

Open Joint-Stock Company “NOMOS-BANK”

**Condensed Interim Consolidated
Financial Statements (Unaudited)**
For the Three Months Ended 31 March 2013

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OPEN JOINT-STOCK COMPANY “NOMOS-BANK”

STATEMENT OF MANAGEMENT’S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2013

Management is responsible for the preparation of the condensed interim consolidated financial statements that present fairly the financial position of Open Joint-Stock Company “NOMOS-BANK” (the “Bank”) and its subsidiaries (the “Group”) as at 31 March 2013 and the results of its operations, cash flows and changes in shareholders’ equity for the three months then ended, in accordance with International Accounting Standard 34 (“IAS 34”), *Interim Financial Reporting*.

In preparing the condensed interim consolidated financial statements, management is responsible for:

- Properly selecting and applying accounting policies;
- Presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Providing additional disclosures when compliance with the specific requirements in IAS 34 are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group’s consolidated financial position and financial performance;
- Stating whether IAS 34 has been followed, subject to any material departures disclosed and explained in the condensed interim consolidated financial statements; and
- Making an assessment of the Group’s ability to continue as a going concern.

Management is also responsible for:

- Designing, implementing and maintaining an effective and sound system of internal controls, throughout the Group;
- Maintaining adequate accounting records that are sufficient to show and explain the Group’s transactions and disclose with reasonable accuracy at any time the consolidated financial position of the Group, and which enable them to ensure that the condensed interim consolidated financial statements of the Group comply with IAS 34;
- Maintaining statutory accounting records in compliance with the Russian Federation (“RF”) legislation and accounting standards;
- Taking such steps as are reasonably available to them to safeguard the assets of the Group; and
- Preventing and detecting fraud and other irregularities.

The condensed interim consolidated financial statements of the Group for the three months ended 31 March 2013 were authorized for issue by the Supervisory Board of the Bank on 6 June 2013.

On behalf of the Supervisory Board

President
28 June 2013
Moscow

Chief Accountant
28 June 2013
Moscow

INDEPENDENT AUDITORS' REPORT ON REVIEW OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

To: Shareholders and the Supervisory Board of Open Joint-Stock Company "NOMOS-BANK":

Introduction

We have reviewed the accompanying condensed interim consolidated financial statements of Open Joint-Stock Company "NOMOS-BANK" and its subsidiaries (the "Group"), which comprises the condensed interim consolidated statement of financial position as at 31 March 2013, the condensed interim consolidated statement of profit and loss, the condensed interim consolidated statement of profit and loss and other comprehensive income, the condensed interim consolidated statement of changes in equity and the condensed interim consolidated statement of cash flows for the three months ended 31 March 2013, and selected significant accounting policies and other explanatory information. Management is responsible for the preparation and presentation of this condensed interim consolidated financial information in accordance with International Accounting Standard 34 ("IAS 34"), *Interim Financial Reporting*. Our responsibility is to express a conclusion on this condensed interim consolidated financial statements based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements is not prepared in all material respects, in accordance with IAS 34.

28 June 2013
Moscow

CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT AND LOSS
FOR THE THREE MONTHS ENDED 31 MARCH 2013 (UNAUDITED)
(in million of Russian Roubles)

	Notes	Three months ended 31 March 2013	Three months ended 31 March 2012
Interest income	5,24	21,050	14,799
Interest expense	5,24	(12,251)	(7,493)
NET INTEREST INCOME BEFORE GAIN ON REMEASUREMENT OF CASH FLOWS AND PROVISION FOR IMPAIRMENT LOSSES ON INTEREST BEARING ASSETS	5	8,799	7,306
Gain on remeasurement of cash flows on interest bearing assets acquired in business combination	24	193	426
Provision for impairment losses on interest bearing assets	12,24	(1,111)	(1,357)
NET INTEREST INCOME		7,881	6,375
Trading income	6,24	671	1,397
Securities		66	914
Foreign currency		613	382
Precious metals		7	103
Other derivatives		(15)	(2)
Net fee and commission income	7,24	1,945	1,678
Fee and commission income	7,24	2,652	2,279
Fee and commission expense	7	(707)	(601)
Net gain / (loss) on investments available-for-sale	24	19	(2)
Net gain on disposal of loans	12	61	84
Recovery of provision/ (provision) for impairment losses on other transactions		44	(10)
Loss from revaluation of investment property		-	(6)
Other income	24	436	249
NET NON-INTEREST INCOME		3,176	3,390
OPERATING INCOME		11,057	9,765
OPERATING EXPENSES	8,24	(5,469)	(4,600)
OPERATING PROFIT BEFORE INCOME TAX		5,588	5,165
Income tax expense		(1,207)	(1,117)
NET PROFIT		4,381	4,048
Attributable to:			
Equity holders of the parent		3,450	3,218
Non-controlling interest		931	830
EARNINGS PER SHARE attributable to equity holders of the parent, basic and diluted, in Roubles	9	37.33	34.82

On behalf of the Supervisory Board

President

28 June 2013
 Moscow

Chief Accountant

28 June 2013
 Moscow

The selected notes on pages 9-48 form an integral part of the condensed interim consolidated financial statements.

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER
 COMPREHENSIVE INCOME
 FOR THE THREE MONTHS ENDED 31 MARCH 2013 (UNAUDITED)**
(in million of Russian Roubles)

	Notes	Three months ended 31 March 2013	Three months ended 31 March 2012
NET PROFIT		4,381	4,048
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to profit or loss:			
Net change in fair value of investments available-for-sale reserve:		183	351
Deferred income tax effect		(37)	(70)
Items that will not be reclassified subsequently to profit or loss:			
Write-off revaluation reserve in connection with disposal of property, plant and equipment		(1)	-
Deferred income tax effect		-	-
TOTAL OTHER COMPREHENSIVE INCOME, NET OF TAX		145	281
TOTAL COMPREHENSIVE INCOME		4,526	4,329
Attributable to:			
Equity holders of the parent		3,592	3,397
Non-controlling interest		934	932

On behalf of the Supervisory Board

President

28 June 2013
 Moscow

Chief Accountant

28 June 2013
 Moscow

The selected notes on pages 9-48 form an integral part of the condensed interim consolidated financial statements.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2013 (UNAUDITED)
(in million of Russian Roubles)

	Notes	31 March 2013	31 December 2012
ASSETS			
Cash and balances with the Central Bank of the Russian Federation		34,388	51,148
Minimum reserve deposits with the Central Bank of the Russian Federation		7,644	6,932
Precious metals		7,870	6,402
Financial assets at fair value through profit or loss	10,24	114,729	104,254
Loans and advances to banks and other financial institutions	11,24	102,585	111,586
Loans to customers	12,24	636,018	590,564
Investments available-for-sale	13,24	1,211	4,919
Investments held to maturity	14	205	201
Property, plant and equipment		11,000	11,117
Goodwill		809	809
Intangible assets		2,300	2,481
Investment property		4,716	4,761
Other assets	24	5,907	4,729
TOTAL ASSETS		929,382	899,903
LIABILITIES AND EQUITY			
LIABILITIES:			
Financial liabilities at fair value through profit or loss	24	2,322	3,191
Due to banks and the Central Bank of the Russian Federation	15,24	179,063	213,510
Customer accounts	16,24	525,048	471,727
Bonds and Eurobonds	17	42,900	42,618
Promissory notes issued		24,440	21,145
Deferred income tax liabilities		2,166	1,690
Other liabilities	24	4,948	4,788
Subordinated debt	18,24	53,728	50,873
TOTAL LIABILITIES		834,615	809,542
EQUITY:			
Equity attributable to equity holders of the parent:			
Share capital	19	6,504	6,504
Preference treasury shares		(605)	(605)
Share premium	19	20,898	20,898
Property, plant and equipment revaluation reserve		1,302	1,302
Revaluation of investments available-for-sale		(89)	(230)
Retained earnings		50,318	46,811
Total equity attributable to equity holders of the parent		78,328	74,680
Non-controlling interest		16,439	15,681
Total equity		94,767	90,361
TOTAL LIABILITIES AND EQUITY		929,382	899,903

On behalf of the Supervisory Board

President

28 June 2013
Moscow

Chief Accountant

28 June 2013
Moscow

The selected notes on pages 9-48 form an integral part of the condensed interim consolidated financial statements.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 31 MARCH 2013 (UNAUDITED)
(in million of Russian Roubles)

Note	Share capital	Preference treasury shares	Share premium	Property, plant and equipment revaluation reserve	Revaluation of investments available-for-sale	Retained earnings	Total equity attributable to equity holders of the parent company	Non-controlling interest	Total equity
31 December 2011	6,504	(605)	20,898	1,073	(35)	34,462	62,297	13,413	75,710
Net profit for the period (unaudited)	-	-	-	-	-	3,218	3,218	830	4,048
Total other comprehensive income for the period, net of tax (unaudited)	-	-	-	-	179	-	179	102	281
31 March 2012 (unaudited)	6,504	(605)	20,898	1,073	144	37,680	65,694	14,345	80,039
31 December 2012	6,504	(605)	20,898	1,302	(230)	46,811	74,680	15,681	90,361
Net profit for the period (unaudited)	-	-	-	-	-	3,450	3,450	931	4,381
Total other comprehensive income for the period, net of tax (unaudited)	-	-	-	(1)	143	-	142	3	145
Effect of increase/ (decrease) of the Group's shareholding in subsidiaries	-	-	-	1	(2)	57	56	(176)	(120)
31 March 2013 (unaudited)	6,504	(605)	20,898	1,302	(89)	50,318	78,328	16,439	94,767

On behalf of the Supervisory Board

President28 June 2013
Moscow_____
Chief Accountant28 June 2013
Moscow

The selected notes on pages 9-48 form an integral part of the condensed interim consolidated financial statements.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED 31 MARCH 2013 (UNAUDITED)
(in million of Russian Roubles)

	Note	Three months ended 31 March 2013	Three months ended 31 March 2012
Cash flows from operating activities:			
Interest received		19,018	14,313
Interest paid		(11,279)	(6,947)
Cash received from prepayment of loans acquired in business combination in excess of carrying value		12	163
Cash received on dealing with securities		958	677
Cash received on dealing with precious metals		136	459
Cash received on dealing with foreign currencies		1,533	554
Cash paid on dealing with other derivatives		(7)	(130)
Fees and commissions received		2,597	2,289
Fees and commissions paid		(578)	(1,221)
Other operating income received		434	249
Operating expenses paid		(4,081)	(3,297)
Cash flows from operating activities before changes in operating assets and liabilities		8,743	7,109
Cash increase/(decrease) from operating assets and liabilities:			
Minimum reserve deposits with the Central Bank of the Russian Federation		(712)	(215)
Precious metals		(1,579)	2,412
Financial assets at fair value through profit or loss		(12,476)	5,899
Loans and advances to banks and other financial institutions		29,030	(35,161)
Loans to customers		(42,558)	(12,420)
Other assets		(876)	135
Due to banks and the Central Bank of the Russian Federation		(35,037)	3,110
Customer accounts		51,539	3,147
Bonds and Eurobonds, net		(83)	(1,125)
Promissory notes (redeemed)/issued, net		3,814	9,224
Other liabilities		(631)	389
Net cash used in operating activities before income tax		(826)	(17,496)
Income taxes paid		(1,276)	(231)
Net cash used in operating activities		(2,102)	(17,727)
Cash flows from investing activities:			
Purchase of property, plant and equipment		(164)	(239)
Proceeds from sale of property, plant and equipment		88	77
Purchase of intangible assets		(44)	(57)
Purchase of investment available-for-sale		(131)	-
Proceeds from sale of investment available-for-sale		4,024	1,520
Purchase of investment property		-	(175)
Proceeds on sale of investment property		42	6
Net cash from investing activities		3,815	1,132
Cash flows from financing activities:			
Subordinated debt issued		1,011	-
Effect of change of the Group's shareholding in subsidiaries		(120)	-
Raising of finance by issuing bonds and Eurobonds		-	476
Net cash from in financing activities		891	476
Effect of exchange rate changes on cash and cash equivalents		51	(515)
Net increase/(decrease) in cash and cash equivalents		2,655	(16,634)
Cash and cash equivalents, beginning of the period		70,861	55,306
Cash and cash equivalents, ending of the period		73,516	38,672

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE THREE MONTHS ENDED 31 MARCH 2013 (UNAUDITED)
(in million of Russian Roubles)

For the purpose of cash flow statement preparation condensed interim consolidated cash flows cash and cash equivalents comprise of the following components:

	<u>31 March 2013</u>	<u>31 March 2012</u>
Cash and cash equivalents:		
Cash and balances with the Central Bank of the Russian Federation	34,388	22,430
Correspondent accounts with banks	<u>39,128</u>	<u>16,242</u>
Total cash and cash equivalents	<u>73,516</u>	<u>38,672</u>

On behalf of the Supervisory Board

President

28 June 2013
Moscow

Chief Accountant

28 June 2013
Moscow

The selected notes on pages 9-48 form an integral part of the condensed interim consolidated financial statements.

**SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2013 (UNAUDITED)**
(in million of Russian Roubles)

1. ORGANISATION

OJSC "NOMOS-BANK" (the "Bank") is a joint-stock bank incorporated in the Russian Federation in 1992. The Bank is regulated by the Central Bank of the Russian Federation (the "CBR") and conducts its business under general license number 2209. The Bank's primary business consists of commercial activities, trading with securities, foreign currencies and derivative instruments, providing loans and guarantees.

The registered office of the Bank is located at 3, Verhnaya Radishevskaya st., Moscow, 109240, Russia.

As at 31 March 2013 the Bank had 25 branches operating in the Russian Federation and 1 representative office abroad.

The accompanying condensed interim consolidated financial statements comprise the accounts of the Bank and its subsidiaries (together the "Group"). The condensed interim consolidated financial statements include the following incorporated subsidiaries:

Name	Country of incorporation	The Bank's ownership interest/control (*)		Type of activity
		31 March 2013 %	31 December 2012 %	
		Parent company	Parent company	
OJSC "NOMOS-BANK"	Russian Federation	100/100	100/100	Banking activity
OJSC "NOMOS-REGIOBANK"	Russian Federation	100/100	100/100	Banking activity
OJSC "NOMOS Siberia"	Russian Federation	100/100	100/100	Banking activity
OJSC "Khanty-Mansiysk Bank"	Russian Federation	51.29/51.29 (contractual agreement)	51.29/51.29 (contractual agreement)	Banking activity
BKM Finance Limited	Ireland			Issue of securities
LLC "Yugra-Leasing"	Russian Federation	51.29/100	51.29/100	Finance lease of equipment
LLC "Group of Project Finance"	Russian Federation	51.29/100	51.29/100	Construction
OJSC "Novosibirsk Municipal Bank"	Russian Federation	100/100	86.98/86.98	Banking activity
LLC "NM-Expert"	Russian Federation	19.90/100	19.90/100	Construction
LLC "Promgazcomplekt"	Russian Federation	100/100	100/100	Office building ownership
OJSC "Promestate"	Russian Federation	100/100	100/100	Office building ownership
CJSC "Sovfintrast"	Russian Federation	100/100	100/100	Investment management
CJSC "Upravlyaushaya kompania aktivami"	Russian Federation	99.9/99.9 (contractual agreement)	99.9/99.9 (contractual agreement)	Asset management
Nomos Capital Plc.	Ireland			Issue of Eurobonds
CJSC "Erada"	Russian Federation	100/100	100/100	Office building ownership
LLC "NM-Garant"	Russian Federation	100/100	100/100	Investment management
LLC "Leasing-Project"	Russian Federation	100/100	100/100	Finance lease of equipment
LLC "BFK-Invest"	Russian Federation	100/100	100/100	Office building ownership
LLC "Attenium"	Russian Federation	100/100	100/100	Investment management
LLC NKO "Payment System "Rapida"	Russian Federation	100/100	100/100	Payment system
LLC "Processing centre "Rapida"	Russian Federation	100/100	100/100	Processing centre
LLC "Gikor"	Russian Federation	100/100	100/100	Asset management
LLC "Upravlyaushaya kompania NOMOS BANK"	Russian Federation	100/100	100/100	Asset management
LLC "KN-Estate"	Russian Federation	100/100	100/100	Office building ownership
LLC "Nedvizhimost Primorya"	Russian Federation	100/100	100/100	Real estate rent activity
LLC "Invest-Trading"	Russian Federation	100/100	100/100	Investment management
LLC "Vostok-Capital"	Russian Federation	100/100	100/100	Investment management
CJSC "Mortgage Agent Nomos"	Russian Federation	(contractual agreement)	(contractual agreement)	Issue of mortgage-backed bonds

(*) The Ownership and control represent the following:

- Ownership represents the effective ownership interest in the subsidiary by the ultimate parent company – OJSC "NOMOS-BANK";
- Control represents the total % of shares controlled, either directly or indirectly, by the entities of the Group.

Additionally, the Group consolidates the following investment funds, as the Group exercises control over them as contractually stipulated:

Name	31 March 2013 %	31 December 2012 %
ZPIF "Universal fund of mixed investments"	100	100
ZPIFRE "Universal – Real estate fund"	100	100
ZPIF "KhMB-Capital"	100	100
ZPIF "Strategiya Razvitiya"	100	100

As at 31 March 2013 the Group also had holdings (50%) in ZAO PK HESCARD that does not conduct active operations and is insignificant in terms of the Group's financial statements.

As at 31 March 2013 and 31 December 2012 the Group had 10,891 employees and 10,999 employees, respectively.

The Group also operates a number of network supplementary offices and currency exchange offices within the Russian Federation. As at 31 March 2013 and 31 December 2012 the Group had respectively 298 and 297 points of sale including branches, supplementary offices and currency exchange offices.

The information about acquisitions and disposals of subsidiaries during the three months ended 31 March 2013 and 2012 is presented in Note 4.

As at 31 March 2013 and 31 December 2012 the following shareholders owned the issued shares of the Bank:

Shareholders	31 March 2013, %	31 December 2012, %
Shareholders of the Bank (Shareholders of the first level):		
Custodian for Global Depository Receipts on London Stock Exchange*	20.74	20.46
LLC "Otkritie N"	19.90	19.90
"Vitalpeake Cyprus Limited"	17.70	17.70
"Lordline Cyprus Limited"	15.99	15.99
"Arrowzone Cyprus Limited"	7.95	7.95
"Viewrock Cyprus Limited"	7.11	7.11
"Belfanto Investments Ltd"	4.99	4.99
"Oviresto Investments Ltd"	4.91	4.91
Other	0.71	0.99
Total	100.00	100.00

Shareholders	31 March 2013, %	31 December 2012, %
Ultimate shareholders of the Bank:		
Custodian for Global Depository Receipts on London Stock Exchange*	20.74	20.46
Mr. Nesis A.N.	17.70	17.70
Mr. Gudaytis A.A.	15.90	15.90
Mr. Belyaev V.S.	7.85	7.85
Mr. Dobrinov N.I.	7.11	7.11
Mr. Mamut A.L.	4.99	4.99
Mr. Malis O.A.	5.90	5.90
Mr. Minz B.I.	2.50	2.50
Mr. Finogenov I.V.	3.90	3.90
Mr. Sokolov D.V.	3.90	3.90
Other	9.51	9.79
Total	100.00	100.00

(*)GDRs are not included in the calculation of stake in the total voting shares since the information on the holders of GDRs is undisclosed and as such GDRs are recognized as not-voting. Holders of GDRs have the option to disclose their information at any time. On disclosure of their information the holders of GDRs have the right to participate in voting.

As at 31 March 2013 and 31 December 2012 the following company owned the outstanding preference shares of the Bank:

	<u>31 March 2013, %</u>	<u>31 December 2012, %</u>
Shareholder of treasury preference shares		
Shareholder of treasury preference shares of the Bank (Shareholder of the first level): LLC "KN-Estate" (subsidiary company)	100.00	100.00
Total	<u>100.00</u>	<u>100.00</u>

These condensed interim consolidated financial statements were authorized for issue by the Supervisory Board of the Bank on 28 June 2013.

2. BASIS OF PRESENTATION

Accounting basis

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34"). Accordingly, it does not include all of the information required by International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). These condensed interim consolidated financial statements should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2012.

The interim condensed consolidated financial statements are unaudited and do not include all the information and disclosures required in the annual financial statements. The Group omitted disclosures which would substantially duplicate the information contained in its audited annual consolidated financial statements for 2012 prepared in accordance with International Financial Reporting Standards ("IFRS"), such as accounting policies and details of accounts which have not changed significantly in amount or composition. Additionally, the Group has provided disclosures where significant events have occurred subsequent to the issuance of the Group's annual consolidated financial statements for 2012 prepared in accordance with IFRS. Management believes that the disclosures in these interim condensed consolidated financial statements are adequate to make the information presented not misleading if these financial statements are read in conjunction with the Group's annual consolidated financial statements for 2012 prepared in accordance with IFRS. In the opinion of management, these financial statements reflect all adjustments necessary to present fairly the Group's financial position, results of operations, statements of changes in shareholders' equity and cash flows for the interim reporting periods.

The condensed interim consolidated financial statements have been prepared on a historical cost basis, except for investment property, property, plant and equipment, which are accounted at revalued cost and available-for-sale investments, derivative financial instruments, other financial assets and liabilities held-for-trading, financial assets and liabilities designated at fair value through profit or loss, which have all been measured at fair value.

These condensed interim consolidated financial statements have been prepared on the assumption that the Group is a going concern and will continue in operation for the foreseeable future. The management and shareholders have the intention to further develop the business of the Group in the Russian Federation both in corporate and retail segments. The management believes that the going concern assumption is appropriate for the Group due to its sufficient capital adequacy and based on historical experience that short-term obligations will be refinanced in the normal course of business. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the condensed interim consolidated financial statements continue to be prepared on the going concern basis.

Exchange rates for the currencies in which the Group transacts were as follows:

	<u>March 31, 2013</u>	<u>December 31, 2012</u>
Closing exchange rates – RUR		
1 U.S. Dollar ("USD")	31.08	30.37
1 Euro	39.80	40.23

3. SIGNIFICANT ACCOUNTING POLICIES

In preparing these condensed interim consolidated financial statements the Group has applied the same accounting policies and methods of computation as those applied in the annual consolidated financial statements of the Group for the year ended 31 December 2012, except for the impact of the adoption of the Standards and Interpretations described below.

New and revised Standards on consolidation and disclosures

The Group has applied retrospectively a package of standards on consolidation, including IFRS 10 *Consolidated Financial Statements* and IAS 27 (as revised in 2011) *Separate Financial Statements*.

Key requirements of these Standards are described below.

IFRS 10 *Consolidated Financial Statements* replaced the parts of IAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements. SIC-12 *Consolidation – Special Purpose Entities* is withdrawn. Under IFRS 10 *Consolidated Financial Statements*, there is only one basis for consolidation, that is, control. In addition, IFRS 10 *Consolidated Financial Statements* includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's return. Extensive guidance has been added in IFRS 10 *Consolidated Financial Statements* to deal with complex scenarios.

The Group assessed whether the consolidation conclusion under IFRS 10 *Consolidated Financial Statements* differs from IAS 27 *Consolidated and Separate Financial Statements*/SIC 12 *Consolidation – Special Purpose Entities* as at 1 January 2013.

If the consolidation conclusion under IFRS 10 *Consolidated Financial Statements* differs from IAS 27 *Consolidated and Separate Financial Statements*/SIC 12 *Consolidation – Special Purpose Entities* as at 1 January 2013, the immediately preceding comparative period (i.e. financial period beginning 1 January 2012) is restated to be consistent with the accounting conclusion under IFRS 10 *Consolidated Financial Statements*, unless impracticable. Any difference between IFRS 10 *Consolidated Financial Statements* carrying amounts and previous carrying amounts on 1 January 2012 is adjusted to equity.

For investees that will be consolidated under both IFRS 10 *Consolidated Financial Statements* and the previous guidance in IAS 27 *Consolidated and Separate Financial Statements*/SIC 12 *Consolidation – Special Purpose Entities* as at 1 January 2013, or investees that will be unconsolidated under both sets of guidance as at 1 January 2013, no adjustment to previous accounting has been made.

The Group assessed that adoption of IFRS 10 *Consolidated Financial Statements* did not result in any change in the consolidation status of its subsidiaries.

IFRS 13 Fair Value Measurement

IFRS 13 *Fair Value Measurement* establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of IFRS 13 *Fair Value Measurement* is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures amount fair value measurements, except in specified circumstances. Application of IFRS 13 *Fair Value Measurement* resulted in more extensive disclosures in the financial statements

The Group plans to complete new requirements for fair value disclosures during the next reporting period.

IAS 19 (as revised in 2011) *Employee Benefits*

The amendments to IAS 19 *Employee Benefits* change the accounting for defined benefit plans and termination benefits and a definition of short-term benefits.

The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur and hence eliminate the 'corridor approach' permitted under the previous version of IAS 19 *Employee Benefits* and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in the previous version of IAS 19 *Employee Benefits* are replaced with a 'net-interest' amount, which is calculated by applying the discount rate to the net defined benefit liability or asset.

Application of the Amendments to IAS 19 *Employee Benefits* did not result in significant changes to the Group's condensed interim consolidated financial statements.

