OJSC “Bank “Saint Petersburg” Group
Condensed Consolidated Interim Financial Information and Auditors’ Report on Review

30 June 2013

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Auditors' Report on Review of Condensed Consolidated Interim Financial Information

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Auditors' Report on Review of Condensed Consolidated Interim Financial Information

To the Shareholders and Supervisory Board of OJSC "Bank "Saint Petersburg" Group

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of OJSC "Bank "Saint Petersburg" and its subsidiaries (the "Group") as at 30 June 2013, and the related condensed consolidated interim statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and notes to the condensed consolidated interim financial information (the "condensed consolidated interim financial information"). Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this condensed consolidated interim financial information 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 consolidated interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial information of the Group as at 30 June 2013 and for the six-month period then ended is not prepared, in all material respects, in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

Shevarenkov E.V.
Deputy Director
power of attorney No. 43/12 dated 12 October 2012
licence No. 01-000769
ZAO KPMG
Moscow, Russian Federation
30 August 2013

Закрытое акционерное общество КПМГ KPMG г.р. №011585 * Москва *

Audited entity: OJSC "Bank Saint Petersburg".

Registered by the Central Bank of Russian Federation on 03 October 1990, Registration No. 436.

Entered in the Unified State Register of Legal Entities on 06 Augist 2002 by Saint Petersburg Authority of the Ministry of Taxes and levies of the Russian Federation, Registration No. 1027800000140, Certificate series 78 No. 003196015.

Address of audited entity: 64A, Maloohtinskij prospect, Saint Petersburg, 195112.

Auditor: ZAO KPMG, a company incorporated under the Laws of the Russian Federation, a part of the KPMG Europe LLP group, and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.
Registered by the Moscow Registration Chamber on 25 May 1992, Registration No. 011.585.
Entered in the Unified State Register of Legal Entities on 13 August 2002 by Moscow Inter-Regional Tax Inspectorate No.39 of the Ministry of Taxes and Duties of the Russian Federation, Registration No. 1027700125628, Certificate series 77 No. 005721432.
Member of the Non-commercial Partnership "Chamber of Auditors of Russia". The Principal Registration Number of the Entry in the State Register of Auditors and Audit Organisations: No.10301000804.

(In thousands of Russian Roubles)	Note	30 June 2013 (unaudited)	31 December 2012
ASSETS			
Cash and cash equivalents		37 894 772	43 938 151
Mandatory cash balances with the Central Bank of the Russian Federation		3 645 370	3 125 502
Trading securities	6	16 312 355	11 463 053
Trading securities pledged under sale and repurchase agreements	7	37 662 138	35 291 039
Financial instruments at fair value through profit or loss		-	608 568
Amounts receivable under reverse repurchase agreements	8	10 518 469	9 082 398
Due from banks		2 007 903	2 899 159
Loans and advances to customers	9	243 726 725	222 378 920
Investment securities available-for-sale		3 436 618	3 521 259
Investments securities held-to-maturity		26 134	31 361
Investment property		2 860 953	2 855 756
Premises, equipment and intangible assets		13 819 672	13 971 681
Other assets		2 335 859	2 199 386
TOTAL ASSETS		**374 246 968**	**351 366 233**
LIABILITIES			
Due to banks		54 860 422	52 254 302
Customer accounts	10	242 238 309	222 796 734
Bonds issued	11	17 319 041	16 883 584
Other debt securities issued		6 366 915	5 244 334
Other borrowed funds	12	9 557 919	11 410 628
Income tax liability		218 001	37 664
Deferred tax liability		864 727	604 705
Other liabilities		1 435 083	1 815 783
TOTAL LIABILITIES		**332 860 417**	**311 047 734**
EQUITY			
Share capital	13	3 648 110	3 648 110
Share premium	13	18 448 915	18 448 915
Revaluation reserve for premises		3 339 031	3 339 031
Revaluation reserve for investment securities available-for-sale		1 820 973	1 888 686
Retained earnings		14 129 522	12 993 757
TOTAL EQUITY		**41 386 551**	**40 318 499**
TOTAL LIABILITIES AND EQUITY		**374 246 968**	**351 366 233**

Approved for issue and signed on behalf of the Supervisory Board on 30 August 2013.

A.V. Savelyev Chairman of the Management Board	N.G. Tomilina Chief Accountant

The notes set out on pages 5 to 45 form an integral part of this condensed consolidated interim financial information.

OJSC "Bank "Saint Petersburg" Group
Condensed Consolidated Interim Statement of Comprehensive Income for the six-month period ended 30 June 2013

(In thousands of Russian Roubles)	Note	Six-month period ended 30 June 2013 (unaudited)	Six-month period ended 30 June 2012 (unaudited)
Interest income	15	14 542 768	13 419 940
Interest expense	15	(8 393 694)	(7 458 440)
Net interest income		**6 149 074**	**5 961 500**
Provision for loan impairment		(2 235 464)	(3 307 257)
Net interest income after provision for loan impairment		**3 913 610**	**2 654 243**
Net losses from trading securities		(206 439)	(200 532)
Net losses from trading in foreign currencies		(42 216)	(1 152 130)
Net gains from foreign exchange translations		927 277	1 468 622
Fee and commission income		1 433 223	1 225 680
Fee and commission expense		(207 353)	(189 926)
Recovery of impairment (impairment) for credit related commitments		36 681	(15 385)
Impairment of investment securities		(5 227)	-
Other net operating income (loss)		163 237	(35 023)
Administrative and other operating expenses			
- staff costs		(1 577 324)	(1 467 567)
- costs related to premises and equipment		(542 110)	(653 441)
- other administrative and operating expenses		(1 331 973)	(1 288 127)
Profit before tax		**2 561 386**	**346 414**
Income tax expense		(558 239)	(109 061)
Profit for the period		**2 003 147**	**237 353**
Other comprehensive (loss) income			
(Loss) gain from revaluation of securities available-for-sale	14	(84 641)	86 833
Deferred income tax related to other comprehensive income	14	16 928	(17 367)
Other comprehensive (loss) income for the period after tax		**(67 713)**	**69 466**
Total comprehensive income for the period		**1 935 434**	**306 819**
Basic earnings per ordinary share (in Russian Roubles per share)	16	**3.68**	**(1.82)**
Diluted earnings per ordinary share (in Russian Roubles per share)	16	**3.68**	**(1.82)**

A.V. Savelyev
Chairman of the Management Board

N.G. Tomilina
Chief Accountant

(In thousands of Russian Roubles)	Note	Share capital	Share premium	Revaluation reserve for premises	Revaluation reserve for investment securities available-for-sale	Retained earnings	Total equity
Balance as at 1 January 2012		**3 648 110**	**18 448 915**	**3 346 303**	**2 282 460**	**12 297 015**	**40 022 803**
Other comprehensive income, recognized directly in equity	14	-	-	-	69 466	-	69 466
Profit for the period		-	-	-	-	237 353	237 353
Disposals of premises		-	-	(50 730)	-	50 730	-
Total comprehensive income for 6 months ended 30 June 2012 (unaudited)		**-**	**-**	**(50 730)**	**69 466**	**288 083**	**306 819**
Dividends declared							
- ordinary shares	17	-	-	-	-	(33 079)	(33 079)
- preference shares	17	-	-	-	-	(784 743)	(784 743)
Balance as at 30 June 2012 (unaudited)		**3 648 110**	**18 448 915**	**3 295 573**	**2 351 926**	**11 767 276**	**39 511 800**
Balance as at 1 January 2013		**3 648 110**	**18 448 915**	**3 339 031**	**1 888 686**	**12 993 757**	**40 318 499**
Other comprehensive income, recognized directly in equity	14	-	-	-	(67 713)	-	(67 713)
Profit for the period		-	-	-	-	2 003 147	2 003 147
Total comprehensive income for the 6 months ended 30 June 2013 (unaudited)		**-**	**-**	**-**	**(67 713)**	**2 003 147**	**1 935 434**
Dividends declared							
- ordinary shares	17	-	-	-	-	(33 079)	(33 079)
- preference shares	17	-	-	-	-	(834 303)	(834 303)
Balance as at 30 June 2013 (unaudited)		**3 648 110**	**18 448 915**	**3 339 031**	**1 820 973**	**14 129 522**	**41 386 551**

A.V. Savelyev
Chairman of the Management Board

N.G. Tomilina
Chief Accountant

(In thousands of Russian Roubles)	Six-month period ended 30 June 2013 (unaudited)	Six-month period ended 30 June 2012 (unaudited)
Net cash used in operating activities	**(2 779 613)**	**(3 736 736)**
Net cash used in investing activities	**(108 159)**	**(117 476)**
Net cash used in financing activities	**(4 504 989)**	**(1 933 556)**
Effects of exchange rate changes on cash and cash equivalents	**1 349 382**	**(323 915)**
Net decrease in cash and cash equivalents	**(6 043 379)**	**(6 111 683)**
Cash and cash equivalents at the beginning of the period	43 938 151	32 775 307
Cash and cash equivalents at the end of the period	**37 894 772**	**26 663 624**

A.V. Savelyev
Chairman of the Management Board

N.G. Tomilina
Chief Accountant

1 Background

These condensed consolidated interim financial information is prepared in accordance with International Financial Reporting Standard (IAS) 34 “Interim Financial Reporting” for the six-month period ended 30 June 2013 for OJSC “Bank “Saint Petersburg” (the “Bank”) and its subsidiary Limited Liability Company “BSPB-Trading Systems” and controlled special purpose entity BSPB Finance plc. (together referred to as the “Group” or OJSC “Bank “Saint Petersburg” Group”).

The Bank was formed in 1990 as an open joint stock company under the Laws of the Russian Federation as a result of the privatization process of the former Leningrad regional office of Zhilsotsbank.

As at 30 June 2013 23.1% of the ordinary shares of the Bank are controlled by Mr. Savelyev A.V. (31 December 2012: 28.1%). The rest of the management of the Bank controls a further 6.4% of ordinary shares of the Bank (31 December 2012: 6.7%). As at 30 June 2013 14.9% of the ordinary shares of the Bank are controlled by the company “MALVENST INVESTMENTS LIMITED” (31 December 2012: 18.2% of the ordinary shares of the Bank are controlled by the company “MALVENST INVESTMENTS LIMITED”). Mr. Savelyev A.V. has an option maturing at the end of 2015 to purchase a 100.0% share in the company “WELLFAME PACIFIC LIMITED”, which owns 100% of shares in the share capital of “MALVENST INVESTMENTS LIMITED” (31 December 2012: Mr. Savelyev A.V. owned an option maturing at the end of 2015 to purchase a 100.0% share in the company “WELLFAME PACIFIC LIMITED”, which owns 100% of the share capital of “MALVENST INVESTMENTS LIMITED”). There is no contractual agreement between any members of the Bank’s management team and Mr. Savelyev on joint control of the Bank.

The remaining ordinary shares of the Bank are owned as follows: 8.3% of the shares are owned by the East Capital Group (31 December 2012: 9.4%), 5.1% of the shares are owned by the European Bank of Reconstruction and Development (“EBRD”) (31 December 2012: 6.2%). The remaining 42.2% (31 December 2012: 31.4%) of ordinary shares are widely held.

Principal activity. The Bank’s principal business activity is commercial banking operations within the Russian Federation. The Bank has operated under a general banking license issued by the Central Bank of the Russian Federation (the “CBRF”) since 1997. The Bank takes part in the state deposit insurance system introduced by Federal Law No.177-FZ “On Retail Deposit Insurance in the Russian Federation” dated 23 December 2003. State deposits insurance system indemnifies the amount of 100% of total deposits, but limited to RR 700 thousand, in case of banking license revoking or moratorium on payments by the CBR.

As at 30 June 2013 the Bank has five branches within the Russian Federation: three branches are located in the North-West region of Russia, one branch is in Moscow and one branch is in Nizhniy Novgorod and thirty six outlets (31 December 2012: five branches within the Russian Federation: three branches are located in North-West region of Russia, one branch is in Moscow and one branch is in Nizhniy Novgorod and thirty six outlets).

The principal activity of the Limited Liability Company “BSPB-Trading Systems” is trading activity in the financial markets. BSPB Finance plc., a special purpose entity, is used by the Bank for its Eurobond issue (see note 12). Close-ended real estate mutual investment fund “Nevskiy - Fourth Real Estate Fund” is used by the Bank for activities with non-core assets.

