PJSC "Europlan"

International Financial Reporting Standards consolidated financial statements and auditors' report

31 December 2015

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улучшаем мир

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Independent auditor's report

To the shareholders and the Board of Directors
of Public joint stock company "Europlan"

We have audited the accompanying consolidated financial statements of Public joint stock company "Europlan", which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year 2015, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management of Public joint stock company "Europlan" is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the fairness of these consolidated financial statements based on our audit. We conducted our audit in accordance International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Public joint stock company "Europlan" as at 31 December 2015, and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other matters

The financial statements for the year ended 31 December 2014 before the amendment for the effect of acquisitions of subsidiaries from parties under common control accounted for under the pooling of interests method were audited by another auditor who expressed an unmodified opinion on those statements on 22 April 2015.

Ernst & Young LLC

21 April 2016

Moscow, Russia

Consolidated statement of financial position as at 31 December 2015

(in thousands of Russian roubles, unless otherwise stated)

	Note	31 December 2015	31 December 2014 (unaudited)
Assets			
Cash and cash equivalents	7	1,482,012	1,940,353
Financial instruments at fair value through profit or loss	8	96,422	1,221,189
Bank deposits	9	7,534,751	474,263
Net investment in leases after impairment allowance	10	25,831,757	34,519,500
Loans to customers after impairment allowance	11	55,768	6,140,110
Equipment purchased and advances to suppliers for lease operations	12	299,213	719,076
Debtors on leasing activities	13	72,802	117,681
Current income tax prepayment		–	74,369
VAT recoverable		45,973	35,158
Property and equipment	14	306,379	371,980
Other assets	15	1,832,126	1,535,077
Total assets		**37,557,203**	**47,148,756**
Liabilities			
Current accounts and deposits from customers	16	–	1,456,314
Borrowings	17	9,921,321	25,733,764
Insurance reserves	19	887,951	823,130
Advances received from lessees		414,150	803,547
Bonds issued	18	13,495,975	6,457,152
Current income tax payable		297,106	12,099
Deferred income tax liability	27	594,810	1,070,737
VAT payable		582,302	210,880
Other liabilities	20	707,290	655,161
Total liabilities		**26,900,905**	**37,222,784**
Equity			
Share capital	21	15,395	15,395
Additional paid-in capital	21	2,799,133	2,799,133
Retained earnings		7,841,770	6,939,794
Other reserves		–	171,650
Total equity		**10,656,298**	**9,925,972**
Total liabilities and equity		**37,557,203**	**47,148,756**

Approved for issue and signed on behalf of the Company on 21 April 2016.

Alexander Mikhaylov
CEO

Lyudmila Teterikova
CFO

The notes form an integral part of these consolidated financial statements.

Consolidated statement of profit or loss and other comprehensive income

for the year ended 31 December 2015

(in thousands of Russian roubles, unless otherwise stated)

	Note	*2015*	*2014 (unaudited)*
Continuing operations			
Interest income	22	7,560,133	7,859,446
Interest expense	22	(3,541,438)	(3,446,855)
Net interest income		**4,018,695**	**4,412,591**
Other income, net	23	1,366,493	1,232,796
Income from operations		**5,385,188**	**5,645,387**
Net income from financial instruments at fair value through profit or loss	8	109,827	727,815
Net foreign exchange losses		(9,815)	(603,443)
Total income from operations and finance income		**5,485,200**	**5,769,759**
Impairment charges	24	(172,029)	(554,988)
Staff expenses	25	(2,179,532)	(2,311,329)
General and administrative expenses	26	(653,082)	(742,406)
Other non-operating (expenses) income		(407)	11,725
Profit before income tax from continuing operations		**2,480,150**	**2,172,761**
Income tax expense	27	(538,031)	(555,693)
Net profit from continuing operations		**1,942,119**	**1,617,068**
Discontinued operations			
Profit before income tax from discontinued operations	6	381,121	162,353
Financial result from disposal of discontinued operations	6	(1,050,452)	–
Income tax benefit	27	142,113	5,075
Net (loss) profit from discontinued operations		**(527,218)**	**167,428**
Net profit		**1,414,901**	**1,784,496**
Other comprehensive income (loss) that are or may be reclassified to profit or loss in subsequent periods			
Cash flow hedges	8	–	1,244
Income tax recorded directly in other comprehensive income	27	–	(249)
Other comprehensive income for the period		**–**	**995**
Total comprehensive income for the period		**1,414,901**	**1,785,491**
Earnings per share (expressed in Russian roubles per share)	21	**61.58**	**77.66**
Earnings per share for continuing operations (expressed in Russian roubles per share)	21	**84.52**	**70.38**

The notes form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

for the year ended 31 December 2015

(in thousands of Russian roubles, unless otherwise stated)

					Other reserves			
	Note	*Share capital*	*Additional paid-in capital*	*Retained earnings*	*Share-based payment reserve*	*Cash flow hedging reserve*	*Total other reserves*	*Total equity*
Balance as at 1 January 2014 (unaudited)		**15,395**	**2,686,909**	**5,155,298**	**115,248**	**(995)**	**114,253**	**7,971,855**
Net profit from continuing operations (unaudited)		–	–	1,617,068	–	–	**–**	**1,617,068**
Net profit from discontinued operations (unaudited)		–	–	167,428	–	–	**–**	**167,428**
Other comprehensive income (unaudited)		–	–	–	–	995	**995**	**995**
Total comprehensive income for the period (unaudited)		**–**	**–**	**1,784,496**	**–**	**995**	**995**	**1,785,491**
Share-based payments (unaudited)	28	–	–	–	56,402	–	**56,402**	**56,402**
Increase in additional paid-in capital (unaudited)	21	–	112,224	–	–	–	**–**	**112,224**
Balance as at 31 December 2014 (unaudited)		**15,395**	**2,799,133**	**6,939,794**	**171,650**	**–**	**171,650**	**9,925,972**
Net profit from continuing operations		–	–	1,942,119	–	–	**–**	**1,942,119**
Net loss from discontinued operations		–	–	(527,218)	–	–	**–**	**(527,218)**
Total comprehensive income for the period		**–**	**–**	**1,414,901**	**–**	**–**	**–**	**1,414,901**
Share-based payments	28	–	–	–	52,425	–	**52,425**	**52,425**
Completion of share-based payments	28	–	–	224,075	(224,075)	–	**(224,075)**	**–**
Dividends paid	21	–	–	(737,000)	–	–	**–**	**(737,000)**
Balance as at 31 December 2015		**15,395**	**2,799,133**	**7,841,770**	**–**	**–**	**–**	**10,656,298**

The notes form an integral part of these consolidated financial statements.

Consolidated statement of cash flows

for the year ended 31 December 2015

(in thousands of Russian roubles, unless otherwise stated)

	2015	*2014 (unaudited)*
Cash flows from operating activities of continuing operations		
Interest received	8,463,278	8,838,810
Income from insurance activities	905,543	1,157,166
Interest paid	(3,622,532)	(3,693,144)
Taxes paid other than income tax	(2,745,203)	(219,419)
Proceeds from disposal of repossessed assets	1,818,906	1,392,156
Cash paid to employees	(2,091,913)	(2,322,359)
General and administrative and other payments	(630,178)	(783,273)
Cash flows from operating activities before changes in operating assets and liabilities	**2,097,901**	**4,369,937**
Changes in operating assets/liabilities		
Bank deposits	(6,042,202)	3,374,092
Net investment in leases	8,609,028	(4,434,179)
Debtors on leasing activities	115,653	(405,910)
Advances on leasing activities	37,621	(111,150)
Loans to customers	1,700,642	(1,956,963)
Term deposits from other banks	–	(500,000)
Current accounts and deposits from customers	463,802	1,112,507
Other assets	(1,147,549)	(1,343,714)
Other liabilities	4,445,396	1,274,701
Net cash flows from operating activities before income tax	**10,280,292**	**1,379,321**
Income tax paid	(504,187)	(171,780)
Net cash flows from operating activities	**9,776,105**	**1,207,541**
Cash flows from investing activities		
Proceeds from sale of property and equipment	9,447	6,541
Purchase of property and equipment	(44,232)	(112,461)
Proceed from disposal of subsidiary, net of cash disposed (Note 6)	(475,969)	–
Net cash flows used in investing activities	**(510,754)**	**(105,920)**
Cash flows from financing activities		
Borrowings received	–	12,574,303
Borrowings repaid	(15,949,995)	(10,194,672)
Bonds issued	7,149,091	–
Bonds repaid	(220,020)	(2,149,091)
Dividends paid (Note 21)	(737,000)	–
Net cash flows (used in) from financing activities	**(9,757,924)**	**230,540**
Effect of exchange rate changes on cash and cash equivalents	34,232	1,922
Net (decrease) increase in cash and cash equivalents	**(458,341)**	**1,334,083**
Cash and cash equivalents at the beginning of the year (Note 7)	**1,940,353**	**606,270**
Cash and cash equivalents at the end of the year (Note 7)	**1,482,012**	**1,940,353**

The notes form an integral part of these consolidated financial statements.

(in thousands of Russian roubles, unless otherwise stated)

1 Introduction

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") for the year ended 31 December 2015 for PJSC "Europlan" (the "Company") and its subsidiaries (together referred to as the "Group").

PJSC "Europlan" is a public joint stock company incorporated under the laws of the Russian Federation. The Company was previously incorporated as a Closed Joint Stock Company "Europlan" in the year 2004 and changed form of incorporation to a joint stock company in July 2015 and to a public joint stock company in November 2015. PJSC "Europlan's" registered address is 20 1st Shchipkovsky pereulok, Moscow, 115093, Russian Federation. The Group's head office is located at 12, Malaya Sukharevskaya Square, Moscow, 127051, Russian Federation.

As at 31 December 2015 and 2014 the Company's immediate parent company is Europlan Holdings Limited. As at 31 December 2014 59.8% of shares of Europlan Holdings Limited were held by a nominee on behalf of Baring Vostok Private Equity Funds (Baring Vostok Private Equity Fund L.P.1, Baring Vostok Private Equity Fund L.P.2, Baring Vostok Private Equity Fund L.P.3, Baring Vostok Fund Co-Investment, L.P.). In September 2015 third party Cendonbridge Global Limited purchased 100% ordinary shares of Europlan Holdings Limited. Following the initial public offering of shares belonged to Europlan Holdings Limited in December 2015, as at 31 December 2015 Europlan Holdings Limited held 75% ordinary shares plus 1 share of the Company. As a result of the transactions an ultimate controlling party of the Group is Mr. Shishkhanov M.O. as at 31 December 2015.

The principal business of the Group is leasing of various types of automobiles and equipment to individual entrepreneurs and legal entities within the Russian Federation. The Group purchases leasing assets from suppliers operating in the territory of the Russian Federation. The Group's principal place of business is the Russian Federation. In 2015 the Group provided its services via 73 offices (2014: 94) located in the Russian Federation. As at 31 December 2015 the number of employees was 1,545 (2014: 2,151).

In October 2015 management of the Group's shareholder changed the Group's structure and moved the ownership of LLC "Europlan Auto", LLC "Europlan Insurance", LLC "Europlan Lease Payments" and LLC "POMESTIE" from the direct ownership of Europlan Holdings Limited into the ownership of the PJSC "Europlan" registered in the Russian Federation (refer to Note 6). In December 2015 the Group lost control over JSC "Europlan Bank" as a result of sale of its shares (refer to Note 6).

Details of the subsidiaries are as follows:

			Ownership %	
Name	***Country of incorporation***	***Principal activities***	***31 December 2015***	***31 December 2014***
LLC "Europlan Auto"	Russian Federation	Finance leases	99.99	–
LLC "Europlan Lease Payments"	Russian Federation	Insurance agent	99.99	–
LLC "POMESTIE"	Russian Federation	Holding company	99.99	–
LLC "KRAUN KD"	Russian Federation	Holding company	99.99	–
LLC "Insurance company Europlan"	Russian Federation	Insurance	99.99	–
LLC "Europlan Insurance"	Russian Federation	Other	99.99	–
JSC "Europlan Bank"	Russian Federation	Banking	–	99.90

2 Operating environment of the group

The Group's operations are located in the Russian Federation. Consequently, the Group is exposed to the economic and financial markets of the Russian Federation, which display characteristics of an emerging market. The legal, tax and regulatory frameworks continue development, but are subject to varying interpretations and frequent changes which together with other legal and fiscal impediments contribute to the challenges faced by entities operating in the Russian Federation. In addition, the contraction in the capital and credit markets and its impact on the Russian economy have further increased the level of economic uncertainty in the environment. The consolidated financial statements reflect management's assessment of the impact of the Russian business environment on the operations and the financial position of the Group.

(in thousands of Russian roubles, unless otherwise stated)

2 Operating environment of the group (continued)

In 2015, the Russian economy continued to be negatively impacted by a significant drop in crude oil prices and a significant devaluation of the Russian rouble, as well as sanctions imposed on Russia by several countries in 2014. The rouble interest rates remained high after the Central Bank of Russia raised its key rate in December 2014, with subsequent gradual decrease in 2015. The combination of the above resulted in reduced access to capital, a higher cost of capital, increased inflation and uncertainty regarding economic growth, which could negatively affect the Group's future financial position, results of operations and business prospects. Management believes it is taking appropriate measures to support the sustainability of the Group's business in the current circumstances.

Management determines investment in lease impairment provisions by considering the economic situation and outlook at the end of the reporting period and applies 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, no matter how likely those future events are.

Although the future business environment may differ from management's assessment, management believes it is taking all the necessary measures to support the sustainability and development of the Group's business.

3 Summary of significant accounting policies

Changes in accounting policies

The Group has adopted the following amended IFRS, which are effective for annual periods beginning on or after 1 January 2015:

Amendments to IAS 19 Defined Benefit Plans: Employee Contributions

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is not relevant to the Group, since the Group does not have defined benefit plans with contributions from employees or third parties.

Annual improvements 2010-2012 cycle

These improvements are effective from 1 July 2014 and the Group has applied these amendments for the first time in these financial statements. They include:

IFRS 2 Share-based Payment

This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:

- a performance condition must contain a service condition;
- a performance target must be met while the counterparty is rendering service;
- a performance target may relate to the operations or activities of an entity, or to those of another entity in the same group;
- a performance condition may be a market or non-market condition;
- if the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

The above definitions are consistent with how the Group has identified any performance and service conditions which are vesting conditions in previous periods, and thus these amendments do not impact the Group's accounting policies.

(in thousands of Russian roubles, unless otherwise stated)

3 Summary of significant accounting policies (continued)

Changes in accounting policies (continued)

IFRS 3 Business Combinations

The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IFRS 9 (or IAS 39, as applicable). This is consistent with the Group's current accounting policy, and thus this amendment does not impact the Group's accounting policy.

IFRS 8 Operating Segments

The amendments are applied retrospectively and clarifies that:

- an entity must disclose the judgments made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are "similar";
- the reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

The Group has applied the aggregation criteria in IFRS 8.12 and disclosed the information required by the amendment in Note 34 to these consolidated financial statements. The Group has presented the reconciliation of segment assets to total assets in previous periods and continues to disclose the same in Note 34 in these consolidated financial statements as the reconciliation is reported to the chief operating decision maker for the purpose of her decision making.

IFRS 13 Short-term Receivables and Payables – Amendments to IFRS 13

This amendment to IFRS 13 clarifies in the Basis for Conclusions that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. This is consistent with the Group's current accounting policy, and thus this amendment does not impact the Group's accounting policy.

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets

The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset. The Group did not record any revaluation adjustments during the current period.

IAS 24 Related Party Disclosures

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. This amendment is not relevant for the Bank as it does not receive any management services from other entities.

(in thousands of Russian roubles, unless otherwise stated)

3 Summary of significant accounting policies (continued)

Changes in accounting policies (continued)

Annual improvements 2011-2013 cycle

These improvements are effective from 1 July 2014 and the Group has applied these amendments for the first time in these consolidated financial statements. They include:

IFRS 3 Business Combinations

The amendment is applied prospectively and clarifies for the scope exceptions within IFRS 3 that:

- joint arrangements, not just joint ventures, are outside the scope of IFRS 3;
- this scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

The Group is not a joint arrangement, and thus this amendment is not relevant for the Group.

IFRS 13 Fair Value Measurement

The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 (or IAS 39, as applicable). The Group does not apply the portfolio exception in IFRS 13.

IAS 40 Investment Property

The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment is applied prospectively and clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or business combination. In previous periods, the Group has relied on IFRS 3, not IAS 40, in determining whether an acquisition is of an asset or is a business acquisition. Thus, this amendment does not impact the accounting policy of the Group.

Meaning of 'Effective IFRSs' – Amendments to IFRS 1

The amendment clarifies in the Basis for Conclusions that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first IFRS financial statements. This amendment to IFRS 1 had no impact on the Group, since the Group is an existing IFRS preparer.

