

Egidaco Investments PLC Group

International Financial Reporting Standards
Consolidated Financial Statements

31 March 2012

CONTENTS

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statement of Financial Position	4
Consolidated Statement of Comprehensive Income.....	5
Consolidated Statement of Changes in Equity	6
Consolidated Statement of Cash Flows.....	7


NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS


1	Introduction.....	8
2	Operating Environment of the Group.....	9
3	Summary of Significant Accounting Policies.....	9
4	Cash and Cash Equivalents	10
5	Loans and Advances to Customers.....	11
6	Mastercard Guarantee Deposit	13
7	Customer Accounts	13
8	Debt Securities in Issue.....	14
9	Share Capital.....	15
10	Interest Income and Expense.....	16
11	Fee and Commission Expense.....	16
12	Customer Acquisition Expenses.....	16
13	Losses less gains from operations with foreign currencies.....	17
14	Administrative and Other Operating Expenses.....	17
15	Income Taxes.....	17
16	Contingencies and Commitments.....	18
17	Financial Derivatives	20
18	Related Party Transactions	20
19	Events after the End of Reporting Period	22

Egidaco Investments PLC Group
Consolidated Statement of Financial Position

<i>In thousands of USD</i>	Note	31 March 2012 (Unaudited)	31 December 2011
ASSETS			
Cash and cash equivalents	4	172,094	163,191
Mandatory cash balances with the CBRF		11,607	6,975
Due from banks		2,455	2,236
Loans and advances to customers	5	878,687	663,413
Financial derivatives	17	2,523	15,271
Deferred income tax assets	15	6,376	1,356
Mastercard guarantee deposit	6	31,308	24,030
Fixed assets		9,055	4,511
Intangible assets		11,008	7,695
Other financial assets		12,197	21,963
Other non-financial assets		14,353	4,482
TOTAL ASSETS		1,151,663	915,123
LIABILITIES			
Customer accounts	7	510,512	361,664
Debt securities in issue	8	454,379	412,875
Current income tax liabilities	15	8,689	4,950
Other financial liabilities		17,051	13,687
Other non-financial liabilities		6,241	4,857
TOTAL LIABILITIES		996,872	798,033
EQUITY			
Share capital	9	6,370	6,370
Share premium	9	81,631	81,631
Treasury shares	9	(77)	(77)
Retained earnings		73,453	48,014
Accumulated loss on translation		(6,586)	(18,848)
TOTAL EQUITY		154,791	117,090
TOTAL LIABILITIES AND EQUITY		1,151,663	915,123

Approved for issue and signed on behalf of the Board of Directors on 21 May 2012.


 Constantinos Economides
 Director


 Mary Trihitiotou
 Director

Egidaco Investments PLC Group
Consolidated Statement of Comprehensive Income

<i>In thousands of USD</i>	Note	31 March 2012 (Unaudited)	31 March 2011 (Unaudited)
Interest income	10	120,321	58,095
Interest expense	10	(27,043)	(15,396)
Net interest income		93,278	42,699
Provision for loan impairment	5	(16,927)	(6,738)
Net interest income after provision for loan impairment		76,351	35,961
Customer acquisition expense	12	(14,034)	(10,752)
Losses less gains from operations with foreign currencies	13	(6,200)	(85)
Gain from sale of bad debts	5	457	547
Fee and commission expense	11	(1,949)	(781)
Administrative and other operating expenses	14	(21,748)	(13,182)
Other operating income/(loss)		136	(118)
Profit before tax		33,013	11,590
Income tax expense	15	(7,574)	(2,257)
Profit for the period		25,439	9,033
Other comprehensive income: Exchange differences on translation to presentation currency		12,262	3,307
Other comprehensive income for the period		12,262	3,307
Total comprehensive income for the period		37,701	12,340

Egidaco Investments PLC Group
Consolidated Statement of Changes in Equity

	Share capital	Share premium	Treasury shares	Retained earnings/ (Accumulated deficit)	Accumulated loss on translation	Total
<i>In thousands of USD</i>						
Balance at 31 December 2010	6,283	66,641	-	(20,380)	(8,679)	43,865
Profit for the period	-	-	-	9,033	-	9,033
Other comprehensive income:						
- Exchange differences on translation to presentation currency	-	-	-	-	3,307	3,307
Total comprehensive income for 3 months 2011	-	-	-	9,033	3,307	12,340
Share issue	10	14,990	-	-	-	-
Balance at 31 March 2011 (Unaudited)	6,293	81,631	-	(11,347)	(5,372)	71,205
Balance at 31 December 2011	6,370	81,631	(77)	48,014	(18,848)	117,090
Profit for the period	-	-	-	25,439	-	25,439
Other comprehensive income:						
Exchange differences on translation to presentation currency	-	-	-	-	12,262	12,262
Total comprehensive income for 3 months 2012	-	-	-	25,439	12,262	37,701
Balance at 31 March 2012 (Unaudited)	6,370	81,631	(77)	73,453	(6,586)	154,791