Registered address and place of business. The Bank’s registered address and place of business is: 64A, Malookhtinsky pr., Saint Petersburg, Russian Federation.

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

2 Operating Environment of the Group

Russian Federation. The economy of the Russian Federation displays certain characteristics of developing markets including relatively high inflation and high interest rates.

Russian economy experienced moderate growth in the first half of 2013. The GDP real growth rate in January-June 2013 comprised 1.7%, according to the estimates of the Russian Federal State Statistics Service. In the first half of 2013 the industrial production index increased by 0.1% compared to January-June 2012. Economic growth was accompanied with a gradual increase of the population’s income: real disposable income in the first half of 2013 compared to the corresponding period of the previous year increased by 4.4%.

At the same time such negative factors as high levels of capital outflow from Russia and fluctuations of exchange rates of the major foreign currencies were observed.

Legislation framework including tax legislation of the Russian Federation is continuously improving, but subject to varying interpretations and changes, which can occur frequently, which together with other legal and fiscal impediments still contribute to the difficulties experienced by companies operating in the Russian Federation. In addition, the contraction in the capital and credit markets and its impact on the Russian economy have further increased the level of economic uncertainty in the environment. The condensed consolidated interim financial statements reflect management’s assessment of the impact of the Russian business environment on the operations and the financial position of the Group. The future business environment may differ from management’s assessment.

The future economic development of the Russian Federation is largely dependent upon the effectiveness of the economic, financial and monetary measures undertaken by the Government, together with the tax, legal, regulatory and political developments.

Management cannot foresee all factors that can affect the development of the banking sector and the economy as a whole as well as the impact (if any) they can have on the financial position of the Group in the future. Management believes that it takes all the necessary steps to sustain the stability and development of the Group’s business.

3 Basis of Preparation and Significant Accounting Policies

Basis of preparation. As permitted by IAS 34 “Interim Financial Reporting”, an entity may decide to provide less information at interim dates as compared to its annual financial statements. This condensed consolidated interim financial information is prepared in accordance with IAS 34. The accounting policies and methods of computations applied in the preparation of this condensed consolidated interim financial information are consistent with those disclosed in the annual consolidated financial statements for the year ended 31 December 2012. These policies are consistently applied to all the periods presented. The condensed consolidated interim financial information does not contain all the explanatory notes as required for a full set of financial statements.

The preparation of this condensed consolidated interim financial information in conformity with IAS 34 requires management to make estimates and exercise professional judgement. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to this condensed consolidated interim financial information are disclosed in note 4.

The Group’s operations are not of a seasonal or cyclical nature.

As at 30 June 2013 the official exchange rate used for translating foreign currency balances is USD 1 = RR 32.7090 and Euro 1 = RR 42.7180 (31 December 2012: 30.3727 RR/USD and 40.2286 RR/EUR).

4 Critical Accounting Estimates and Judgements in Applying Accounting Policies

The Group makes estimates and assumptions that affect the amounts of assets and liabilities recognised in the condensed consolidated interim financial information. Estimates and judgements are continually evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes professional judgements and estimates in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognised in the condensed consolidated interim financial information and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities include:

Impairment losses on loans and advances. The Group regularly reviews its loan portfolio to assess impairment. In determining whether an impairment loss should be recorded in profit or loss for the period, the Group makes professional judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the group.

Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience. To the extent that the assessed delay in repayment of principal on 5% of the total loans and advances to customers differs by +/- one month, the allowance would be approximately RR 106 547 thousand higher or lower (31 December 2012: RR 96 815 thousand higher or lower).

Revaluation of premises. The fair values of premises are determined by using valuation methods and are based on their market value. Market values of premises are obtained from the report of an independent appraiser, who holds a recognised and relevant professional qualification and who has recent experience in valuation of premises of similar location and category. The market value was assessed using the sales comparison approach i.e., comparison with other premises that were sold or are offered for sale. To the extent that the assessed change in the fair value premises differs by 10%, the effect of the revaluation adjustment would be RR 1 241 160 thousand (before deferred tax) as at 30 June 2013 (31 December 2012: RUR 1 255 024 thousand).

5 Adoption of New or Revised Standards and Interpretations

New standards and interpretations have been published, a part of which is obligatory for annual reporting periods beginning on or after 1 January 2013:

IFRS 10 “Consolidated Financial Statements” is effective for annual periods beginning on or after 1 January 2013. The new standard supersedes IAS 27 “Consolidated and Separate Financial Statements” and SIC-12 “Consolidation – Special Purpose Entities”. IFRS 10 introduces a single control model which includes entities that are currently within the scope of SIC-12. Under the new three-step control model, an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with that investee, has the ability to affect those returns through its power over that investee and there is a link between power and returns. Consolidation procedures are carried forward from IAS 27 (2008). The adoption of IFRS 10 did not change the entities consolidated in the Group.

5 Adoption of New or Revised Standards and Interpretations (continued)

IFRS 11 “Joint Arrangements” is effective for annual periods beginning on or after 1 January 2013 with retrospective application required. The new standard supersedes IAS 31 “Interests in Joint Ventures”. The main change introduced by IFRS 11 is that all joint arrangements are classified either as joint operations, which are consolidated on a proportionate basis, or as joint ventures, for which the equity method is applied. The type of arrangement is determined based on the rights and obligations of the parties to the arrangement arising from joint arrangement’s structure, legal form, contractual arrangement and other facts and circumstances. The adoption of IFRS 11 had no effect on the condensed consolidated interim financial information since the Group is not involved in any joint venture.

IFRS 12 “Disclosure of Interests in Other Entities” is effective for annual periods beginning on or after 1 January 2013. The new standard contains disclosure requirements for entities that have interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. Interests are widely defined as contractual and non-contractual involvement that exposes an entity to variability of returns from the performance of the other entity. The expanded and new disclosure requirements aim to provide information to enable the users to evaluate the nature of risks associated with an entity’s interests in other entities and the effects of those interests on the entity’s financial position, financial performance and cash flows. These disclosures are not required for interim financial statements.

IFRS 13 “Fair Value Measurement” is effective for annual periods beginning on or after 1 January 2013. The new standard replaces the fair value measurement guidance contained in individual IFRSs with a single source of fair value measurement guidance. It provides a revised definition of fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. IFRS 13 does not introduce new requirements to measure assets or liabilities at fair value, nor does it eliminate the practicability exceptions to fair value measurement that currently exist in certain standards. Some disclosure requirements are obligatory for financial instruments under the IAS 34 paragraph 16 A(j). The relevant disclosures are presented in note 21.

IAS 27 *Separate Financial Statements.* This standard was amended and currently it is aimed at setting accounting and disclosure requirements for investments in subsidiaries, joint ventures or associates in the preparation of separate financial statements. Requirements for consolidated financial statement were replaced with IFRS 10 “Consolidated financial statements”.

Amendment to ***IAS 1 “Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income”.*** The amendment requires that an entity present separately items of other comprehensive income that may be reclassified to profit or loss in the future from those that will never be reclassified to profit or loss. Additionally, the amendment changes the title of the statement of comprehensive income to statement of profit or loss and other comprehensive income. However, the use of other titles is permitted.

Amendments to **IFRS 7 *Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities*** contain new disclosure requirements for financial assets and liabilities that are offset in the statement of financial position or subject to master netting arrangements or similar agreements. The amendments are effective for annual periods beginning on or after 1 January 2013, and do not have an effect on the condensed consolidated interim financial information.

5 Adoption of New or Revised Standards and Interpretations (continued)

The following new standards, amendments to standards and interpretations are not yet effective as at 30 June 2013, and are not applied in preparing these condensed consolidated interim financial statements. The Group plans to adopt these pronouncements when they become effective:

IFRS 9 “Financial Instruments” will be effective for annual periods beginning on or after 1 January 2015. The new standard is to be issued in phases and is intended ultimately to replace International Financial Reporting Standard IAS 39 “Financial Instruments: Recognition and Measurement”. The first phase of IFRS 9 was issued in November 2009 and relates to the classification and measurement of financial assets. The second phase regarding classification and measurement of financial liabilities was published in October 2010. The remaining parts of the standard are expected to be issued during 2013. The Group recognises that the new standard introduces many changes to the accounting for financial instruments and is likely to have a significant impact on the consolidated financial statements. The impact of these changes will be analysed during the course of the project as further phases of the standard are issued. The Group does not intend to adopt this standard early.

Amendments to **IAS 32** ***Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities*** do not introduce new rules for offsetting financial assets and liabilities; rather they clarify the offsetting criteria to address inconsistencies in their application. The Amendments specify that an entity currently has a legally enforceable right to set-off if that right is not contingent on a future event; and enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties. The amendments are effective for annual periods beginning on or after 1 January 2014, and are to be applied retrospectively.

Except for cases described above, the new standards and interpretations are not expected to significantly affect the consolidated financial statements of the Group.

Various ***Improvements to IFRSs*** have been dealt with on a standard-by-standard basis and are effective not earlier than 1 January 2014. The Group has not yet analysed the likely impact of the improvements on its financial position or performance unless otherwise stated above.

6 Trading securities

(In thousands of Russian Roubles)	**30 June 2013 (unaudited)**	**31 December 2012**
Corporate bonds	8 932 888	6 289 390
Corporate Eurobonds	2 899 238	4 858 333
Federal loan bonds (OFZ)	2 295 055	231 706
Municipal bonds	1 653 713	52 119
Eurobonds of the Russian Federation	508 177	-
Total debt securities	**16 289 071**	**11 431 548**
Corporate shares	23 284	31 505
Total trading securities	**16 312 355**	**11 463 053**

Corporate bonds are interest bearing Russian Rouble denominated securities issued by Russian companies and are traded in the Russian market. These bonds have maturity dates from 19 July 2013 to 23 September 2032 (31 December 2012: from 15 February 2013 to 17 January 2032); coupon rates of 6.5% - 15.0% p.a. (31 December 2012: 6.5% - 15.0% p.a.); and yields to maturity of 2.4% - 15.3% p.a. as at 30 June 2013 (31 December 2012: 2.3% - 14.2% p.a.), depending on the type of bond issue.

6 Trading securities (continued)

Corporate Eurobonds are interest bearing securities denominated in foreign currencies and Russian Rouble issued by Russian companies and are traded in the international and Russian over-the-counter markets. These Corporate Eurobonds have maturity dates from 18 September 2015 to 24 April 2023 (31 December 2012: from 18 March 2014 to 13 December 2022); coupon rates of 3.0% - 14.0% p.a. (31 December 2012: 4.4% - 8.8% p.a.); and yields to maturity of 3.7% - 11.2% p.a. as at 30 June 2013 (31 December 2012: 3.1% - 7.2% p.a.).

Federal loan bonds (OFZ) are Russian Rouble denominated government securities issued by the Ministry of Finance of the Russian Federation. These bonds have maturity dates from 3 August 2016 to 3 February 2027 (31 December 2012: from 3 June 2015 to 3 August 2016); coupon rates of 6.5% - 8.2% p.a. (31 December 2012: 6.5% - 7.0% p.a.); and yields to maturity of 6.3% - 7.8% p.a. as at 30 June 2013 (31 December 2012: 6.3% - 6.6% p.a.), depending on the type of bond issue.

Municipal bonds are Russian Rouble denominated securities issued by the municipal administrations of Moscow, Saint Petersburg, Moscow region, Belgorod region, Volgograd region, Nizhniy Novgorod region, Samara region, Tula region, Krasnoyarsk region, Sakha region and Udmurtiya region (31 December 2012: municipal administrations of Moscow, Saint Petersburg, Moscow region and Samara region). These bonds are sold at a discount to nominal value, have maturity dates from 1 September 2013 to 14 June 2018 (31 December 2012: from 11 June 2013 to 19 November 2015); coupon rates of 7.0% - 15.0% p.a. (31 December 2012: 7.0% - 15.0% p.a.); and yields to maturity of 5.9% - 8.3% p.a. as at 30 June 2013 (31 December 2012: 6.0% - 8.4% p.a.), depending on the type of bond issue.

Eurobonds of the Russian Federation are interest bearing securities denominated in Russian Rouble issued by the Ministry of Finance of the Russian Federation and are traded in the international and Russian markets. These Eurobonds have a maturity date on 10 March 2018; a coupon rate of 7.8% p.a.; and yield to maturity of 6.7% p.a. as at 30 June 2013 (31 December 2012: no such securities).