Basis of consolidation

Subsidiaries, which are those entities which are controlled by the Group, are consolidated. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee;
- the ability to use its power over the investee to affect its returns.

(in thousands of Russian roubles, unless otherwise stated)

3 Summary of significant accounting policies (continued)

Basis of consolidation (continued)

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement(s) with the other vote holders of the investee;
- rights arising from other contractual arrangements;
- the Group's voting rights and potential voting rights.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated in full; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, accounting policies for subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction. Losses are attributed to the non-controlling interests even if that results in a deficit balance.

If the Group loses control over a subsidiary, it derecognises the assets (including goodwill) and liabilities of the subsidiary, the carrying amount of any non-controlling interests, the cumulative translation differences, recorded in equity; recognises the fair value of the consideration received, the fair value of any investment retained and any surplus or deficit in profit or loss and reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss.

Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the acquirer measures the non-controlling interests in the acquiree that are present ownership interests either at fair value or at the proportionate share of the acquiree's identifiable net assets and other components of non-controlling interests at their acquisition date fair value. Acquisition costs incurred are expensed.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value as at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with IAS 39 either in profit or loss or as change to other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the consideration transferred over the Group's net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

(in thousands of Russian roubles, unless otherwise stated)

3 Summary of significant accounting policies (continued)

Business combinations (continued)

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Acquisition of subsidiaries from parties under common control

Acquisitions of subsidiaries from parties under common control are accounted for using the pooling of interests method.

The assets and liabilities of the subsidiary transferred under common control are recorded in these consolidated financial statements at the carrying amounts of the transferring entity (the predecessor) at the date of the transfer. Related goodwill inherent in the predecessor's original acquisition is also recorded in these consolidated financial statements. Any difference between the total book value of net assets, including the predecessor's goodwill, and the consideration paid is accounted for in these consolidated financial statements as an adjustment to the shareholders' equity.

These consolidated financial statements, including corresponding figures, are presented as if the subsidiaries had been acquired by the Group on the date they were originally acquired by the predecessor.

Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The consolidated financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

These consolidated financial statements are presented in thousands of Russian roubles ("RUB"), except per share amounts and unless otherwise indicated.

Fair value measurement

The Group measures financial instruments, such as trading and available-for-sale securities, derivatives and non-financial assets such as investment property, at fair value at each balance sheet date. Fair values of financial instruments measured at amortised cost are disclosed in Note 31.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

(in thousands of Russian roubles, unless otherwise stated)

3 Summary of significant accounting policies (continued)

Fair value measurement (continued)

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Financial assets

Initial recognition

Financial assets in the scope of IAS 39 are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. The Group determines the classification of its financial assets upon initial recognition, and subsequently can reclassify financial assets in certain cases as described below.

Date of recognition

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category "financial assets at fair value through profit or loss". Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated and effective hedging instruments. Gains or losses on financial assets held for trading are recognised in profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not classified as trading securities or designated as investment securities available-for-sale. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

(in thousands of Russian roubles, unless otherwise stated)

3 Summary of significant accounting policies (continued)

Financial assets (continued)

Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories. After initial recognition available-for sale financial assets are measured at fair value with gains or losses being recognised in other comprehensive income until the investment is derecognised or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in other comprehensive income is reclassified to the consolidated statement of profit or loss. However, interest calculated using the effective interest method is recognised in profit or loss.

Reclassification of financial assets

If a non-derivative financial asset classified as held for trading is no longer held for the purpose of selling in the near term, it may be reclassified out of the fair value through profit or loss category in one of the following cases:

- a financial asset that would have met the definition of loans and receivables above may be reclassified to loans and receivables category if the Group has the intention and ability to hold it for the foreseeable future or until maturity;
- other financial assets may be reclassified to available-for-sale or held to maturity categories only in rare circumstances.

A financial asset classified as available for sale that would have met the definition of loans and receivables may be reclassified to loans and receivables category of the Group has the intention and ability to hold it for the foreseeable future or until maturity.

Financial assets are reclassified at their fair value on the date of reclassification. Any gain or loss already recognised in profit or loss is not reversed. The fair value of the financial asset on the date of reclassification becomes its new cost or amortised cost, as applicable.

Cash and cash equivalents

Cash and cash equivalents are items which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents include cash in hand and highly liquid placements with banks with original maturities of less than 90 days. Funds placed for a period of more than 90 days are excluded from cash and cash equivalents. Cash and cash equivalents are carried at amortised cost using the effective interest rate method.

Derivative financial instruments

In the normal course of business, the Group enters into various derivative financial instruments including futures, forwards, swaps and options in the foreign exchange and capital markets. Such financial instruments are held for trading and are recorded at fair value. The fair values are estimated based on quoted market prices or pricing models that take into account the current market and contractual prices of the underlying instruments and other factors. Derivatives are carried as assets when their fair value is positive and as liabilities when it is negative. Gains and losses resulting from these instruments are included in the consolidated statement of profit or loss as net gains/(losses) from trading securities or net gains/(losses) from foreign currencies, depending on the nature of the instrument.

Derivatives embedded in other financial instruments are treated as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contract, and the host contract is not itself held for trading or designated at fair value through profit or loss. The embedded derivatives separated from the host are carried at fair value in the trading portfolio with changes in fair value recognised in profit or loss.

3 Summary of significant accounting policies (continued)

Hedge accounting

To qualify for hedge accounting in accordance with IAS 39 *Financial Instruments: Recognition and Measurement*, hedges must be highly effective. Derivatives used for hedging purposes are measured at fair value in the consolidated statement of financial position.

At inception of the hedge relationship, the Group formally documents the relationship between the hedged item and the hedging instrument, including the nature of the risk, the objective and strategy for undertaking the hedge and the method that will be used to assess the effectiveness of the hedging relationship.

Also at the inception of the hedge relationship, a formal assessment is undertaken to ensure the hedging instrument is expected to be highly effective in offsetting the designated risk in the hedged item. Hedges are formally assessed for effectiveness on monthly basis. A hedge is regarded as highly effective if the changes in the fair value of cash flows attributable to the hedged risk are expected to offset in a range of 80% to 125% during the hedging period.

Where a derivative is designated as a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised as other comprehensive income in equity. The amount recognised in equity is removed and included in profit or loss in the same period as the hedged cash flows affect profit or loss. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

Borrowings

Issued financial instruments or their components are classified as liabilities, where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity instruments. Such instruments include amounts due to credit institutions, debt securities issued and other borrowed funds. After initial recognition, borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the borrowings are derecognised as well as through the amortisation process.

Leases

Inception of the lease

The inception of the lease is considered to be the date of the lease agreement, or the date of commitment, if earlier. For purposes of this definition, a commitment shall be in writing, signed by the parties involved in the transaction, and shall specifically set forth the principal terms of the transaction.

Commencement of the lease term

The commencement of the lease term is the date from which the lessee is entitled to exercise its right to use the leased asset. It is the date of initial recognition of the lease.

Lease classification

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred. All other leases are operating leases.

The Group recognises lease receivables at value equal to the net investment in the lease, starting from the date of commencement of the lease term. Finance income is based on a pattern reflecting a constant periodic rate of return on the net investment outstanding. Initial direct costs are included in the initial measurement of the lease receivables.

(in thousands of Russian roubles, unless otherwise stated)

3 Summary of significant accounting policies (continued)

Leases (continued)

Net investment in leases / Finance income from leases

Net investment in leases is calculated as the aggregate of minimum lease payments net of reimbursable expenses, representing the amounts guaranteed by the lessee and any unguaranteed residual value (together gross investment in leases), discounted at the interest rate implicit in lease. The interest rate implicit in lease is the discount rate that, at the inception of lease, causes the present value of the gross investment in lease to be equal to the fair value of the leased asset.

The difference between the gross investment in leases and the net investment in leases represents unearned finance income. This income is recognised over the term of the lease using a net investment method (before tax), which reflects a constant periodic rate of return. Incremental costs directly attributable to negotiating and arranging the lease are included in the initial measurement of the finance lease receivable and reduce the amount of income recognised over the lease term.

Initial direct transaction costs incurred by the lessor include amounts such as commissions, legal fees and internal costs that are incremental and directly attributable to negotiating and arranging a lease. For finance leases, initial direct costs are included in the initial measurement of the finance lease receivable and reduce the amount of income recognised over the lease term.

Net investment in leases also includes equipment under installation if all the significant risks and rewards of ownership of leased assets are transferred to the lessee. The Group starts to accrue interest income from the commencement date.

Payments received by the Group from lessees are treated as advances received from lessees (a separate line within liabilities section) up to the commencement of the lease terms, when net investment in leases, adjusted by payments received from lessees are recognised.

Any advances made to the supplier are recorded as advances to suppliers for lease operations.

Equipment purchased for leasing purposes

Items purchased for leasing purposes represent assets purchased for subsequent transfer to lessees but not transferred at the reporting date. The assets are carried at the lower of cost and net realisable value.

Leased objects repossessed

Leased objects repossessed generally represent the assets repossessed by the Group from delinquent lessees under terminated finance lease contracts. The major types of assets held are cars, trucks and other equipment. When the Group takes possession of the collateral under terminated lease contracts, it measures the assets obtained at the lower of cost or net realisable value. When estimating the net realisable value the Group makes assumptions to assess the market values depending on the type of asset being assessed and then applies market realisation cost adjustments to certain types of assets for obsolescence, illiquidity and trade discounts expected.

Operating leases

Where the Group is a lessee in a lease which does not transfer substantially all the risks and rewards incidental to ownership from the lessor to the Group, the total lease payments are charged to profit or loss for the year on a straight-line basis over the lease term.

Measurement of financial instruments at initial recognition

When financial instruments are recognised initially, they are measured at fair value, adjusted, in the case of instruments not at fair value through profit or loss, for directly attributable fees and costs.

(in thousands of Russian roubles, unless otherwise stated)

3 Summary of significant accounting policies (continued)

Measurement of financial instruments at initial recognition (continued)

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price. If the Group determines that the fair value at initial recognition differs from the transaction price, then:

- if the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e., a Level 1 input) or based on a valuation technique that uses only data from observable markets, the Group recognises the difference between the fair value at initial recognition and the transaction price as a gain or loss;
- in all other cases, the initial measurement of the financial instrument is adjusted to defer the difference between the fair value at initial recognition and the transaction price. After initial recognition, the Group recognises that deferred difference as a gain or loss only when the inputs become observable, or when the instrument is derecognised.

Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. The right of set-off must not be contingent on a future event and must be legally enforceable in all of the following circumstances:

- the normal course of business;
- the event of default; and
- the event of insolvency or bankruptcy of the entity and all of the counterparties.

These conditions are not generally met in master netting agreements, and the related assets and liabilities are presented gross in the consolidated statement of financial position.

Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Impairment of net investment in leases, debtors on leasing activities, loans to customers and other receivables

The Group reviews its net investment in lease ("NIL"), debtors on leasing activities, loans to customers and other receivables ("NIL and other receivables") to assess impairment on a regular basis. NIL and other receivables are impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the NIL and other receivables and that event (or events) has had an impact on the estimated future cash flows of the assets that can be reliably estimated.

Objective evidence that financial assets are impaired can include default or delinquency by a leasee or other borrower, breach of contract conditions, restructuring of a contract or advance on terms that the Group would not otherwise consider, indications that a lessee or issuer will enter bankruptcy, the disappearance of an active market for a security, deterioration in the value of collateral, or other observable data relating to a group of assets such as adverse changes in the payment status of borrowers in the group, or economic conditions that correlate with defaults in the group.

(in thousands of Russian roubles, unless otherwise stated)

3 Summary of significant accounting policies (continued)

Impairment of financial assets (continued)

The Group first assesses whether objective evidence of impairment exists individually for NIL and other receivables that are individually significant, and individually or collectively for NIL and other receivables that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed NIL and other receivables, whether significant or not, it includes the NIL and other receivables in a group of NIL and other receivables with similar credit risk characteristics and collectively assesses them for impairment. NIL and other receivables that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not collectively assessed for impairment.

If there is objective evidence that an impairment loss on NIL and other receivables has been incurred, the amount of the loss is measured as the difference between the carrying amount of NIL and other receivables and the present value of estimated future cash flows including amounts recoverable from guarantees and collateral discounted at NIL or other receivable's original effective interest rate. Contractual cash flows and historical loss experience adjusted on the basis of relevant observable data that reflect current economic conditions provide the basis for estimating expected cash flows.

In some cases the observable data required to estimate the amount of an impairment loss on NIL and other receivables may be limited or no longer fully relevant to current circumstances. This may be the case when a borrower is in financial difficulties and there is little available historical data relating to similar borrowers. In such cases, the Group uses its experience and judgement to estimate the amount of any impairment loss.

All impairment losses in respect of NIL and other receivables are recognised in profit or loss and are only reversed if a subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

Uncollectible assets are written off against the related impairment loss allowance after all the necessary procedures to recover the receivable have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off are credited to the other income account.

Future cash flows on a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the years on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. Estimates of changes in future cash flows reflect, and are directionally consistent with, changes in related observable data from year to year (such as changes in unemployment rates, property prices, commodity prices, payment status, or other factors that are indicative of incurred losses in the group or their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the Group has transferred its rights to receive cash flows from the asset, or retained the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; and
- the Group either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

(in thousands of Russian roubles, unless otherwise stated)

3 Summary of significant accounting policies (continued)

Derecognition of financial assets and liabilities (continued)

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Taxation

The current income tax expense is calculated in accordance with the regulations of the Russian Federation.

Deferred tax assets and liabilities are calculated in respect of temporary differences using the liability method. Deferred income taxes are provided for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes, except where the deferred income tax arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

A deferred tax asset is recorded only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Russia also has various operating taxes, that are assessed on the Group's activities. These taxes are included as a component of other operating expenses.

Value added tax ("VAT")

Output value added tax is payable to tax authorities on the earlier of (a) collection of the receivables from customers or (b) delivery of the goods or services to customers. Input VAT is generally recoverable against output VAT upon receipt of the VAT invoice. The tax authorities permit the settlement of VAT on a net basis. Where a provision has been made for the impairment of receivables, the impairment loss is recorded for the gross amount due from the debtor, including VAT.

(in thousands of Russian roubles, unless otherwise stated)

3 Summary of significant accounting policies (continued)

Taxation (continued)

VAT recoverable represents the amount of VAT paid on assets acquired for leasing purposes. This VAT is recoverable from lease payments of the lessees (sales VAT).

For the purpose of these consolidated financial statements, VAT payable to the state is netted against VAT receivables from lessees and VAT recoverable on assets acquired for leasing purposes within each component of the Group.

Property and equipment

Property and equipment are carried at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and any accumulated impairment. Such cost includes the cost of replacing part of equipment when that cost is incurred if the recognition criteria are met.

Costs of minor repairs and maintenance are expensed when incurred. Cost of replacing major parts or components of equipment items are capitalised and the replaced part is amortised. Gains and losses on disposals determined by comparing proceeds with the carrying amount are recognised in profit or loss. Costs related to repairs and renewals are charged when incurred and included in general and administrative expenses, unless they qualify for capitalisation.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Depreciation of an asset begins when it is available for use. Depreciation is calculated on a straight-line basis over the following estimated useful lives:

Building	30 years
Computer equipment	5 years
Office equipment	5 years
Car	5 years
Other equipment	5 years

The asset’s residual values, useful lives and methods are reviewed, and adjusted as appropriate, at each financial year-end.

Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the consideration transferred over the Group’s net identifiable assets acquired and liabilities assumed. Goodwill on an acquisition of a subsidiary is included in goodwill and other intangible assets. Goodwill on an acquisition of an associate is included in the investments in associates. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group’s cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- is not larger than the operating segment as defined in IFRS 8 *Operating Segments* before aggregation.

(in thousands of Russian roubles, unless otherwise stated)

3 Summary of significant accounting policies (continued)

Goodwill (continued)

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units), to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets other than goodwill

Intangible assets other than goodwill include computer software and licenses.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic lives of 5 years and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Amortisation periods and methods for intangible assets with indefinite useful lives are reviewed at least at each financial year-end.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made.

Insurance reserves

Insurance reserves comprise unearned premium reserves, reported but not settled claims and incurred but not reported claims. The unearned premium reserve comprises the proportion of gross premiums written which is estimated to be earned in later accounting periods. The unearned premium reserve is computed separately for each insurance contract using the daily pro-rata method. The unearned premium reserve is recognised net of estimated cancellations of policies in force as of the reporting date. Changes in the unearned premium reserve are recognised in profit or loss and other comprehensive income in the period of the coverage.

Claims incurred comprise provisions for the Group's estimate of the ultimate cost of settling all claims incurred but not settled at the reporting date, whether reported or not, and provisions for related external claims handling expenses.