Amendments to IAS 1 *Presentation of Financial Statements* "Presentation of Items of Other Comprehensive Income"

The Group has applied the amendments to IAS 1 *Presentation of Financial Statements* "Presentation of Items of Other Comprehensive Income". The amendments require items of other comprehensive income to be grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

4. ACQUISITIONS AND DISPOSALS

In January and February 2013 the Group acquired 13.02% share in OJSC "Novosibirsk Municipal Bank" and increased its share from 86.98% as at 31 December 2012 to 100.00% as at 31 March 2013.

5. NET INTEREST INCOME

Net interest income comprises:

	Three months ended 31 March 2013	Three months ended 31 March 2012
Interest income comprises:		
Interest income on assets recorded at amortized cost	18,988	13,363
Interest income on assets at fair value through profit or loss	1,997	1,368
Interest income on investments available-for-sale	65	68
Total interest income	21,050	14,799
Interest income on assets recorded at amortized cost:		
Interest income on loans to customers	17,489	12,261
Interest income on reverse repurchase transactions	960	788
Interest income on loans and advances to banks and other financial institutions	535	303
Interest on investments held to maturity	4	11
Total interest income on assets recorded at amortized cost	18,988	13,363
Interest expense on liabilities recorded at amortized cost comprise:		
Interest expense on customer accounts	7,578	4,670
Interest expense on due to banks and the Central Bank of the Russian Federation	1,445	856
Interest expense on subordinated debt	1,239	615
Interest expense on Bonds and Eurobonds issued	862	741
Interest expense on repurchase transactions	661	112
Interest expense on promissory notes issued	466	499
Total interest expense on financial liabilities recorded at amortized cost	12,251	7,493
Net interest income before gain on remeasurement of cash flows and provision for impairment losses on interest bearing assets	8,799	7,306

6. TRADING INCOME

Trading income comprises:

	Three months ended 31 March 2013	Three months ended 31 March 2012
First to default credit-linked notes recognized at fair value through profit or loss	-	7
Financial assets at fair value through profit or loss	66	907
Securities	66	914
Derivatives on foreign currency contracts	258	1,137
Net gain/(loss) on foreign currency operations	355	(755)
Foreign currency	613	382
Derivatives on precious metals contracts	(11)	575
Net gain/(loss) on precious metals	18	(472)
Precious metals	7	103
Other derivatives contracts	(15)	(2)
Other derivatives	(15)	(2)
Total trading income	671	1,397

The analysis of trading income is based on how the business is organised and the underlying risks managed. Trading income comprises gains and losses on financial instruments at fair value through profit or loss, both realized and unrealized.

The types of instruments include:

- Securities: operations with trading securities, trading security forward contracts and futures contracts;
- Foreign currency: foreign currency operations, foreign exchange forward contracts and currency options, impacts of the foreign exchange gains and losses on the allowance on loan losses on foreign currency denominated loans;
- Precious metals: precious metals operations and precious metals forward contracts;
- Other derivatives: interest rate swap contracts.

7. NET FEE AND COMMISSION INCOME

Net fee and commission income comprises:

	Three months ended 31 March 2013	Three months ended 31 March 2012
Fee and commission income:		
Settlements	1,474	1,247
Documentary operations	618	476
Cash operations	255	310
Insurance broker commission	172	104
Foreign currency conversion operations	41	48
Operations with precious metals	19	26
Brokerage operations	16	38
Operations related to underwriting	8	-
Depository services	1	1
Other	48	29
Total fee and commission income	2,652	2,279
Fee and commission expense:		
Settlements	592	509
Cash operations	46	43
Documentary operations	31	15
Securities operations	10	7
Depository services	6	4
Other	22	23
Total fee and commission expense	707	601
Net fee and commission income	1,945	1,678

8. OPERATING EXPENSES

Operating expenses comprise:

	Three months ended 31 March 2013	Three months ended 31 March 2012
Payroll and bonuses	3,089	2,382
Unified social tax	764	638
Stationery and other office expenses	125	219
Amortization of intangible assets	225	192
Rent expenses	206	178
Depreciation of property, plant and equipment	193	194
Taxes other than income tax	163	137
Payments to the Deposit Insurance Fund	152	122
Professional services	137	78
Property, plant and equipment maintenance	135	121
Telecommunications	74	82
Security expenses	56	66
Advertising expenses	43	61
Representation expenses	30	27
Insurance expenses	15	29
Charity expenses	2	34
Other expenses	60	40
Total operating expenses	5,469	4,600

9. EARNINGS PER SHARE AND EARNINGS PER GDR

Earnings per share are presented as follows:

	Three months ended 31 March 2013	Three months ended 31 March 2012
Earnings per share related to continuing operations:		
Profit:		
Net profit	4,381	4,048
Less:		
Non-controlling interest	(931)	(830)
Net earnings attributable to equity holders of the parent	3,450	3,218
Weighted average number of ordinary shares for basic and diluted earnings per share	92,422,370	92,422,370
Earnings per share – basic and diluted (RUB)	37.33	34.82
GDR equivalent of weighted average number of shares[†]	184,844,740	184,844,740
Earnings per GDR from continuing operations – basic and diluted	18.66	17.41

[†] Two GDRs represent an interest in one ordinary share.

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss are presented as follows:

	31 March 2013	31 December 2012
Financial assets at fair value through profit or loss:		
Debt securities	110,009	100,247
Equity securities	32	30
	110,041	100,277
Derivative financial instruments	4,688	3,977
Total financial assets at fair value through profit or loss	114,729	104,254

As at 31 March 2013 financial assets at fair value through profit or loss excluding derivative financial instruments comprise:

	31 March 2013	Interest rate to nominal	Maturity date
Corporate bonds and Eurobonds	39,439	3.15-13.5%	May 2013 – January 2044
Bonds and Eurobonds issued by banks	35,823	0.00-12.5%	April 2014 – June 2035
OFZ bonds	21,890	6.0-12.0%	October 2013 – February 2036
Promissory notes of credit institutions	7,576	-	December 2013 – March 2014
Municipal bonds	3,416	7.0-10.0%	April 2014 – June 2022
RF Government Eurobonds	1,865	7.5%	March 2030
Shares	32	-	-
Total financial assets at fair value through profit or loss[‡]	110,041		

As at 31 March 2013 and as at 31 December 2012 the Group has certain securities with a zero coupon rate issued by Russian companies and banks.

	31 March 2013	Pledged as collateral with CBR	Pledged under repurchase agreements with banks	Pledged under repurchase agreements with customers	Total collateral
Corporate bonds and Eurobonds	39,439	4,475	16,561	-	21,036
Bonds and Eurobonds issued by banks	35,823	11,630	12,569	30	24,229
OFZ bonds	21,890	-	11,219	1,331	12,550
Promissory notes of credit institutions	7,576	-	1,670	-	1,670
Municipal bonds	3,416	797	3,824	-	4,621
RF Government Eurobonds	1,865	-	1,865	-	1,865
Shares	32	-	32,675	18	32,693
Total financial assets at fair value through profit or loss[‡]	110,041	16,902	80,383	1,379	98,664

Included in the table above is the information with regards to assets pledged under repurchase agreements. Included in the amounts are the assets obtained as a result of reverse repurchase agreements with banks and the CBR in the amount of RUB 37,864 million discussed in Note 15 and assets pledged under reverse repurchase agreements with customers in the amount of RUB 30 million as discussed in Note 16.

[‡] Excluding derivative financial instruments

As at 31 December 2012 financial assets at fair value through profit or loss excluding derivative financial instruments comprise:

	31 December 2012	Interest rate to nominal	Maturity date
Bonds and Eurobonds issued by banks	34,302	0.00-13.9%	February 2013-June 2035
Corporate bonds and Eurobonds	34,023	6.5-19.0%	March 2013- January 2044
OFZ bonds	19,191	6.0-12.0%	February 2013-February 2036
Promissory notes of credit institutions	6,833	-	September 2013-March 2014
Municipal bonds	3,667	8.0%-13%	April 2014-November 2017
RF Government Eurobonds	2,231	7.5%	March 2030
Shares	30	-	-
Total financial assets at fair value through profit or loss[§]	100,277		

As at 31 December 2012 the Group has certain securities with a zero coupon rate issued by Russian companies and banks.

	31 December 2012	Pledged as collateral with CBR	Pledged under repurchase agreements with banks	Pledged under repurchase agreements with customers	Total collateral
Bonds and Eurobonds issued by banks	34,302	15,630	3,851	-	19,481
Corporate bonds and Eurobonds	34,023	5,611	9,080	-	14,691
OFZ bonds	19,191	15,074	5,036	-	20,110
Promissory notes of credit institutions	6,833	-	6,541	-	6,541
Municipal bonds	3,667	153	1,977	-	2,130
RF Government Eurobonds	2,231	-	-	-	-
Shares	30	-	31,859	2,296	34,155
Total financial assets at fair value through profit or loss[§]	100,277	36,468	58,344	2,296	97,108

Included in the table above is the information with regards to assets pledged under repurchase agreements. Included in the amounts are the assets obtained as a result of reverse repurchase agreements with banks and the CBR in the amount of RUB 37,409 million discussed in Note 15 and assets pledged under reverse repurchase agreements with customers in the amount of RUB 2,296 million as discussed in Note 16.

As at 31 March 2013 and 31 December 2012 financial assets at fair value through profit or loss are mainly represented by investments issued by the Government of Russian Federation, Ministry of Finance, local authorities, banks and companies of the Russian Federation.

[§] Excluding derivative financial instruments

11. LOANS AND ADVANCES TO BANKS AND OTHER FINANCIAL INSTITUTIONS

Loans and advances to banks and other financial institutions comprise:

	31 March 2013	31 December 2012
Loans to banks	58,545	86,566
Correspondent accounts with banks	39,128	19,713
Loans under reverse repurchase agreements	4,912	5,307
Total loans and advances to banks and other financial institutions	102,585	111,586

Fair value of assets pledged and carrying value of loans under reverse repurchase agreements as at 31 March 2013 and 31 December 2012 are presented as follows:

	31 March 2013		31 December 2012	
	Carrying value of loans	Fair value of collateral	Carrying value of loans	Fair value of collateral
Corporate bonds and Eurobonds	1,487	1,830	1,098	1,367
Municipal bonds	1,469	1,811	1,371	1,707
OFZ bonds	995	1,104	2,438	2,891
Bonds and Eurobonds issued by banks	961	1,122	400	443
Total	4,912	5,867	5,307	6,408

As at 31 March 2013 and 31 December 2012 included in loans and advances to banks and other financial institutions are guarantee deposits placed by the Group for its operations with plastic cards in the amount of RUB 866 million and RUB 702 million, respectively.

12. LOANS TO CUSTOMERS

Loans to customers comprise:

	31 March 2013	31 December 2012
Loans to legal entities		
Corporate loans	463,999	425,468
Loans under reverse repurchase agreements	47,869	49,290
Small business loans to corporates	41,292	39,397
Net investments in finance lease	5,802	5,025
Lease contracts to individual entrepreneurs	756	381
Total loans to legal entities	559,718	519,561
Loans to individuals		
Consumer loans	52,587	49,571
Mortgage loans	41,069	38,247
Car loans	4,056	3,875
Loans to individual entrepreneurs	1,297	1,212
Total loans to individuals	99,009	92,905
Gross loans to customers	658,727	612,466
Less – Allowance for impairment losses	(22,709)	(21,902)
Total loans to customers	636,018	590,564

The credit quality of loans to customers can be defined based on the Group internal credit quality assessment system which reflects the probability of default of an obligor, i.e. the likelihood that counterparty fails to pay interest, principal and other financial obligations to the Group.