Corporate shares are shares of Russian companies and global depositary receipts on shares of Russian companies.

Trading securities are carried at fair value, which also reflects the credit risk of these securities.

Analysis of debt trading securities outstanding at 30 June 2013 by their credit quality is as follows:

(In thousands of Russian Roubles)	**Corporate bonds**	**Corporate Eurobonds**	**Federal loan bonds**	**Municipal bonds**	**Eurobonds of the Russian Federation**	**Total**
Not overdue or impaired						
Group A	3 556 003	1 010 483	2 295 055	1 306 206	508 177	8 675 924
Group B	2 859 731	1 297 655	-	197 838	-	4 355 224
Group C	1 041 558	591 100	-	-	-	1 632 658
Group D	1 475 596	-	-	149 669	-	1 625 265
Total debt trading securities (unaudited)	**8 932 888**	**2 899 238**	**2 295 055**	**1 653 713**	**508 177**	**16 289 071**

Debt trading securities are divided by the issuer's credit rating defined by rating agencies Moody's, S&P and Fitch:

6 Trading securities (continued)

Group A - debt financial securities of the issuers rated at least "BBB-", according to S&P rating agency or equivalent rating of other agencies.

Group B - debt financial securities of the issuers rated between "BB-" and "BB+", according to S&P rating agency or equivalent rating of other agencies.

Group C - debt financial securities of the issuers rated between "B-" and "B+", according to S&P rating agency or equivalent rating of other agencies.

Group D - debt securities of the issuers rated below "B-", according to S&P rating agency or equivalent rating of other agencies.

Analysis of debt trading securities outstanding at 31 December 2012 by their credit quality is as follows:

(In thousands of Russian Roubles)	**Corporate bonds**	**Corporate Eurobonds**	**Federal loan bonds**	**Municipal bonds**	**Total**
Not overdue or impaired					
Group A	3 209 682	1 599 659	231 706	52 113	5 093 160
Group B	1 167 171	2 817 163	-	6	3 984 340
Group C	834 059	441 511	-	-	1 275 570
Group D	1 078 478	-	-	-	1 078 478
Total debt trading securities	**6 289 390**	**4 858 333**	**231 706**	**52 119**	**11 431 548**

The Bank is licensed by the Federal Agency for Financial Markets of the Russian Federation for trading in securities.

Currency and maturity analyses of trading securities are disclosed in note 19.

7 Trading securities pledged under sale and repurchase agreement

(In thousands of Russian Roubles)	**30 June 2013 (unaudited)**	**31 December 2012**
Corporate bonds	32 927 017	28 688 598
Municipal bonds	3 655 838	3 873 626
Federal loan bonds (OFZ)	565 938	847 493
Corporate Eurobonds	281 618	1 881 322
Eurobonds of the Russian Federation	231 498	-
Total debt securities pledged under sale and repurchase agreements	**37 661 909**	**35 291 039**
Corporate shares	229	-
Total trading securities pledged under sale and repurchase agreements	**37 662 138**	**35 291 039**

7 Trading securities pledged under sale and repurchase agreement (continued)

Corporate bonds are interest bearing securities denominated in Russian Rouble and foreign currencies issued by Russian companies and are traded in the Russian market. These bonds have maturity dates from 30 July 2013 to 17 February 2032 (31 December 2012: from 15 February 2013 to 17 February 2032); coupon rates of 2.0% - 15.0% p.a. (31 December 2012: 6.8% - 15.0% p.a.); and yields to maturity of 1.4% - 12.6% p.a. as at 30 June 2013 (31 December 2012: 2.3% - 10.2% p.a.). The term of the corresponding repurchase agreements is 7 calendar days (31 December 2012: between 12 and 14 calendar days), with effective rates of 5.5% - 5.6% p.a. (31 December 2012: 5.6% p.a.).

Municipal bonds are Russian Rouble denominated securities issued by the municipal administrations of Moscow, Saint Petersburg, Belgorod region and Nizhniy Novgorod region (31 December 2012: Moscow, Saint Petersburg). These bonds are sold at a discount to nominal value, have maturity dates from 1 September 2013 to 8 August 2017 (31 December 2012: from 1 September 2013 to 19 November 2015); coupon rates of 7.0% - 15.0% p.a. (31 December 2012: 7.0% - 15.0% p.a.); and yields to maturity of 5.9% - 8.3% p.a. as at 30 June 2013 (31 December 2012: 6.0% - 7.6% p.a.), depending on the type of bond issue. The term of the corresponding repurchase agreements is 7 calendar days (31 December 2012: 14 calendar days), with effective rates of 5.5% - 5.6% p.a. (31 December 2012: 5.6% p.a.).

Federal loan bonds (OFZ) are Russian Rouble denominated government securities issued by the Ministry of Finance of the Russian Federation. These bonds have maturity dates from 3 August 2016 to 3 February 2027 (31 December 2012: from 15 July 2015 to 3 August 2016); coupon rates of 6.5% - 8.2% p.a. (31 December 2012: 6.5% - 6.9% p.a.); and yields to maturity of 6.3% - 7.8% p.a. as at 30 June 2013 (31 December 2012: 6.4% - 6.6% p.a.), depending on the type of bond issue. The term of the corresponding repurchase agreements is 7 calendar days (31 December 2012: 14 calendar days), with an effective rate of 5.5% p.a. (31 December 2012: 5.6% p.a.).

Corporate Eurobonds are interest bearing Russian Rouble denominated securities issued by Russian companies traded in the international and Russian over-the-counter markets. These Corporate Eurobonds have a maturity date on 15 December 2015 (31 December 2012: 20 February 2015); a coupon rate of 8.6% p.a. (31 December 2012: 3.3% p.a.); and yield to maturity of 8.4% p.a. as at 30 June 2013 (31 December 2012: 1.4% p.a.), depending on the type of bond issue. The term of the corresponding repurchase agreements is 7 calendar days (31 December 2012: 14 calendar days), with an effective rate of 5.5% p.a. (31 December 2012: 5.6% p.a.).

Eurobonds of the Russian Federation are interest bearing USD denominated securities issued by the Ministry of Finance of the Russian Federation and are traded in the international market. These Eurobonds have a maturity date on 31 March 2030; a coupon rate of 7.5% p.a.; and yield to maturity of 4.2% p.a. as at 30 June 2013. The term of the corresponding repurchase agreements is 7 calendar days, with an effective rate of 5.5% p.a. (31 December 2012: no such securities).

Analysis of debt trading securities pledged under sale and repurchase agreements outstanding at 30 June 2013 by their credit quality is as follows:

(In thousands of Russian Roubles)	**Corporate bonds**	**Municipal bonds**	**Federal loan bonds**	**Corporate Eurobonds**	**Eurobonds of the Russian Federation**	**Total**
Group A	21 411 037	3 537 724	470 815	281 618	231 498	**26 027 815**
Group B	9 299 596	118 114	95 123	-	-	**9 417 710**
Group C	2 216 384	-	-	-	-	**2 216 384**
Total debt trading securities pledged under sale and repurchase agreements (unaudited)	**32 927 017**	**3 655 838**	**565 938**	**281 618**	**231 498**	**37 661 909**

7 Trading securities pledged under sale and repurchase agreements (continued)

Analysis of debt trading securities pledged under sale and repurchase agreements outstanding at 31 December 2012 by their credit quality is as follows:

(In thousands of Russian Roubles)	**Corporate bonds**	**Municipal bonds**	**Federal loan bonds (OFZ bonds)**	**Corporate Eurobonds**	**Total**
Group A	18 299 060	3 873 626	847 493	1 881 322	**24 901 501**
Group B	8 906 688	-	-	-	**8 906 688**
Group C	1 482 850	-	-	-	**1 482 850**
Total debt trading securities pledged under sale and repurchase agreements	**28 688 598**	**3 873 626**	**847 493**	**1 881 322**	**35 291 039**

For definition of Groups see note 6.

As at 30 June 2013 included in due to banks are sale and repurchase agreements with credit institutions in the amount of RR 32 788 146 thousand (31 December 2012: RR 30 800 712 thousand).

Currency and maturity analyses of trading securities pledged under sale and repurchase agreements are disclosed in note 19.

8 Amounts receivable under reverse repurchase agreements

(In thousands of Russian Roubles)	**30 June 2013 (unaudited)**	**31 December 2012**
Amounts receivable under reverse repurchase agreements with customers	6 636 462	5 464 666
Amounts receivable under reverse repurchase agreements with banks	3 882 007	3 617 732
Total amounts receivable under reverse repurchase agreements	**10 518 469**	**9 082 398**

As at 30 June 2013 amounts receivable under reverse repurchase agreements represent agreements with customers and banks that are secured by federal loan bonds (OFZ), eurobonds of the Russian Federation, municipal bonds, corporate bonds and corporate shares (31 December 2012: federal loan bonds (OFZ), corporate bonds and corporate shares).

As at 30 June 2013 the fair value of securities that serve as collateral under reverse repurchase agreements is RR 13 178 628 thousand (31 December 2012: RR 11 669 535 thousand), out of which corporate shares with a fair value of RR 4 376 171 thousand, eurobonds of the Russian Federation with a fair value of RR 1 102 762 thousand, corporate bonds with a fair value of RR 676 987 thousand, federal loan bonds (OFZ) with a fair value of RR 521 019 thousand and municipal bonds with a fair value of RR 492 085 thousand are pledged under sale and repurchase agreements (31 December 2012: corporate shares with a fair value of RR 3 341 325 thousand, corporate bonds with a fair value of RR 1 800 752 thousand and federal loan bonds (OFZ) with a fair value of RR 947 813 thousand are pledged under sale and repurchase agreements), and eurobonds of the Russian Federation with a fair value of RR 144 915 thousand were sold by the Group (refer to note 10). In all cases, collateral securing individual reverse repurchase agreements equals or exceeds the amount of the accounts receivable.

Currency and maturity analyses of amounts receivable under reverse repurchase agreements is disclosed in note 19.

9 Loans and advances to customers

(In thousands of Russian Roubles)	30 June 2013 (unaudited)	31 December 2012
Corporate loans		
- loans to finance working capital	159 666 279	148 714 049
- investment loans	61 913 518	58 806 465
- loans to entities financed by the government	16 748 037	16 238 473
Loans to individuals		
- mortgage loans	15 978 410	11 605 606
- car loans	3 556 548	2 620 226
- consumer loans to VIP clients	5 222 862	4 461 511
- other loans to individuals	6 091 363	4 057 101
Allowance for impairment	(25 450 292)	(24 124 511)
Total loans and advances to customers	**243 726 725**	**222 378 920**

As at 30 June 2013 the carrying value of securities reclassified to loans and advances to customers in 2008 amounts to RR 343 894 thousand before the allowance for impairment (31 December 2012: RR 421 146 thousand).

Reclassified securities with carrying value of RR 299 490 thousand are securities pledged under repurchase agreements in due to banks. As at 30 June 2013 the fair value of these securities amounts to RR 311 155 thousand (31 December 2012: securities with carrying value of RR 416 111 thousand are presented by securities pledged under repurchase agreements in due to banks, the fair value of these securities amounts to RR 433 514 thousand).