Claims outstanding are assessed by reviewing individual claims and making allowance for claims incurred but not yet reported, the effect of both internal and external foreseeable events, such as changes in external claims handling expenses, legislative changes and past experience and trends. Provisions for claims outstanding are not discounted.

At each reporting date an assessment is made by the Group of whether its insurance liabilities (less related deferred acquisition costs) are adequate. This calculation uses the best current estimates of future.

contractual cash flows after taking account of the cost of the settling the claims and investment return expected to arise on assets relating to the relevant insurance reserves. If these estimates show the deficiency, the Group writes off the corresponding acquisition costs and sets up extra provision, if necessary. The deficiency is recognised in profit or loss and other comprehensive income.

(in thousands of Russian roubles, unless otherwise stated)

3 Summary of significant accounting policies (continued)

Retirement and other employee benefit obligations

The Group does not have any pension arrangements separate from the State pension system of the Russian Federation, which requires current contributions by the employer calculated as a percentage of current gross salary payments; such expense is charged in the period the related salaries are earned. In addition, the Group has no significant post-employment benefits.

Share based payments

Europlan Group (i.e. group of Europlan Holdings Limited and its subsidiaries) operates a share based program, under which the Europlan Group receives services from eligible employees as consideration for share based awards granted to the employees. The award is measured at the fair value of the equity instruments granted at the grant date, taking into consideration the estimated number of the instruments expected to vest. The resulting amount is recognised as an expense in the consolidated statement of profit or loss and other comprehensive income and a share based payment reserve in the consolidated statement of changes in equity, over the vesting period. Changes in the estimated number of the instruments expected to vest are reflected in the consolidated statement of profit or loss and other comprehensive income until the award vests.

Share capital

Share capital

Ordinary shares and non-redeemable preference shares with discretionary dividends are both classified as equity. External costs directly attributable to the issue of new shares, other than on a business combination, are shown as a deduction from the proceeds in equity. Any excess of the fair value of consideration received over the par value of shares issued is recognised as additional paid-in capital.

Dividends

Dividends are recognised as a liability and deducted from equity at the reporting date only if they are declared before or on the reporting date. Dividends are disclosed when they are proposed before the reporting date or proposed or declared after the reporting date but before the consolidated financial statements are authorised for issue.

Segment reporting

The Group’s segmental reporting is based on the following operating segments: Leasing activity, Insurance activity and Banking activity.

Contingencies

Contingent liabilities are not recognised in the consolidated statement of financial position but are disclosed unless the possibility of any outflow in settlement is remote. A contingent asset is not recognised in the consolidated statement of financial position but disclosed when an inflow of economic benefits is probable.

Recognition of income and expenses

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(in thousands of Russian roubles, unless otherwise stated)

3 Summary of significant accounting policies (continued)

Recognition of income and expenses (continued)

Interest and similar income and expense

For all financial instruments measured at amortised cost and interest bearing securities classified as trading or available-for-sale, interest income or expense is recorded at the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses. The carrying amount of the financial asset or financial liability is adjusted if the Group revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original effective interest rate and the change in carrying amount is recorded as interest income or expense.

Once the value of a financial asset or a group of similar financial assets has been reduced due to an impairment loss, interest income continues to be recognised using the original effective interest rate applied to the new carrying amount.

Fee and commission income

The Group earns fee and commission income from a diverse range of services it provides to its customers. Fee income can be divided into the following two categories:

- *Fee income earned from services that are provided over a certain period of time*

  Fees earned for the provision of services over a period of time are accrued over that period. These fees include commission income and asset management, custody and other management and advisory fees. Loan commitment fees for loans that are likely to be drawn down and other credit related fees are deferred (together with any incremental costs) and recognised as an adjustment to the effective interest rate on the loan.

- *Fee income from providing transaction services*

  Fees arising from negotiating or participating in the negotiation of a transaction for a third party – such as the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses – are recognised on completion of the underlying transaction. Fees or components of fees that are linked to a certain performance are recognised after fulfilling the corresponding criteria.

Dividend income

Revenue is recognised when the Group's right to receive the payment is established.

Foreign currency translation

The consolidated financial statements are presented in Russian roubles, which is the Group's functional and presentation currency.

Transactions in foreign currencies are initially recorded in the functional currency, converted at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. Gains and losses resulting from the translation of foreign currency transactions are recognised in the consolidated statement of profit or loss as gains less losses from foreign currencies – translation differences. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

(in thousands of Russian roubles, unless otherwise stated)

3 Summary of significant accounting policies (continued)

Foreign currency translation (continued)

Differences between the contractual exchange rate of a transaction in a foreign currency and the Central Bank exchange rate on the date of the transaction are included in gains less losses from dealing in foreign currencies. The official CBR exchange rates at 31 December 2015 and 31 December 2014, were 72.8827 roubles and 56.2584 roubles to 1 USD, respectively.

4 Significant accounting judgments and estimates

In the process of applying the Group's accounting policies, management has used its judgments and made estimates in determining the amounts recognised in the consolidated financial statements. The most significant use of judgments and estimates are as follows:

Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models is taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Additional details are provided in Note 31.

Allowance for net investment in leases and other receivables

The Group regularly reviews its net investment in leases and other receivables to assess impairment. The Group uses its experienced judgment to estimate the amount of any impairment loss in cases where a borrower is in financial difficulties and there are few available sources of historical data relating to similar borrowers. Similarly, the Group estimates changes in future cash flows based on the observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the group of net investment in leases and other receivables. The Group uses its experienced judgment to adjust observable data for a group of net investment in leases or other receivables to reflect current circumstances. The amount of allowance for impairment recognised in consolidated statement of financial position at 31 December 2015 was RUB 557,326 thousand (2014: RUB 1,172,287 thousand). More details are provided in Note 24.

Assumptions on liabilities under insurance agreements

Assumptions, having the greatest effect on the assessment of insurance reserves, are ratios of expected loss, computed from data of losses occurrence for the last years. Ratio of expected loss is the ratio of amount of expected loss to insurance premium earned. For determination of the total amount of liabilities future cash flows are forecasted based on deemed estimates of parameters, which may affect the amount of individual insurance payment (for example, losses frequency, risks related with insurance agreements – effects of prolonged exposure, recovery time, period from the date of insured event and the date of settlement of losses).

(in thousands of Russian roubles, unless otherwise stated)

5 New standards and interpretations not yet adopted

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 *Financial Instruments* which reflects all phases of the financial instruments project and replaces IAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting.

IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before 1 February 2015. The adoption of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities. The Group expects a significant impact on its equity due to adoption of IFRS 9 impairment requirements, but it will need to perform a more detailed analysis, which considers all reasonable and supportable information, including forward-looking elements to determine the extent of the impact.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Revenue arising from lease contracts within the scope of IAS 17 *Leases*, insurance contracts within the scope of IFRS 4 *Insurance Contracts* and financial instruments and other contractual rights and obligations within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* (or IFRS 9 *Financial Instruments,* if early adopted) is out of IFRS 15 scope and is dealt by respective standards.

Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue.

The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

IFRS 14 Regulatory Deferral Accounts

IFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of IFRS. Entities that adopt IFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and other comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. IFRS 14 is effective for annual periods beginning on or after 1 January 2016. Since the Group is an existing IFRS preparer, this standard would not apply.

(in thousands of Russian roubles, unless otherwise stated)

5 New standards and interpretations not yet adopted (continued)

Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests

The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant IFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group.

Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group given that the Group has not used a revenue-based method to depreciate its non-current assets.

Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants

The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of IAS 41. Instead, IAS 16 will apply. After initial recognition, bearer plants will be measured under IAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of IAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance* will apply. The amendments are retrospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group as the Group does not have any bearer plants.

Amendments to IAS 27 Equity Method in Separate Financial Statements

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of IFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to IFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group.

Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address the acknowledged inconsistency between the requirements in IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. The amendments clarify that an investor recognises a full gain or loss on the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture. The amendments are applied prospectively to transactions occurring in annual periods beginning on or after 1 January 2016. Earlier application is permitted.

(in thousands of Russian roubles, unless otherwise stated)

5 New standards and interpretations not yet adopted (continued)

Amendments to IAS 1 Disclosure Initiative

The amendments to IAS 1 *Presentation of Financial Statements* clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

- the materiality requirements in IAS 1;
- that specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated;
- that entities have flexibility as to the order in which they present the notes to financial statements;
- that the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI. These amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Group.

Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception

The amendments address issues that have arisen in applying the investment entities exception under IFRS 10. The amendments to IFRS 10 clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.

Furthermore, the amendments to IFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. The amendments to IAS 28 allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries. These amendments must be applied retrospectively and are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Group.

Annual improvements 2012-2014 cycle

These improvements are effective on or after 1 January 2016 and are not expected to have a material impact on the Group. They include:

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations – changes in methods of disposal

Assets (or disposal groups) are generally disposed of either through sale or through distribution to owners. The amendment to IFRS 5 clarifies that changing from one of these disposal methods to the other should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in IFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification. The amendment must be applied prospectively to changes in methods of disposal that occur in annual periods beginning on or after 1 January 2016, with earlier application permitted.

(in thousands of Russian roubles, unless otherwise stated)

5 New standards and interpretations not yet adopted (continued)

Annual improvements 2012-2014 cycle (continued)

IFRS 7 Financial Instruments: Disclosures – servicing contracts

IFRS 7 requires an entity to provide disclosures for any continuing involvement in a transferred asset that is derecognised in its entirety. The Board was asked whether servicing contracts constitute continuing involvement for the purposes of applying these disclosure requirements. The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in paragraphs IFRS 7.B30 and IFRS 7.42C in order to assess whether the disclosures are required. The amendment must be applied for annual periods beginning on or after 1 January 2016, with earlier application permitted. The amendment is to be applied such that the assessment of which servicing contracts constitute continuing involvement will need to be done retrospectively. However, the required disclosures would not need to be provided for any period beginning before the annual period in which the entity first applies the amendments.

IFRS 7 Financial Instruments: Disclosures – applicability of the offsetting disclosures to condensed interim financial statements

In December 2011, IFRS 7 was amended to add guidance on offsetting of financial assets and financial liabilities. In the effective date and transition for that amendment IFRS 7 states that an entity shall apply those amendments for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The interim disclosure standard, IAS 34, does not reflect this requirement, however, and it is not clear whether those disclosures are required in the condensed interim financial report.

The amendment removes the phrase 'and interim periods within those annual periods', clarifying that these IFRS 7 disclosures are not required in the condensed interim financial report. The amendment must be applied retrospectively for annual periods beginning on or after 1 January 2016, with earlier application permitted.

IAS 19 Employee Benefits – regional market issue regarding discount rate

The amendment to IAS 19 clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

The amendment must be applied for annual periods beginning on or after 1 January 2016, with earlier application permitted.

IAS 34 Interim Financial Reporting – disclosure of information "elsewhere in the interim financial report"

The amendment states that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report). The Board specified that the other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. If users do not have access to the other information in this manner, then the interim financial report is incomplete. The amendment should be applied retrospectively for annual periods beginning on or after 1 January 2016, with earlier application permitted.

(in thousands of Russian roubles, unless otherwise stated)

6 Acquisition and disposal of subsidiaries, and discontinued operations

In October 2015 management of the Group's shareholder changed the Group's structure and moved the ownership of LLC "Europlan Auto", LLC "Europlan Insurance", LLC "Europlan Lease Payments" and LLC "POMESTIE" from the direct ownership of Europlan Holdings Limited into the ownership of the PJSC "Europlan" registered in the Russian Federation. There was no purchase consideration paid, as the investments in the companies were transferred from the Group's shareholder as contribution to equity of PJSC "Europlan".

Acquisitions of subsidiaries from parties under common control are accounted for using the pooling of interests method. These consolidated financial statements, including corresponding figures, are presented as if the subsidiaries had been acquired by the Group on the date it was originally acquired by the predecessor. The carrying value of total assets and liabilities of the companies acquired in October 2015 as at the date of acquisition into the ownership of the PJSC "Europlan" was RUB 2,592,364 thousand and RUB 1,419,895 thousand, respectively.

Disposal of JSC "Europlan Bank"

In December 2015, the Group lost control over JSC "Europlan Bank" (the "Bank") as a result of sale of its shares to related parties. There were no expenses incurred by the Group at disposal of the Bank.

The assets and liabilities of the Bank as at the date of disposal were as follows:

	Carrying amount at disposal date
Cash and cash equivalents	475,969
Loans to customers after impairment allowance	3,822,980
Property, equipment and intangible assets	105,664
Other assets	43,492
Total assets	**4,448,105**
Current accounts and deposits from customers	2,631,209
Deferred income tax liability	12,491
VAT payable	11,204
Other liabilities	112,234
Total liabilities	**2,767,138**
Total net assets	**1,680,967**

The total consideration and financial result from sale was as follows:

Other assets (amount receivable)	630,515
Total consideration	**630,515**
Net assets disposed	(1,680,967)
Financial result from from sale	**(1,050,452)**

The cash outflow on disposal of the subsidiary was as follows:

Net cash disposed with the subsidiary (included in cash flows from investing activities)	(475,969)
Net cash outflow	**(475,969)**

(in thousands of Russian roubles, unless otherwise stated)

6 Acquisition and disposal of subsidiaries, and discontinued operations (continued)

Disposal of JSC "Europlan Bank" (continued)

JSC "Europlan Bank" was classified as discontinued operations in these consolidated financial statements. The results of the Bank for the year are presented below:

	2015	***2014 (unaudited)***
Interest income	982,117	1,246,981
Interest expense	(163,709)	(140,787)
Net interest income	**818,408**	**1,106,194**
Other income, net	118,591	167,858
Income from operations	**936,999**	**1,274,052**
Net foreign exchange losses	(7,729)	(40,866)
Total income from operations and finance income	**929,270**	**1,233,186**
Impairment charges	(342,311)	(560,680)
Staff expenses	(100,892)	(187,370)
General and administrative expenses	(104,946)	(158,652)
Other non-operating expenses	–	(164,131)
Profit before income tax from discontinued operations	**381,121**	**162,353**
Financial result from disposal of discontinued operations	(1,050,452)	–
Income tax benefit	142,113	5,075
Net (loss) profit from discontinued operations	**(527,218)**	**167,428**

Transactions between discontinued and continuing operations are eliminated according to requirements of IFRS. As a consequence, income and expense ascribed to discontinued operations are only from transactions with counterparties external to the Group. Information on intragroup adjustments of the Bank with other entities of the Group in the consolidated statement of financial position and consolidated statement of profit or loss and other comprehensive income is presented in Note 35 as supplementary information.

The net cash flows incurred by the Bank are as follows:

	2015	***2014 (unaudited)***
Operating	8,870	319,308
Investing	(2,394)	(17,390)
Financing	–	(684)
Effect of exchange rate changes on cash and cash equivalents	1,119	10,628
Net cash flows (used in) from discontinued operations	**7,595**	**311,862**

Earnings per share from discontinued operations are as follows:

	2015	***2014 (unaudited)***
Net (loss) profit from discontinued operations	(527,218)	167,428
Weighted average number of shares in issue (deemed number of shares for 2014)	22,977,000	22,977,000
Earnings per share from discontinued operations (expressed in Russian roubles per share)	**(22.95)**	**7.29**

(in thousands of Russian roubles, unless otherwise stated)

7 Cash and cash equivalents

	31 December 2015	31 December 2014 (unaudited)
Cash on hand	204	14,990
Current accounts with banks	612,970	1,463,015
Term deposits with banks with original maturity less than three months	868,838	462,348
Total cash and cash equivalents	**1,482,012**	**1,940,353**

No bank balances or term deposits with banks are past due or impaired. The credit quality of cash and cash equivalent balances is based on Standard and Poor's ratings, or ratings of Moody's or Fitch, which are converted to the nearest equivalent to the Standard and Poor's ratings. Analysis by credit quality of current accounts with banks and term deposits with banks is as follows:

	31 December 2015		31 December 2014 (unaudited)	
	Current accounts with banks	Term deposits with banks	Current accounts with banks	Term deposits with banks
Neither past due nor impaired				
A- to A+ rated	–	–	365	–
BBB rated	297,609	241,086	1,241,572	151,518
BB- to BB+ rated	315,224	467,398	214,507	310,830
Rated, lower than BB-	43	160,354	866	–
Unrated	94	–	5,705	–
Total cash and cash equivalents	**612,970**	**868,838**	**1,463,015**	**462,348**

As at 31 December 2015 and 2014 the Group does not have counterparties, whose aggregate balances exceed 10% of equity as at the end of reporting period.