Egidaco Investments PLC Group
Consolidated Statement of Cash Flows

<i>In thousands of USD</i>	Note	3 months ended 31 March 2012 (Unaudited)	Year ended 31 December 2011
Cash flows from operating activities			
Interest received		103,404	291,259
Interest paid		(26,638)	(75,756)
Customers acquisition expenses paid		(14,034)	(44,474)
Cash received from trading in foreign currencies		274	2,047
Cash received from sale of bad debts	5	457	2,651
Fees and commissions paid		(1,094)	(6,028)
Other operating income received		136	530
Administrative and other operating expenses paid		(9,865)	(54,542)
Income tax paid		(9,279)	(15,232)
Cash flows from operating activities before changes in operating assets and liabilities		43,361	100,455
Changes in operating assets and liabilities			
Net increase in Central Bank mandatory reserves		(3,828)	(5,086)
Net decrease/(increase) in due from banks		2,236	(2,236)
Net increase in loans and advances to customers		(148,602)	(403,417)
Purchase of derivative financial instruments		-	(77)
Net increase in Mastercard guarantee deposit		(4,776)	(11,111)
Net increase in other financial assets		(11,545)	(10,921)
Net decrease/(increase) in other non-financial assets		9,412	(2,093)
Net increase in customer accounts		129,769	193,119
Net (decrease)/increase in other financial liabilities		(1,963)	7,048
Net (decrease)/increase in other non-financial liabilities		(369)	409
Net cash received from / (used in) operating activities		13,695	(133,910)
Cash flows from investing activities			
Acquisition of fixed assets		(4,795)	(2,858)
Acquisition of intangible assets		(3,198)	(5,744)
Net cash used in investing activities		(7,993)	(8,602)
Cash flows from financing activities			
Proceeds from debt securities in issue		14,840	326,351
Repayment of debt securities in issue		-	(58,249)
Repayment of syndicated loan		-	(33,303)
Proceeds from the equity increase		-	15,077
Net cash from in financing activities		14,840	249,876
Effect of exchange rate changes on cash and cash equivalents		(9,184)	4,935
Net increase in cash and cash equivalents		11,358	112,299
Cash and cash equivalents at the beginning of the reporting period	4	163,191	50,892
Cash and cash equivalents at the end of the reporting period	4	174,549	163,191

1 Introduction

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union for the period ended 31 March 2012 for Egidaco Investments PLC (the "Company") and its subsidiaries (together referred to as the "Group" or "Egidaco Investments PLC Group"), and in accordance with the requirements of the Cyprus Companies Law, Chap.113.

The Company was incorporated, and is domiciled, in Cyprus in accordance with the provisions of the Companies Law, Chap.113.

Board of Directors of the Company: Constantinos Economides, Maria Demetriou (resigned 18 May 2012), Mary Trimithiotou (appointed 18 May 2012), Alexis Ioannides, Julian Charles Salisbury, Per Brilioth, Laoura Michael (appointed 18 May 2012), and Michael Calvey (appointed 18 May 2012).

Company Secretary: Altruco Secretarial Limited, G. Pavlides Court, 5th Floor 2, Arch. Kyprianou & Ayiou Andreou Street, 3036 Limassol, Cyprus, Mail: P.O.Box 50734, 3609, Limassol, Cyprus (starting from 21 November 2008).

As at 31 March 2012 and 31 December 2011 the shareholders of the Company were:

	31 March 2012	31 December 2011	Country of Incorporation
TADEK Holding and Finance S.A.	62.71%	62.71%	British Virgin Islands
Vostok Komi (Cyprus) Limited	15.80%	15.80%	Cyprus
ELQ Investors Limited	13.64%	13.64%	United Kingdom
TASOS Invest and Finance Inc.	6.63%	6.63%	British Virgin Islands
Altruco Trustees Limited	1.21%	1.21%	Cyprus
Vizer Limited	0.00%*	0.00%*	British Virgin Islands
Maitland Commercial Inc.	0.00%*	0.00%*	British Virgin Islands
Norman Legal S.A.	0.00%*	0.00%*	British Virgin Islands
Total	100.00%	100.00%	

* Vizer Limited, Maitland Commercial Inc and Norman Legal S.A. own 1 share of the Group each (2011: 1 share).