The following tables provide an analysis of the credit quality and distribution of loans granted to legal entities by the Group's internal credit quality categories, as at 31 March 2013:

	<u>Gross loans</u>	<u>Impairment allowance</u>	<u>Net loans</u>	<u>Impairment allowance to gross loans, %</u>
Corporate loans				
Standard loans	471,046	4,072	466,974	0.86%
Watch list loans	8,324	145	8,179	1.74%
Substandard loans	18,555	3,842	14,713	20.71%
Doubtful loans, including	19,745	10,965	8,780	55.53%
- not overdue	5,076	2,252	2,824	44.37%
- overdue less than 90 days	4,510	1,904	2,606	42.22%
- overdue more than 90 days and less than 1 year	3,746	2,700	1,046	72.08%
- overdue more than 1 year	6,413	4,109	2,304	64.07%
Total corporate loans	517,670	19,024	498,646	3.67%
Small business loans to corporates				
Standard loans	38,984	182	38,802	0.47%
Watch list loans	186	1	185	0.54%
Substandard loans	62	6	56	9.68%
Doubtful loans, including	2,816	1,504	1,312	53.41%
- not overdue	303	57	246	18.81%
- overdue less than 90 days	1,029	285	744	27.70%
- overdue more than 90 days and less than 1 year	837	568	269	67.86%
- overdue more than 1 year	647	594	53	91.81%
Total small business loans	42,048	1,693	40,355	4.03%
Total loans to legal entities	559,718	20,717	539,001	3.70%

The following tables provide an analysis of the credit quality and distribution of loans granted to legal entities by the Group's internal credit quality categories, as at 31 December 2012:

	<u>Gross loans</u>	<u>Impairment allowance</u>	<u>Net loans</u>	<u>Impairment allowance to gross loans, %</u>
Corporate loans				
Standard loans	436,029	4,167	431,862	0.96%
Watch list loans	6,546	181	6,365	2.77%
Substandard loans	22,262	4,526	17,736	20.33%
Doubtful loans, including	14,946	9,403	5,543	62.91%
- not overdue	4,888	2,275	2,613	46.54%
- overdue less than 90 days	1,384	803	581	58.02%
- overdue more than 90 days and less than 1 year	5,002	3,730	1,272	74.57%
- overdue more than 1 year	3,672	2,595	1,077	70.67%
Total corporate loans	479,783	18,277	461,506	3.81%
Small business loans to corporates				
Standard loans	37,223	238	36,985	0.64%
Watch list loans	51	1	50	1.96%
Substandard loans	58	2	56	3.45%
Doubtful loans, including	2,446	1,797	649	73.47%
- not overdue	188	141	47	75.00%
- overdue less than 90 days	583	273	310	46.83%
- overdue more than 90 days and less than 1 year	776	581	195	74.87%
- overdue more than 1 year	899	802	97	89.21%
Total small business loans	39,778	2,038	37,740	5.12%
Total loans to legal entities	519,561	20,315	499,246	3.91%

The following table provides information on loans to individuals as at 31 March 2013:

	<u>Gross Loans</u>	<u>Impairment allowance</u>	<u>Net Loans</u>	<u>Impairment allowance to gross loans, %</u>
Consumer Loans				
- Not past due	49,988	127	49,861	0.25%
- Overdue less than 30 days	913	96	817	10.51%
- Overdue 30-90 days	521	165	356	31.67%
- Overdue 91-180 days	362	246	116	67.96%
- Overdue 181-365 days	482	408	74	84.65%
- Overdue more than 365 days	321	318	3	99.07%
Total consumer loans	52,587	1,360	51,227	2.59%
Mortgage Loans				
- Not past due	39,828	20	39,808	0.05%
- Overdue less than 30 days	477	22	455	4.61%
- Overdue 30-90 days	117	34	83	29.06%
- Overdue 91-180 days	63	28	35	44.44%
- Overdue 181-365 days	67	44	23	65.67%
- Overdue more than 365 days	517	423	94	81.82%
Total mortgage loans	41,069	571	40,498	1.39%
Car Loans				
- Not past due	3,902	1	3,901	0.03%
- Overdue less than 30 days	45	1	44	2.22%
- Overdue 30-90 days	29	2	27	6.90%
- Overdue 91-180 days	29	5	24	17.24%
- Overdue 181-365 days	19	15	4	78.95%
- Overdue more than 365 days	32	24	8	75.00%
Total car loans	4,056	48	4,008	1.18%
Loans to individual entrepreneurs				
- Not past due	1,252	2	1,250	0.16%
- Overdue less than 30 days	20	2	18	10.00%
- Overdue 30-90 days	16	5	11	31.25%
- Overdue 91-180 days	7	3	4	42.86%
- Overdue 181-365 days	2	1	1	50.00%
- Overdue more than 365 days	-	-	-	0.00%
Total loans to individual entrepreneurs	1,297	13	1,284	1.00%
Total loans to individuals	99,009	1,992	97,017	2.01%

The following table provides information on loans to individuals as at 31 December 2012:

	<u>Gross Loans</u>	<u>Impairment allowance</u>	<u>Net Loans</u>	<u>Impairment allowance to gross loans, %</u>
Consumer Loans				
- Not past due	47,787	72	47,715	0.15%
- Overdue less than 30 days	548	48	500	8.76%
- Overdue 30-90 days	297	122	175	41.08%
- Overdue 91-180 days	289	218	71	75.43%
- Overdue 181-365 days	395	331	64	83.80%
- Overdue more than 365 days	255	249	6	97.65%
Total consumer loans	49,571	1,040	48,531	2.10%
Mortgage Loans				
- Not past due	37,243	3	37,240	0.01%
- Overdue less than 30 days	317	3	314	0.95%
- Overdue 30-90 days	58	20	38	34.48%
- Overdue 91-180 days	29	13	16	44.83%
- Overdue 181-365 days	71	44	27	61.97%
- Overdue more than 365 days	529	418	111	79.02%
Total mortgage loans	38,247	501	37,746	1.31%
Car Loans				
- Not past due	3,754	1	3,753	0.03%
- Overdue less than 30 days	37	1	36	2.70%
- Overdue 30-90 days	31	2	29	6.45%
- Overdue 91-180 days	17	4	13	23.53%
- Overdue 181-365 days	17	14	3	82.35%
- Overdue more than 365 days	19	18	1	94.74%
Total car loans	3,875	40	3,835	1.03%
Loans to individual entrepreneurs				
- Not past due	1,203	2	1,201	0.17%
- Overdue less than 30 days	5	1	4	20.00%
- Overdue 30-90 days	3	2	1	66.67%
- Overdue 91-180 days	1	1	-	100.00%
- Overdue 181-365 days	-	-	-	0.00%
- Overdue more than 365 days	-	-	-	0.00%
Total loans to individual entrepreneurs	1,212	6	1,206	0.50%
Total loans to individuals	92,905	1,587	91,318	1.71%

As at 31 March 2013 and 31 December 2012 mortgage loans include securitized mortgage loans in the amount of RUB 4,478 million and RUB 4,732 million, respectively. The transferred assets are the collateral for the bonds issued. The Bank's management determined that the Group had not transferred credit risks with respect to the transferred assets, and, consequently, such transfer was not the ground for their derecognition.

Below is the carrying value of the transferred assets, associated liabilities and net position as at 31 March 2013 and 31 December 2012:

	<u>31 March 2013</u>	<u>31 December 2012</u>
Carrying value of transferred assets	4,478	4,732
Carrying value of associated liabilities	3,841	3,758
Net position	637	974

Movements in allowances for impairment losses for the three months ended 31 March 2013 and 2012 were as follows.

	For the three month ended 31 March	
	2013	2012
As at 1 January	21,902	20,382
Provision charge	1,111	1,357
Recovery of bad debt written-off	96	95
Foreign currency revaluation effect	71	(377)
Disposal of loans	(45)	(78)
Bad debt written-off	(426)	(2,010)
As at 31 March	22,709	19,369

Loans are made principally within Russia in the following industry sectors:

	31 March 2013	31 December 2012
Analysis by industry sector:		
Individuals	99,009	92,905
Industrial manufacturing	74,450	72,370
Wholesale trade	69,500	66,086
Services	54,053	52,869
Operations with real estate	51,245	49,094
Brokerage and dealing in securities	47,869	49,290
Construction of industrial real estate	40,894	38,865
Housing construction	34,845	28,799
Mining	32,867	32,603
Leasing	28,475	25,997
Retail trade	26,750	23,755
Transport and communication	26,726	22,400
Construction of commercial real estate	18,502	14,111
Energy	3,965	3,814
Government finance	2,838	3,152
Agriculture	2,821	3,388
Precious metals extraction	2,050	2,002
Other	41,868	30,966
Gross loans to customers	658,727	612,466
Less – Allowance for impairment losses	(22,709)	(21,902)
Total loans to customers	636,018	590,564

The table below summarizes the amount of loans to corporate customers secured by collateral, rather than the fair value of the collateral itself:

	31 March 2013	31 December 2012
Loans collateralized by guarantees of enterprises and banks	162,672	142,260
Loans collateralized by pledge of real estate	106,207	100,877
Loans collateralized by pledge of securities	84,876	82,398
Loans collateralized by pledge of contract proceeds	49,298	45,698
Loans collateralized by pledge of property	38,253	37,966
Loans collateralized by pledge of the Bank's own securities	708	699
Unsecured loans	117,704	109,663
Gross loans to corporate customers	559,718	519,561
Less – Allowance for impairment losses	(20,717)	(20,315)
Total loans to corporate customers	539,001	499,246

The table below summarizes the amount of loans to individuals secured by collateral, rather than the fair value of the collateral itself:

	<u>31 March 2013</u>	<u>31 December 2012</u>
Loans collateralized by pledge of real estate	32,179	29,853
Loans collateralized by guarantees of enterprises	9,237	9,751
Loans collateralized by pledge of contract proceeds	5,169	4,397
Loans collateralized by pledge of vehicles and other property	5,062	4,800
Loans collateralized by pledge of securities	3	3
Loans collateralized by pledge of the Bank's own securities	1	2
Unsecured loans	<u>47,358</u>	<u>44,099</u>
Gross loans to individuals	99,009	92,905
Less – Allowance for impairment losses	<u>(1,992)</u>	<u>(1,587)</u>
Total loans to individuals	<u>97,017</u>	<u>91,318</u>

As at 31 March 2013 and 31 December 2012 the Group granted loans to four and five borrowers totalling RUB 59,428 million and RUB 58,409 million, respectively, which individually exceeded 10% of the Group's equity. Borrowers individually exceeding 10% of the Group equity have good credit history and the loans provided to them are performing within standard loans.

As at 31 March 2013 and 31 December 2012 renegotiated loans amounted to RUB 6,123 million and RUB 5,572 million respectively, which would be past due or impaired if not renegotiated. Renegotiated loans mainly involve extending of the payment arrangements of the loan agreements, rather than interest rate modification or other enhancements in favour of the borrower.

As at 31 March 2013 and 31 December 2012 the loans under reverse repurchase agreements to customers have contractual maturities from April 2013 to November 2013 and from January 2013 to November 2013, respectively.

Carrying value of loans under reverse repurchase agreements and fair value of assets received as pledge as at 31 March 2013 and 31 December 2012 are presented as follows:

	<u>31 March 2013</u>		<u>31 December 2012</u>	
	<u>Carrying value of loans</u>	<u>Fair value of collateral</u>	<u>Carrying value of loans</u>	<u>Fair value of collateral</u>
Shares	39,184	50,489	27,883	37,853
Corporate bonds and Eurobonds	4,272	4,856	6,360	7,042
PIF	3,005	6,823	12,065	19,328
Bonds and Eurobonds issued by banks	678	818	1,209	1,238
Promissory notes issued by banks	443	444	-	-
OFZ	287	303	1,712	1,854
Municipal bonds	-	-	61	77
Total	<u>47,869</u>	<u>63,733</u>	<u>49,290</u>	<u>67,392</u>

The components of net investment in finance lease as at 31 March 2013 and 31 December 2012 are as follows:

	<u>31 March 2013</u>	<u>31 December 2012</u>
Less than one year	3,279	2,667
From one year to five years	4,337	3,736
More than five years	<u>1,822</u>	<u>1,082</u>
Minimum lease payments	9,438	7,485
Less: unearned finance income	<u>(2,879)</u>	<u>(2,079)</u>
Net investment in finance lease	<u>6,559</u>	<u>5,406</u>
Current portion	2,338	1,874
Long-term portion	<u>4,221</u>	<u>3,532</u>
Net investment in finance lease	<u>6,559</u>	<u>5,406</u>

As at 31 March 2013 and 31 December 2012 the Group provided loans to customers in the amount of RUB 7,400 million and of RUB 7,598 million which were secured by deposits made by the Deposit Insurance Agency ("DIA") in the amount of RUB 6,161 million and RUB 6,160 million, respectively (see Note 16).

During the three months ended 31 March 2013 and 2012 the Bank sold certain loans to third parties at a discount to nominal value with no recourse and without any service obligations associated with the loans.

Net gain on disposal of loans is represented by:

	<u>Three months ended 31 March 2013</u>	<u>Three months ended 31 March 2012</u>
Fair value of the consideration received	231	115
Carrying amount net of provisions	<u>(170)</u>	<u>(31)</u>
Net gain on disposal of loans	<u>61</u>	<u>84</u>

13. INVESTMENTS AVAILABLE-FOR-SALE

As at 31 March 2013 investments available-for-sale comprise:

	<u>31 March 2013</u>	<u>Interest rate to nominal</u>	<u>Maturity date</u>
Bonds and Eurobonds issued by banks	685	0.0-10.0%	October 2013-November 2018
Shares	476	-	-
Corporate bonds and Eurobonds	29	7.01-15.0%	March 2014-June 2019
Units of investment funds	20	-	-
Share participation in limited liability companies	<u>1</u>	-	-
Total investments available-for-sale	<u>1,211</u>		

As at 31 March 2013 there were no investments available-for-sale pledged under repurchase agreements.