8 Financial instruments at fair value through profit or loss

	31 December 2015	31 December 2014 (unaudited)
Debt and other fixed-income instruments		
Government and municipal bonds		
Russian Government Federal bonds (OFZ)	87,316	100,352
Total government and municipal bonds	**87,316**	**100,352**
Corporate bonds		
rated from BB+ to BB-	9,106	6,901
Total corporate bonds	**9,106**	**6,901**
Derivative financial instruments		
Interest rate and currency swaps	–	1,113,936
Total derivative financial instruments	**–**	**1,113,936**
Total financial instruments at fair value through profit and loss	**96,422**	**1,221,189**

(in thousands of Russian roubles, unless otherwise stated)

8 Financial instruments at fair value through profit or loss (continued)

The table below shows the fair values of derivative financial instruments, recorded as assets, together with their notional amounts. The notional amount, recorded gross, is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at the year end and are not indicative of the credit risk.

	31 December 2015			*31 December 2014 (unaudited)*		
	Notional amount	*Fair values*		*Notional amount*	*Fair value*	
		Asset	*Liability*		*Asset*	*Liability*
Interest and currency rate swaps	–	–	–	1,311,100	1,113,936	–
Total derivative financial instruments		**–**	**–**		**1,113,936**	**–**

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

The Group designates an interest rate swap as a hedging instrument to hedge variability in cash flows resulting from an interest rate mismatch of its positions. During the year ended 31 December 2014 the effective portion of changes in the fair value of derivative financial instruments designated as hedging instruments recognised as part of other comprehensive income in equity was RUB 995 thousand, net of tax RUB 249 thousand.

The derivative financial instruments recorded as at 31 December 2014 were terminated in December 2015 before contractual maturity. The Group did not have expenses related to the termination.

For the year ended 31 December 2015 net income from financial at fair value through profit or loss comprise net income from debt and other fixed-income instruments of RUB 14,940 thousand (2014: net loss from debt and other fixed-income instruments of RUB 21,380 thousand) and net income from derivative financial instruments of RUB 94,887 thousand (2014: RUB 749,195 thousand).

9 Bank deposits

Bank deposits as of 31 December 2015 were mainly deposits in RUB and had an average interest rate of 11.55% (2014: 10.97). The original maturities of these deposits are January 2016 – March 2018 (2014: September 2015 – January 2016).

All the bank deposits are neither past due nor impaired. The credit quality of the bank deposits balances is based on Standard and Poor's ratings, or ratings of Moody's or Fitch, which are converted to the nearest equivalent to the Standard and Poor's ratings.

Analysis by credit quality of bank deposits is as follows:

	31 December 2015	*31 December 2014 (unaudited)*
BBB rated	–	132,578
BB- to BB+ rated	7,465,750	280,500
Rated lower than BB-	69,001	61,185
Total bank deposits	**7,534,751**	**474,263**

As at 31 December 2015 the Group has one counterparty with credit rating BB (2014: none), whose aggregate balances exceed 10% of equity. The gross value of these balances as at 31 December 2015 is RUB 6,815,390 thousand.

(in thousands of Russian roubles, unless otherwise stated)

10 Net investment in leases after impairment allowance

As at 31 December net investment in leases comprises:

	31 December 2015	*31 December 2014 (unaudited)*
Gross investment in leases	**31,695,192**	**43,139,536**
Unearned finance income	(5,741,392)	(8,397,552)
Net investment in leases before impairment allowance	**25,953,800**	**34,741,984**
Impairment allowance	(122,043)	(222,484)
Total net investment in leases after impairment allowance	**25,831,757**	**34,519,500**

Finance lease payments receivable (gross investment in leases) and their present values are as follows:

	Due in 1 year	*Due between 1 and 5 years*	*Total*
Gross investment in leases as at 31 December 2015	**20,306,923**	**11,388,269**	**31,695,192**
Unearned finance income	(2,057,498)	(3,683,894)	**(5,741,392)**
Impairment allowance	(75,432)	(46,611)	**(122,043)**
Net investment in leases after impairment allowance as at 31 December 2015	**18,173,993**	**7,657,764**	**25,831,757**

(unaudited)	*Due in 1 year*	*Due between 1 and 5 years*	*Total*
Gross investment in leases as at 31 December 2014	**25,174,477**	**17,965,059**	**43,139,536**
Unearned finance income	(2,488,374)	(5,909,178)	**(8,397,552)**
Impairment allowance	(123,622)	(98,862)	**(222,484)**
Net investment in leases after impairment allowance as at 31 December 2014	**22,562,481**	**11,957,019**	**34,519,500**

Movements in the impairment allowance for net investment in leases by types of leased assets for 2015 are as follows:

	Vehicles	*Construction equipment – mobile machinery and other*	*Total*
Impairment allowance as at 1 January 2015	**(139,413)**	**(83,071)**	**(222,484)**
Impairment recovery	53,195	47,246	**100,441**
Impairment allowance as at 31 December 2015	**(86,218)**	**(35,825)**	**(122,043)**

Movements in the impairment allowance for net investment in leases by types of leased assets for 2014 are as follows:

(unaudited)	*Vehicles*	*Construction equipment – mobile machinery and other*	*Total*
Impairment allowance as at 1 January 2014	(99,235)	(34,100)	**(133,335)**
Impairment allowance as at 31 December 2014	(139,413)	(83,071)	**(222,484)**

(in thousands of Russian roubles, unless otherwise stated)

10 Net investment in leases after impairment allowance (continued)

The lessees of the Group are divided into 4 rating groups for credit quality analysis. The Group's rating scale reflects the credit quality of net investment in leases.

Prime credit rating: the lowest level of credit risk is attributable to the lessee and the leasing transaction.

Strong credit rating: high creditworthiness lessee and low risk for the Group.

Acceptable credit rating: average risk assigned to lessee and the leasing transaction.

Sufficient credit rating: the credit risk is higher than average.

The assigned ratings are under constant review and are regularly updated.

Analysis by credit quality of net investment in leases as at 31 December 2015 is as follows:

	Vehicles	*Construction equipment – mobile machinery and other*	*Total*
Not past due and less than 60 days overdue (gross)			
- Prime	4,011,361	414,537	**4,425,898**
- Strong	11,555,525	1,450,614	**13,006,139**
- Acceptable	5,650,840	825,361	**6,476,201**
- Sufficient	1,488,585	365,253	**1,853,838**
Total not past due and less than 60 days overdue (gross)	**22,706,311**	**3,055,765**	**25,762,076**
Past due (gross)			
- 61 days to 90 days overdue	66,982	28,022	**95,004**
- 91 days to 180 days overdue	15,341	44,303	**59,644**
- 181 days to 365 days overdue	1,362	22,513	**23,875**
- over 365 days overdue	11,632	1,569	**13,201**
Total past due (gross)	**95,317**	**96,407**	**191,724**
Less impairment allowance	(86,218)	(35,825)	**(122,043)**
Total net investment in leases after impairment allowance	**22,715,410**	**3,116,347**	**25,831,757**

(in thousands of Russian roubles, unless otherwise stated)

10 Net investment in leases after impairment allowance (continued)

Analysis by credit quality of net investment in leases as at 31 December 2014 is as follows:

(unaudited)	*Vehicles*	*Construction equipment – mobile machinery and other*	*Total*
Not past due and less than 60 days overdue (gross)			
- Prime	5,075,841	715,021	**5,790,862**
- Strong	12,997,457	2,536,787	**15,534,244**
- Acceptable	6,458,439	1,606,434	**8,064,873**
- Sufficient	3,953,296	1,053,441	**5,006,737**
Total not past due and less than 60 days overdue (gross)	**28,485,033**	**5,911,683**	**34,396,716**
Past due (gross)			
- 61 days to 90 days overdue	73,100	29,105	**102,204**
- 91 days to 180 days overdue	72,620	136,201	**208,821**
- 181 days to 365 days overdue	25,265	6,049	**31,314**
- over 365 days overdue	2,717	212	**2,929**
Total past due (gross)	**173,701**	**171,567**	**345,268**
Less impairment allowance	(139,413)	(83,071)	**(222,484)**
Total net investment in leases after impairment allowance	**28,519,321**	**6,000,179**	**34,519,500**

The Group estimates net investment in leases impairment based on the internal model that takes into account its historical loss experience. The management analyses historical losses and computes a probability of default and loss given default, which then are used to calculate impairment allowance for each type of leasing.

The Group normally structures its finance lease contracts so that the lessee makes an average prepayment of 25% of the asset purchase price at the beginning of the lease term. The Group holds the title to the asset during the lease term.

Risks related to the leased asset such as damage caused by various reasons and theft are insured. The beneficiary under the insurance policy in case of total loss or theft is the Group.

In assessing impairment allowance, the Group uses the assumption that overdue net investment in leases will be recovered primarily through sale of leased assets. As such, the financial effect of collateral on impairment assessment is significant.

Based on historic experience management estimates that the fair value of collateral securing net investments in lease is at least equal to their carrying amounts. Estimates of collateral value are based on the value of collateral assessed at the time of lease origination, and generally are not updated except when a lease is individually assessed as impaired.

Changes in these estimates could effect the impairment allowance. For example, to the extent that the net present value of the estimated cash flows differs by one percent, the impairment allowance on net investment in leases as at 31 December 2015 would be RUB 258,318 thousand lower/higher (2014: RUB 345,195 thousand lower/higher).

(in thousands of Russian roubles, unless otherwise stated)

10 Net investment in leases after impairment allowance (continued)

Economic sector risk concentrations of net investment in leases are as follows:

	31 December 2015		31 December 2014 (unaudited)	
	Amount	**%**	**Amount**	**%**
Goods transportation & logistics	4,054,361	15.62	5,427,695	15.62
Construction	3,429,503	13.21	5,349,543	15.40
Wholesale operations – foods	2,225,993	8.58	2,787,822	8.02
Wholesale operations – raw materials	2,215,494	8.54	2,886,235	8.31
Automobile manufacturing and service	1,411,063	5.44	1,575,488	4.53
Consulting	1,386,511	5.34	2,280,197	6.56
Pharmaceutical industry	908,680	3.50	1,029,095	2.96
Agriculture	821,727	3.17	1,053,361	3.03
Retail operations	800,865	3.09	1,068,008	3.07
Wholesale operations – FMCG	789,015	3.04	1,035,136	2.98
Other industries	7,910,588	30.47	10,249,404	29.52
Net investment in leases before impairment allowance	**25,953,800**	**100.00**	**34,741,984**	**100.00**

As at 31 December 2015 the Group does not have lessees, whose aggregate balances exceed 10% of equity.

11 Loans to customers after impairment allowance

	31 December 2015	*31 December 2014 (unaudited)*
Loans to retail customers		
Auto loans	217,692	5,690,784
Consumer loans	75,745	1,019,473
Credit cards	–	71,536
Mortgage loans	–	6,972
Total loans to retail customers	**293,437**	**6,788,765**
Impairment allowance	(237,669)	(648,655)
Total loans to customers after impairment allowance	**55,768**	**6,140,110**

Movements in the loan impairment allowance for the year ended 31 December 2015 are as follows:

	2015				
	Auto loans	*Consumer loans*	*Credit cards*	*Mortgage loans*	*Total*
Balance at the beginning of the year	**(170,348)**	**(466,136)**	**(12,171)**	**–**	**(648,655)**
Impairment charges on continuing operations	(148,608)	(46,749)	–	–	**(195,357)**
Impairment charges on discontinued operations	(200,620)	(131,372)	(10,580)	–	**(342,572)**
Impairment allowance on loans sold	646	–	–	–	**646**
Impairment allowance on loans written off	248,388	518,669	11,046	–	**778,103**
Disposal of subsidiary	105,778	52,683	11,705	–	**170,166**
Balance at the end of the year	**(164,764)**	**(72,905)**	**–**	**–**	**(237,669)**

(in thousands of Russian roubles, unless otherwise stated)

11 Loans to customers after impairment allowance (continued)

Movements in the loan impairment allowance for the year ended 31 December 2014 are as follows:

	2014 (unaudited)				
	Auto loans	***Consumer loans***	***Credit cards***	***Mortgage loans***	***Total***
Balance at the beginning of the year	**(80,585)**	**(107,684)**	**(804)**	**(71)**	**(189,144)**
Impairment charges on continuing operations	(7,422)	(218,613)	–	–	**(226,035)**
Impairment (charges) recovery on discontinued operations	(195,609)	(353,832)	(11,515)	71	**(560,885)**
Impairment allowance on loans written off	113,268	213,993	148	–	**327,409**
Balance at the end of the year	**(170,348)**	**(466,136)**	**(12,171)**	**–**	**(648,655)**

Since April 2014 the subsidiary of PJSC "Europlan" JSC "Europlan Bank" has discontinued issuing new consumer loans considering negative economic environment forecasts. The Bank has no strategic plans to resume consumer lending, but rather to focus on collateralised lower-risk car loans.

For the year ended 31 December 2015, interest income on consumer loans comprised RUB 96,012 thousand (2014: RUB 140,179 thousand).

In December 2015 the Company sold investment in JSC "Europlan Bank".

Credit quality of loans to customers

The following table provides information on the credit quality of loans to customers as at 31 December 2015:

	Auto loans	***Consumer loans***	***Total loans***
Not overdue and overdue less than 6 days	38,805	1,436	**40,241**
Overdue 6-30 days	2,876	26	**2,902**
Overdue 31-90 days	9,906	634	**10,540**
Overdue 91-180 days	13,537	2,533	**16,070**
Overdue 181-365 days	152,568	71,116	**223,684**
Gross loans to customers	**217,692**	**75,745**	**293,437**
Impairment allowance	(164,760)	(72,909)	**(237,669)**
Net loans to customers	**52,932**	**2,836**	**55,768**

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

(unaudited)	***Auto loans***	***Consumer loans***	***Credit cards***	***Mortgage loans***	***Total loans***
Not overdue and overdue less than 6 days	4,866,304	389,685	51,423	6,972	**5,314,384**
Overdue 6-30 days	267,963	54,878	4,852	–	**327,693**
Overdue 31-90 days	297,981	83,368	4,262	–	**385,611**
Overdue 91-180 days	139,866	123,202	6,139	–	**269,207**
Overdue 181-365 days	118,671	368,340	4,859	–	**491,870**
Gross loans to customers	**5,690,785**	**1,019,473**	**71,535**	**6,972**	**6,788,765**
Impairment allowance	(170,348)	(466,136)	(12,171)	–	**(648,655)**
Net loans to customers	**5,520,437**	**553,337**	**59,364**	**6,972**	**6,140,110**

(in thousands of Russian roubles, unless otherwise stated)

11 Loans to customers after impairment allowance (continued)

Key assumptions and judgments for estimating the loan impairment

The impairment allowance is established using statistical methods such as roll rate methodology. The roll rate methodology uses statistical analysis of historical data on delinquency to estimate the amount of loss. Management applies judgment to ensure that the estimate of loss arrived at on the basis of historical information is appropriately adjusted to reflect the economic conditions at the reporting date. All rates are regularly benchmarked against actual loss experience.

As at 31 December 2015 and 2014, the Group estimates loan impairment for auto loans based on its internal model, which takes into account historical experience on probability of default and loss given default. The significant assumptions as at 31 December 2015 and 2014 used in determining the impairment losses for auto loans include:

- Management assumed that the Group can partially recover overdue auto loans portfolio through the sale of loans or cars held as collateral.
- Management assumed that overdue loans migration rates are constant and can be estimated based on historic loss migration pattern.

As at 31 December 2015 and 2014, the Group estimates loan impairment for consumer loans and credit cards based on its internal model, which takes into account historical experience. The significant assumptions as at 31 December 2015 and 2014 used in determining the impairment losses for consumer loans and credit cards include:

- Management assumed that the Group can partially recover overdue consumer loans and credit cards portfolio through the sale of loans or collection procedures.
- Management assumed that overdue loans migration rates are constant and can be estimated based on historic loss migration pattern.

Changes in these estimates could affect the loan impairment allowance. For example, to the extent that the net present value of the estimated cash flows differs by three percent, the impairment allowance on loans to customers as at 31 December 2015 would be RUB 1,673 thousand lower/higher (2014: RUB 184,203 thousand).

Analysis of collateral

Auto loans are secured by the underlying cars, mortgage loans are secured by pledge of real estate, credit cards loans and consumer loans are not secured. The table below summarises net loans to customers secured by type of collateral:

	31 December 2015	***31 December 2014 (unaudited)***
Loans collateralised by pledge of property – cars	52,929	5,520,442
Loans collateralised by pledge of property – real estate	–	6,972
Unsecured loans	2,839	612,696
Net loans to customers	**55,768**	**6,140,110**

The amounts shown in the table above represent the net carrying value of the loans to customers, and do not necessarily represent the fair value of the collateral.

The Group may obtain a specific individual valuation of collateral for auto loans at each reporting date where there are indications of impairment. For the remaining auto loans the fair value of collateral was estimated at inception of the loans and was not adjusted for subsequent changes to the reporting date. The recoverability of loans, which are neither past due nor impaired, primarily depends on the creditworthiness of borrowers rather than the value of collateral, and the Group does not necessarily update the valuation of collateral as at each reporting date.