As at 31 March 2012 and 31 December 2011 the ultimate beneficiaries of the Group are the Russian entrepreneur Oleg Tinkov (69.34%), the global investment firm Goldman Sachs (13.64%) and investment fund Vostok Nafta (15.80%) and Altruco Trustees Limited (1.21%).

Subsidiaries and special purpose entities (the "SPE") included in these consolidated financial statements are listed below:

Name	Nature of business	31 March 2012		31 December 2011		Country of registration
		Percentage of ownership	Percentage of voting rights	Percentage of ownership	Percentage of voting rights	
CJSC "Tinkoff. Credit Systems" Bank	Bank operations	100%	100%	100%	100%	Russia
LLC "TCS"	Services	100%	100%	100%	100%	Russia
LLC "T-Finance"	Assets holding	100%	100%	100%	100%	Russia
Goward Ltd.	Services	100%	100%	100%	100%	BVI
TCS Finance Ltd.	Financing	100%	100%	100%	100%	Ireland
Altruco Trustees Limited	Trust	-	-	-	-	Cyprus

1 Introduction (Continued)

In February 2011 and June 2011 the Group purchased 100% ownership of previously consolidated LLC "TCS" and its holding company Goward Ltd., respectively (Note 18). LLC TCS and LLC T-Finance bear the expenses of the Group related to the issue of credit card loans, some administrative expenses and intangible assets.

Principal activity. The Group's principal business activity is retail banking operations within the Russian Federation through the subsidiary CJSC "Tinkoff Credit Systems" (the "Bank"). The Bank has operated under a full banking license № 2673 issued by the Central Bank of the Russian Federation ("CBRF") since 8 December 2006. Before that date and going back to 28 January 1994 the Bank operated under the name of CJSC "Khimashbank" under the same full banking license № 2673 issued by the CBRF on 28 January 1994. The Bank was acquired by the Company on 17 November 2006 and was subsequently renamed CJSC "Tinkoff. Credit Systems" Bank.

The Bank participates in the state deposit insurance scheme, which was introduced by the Federal Law № 177-FZ "Deposits of individuals insurance in Russian Federation" dated 23 December 2003. The State Deposit Insurance Agency guarantees repayment of 100% of individual deposits up to RR 700 thousand per individual in case of the withdrawal of a licence of a bank or a CBRF-imposed moratorium on payments.

Registered address and place of business. The Company's registered address is Arch. Kyprianou & Ag. Andreou, 2 G. Pavlides Court, 5th floor P.C. 3036, Limassol, Cyprus. The Bank's registered address is 1-st Volokolamsk passage, 10, building 1, 123060, Moscow, Russian Federation. The Group's principal place of business is the Russian Federation.

Presentation currency. These consolidated financial statements are presented in thousands of USD.

2 Operating Environment of the Group

Russian Federation. The Russian Federation displays certain characteristics of an emerging market. Tax, currency and customs legislation is subject to varying interpretations and contributes to the challenges faced by banks operating in the Russian Federation (Note 16).

The international sovereign debt crisis, stock market volatility and other risks could have a negative effect on the Russian financial and corporate sectors. Management determined loan impairment provisions by considering the economic situation and outlook at the end of the reporting period and applied 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.

The future economic development of the Russian Federation is dependent upon external factors and internal measures undertaken by the government to sustain growth, and to change the tax, legal and regulatory environment. Management believes it is taking all necessary measures to support the sustainability and development of the Group's business in the current business and economic environment.

3 Summary of Significant Accounting Policies

Basis of preparation. These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law Cap.113.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the initial recognition of financial instruments based on fair value, and by revaluation of derivatives carried at fair value. The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

3 Summary of Significant Accounting Policies (Continued)

Interim period tax management. Income tax expense is recognised in this consolidated condensed interim financial information based on management's best estimates of the weighted average effective income tax rate expected for the full financial year.

Share-based payments. The Group operates a cash-settled share-based compensation plan to establish the long term mutual interest and relationships between the employees and the Bank and make the management interested in the long-term development of CJSC "Tinkoff. Credit Systems" Bank. The plan is operated by a consolidated SPE.

The expense is recognized gradually over the vesting period and is measured at the fair value of the liability at each end of the reporting period. The fair value of the liability reflects all vesting conditions, except the requirement of employee to stay in service which is reflected through amortization schedule.