Movements in the allowance for loan impairment during the six-month period ended 30 June 2013 are as follows:

(In thousands of Russian Roubles)	Corporate loans	Loans to individuals	Total
Allowance for impairment at 31 December 2012	**23 523 039**	**601 472**	**24 124 511**
Provision for impairment during the period	2 167 965	70 499	**2 238 464**
Loans sold during the period	(118 321)	(2 941)	**(121 262)**
Amounts written-off as non-recoverable	(781 413)	(10 008)	**(791 421)**
Allowance for impairment at 30 June 2013 (unaudited)	**24 791 270**	**659 022**	**25 450 292**

Movements in the allowance for loan impairment during the six-month period ended 30 June 2012 are as follows:

(In thousands of Russian Roubles)	Corporate loans	Loans to individuals	Total
Allowance for impairment at 31 December 2011	**20 436 424**	**913 850**	**21 350 274**
Provision (recovery) for impairment during the period	3 388 904	(75 347)	**3 313 557**
Amounts written-off as non-recoverable	(2 292 090)	(50 186)	**(2 342 276)**
Allowance for impairment at 30 June 2012 (unaudited)	**21 533 238**	**788 317**	**22 321 555**

9 Loans and advances to customers (continued)

Economic sector risk concentrations within the customer loan portfolio as at 30 June 2013 and 31 December 2012 are as follows:

	30 June 2013 (unaudited)		31 December 2012	
(In thousands of Russian Roubles)	**Amount**	**%**	**Amount**	**%**
Construction	36 601 873	13.6	34 962 243	14.2
Individuals	30 849 183	11.5	22 744 444	9.2
Leasing and financial services	30 295 942	11.3	27 900 667	11.3
Trade	28 925 015	10.7	27 783 619	11.3
Heavy machinery and ship-building	24 876 777	9.2	24 673 744	10.0
Real estate	24 570 018	9.1	21 566 300	8.7
Production and food industry	20 898 725	7.8	18 288 054	7.4
Entities financed by the government	16 748 037	6.2	17 186 936	7.0
Extraction and transportation of oil and gas	16 194 381	6.0	16 399 614	6.7
Energy	8 286 403	3.1	6 637 383	2.7
Sports and health and entertainment organizations	7 684 403	2.9	6 320 276	2.6
Transport	6 512 993	2.4	7 649 308	3.1
Telecommunications	4 101 664	1.5	3 061 887	1.2
Chemical industry	814 831	0.3	691 285	0.3
Other	11 816 772	4.4	10 637 671	4.3
Total loans and advances to customers (before allowance for impairment)	**269 177 017**	**100.0**	**246 503 431**	**100.0**

As at 30 June 2013 the 20 largest groups of borrowers have aggregated loan amounts of RR 83 899 722 thousand (31 December 2012: RR 81 077 349 thousand), or 31.2% (31 December 2012: 32.9%) of total loans and advances to customers (before allowance for impairment).

9 Loans and advances to customers (continued)

Loans and advances to customers, their credit quality and the related allowance for impairment as at 30 June 2013 are as follows:

(In thousands of Russian Roubles)	**Gross loans and advances to customers (unaudited)**	**Allowance for impairment (unaudited)**	**Net loans and advances to customers (unaudited)**	**Allowance for impairment to loans and advances to customers, % (unaudited)**
Loans and advances to legal entities:				
Loans collectively assessed for impairment, but not individually impaired				
Standard loans not past due	191 469 852	(5 687 892)	185 781 960	2.97
Watch list loans not past due	11 062 659	(689 623)	10 373 036	6.23
Individually assessed loans, for which specific indications of impairment have been identified				
Not past due	23 534 833	(9 169 350)	14 365 483	38.96
Overdue:				
- less than 5 calendar days	37 335	(1 300)	36 035	3.48
- 6 to 30 calendar days	35 341	(3 007)	32 334	8.51
- 31 to 60 calendar days	410 812	(35 247)	375 565	8.58
- 91 to 180 calendar days	1 138 713	(474 289)	664 424	41.65
- 181 to 365 calendar days	1 698 783	(1 348 304)	350 479	79.37
- over 365 calendar days	8 838 557	(7 281 309)	1 557 248	82.38
Uncollectible loans	100 949	(100 949)	-	100.00
Total loans and advances to legal entities	**238 327 834**	**(24 791 270)**	**213 536 564**	**10.40**
Loans and advances to individuals				
- mortgage loans	15 978 410	(208 234)	15 770 176	1.30
- car loans	3 556 548	(41 983)	3 514 565	1.18
- consumer loans to VIP clients	5 222 862	(276 383)	4 946 479	5.29
- other loans to individuals	6 091 363	(132 422)	5 958 941	2.17
Total loans and advances to individuals	**30 849 183**	**(659 022)**	**30 190 161**	**2.14**
Total loans and advances to customers	**269 177 017**	**(25 450 292)**	**243 726 725**	**9.45**

9 Loans and advances to customers (continued)

(In thousands of Russian Roubles)	**Mortgage loans (unaudited)**	**Car loans (unaudited)**	**Consumer loans to VIP clients (unaudited)**	**Other loans to individuals (unaudited)**	**Total loans and advances to individuals (unaudited)**
Loans to individuals					
Standard loans not past due	15 608 345	3 486 293	4 785 466	5 920 754	29 800 858
Overdue:					
- less than 5 calendar days	-	2 803	-	10 854	13 657
- 6 to 30 calendar days	53 783	6 555	4 250	12 468	77 056
- 31 to 60 calendar days	37 508	9 336	-	24 741	71 585
- 61 to 90 calendar days	45 918	3 970	-	19 423	69 311
- 91 to 180 calendar days	66 783	8 305	31 700	31 170	137 958
- 181 to 365 calendar days	38 347	4 739	95 538	15 928	154 552
- over 365 calendar days	127 726	34 547	305 908	56 025	524 206
Total gross loans and advances to individuals (before allowance for impairment)	**15 978 410**	**3 556 548**	**5 222 862**	**6 091 363**	**30 849 183**
Allowance for impairment	**(208 234)**	**(41 983)**	**(276 383)**	**(132 422)**	**(659 022)**
Total loans and advances to individuals (after allowance for impairment)	**15 770 176**	**3 514 565**	**4 946 479**	**5 958 941**	**30 190 161**

9 Loans and advances to customers (continued)

Loans and advances to customers, their credit quality and the related allowance for impairment as at 31 December 2012 are as follows:

(In thousands of Russian Roubles)	Gross loans and advances to customers	Allowance for impairment	Net loans and advances to customers	Allowance for impairment to loans and advances to customers, %
Loans and advances to legal entities:				
Loans collectively assessed for impairment, but not individually impaired				
Standard loans not past due	177 749 879	(5 866 194)	171 883 685	3.30
Watch list loans not past due	13 405 600	(967 235)	12 438 365	7.22
Individually assessed loans, for which specific indications of impairment have been identified				
Not past due	20 716 804	(7 615 450)	13 101 354	36.76
Overdue:				
- less than 5 calendar days	80 780	(1 813)	78 967	2.24
- 6 to 30 calendar days	1 379 277	(1 257 548)	121 729	91.17
- 181 to 365 calendar days	2 573 143	(1 680 901)	892 242	65.32
- over 365 calendar days	7 752 555	(6 032 949)	1 719 606	77.82
Uncollectible loans	100 949	(100 949)	-	100.00
Total loans and advances to legal entities	**223 758 987**	**(23 523 039)**	**200 235 948**	**10.51**
Loans and advances to individuals				
- mortgage loans	11 605 606	(237 246)	11 368 360	2.04
- car loans	2 620 226	(47 245)	2 572 981	1.80
- consumer loans to VIP clients	4 461 511	(223 532)	4 237 979	5.01
- other loans to individuals	4 057 101	(93 449)	3 963 652	2.30
Total loans and advances to individuals	**22 744 444**	**(601 472)**	**22 142 972**	**2.64**
Total loans and advances to customers	**246 503 431**	**(24 124 511)**	**222 378 920**	**9.79**

9 Loans and advances to customers (continued)

(In thousands of Russian Roubles)	Mortgage loans	Car loans	Consumer loans to VIP clients	Other loans to individuals	Total to individuals
Loans to individuals					
Standard loans not past due	11 284 663	2 566 667	4 090 370	3 972 520	21 914 220
Overdue:					
- less than 5 calendar days	-	2 732	-	4 038	6 770
- 6 to 30 calendar days	41 372	1 921	18 518	4 739	66 550
- 31 to 60 calendar days	22 793	4 842	-	4 634	32 269
- 61 to 90 calendar days	17 926	1 631	-	1 500	21 057
- 91 to 180 calendar days	43 818	2 503	42 558	5 738	94 617
- 181 to 365 calendar days	20 631	1 849	235 148	18 977	276 605
- over 365 calendar days	174 403	38 081	74 917	44 955	332 356
Total gross loans and advances to individuals (before allowance for impairment)	**11 605 606**	**2 620 226**	**4 461 511**	**4 057 101**	**22 744 444**
Allowance for impairment	**(237 246)**	**(47 245)**	**(223 532)**	**(93 449)**	**(601 472)**
Total loans and advances to individuals (after allowance for impairment)	**11 368 360**	**2 572 981**	**4 237 979**	**3 963 652**	**22 142 972**

Management estimates loan impairment for individually assessed loans to legal entities, for which specific indications of impairment have been identified, based on an analysis of the expected future cash flows based primarily on collateral. The principal collateral taken into account in the estimation of future cash flows is real estate. Valuations for real estate are discounted by 30 - 50 percent to reflect current market conditions.

For portfolios of loans for which no indications of impairment are identified, in determining the impairment allowance, the Group adjusts historic loss rates to factor in the deterioration/improvement of the loan portfolio, as evidenced by the rate of increase/decrease in the level of impaired and overdue loans arising from current market conditions. The impairment allowance reflects management's estimate of the losses in the portfolio as at 30 June 2013 and 31 December 2012. The value of collateral is not taken into account when estimating impairment. The financial effect of collateral on measuring credit risk is nil.

The Group estimates loan impairment for loans to individuals based on an analysis of the future cash flows for impaired loans and based on its past loss experience for loans for which no indications of impairment has been identified. In determining the impairment allowance for loans to individuals, for which no signs of impairment are identified, management adjusts historic loss rates to factor in the current changes of the loan portfolio. The principal collateral taken into account in the estimation of future cash-flows comprises mainly real estate and cars. Valuations for real estate and cars are discounted by 10 - 20 percent to reflect current market conditions.

The Group applies principles of classification of loans and advances to customers and estimates impairment allowance in accordance with its accounting policy, defined in the consolidated financial statements prepared in accordance with IFRS as at 31 December 2012.

Management estimates that the impairment allowance on loans to corporate customers would have been RR 18 753 430 thousand higher without taking into consideration collateral value (31 December 2012: RR 18 093 112 thousand)

9 Loans and advances to customers (continued)

Interest income accrued on overdue and impaired loans during the six-month period ended 30 June 2013 amounts to RR 206 730 thousand (Six-month period ended 30 June 2012: RR 366 520 thousand).

Currency and maturity analyses of loans and advances to customers are disclosed in note 19. The information on related party balances is disclosed in note 22.

10 Customer accounts

(In thousands of Russian Roubles)	30 June 2013 (unaudited)	31 December 2012
State and public organisations		
- Current/settlement accounts	1 003 813	835 462
- Term deposits	5 219 799	-
Other legal entities		
- Current/settlement accounts	52 091 778	51 466 052
- Term deposits	66 611 453	68 966 817
- Sale and repurchase agreements	144 915	308 259
Individuals		
- Current accounts/demand deposits	25 678 217	23 381 940
- Term deposits	91 488 334	77 838 204
Total customer accounts	**242 238 309**	**222 796 734**

State and public organisations exclude government owned profit oriented businesses.

As at 30 June 2013 term deposits of individuals include RR 70 170 thousand representing deposits from banks which, acting in an agent capacity, attract funds from third parties for the purpose of placing these funds with the Group on behalf and at the request of the third parties (31 December 2012: RR 63 875 thousand).

Economic sector concentrations within customer accounts are as follows:

	30 June 2013 (unaudited)		31 December 2012	
(In thousands of Russian Roubles)	Amount	%	Amount	%
Individuals	117 166 551	48.4	101 220 144	45.4
Construction	28 373 910	11.7	34 034 534	15.3
Financial services	24 406 540	10.1	24 000 909	10.8
Trade	16 886 966	7.0	12 831 709	5.8
Production	12 809 866	5.3	12 433 943	5.6
Art, science and education	8 825 096	3.6	7 499 361	3.4
Real estate	8 791 122	3.6	10 521 306	4.7
Cities and municipalities	7 543 117	3.1	4 432 721	2.0
Transport	5 866 746	2.4	5 114 334	2.3
Public utilities	1 126 552	0.5	2 972 475	1.3
Communications	1 003 453	0.4	1 019 745	0.5
Energy	794 954	0.3	777 445	0.3
Medical institutions	627 505	0.3	525 956	0.2
Other	8 015 931	3.3	5 412 152	2.4
Total customer accounts	**242 238 309**	**100.0**	**222 796 734**	**100.0**

10 Customer accounts (continued)

As at 30 June 2013, there are no sale and repurchase agreements with legal entities included in customer accounts with securities received by the Bank as collateral under reverse repurchase agreements (31 December 2012: included in customer accounts are sale and repurchase agreements with legal entities in the amount of RR 308 259 thousand; securities pledged under these sale and repurchase agreements are corporate shares with the fair value of RR 359 250 thousand received by the Bank as collateral under reverse repurchase agreements).