(in thousands of Russian roubles, unless otherwise stated)

11 Loans to customers after impairment allowance (continued)

Analysis of collateral (continued)

During the year ended 31 December 2015 the Group took possession of collateral amounted to RUB 14,073 thousand for loans to customers. During the year ended 31 December 2014 the Group took no possession of collateral for loans to customers.

Significant credit exposures

As at 31 December 2015 and 2014 the Group does not have borrowers or groups of related borrowers, whose loan balances individually exceed 10% of equity.

12 Equipment purchased and advances to suppliers for lease operations

Equipment purchased for lease operations represents assets which will be subsequently transferred to lessees. Advances to suppliers for lease operations represent payments to suppliers for assets which will be subsequently transferred to lessees. In accordance with the Russian Civil Code, the lessor is not liable to the lessee if the supplier fails to fulfil its obligations under the asset sales contract when the lessee chooses the supplier.

The Group is exposed to financial risks in relation to equipment purchased for leasing purposes and advances to suppliers for lease operations as these assets represent the first stage of settlements under the leasing contracts which are performed after inception of the lease.

	31 December 2015	*31 December 2014 (unaudited)*
Equipment purchased for leasing purposes	98,251	120,437
Advances to suppliers for lease operations	244,085	644,334
Less impairment allowance	(43,123)	(45,695)
Total equipment purchased and advances to suppliers for lease operations	**299,213**	**719,076**

Analysis by credit quality of advances to suppliers for lease operations is as follows:

	31 December 2015	*31 December 2014 (unaudited)*
Equipment purchased for leasing purposes	**98,251**	**120,437**
Advances to suppliers for lease operations		
Neither past due nor impaired	**108,851**	**539,003**
Past due		
- less than 90 days overdue	91,831	30,190
- 91 days to 180 days overdue	409	20,767
- 181 days to 365 days overdue	224	36,676
- over 365 days overdue	42,770	17,698
Total past due	**135,234**	**105,331**
Impairment allowance	(43,123)	(45,695)
Total equipment purchased and advances to suppliers for lease operations	**299,213**	**719,076**

Movements in the impairment allowance for the years ended 31 December 2015 and 2014 are as follows:

	2015	*2014 (unaudited)*
Impairment allowance as at 1 January	(45,695)	(27,958)
Impairment charges	(10,667)	(18,324)
Written off	13,239	587
Impairment allowance as at 31 December	**(43,123)**	**(45,695)**

(in thousands of Russian roubles, unless otherwise stated)

13 Debtors on leasing activities

Debtors on leasing activities consist of accounts receivables on terminated lease agreements.

	31 December 2015	*31 December 2014 (unaudited)*
Debtors on leasing activities	227,292	372,547
Less impairment allowance	(154,490)	(254,866)
Total debtors on leasing activities	**72,802**	**117,681**

Movements in the impairment allowance for debtors on leasing activities for the years ended 31 December 2015 and 2014 are as follows:

	2015	*2014 (unaudited)*
Impairment allowance as at 1 January	**(254,866)**	**(156,959)**
Impairment charges	(66,446)	(225,962)
Written off	166,822	128,055
Impairment allowance as at 31 December	**(154,490)**	**(254,866)**

Analysis by credit quality of debtors on leasing activities is as follows:

	31 December 2015	*31 December 2014 (unaudited)*
Not past due and less than 60 days overdue	18,586	55,402
Past due		
- 61 days to 90 days overdue	9,329	15,264
- 91 days to 180 days overdue	33,744	62,373
- 181 days to 365 days overdue	79,473	160,033
- over 365 days overdue	86,160	79,475
Total debtors on leasing activities	**227,292**	**372,547**
Impairment allowance	(154,490)	(254,866)
Net debtors on leasing activities	**72,802**	**117,681**

The following table provides information on collateral securing debtors on leasing activities (net), by types of collateral (excluding the effect of overcollateralisation):

	31 December 2015	*31 December 2014 (unaudited)*
Vehicles	61,608	99,632
Construction equipment – mobile machinery and other	11,194	9,765
Uncollateralised	–	8,284
Net debtors on leasing activities	**72,802**	**117,681**

The amounts shown in the table above represent the net carrying value of the debtors on leasing activities, and do not necessarily represent the fair value of the collateral.

(in thousands of Russian roubles, unless otherwise stated)

14 Property and equipment

The movements of property and equipment for the year ended 31 December 2015 and 2014 were as follows:

	Cars	*Computer equipment*	*Office equipment*	*Buildings and lands*	*Other*	*Capital expenditure*	*Total property and equipment*
Cost at 1 January 2014 (unaudited)	**117,788**	**177,300**	**109,541**	**153,670**	**38,657**	**278**	**597,234**
Additions (unaudited)	14,872	55,097	26,850	30	13,466	2,146	**112,461**
Disposals (unaudited)	(7,405)	(4,874)	(12,225)	(4,238)	(820)	(2,306)	**(31,868)**
Balance at 31 December 2014 (unaudited)	**125,255**	**227,523**	**124,166**	**149,462**	**51,303**	**118**	**677,827**
Additions	10,791	12,769	7,905	–	758	12,385	**44,608**
Disposals	(20,594)	(12,221)	(16,969)	(1,419)	(674)	(2,927)	**(54,804)**
Disposal of subsidiary	–	(38,506)	(1,809)	–	(1,624)	–	**(41,939)**
Balance at 31 December 2015	**115,452**	**189,565**	**113,293**	**148,043**	**49,763**	**9,576**	**625,692**
Accumulated depreciation and amortisation							
1 January 2014 (unaudited)	**(62,943)**	**(92,684)**	**(62,546)**	**(11,959)**	**(16,337)**	**–**	**(246,469)**
Depreciation and amortisation charge from continuing operations (unaudited)	(18,638)	(22,856)	(15,721)	(5,435)	(7,378)	–	**(70,028)**
Depreciation and amortisation charge from discontinued operations (unaudited)	(324)	(8,104)	(923)	–	–	–	**(9,351)**
Disposals (unaudited)	6,778	4,529	6,519	1,604	571	–	**20,001**
31 December 2014 (unaudited)	**(75,127)**	**(119,115)**	**(72,671)**	**(15,790)**	**(23,144)**	**–**	**(305,847)**
Depreciation and amortisation charge from continuing operations	(14,729)	(26,910)	(15,626)	(5,416)	(7,806)	–	**(70,487)**
Depreciation and amortisation charge from discontinued operations	(297)	(8,114)	(242)	–	–	–	**(8,653)**
Disposals	10,618	12,095	14,214	504	579	–	**38,010**
Disposal of subsidiary	297	25,897	601	–	869	–	**27,664**
31 December 2015	**(79,238)**	**(116,147)**	**(73,724)**	**(20,702)**	**(29,502)**	**–**	**(319,313)**
Carrying amount							
1 January 2014 (unaudited)	**54,845**	**84,616**	**46,995**	**141,711**	**22,320**	**278**	**350,765**
31 December 2014 (unaudited)	**50,128**	**108,408**	**51,495**	**133,672**	**28,159**	**118**	**371,980**
31 December 2015	**36,214**	**73,418**	**39,569**	**127,341**	**20,261**	**9,576**	**306,379**

(in thousands of Russian roubles, unless otherwise stated)

15 Other assets

	31 December 2015	*31 December 2014 (unaudited)*
Other financial assets		
Settlements on disposal of JSC "Europlan Bank"	630,515	–
Insurance agency fee receivable	23,543	27,142
Obligatory reserves with the Central Bank of the Russian Federation	–	173,007
Other	52,764	23,767
Total other financial assets	**706,822**	**223,916**
Other non-financial assets		
Leased objects repossessed/returned	440,248	556,819
Prepaid insurance cost	259,997	279,757
Insurance premium receivable	177,039	97,268
Subrogation reserve and receivables	107,551	80,985
Intangible assets	41,143	160,897
Settlements with counterparties	39,011	44,277
Deferred expenses	26,203	35,592
Prepaid taxes other than income tax	9,897	6,714
Deferred acquisition cost	1,298	1,964
Other	22,917	47,344
Less impairment allowance	–	(546)
Total other non-financial assets	**1,125,304**	**1,311,161**
Total other assets	**1,832,126**	**1,535,077**

According to terms of the agreements, settlements on disposal of JSC "Europlan Bank" amounted to RUB 630,515 thousand are expected to be completed until December 2016.

Leased objects repossessed are assets repossessed by the Group from delinquent lessees under cancelled finance lease contracts. These leased objects repossessed are presented at lower of their cost or net realisable value.

Movements in the impairment allowance for other assets for the years ended 31 December 2015 and 2014 are as follows:

	2015	*2014 (unaudited)*
Impairment allowance as at 1 January	**(546)**	**(8,370)**
Impairment recovery on continuing operations	–	4,482
Impairment recovery on discontinued operations	268	247
Written off	–	3,095
Disposal of subsidiary	278	–
Impairment allowance as at 31 December	**–**	**(546)**

(in thousands of Russian roubles, unless otherwise stated)

16 Current accounts and deposits from customers

	31 December 2015	*31 December 2014 (unaudited)*
Current accounts and demand deposits from customers		
- Retail	–	158,880
- Corporate	–	16,486
Term deposits from customers		
- Retail	–	919,926
- Corporate	–	361,022
Total current accounts and deposits from customers	**–**	**1,456,314**

As at 31 December 2014 deposits of individuals are included in term deposits in the amount of RUB 919,926 thousand. In accordance with the Russian Civil Code, the Bank is obliged to repay such deposits upon demand of a depositor. In case a term deposit is repaid upon demand of the depositor prior to maturity, interest on it is paid based on the interest rate for demand deposits, unless a different interest rate is specified in the agreement.

As at 31 December 2014 the Group has no customers, whose balances on current account and deposits exceed 10% of equity.

17 Borrowings

The majority of borrowings are from Russian Banks as follows:

	31 December 2015	*31 December 2014 (unaudited)*
Russia	9,921,321	22,379,684
OECD	–	3,354,080
Total borrowings	**9,921,321**	**25,733,764**

As at 31 December 2015 the Group has borrowings from 4 counterparties (2014: 8 counterparties), the aggregate amount of borrowings with which individually exceed 10% of equity. The gross value of these balances as at 31 December 2015 is RUB 9,101,321 thousand (2014: RUB 25,180,816 thousand).

As at 31 December 2015 net investment in leases before impairment allowance in the amount of RUB 9,145,243 thousand (2014: RUB 19,895,615 thousand) were pledged as collateral for borrowings amounting to RUB 9,101,321 thousand (2014: RUB 22,457,370 thousand).

18 Bonds issued

As at 31 December 2015 the Group has bonds issued of RUB 13,495,975 thousand (2014: RUB 6,457,152 thousand) maturing in 2017-2021 (2014: in 2017-2019) with annual coupon rates of 9.78%-13.60% (2014: 9.78%-12.50%). Bonds can be repaid earlier at discretion of either bondholders or the Company during 2016-2017.

(in thousands of Russian roubles, unless otherwise stated)

19 Insurance reserves

Insurance reserves comprise the following:

	31 December 2015	***31 December 2014 (unaudited)***
Unearned premium reserve	562,510	544,857
Reported but not settled claims	303,704	255,262
Incurred but not reported claims	21,737	23,011
Total insurance reserves	**887,951**	**823,130**

20 Other liabilities

Other liabilities comprise the following:

	31 December 2015	***31 December 2014 (unaudited)***
Other financial liabilities		
Settlements with insurance companies	268,990	181,230
Settlements with counterparties	70,137	203,084
Accrued expenses	21,966	10,878
Payables to employees	–	2,259
Total other financial liabilities	**361,093**	**397,451**
Other non-financial liabilities		
Deferred remuneration to employees	270,163	135,941
Taxes payable other than income tax	37,757	41,791
Deferred income	29,048	71,297
Other liabilities	9,229	8,681
Total other non-financial liabilities	**346,197**	**257,710**
Total other liabilities	**707,290**	**655,161**

21 Share capital and additional paid-in capital

Following the stock split undertaken during the year 2015, as at 31 December 2015 the issued share capital comprises 22,977,000 ordinary shares with nominal value of RUB 0.67 each. As at 31 December 2014 the issued share capital in the amount of RUB 15,395 thousand comprises 23,000 ordinary shares with nominal value of RUB 669.33 each. There were no changes in the total value of issued share capital during the year ended 31 December 2015 and 2014.

As at 31 December 2015 and 2014 additional paid-in capital of RUB 2,799,133 thousand consists of excess consideration received by the Company over the par value of the shares issued, contributions from the shareholder and contributions resulting from share based arrangements received during the year ended 31 December 2014 of RUB 112,224 thousand.

Acquisitions of subsidiaries from parties under common control are accounted for using the pooling of interests method. These consolidated financial statements, including corresponding figures, are presented as if the subsidiaries had been acquired by the Group on the date it was originally acquired by the predecessor. Application of pooling-of-interests method assumes the comparatives are presented as if the entities acquired had been always consolidated. Accordingly, information in respect to the comparative period has been restated as if the acquisitions had occurred from the beginning of the earliest period presented. The net assets value of the companies acquired as at 31 December 2015 amounted to RUB 1,352,399 thousand (2014: RUB 1,515,391 thousand, 2013: RUB 1,226,261 thousand).

(in thousands of Russian roubles, unless otherwise stated)

21 Share capital and additional paid-in capital (continued)

Basic earnings per share is calculated by dividing the profit attributable to shareholders of the Group by the weighted average number of ordinary shares in issue during the year. For calculation of earnings per ordinary share for the year ended 31 December 2014 weighted average number of ordinary shares in issue is based on number of shares as at 31 December 2015 considering the stock split during the year 2015 for consistency of comparative data.

	2015	*2014 (unaudited)*
Profit for the year attributable to shareholders of the Group		
Continuing operations	1,942,119	1,617,068
Discontinued operations	(527,218)	167,428
Total profit for the year attributable to shareholders of the Group	**1,414,901**	**1,784,496**
Weighted average number of shares in issue (deemed number of shares for 2014)	**22,977,000**	**22,977,000**
Earnings per share (expressed in Russian roubles per share)		
Continuing operations	84.52	70.38
Discontinued operations	(22.94)	7.28
Total earnings per share (expressed in Russian roubles per share)	**61.58**	**77.66**

During the year ended 31 December 2015 the Group paid dividends to shareholders in amount of RUB 737,000 thousand. During the year ended 31 December 2014 no dividends were paid.

22 Interest income and expense

	2015	*2014 (unaudited)*
Interest income from continuing operations		
Finance leases	6,792,727	7,459,969
Bank deposits	759,037	390,312
Financial instruments at fair value through profit or loss	8,369	9,165
Total interest income from continuing operations	**7,560,133**	**7,859,446**
Interest expense		
Borrowings	(2,544,823)	(2,580,289)
Bonds issued	(996,615)	(866,566)
Total interest expense from continuing operations	**(3,541,438)**	**(3,446,855)**
Net interest income from continuing operations	**4,018,695**	**4,412,591**
Net interest income from discontinued operations	818,408	1,106,194
Total net interest income	**4,837,103**	**5,518,785**

As at 31 December 2015, interest income accrued on impaired net investment in leases comprised RUB 10,295 thousand (2014: RUB 19,648 thousand).

As at 31 December 2015, interest income accrued on impaired loans to customers comprised RUB 6,995 thousand (2014: RUB 25,616 thousand).