The liability shall be measured, initially and at the end of each reporting period until settled, at fair value, taking into account the terms and conditions on which the instruments were granted and the extent to which the employees have rendered service to date.

Dividends declared during the vesting period accrue and are paid to the employee together with the sale proceeds of the vested shares upon liquidity event (Note 18). Expected dividends (including those expected during the vesting period) are therefore included in the determination of fair value of the share-based payment liability.

4 Cash and Cash Equivalents

<i>In thousands of USD</i>	31 March 2012	31 December 2011
Cash on hand	467	367
Cash balances with the CBRF (other than mandatory reserve deposits)	17,689	22,024
Placements with other banks with original maturities of less than three months	156,393	140,800
Total Cash and Cash Equivalents	174,549	163,191

Cash and cash equivalents are not impaired and not past due.

5 Loans and Advances to Customers

<i>In thousands of USD</i>	31 March 2012	31 December 2011
Loans to individuals:	943,331	709,728
<i>Credit card loans</i>	943,331	709,728
Total loans and advances to customers before impairment:	943,331	709,728
Less: Provision for loan impairment	(64,644)	(46,315)
Total loans and advances to customers	878,687	663,413

Credit cards are issued to customers for cash withdrawals or payment for goods or services, within the range of limits established by the Group. These limits may be increased or decreased from time-to-time. Credit card loans are not collateralized.

Presented below is an analysis of issued, activated and utilised cards based on their credit card limits as at the end of the reporting year:

<i>In thousands of USD</i>	31 March 2012	31 December 2011
Credit card limits		
Up to 10 RR thousand	24,323	18,395
10-20 RR thousand	83,609	85,071
20-30 RR thousand	229,240	187,470
30-40 RR thousand	205,986	167,859
40-50 RR thousand	203,193	154,987
50-60 RR thousand	159,002	125,038
60-80 RR thousand	224,894	155,940
80-100 RR thousand	239,743	168,539
More than 100 RR thousand	3,928	4,417
Total cards	1,373,919	1,067,716

5 Loans and Advances to Customers (Continued)

Movements in the provision for loan impairment for the period ended 31 March 2012 are as follows:

	As at 31 December 2011	Effect of translation	Write-off of bad debts	Sales of bad debts	Provision for impairment during the period	As at 31 March 2012
<i>In thousands of USD</i>						
Loans to individuals:						
<i>Credit card loans</i>	46,315	4,956	-	(3,554)	16,927	64,644
Total provision for loan impairment	46,315	4,956	-	(3,554)	16,927	64,644

Movements in the provision for loan impairment for the year ended 31 March 2011 are as follows:

	As at 31 December 2010	Effect of translation	Write-off of bad debts	Sales of bad debts	Provision for/(Recove- ry of) impairment during the period	As at 31 December 2011
<i>In thousands of USD</i>						
Loans to individuals:						
<i>Credit card loans</i>	24,449	1,544	-	(3,389)	7,009	29,613
Corporate loans, broken down by creditors' activity classes:						
<i>Development</i>	599	34	-	-	(246)	387
<i>Finance</i>	157	12	-	-	(24)	145
Total provision for loan impairment	25,205	1,591	-	(3,389)	6,738	30,145

During 3 months ended 31 March 2012 the Group sold bad debts to third parties (external debt collection agencies) with gross amount of USD 3,554 thousand (31 March 2011: USD 3,389 thousands), and provision for impairment of USD 3,554 thousand (31 March 2011: USD 3,389 thousand). The difference between the carrying amount of these loans and the consideration received was recognised in profit or loss as gain from the sale of bad debts in the amount of USD 457 thousand (31 March 2011: USD 547 thousand).

5 Loans and Advances to Customers (Continued)

Analysis by credit quality of credit card loans is as follows:

<i>In thousands of USD</i>	31 March 2012	31 December 2011
Loans collectively assessed for impairment (gross):		
- non-overdue	865,518	651,313
- less than 30 days overdue	24,763	18,634
- 30 to 90 days overdue	18,286	13,761
- 90 to 180 days overdue	16,640	12,522
- 180 to 360 days overdue	13,071	10,092
- over 360 days overdue	5,052	3,406
Less: Provision for loan impairment	(64,644)	(46,315)
Total loans to individuals	878,687	663,413

The Bank assesses non-overdue loans for impairment collectively as a homogeneous population with similar credit quality as disclosed above.

The Bank considers overdue loans as impaired.

In 2010 the Group introduced a restructuring program for delinquent borrowers who demonstrate a willingness to settle their debt by switching to fixed monthly repayments of outstanding amounts ("installment loans"). The amount of installment loans as at 31 March 2012 was USD 17,115 thousand (31 December 2011: USD 12,831 thousand) and is presented in the table above in accordance with respective debt servicing.