As at 30 June 2013, included in customer accounts there is fair value of Eurobonds of the Russian Federation sold short, in amount of RR 144 915 thousand, which serve as collateral under sale and repurchase agreements. Refer to note 8.

As at 30 June 2013, included in customer accounts are deposits in the amount of RR 1 345 023 thousand held as collateral for irrevocable commitments under import letters of credit (31 December 2012: RR 529 578 thousand).

Currency and maturity analyses of customer accounts are disclosed in note 19. Information on related party balances is disclosed in note 22.

11 Bonds issued

(In thousands of Russian Roubles)	**30 June 2013 (unaudited)**	**31 December 2012**
Bonds	10 632 784	10 674 577
Subordinated Eurobonds	6 686 257	6 209 007
Total bonds issued	**17 319 041**	**16 883 584**

On 9 April 2013 the Group redeemed Russian Rouble denominated interest-bearing bonds issued on 13 April 2010. As at 31 December 2012 the carrying value of these bonds was RR 46 910 thousand with a coupon rate of 8.0% p.a.

In the event of liquidation of the Bank, the claims of repayment of subordinated Eurobonds are subordinated to the claims of other creditors and depositors.

Currency and maturity and interest rate analyses of bonds issued are disclosed in note 19.

12 Other borrowed funds

(In thousands of Russian Roubles)	**30 June 2013 (unaudited)**	**31 December 2012**
Subordinated loans	5 610 130	5 333 607
EBRD	1 490 378	2 051 128
VTB Bank	1 319 354	2 915 434
AKA AFK	445 440	260 372
Eurasian Development Bank	425 401	395 090
Nordic Investment Bank	267 216	302 671
KFW IPEX-Bank GmbH	-	152 326
Total other borrowed funds	**9 557 919**	**11 410 628**

On 22 March 2013 the Group attracted a loan from VTB Bank (Deutschland) to finance trade contracts of clients in the amount of USD 20 000 thousand and interest rate of LIBOR + 3.25% p.a. maturing on 17 September 2014. As at 30 June 2013 the carrying value of this loan is USD 20 014 thousand, the equivalent of RR 654 635 thousand. As at 30 June 2013 the interest rate is 3.527% p.a.

12 Other borrowed funds (continued)

On 31 January 2013 the Group attracted the second tranche of a credit facility provided by AKA Ausfuhrkredit-Gesellschaft m.b.H. in the amount of EUR 2 542 thousand. The total amount of credit facility equals EUR 36 739 thousand. The Group used the amount to finance trade contracts of clients. The Group will start scheduled repayment of the loan not later than on 30 March 2015, the loan maturity is on 30 September 2017. As at 30 June 2013, the carrying value of this loan is EUR 2 555 thousand, the equivalent of RR 109 176 thousand. The interest rate on the loan EURIBOR + 1.75%, as at 30 June 2013 the interest rate is 2.085% p.a.

On 21 January 2013 the Group attracted the first tranche of a credit facility provided by AKA Ausfuhrkredit-Gesellschaft m.b.H. in the amount of EUR 915 thousand. The total amount of the credit facility equals EUR 5 080 thousand. The Group used the amount to finance trade contracts of clients. The Group will repay the loan in two equal payments 30 May and 30 June 2014. As at 30 June 2013, the carrying value of this loan is EUR 916 thousand, the equivalent of RR 39 188 thousand. The interest rate on the loan EURIBOR + 1.75%, as at 30 June 2013 the interest rate is 2.085% p.a.

On 4 February 2013 the Group attracted the second tranche of a credit facility provided by AKA Ausfuhrkredit-Gesellschaft m.b.H. in the amount of EUR 458 thousand. The total amount of the credit facility equals EUR 5 080 thousand. The Group used the amount to finance trade contracts of clients. The Group will repay the loan in two equal payments 30 May and 30 June 2014. As at 30 June 2013, the carrying value of this loan is EUR 459 thousand, the equivalent of RR 19 591 thousand. The interest rate on the loan EURIBOR + 1.75%, as at 30 June 2013 the interest rate is 2.085% p.a.

On 16 January 2013 the Group repaid the loan attracted from VTB Bank (Deutschland) AG to finance trade contracts of clients in the amount of USD 20 000 thousand and interest rate of LIBOR + 4.25% p.a. As at 31 December 2012 the carrying value of this loan was USD 15 058 thousand, the equivalent of RR 457 356 thousand. As at the day of repayment the interest rate was 4.584% p.a.

On 25 January 2013 the Group repaid the loan attracted from VTB Bank (Deutschland) AG to finance trade contracts of clients in the amount of USD 20 000 thousand and interest rate of LIBOR + 3.5% p.a. As at 31 December 2012 the carrying value of this loan was USD 20 132 thousand, the equivalent of RR 611 461 thousand. As at day of repayment the interest rate was 3.814% p.a.

On 20 February 2013 the Group repaid the loan attracted from VTB Bank (France) to finance trade contracts of clients in the amount of USD 20 000 thousand and interest rate of LIBOR + 4.25% p.a. As at 31 December 2012 the carrying value of this loan was USD 20 363 thousand, the equivalent of RR 618 467 thousand. As at the day of repayment the interest rate was 4.968% p.a.

On 27 February 2013 the Group repaid the loan attracted from VTB Bank (Deutschland) to finance trade contracts of clients in the amount of USD 20 000 thousand and interest rate of LIBOR + 3.5% p.a. As at 31 December 2012 the carrying value of this loan was USD 20 087 thousand, the equivalent of RR 610 094 thousand. As at the day of repayment the interest rate was 3.925% p.a.

On 17 June 2013 the Group repaid the loan attracted from KFW IPEX-Bank GmbH in the amount of USD 35 000 thousand. As at 31 December 2012 the carrying value of this loan was USD 5 015 thousand, the equivalent of RR 152 326 thousand. The interest rate on this loan was LIBOR + 6.12%, and was fixed at 9.987% p.a. for the loan period.

In the event of liquidation of the Bank, the claims of repayment of subordinated loans are subordinated to the claims of other creditors and depositors.

The Group shall observe certain covenants attached to syndicated loans, subordinated loans and funds from EBRD, Nordic Investment Bank, EDB, VTB Bank (Deutschland) AG, VTB Bank (France). Non-compliance with such covenants may result in negative consequences for the Group including increase in the cost of borrowings and declaration of default (except for subordinated loans). As at 30 June 2013 and 31 December 2012, the Group fully meets all covenants of the loan agreements.

Currency and maturity analyses of other borrowed funds are disclosed in note 19. Information on related party balances is disclosed in note 22.

13 Share capital

As at 30 June 2013 the nominal registered amount of issued share capital prior to restatement of capital contributions made before 1 January 2003 to the purchasing power of the Russian Rouble at 31 December 2002, is RR 386 030 thousand (31 December 2012: RR 386 030 thousand). As at 30 June 2013, all of the outstanding shares are authorised, issued and fully paid in.

All ordinary shares have a nominal value of RR 1 per share (31 December 2012: RR 1 per share). Each share carries one vote.

As at 30 June 2013, the Group has one type of preference shares with a nominal value of RR 1 in the amount of 20 100 000 (twenty million one hundred thousand) shares.

These preference shares carry no voting rights and are non-redeemable.

Type A preference shares with a nominal value of RR 1 in the number of 65 211 000 (sixty five million two hundred eleven thousand) shares were converted into ordinary shares on 15 May 2013.

Prior to conversion, the dividend per one type A preference share was Rouble denominated and was set at 13.5% of the placement price of one type A preference share fixed in US dollars. The Rouble equivalent is calculated using the exchange rate set by the CBRF as at the date the Supervisory Board accepts recommendations in respect of the amount of dividends on type A preference shares.

If shareholders do not declare dividends on preference shares, the holders of preference shares are entitled to voting rights similar to ordinary shareholders until the dividends are paid. Preference shares of all types are not cumulative.

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

14 Other comprehensive (loss) income recognised directly in equity

The analysis of other comprehensive income by items of each component of equity is as follows:

(In thousands of Russian Roubles)	**Revaluation reserve for investment securities available-for-sale (unaudited)**	**Total comprehensive income/(loss) (unaudited)**
Six-month period ended 30 June 2012		
Items that may be reclassified subsequently to profit or loss:		
Income from revaluation of investment securities available-for-sale	86 833	**86 833**
Deferred income tax recognised directly in other comprehensive income	(17 367)	**(17 367)**
Total other comprehensive income	**69 466**	**69 466**
Six-month period ended 30 June 2013		
Items that may be reclassified subsequently to profit or loss:		
Loss from revaluation of investment securities available-for-sale	(84 641)	**(84 641)**
Deferred income tax recognised directly in other comprehensive income	16 928	**16 928**
Total other comprehensive loss	**(67 713)**	**(67 713)**

15 Interest income and expense

(In thousands of Russian Roubles)	**Six-month period ended 30 June 2013 (unaudited)**	**Six-month period ended 30 June 2012 (unaudited)**
Interest income		
Loans and advances to customers	12 089 487	11 102 192
Trading securities	1 996 675	1 877 471
Sale and repurchase agreements	289 323	277 088
Due from banks	151 896	132 238
Correspondent accounts with other banks	15 387	30 951
Total interest income	**14 542 768**	**13 419 940**
Interest expense		
Term deposits of individuals	2 802 500	2 314 684
Term deposits of legal entities	2 653 555	2 699 500
Due to banks	1 520 987	1 042 156
Bonds issued	791 901	518 736
Other borrowed funds	421 845	467 908
Other debt securities issued	119 034	211 322
Current/settlement accounts	83 872	204 134
Total interest expense	**8 393 694**	**7 458 440**
Net interest income	**6 149 074**	**5 961 500**

16 Earnings (loss) per share

Basic earnings per share are calculated by dividing the net profit attributable to the shareholders by the weighted average number of ordinary shares in issue during the period less treasury shares.

As at 30 June 2013 the Group has no potentially dilutive type A preference shares. Thus, diluted earnings per share equals to basic earnings per share. Refer to note 13.

Basic earnings per share are calculated as follows:

(In thousands of Russian Roubles)	**Six-month period ended 30 June 2013 (unaudited)**	**Six-month period ended 30 June 2012 (unaudited)**
Profit attributable to shareholders	2 003 147	237 353
Less preference dividends	(834 303)	(784 743)
Profit (loss) attributable to ordinary shareholders of the Bank	**1 168 844**	**(547 390)**
Weighted average number of ordinary shares in issue (thousands)	317 292	300 719
Basic earnings (loss) per share (in RR per share)	**3.68**	**(1.82)**

17 Dividends

	Six-month period ended 30 June 2013 (unaudited)			Six-month period ended 30 June 2012 (unaudited)		
(In thousands of Russian Roubles)	**Ordinary shares**	**Type A preference shares**	**Preference shares**	**Ordinary shares**	**Type A preference shares**	**Preference shares**
Dividends payable as at 1 January	**6 236**	**-**	**-**	**3 367**	**-**	**-**
Dividends declared during the period	33 079	832 092	2 211	33 079	782 532	2 211
Dividends paid during the period	(35 066)	(832 092)	(2 211)	(30 210)	(782 532)	(2 211)
Dividends payable as at 30 June	**4 249**	**-**	**-**	**6 236**	**-**	**-**
Dividends per share declared during the period (in RR per share)	**0.11**	**12.8**	**0.11**	**0.11**	**12.0**	**0.11**

All dividends were declared and paid in Russian Roubles.

18 Segment Analysis

An operating segment is a component of the Bank that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the chief operating decision maker, and for which discrete financial information is available. The Management Board performs the responsibilities of the chief operating decision maker.

Description of products and services that constitute sources of revenues of the reporting segments

The Group is organized on a basis of three main business segments:

- Corporate banking – settlement and current accounts, deposits, overdrafts, loans and other credit facilities, foreign currency transactions with commercial and state entities.
- Operations on financial markets – financial instruments trading, loans and deposits on the interbank market, dealing in foreign exchange and derivative financial instruments.
- Retail banking – private banking services, private customer current accounts, deposits, retail investment products, custody, credit and debit cards, consumer loans, mortgages and other loans to individuals VIP clients.