As at 31 December 2012 investments available-for-sale comprise:

	31 December 2012	Interest rate to nominal	Maturity date
Corporate bonds and Eurobonds	3,888	7.1-15.0%	March 2014- March 2020
Bonds and Eurobonds issued by banks	542	0.0-9.3%	February 2013-November 2018
Shares	469	-	-
Units of investment funds	19	-	-
Share participation in limited liability companies	1	-	-
Total investments available-for-sale	<u>4,919</u>		

As at 31 March 2013 and 31 December 2012 the Group has bonds issued by banks with a zero coupon rate.

Units of investment funds included in financial assets available-for-sale as at 31 March 2013 and 31 December 2012 are presented below:

	31 March 2013	31 December 2012
OPIF "NOMOS – Fund of shares"	11	9
OPIF "NOMOS – Fund of bonds"	9	10
Total units of investment funds	<u>20</u>	<u>19</u>

As at 31 March 2013 and 31 December 2012 financial assets available-for-sale are mainly presented by investments issued by Ministry of Finance, local authorities, banks and companies of the Russian Federation.

14. INVESTMENTS HELD TO MATURITY

Investments held to maturity are presented as follows:

	Interest rate to nominal	31 March 2013	Interest rate to nominal	31 December 2012
Municipal bonds	9.0%	205	9.0%	201
Total investments held to maturity		<u>205</u>		<u>201</u>

As at 31 March 2013 and 31 December 2012 there no allowances for impairment losses were recognized.

15. DUE TO BANKS AND THE CENTRAL BANK OF THE RUSSIAN FEDERATION

Due to banks and the Central Bank of the Russian Federation comprises:

	<u>31 March 2013</u>	<u>31 December 2012</u>
Deposits from banks	107,532	128,166
Loans under repurchase agreements	63,597	67,834
Correspondent accounts of other banks	<u>7,934</u>	<u>17,510</u>
Total due to banks and the Central Bank of the Russian Federation	<u>179,063</u>	<u>213,510</u>

As at 31 March 2013 and 31 December 2012 the Group had deposits from four and five banks amounting to RUB 102,549 million and RUB 131,259 million, respectively, which individually and in aggregate exceeded 10% of the Group's equity.

Carrying value of loans under repurchase agreements and fair value of assets pledged as at 31 March 2013 and 31 December 2012 are presented as follows:

	<u>31 March 2013</u>		<u>31 December 2012</u>	
	<u>Carrying value of loans</u>	<u>Fair value of collateral</u>	<u>Carrying value of loans</u>	<u>Fair value of collateral</u>
Shares	20,793	32,675	20,797	31,860
Corporate bonds and Eurobonds	14,350	16,561	12,089	14,066
OFZ bonds	11,175	11,219	19,370	19,804
Bonds and Eurobonds issued by banks	10,360	12,569	7,025	8,493
Municipal bonds	3,561	3,824	2,008	2,130
RF Government Eurobonds	1,700	1,865	-	-
Promissory notes of credit institutions	<u>1,658</u>	<u>1,670</u>	<u>6,545</u>	<u>6,541</u>
Total	<u>63,597</u>	<u>80,383</u>	<u>67,834</u>	<u>82,894</u>

16. CUSTOMER ACCOUNTS

Customer accounts comprise:

	<u>31 March 2013</u>	<u>31 December 2012</u>
Term deposits	409,438	358,748
Current accounts	108,143	105,790
Term deposits from Deposit Insurance Agency	6,161	6,160
Loans under repurchase agreements	<u>1,306</u>	<u>1,029</u>
Total customer accounts	<u>525,048</u>	<u>471,727</u>

As at 31 March 2013 and 31 December 2012 the Group received funds from seven and seven customers amounting to RUB 128,409 million and RUB 115,862 million, respectively, which individually exceeded 10% of the Group's equity.

As at 31 March 2013 and 31 December 2012 demand deposits denominated in units of precious metal which have the alternative to be settled in cash or in precious metals were included in customer accounts. The breakdown is presented below:

	<u>31 March 2013</u>	<u>31 December 2012</u>
Gold	5,239	6,366
Silver	798	613
Palladium	58	68
Platinum	49	46
Total customer accounts denominated in precious metals	<u>6,144</u>	<u>7,093</u>

As at 31 March 2013 and 31 December 2012 customer accounts amounting to RUB 5,299 million and RUB 2,487 million, respectively, were held as security against other financial transactions by the Group (see Note 20).

As at 31 March 2013 and 31 December 2012 the Group provided loans to customers in the amount of RUB 7,400 million and of RUB 7,598 million which were secured by deposits made by the "DIA" in the amount of RUB 6,161 million and RUB 6,160 million, respectively (see Note 12).

Analysis of customer accounts by economic sector is presented below:

	<u>31 March 2013</u>	<u>31 December 2012</u>
Individuals	159,062	157,082
Investment and asset management companies	151,763	121,241
Industrial manufacturing	44,016	27,686
Services	30,714	21,660
Insurance	26,265	17,094
Regional and local budgets funds	23,348	21,034
Wholesale trade	22,866	27,807
Operations with real estate	10,155	21,367
Construction of industrial real estate	10,090	15,429
Science	7,153	6,960
Precious metals extraction	5,835	7,493
Transport and communication	5,725	4,541
Retail trade	3,909	4,295
Energy	2,983	3,074
Construction of commercial real estate	2,669	4,801
Leasing	2,127	1,346
Brokerage and dealing in securities	1,306	1,029
Agriculture	619	625
Housing construction	414	374
Other	14,029	6,789
Total customer accounts	<u>525,048</u>	<u>471,727</u>

Carrying value of loans under reverse repurchase agreements and fair value of assets pledged as at 31 March 2013 and 31 December 2011 are presented as follows:

	<u>31 March 2013</u>		<u>31 December 2012</u>	
	<u>Carrying value of loans</u>	<u>Fair value of collateral</u>	<u>Carrying value of loans</u>	<u>Fair value of collateral</u>
OFZ bonds	1,260	1,331	-	-
Corporate bonds and Eurobonds issued by banks	27	30	-	-
Shares	19	18	1,029	2,296
Total	<u>1,306</u>	<u>1,379</u>	<u>1,029</u>	<u>2,296</u>

17. BONDS AND EUROBONDS

Bonds and Eurobonds comprise:

	<u>31 March 2013</u>	<u>31 December 2012</u>
Bonds issued in local market	30,837	30,851
Eurobonds due in 2013	<u>12,063</u>	<u>11,767</u>
Total Bonds and Eurobonds issued	<u>42,900</u>	<u>42,618</u>

Bonds and Eurobonds as at 31 March 2013 comprise:

	<u>Currency</u>	<u>Start date (year)</u>	<u>Maturity date (year)</u>	<u>Nominal interest rate %</u>	<u>31 March 2013</u>
Bonds issued					
NOMOS, BO-02	Roubles	2011	2014	8.00%	5,179
NOMOS, BO-03	Roubles	2012	2015	9.15%	5,062
NOMOS, 12th issue	Roubles	2010	2017	8.50%	5,042
NOMOS, 9th issue	Roubles	2008	2013	8.75%	4,372
NOMOS, 11th issue	Roubles	2009	2014	9.50%	3,864
Mortgage-Backed bonds	Roubles	2012	2045	8.75%	3,841
NOMOS, BO-01	Roubles	2011	2014	9.10%	3,262
2 nd issue	Roubles	2010	2013	9.25%	<u>215</u>
Total bonds issued					<u>30,837</u>
Eurobonds					
NOMOS Eurobonds due in 2013	US Dollars	2010	2013	6.50%	<u>12,063</u>
Total Eurobonds issued					<u>12,063</u>
Total bonds and Eurobonds issued					<u>42,900</u>

Bonds and Eurobonds as at 31 December 2012 comprise:

	<u>Currency</u>	<u>Start date (year)</u>	<u>Maturity date (year)</u>	<u>Nominal interest rate %</u>	<u>31 December 2012</u>
Bonds issued					
NOMOS, BO-03	Roubles	2012	2015	9.15%	5,180
NOMOS, 12th issue	Roubles	2010	2017	8.50%	5,150
NOMOS, BO-02	Roubles	2011	2014	8.00%	5,078
NOMOS, 9th issue	Roubles	2008	2013	8.75%	4,280
NOMOS, 11th issue	Roubles	2009	2014	9.50%	3,858
Mortgage-Backed bonds	Roubles	2012	2045	8.75%	3,758
NOMOS, BO-01	Roubles	2011	2014	9.10%	3,337
2 nd issue	Roubles	2010	2013	9.25%	<u>210</u>
Total bonds issued					<u>30,851</u>
Eurobonds					
NOMOS Eurobonds due in 2013	US Dollars	2010	2013	6.50%	<u>11,767</u>
Total Eurobonds issued					<u>11,767</u>
Total bonds and Eurobonds issued					<u>42,618</u>

The Group is obliged to comply with financial covenants in relation to Eurobonds due in 2013.

In accordance with the terms of the covenants the Group should not permit its consolidated total capital ratio as calculated in accordance with the recommendations of the Basel Committee on Banking Regulations and Supervisory Practices (as at the date hereof) to fall below 10%. These recommendations were provided in Committee's paper entitled "International Convergence of Capital Measurement and Capital Standards" dated July 1988, as amended in November 1991, and together with any further amendments, guidelines or clarifications up to the date hereof. This calculation should be made by reference to the latest annual consolidated audited accounts of the Group prepared in accordance with IFRS. The Group should also comply with the minimum capital adequacy ratio established by the CBR. The Group has not breached any of these covenants at the end of each quarter in the periods ended 31 March 2013 and 31 December 2012.

18. SUBORDINATED DEBT

The following table provides information on subordinated debt as at 31 March 2013:

	Currency	Start date (year)	Maturity date (year)	Nominal interest rate %	31 March 2013
Subordinated bonds	US Dollars	2012	2019	10.00%	16,069
Subordinated bonds	US Dollars	2010	2015	8.75%	11,243
Subordinated bonds	US Dollars	2012	2019	10.00%	9,439
Subordinated loan	Roubles	2011	2021	12.00%	6,000
Subordinated loan	Roubles	2009	2019	6.50%	4,902
Subordinated bonds	US Dollars	2007	2018	11.00%	3,346
Subordinated loan	Roubles	2009	2019	6.50%	1,619
Subordinated loan	Roubles	2013	2023	8.50%	1,011
Subordinated loan	Roubles	2010	2016	6.00%	60
Subordinated loan	Roubles	2010	2016	8.00%	39
					53,728

The following table provides information on subordinated debt as at 31 December 2012:

	Currency	Start date (year)	Maturity date (year)	Nominal interest rate %	31 December 2012
Subordinated bonds	US Dollars	2012	2019	10.00%	15,321
Subordinated bonds	US Dollars	2010	2015	8.75%	10,751
Subordinated bonds	US Dollars	2012	2019	10.00%	8,997
Subordinated loan	Roubles	2011	2021	12.00%	6,000
Subordinated loan	Roubles	2009	2019	6.50%	4,902
Subordinated bonds	US Dollars	2007	2018	11.00%	3,198
Subordinated loan	Roubles	2009	2019	6.50%	1,605
Subordinated loan	Roubles	2010	2016	6.00%	60
Subordinated loan	Roubles	2010	2016	8.00%	39
					50,873

19. SHARE CAPITAL AND SHARE PREMIUM

The table below provides a breakdown of the Bank's issued and fully paid ordinary and preference shares:

	Ordinary shares (Number)	Nominal amount	Preference shares (Number)	Nominal amount
Issued and fully paid				
31 December 2011	92,422,370	4,621	-	-
31 March 2012	92,422,370	4,621	-	-
31 December 2012	92,422,370	4,621	-	-
31 March 2013	92,422,370	4,621	-	-

There are no issued ordinary and preference shares that have not been fully paid. Par value per ordinary and preference share is RUB 50 each.

Each ordinary share entitles the holder to cast one vote on all matters within its competence stipulated by the Charter of the Bank, to receive non-fixed rate dividend income and to receive property belonging to the Bank in the event of liquidation. When shares are issued, each holder of shares shall have pre-emptive right, in proportion to the aggregate amount of their shares.

In the event of the dissolution and liquidation of the Bank, the assets remaining after payment of all debts will be distributed to the holders of ordinary shares on a pro-rata basis.

The table below provides a breakdown of the Bank's authorized ordinary and preference shares:

	Ordinary shares (Number)	Nominal amount	Preference shares (Number)	Nominal amount
Authorized				
31 December 2011	167,377,630	8,369	48,100,000	2,405
31 March 2012	167,377,630	8,369	48,100,000	2,405
31 December 2012	167,377,630	8,369	48,100,000	2,405
31 March 2013	167,377,630	8,369	48,100,000	2,405

Holders of preference shares with non-fixed rate dividend income are entitled to: participate in the General Meeting of shareholders with voting rights addressing issues of reorganization and liquidation of the Bank and addressing issues on introducing amendments and additions to the Charter restricting the rights of holders of preferred shares. Each preference share entitles the holder to receive dividends on an equal basis with holders of ordinary shares.