6 Mastercard Guarantee Deposit

Mastercard guarantee deposit represents funds put aside by the Group in the HSBC Bank Plc London as a guarantee deposit in favor of Master Card. The amount of deposit is calculated as a percentage of monthly credit cards transactions turnovers. The carrying value of the Mastercard guarantee deposit at 31 March 2012 was USD 31,308 thousand (2011: USD 24,030 thousand).

7 Customer Accounts

<i>In thousands of USD</i>	31 March 2012	31 December 2011
Legal entities		
- Current/settlement accounts of corporate entities	2,032	358
- Term deposits of corporate entities	5,093	6,528
Individuals		
- Current/settlement accounts of individuals	23,717	19,439
- Term deposits of individuals	479,671	335,339
Total Customer Accounts	510,512	361,664

8 Debt Securities in Issue

<i>In thousands of USD</i>	31 March 2012	31 December 2011
USD denominated bonds issued in April 2011	174,565	166,087
SEK denominated bonds issued in December 2011	80,186	73,693
RR denominated bonds issued in February 2011	59,175	49,021
RR denominated bonds issued in September 2010	51,450	48,177
RR denominated bonds issued in July 2010	45,220	42,950
RR denominated bonds issued in November 2010	42,717	29,563
Promissory notes issued	1,066	3,384
Total Debt Securities in Issue	454,379	412,875

On 22nd of April 2011 the Group issued USD denominated bonds with a nominal value of USD 175 mln at 11.5% coupon rate maturing on 22 April 2014. On the 4th of May 2011 the Group repurchased some of these bonds with nominal amount of USD 6 mln and a premium of 0.05%.

On 29th of December 2011 the Group issued SEK denominated bonds with a nominal value of SEK 550 mln (equivalent of USD 79.5 mln) at 12.5% coupon rate and 5.0% discount maturing on 29 December 2013.

On 22nd February 2011 the Group issued RR denominated bonds with a nominal value of RR 1,500 mln (equivalent of USD 51.4 mln) at a 14.0% coupon rate maturing on 18 February 2014. The holders of these bonds have the right to require the Group to purchase these bonds at their nominal amount on 21 August 2012.

On 20th of September 2010 the Group issued RR denominated bonds with nominal value of RR 1,600 mln (equivalent of USD 51.5 mln) at 14.22% coupon rate maturing on 20 September 2013.

On 26th of July 2010 the Group issued RR denominated bonds with nominal value of RR 1,400 mln (equivalent of USD 46.1 mln) at 20% coupon rate maturing on 28 July 2013.

On 30th of November 2010 the Group issued RR denominated bonds with a nominal value of RR 1,500 mln (equivalent of USD 47.9 mln) at 16.5% coupon rate maturing on 26 November 2013. The holders of these bonds have a right to require the Group to purchase these bonds at nominal amount on 26 November 2011. As a result of offer event as at 26 November 2011 732,134 securities were repurchased by the Group at nominal value. The amount of transaction comprised USD 23,338 thousand. In November 2011 the Group has set the coupon rate at 16.5% of RR denominated bonds till maturity date on 26 November 2013.

All bonds issued by the Group are traded on stock exchanges.

Egidaco Investments PLC Group
Notes to the Consolidated Financial Statements – 31 March 2012

9 Share Capital

<i>In thousands of USD except for number of shares</i>	Number of authorised shares	Number of outstanding shares	Ordinary shares	Share premium	Treasury shares	Total
At 31 December 2010	7,619,180	6,283,218	6,283	66,641	-	72,924
Shares issued in March 2011	-	9,999	10	14,990	-	15,000
At 31 March 2011	7,619,180	6,293,217	6,293	81,631	-	87,924
At 31 December 2011	7,619,180	6,370,536	6,370	81,631	(77)	87,924
At 31 March 2012	7,619,180	6,370,536	6,370	81,631	(77)	87,924

The total authorised number of ordinary shares is 7,619,180 shares (31 December 2011: 7,619,180 shares) with a par value of USD 1 per share (31 December 2011: USD 1 per share). All issued ordinary shares are fully paid.

In 2008 the Company issued warrants, which gave the lenders of the syndicated loan an opportunity to buy 6% of the Company's shares. The warrants were exercisable at any time till maturity of the syndicated loan. The lenders of the syndicated loan executed their rights under the warrants and bought the Company's 376,993 ordinary shares issued in December 2010. The Company's obligation under warrants in the amount of USD 1,871 thousand was reclassified to the share capital and share premium in the amount of USD 378 thousand and USD 1,493 thousand at the date of warrants execution, accordingly.