(in thousands of Russian roubles, unless otherwise stated)

23 Other income, net

	2015	2014 (unaudited)
Other income from continuing operations		
Revenues from sale of lease objects repossessed	1,818,906	1,392,156
Cost of leased objects repossessed	(1,512,015)	(1,158,289)
Net result from sale of leased objects repossessed	**306,891**	**233,867**
Gross revenue	1,002,779	887,558
Claims	(514,772)	(370,572)
Insurance reserves	(11,362)	(201,830)
Income from insurance operations	**476,645**	**315,156**
Revenues from services provided to lessees	306,408	195,339
Insurance agency fee income	308,078	528,442
Other (losses) gains from lease activities	(24,008)	25,701
Impairment of leased objects repossessed	(63,541)	(61,091)
Other income (expenses)	56,020	(4,618)
Other income, net	**1,059,602**	**998,929**
Total other income from continuing operations	**1,366,493**	**1,232,796**
Total other income from discontinued operations	**118,591**	**167,858**
Total other income, net	**1,485,084**	**1,400,654**

24 Impairment charges

	2015	2014 (unaudited)
Impairment charges from continuing operations		
Net investment in leases impairment recovery (charges), net	100,441	(89,149)
Loans to customers impairment charges, net	(195,357)	(226,035)
Equipment purchased and advances to suppliers for lease operations impairment charges, net	(10,667)	(18,324)
Debtors on leasing activities impairment charges, net	(66,446)	(225,962)
Other assets impairment recovery, net	–	4,482
Total impairment charges from continuing operations	**(172,029)**	**(554,988)**
Impairment charges from discontinued operations	**(342,311)**	**(560,680)**
Total impairment charges	**(514,340)**	**(1,115,668)**

25 Staff expenses

	2015	2014 (unaudited)
Staff expenses from continuing operations		
Employee compensation	(1,649,017)	(1,668,288)
Payroll related taxes	(430,001)	(420,612)
Other staff expenses	(100,514)	(222,429)
Total staff expenses from continuing operations	**(2,179,532)**	**(2,311,329)**
Staff expenses from discontinued operations	**(100,892)**	**(187,370)**
Total staff expenses	**(2,280,424)**	**(2,498,699)**

(in thousands of Russian roubles, unless otherwise stated)

26 General and administrative expenses

	2015	2014 (unaudited)
General and administrative expenses from continuing operations		
Office maintenance	(231,307)	(264,688)
General business expenses and other administrative expenses	(175,716)	(174,722)
Depreciation of property and equipment	(70,487)	(70,028)
Depreciation of intangible assets	(13,163)	(28,043)
Advertisement and marketing	(57,178)	(85,543)
Communication	(34,169)	(49,396)
Professional services	(39,999)	(38,703)
Other	(31,063)	(31,283)
Total general and administrative expenses from continuing operations	**(653,082)**	**(742,406)**
General and administrative expenses from discontinued operations	**(104,946)**	**(158,652)**
Total general and administrative expenses	**(758,028)**	**(901,058)**

27 Income tax

Income tax expense recorded in profit or loss for the year comprises the following:

	2015	2014 (unaudited)
Current tax charge from continuing operations	(859,354)	(172,362)
Deferred tax benefit (charge) from continuing operations	321,323	(383,331)
Total income tax expense from continuing operations	**(538,031)**	**(555,693)**
Current tax charge from discontinued operations	–	(22,828)
Deferred tax benefit from discontinued operations	142,113	27,903
Total income tax benefit from discontinued operations	**142,113**	**5,075**
Total income tax expense	**(395,918)**	**(550,618)**

The income tax rate applicable to the majority of the Group's income is 20%. A reconciliation between the expected and the actual taxation charge is provided below.

	2015	2014 (unaudited)
Profit before income tax		
Continuing operations	2,480,150	2,172,761
Discontinued operations	(669,331)	162,353
Total profit before income tax	**1,810,819**	**2,335,114**
Theoretical tax charge – Russian Federation statutory rate: 20%	**(362,164)**	**(467,023)**
Non-deductible expenses and other permanent differences	(33,754)	(83,595)
Income tax expense for the year	**(395,918)**	**(550,618)**

The effective income tax rate for the year ended 31 December 2015 is 22% (2014: 24%).

(in thousands of Russian roubles, unless otherwise stated)

27 Income tax (continued)

Differences between IFRS and statutory taxation regulations give rise to temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their tax bases. The tax effect of the movements in these temporary differences is detailed below and is recorded at the rate of 20%:

	1 January 2015	*Recognised in profit or loss from continuing operations*	*Recognised in profit or loss from discontinued operations*	*Disposal of subsidiary (Note 6)*	*31 December 2015*
Loans to customers after impairment allowance	74,907	64,840	(50,841)	16,949	105,855
Other assets	198,783	(6,056)	1,223	198	194,148
Other liabilities	96,580	(8,577)	–	1,740	89,743
Tax loss carry forwards	–	–	188,214	–	188,214
Deferred income tax asset	**370,270**	**50,207**	**138,596**	**18,887**	**577,960**
Financial instruments at fair value through profit or loss	(222,787)	222,787	–	–	–
Net investment in leases after impairment allowance	(1,138,256)	21,414	–	–	(1,116,842)
Property and equipment	(44,162)	12,107	3,517	(6,396)	(34,934)
Borrowings	(35,802)	14,808	–	–	(20,994)
Deferred income tax liability	**(1,441,007)**	**271,116**	**3,517**	**(6,396)**	**(1,172,770)**
Net deferred income tax liability	**(1,070,737)**	**321,323**	**142,113**	**12,491**	**(594,810)**

(unaudited)	*1 January 2014*	*Recognised in profit or loss from continuing operations*	*Recognised in profit or loss from discontinued operations*	*Recognised in other comprehensive income*	*31 December 2014*
Loans to customers after impairment allowance	1,088	44,862	28,957	–	74,907
Other assets	188,669	17,370	(7,256)	–	198,783
Other liabilities	60,438	36,142	–	–	96,580
Deferred income tax asset	**250,195**	**98,374**	**21,701**	**–**	**370,270**
Financial instruments at fair value through profit or loss	(33,579)	(188,959)	–	(249)	(222,787)
Net investment in leases after impairment allowance	(843,444)	(294,812)	–	–	(1,138,256)
Property and equipment	(52,105)	1,741	6,202	–	(44,162)
Borrowings	(36,127)	325	–	–	(35,802)
Deferred income tax liability	**(965,255)**	**(481,705)**	**6,202**	**(249)**	**(1,441,007)**
Net deferred income tax liability	**(715,060)**	**(383,331)**	**27,903**	**(249)**	**(1,070,737)**

(in thousands of Russian roubles, unless otherwise stated)

28 Employee share plan

As at 31 December 2014 the Company had an equity settled share based plan (the “Plan”) under which the Company received services from eligible employees as consideration for share based awards granted to the employees. According to the Plan, eligible employees were entitled to acquire shares of Europlan Holdings Limited for their nominal value (0.02 Euro per share) subject to certain vesting conditions. In addition, performance shares were subject to specific performance conditions. The participant employees should have been employed by the Company at all times prior to the exercise of the options (i.e., upon sale of Europlan Holdings Limited), unless otherwise were specifically agreed.

In the 3rd quarter of 2015 the Company negotiated with its employees to cancel equity settled share based plan for consideration payable by Europlan Holdings Limited, the parent company of the Group. In September 2015 Europlan Holdings Limited made the payment to employees. This transaction has been recorded in equity in these consolidated financial statements

The Company applies the Black-Scholes model to determine the fair value of options granted. At each grant date management assesses the probable sale date of Europlan Holdings Limited which is used in the model as the option exercise date.

Movements in the number of share options are presented below.

	Number of granted options	*Number of options, for which performance conditions are met*	*Number of employees*
Balance as at 31 December 2013	**259,718**	**170,322**	**20**
Met performance conditions	–	89,396	–
Balance as at 31 December 2014	**259,718**	**259,718**	**20**
Cancellation of the equity settled share based plan	(259,718)	(259,718)	(20)
Balance as at 31 December 2015	–	–	–

The expense recognised in respect of share options in 2015 is RUB 52,425 thousand (2014: RUB 56,402 thousand).

In addition, in 2014 a member of key management purchased shares of the parent company at par value. The fair value of services rendered to the Company and recognised as an expense in these consolidated financial statements in relation to these transactions was RUB 81,417 thousand.

29 Financial risk management

The risk management function within the Group is carried out in respect of financial risks (credit, market, and liquidity risks), operational risks and legal risks. Financial risk comprises market risk (including currency risk, interest rate risk and other price risks), credit risk and liquidity risk. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits. The operational and legal risk management functions are intended to ensure proper functioning of internal policies and procedures to minimise operational and legal risks.

Risk management structure

Risk management functions are implemented at all corporate governance levels and are allocated as follows.

The responsibilities of the Management Board include the approval of total risk limits by type of risk and type of business *The Management Board* ensures the implementation of strategy, approves the risk management policy, allocates the risk management function between business units of the Group and controls their performance. The Management Board reviews risk level reports on a regular basis and reallocates the risk limits where necessary.

(in thousands of Russian roubles, unless otherwise stated)

29 Financial risk management (continued)

Risk management structure (continued)

Risk Management Department is responsible for:

- consideration and structuring of applications for new leasing limits, supporting of applications approval by the Management Board;
- preparing internal documents on the risk management procedures, including the identification, evaluation and control of risks;
- independently analysing and evaluating all types of risk to which the Group is exposed, including risks associated with its lease portfolio;
- determining categories of credit risks;
- independently monitoring the financial and business position of clients (corporate customers, middle market customers and small-business customers);
- evaluating and monitoring assets leased out (collateral).

The Credit Committee is responsible for:

- review and approval limits for finance lease contracts;
- determination and approval of the terms of leasing products;
- determination categories of credit risks;
- establishing requirements to assets and equipment leased out (collateral).

The Financial Institutions Department is responsible for management of foreign currency risk and liquidity risk.

Non-Performing Leases Recovery Department is responsible for notification to customers about overdue lease payments (early collection), monitoring the repayment of overdue net investment in leases, and sale of problem assets.

Used Vehicles Sales Department is responsible for sale of problem assets.

In JSC "Europlan Bank", credit, market and liquidity risks both at the portfolio and transactional levels were managed and controlled through the Credit Committee and the Asset and Liability Management Committee. Apart from the standard credit and market risk analysis, the Risk Department monitors financial and non-financial risks by holding regular meetings with business units in order to obtain expert judgments in their areas of expertise.

Credit policies

Corporate credit policies are approved annually. The objective of these credit policies is to define standards for the composition of the leasing portfolio with regard to the exposure to certain industries and to define specific underwriting criteria, in particular with regard to the structure of risk limits and assets leased out (collateral) composition. The credit policies utilise pre-defined customer profiles and scorecards which allow the risk originating units to efficiently evaluate risks associated with potential customers.

The decision whether or not to conclude a leasing contract with small and medium size entities depends primarily on the lessee's credit quality as reflected by the credit rating assigned under the internal rating system and leasing object provided in the transaction. In assigning such a rating, the Group considers factors such as the customer's financial position, the market in which the customer operates, the marketability of the customer's products and the customer's management.

The decision-making process is centralised in the Head office.

(in thousands of Russian roubles, unless otherwise stated)

29 Financial risk management (continued)

Credit policies (continued)

All business processes starting from the initiation of the project and ending with a proposed agreement approval (or rejection in funding) are fully automated in the Front Office Automation System ("FOAS").

The Group applied the following approach to collateralised assets:

- the Group is the owner of the leased property;
- liquid and highly liquid property is funded by the Group (illiquid assets are not funded);
- the lessee is required to make a down payment on the lease agreement.

Additional collateral may be presented by:

- corporate guarantee/surety;
- personal guarantee of an owner/director.

There are procedures in place that help to determine acceptability and the amount of collateral depending on the type of the transaction, and the procedures of monitoring of the fair value of the collateral, which include the request of additional collateral in case of impairment of the current collateral. In order to mitigate the risks, the Group requires insurance of the leased asset.

Lease approval policies and procedures

A basic feature of the lease application process is a clear separation between business origination and risk management activities. Risk assessments are performed on the basis of a dual assessment by both the business origination units and the risk management units.

The credit quality group depends on the client's financial performance, the liquidity of the leased property, the client's share in the project and the availability of additional collateral. The subsequent support and monitoring of the lease transactions are carried out by client managers (debt servicing monitoring), credit managers (financial performance monitoring) and collateral assessment managers (leased assets monitoring).

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 Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one lessee, or groups of related lessees. Such risks are monitored on a revolving basis and subject to an annual or more frequent review. Limits on the level of credit risk by product, debtor are approved regularly by the Management Board.

The maximum exposure to credit risk is generally reflected in the carrying amounts of financial assets in the consolidated statement of financial position. The impact of possible netting of assets and liabilities to reduce potential credit exposure is not significant.

(in thousands of Russian roubles, unless otherwise stated)

29 Financial risk management (continued)

Credit risk (continued)

The maximum exposure to credit risk from financial assets at the reporting date is as follows:

	31 December 2015	*31 December 2014 (unaudited)*
Cash and cash equivalents	1,481,808	1,925,363
Financial instruments at fair value through profit or loss	96,422	1,221,189
Bank deposits	7,534,751	474,263
Net investment in leases after impairment allowance	25,831,757	34,519,500
Loans to customers after impairment allowance	55,768	6,140,110
Equipment purchased and advances to suppliers for lease operations	200,962	598,639
Debtors on leasing activities	72,802	117,681
Other financial assets	706,822	223,916
Total maximum exposure to credit risk	**35,981,092**	**45,220,661**

The Group holds collateral against net investment in leases and loans to customers. Estimates of value are based on the value of collateral assessed at the time of concluding the finance lease and loan agreement, and generally are not updated.

Credit quality per class of the following assets are disclosed in respective notes: Net investment in leases after impairment allowance – in the Note 10, Loans to customers after impairment allowance – in the Note 11.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities. The liquidity is managed on a continuous basis and is designed to establish and maintain a diversified funding base. Liquidity risk is managed by the Financial Institutions Department.

The Financial Institutions Department performs day-to-day management of liquidity risk designed to maintain current and medium-term liquidity. Key management tools include the daily and long-term cash-flows planning, liquidity gap analysis and establishing portfolios (reserves) of liquid assets at different levels.

The table below shows financial liabilities as at 31 December 2015 and 2014 by their remaining contractual maturity. The amounts disclosed in the maturity table are the contractual undiscounted cash flows. Such undiscounted cash flows differ from the amount included in the consolidated statement of financial position because the amount in the consolidated statement of financial position is based on discounted cash flows.

When the amount payable is not fixed, the amount disclosed is determined by reference to the conditions existing at the end of the reporting period. Foreign currency payments are translated using the spot exchange rate at the end of the reporting period.

The undiscounted maturity analysis of financial liabilities as at 31 December 2015 is as follows:

	Demand and less than 1 month	*From 1 to 6 months*	*From 6 to 12 months*	*From 12 months to 5 years*	*Total*
Borrowings	192,520	5,220,313	3,231,917	2,220,439	**10,865,189**
Advances received from lessees	366,519	47,631	–	–	**414,150**
Bonds issued	–	2,843,589	5,639,153	8,153,820	**16,636,562**
Other financial liabilities	302,316	63,986	14,059	–	**380,361**
Total potential future payments for financial obligations	**861,355**	**8,175,519**	**8,885,129**	**10,374,259**	**28,296,262**

(in thousands of Russian roubles, unless otherwise stated)

29 Financial risk management (continued)

Liquidity risk (continued)

The undiscounted maturity analysis of financial liabilities as at 31 December 2014 is as follows:

(unaudited)	*Demand and less than 1 month*	*From 1 to 6 months*	*From 6 to 12 months*	*From 12 months to 5 years*	*Total*
Current accounts and deposits from customers	282,713	423,742	186,235	733,393	**1,626,083**
Borrowings	689,630	6,991,711	6,867,673	14,037,090	**28,586,104**
Advances received from lessees	689,279	114,268	–	–	**803,547**
Bonds issued	–	336,118	1,011,573	7,624,517	**8,972,208**
Other financial liabilities	139,152	208,228	50,071	–	**397,451**
Total potential future payments for financial obligations	**1,800,774**	**8,074,067**	**8,115,552**	**22,395,000**	**40,385,393**

The maturity analysis of borrowings is based on contractual tranches of repayment.

The maturity of the borrowings is longer than maturity of the current lease portfolio and the Group is in compliance with covenant requirements set by borrowing agreements.

The maturity analysis of financial assets and liabilities as at 31 December 2015 is as follows:

	Demand and less than 1 month	*From 1 to 6 months*	*From 6 to 12 months*	*From 12 months to 5 years*	*Total*
Assets					
Cash and cash equivalents	1,482,012	–	–	–	**1,482,012**
Financial instruments at fair value through profit or loss	–		96,422	–	**96,422**
Bank deposits	69,001	–	6,815,390	650,360	**7,534,751**
Net investment in leases after impairment allowance	1,875,148	7,598,001	6,781,667	9,576,941	**25,831,757**
Loans to customers after impairment allowance	–	–	–	55,768	**55,768**
Equipment purchased and advances to suppliers for lease operations	267,059	32,154	–	–	**299,213**
Debtors on leasing activities	–	72,802	–	–	**72,802**
VAT recoverable	45,973	–	–	–	**45,973**
Property and equipment	–	–	–	306,379	**306,379**
Other assets	142,620	679,509	968,011	41,986	**1,832,126**
Total assets	**3,881,813**	**8,382,466**	**14,661,490**	**10,631,434**	**37,557,203**
Liabilities					
Borrowings	159,436	4,714,794	2,961,880	2,085,211	**9,921,321**
Insurance reserves	130,937	491,525	262,398	3,091	**887,951**
Advances received from lessees	366,519	47,631	–	–	**414,150**
Bonds issued	–	2,439,007	5,185,373	5,871,595	**13,495,975**
Current income tax payable	–	297,106	–	–	**297,106**
Deferred income tax liability	–	–	–	594,810	**594,810**
VAT payable	–	582,302	–	–	**582,302**
Other liabilities	551,744	67,823	73,571	14,152	**707,290**
Total liabilities	**1,208,636**	**8,640,188**	**8,483,222**	**8,568,859**	**26,900,905**
Net position	**2,673,177**	**(257,722)**	**6,178,268**	**2,062,575**	**10,656,298**
Cumulative liquidity position	**2,673,177**	**2,415,455**	**8,593,723**	**10,656,298**	

Debtors on leasing activities totalling RUB 72,802 thousand and overdue net investment in leases totalling RUB 154,649 thousand are presented as due from 1 to 6 months, based on expected timing of recovery.

