other related parties
Gross amount of loans and advances to customers (contractual interest rate: 13.0%-21.4%)	900	273	-
Due to other banks (contractual interest rate: 4.4% -15.6%)	4 808 161	-	-
Customer accounts (contractual interest rate: 0.01%- 18.0%)	1 608 636	11 110	16
Commitments on credit lines	10 657	2 727	-

The income and expense items with related parties for the nine-month period ended 30 September 2015 were as follows:

In thousands of Russian Roubles	Shareholders with significant influence	Key management personnel	Other related parties
Interest income	1	-	-
Interest expense	345 900	190	-
Fee and commission income	41	17	36
Fee and commission expense	30	2	2
Administrative and other operating expenses:			
- salary	50 981	19 626	-
- social security tax	8 324	3 051	-
- rent	-	-	54 746
- professional services	6 491	-	-

21. Related Party Transactions (Continued)

Aggregate amounts lent to and repaid by related parties for the nine-month period ended 30 September 2015 were as follows:

In thousands of Russian Roubles	**Shareholders with significant influence**	**Key management personnel**	**Other related parties**
Amounts lent to related parties during the period	900	-	-
Amounts repaid by related parties during the period	-	-	-

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

In thousands of Russian Roubles	**Shareholders with significant influence**	**Key management personnel**	**Other related parties**
Due to other banks (contractual interest rate: 3.5% - 15.6%)	5 859 370	-	-
Customer accounts (contractual interest rate: 2.7%- 13.0%)	1 376 961	2 898	-
Commitments on credit lines	10 387	3 244	-

The income and expense items with related parties for the nine-month period ended 30 September 2014 were as follows:

In thousands of Russian Roubles	**Shareholders with significant influence**	**Key management personnel**	**Other related parties**
Interest expense	293 275	1 093	-
Fee and commission income	19	3	36
Fee and commission expense	-	-	2
Administrative and other operating expenses:			
- salary	56 826	6 733	-
- social security tax	4 584	556	-
- rent	-	-	52 284
- professional services	6 369	-	-

Aggregate amounts lent to and repaid by related parties for the nine-month period ended 30 September 2014 were as follows:

In thousands of Russian Roubles	**Shareholders with significant influence**	**Key management personnel**	**Other related parties**
Amounts lent to related parties during the period	1 460	1 029	-
Amounts repaid by related parties during the period	863	129	-

Other related parties are represented by parent company of one of key shareholders and company owned by one of key management personnel.

The Group had 10 key personnel during nine-month period ended 30 September 2015 (30 September 2014: 8), their compensation were:

	Nine-month period ended 30 September 2015	**Nine-month period ended 30 September 2014**
In thousands of Russian Roubles	**Expenses**	**Expenses**
Short-term benefits:		
- Salaries	70 607	75 067
Total	70 607	75 067

22. Events After the End of the Reporting Period

In October 2015 the Deposit Insurance Agency chose Transkapitalbank for financial rehabilitation and further acquisition of assets and liabilities of Joint-Stock Commercial Bank "Investment Trade Bank" (Public Joint-Stock Company).