In February 2011 the Company issued 9,999 ordinary shares with a par value of USD 1 per share and a premium of USD 1,499.15 per share. This share issue was performed pro rata to the existing shareholders and did not lead to any changes in the shareholders structure.

In May 2011 the Company issued 77,319 ordinary shares with a par value of USD 1 per share to a trustee (consolidated SPE).

Treasury shares represent shares issued by the Group under the Employee share option plan ("ESOP") and all owned by a consolidated SPE. Refer Note 18.

Egidaco Investments PLC Group
Notes to the Consolidated Financial Statements – 31 March 2012

10 Interest Income and Expense

<i>In thousands of USD</i>	31 March 2012	31 March 2011
Interest income		
Loans and advances to customers, including:		
<i>Credit card loans</i>	119,611	57,392
Placements with other banks	709	160
Other interest income	-	543
Total interest income	120,320	58,095
Interest expense		
RR denominated bonds	7,817	7,311
Customer accounts	10,766	6,519
USD and SEK denominated bonds	8,400	-
Syndicated loan	-	1,566
Promissory notes	59	-
Total interest expense	27,042	15,396
Net interest income	93,278	42,699

11 Fee and Commission Expense

<i>In thousands of USD</i>	31 March 2012	31 March 2011
Service fees	1,232	693
Banking and other fees	717	88
Total fee and commission expense	1,949	781

12 Customer Acquisition Expenses

<i>In thousands of USD</i>	31 March 2012	31 March 2011
Personalisation, printing and distribution	5,084	5,736
Marketing and advertising	7,175	3,765
Acquisition and partnerships	919	904
Credit bureaux	856	347
Total	14,034	10,752

Customer acquisition expenses represent expenses paid by the Group on services related to origination of credit card customers (mailing of advertising materials, processing of responses, marketing and advertising etc). The Group uses a variety of different channels for the acquisition of new customers.

13 Losses less gains from operations with foreign currencies

<i>In thousands of USD</i>	31 March 2012	31 March 2011
Foreign exchange translation gains less losses/(losses less gains)	7,327	(628)
Unrealised losses less gains from derivative revaluation	(13,801)	-
Gains less losses from trading in foreign currencies	274	543
Losses less gains from operations with foreign currencies	(6,200)	(85)

14 Administrative and Other Operating Expenses

<i>In thousands of USD</i>	31 March 2012	31 March 2011
Staff costs	13,852	7,595
Communication services	2,060	1,011
Taxes other than income tax	1,723	1,671
Amortization of intangible assets	727	425
Depreciation of fixed assets	719	573
Information services	691	324
Rental expenses	686	479
Stationary and office expenses	252	182
Expenses on deposits insurance	189	-
Professional services	176	471
Transportation	80	-
Other administrative expenses	593	451
Total	21,748	13,182

Included in staff costs are statutory social security contributions of USD 2,457 thousand (31 March 2011: USD 1,569 thousand).

Included in staff costs is the amount of USD 430 thousand (31 March 2011: 193), which represents share-based remuneration (Note 18).

15 Income Taxes

Income tax expense comprises the following:

<i>In thousands of USD</i>	31 March 2012	31 March 2011
Current tax	(12,662)	(1,858)
Deferred tax	5,088	(699)
Income tax expense for the reporting period	(7,574)	(2,557)

22 Segment Analysis

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

The business of the Group is represented by one operating segment (the "retail banking") as the Group specialises in issuance of credit cards. All the management decisions are based on the financial information related to the retail banking segment.

Measurement of operating segment profit or loss, assets and liabilities

The CODM reviews financial information prepared based on International Financial Reporting Standards with no adjustments for requirements of internal reporting.

The CODM evaluates performance of the business based on total revenue and profit before tax as reported in the IFRS financial statements. Total consolidated revenues of USD 120,914 thousands (31 March 2011: USD 58,652 thousands) comprise interest income, gain from sales of bad debts and other operating income. The profit before tax analysed by CODM is USD 33,013 thousands (31 March 2011: USD 11,590 thousands).

16 Contingencies and Commitments

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

Tax contingencies. Russian tax legislation, which was enacted or substantively enacted at the end of the reporting period, is subject to varying interpretations when being applied to the transactions and activities of the Group. Consequently, tax positions taken by management and the formal documentation supporting the tax positions may be successfully challenged by relevant authorities. Russian tax administration is gradually strengthening, including the fact that there is a higher risk of review of tax transactions without a clear business purpose or with tax incompliant counterparties. Fiscal periods remain open to review by the authorities in respect of taxes for three calendar years preceding the year of review. Under certain circumstances reviews may cover longer periods.