Dividends on ordinary shares and preference shares classified as equity are recognized, as a distribution of equity in the period in which they are approved by shareholders.

Share premium represents the excess of contributions received over the nominal value of shares issued or sold.

The Group's reserves distributable among shareholders are limited to the amount of its reserves as disclosed in its statutory accounts. Non-distributable reserves are represented by a reserve fund, which is created as required by the statutory regulations, in respect of general banking risks, including future losses and other unforeseen risks or contingencies.

20. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Group is a party to financial instruments with off-balance sheet risk in order to meet the needs of its customers. These instruments, involving varying degrees of credit risk, are not reflected in the condensed interim consolidated statement of financial position.

The Group's maximum exposure to credit risk under contingent liabilities and commitments to extend credit, in the event of non-performance by the other party where all counterclaims, collateral or security prove valueless, is represented by the contractual amounts of those instruments.

The Group uses the same credit control and management policies in undertaking off-balance sheet commitments as it does for on-balance operations.

As at 31 March 2013 and 31 December 2012 allowances for guarantees and other off-balance sheet commitments were RUB 303 million and RUB 362 million, respectively. The risk-weighted amount is obtained by applying credit conversion factor and counterparty risk weightings according to the principles employed by the Basel Committee on Banking Supervision (Basel I).

As at 31 March 2013 and 31 December 2012 the nominal or contract amounts and risk-weighted amounts were:

	31 March 2013		31 December 2012	
	Nominal amount	Risk-weighted amount	Nominal amount	Risk-weighted amount
Contingent liabilities and credit commitments				
Commitments on loans and unused credit lines	140,320	2,662	116,582	3,140
Guarantees issued and similar commitments	151,347	97,319	154,645	108,389
Letters of credit and other contingent commitments related to settlement operations	25,803	10,252	6,848	2,181
Total contingent liabilities and credit commitments	317,470	110,233	278,075	113,710

As at 31 March 2013 and 31 December 2012 letters of credit of RUB 5,299 million and RUB 2,487 million, respectively, were secured by cash deposited in customer accounts (see Note 16).

Operating leases – The Group's future minimum rental payments under non-cancellable operating leases of office premises in effect as at 31 March 2013 and 31 December 2012 are presented in the table below.

	31 March 2013	31 December 2012
Not later than 1 year	1,024	574
Later than 1 year and not later than 5 years	1,376	1,076
Later than 5 years	142	42
Total operating lease	2,542	1,692

Fiduciary activities – The Group provides depositary services to its customers. As at 31 March 2013 and 31 December 2012 the Group had customers' securities of items, 11,515,045,399 and 13,631,420,928 items, respectively, in its nominal holder's accounts.

As at 31 March 2013 and 31 December 2012 the Group kept in its vault 2,375 kg of gold bullion, 2,946 kg of silver bullion, 86 kg of palladium bullion, 35 kg of platinum bullion, and 3,587 kg of gold bullion, 5,661 kg of silver bullion, 88 kg of palladium bullion, 31 kg of platinum bullion respectively, owned by the Group's customers.

As at 31 March 2013 and 31 December 2012 the Group has obligation to provide funding for operations on precious metals extraction in the amount of RUB 44,129 million and RUB 28,824 million, respectively, which are not recognized in the consolidated statement of financial position as the conditions of extraction and customer delivery have not yet occurred.

Legal proceedings – From time to time and in the normal course of business, claims against the Group are received from customers and counterparties. Management is of the opinion that no material unaccrued losses will be incurred and accordingly no provision has been made in these condensed interim consolidated financial statements.

Taxation – Commercial legislation of the Russian Federation and countries where the Group operates, including tax legislation, may allow more than one interpretation. In addition, there is a risk of tax authorities making arbitrary judgments of business activities. If a particular treatment, based on management's judgment of the Group's business activities, was to be challenged by the tax authorities, the Group may be assessed additional taxes, penalties and interest.

Such uncertainty may relate to the valuation of financial instruments, valuation of provision for impairment losses and the market pricing of deals. Additionally such uncertainty may relate to the valuation of temporary differences on the provision and recovery of the provision for impairment losses on loans to customers and receivables, as an underestimation of the taxable profit. The management of the Group believes that it has accrued all tax amounts due and therefore no allowance has been made in the condensed interim consolidated financial statements.

Russian transfer pricing legislation was amended starting from January 1, 2012 to introduce additional reporting and documentation requirements. The new legislation allows the tax authorities to impose additional tax liabilities in respect of certain transactions, including but not limited to transactions with related parties, if they consider transaction to be priced not at arm's length. As the practice of implementation of the new transfer pricing rules has not yet developed and wording of some clauses of the rules is unclear, the impact of challenge of the Group's transfer pricing positions by the tax authorities cannot be reliably estimated.

Pensions and retirement plans – Employees receive pension benefits according to the laws and regulations of the Russian Federation. The Group provides its employees with post-employment benefits in the form of defined contribution plans. The Group makes monthly payments to a non-government pension fund for its employees, who in turn will receive a future benefit from the fund. The contributions to the defined contribution plan are included in staff costs on an accrual basis. During the three months ended 31 March 2013 and 2012 the Group made payments to the non-government pension fund of RUB 1 million and RUB 1 million, respectively. Once the payments to the pension fund are made the Group has no further obligations.

Operating Environment – Emerging markets such as Russia are subject to different risks than more developed markets, including economic, political and social, and legal and legislative risks. As has happened in the past, actual or perceived financial problems or an increase in the perceived risks associated with investing in emerging economies could adversely affect the investment climate in Russia and the Russian economy in general.

Laws and regulations affecting businesses in Russia continue to change rapidly. Tax, currency and customs legislation within Russia are subject to varying interpretations, and other legal and fiscal impediments contribute to the challenges faced by entities currently operating in Russia. The future economic direction of Russia is heavily influenced by the economic, fiscal and monetary policies adopted by the government, together with developments in the legal, regulatory, and political environment.

The global financial system continues to exhibit signs of deep stress and many economies around the world are experiencing lesser or no growth than in prior years. Additionally there is increased uncertainty about the creditworthiness of some sovereign states in the Eurozone and financial institutions with exposure to the sovereign debt of such states. These conditions could slow or disrupt the Russian economy, adversely affect the Group's access to capital and cost of capital for the Group and, more generally, its business, results of operations, financial condition and prospects.

Because Russian Federation produces and exports large volumes of oil and gas, Russian economy is particularly sensitive to the price of oil and gas on the world market.

21. SEGMENT REPORTING

The reportable segments comprise of:

- Corporate banking – full range of banking services provided to large and medium-sized corporate customers, including, among others, direct debt facilities, current accounts, deposits, overdrafts, loan and other credit facilities and a variety of settlement and transactional services.
- Small business – banking services provided to small businesses and individual entrepreneurs, including direct debt facilities, current accounts, deposits, overdrafts, loan and other credit facilities and settlement and transaction services.
- Investment banking – representing trading of fixed income and equity products, foreign exchange, precious metals and derivatives on such products, money market operations, repo, brokerage services and asset management and other investment banking services.
- Retail banking (including private banking) – full range of banking services to mass, affluent and wealthy individuals, including customer current accounts, savings, deposits, investment savings products, custody, credit and debit cards, consumer loans and mortgages.
- Treasury and asset-liability unit – treasury, which lends and borrows funds of money market, undertakes the Group's funding through issue of debt securities and attraction of subordinated facilities and conducts foreign exchange operations for internal hedging purposes. This segment is also responsible for accumulation and further redistribution of all funds attracted by other segments.
- Unallocated – balances and/or income and expense items not allocated to any of the Group's business segments in the internal management reporting systems, as they are not initiated by any of the business units and represent part of the Group's routine headquarter activities

The President of the Bank is the chief operating decision maker. Operating results are reviewed regularly by the entity's chief operating decision maker to consider the way resources to be allocated to the segment and assess its performance.

Internal charges and transfer pricing adjustments have been reflected in the performance of each segment. Revenue sharing agreements are used to allocate external customer revenues to a business segment on a reasonable basis.

Segment information about these businesses is presented below:

	Corporate banking	Small business	Retail banking	Investment banking	Treasury and asset-liability management unit	Unallocated	Three months ended 31 March 2013 Total
External interest income	12,568	1,552	3,447	3,374	109	-	21,050
External interest expense	(5,053)	(172)	(2,616)	(2,815)	(1,595)	-	(12,251)
Internal funding costs/revenues from Central treasury	(3,305)	(423)	1,672	564	1,492	-	-
Net interest income before gain on remeasurement of cash flows and provision for impairment losses on interest bearing assets	4,210	957	2,503	1,123	6	-	8,799
Impairment and gain on remeasurement of cash flows and prepayments of interest bearing assets acquired in business combination	(486)	(16)	(398)	-	-	(18)	(918)
Net interest income	3,724	941	2,105	1,123	6	(18)	7,881
Fee and commission income	846	319	1,442	40	5	-	2,652
Fee and commission expense	(41)	(13)	(605)	(27)	(21)	-	(707)
Trading and foreign exchange results	43	4	46	457	140	-	690
Other operating income	221	26	83	152	(5)	20	497
Net result from other segments [*]	(29)	(13)	30	30	(18)	-	-
Operating income before impairment losses of investments available-for-sale and investment property and provisions on other transactions	4,764	1,264	3,101	1,775	107	2	11,013
Impairment losses of investments available-for-sale and investment property and provisions on other transactions	61	(14)	(10)	-	-	7	44
Operating expenses	(1,413)	(777)	(2,341)	(238)	(82)	(618)	(5,469)
Operating profit before income tax	3,412	473	750	1,537	25	(609)	5,588
Income tax expense	-	-	-	-	-	(1,207)	(1,207)
Net profit	3,412	473	750	1,537	25	(1,816)	4,381
Depreciation and amortization expense	(97)	(59)	(201)	(16)	(5)	(40)	(418)
Capital expenditures	50	30	98	8	3	20	209

^{*} Represents results from revenue sharing agreements between segments used to allocate certain external revenues between business segments jointly participating in revenue generating activities

	Corporate banking	Small business	Retail banking	Investment banking	Treasury and asset-liability management unit	Unallocated	31 March 2013 Total
ASSETS							
Cash and balances with the Central Bank of the Russian Federation	-	-	12,338	-	22,050	-	34,388
Minimum reserve deposits with CBR	1,055	131	889	320	5,249	-	7,644
Precious metals	7,858	-	12	-	-	-	7,870
Financial assets at fair value through profit or loss	89	-	-	99,202	15,438	-	114,729
Loans and advances to banks and other financial institutions	3,280	2	2,670	63,963	32,670	-	102,585
Loans to customers	453,760	41,640	95,734	44,826	-	58	636,018
Investments available-for-sale	-	-	-	1,187	24	-	1,211
Investments held to maturity	-	-	-	205	-	-	205
Property, plant and equipment	2,462	1,483	5,060	410	599	986	11,000
Goodwill	-	-	-	-	-	809	809
Intangible assets	236	192	1,291	33	9	539	2,300
Investment property	2,331	-	-	1,554	-	831	4,716
Other assets	852	47	217	419	21	4,351	5,907
TOTAL ASSETS	471,923	43,495	118,211	212,119	76,060	7,574	929,382
LIABILITIES							
Financial liabilities at fair value through profit or loss	61	-	-	2,261	-	-	2,322
Due to banks and the Central Bank of the Russian Federation	7,714	4,171	7,814	159,362	2	-	179,063
Customer accounts	316,334	23,386	159,550	13,383	12,395	-	525,048
Bonds and Eurobonds	-	-	3,841	26,996	12,063	-	42,900
Promissory notes issued	9,680	684	21	13,765	290	-	24,440
Deferred income tax liabilities	-	-	-	-	-	2,166	2,166
Other liabilities	626	20	457	70	160	3,615	4,948
Subordinated debt	-	-	-	-	53,728	-	53,728
TOTAL LIABILITIES	334,415	28,261	171,683	215,837	78,638	5,781	834,615