Transactions between the business segments are on normal commercial terms and conditions. Funds are ordinarily reallocated between segments, resulting in funding cost transfers disclosed in operating income/expense. Interest charged for these funds is based on market interest rates. There are no other material items of income or expense between the business segments. Segment assets and liabilities comprise operating assets and liabilities, being the majority of assets and liabilities of the Group, but excluding some premises, equipment and intangible assets, long-term assets held-for-sale, investment property, other assets and liabilities and balances on taxation settlements. Internal charges and transfer pricing adjustments are reflected in the performance of each business segment.

Factors used by the management to define reporting segments

The Group’s segments are strategic business units that offer different products and services for different clients. They are managed separately because they require different technology and marketing strategies and level of service.

18 Segment Analysis (continued)

Evaluation of profit or loss, assets and liabilities of operating segments

The Management Board analyses the financial information prepared in accordance with the requirements of Russian accounting standards. This financial information differs in some aspects from the information prepared in accordance with IFRS:

(i) resources are usually redistributed among segments using internal interest rates set by the Treasury department. These interest rates are calculated based on the basic market interest rates, contractual maturity dates and observable actual maturity dates of customer accounts balances

(ii) differences in the classification of securities to portfolios

(iii) income tax is not distributed to segments

(iv) provision for loan impairment is recognized based on Russian legislation, and not on the basis of the model of “incurred losses” specified in IAS 39

(v) fee and commission income on lending operations is recognized immediately and not in the future periods using the effective interest method

(vi) liabilities on unutilized leaves are not taken into account.

The Management Board evaluates the business segment results based on the amount of profit before income taxes paid.

18 Segment Analysis (continued)

Information on profit or loss, assets and liabilities of reporting segments

Segment information for the main reporting business segments for the six-month period ended 30 June 2013 and the six-month period ended 30 June 2012 is set out below (in accordance with the management information).

(In thousands of Russian Roubles)	Corporate banking	Operations on financial markets	Retail banking	Unallocated	Eliminations	Total
Six-month period ended 30 June 2013 (unaudited)						
External revenues	11 212 918	2 131 495	2 099 119	-	-	**15 443 532**
Revenues from other segments	4 606 269	17 260 012	3 838 232	-	(25 704 513)	**-**
Total revenues	**15 819 187**	**19 391 507**	**5 937 351**	**-**	**(25 704 513)**	**15 443 532**
Total revenues comprise:						
- Interest income	14 726 822	19 389 407	5 467 377	-	(25 704 513)	13 879 093
- Fee and commission income	999 872	1 681	449 428	-	-	1 450 981
- Other operating income	92 493	419	20 546	-	-	113 458
Segment results	**(467 507)**	**2 484 166**	**408 391**	**-**	**-**	**2 425 050**
Unallocated costs	-	-	-	(1 276 301)	-	(1 276 301)
(Loss) profit before tax	(467 507)	2 484 166	408 391	(1 276 301)	-	**1 148 749**
Income tax expense	-	-	-	(63 306)	-	(63 306)
(Loss) profit	**(467 507)**	**2 484 166**	**408 391**	**(1 339 607)**	**-**	**1 085 443**
As at 30 June 2013 (unaudited)						
Segment assets	**228 507 984**	**107 762 188**	**36 940 029**	**33 613 682**	**-**	**406 823 883**
Other segment items for the six-month period ended 30 June 2013 (unaudited)						
Depreciation and amortization charge	(60 762)	(16 183)	(56 438)	(114 463)	-	(247 846)
Provision for loan impairment	(2 701 247)	(23 284)	(340 566)	-	-	(3 065 097)

18 Segment Analysis (continued)

(In thousands of Russian Roubles)	Corporate banking	Operation on financial markets	Retail banking	Unallocated	Eliminations	Total
Six-month period ended 30 June 2012 (unaudited)						
External revenues	7 773 455	5 247 184	799 230	-	-	**13 819 869**
Revenues from other segments	4 460 204	10 030 709	2 724 088	-	(17 215 001)	-
Total revenues	**12 233 659**	**15 277 893**	**3 523 318**	**-**	**(17 215 001)**	**13 819 869**
Total revenues comprise:						
- Interest income	9 763 281	16 717 998	3 205 309	-	(17 215 001)	12 471 587
- Fee and commission income	922 004	11 836	314 887	-	-	1 248 727
- Other operating income (expense)	1 548 374	(1 451 941)	3 122	-	-	99 555
Segment results	**(3 763 941)**	**5 153 826**	**1 183 445**	**-**	**-**	**2 573 330**
Unallocated costs	-	-	-	(1 679 791)	-	(1 679 791)
(Loss) profit before tax	(3 763 941)	5 153 826	1 183 445	(1 679 791)	-	**893 539**
Income tax expense	-	-	-	(772 554)	-	(772 554)
(Loss) profit	**(3 763 941)**	**5 153 826**	**1 183 445**	**(2 452 345)**	**-**	**120 985**
As at 31 December 2012						
Segment assets	**221 677 791**	**109 344 762**	**28 565 154**	**20 510 835**	**-**	**380 098 542**
Other segment items for the six-month period ended 30 June 2012 (unaudited)						
Depreciation and amortization charge	(74 803)	(11 318)	(53 722)	(122 886)	-	(262 729)
(Provision) recovery of provision for loan impairment	(4 471 652)	4 155	(38 811)	-	-	(4 506 308)

18 Segment Analysis (continued)

A reconciliation of segment information with assets in accordance with IFRS as at 30 June 2013 and 31 December 2012 is set out below:

(In thousands of Russian Roubles)	**30 June 2013 (unaudited)**	**31 December 2012**
Total segment assets	**406 823 882**	**380 098 542**
Adjustment of allowance for impairment	(25 491 227)	(24 163 219)
Adjustments of income/expense accruals	2 090 270	1 620 481
Premises, equipment and intangible assets depreciation and fair value adjustment	(904 716)	(647 271)
Fair value and amortized cost adjustments	(31 463)	267 936
Income tax adjustments	149 429	-
Elimination of assets additionally recognised in management accounting	(8 695 227)	(4 525 075)
Other adjustments	306 020	(1 285 161)
Total assets under IFRS	**374 246 968**	**351 366 233**

A reconciliation of segment information with profit before tax in accordance with IFRS for the six-month period ended 30 June 2013 and for the six-month period ended 30 June 2012:

(In thousands of Russian Roubles)	**Six-month period ended 30 June 2013 (unaudited)**	**Six-month period ended 30 June 2012 (unaudited)**
Total profit for the reporting segments (before tax)	**1 148 749**	**893 539**
Adjustment of provision for loan impairment	1 292 083	2 733 050
Adjustments of income/expense accruals	301 100	(345 150)
Premises, equipment and intangible assets depreciation and fair value adjustment	(24 926)	36 537
Fair value and amortized cost adjustments	54 004	(2 769 581)
Other adjustments	(209 624)	(201 981)
Total profit before tax under IFRS	**2 561 386**	**346 414**

Geographical information. The major part of the Group’s activity is concentrated in the North-West region of the Russian Federation. Activity is also carried out in the Moscow and Privolzhsky regions.

There are no customers (groups of related customers) with income from operations which exceed 10% of total income from operations with the external parties of the Group.

19 Risk Management

The risk management function is carried out in respect of financial risks (credit, market and liquidity risks), operational, geographical risks and legal risks. Market risk includes currency, price and interest rate risks.

The primary objectives of the financial risk management function are to establish and ensure compliance with risk limits and other risk restrictions. Geographical risk management includes making decisions and setting limits for operations with counterparties – residents of countries with different levels of economic development with due consideration of geographical risk factors. The operational, legal and reputation risk management functions are intended to ensure proper functioning of internal policies and procedures, development and implementation of measures to minimize these risks.

19 Risk Management (continued)

Policy and methods of financial risk management applied by the Group comply with the policy and methods described and applied in the Group's annual report for the year ended 31 December 2012.

Currency risk. Currency risk is the risk of changes in income or carrying value of financial instruments due to exchange rates fluctuations.

The table below summarises the exposure to foreign currency exchange rate risk as at 30 June 2013. The Group does not apply this currency risk analysis for management purposes.

(In thousands of Russian Roubles)	RR	USD	EUR	Other	Total (unaudited)
ASSETS					
Cash and cash equivalents	9 387 106	14 841 407	13 559 158	107 101	37 894 772
Mandatory cash balances with the Central Bank of the Russian Federation	3 645 370	-	-	-	3 645 370
Trading securities	14 041 108	1 933 324	337 923	-	16 312 355
Trading securities pledged under sale and repurchase agreements	35 419 682	2 242 456	-	-	37 662 138
Amounts receivable under reverse repurchase agreements	8 337 367	2 181 102	-	-	10 518 469
Due from banks	1 967 573	18 971	21 359	-	2 007 903
Loans and advances to customers	196 660 433	36 916 210	10 150 082	-	243 726 725
Investment securities available-for-sale	3 344 945	91 673	-	-	3 436 618
Investments securities held-to-maturity	26 134	-	-	-	26 134
Investment property	2 860 953	-	-	-	2 860 953
Premises, equipment and intangible assets	13 819 672	-	-	-	13 819 672
Other assets	2 236 678	75 343	14 449	9 389	2 335 859
TOTAL ASSETS	**291 747 021**	**58 300 486**	**24 082 971**	**116 490**	**374 246 968**
LIABILITIES					
Due to banks	54 733 492	103 774	23 156	-	54 860 422
Customer accounts	194 852 625	30 704 102	15 956 235	725 347	242 238 309
Bonds issued	10 632 784	6 686 257	-	-	17 319 041
Other debt securities issued	4 128 436	1 299 052	939 427	-	6 366 915
Other borrowed funds	1 465 998	6 079 158	2 012 763	-	9 557 919
Current tax liability	218 001	-	-	-	218 001
Deferred tax liability	864 727	-	-	-	864 727
Other liabilities	1 286 817	51 733	96 533	-	1 435 083
TOTAL LIABILITIES	**268 182 880**	**44 924 076**	**19 028 114**	**725 347**	**332 860 417**
Add fair value of currency derivative financial instruments	142 095	-	-	-	142 095
Net recognised position, excluding currency derivative financial instruments	**23 706 236**	**13 376 410**	**5 054 857**	**(608 857)**	**41 528 646**
Currency derivative financial instruments	**19 636 645**	**(13 865 924)**	**(6 796 501)**	**883 685**	**(142 095)**
Net recognised position, including currency derivative financial instruments	**43 342 881**	**(489 514)**	**(1 741 644)**	**274 828**	**41 386 551**

19 Risk Management (continued)

The table below summarises the exposure to foreign currency exchange rate risk as at 31 December 2012. The Group does not apply this currency risk analysis for management purposes.

(In thousands of Russian Roubles)	RR	USD	EUR	Other	Total
ASSETS					
Cash and cash equivalents	14 362 884	3 004 028	26 526 141	45 098	43 938 151
Mandatory cash balances with the Central Bank of the Russian Federation	3 125 502	-	-	-	3 125 502
Trading securities	6 604 720	4 858 333	-	-	11 463 053
Trading securities pledged under sale and repurchase agreements	33 409 717	1 881 322	-	-	35 291 039
Financial instruments at fair value through profit or loss	-	608 568	-	-	608 568
Amounts receivable under reverse repurchase agreements	7 544 053	1 538 345	-	-	9 082 398
Due from banks	2 839 021	60 138	-	-	2 899 159
Loans and advances to customers	189 392 973	23 514 212	9 471 735	-	222 378 920
Investment securities available-for-sale	3 450 627	70 632	-	-	3 521 259
Investments securities held-to-maturity	31 361	-	-	-	31 361
Investment property	2 855 756	-	-	-	2 855 756
Premises, equipment and intangible assets	13 971 681	-	-	-	13 971 681
Other assets	2 011 927	106 053	73 946	7 460	2 199 386
TOTAL ASSETS	**279 600 222**	**35 641 631**	**36 071 822**	**52 558**	**351 366 233**
LIABILTIES					
Due to banks	51 095 056	1 133 382	25 864	-	52 254 302
Customer accounts	180 077 030	25 673 278	16 365 626	680 800	222 796 734
Bonds issued	10 674 577	6 209 007	-	-	16 883 584
Other debt securities issued	2 618 784	1 170 028	1 455 522	-	5 244 334
Other borrowed funds	1 465 892	8 208 377	1 736 359	-	11 410 628
Current tax liability	37 664	-	-	-	37 664
Deferred tax liability	604 705	-	-	-	604 705
Other liabilities	1 643 720	45 858	126 205	-	1 815 783
TOTAL LIABILITIES	**248 217 428**	**42 439 930**	**19 709 576**	**680 800**	**311 047 734**
Add fair value of currency derivative financial instruments	232 577	-	-	-	232 577
Net recognised position, excluding currency derivative financial instruments	**31 615 371**	**(6 798 299)**	**16 362 246**	**(628 242)**	**40 551 076**
Currency derivative financial instruments	**10 598 886**	**6 280 579**	**(17 756 819)**	**644 777**	**(232 577)**
Net recognised position, including currency derivative financial instruments	**42 214 257**	**(517 720)**	**(1 394 573)**	**16 535**	**40 318 499**

19 Risk Management (continued)

Liquidity risk. Liquidity risk is defined as the risk arising when the maturity of assets and liabilities does not match. The Group is exposed to daily calls on its available cash resources from overnight deposits, current accounts, maturing deposits, loan draw downs, guarantees and from margin and other calls on cash settled derivative instruments. The Group does not maintain cash resources to meet all of these needs as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high level of certainty.