Russian transfer pricing legislation enacted during the current period is effective prospectively to new transactions from 1 January 2012. It introduces significant reporting and documentation requirements. The transfer pricing legislation that is applicable to transactions on or prior to 31 March 2012, also provides the possibility for tax authorities to make transfer pricing adjustments and to impose additional tax liabilities in respect of all controllable transactions, provided that the transaction price differs from the market price by more than 20%. Controllable transactions include transactions with interdependent parties, as determined under the Russian Tax Code, all cross-border transactions (irrespective of whether performed between related or unrelated parties), transactions where the price applied by a taxpayer differs by more than 20% from the price applied in similar transactions by the same taxpayer within a short period of time, and barter transactions. Significant difficulties exist in interpreting and applying transfer pricing legislation in practice. Any prior existing court decisions may provide guidance, but are not legally binding for decisions by other, or higher level, courts in the future.

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, that such transfer prices could be challenged. 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 entity.

The Group includes companies incorporated outside of Russia. Tax liabilities of the Group are determined on the assumption that these companies are not subject to Russian profits tax because they do not have a permanent establishment in Russia. This interpretation of relevant legislation may be challenged but the impact of any such challenge cannot be reliably estimated currently; however, it may be significant to the financial position and/or the overall operations of the entity.

26 Contingencies and Commitments (Continued)

As Russian tax legislation does not provide definitive guidance in certain areas, the Group adopts, from time to time, interpretations of such uncertain areas that reduce the overall tax rate of the Group. While management currently estimates that the tax positions and interpretations that it has taken can probably be sustained, there is a possible risk that outflow of resources will be required should such tax positions and interpretations be challenged by the relevant authorities. 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.

Operating lease commitments. Where the Group is the lessee, the future minimum lease payments under non-cancellable operating leases are as follows:

<i>In thousands of USD</i>	31 March 2012	31 December 2011
Not later than 1 year	3,189	2,426
Total operating lease commitments	3,189	2,426

Compliance with covenants. The Group is subject to certain covenants related primarily to its debt securities in issue and syndicated loan facility. Non-compliance with such covenants may result in negative consequences for the Group. Management believes that the Group was in compliance with covenants as at 31 March 2012 and 31 December 2011.

Credit related commitments. The primary purpose of these instruments is to ensure that funds are available to a customer as required. Commitments to extend credit represent unused portions of authorisations to extend credit in the form of credit card loans. With respect to credit risk on commitments to extend credit, the Group is potentially exposed to loss in an amount equal to the total unused commitments, if the unused amounts were to be drawn down. However, the likely amount of loss is less than the total unused commitments since most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Group monitors the term to maturity of credit related commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

Outstanding credit related commitments are as follows:

<i>In thousands of USD</i>	31 March 2012	31 December 2011
Unused limits on credit cards loans	509,459	417,003
Total credit related commitments	509,459	417,003

The total outstanding contractual amount of unused limits on contingencies and commitments liability does not necessarily represent future cash requirements, as these financial instruments may expire or terminate without being funded and therefore its fair value is close to zero. Credit related commitments are denominated in Russian Roubles.

17 Financial Derivatives

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

<i>In thousands of USD</i>	31 March 2012		31 December 2011	
	Contracts with positive fair value	Contracts with negative fair value	Contracts with positive fair value	Contracts with negative fair value
Foreign exchange swap: fair values, at the end of the reporting period, of				
- USD receivable on settlement (+)	126,727	-	128,412	-
- RR payable on settlement (-)	124,204	-	(113,141)	-
Net fair value of foreign exchange forwards and swaps	2,523	-	15,271	-

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

18 Related Party Transactions

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

The outstanding balances with related parties were as follows:

<i>In thousands of USD</i>	31 March 2012		31 December 2011	
	Key management personnel	Other related parties	Key management personnel	Other related parties
ASSETS				
Gross amounts of loans and advances to customers (contractual interest rate: 20% (2011: 20%))	69	-	56	-
LIABILITIES				
Customer accounts (contractual interest rate: 15% p.a. (2011: 15% p.a.))	3,025	6,804	1,992	6,528
Securities issued (coupon rate: 20.5% p.a.)	52	-	52	-

Other related parties in the tables above are represented mainly by entities which are under control of the Group's ultimate beneficiary Oleg Tinkov.