	Corporate banking	Small business	Retail banking	Investment banking	Treasury and asset-liability management unit	Unallocated	Three months ended 31 March 2012 Total
External interest income	9,202	1,122	2,144	2,293	38	-	14,799
External interest expense	(3,106)	(150)	(1,677)	(1,440)	(1,120)	-	(7,493)
Internal funding costs/revenues from Central treasury	(2,394)	15	1,225	(138)	1,292	-	-
Net interest income before gain on remeasurement of cash flows and provision for impairment losses on interest bearing assets	3,702	987	1,692	715	210	-	7,306
Impairment and gain on remeasurement of cash flows and prepayments of interest bearing assets acquired in business combination	(781)	(182)	32	1	-	(1)	(931)
Net interest income	2,921	805	1,724	716	210	(1)	6,375
Fee and commission income	812	266	1,160	36	5	-	2,279
Fee and commission expense	(27)	(6)	(514)	(30)	(24)	-	(601)
Trading and foreign exchange results	109	5	56	1,300	(75)	-	1,395
Other operating income	140	(11)	36	136	1	31	333
Net result from other segments *	(35)	(4)	10	47	(18)	-	-
Operating income before impairment losses of investments available-for-sale and investment property and provisions on other transactions	3,920	1 055	2,472	2,205	99	30	9,781
Impairment losses of investments available-for-sale and investment property and provisions on other transactions	24	(5)	(34)	(9)	-	8	(16)
Operating expenses	(1,122)	(697)	(1,876)	(269)	(75)	(561)	(4,600)
Operating profit before income tax	2,822	353	562	1,927	24	(523)	5,165
Income tax expense	-	-	-	-	-	(1,117)	(1,117)
Net profit	2,822	353	562	1,927	24	(1,640)	4,048
Depreciation and amortization expense	(92)	(56)	(175)	(16)	(5)	(42)	(386)
Capital expenditures	70	42	135	12	4	33	296

* Represents results from revenue sharing agreements between segments used to allocate certain external revenues between business segments jointly participating in revenue generating activities

	Corporate banking	Small business	Retail banking	Investment banking	Treasury and asset-liability management unit	Unallocated	31 December 2012 Total
ASSETS							
Cash and balances with the Central Bank of the Russian Federation	-	-	15,482	9,502	26,164	-	51,148
Minimum reserve deposits with CBR	-	-	-	-	6,932	-	6,932
Precious metals	6,390	-	12	-	-	-	6,402
Financial assets at fair value through profit or loss	92	-	-	104,162	-	-	104,254
Loans and advances to banks and other financial institutions	98	1	3,390	88,899	19,198	-	111,586
Loans to customers	422,035	38,947	90,112	39,420	-	50	590,564
Investments available-for-sale	-	-	-	4,895	24	-	4,919
Investments held to maturity	-	-	-	201	-	-	201
Property, plant and equipment	2,567	1,434	4,715	641	610	1,150	11,117
Intangible assets	365	172	1,412	43	-	489	2,481
Goodwill	-	-	-	-	-	809	809
Investment property	2,279	-	-	1,445	-	1,037	4,761
Other assets	1,062	466	218	302	25	2,656	4,729
TOTAL ASSETS	434,888	41,020	115,341	249,510	52,953	6,191	899,903
LIABILITIES							
Financial liabilities at fair value through profit or loss	19	-	-	3,172	-	-	3,191
Due to banks and the Central Bank of the Russian Federation	6,365	4,091	8,548	190,904	3,602	-	213,510
Customer accounts	267,557	28,009	157,275	4,559	14,327	-	471,727
Bonds and Eurobonds	-	-	3,765	27,085	11,768	-	42,618
Promissory notes issued	7,496	644	21	12,694	290	-	21,145
Deferred income tax liabilities	-	-	-	-	-	1,690	1,690
Other liabilities	842	45	749	125	156	2,871	4,788
Subordinated debt	-	-	-	-	50,873	-	50,873
TOTAL LIABILITIES	282,279	32,789	170,358	238,539	81,016	4,561	809,542

22. CAPITAL MANAGEMENT

For Basel I ratio calculation purposes, two tiers of capital are distinguished:

Tier I capital is “core” bank capital and includes paid share capital (less the carrying value of treasury shares), non-controlling interests in the equity of subsidiaries and retained earnings (including their allocations to reserves), less certain deductions, such as goodwill.

Tier II capital is “supplementary” bank capital that includes subordinated debt, hybrid instruments with characteristics of both capital and certain revaluation reserves, such as unrealized gains on the revaluation of investments available-for-sale and property, plant and equipment revaluation reserve.

The table below presents the composition of capital complying with 1988 Basel Capital Accord and discloses the capital – adequacy ratio as at 31 March 2013 and 31 December 2012:

	31 March 2013	31 December 2012
Tier 1 capital	92,745	88,481
Tier 2 capital	47,586	45,310
Total regulatory capital	140,331	133,791
Risk-weighted assets:		
Credit risks	774,183	733,989
Market risks	105,301	87,033
Total risk-weighted assets	879,484	821,022
Basel ratio	15.96%	16.30%
Tier 1	10.55%	10.78%

As at 31 March 2013 and 31 December 2012 the Group included the subordinated debt received in the computation of total capital, limited to 50% of Tier 1 capital. In the event of bankruptcy or liquidation of the Group repayment of these loans is subordinate to the repayment of the Group’s liabilities to all other creditors.

The capital adequacy ratios exceeded the minimum ratio of 8% recommended by the 1988 Basel Capital Accord 1988. As at 31 March 2013 and 31 December 2012, the Group complied with Basel capital requirements.

The Bank’s overall capital management policy is aimed at the dynamic optimization of capital required for the Bank’s expansion and maintenance of sufficient capital adequacy to protect the Bank from unfavorable changes in market conditions and minimize liquidity risk. The capital management policy supports the shareholders’ vision and strategy of long-term Bank development.

23. RISK MANAGEMENT POLICY

Foreign currency and precious metals risk

Currency risk is defined as the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange and precious metals exchange rates. The Group is exposed to effects of fluctuation in the prevailing foreign currency exchange rates on its financial position and cash flows.

Market price of precious metals is denominated in USD on London Stock Exchange and therefore is exposed to currency risk.

The Group's exposure to foreign currency exchange rate risk as at 31 March 2013 is presented in the table below:

	RUB	USD 1 USD = RUB 31.0834	Euro 1 EUR = RUB 39.8023	Gold 1 ounce = RUB 49,679.04	Other	31 March 2013 Total
ASSETS						
Cash and balances with the Central Bank of the Russian Federation	32,795	899	666	-	28	34,388
Minimum reserve deposits with the Central Bank of the Russian Federation	7,644	-	-	-	-	7,644
Financial assets at fair value through profit or loss	87,349	27,329	20	-	31	114,729
Loans and advances to banks and other financial institutions	34,708	27,452	31,109	8,137	1,179	102,585
Loans to customers	521,880	102,927	11,152	-	59	636,018
Investments available-for-sale	536	673	2	-	-	1,211
Investments held to maturity	205	-	-	-	-	205
Other financial assets	1,345	156	4	-	147	1,652
TOTAL FINANCIAL ASSETS	686,462	159,436	42,953	8,137	1,444	898,432
Precious metals	-	-	-	7,083	787	7,870
Property, plant and equipment	11,000	-	-	-	-	11,000
Goodwill	809	-	-	-	-	809
Intangible assets	2,300	-	-	-	-	2,300
Investment property	4,716	-	-	-	-	4,716
Other non-financial assets	4,090	52	4	29	80	4,255
TOTAL NON-FINANCIAL ASSETS	22,915	52	4	7,112	867	30,950
TOTAL ASSETS	709,377	159,488	42,957	15,249	2,311	929,382
LIABILITIES						
Financial liabilities at fair value through profit or loss	1,149	971	154	5	43	2,322
Due to banks and the Central Bank of the Russian Federation	125,680	33,408	9,708	10,015	252	179,063
Customer accounts	460,495	43,505	14,020	5,239	1,789	525,048
Bonds and Eurobonds	30,837	12,063	-	-	-	42,900
Promissory notes issued	24,214	156	60	-	10	24,440
Other financial liabilities	3,450	164	10	192	2	3,818
Subordinated debt	12,620	41,108	-	-	-	53,728
TOTAL FINANCIAL LIABILITIES	658,445	131,375	23,952	15,451	2,096	831,319
Deferred income tax liabilities	2,166	-	-	-	-	2,166
Other non-financial liabilities	1,130	-	-	-	-	1,130
TOTAL NON-FINANCIAL LIABILITIES	3,296	-	-	-	-	3,296
TOTAL LIABILITIES	661,741	131,375	23,952	15,451	2,096	834,615
OPEN BALANCE SHEET POSITION	47,636	28,113	19,005	(202)	215	
Fair value of derivative financial instruments and spot deals						
Payables under forward deals	(93,991)	(144,731)	(36,728)	(4,187)	(3,823)	(283,460)
Receivables under forward deals	144,654	114,545	15,865	4,675	3,721	283,460
Payables under spot deals	(8,362)	(8,126)	(500)	(200)	(218)	(17,406)
Receivables under spot deals	8,605	8,017	563	-	221	17,406
NET POSITION FOR DERIVATIVE FINANCIAL INSTRUMENTS AND SPOT DEALS	50,906	(30,295)	(20,800)	288	(99)	
TOTAL OPEN POSITION	98,542	(2,182)	(1,795)	86	116	
CREDIT CONTINGENT LIABILITIES	294,412	17,215	5,800	-	43	

The Group's exposure to foreign currency exchange rate risk as at 31 December 2012 is presented in the table below:

	RUB	USD 1 USD = RUB 30.3727	Euro 1 EUR = RUB 40.2286	Gold 1 ounce = RUB 50,540.17	Other	31 December 2012 Total
ASSETS						
Cash and balances with the Central Bank of the Russian Federation	49,882	624	632	-	10	51,148
Minimum reserve deposits with the Central Bank of the Russian Federation	6,932	-	-	-	-	6,932
Financial assets at fair value through profit or loss	85,948	18,242	38	5	21	104,254
Loans and advances to banks and other financial institutions	47,459	41,373	9,694	12,381	679	111,586
Loans to customers	473,730	102,253	14,542	-	39	590,564
Investments available-for-sale	4,397	520	2	-	-	4,919
Investments held to maturity	201	-	-	-	-	201
Other financial assets	817	49	4	-	-	870
TOTAL FINANCIAL ASSETS	669,366	163,061	24,912	12,386	749	870,474
Precious metals	-	-	-	5,806	596	6,402
Property, plant and equipment	11,117	-	-	-	-	11,117
Goodwill	809	-	-	-	-	809
Intangible assets	2,481	-	-	-	-	2,481
Investment property	4,761	-	-	-	-	4,761
Other non-financial assets	3,738	2	10	29	80	3,859
TOTAL NON-FINANCIAL ASSETS	22,906	2	10	5,835	676	29,429
TOTAL ASSETS	692,272	163,063	24,922	18,221	1,425	899,903
LIABILITIES						
Financial liabilities at fair value through profit or loss	2,906	132	130	3	20	3,191
Due to banks and the Central Bank of the Russian Federation	133,505	48,326	17,066	13,846	767	213,510
Customer accounts	407,635	41,873	14,222	6,366	1,631	471,727
Bonds and Eurobonds	30,851	11,767	-	-	-	42,618
Promissory notes issued	20,856	209	65	-	15	21,145
Other financial liabilities	3,200	176	21	265	-	3,662
Subordinated debt	12,606	38,267	-	-	-	50,873
TOTAL FINANCIAL LIABILITIES	611,559	140,750	31,504	20,480	2,433	806,726
Deferred income tax liabilities	1,690	-	-	-	-	1,690
Other non-financial liabilities	1,126	-	-	-	-	1,126
TOTAL NON-FINANCIAL LIABILITIES	2,816	-	-	-	-	2,816
TOTAL LIABILITIES	614,375	140,750	31,504	20,480	2,433	809,542
OPEN BALANCE SHEET POSITION	77,897	22,313	(6,582)	(2,259)	(1,008)	
Fair value of derivative financial instruments and spot deals						
Payables under forward deals	(69,534)	(109,263)	(15,776)	(2,788)	(884)	(198,245)
Receivables under forward deals	85,282	84,658	20,786	5,260	2,259	198,245
Payables under spot deals	(3,654)	(4,992)	(3,673)	-	-	(12,319)
Receivables under spot deals	2,191	6,442	3,685	-	1	12,319
NET POSITION FOR DERIVATIVE FINANCIAL INSTRUMENTS AND SPOT DEALS	14,285	(23,155)	5,022	2,472	1,376	
TOTAL OPEN POSITION	92,182	(842)	(1,560)	213	368	
CREDIT CONTINGENT LIABILITIES	256,762	13,236	7,999	-	78	

Liquidity risk

Liquidity risk refers to the availability of sufficient funds to meet deposit withdrawals and other financial commitments associated with financial instruments as they actually fall due. The liquidity and cash flow risks arise in the case of maturity gap.

The liquidity risk is defined as a mismatch of asset and liability maturity periods. The liquidity risk is managed by the Financial Committee of the Group.

The matching and/or controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Group. It is unusual for banks to be completely matched due to the variety of Group's lending and funding operations. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Group and its exposure to changes in interest and exchange rates. Currently, a considerable part of customer deposits are repayable on demand. However, the fact that these deposits are diversified by the number and type of customers and the Group's previous experience indicate that these deposits are a relatively stable and long-term source of finance for the Group.