Below is the liquidity position using figures from the financial statements prepared in accordance with IFRS at 30 June 2013. The Group does not use the presented analysis by contractual maturity for liquidity management purposes. The following table shows assets and liabilities by their remaining contractual maturity, with the exception of financial instruments at fair value through profit or loss, which are shown in the category “Demand and less than 1 month”.

(In thousands of Russian Roubles)	**Demand and less than 1 month**	**From 1 to 6 months**	**From 6 to 12 months**	**From 1 to 5 years**	**Over 5 years or no maturity**	**Total (unaudited)**
ASSETS						
Cash and cash equivalents	37 894 772	-	-	-	-	37 894 772
Mandatory cash balances with the Central Bank of the Russian Federation	1 623 486	1 124 871	676 281	215 974	4 758	3 645 370
Trading securities	16 312 355	-	-	-	-	16 312 355
Trading securities pledged under sale and repurchase agreements	37 662 138	-	-	-	-	37 662 138
Amounts receivable under reverse repurchase agreements	8 335 664	1 516 809	654 998	10 998	-	10 518 469
Due from banks	535 330	970 674	-	501 899	-	2 007 903
Loans and advances to customers	9 966 501	52 725 080	50 579 083	109 234 346	21 221 715	243 726 725
Investment securities available-for-sale	-	-	-	-	3 436 618	3 436 618
Investments securities held-to-maturity	26 134	-	-	-	-	26 134
Investment property	-	-	-	-	2 860 953	2 860 953
Premises, equipment and intangible assets	-	-	-	-	13 819 672	13 819 672
Other assets	537 530	924 165	59 044	745 124	69 996	2 335 859
TOTAL ASSETS	**112 893 910**	**57 261 599**	**51 969 406**	**110 708 341**	**41 413 712**	**374 246 968**
LIABILITIES						
Due to banks	46 745 915	4 496 277	3 618 230	-	-	54 860 422
Customer accounts	107 870 782	74 755 116	44 943 365	14 352 869	316 177	242 238 309
Bonds issued	-	5 535 334	-	8 440 291	3 343 416	17 319 041
Other debt securities issued	2 294 596	1 359 447	2 490 214	222 658	-	6 366 915
Other borrowed funds	-	1 856 622	847 966	2 709 199	4 144 132	9 557 919
Current tax liability	-	218 001	-	-	-	218 001
Deferred tax liability	-	-	-	-	864 727	864 727
Other liabilities	740 270	556 621	131 845	3 741	2 606	1 435 083
TOTAL LIABILITIES	**157 651 563**	**88 777 418**	**52 031 620**	**25 728 758**	**8 671 058**	**332 860 417**
Net liquidity gap	**(44 757 653)**	**(31 515 819)**	**(62 214)**	**84 979 583**	**32 742 654**	**41 386 551**
Cumulative liquidity gap as at 30 June 2013	**(44 757 653)**	**(76 273 472)**	**(76 335 686)**	**8 643 897**	**41 386 551**	

19 Risk Management (continued)

Below is the liquidity position using figures from the financial statements prepared in accordance with IFRS at 31 December 2012.

(In thousands of Russian Roubles)	**Demand and less than 1 month**	**From 1 to 6 months**	**From 6 to 12 months**	**From 1 to 5 years**	**Over 5 years or no maturity**	**Total**
ASSETS						
Cash and cash equivalents	43 938 151	-	-	-	-	43 938 151
Mandatory cash balances with the Central Bank of the Russian Federation	1 439 617	1 053 940	488 139	143 064	742	3 125 502
Trading securities	11 463 053	-	-	-	-	11 463 053
Trading securities pledged under sale and repurchase agreements	35 291 039	-	-	-	-	35 291 039
Financial instruments at fair value through profit or loss	-	608 568	-	-	-	608 568
Amounts receivable under reverse repurchase agreements	6 341 438	2 740 960	-	-	-	9 082 398
Due from banks	555 138	1 750 021	594 000	-	-	2 899 159
Loans and advances to customers	6 612 229	45 051 078	50 510 537	104 289 325	15 915 751	222 378 920
Investment securities available-for-sale	-	-	-	-	3 521 259	3 521 259
Investments securities held-to-maturity	31 361	-	-	-	-	31 361
Investment property	-	-	-	-	2 855 756	2 855 756
Premises, equipment and intangible assets	-	-	-	-	13 971 681	13 971 681
Other assets	1 000 138	412 405	70 565	644 957	71 321	2 199 386
TOTAL ASSETS	**106 672 164**	**51 616 972**	**51 663 241**	**105 077 346**	**36 336 510**	**351 366 233**
LIABILITIES						
Due to banks	45 880 047	5 474 437	899 818	-	-	52 254 302
Customer accounts	102 609 914	75 135 429	34 799 428	10 199 061	52 902	222 796 734
Bonds issued	-	46 910	5 530 683	8 199 272	3 106 719	16 883 584
Other debt securities issued	1 433 757	2 264 717	1 307 358	238 502	-	5 244 334
Other borrowed funds	1 068 817	2 093 653	1 725 912	4 130 518	2 391 728	11 410 628
Current tax liability	-	37 664	-	-	-	37 664
Deferred tax liability	-	-	-	-	604 705	604 705
Other liabilities	959 869	619 279	161 163	72 836	2 636	1 815 783
TOTAL LIABILITIES	**151 952 404**	**85 672 089**	**44 424 362**	**22 840 189**	**6 158 690**	**311 047 734**
Net liquidity gap	**(45 280 240)**	**(34 055 117)**	**7 238 879**	**82 237 157**	**30 177 820**	**40 318 499**
Cumulative liquidity gap as at 31 December 2012	**(45 280 240)**	**(79 335 357)**	**(72 096 478)**	**10 140 679**	**40 318 499**	

20 Management of Capital

The objectives when managing capital are (i) to comply with the capital requirements set by the CBRF, (ii) to safeguard the Group’s ability to continue as a going concern and (iii) to maintain a sufficient capital base to achieve a capital adequacy ratio of at least 8% based on the April 1998 Basel Prudential Requirements for Banks (Basel I) and to maintain a sufficient capital base in accordance with capital requirements and capital adequacy ratio in accordance with financial covenants set in borrowing agreements.

(i) Under the current capital requirements set by the CBRF banks have to maintain a ratio of regulatory capital to risk weighted assets (“statutory capital adequacy ratio”) of at least 10%. Regulatory capital and capital adequacy is based on reports prepared under Russian statutory accounting standards and comprises:

(In thousands of Russian Roubles)	**30 June 2013 (unaudited)**	**31 December 2012 (unaudited)**
Total capital	43 989 533	42 774 144
Total regulatory capital adequacy ratio	12.1%	12.0%

Compliance with the capital adequacy ratio set by the CBRF is managed by the Treasury Department through monitoring and forecasting of its components.

Based on daily calculations performed by Planning and Financial Control Department, management believes that during the six-month period ended 30 June 2013 and during 2012 the capital adequacy ratio was not below the minimum requirement.

(ii) Arrangements to safeguard the Group’s ability to continue as a going concern are performed under the Bank’s Strategic Development Plan and divided into long-term and short-term capital management.

In the long-term the Bank plans its business scope under strategic and financial plans developed along with identification of the risks and corresponding capital requirements for three years and one year, respectively. When the required amount of capital is defined the Bank determines the sources of its increase: borrowings on capital markets, share issue and approximate scope thereof. The target scope of business and the amount of capital, as well as the sources of the capital increase are approved by the following collegial management bodies in order of the established priority: the Asset and Liability Management Committee, Management Board, Supervisory Board.

In the short-term, with due account of the necessity to comply with the CBRF requirements, the Bank determines the capital surplus/deficit within the period from one to three months and develops the respective plan of increasing of assets. In some cases management uses administrative measures to influence the statement of financial position structure through interest rate policy, and in exceptional cases through setting limits for certain active transactions. The limits are established when the economic instruments are insufficient in terms of timing and the extent of influence.

(iii) According to the loan agreements with the EBRD (refer to note 12) the Bank has a commitment to maintain the minimum total capital adequacy ratio of at least 11% depending on the contract, which is calculated under the requirements of Basel I.

20 Management of Capital (continued)

This ratio is calculated on a quarterly basis; the forecasted amount of capital and capital adequacy ratio are defined in the Strategic Development Plan which takes into account compliance with the capital adequacy requirements.

Below is the capital and capital adequacy ratio calculated in accordance with Basel I:

(In thousands of Russian Roubles)	**30 June 2013 (unaudited)**	**31 December 2012**
Capital	**51 620 578**	**48 887 152**
Tier1	**36 226 547**	**35 090 782**
Paid-in share capital	3 648 110	3 648 110
Reserves and profit	32 578 437	31 442 672
including:		
- Share premium	18 448 915	18 448 915
- Retained earnings	14 129 522	12 993 757
Tier 2	**15 394 031**	**13 796 370**
Revaluation reserve for property and equipment	3 339 031	3 339 031
Revaluation reserve for investment securities available-for-sale	1 820 973	1 888 686
Subordinated borrowings	10 234 027	8 568 653
Risk weighted assets	**388 251 002**	**354 489 186**
Risk weighted banking assets	273 816 296	254 098 198
Risk weighted trading assets	67 522 388	59 851 613
Risk weighted unrecognized exposures	46 912 318	40 539 375
Total capital adequacy ratio	**13.30%**	**13.79%**
Total tier 1 capital adequacy ratio	**9.33%**	**9.90%**

The Group was in compliance with the minimum capital adequacy ratio agreed with the creditors during the six-month period ended 30 June 2013 and during 2012.

In accordance with the decision of General meeting of shareholders, held on 26 April 2013, the Group registered additional issuance of ordinary nominal shares in amount of 110 000 000 shares (date of state registration is 22 June 2013). The Group plans to complete the placement of shares in September 2013.

21 Fair Value of Financial Instruments

Methods and assumptions used in calculation of the fair value.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal market at the measurement date under current market conditions. The best evidence of fair value is price quotations in an active market.

The estimated fair values of financial instruments are determined using available market information, where it exists, and appropriate valuation methodologies. However, professional judgment is necessarily required to interpret market data to determine the estimated fair value. The Russian Federation continues to display some characteristics of an emerging market and economic conditions continue to limit the volume of activity in the financial markets. Market quotations may be outdated or reflect distressed sale transactions and therefore do not represent fair values of financial instruments. Management uses all available market information in estimating the fair value of financial instruments.

The fair value of instruments with floating interest rates usually equals their carrying value. The fair value of instruments with fixed interest rates and fixed maturity dates that do not have market prices is based on discounted cash flows using current interest rates for instruments with similar credit risk and maturity date.

The Group measures fair values for financial instruments recorded on the statement of financial position at fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

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

As at 30 June 2013 and 31 December 2012 the Group has no financial instruments carried at fair value, the fair value of which was calculated based on non-market inputs except for financial instruments available-for-sale.