As at 31 December 2015 bonds issued totalling RUB 7,624,380 thousand with maturity from 1 to 5 years can be repaid earlier at the buyback option date in the period from 1 to 6 months in the amount of RUB 2,439,007 thousand, and in the period from 6 to 12 months in the amount of RUB 5,185,373 thousand.

(in thousands of Russian roubles, unless otherwise stated)

29 Financial risk management (continued)

Liquidity risk (continued)

The maturity analysis of financial assets and liabilities as at 31 December 2014 is as follows:

(unaudited)	*Demand and less than 1 month*	*From 1 to 6 months*	*From 6 to 12 months*	*From 12 months to 5 years*	*Total*
Assets					
Cash and cash equivalents	1,940,353	–	–	–	**1,940,353**
Financial instruments at fair value through profit or loss	109,230	(3,924)	224,597	891,286	**1,221,189**
Bank deposits	–	193,763	280,500	–	**474,263**
Net investment in leases after impairment allowance	2,428,323	8,852,295	8,280,957	14,957,925	**34,519,500**
Loans to customers after impairment allowance	231,445	534,287	698,938	4,675,440	**6,140,110**
Equipment purchased and advances to suppliers for lease operations	612,860	106,216	–	–	**719,076**
Debtors on leasing activities	–	117,681	–	–	**117,681**
Current income tax prepayment	–	74,369	–	–	**74,369**
VAT recoverable	35,158	–	–	–	**35,158**
Property and equipment	–	–	–	371,980	**371,980**
Other assets	193,795	858,862	320,859	161,561	**1,535,077**
Total assets	**5,551,164**	**10,733,549**	**9,805,851**	**21,058,192**	**47,148,756**
Liabilities					
Current accounts and deposits from customers	281,711	412,475	171,865	590,263	**1,456,314**
Borrowings	618,487	5,931,471	5,259,355	13,924,451	**25,733,764**
Insurance reserves	111,854	447,743	259,967	3,566	**823,130**
Advances received from lessees	689,279	114,268	–	–	**803,547**
Bonds issued	–	166,108	672,789	5,618,255	**6,457,152**
Current income tax payable	–	12,099	–	–	**12,099**
Deferred income tax liability	–	–	–	1,070,737	**1,070,737**
VAT payable	–	210,880	–	–	**210,880**
Other liabilities	335,740	269,350	50,071	–	**655,161**
Total liabilities	**2,037,071**	**7,564,394**	**6,414,047**	**21,207,272**	**37,222,784**
Net position	**3,514,093**	**3,169,155**	**3,391,804**	**(149,080)**	**9,925,972**
Cumulative liquidity position	**3,514,093**	**6,683,248**	**10,075,052**	**9,925,972**	

Debtors on leasing activities totalling RUB 117,681 thousand and overdue net investment in leases totalling RUB 300,846 thousand are presented as due from 1 to 6 months, overdue loans to customers totalling RUB 132,775 thousand are presented as due from 6 to 12 months, based on expected timing of recovery.

As at 31 December 2014 bonds issued totalling RUB 672,789 thousand with maturity from 1 to 5 years can be repaid earlier at the buyback option date in the period from 6 to 12 months.

When the amount payable is not fixed the amount disclosed is determined by reference to the conditions existing at the end of the reporting period. Foreign currency payments are translated using the official CBR exchange rate at the end of reporting period.

Geographical risk

All assets are due from Russian entities. All liabilities are due to Russian entities except for borrowings received from foreign banks.

(in thousands of Russian roubles, unless otherwise stated)

29 Financial risk management (continued)

Insurance risk

Insurance risk is in difference between actual and expected claims. Amount of payments is affected by frequency of insurance events, their severity, timing of their settlement and other. Main purpose of insurance risk management is availability of sufficient reserves covering current and future liabilities from losses from accepted risks. Management supposes that due to short-term nature of period of losses detection, inherent to the Group’s activities, indicators of the Group’s insurance products portfolio are sensitive mainly to changes of expected loss ratios, which are change depending on the following factors: change of portfolio structure, inflation, seasonality and other factors, affecting on losses frequency and amount of average loss. The Group regularly changes its insurance tariffs, based on last values of specified variables, in such a way considering emerging trends.

Market risk

The Group takes on exposure to market risks. Market risks arise from open positions in interest rate and currency, all of which are exposed to general and specific market movements. The Group 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.

Currency risk

The Group takes on exposure to effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Group sets limits on the level of exposure by currency (primarily US dollars and euro).

The Group minimises foreign exchange risk by matching its fundraising to the ongoing demand for its lease products. In case of discrepancy between its borrowings and the lease portfolio the Group may face significant foreign exchange risk. This could occur in the event of a drastic shift in currency demanded by its customers for lease contracts rapidly changing the currency composition of the lease portfolio. On the other hand, the loan portfolio will only change in a material way at a slower pace through new borrowings. The Group can either choose to restrain the risk origination or more likely enter into derivative transactions to cover this currency risk as has been the case historically. Historically, the Group has used options and SWAPs to cover open currency positions.

The Group maintains a foreign-currency risk-management strategy that uses derivative instruments to protect its interests from unanticipated fluctuations in earnings and cash flows that may arise from volatility in currency exchange rates. Movements in foreign-currency exchange rates pose a risk to the Group’s operations and competitive position, since changes in exchange rates may affect the profitability and cash flows. In addition, various amounts of debt are denominated in foreign currency, thereby creating exposures to changes in exchange rates. The Group uses foreign-currency options and cross currency interest rate SWAPs to reduce these risks.

The Group is constrained by covenants set by loan agreements to have a maximum open currency position of 25% of its equity (2014: 25%).

(in thousands of Russian roubles, unless otherwise stated)

29 Financial risk management (continued)

Currency risk (continued)

The table below summarises exposure to foreign currency exchange rate risk as at 31 December 2015:

	RUB	*USD*	*EUR*	*Total*
Financial assets				
Cash and cash equivalents	1,480,417	479	1,116	**1,482,012**
Financial instruments at fair value through profit or loss	96,422	–	–	**96,422**
Bank deposits	7,534,751	–	–	**7,534,751**
Net investment in leases after impairment allowance	25,774,202	20,416	37,139	**25,831,757**
Loans to customers after impairment allowance	55,768	–	–	**55,768**
Equipment purchased and advances to suppliers for lease operations	284,561	–	14,652	**299,213**
Debtors on leasing activities	71,830	863	109	**72,802**
Other financial assets	702,728	4,045	49	**706,822**
Total financial assets	**36,000,679**	**25,803**	**53,065**	**36,079,547**
Financial liabilities				
Current accounts and deposits from customers	–	–	–	**–**
Borrowings	9,921,321	–	–	**9,921,321**
Insurance reserves	887,951	–	–	**887,951**
Advances received from lessees	412,349	1,265	536	**414,150**
Bonds issued	13,495,975	–	–	**13,495,975**
Other financial liabilities	360,637	235	221	**361,093**
Total financial liabilities	**25,078,233**	**1,500**	**757**	**25,080,490**
Net position	**10,922,446**	**24,303**	**52,308**	

The table below summarises exposure to foreign currency exchange rate risk as at 31 December 2014:

(unaudited)	*RUB*	*USD*	*EUR*	*Total*
Financial assets				
Cash and cash equivalents	1,898,933	35,758	5,662	**1,940,353**
Financial instruments at fair value through profit or loss	107,253	669,006	444,930	**1,221,189**
Bank deposits	474,263	–	–	**474,263**
Net investment in leases after impairment allowance	34,362,121	77,129	80,250	**34,519,500**
Loans to customers after impairment allowance	6,140,110	–	–	**6,140,110**
Equipment purchased and advances to suppliers for lease operations	610,059	14,883	94,134	**719,076**
Debtors on leasing activities	109,884	–	7,797	**117,681**
Other financial assets	220,359	3,556	–	**223,915**
Total financial assets	**43,922,982**	**800,332**	**632,773**	**45,356,087**
Financial liabilities				
Current accounts and deposits from customers	1,324,694	131,435	185	**1,456,314**
Borrowings	23,423,901	1,136,907	1,172,956	**25,733,764**
Insurance reserves	823,130	–	–	**823,130**
Advances received from lessees	803,547	–	–	**803,547**
Bonds issued	6,457,152	–	–	**6,457,152**
Other financial liabilities	393,857	3,588	6	**397,451**
Total financial liabilities	**33,226,281**	**1,271,930**	**1,173,147**	**35,671,358**
Net position before positions in financial instruments at fair value through profit and loss	**10,696,701**	**(471,598)**	**(540,374)**	
Offsetting positions in derivative financial instruments	(1,341,681)	634,679	707,002	
Net position	**9,355,020**	**163,081**	**166,628**	

(in thousands of Russian roubles, unless otherwise stated)

29 Financial risk management (continued)

Currency risk (continued)

Offsetting positions in derivative financial instruments are positions in binding cross currency interest rate SWAPs.

The following table presents sensitivities of profit and loss and equity to reasonably possible changes in exchange rates calculated based on currency volatility in the reporting year applied to the end of reporting period positions with all other variables held constant:

	At 31 December 2015			At 31 December 2014 (unaudited)		
	Change in currency rate in %	Impact on profit before tax, gain/(loss)	Impact on net profit and equity, gain/(loss)	Change in currency rate in %	Impact on profit before tax, gain/(loss)	Impact on net profit and equity, gain/(loss)
USD	40.00	9,721	7,777	28.54	46,543	37,235
USD	(13.00)	(3,159)	(2,527)	(28.54)	(46,543)	(37,235)
EUR	43.00	22,492	17,994	29.58	49,289	39,431
EUR	(15.00)	(7,846)	(6,277)	(29.58)	(49,289)	(39,431)

A strengthening of the RUB against the above currencies at 31 December 2015 and 2014 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Interest rate risk

The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Margins between finance income earned and interest expenses paid may increase as a result of such changes but may reduce or create losses in the event that unexpected movements arise.

The Financial Institutions Department focuses mainly on the management of interest rate risk arising from net investment in leases and borrowings.

The Group only offers lease product on a fixed term basis and therefore is only exposed to interest rate risk through its borrowings. The treasury policy of the Group is to minimise interest rate risk on its long term funding. The Group uses swap instruments for the full period of the borrowing.

The Group does not have significant interest rate risk on this partially open interest rate risk exposure as it occurs after the average repayment on its current portfolio (repaying at an average of 26 months) and thus the Group is able to change the pricing on its offered leases or elect to have a lower margin.

The Group does not have floating interest rate bearing financial instruments as at 31 December 2015.

The sensitivity of profit and loss to changes in market interest rates (when the other factors remain unchanged) calculated for floating interest rate financial instruments (borrowings) as at 31 December 2014 is following:

(unaudited)	Impact on profit before tax, gain/(loss)	Impact net profit and equity, gain/(loss)
10% parallel rise	(10,476)	(8,381)
10% parallel fall	10,476	8,381

As at 31 December 2015 the sensitivity of the consolidated profit or loss of the assumed changes in interest rates is calculated by revaluing fixed rate debt financial instruments for the effects of the assumed changes in interest rates based on the assumption that there are parallel shifts in the yield curve, and are immaterial.

(in thousands of Russian roubles, unless otherwise stated)

29 Financial risk management (continued)

Operational risk

Operational risk is the risk of direct or indirect losses resulting from deficiencies or errors in internal processes, actions of employees, operations of information systems and technologies, and resulting from external events. This definition includes legal risk, but excludes strategic and reputation risks.

The Operational Department is engaged in the control over operational risks. Key tasks of this department include the day-to-day control over compliance with internal regulations for business processes in lease transactions, control over reporting made by the employees of regional branches, control over the client's payment discipline and correct reporting of the impaired/potentially impaired debt by the employees of regional branches. In addition, the Department controls compliance with the obligation to insure the leased assets, documentation and filing procedures.

30 Management of capital

The objective when managing capital is to maintain healthy capital ratios in order to support its business and to maximise shareholder's value.

The Group includes total capital under management to be equity attributable to equity holders of the Company as shown in the consolidated statement of financial position. Certain borrowing agreements establish the minimum level of capital that the Group should maintain.

The amount of capital that the Group managed as at 31 December 2015 is equity attributable to equity holders of the Company of RUB 10,656,298 thousand (2014: RUB 9,925,972 thousand) which is in compliance with covenants under loan agreements.

In order to maintain or adjust the capital structure the Group attracts funding with maturity of not less than the average period of the lease contracts (26 months).

31 Fair value estimation

The estimated fair values of financial instruments at fair value through profit or loss is based on quoted market prices at the reporting date without any reduction for transaction costs. If quoted market prices are not available, the fair value is estimated by using valuation techniques, which include discounted cash flow analysis and other valuation techniques commonly used by market participants.

Management believes that the fair value of its financial assets and financial liabilities as at 31 December 2015 is not materially different from their carrying values, except for the following financial assets and liabilities:

	Total carrying amount	***Fair value***
Net investment in leases after impairment allowance	25,831,757	25,918,882
Borrowings	9,921,321	10,048,343
Bonds issued	13,495,975	12,991,434

Management believes that the fair value of its financial assets and financial liabilities as at 31 December 2014 is not materially different from their carrying values, except for the following financial liabilities:

(unaudited)	***Total carrying amount***	***Fair value***
Net investment in leases after impairment allowance	34,519,500	35,147,492
Borrowings	25,733,764	24,658,537
Bonds issued	6,457,152	5,984,362

(in thousands of Russian roubles, unless otherwise stated)

31 Fair value estimation (continued)

The estimates of fair value are intended to approximate the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. However, given the uncertainties and the use of subjective judgment, the fair value should not be interpreted as being realisable in an immediate sale of the assets or transfer of liabilities.

Fair value hierarchy

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: inputs other than quotes prices included within Level 1 that are observable either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: inputs that are unobservable. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The table below analysis the financial instruments measured at fair value at 31 December 2015 and 2014. The amounts are based on the values recognised in the consolidated statement of financial position.

	31 December 2015	*31 December 2015*	*31 December 2014 (unaudited)*	*31 December 2014 (unaudited)*
	Level 1	*Level 2*	*Level 1*	*Level 2*
Financial instruments at fair value through profit or loss				
- Trading securities	96,422	–	107,252	–
- Derivative assets	–	–	–	1,113,937
Net	**96,422**	**–**	**107,252**	**1,113,937**

(in thousands of Russian roubles, unless otherwise stated)

31 Fair value estimation (continued)

Fair value hierarchy (continued)

The following table analyses the fair value of major financial instruments not measured at fair value, by the level in the fair value hierarchy into which each fair value measurement is categorised as at 31 December 2015 and 2014:

	Level 1	*Level 2*	*Level 3*	*Total*
At 31 December 2015				
Assets for which fair values are disclosed				
Cash and cash equivalents	–	1,482,012	–	**1,482,012**
Bank deposits	–	7,534,751	–	**7,534,751**
Net investment in leases after impairment allowance	–	–	25,918,882	**25,918,882**
Loans to customers after impairment allowance	–	–	56,544	**56,544**
Debtors on leasing activities	–	–	72,802	**72,802**
Other financial assets	–	–	706,822	**706,822**
Liabilities for which fair values are disclosed				
Borrowings	–	10,048,343	–	**10,048,343**
Bonds issued	3,247,180	9,744,254	–	**12,991,434**
Other financial liabilities	–	–	360,093	**360,093**
At 31 December 2014 (unaudited)				
Assets for which fair values are disclosed				
Cash and cash equivalents	–	1,940,353	–	**1,940,353**
Bank deposits	–	474,263	–	**474,263**
Net investment in leases after impairment allowance	–	–	35,147,492	**35,147,492**
Loans to customers after impairment allowance	–	–	6,148,280	**6,148,280**
Debtors on leasing activities	–	–	117,681	**117,681**
Other financial assets	–	–	223,916	**223,916**
Liabilities for which fair values are disclosed				
Current accounts and deposits from customers	–	1,456,314	–	**1,456,314**
Borrowings	–	24,658,537	–	**24,658,537**
Bonds issued	1,334,293	4,650,069	–	**5,984,362**
Other financial liabilities	–	–	397,451	**397,451**

(in thousands of Russian roubles, unless otherwise stated)

31 Fair value estimation (continued)

Fair value of financial assets and liabilities not carried at fair value

Set out below is a comparison by class of the carrying amounts and fair values of the Group's financial instruments that are not carried at fair value in the statement of financial position. The table does not include the fair values of non-financial assets and non-financial liabilities.