18 Related Party Transactions (Continued)

The interest income and interest expense items with related parties were as follows:

<i>In thousands of USD</i>	31 March 2012		31 March 2011	
	Key management personnel	Other related parties	Key management personnel	Other related parties
Interest income	67	-	2	-
Interest expense	(3)	(247)	(26)	(306)

Key management compensation is presented below:

<i>In thousands of USD</i>	31 March 2012		31 March 2011	
	Expense	Accrued liability	Expense	Accrued liability
<i>Short-term benefits:</i>				
-Salaries	1,099	-	994	-
<i>Long-term benefits:</i>				
-Share option plans	1,852	5,070	330	330
Total	2,951	5,070	1,324	330

In 2011 the Group introduced an employee share option plan ("ESOP") as a long-term incentive and retention tool for the key management of the Bank. As at 31 December 2011 total amount of shares issued to consolidated SPE comprised 77 thousand. The maximum total number of share capital attributable to the plan is 2.98% of issued share capital at the date of 20 May 2011.

The plan vests gradually in three tranches and expenses are recognised in accordance with the graded vesting schedule. 40% vests on 30 June 2012; 30% vests on 30 June 2013 and 30% vests on 30 June 2014. The remaining part of the plan vests on the liquidity event. The shares do not give the employees any voting power. The employees cannot own or exercise their shareholder rights or benefit in other ways from the shares, except for the dividends, if any. The employees are entitled to cash payment equal to disposal proceeds of the shares at defined 'liquidity events'.

The liquidity event is the earliest of the IPO, change of control or 1 January 2016 (unless shareholders extend this date to 30 September 2016 if change of control is seen as likely in the first half of 2016).

The award is designed to pay fair value of the shares and there is no exercise price or share price hurdle for payout. The management uses results of independent valuation of the company's fair value.

The amount of liabilities in relation to ESOP that are planned to be vested in June 2012, i.e. the amount that would be payable should the employee decide to terminate employment at 30 June 2012 amounted to USD 1,122 thousand (31 December 2011: USD 715 thousand). The fair value of liabilities at the reporting date is USD 4,797 thousand (31 December 2011: USD 3,214 thousand) and this amount is recognised as part of other liabilities in the statement of financial position. The fair value of the plan as at 31 March 2012 was USD 14,602 thousand (31 December 2011: USD 12,391 thousand).

In 2011 the Group also introduced a long term incentive plan ("LTIP") for the management of the Bank. The key and middle management is entitled to cash payment equal to individual packages defined as a percentage of shares in 2011. The liquidity event is the earliest of the IPO or change of control. The fair value of liabilities under LTIP at the reporting date is USD 256 thousand (31 December 2011: USD 219 thousand) and this amount is recognised as part of other liabilities in the statement of financial position.

18 Related Party Transactions (Continued)

The total remuneration of the Directors (included in key management personnel compensation above) was USD 14 thousand (period ended 31 March 2011: USD 14 thousand).

In February 2011 the Group purchased 100% ownership of previously controlled and consolidated subsidiary LLC "TCS". The purchase consideration paid was insignificant for the Group.

In June 2011 the Group purchased 100% ownership of previously controlled and consolidated subsidiary Goward Ltd. The purchase consideration paid was insignificant for the Group.

19 Events after the End of Reporting Period

In April 2012 the Group issued RR denominated bonds with nominal value of RR 1,500,000 thousands (equivalent of USD 51,145 thousands) at 13.25% coupon rate maturing on 16 April 2015.

In May 2012 Oleg Tinkov sold 135,545 ordinary shares to Baring Vostok Private Equity Fund IV, L.P. at USD 92.22 per share. Also in May 2012 the Company's Board of Directors approved an additional issue of 406,637 ordinary shares with nominal value of USD 1 per share at price USD 92.22 per share, that were purchased by Baring Vostok Private Equity Fund IV, L.P. The new structure of shareholding is below:

	21 May 2012	Country of Incorporation
TADEK Holding and Finance S.A.	56.95%	British Virgin Islands
Vostok Komi (Cyprus) Limited	14.85%	Cyprus
ELQ Investors Limited	12.83%	United Kingdom
Rousse Nominees Ltd.	8.00%	Cyprus
TASOS Invest and Finance Inc.	6.24%	British Virgin Islands
Altruco Trustees Limited	1.14%	Cyprus
Vizer Limited	0.00%*	British Virgin Islands
Maitland Commercial Inc.	0.00%*	British Virgin Islands
Norman Legal S.A.	0.00%*	British Virgin Islands
Total	100.00%	