The below data on term deposits of individuals are based on the terms of contracts. However, individuals may withdraw deposits at any time.

Long-term credits and overdraft facilities are generally not available in Russian Federation. However, in the Russian marketplace, many short-term credits are granted with the expectation of renewing the loans at maturity. As such, the ultimate maturity of assets may be different from the analysis presented below.

While financial assets at fair value through profit or loss are mainly shown as less than one month, realizing such assets upon demand is dependent upon financial market conditions.

Substantially all of the Group's interest bearing assets and interest bearing liabilities are at fixed rates of interest.

Interest bearing assets and liabilities generally have relatively short maturities and interest rates are re-priced only at maturity.

In order to manage liquidity risk, the Group performs daily monitoring of future expected cash flows on clients' and banking operations, which is a part of assets/liabilities management process. The Finance Committee of the Bank sets limits on the minimum proportion of maturing funds available to meet deposit withdrawals and on the minimum level on interbank and other borrowing facilities that should be in place to cover withdrawals at unexpected levels of demand.

The following table presents an analysis of liquidity risk based on carrying value of assets and liabilities as at 31 March 2013:

	Up to 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Maturity undefined	31 March 2013 Total
ASSETS							
Cash and balances with the Central Bank of the Russian Federation	34,388	-	-	-	-	-	34,388
Minimum reserve deposits with the Central Bank of the Russian Federation	-	-	-	-	-	7,644	7,644
Precious metals	7,870	-	-	-	-	-	7,870
Financial assets at fair value through profit or loss	110,595	2,685	320	1,129	-	-	114,729
Loans and advances to banks and other financial institutions	70,024	12,798	10,274	9,489	-	-	102,585
Loans to customers	41,256	87,229	206,603	219,999	80,931	-	636,018
Investments available-for-sale	-	-	-	1,082	129	-	1,211
Investments held to maturity	-	-	205	-	-	-	205
Property, plant and equipment	-	-	-	-	-	11,000	11,000
Goodwill	-	-	-	-	-	809	809
Intangible assets	-	-	-	-	-	2,300	2,300
Investment property	-	-	-	4,716	-	-	4,716
Other assets	2,894	1,226	1,713	26	16	32	5,907
TOTAL ASSETS	267,027	103,938	219,115	236,441	81,076	21,785	929,382
LIABILITIES							
Financial liabilities at fair value through profit or loss	417	656	301	948	-	-	2,322
Due to banks and the Central Bank of the Russian Federation	92,959	38,129	30,394	17,504	77	-	179,063
Customer accounts	189,855	77,464	182,948	74,724	57	-	525,048
Bonds and Eurobonds	591	4,675	15,104	18,777	3,753	-	42,900
Promissory notes issued	2,307	2,004	18,579	1,550	-	-	24,440
Deferred income tax liabilities	-	-	-	-	-	2,166	2,166
Other liabilities	2,368	1,428	720	287	145	-	4,948
Subordinated debt	1,152	3,613	-	10,870	38,093	-	53,728
TOTAL LIABILITIES	289,649	127,969	248,046	124,660	42,125	2,166	834,615
Liquidity gap	(22,622)	(24,031)	(28,931)	111,781	38,951	-	
Stable sources of funding (1)	103,847	16,404	59,412	(179,663)	-	-	
Adjusted liquidity gap (1)	81,225	(7,627)	30,481	(67,882)	38,951	-	

The following table presents an analysis of liquidity risk based on carrying value of assets and liabilities as at 31 December 2012:

	Up to 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Maturity undefined	31 December 2012 Total
ASSETS							
Cash and balances with the Central Bank of the Russian Federation	51,148	-	-	-	-	-	51,148
Minimum reserve deposits with the Central Bank of the Russian Federation	-	-	-	-	-	6,932	6,932
Precious metals	6,402	-	-	-	-	-	6,402
Financial assets at fair value through profit or loss	100,756	155	3,174	169	-	-	104,254
Loans and advances to banks and other financial institutions	99,104	3,027	233	9,222	-	-	111,586
Loans to customers	40,809	67,400	198,821	218,741	64,793	-	590,564
Investments available-for-sale	250	-	-	4,232	437	-	4,919
Investments held to maturity	-	-	201	-	-	-	201
Property, plant and equipment	-	-	-	-	-	11,117	11,117
Goodwill	-	-	-	-	-	809	809
Intangible assets	-	-	-	-	-	2,481	2,481
Investment property	10	-	-	4,751	-	-	4,761
Other assets	1,315	461	2,890	17	16	30	4,729
TOTAL ASSETS	299,794	71,043	205,319	237,132	65,246	21,369	899,903
LIABILITIES							
Financial liabilities at fair value through profit or loss	1,961	91	876	263	-	-	3,191
Due to banks and the Central Bank of the Russian Federation	122,139	30,540	43,110	17,709	12	-	213,510
Customer accounts	198,134	67,012	173,747	32,779	55	-	471,727
Bonds and Eurobonds	173	443	16,346	21,906	3,750	-	42,618
Promissory notes issued	5,851	8,244	5,426	1,624	-	-	21,145
Deferred income tax liabilities	-	-	-	-	-	1,690	1,690
Other liabilities	1,867	1,406	1,327	188	-	-	4,788
Subordinated debt	2	1	552	10,624	39,694	-	50,873
TOTAL LIABILITIES	330,127	107,737	241,384	85,093	43,511	1,690	809,542
Liquidity gap	(30,333)	(36,694)	(36,065)	152,039	21,735	-	-
Stable sources of funding (1)	99,938	18,153	56,301	(174,392)	-	-	-
Adjusted liquidity gap (1)	69,605	(18,541)	20,236	(22,353)	21,735	-	-

- (1) For liability risk management purposes, the Group monitors the mismatch between asset and liability contractual maturities. In addition, the Group identifies certain financial instruments which represent a relatively stable source of funds, despite its contractually short maturities. These instruments are correspondent accounts of banks included within Due to banks and the Central Bank of the Russian Federation and customer accounts.

These financial instruments are split into homogeneous groups with similar statistical characteristics so that management can estimate the portion of these balances which are not subject to significant risk of reduction in outstanding balances. Large customers with the highest volatility are separated from the groups and pooled together so that management can use a stochastic model that better describes these large customers behaviour on a pool basis. The stable portion is estimated with a preset level of reliability and revised regularly, at least once a quarter.

Although management believes that these components of the correspondent and customer accounts are a stable source of funding, the Group considers that customer accounts related to small, homogeneous deposits will mature in three years while all other stable sources of funding will mature in one year from the balance sheet dates.

24. TRANSACTIONS WITH RELATED PARTIES

Details of transactions between the Group and other related parties are disclosed below:

	31 March 2013		31 December 2012		Total category as per financial statements caption
	Related party transactions	Average effective interest %	Related party transactions	Average effective interest %	
Financial assets at fair value through profit or loss:	44		24		104,254
Debt securities					
- companies controlled by shareholders	39	1.62%	-	-	
Equity securities and derivative financial instruments					
- companies controlled by shareholders	5		24		
Loans and advances to banks and other financial institutions:	357		-		111,586
Loans to banks and other financial institutions					
- companies controlled by shareholders	350	6.45%	-		
Correspondent accounts with banks					
- companies controlled by shareholders	7		-		
Loans to customers, gross:	42,885		32,425		612,466
- key management personnel	44	10.26%	189	7.68%	
- companies controlled by shareholders	42,841	10.73%	32,236	9.29%	
Allowance for impairment of loans to customers	(92)		(43)		(21,902)
- companies controlled by shareholders	(92)		(43)		
Investments available-for-sale	-		3,766		4,919
Debt securities					
- companies controlled by shareholders	-		3,766	9.00%	
Equity securities					
- entities under common control	-		-		
Other assets, gross	1		17		5,199
- key management personnel	1		-		
- companies controlled by shareholders	-		17		
Allowance for impairment losses of other assets	(1)		-		(470)
- key management personnel	(1)		-		
Financial liabilities at fair value through profit or loss	4		17		3,191
- companies controlled by shareholders	4		17		
Due to banks and the Central Bank of the Russian Federation:	22		36		213,510
Time deposits from banks					
- companies controlled by shareholders	-		-		
Correspondent accounts of other banks					
- companies controlled by shareholders	22		36		
Customer accounts:	4,955		4,280		471,727
Time deposits					
- shareholders of the Group	1,020	4.29%	1,029	4.16%	
- key management personnel	938	5.53%	1,363	5.68%	
- companies controlled by shareholders	2,537	7.30%	1,492	7.87%	
Repayable on demand					
- shareholders of the Group	1		1		
- entities under common control	-		2		
- key management personnel	56		40		
- companies controlled by shareholders	403		353		
Other liabilities	135		101		4,788
- key management personnel	116		100		
- companies controlled by shareholders	19		1		

	31 March 2013			31 December 2012		
	Related party trans- actions	Average effective interest %	Total category as per financial statements caption	Related party trans- actions	Average effective interest %	Total category as per financial statements caption
Subordinated debt	6,000		53,728	-		50,873
- <i>shareholders of the Group</i>	6,000	12.00%		-		
Commitments on loans and unused credit lines	19,844		140,320	5,700		116,582
- <i>shareholders of the Group</i>	7			7		
- <i>key management personnel</i>	3			28		
- <i>companies controlled by shareholders</i>	19,834			5,665		
Letters of credit and other contingent commitments	-		25,803	13		6,848
- <i>companies controlled by shareholders</i>	-			13		
Guarantees issued and similar commitments	1,384		151,347	1,381		154,645
- <i>companies controlled by shareholders</i>	1,384			1,381		

	Three months ended 31 March 2013		Three months ended 31 March 2012	
	Key management personnel	Total for the Group	Key management personnel	Total for the Group
Key management personnel compensation:				
- <i>salary</i>	75		83	
- <i>bonuses</i>	36		94	
- <i>representation and travel expenses</i>	11		4	
- <i>contribution to non-government pension fund</i>	2		1	
	<u>124</u>		<u>182</u>	
		<u>3,089</u>		<u>2,382</u>

	Three months ended 31 March 2013		Three months ended 31 March 2012	
	Related party transactions	Total for the Group	Related party transactions	Total for the Group
Interest income		21,050		14,799
- companies controlled by shareholders	1,153		626	
- key management personnel	16		4	
Interest expense		(12,251)		(7,493)
- shareholders of the Group	(12)		(183)	
- companies controlled by shareholders	(211)		(263)	
- key management personnel	(16)		(13)	
Gain on remeasurement of cash flows on interest bearing assets acquired in business combination		193		426
- entities under common control	-		-	
- companies controlled by shareholders	-		2	
Provision for impairment losses on interest bearing assets		(1,111)		(1,357)
- companies controlled by shareholders	(37)		277	
Trading income		671		1,397
- shareholders of the Group	1		4	
- companies controlled by shareholders	(3)		(553)	
- key management personnel	(1)		(13)	
Fees and commission income		2,652		2,279
- companies controlled by shareholders	22		135	
Net gain\loss) in investments available-for-sale		19		(2)
- companies controlled by shareholders	19		-	
Other income		436		249
- companies controlled by shareholders	-		6	
Operating expenses		(5,469)		(4,600)
- key management personnel	(130)		(183)	
- companies controlled by shareholders	(2)		(14)	

25. SUBSEQUENT EVENTS

In August 2012 FC "Otkritie" has acquired 19.9% of ordinary shares in Nomos Bank and declared the plans to consolidate up to 100% of the shares in it.

Agreements have already been reached with the owners of 58.65% of Nomos Bank ordinary shares. The aim of the deal is to create a new type universal financial group that offers private, corporate and institutional clients the full spectrum of banking, investment, insurance and pension services.

In February 2013 as a result of execution of the offer to GDR owners, NomGDR Limited bought out 29.7 mln. GDRs, which equal about 16% of the Bank's voting shares.

FC "Otkritie" has the option to purchase control share of NomGDR Limited.

Taking into account the GDRs acquired by NomGDR Limited as a result of the offer execution, FC "Otkritie" will be able to consolidate up to 94.62% of ordinary shares in case of the approval by the Central Bank of Russia.

In April 2013 FC "Otkritie" has announced changes to its banking business integration structure. Agreed to the new structure OJSC "NOMOS-BANK" will hold controlling interest in Otkritie Bank and Khanty-Mansiysk Bank, while FC "Otkritie" will hold a controlling stake in OJSC "NOMOS-BANK" by the end of the third quarter of 2013.

In April 2013 OJSC "NOMOS-BANK" has completed placement of an issue of Eurobonds. The issue was placed in the form of loan participation notes (LPN) in the amount of USD 500 million with contractual maturity of five year period and 7.25% coupon rate to be paid per annum.