	2015			2014 (unaudited)		
	Carrying value	***Fair value***	***Unrecognised gain/(loss)***	***Carrying value***	***Fair value***	***Unrecognised gain/(loss)***
Financial assets						
Cash and cash equivalents	1,482,012	1,482,012	–	1,940,353	1,940,353	–
Bank deposits	7,534,751	7,534,751	–	474,263	474,263	–
Net investment in leases after impairment allowance	25,831,757	25,918,882	87,125	34,519,500	35,147,492	627,992
Loans to customers after impairment allowance	55,768	56,544	776	6,140,110	6,148,280	8,170
Debtors on leasing activities	72,802	72,802	–	117,681	117,681	–
Other financial assets	706,822	706,822	–	223,916	223,916	–
Financial liabilities						
Current accounts and deposits from customers	–	–	–	1,456,314	1,456,314	–
Borrowings	9,921,321	10,048,343	(127,022)	25,733,764	24,658,537	1,075,227
Bonds issued	13,495,975	12,991,434	504,541	6,457,152	5,984,362	472,790
Other financial liabilities	360,093	360,093	–	397,451	397,451	–
Total unrecognised change in fair value			**465,420**			**2,184,179**

Valuation techniques and assumptions

The following describes the methodologies and assumptions used to determine fair values for those financial instruments, which are not already recorded at fair value in the financial statements.

Assets for which fair value approximates carrying value

For financial assets and financial liabilities that are liquid or having a short-term maturity (less than three months) it is assumed that the carrying amounts approximate to their fair value. This assumption is also applied to demand deposits and savings accounts without a specific maturity.

Financial assets and financial liabilities carried at amortised cost

Fair value of the quoted instruments is based on price quotations at the reporting date. The fair value of unquoted instruments, net investment in leases, loans to customers and other financial assets and liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

(in thousands of Russian roubles, unless otherwise stated)

32 Contingencies and commitments

Legal proceedings

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

Taxation contingencies

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

Starting from 1 January 2012 new transfer pricing rules came into force in Russia. They provide the possibility for tax authorities to make transfer pricing adjustments and impose additional tax liabilities in respect of controllable transactions if their prices deviate from the market range or profitability range. According to the provisions of transfer pricing rules, the taxpayer should sequentially apply 5 methods of market price determination prescribed by the Tax Code.

Tax liabilities arising from transactions between companies are determined using actual transaction prices. It is possible with the evolution of the interpretation of the transfer pricing rules in the Russian Federation and the changes in the approach of the Russian tax authorities, that such transfer prices could be challenged. Given the short period since the current Russian transfer pricing rules became effective, the impact of any such challenge cannot be reliably estimated; however, it may be significant to the financial position and/or the overall operations of the Group.

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

Compliance with covenants

The Group is subject to certain covenants related primarily to its borrowings. Non-compliance with such covenants may result in negative consequences for the Group including a growth in the cost of borrowings and declaration of default. The Group is in compliance with covenants as at 31 December 2015 and 2014.

33 Related party transactions

For the purposes of these financial statements, parties are considered to be related if one party has the ability to control the other party, is under common control, 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.

As at 31 December 2015 ultimate controlling party of the Group is Mr. Shishkhanov M.O. (2014: Baring Vostok Private Equity Funds) (refer to Note 1).

(in thousands of Russian roubles, unless otherwise stated)

33 Related party transactions (continued)

Amounts of related party transactions as at and for the year ended 31 December are as follows:

	2015			2014 (unaudited)		
	Share-holders	Entities under common control	Key management	Share-holders	Entities under common control	Key management
For the year ended 31 December						
Interest income	–	106,404	–	–	–	–
Other income, net	–	2,282	–	–	–	–
Staff expenses	–	–	(162,373)	–	–	(166,451)
General and administrative expenses	–	(5,369)	–	–	–	–
Other non-operating expenses	(1,050,452)	–	–	–	–	–
As at 31 December						
Cash and cash equivalents	–	290,193	–	–	–	–
Bank deposits	–	650,360	–	–	–	–
Net investment in leases after impairment allowance	–	3,093	–	–	–	–
Other assets	630,515	8,794	–	–	–	–

In 2015 the remuneration of members of the key management comprising salaries, discretionary bonuses and other short-term remuneration amounted to RUB 162,373 thousand (2014: RUB 166,451 thousand). In addition, in 2014 a member of key management personnel acquired shares of the holding company at the nominal value (refer to Note 28). The Group did not have any transactions with its holding company (Europlan Holdings Limited) or with Mr. Shishkhanov M.O. and Baring Vostok Private Equity Funds during the years ended 31 December 2015 and 2014.

34 Segment information

The Group has three reportable segments, as described below, which are the Group’s strategic business components. The strategic business components offer different products and services, and are managed separately because they require different technology and marketing strategies. Each of the strategic business components may earn revenues or incur expenses, whose operating results are regularly reviewed by the chief operating decision maker (the “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 Group. The following summary describes the operations in each of the reportable segments:

- leasing activity – includes conclusion of financial lease contracts with legal entities and its further monitoring;
- insurance activity – includes sales and servicing of insurance contracts;
- banking activity – includes loans, deposits and other transactions primarily with individuals.

(in thousands of Russian roubles, unless otherwise stated)

34 Segment information (continued)

Segment information for the reportable segments as at 31 December 2015 is set out below:

	Leasing activity	*Insurance activity*	*Banking activity*	*Total*
Interest income	7,697,502	122,154	982,117	**8,801,773**
Interest expense	(3,481,014)	–	(483,657)	**(3,964,671)**
Net interest income	**4,216,488**	**122,154**	**498,460**	**4,837,102**
Other income, net	1,210,127	257,378	13,808	**1,481,313**
Income from operations	**5,426,615**	**379,532**	**512,268**	**6,318,415**
Net income from financial instruments at fair value through profit or loss	94,887	14,940	–	**109,827**
Net foreign exchange (losses) income	(9,848)	32	(7,728)	**(17,544)**
Total income from operations and finance income	**5,511,654**	**394,504**	**504,540**	**6,410,698**
Impairment recovery (charges)	23,326	–	(537,666)	**(514,340)**
Staff expenses	(1,974,214)	(57,959)	(248,251)	**(2,280,424)**
General and administrative expenses	(580,538)	(21,307)	(135,939)	**(737,784)**
Other non-operating expenses	707	770	(1,050,452)	**(1,048,975)**
Profit (loss) before income tax	**2,980,935**	**316,008**	**(1,467,768)**	**1,829,175**
Income tax expense	(665,461)	(62,910)	–	**(728,371)**
Net profit (loss)	**2,315,474**	**253,098**	**(1,467,768)**	**1,100,804**

	Leasing activity	*Insurance activity*	*Banking activity*	*Total*
Segment assets	37,397,342	1,626,946	55,768	**39,080,056**
Segment liabilities	25,917,345	967,272	1,523,536	**28,408,153**

The Group is operating in Russia providing two major products to customers – auto leasing to legal entities and individual entrepreneurs (the Company) and retail loans to individuals (JSC "Europlan Bank").

Segment information for the reportable segments as at 31 December 2014 is set out below:

(unaudited)	Leasing activity	Insurance activity	Banking activity	*Total*
Interest income	8,119,137	61,538	1,246,993	**9,427,668**
Interest expense	(3,414,928)	–	(493,956)	**(3,908,884)**
Net interest income	**4,704,209**	**61,538**	**753,037**	**5,518,784**
Other income, net	1,101,730	158,095	155,041	**1,414,866**
Income from operations	**5,805,939**	**219,633**	**908,078**	**6,933,650**
Net income from financial instruments at fair value through profit or loss	749,195	(21,380)	–	**727,815**
Net foreign exchange losses	(603,440)	(3)	(40,866)	**(644,309)**
Total income from operations and finance income	**5,951,694**	**198,250**	**867,212**	**7,017,156**
Impairment charges	(328,953)		(786,715)	**(1,115,668)**
Staff expenses	(2,125,702)	(44,838)	(326,439)	**(2,496,979)**
General and administrative expenses	(685,210)	(12,738)	(169,313)	**(867,261)**
Other non-operating expenses	12,107	1,018	–	**13,125**
Profit (loss) before income tax	**2,823,936**	**141,692**	**(415,255)**	**2,550,373**
Income tax expense	(692,529)	(28,366)	–	**(720,895)**
Net profit (loss)	**2,131,407**	**113,326**	**(415,255)**	**1,829,478**

(in thousands of Russian roubles, unless otherwise stated)

34 Segment information (continued)

	Leasing activity	*Insurance activity*	*Banking activity*	*Total*
Segment assets	44,892,197	1,289,050	6,920,434	**53,101,681**
Segment liabilities	34,791,069	882,481	5,930,882	**41,604,432**

Substantially all revenues from external customers relate to residents of the Russian Federation.

For the years ended 31 December 2015 and 2014, there were no corporate customers revenues from which individually exceed 10% of total revenue.

Reconciliations of reportable segment profit or loss, assets and liabilities

The following table presents reconciliation of reportable segment profit or loss, assets and liabilities to the amounts recognised in the consolidated financial statements.

	31 December 2015	*31 December 2014 (unaudited)*
Profit or loss		
Total profit or loss for reportable segments	1,100,804	1,829,478
Intersegment adjustments	314,097	(44,982)
Consolidated profit or loss	**1,414,901**	**1,784,496**
Assets		
Total assets for reportable segments	39,080,056	53,101,681
Intersegment adjustments	(1,522,853)	(5,952,925)
Consolidated assets	**37,557,203**	**47,148,756**
Liabilities		
Total liabilities for reportable segments	28,408,153	41,604,432
Intersegment adjustments	(1,507,248)	(4,381,648)
Consolidated liabilities	**26,900,905**	**37,222,784**

35 Supplementary information (unaudited)

Income and expense ascribed to discontinued operations presented in the Note 6 are only from transactions with counterparties external to the Group. For convenience of users management of the Company presented the following financial information reflecting reconciliation of intragroup adjustments of JSC "Europlan Bank" with other entities of the Group in the consolidated statement of financial position and the consolidated statement of profit or loss and other comprehensive income.

The information accompanying the consolidated financial statements which has been disclosed as supplementary information is presented for purposes of additional analysis and for the convenience of users. The supplementary information presented is not within the scope of International Financial Reporting Standards.

(in thousands of Russian roubles, unless otherwise stated)

35 Supplementary information (unaudited) (continued)

Consolidated statement of financial position

	31 December 2015 (unaudited)	31 December 2014 (unaudited)			
	Total	**Total**	**Attributable to JSC "Europlan Bank"**	**Attributable to entities other than JSC "Europlan Bank"**	**Intercompany adjustments**
Assets					
Cash and cash equivalents	**1,482,012**	**1,940,353**	468,374	1,524,874	(52,895)
Financial instruments at fair value through profit or loss	**96,422**	**1,221,189**	–	1,221,189	–
Bank deposits	**7,534,751**	**474,263**	–	4,067,198	(3,592,935)
Net investment in leases after impairment allowance	**25,831,757**	**34,519,500**	–	34,519,727	(227)
Loans to customers after impairment allowance	**55,768**	**6,140,110**	6,042,998	74,458	22,654
Equipment purchased and advances to suppliers for lease operations	**299,213**	**719,076**	–	719,076	–
Debtors on leasing activities	**72,802**	**117,681**	–	117,681	–
Current income tax prepayment	**–**	**74,369**	–	74,369	–
VAT recoverable	**45,973**	**35,158**	–	35,158	–
Property and equipment	**306,379**	**371,980**	76,366	237,671	57,943
Investments in JSC "Europlan Bank"	**–**	**–**	–	1,401,732	(1,401,732)
Other assets	**1,832,126**	**1,535,077**	214,298	1,411,268	(90,489)
Total assets	**37,557,203**	**47,148,756**	**6,802,036**	**45,404,401**	**(5,057,681)**
Liabilities					
Current accounts and deposits from customers	**–**	**1,456,314**	5,103,819	–	(3,647,505)
Borrowings	**9,921,321**	**25,733,764**	–	25,733,764	–
Insurance reserves	**887,951**	**823,130**	–	823,130	–
Advances received from lessees	**414,150**	**803,547**	–	803,547	–
Bonds issued	**13,495,975**	**6,457,152**	–	6,457,152	–
Current income tax payable	**297,106**	**12,099**	8,202	3,897	–
Deferred income tax liability (assets)	**594,810**	**1,070,737**	(6,660)	1,077,397	–
VAT payable	**582,302**	**210,880**	13,695	197,185	–
Other liabilities	**707,290**	**655,161**	124,111	585,068	(54,018)
Total liabilities	**26,900,905**	**37,222,784**	**5,243,167**	**35,681,140**	**(3,701,523)**
Equity					
Share capital	**15,395**	**15,395**	622,639	15,395	(622,639)
Additional paid-in capital	**2,799,133**	**2,799,133**	1,763,000	2,799,133	(1,763,000)
Retained earnings (accumulated loss)	**7,841,770**	**6,939,794**	(826,770)	6,737,083	1,029,481
Other reserves	**–**	**171,650**	–	171,650	–
Total equity	**10,656,298**	**9,925,972**	**1,558,869**	**9,723,261**	**(1,356,158)**
Total liabilities and equity	**37,557,203**	**47,148,756**	**6,802,036**	**45,404,401**	**(5,057,681)**

(in thousands of Russian roubles, unless otherwise stated)

35 Supplementary information (unaudited) (continued)

Consolidated statement of profit or loss and other comprehensive income

	For the year ended							
	31 December 2015 (unaudited)				31 December 2014 (unaudited)			
	Total	Attributable to JSC "Europlan Bank"	Attributable to entities other than JSC "Europlan Bank"	Intercompany adjustments	Total	Attributable to JSC "Europlan Bank"	Attributable to entities other than JSC "Europlan Bank"	Intercompany adjustments
Interest income	**8,542,250**	1,064,978	7,746,399	(269,127)	**9,106,427**	1,409,267	8,030,445	(333,285)
Interest expense	**(3,705,147)**	(423,232)	(3,541,438)	259,523	**(3,587,642)**	(462,029)	(3,446,854)	321,241
Net interest income	**4,837,103**	**641,746**	**4,204,961**	**(9,604)**	**5,518,785**	**947,238**	**4,583,591**	**(12,044)**
Other income, net	**1,485,084**	193,403	1,304,390	(12,709)	**1,400,654**	167,863	1,272,902	(40,111)
Income from operations	**6,322,187**	**835,149**	**5,509,351**	**(22,313)**	**6,919,439**	**1,115,101**	**5,856,493**	**(52,155)**
Net income from financial instruments at fair value through profit or loss	**109,827**	–	109,827	–	**727,815**	–	727,815	–
Net foreign exchange losses	**(17,544)**	(7,729)	(9,815)	–	**(644,309)**	(40,866)	(603,443)	–
Total income from operations and finance income	**6,414,470**	**827,420**	**5,609,363**	**(22,313)**	**7,002,945**	**1,074,235**	**5,980,865**	**(52,155)**
Impairment charges	**(514,340)**	(539,025)	24,685	–	**(1,115,668)**	(584,327)	(531,341)	–
Staff expenses	**(2,280,424)**	(110,515)	(2,179,533)	9,624	**(2,498,699)**	(205,855)	(2,311,329)	18,485
General and administrative expenses	**(758,028)**	(103,168)	(643,416)	(11,444)	**(901,058)**	(149,784)	(742,407)	(8,867)
Other non-operating expenses	**(1,050,859)**	–	(1,050,463)	(396)	**(152,406)**	–	(152,406)	–
Profit before income tax	**1,810,819**	**74,712**	**1,760,636**	**(24,529)**	**2,335,114**	**134,269**	**2,243,382**	**(42,537)**
Income tax expense	**(395,918)**	(14,943)	(385,881)	4,906	**(550,618)**	(29,254)	(529,871)	8,507
Net profit	**1,414,901**	**59,769**	**1,374,755**	**(19,623)**	**1,784,496**	**105,015**	**1,713,511**	**(34,030)**
Other comprehensive income that are or may be reclassified to profit or loss in subsequent periods								
Cash flow hedges	–	–	–	–	**1,244**	–	1,244	–
Income tax recorded directly in other comprehensive income	–	–	–	–	**(249)**	–	(249)	–
Other comprehensive income	**–**	**–**	**–**	**–**	**995**	**–**	**995**	**–**
Total comprehensive income	**1,414,901**	**59,769**	**1,374,755**	**(19,623)**	**1,785,491**	**105,015**	**1,714,506**	**(34,030)**