Management uses professional judgment for classification of financial instruments between categories of the fair value evaluation hierarchy. If the observable data used for fair value evaluation require significant adjustments they are categorised as Level 3.

21 Fair Value of Financial Instruments (continued)

The following table provides an analysis of financial instruments recognized at fair value by evaluation categories as at 30 June 2013:

In thousands of Russian Roubles	**Quoted market prices**	**Valuation techniques based on market observable inputs**	**Valuation techniques based on non-market observable inputs**
FINANCIAL ASSETS			
Trading securities			
- Corporate bonds	8 932 888	-	-
- Corporate Eurobonds	2 899 238	-	-
- Federal loan bonds (OFZ)	2 295 055	-	-
- Eurobonds of the Russian Federation	508 177	-	-
- Municipal bonds	1 653 713	-	-
- Corporate shares	23 284	-	-
Trading securities pledged under sale and repurchase agreements			
- Corporate bonds	32 927 017	-	-
- Municipal bonds	3 655 838	-	-
- Federal loan bonds (OFZ)	565 938	-	-
- Corporate Eurobonds	281 618	-	-
- Eurobonds of the Russian Federation	231 498	-	-
- Corporate shares	229	-	-
Investment securities available-for-sale			
- Corporate shares	3 233 202	-	-
TOTAL FINANCIAL ASSETS RECOGNISED AT FAIR VALUE	**57 207 695**	**-**	**-**
FINANCIAL LIABILITIES			
Other financial liabilities			
- Net fair value of derivative financial instruments	-	142 262	-
TOTAL FINANCIAL LIABILITIES RECOGNISED AT FAIR VALUE	**-**	**142 262**	**-**

During the period ended 30 June 2013 the Group transferred investment securities available-for-sale from Level 3 to Level 1 of fair value hierarchy. The amount of transferred assets amounted to RR 3 317 843 thousand. Assets were transferred from Level 3 to Level 1 due to changes in measurement of fair value as a result of the listing of the shares and appearance of an active market for this instrument.

21 Fair Value of Financial Instruments (continued)

The following table provides an analysis of financial instruments recognized at fair value by evaluation categories as at 31 December 2012:

In thousands of Russian Roubles	**Quoted market prices**	**Valuation techniques based on market observable inputs**	**Valuation techniques based on non-market observable inputs**
FINANCIAL ASSETS			
Trading securities			
- Corporate bonds	6 289 390	-	-
- Corporate Eurobonds	4 858 333	-	-
- Federal loan bonds (OFZ)	231 706	-	-
- Municipal bonds	52 119	-	-
- Corporate shares	31 505	-	-
Trading securities pledged under sale and repurchase agreements			
- Corporate bonds	28 688 598	-	-
- Municipal bonds	3 873 626	-	-
- Corporate Eurobonds	1 881 322	-	-
- Federal loan bonds (OFZ)	847 493	-	-
Financial instruments at fair value through profit or loss			
- Credit linked notes	-	608 568	-
Investment securities available-for-sale			
- Corporate shares	-	-	3 317 843
TOTAL FINANCIAL ASSETS RECOGNISED AT FAIR VALUE	**46 754 092**	**608 568**	**3 317 843**
FINANCIAL LIABILITIES			
Other financial liabilities			
- Net fair value of derivative financial instruments	-	232 577	-
TOTAL FINANCIAL LIABILITIES RECOGNIZED AT FAIR VALUE	**-**	**232 577**	**-**

Changes in fair value of investment securities available-for-sale attributable to Level 3 in the fair value hierarchy for 6 months ended 30 June 2013 and 6 months ended 30 June 2012 are as follows:

In thousand of Russian Roubles	**Note**	**30 June 2013**	**30 June 2012**
Fair value as at 1 January		**3 317 843**	**3 774 109**
Other comprehensive income	14	-	86 833
Acquisitions		-	35 951
Transfer to level 1		(3 317 843)	-
Fair value as at 30 June		**-**	**3 896 893**

21 Fair Value of Financial Instruments (continued)

The following table provides fair values of financial instruments by classes and a reconciliation of classes of financial instruments as at 30 June 2013:

In thousands of Russian Roubles	**Financial assets at fair value through profit or loss**	**Loans and receivables**	**Available-for-sale financial assets**	**Financial assets held-to-maturity**	**Total carrying value of financial assets**	**Fair value of financial assets**
FINANCIAL ASSETS						
Cash and cash equivalents						
- Cash on hand	-	4 554 775	-	-	4 554 775	4 554 775
- Balances with the CBRF	-	4 796 296	-	-	4 796 296	4 796 296
- Correspondent accounts and overnight placements	-	25 522 295	-	-	25 522 295	25 522 295
- Settlement accounts with trading systems	-	3 021 406	-	-	3 021 406	3 021 406
Mandatory cash balances with the Central Bank of the Russian Federation	-	3 645 370	-	-	3 645 370	3 645 370
Trading securities	16 312 355	-	-	-	16 312 355	16 312 355
Trading securities pledged under sale and repurchase agreements	37 662 138	-	-	-	37 662 138	37 662 138
Amounts receivable under reverse repurchase agreements	-	10 518 469	-	-	10 518 469	10 518 469
Due from banks						
- Term placements with banks	-	2 007 903	-	-	2 007 903	2 009 294
Loans and advances to customers						
Corporate loans						
- loans to finance working capital	-	139 381 383	-	-	139 381 383	139 090 571
- investment loans	-	57 521 141	-	-	57 521 141	57 157 913
- loans to entities financed from budget	-	16 634 040	-	-	16 634 040	16 422 039
Loans to individuals						
- mortgage loans	-	15 770 176	-	-	15 770 176	16 238 095
- car loans	-	3 514 565	-	-	3 514 565	3 581 368
- consumer loans to VIP clients	-	4 946 479	-	-	4 946 479	5 026 101
- other consumer loans	-	5 958 941	-	-	5 958 941	6 341 321
Investment securities available-for-sale	-	-	3 436 618	-	3 436 618	3 436 618
Investment securities held-to-maturity	-	-	-	26 134	26 134	6 263
Other financial assets	387 541	549 486	-	-	937 027	937 027
TOTAL FINANCIAL ASSETS	**54 362 034**	**298 342 725**	**3 436 618**	**26 134**	**356 167 511**	**356 279 714**

21 Fair Value of Financial Instruments (continued)

In thousands of Russian Roubles	**Financial liabilities at fair value through profit or loss**	**Financial liabilities carried at amortised cost**	**Carrying value of financial liabilities**	**Fair value of financial liabilities**
FINANCIAL LIABILITIES				
Due to banks				
- Sale and repurchase agreements	-	38 566 724	38 566 724	38 566 724
- Term placements of other banks	-	16 127 748	16 127 748	16 127 748
- Correspondent accounts of other banks	-	165 950	165 950	165 950
Customer accounts				
State and public organisations				
- Current/settlement accounts	-	1 003 813	1 003 813	1 003 813
- Term deposits	-	5 219 799	5 219 799	5 208 119
Other legal entities				
- Current/settlement accounts	-	52 091 778	52 091 778	52 091 778
- Term deposits	-	66 611 453	66 611 453	66 838 819
- Amounts payable under sale and repurchase agreements	144 915	-	144 915	144 915
Individuals	-			
- Current/demand accounts	-	25 678 217	25 678 217	25 678 217
- Term deposits	-	91 488 334	91 488 334	93 799 330
Bonds issued				
- Bonds	-	10 632 784	10 632 784	10 485 203
- Subordinated Eurobonds	-	6 686 257	6 686 257	6 585 561
Other debt securities in issue				
- Promissory notes	-	6 350 633	6 350 633	6 453 519
- Deposit certificates	-	16 282	16 282	16 282
Other borrowed funds				
- Subordinated loans	-	5 610 130	5 610 130	5 610 130
- EBRD	-	1 490 378	1 490 378	1 471 283
- VTB Bank	-	1 319 354	1 319 354	1 303 128
- AKA AFK	-	445 440	445 440	415 118
- Eurasian Development Bank	-	425 401	425 401	421 508
- Nordic Investment Bank	-	267 216	267 216	256 913
Other financial liabilities	529 803	305 856	835 659	835 659
TOTAL FINANCIAL LIABILITIES	**674 718**	**330 503 547**	**331 178 265**	**333 479 717**

21 Fair Value of Financial Instruments (continued)

The following table provides fair values of financial instruments by classes and a reconciliation of classes of financial instruments as at 31 December 2012:

In thousands of Russian Roubles	Financial assets at fair value through profit or loss	Loans and receivables	Available-for-sale financial assets	Financial assets held-to-maturity	Total carrying value of financial assets	Fair value of financial assets
FINANCIAL ASSETS						
Cash and cash equivalents						
- Cash on hand	-	4 744 470	-	-	4 744 470	4 744 470
- Balances with the CBRF	-	7 012 569	-	-	7 012 569	7 012 569
- Correspondent accounts and overnight placements	-	10 182 495	-	-	10 182 495	10 182 495
- Settlement accounts with trading systems	-	21 998 617	-	-	21 998 617	21 998 617
Mandatory cash balances with the Central Bank of the Russian Federation	-	3 125 502	-	-	3 125 502	3 125 502
Trading securities	11 463 053	-	-	-	11 463 053	11 463 053
Trading securities pledged under sale and repurchase agreements	35 291 039	-	-	-	35 291 039	35 291 039
Financial instruments at fair value through profit or loss	608 568	-	-	-	608 568	608 568
Amounts receivable under reverse repurchase agreements	-	9 082 398	-	-	9 082 398	9 082 398
Due from banks						
- Term placements with banks	-	2 899 159	-	-	2 899 159	2 897 409
Loans and advances to customers						
Corporate loans						
- loans to finance working capital	-	130 098 484	-	-	130 098 484	130 912 477
- investment loans	-	54 274 983	-	-	54 274 983	54 048 685
- loans to entities financed from budget	-	15 862 481	-	-	15 862 481	15 869 249
Loans to individuals						
- mortgage loans	-	11 368 360	-	-	11 368 360	11 756 538
- car loans	-	2 572 981	-	-	2 572 981	2 646 779
- consumer loans to VIP clients	-	4 237 979	-	-	4 237 979	4 272 214
- other consumer loans	-	3 963 652	-	-	3 963 652	4 219 572
Investment securities available-for-sale	-	-	3 521 259	-	3 521 259	3 521 259
Investment securities held-to-maturity	-	-	-	31 361	31 361	6 263
Other financial assets	394 006	681 210	-	-	1 075 216	1 075 216
TOTAL FINANCIAL ASSETS	**47 756 666**	**282 105 340**	**3 521 259**	**31 361**	**333 414 626**	**334 734 372**

21 Fair Value of Financial Instruments (continued)

In thousands of Russian Roubles	**Financial liabilities at fair value through profit or loss**	**Financial liabilities carried at amortised cost**	**Carrying value of financial liabilities**	**Fair value of financial liabilities**
FINANCIAL LIABILITIES				
Due to banks				
- Sale and repurchase agreements	-	35 729 688	35 729 688	35 729 688
- Term placements of other banks	-	16 173 913	16 173 913	16 173 913
- Correspondent accounts of other banks	-	350 701	350 701	350 701
Customer accounts				
State and public organisations				
- Current/settlement accounts	-	835 462	835 462	835 462
Other legal entities				
- Current/settlement accounts	-	51 466 052	51 466 052	51 466 052
- Term deposits	-	68 966 817	68 966 817	69 365 757
- Amounts payable under sale and repurchase agreements	-	308 259	308 259	308 259
Individuals	-			
- Current/demand accounts	-	23 381 940	23 381 940	23 381 940
- Term deposits	-	77 838 204	77 838 204	79 718 617
Bonds issued				
- Bonds	-	10 674 577	10 674 577	10 448 262
- Subordinated Eurobonds	-	6 209 007	6 209 007	5 951 837
Other debt securities in issue				
- Promissory notes	-	5 228 677	5 228 677	5 230 806
- Deposit certificates	-	15 657	15 657	15 609
Other borrowed funds				
- Subordinated loans	-	5 333 607	5 333 607	5 333 607
- VTB Bank	-	2 915 434	2 915 434	2 873 920
- EBRD	-	2 051 128	2 051 128	1 933 780
- Eurasian Development Bank	-	395 090	395 090	387 637
- Nordic Investment Bank	-	302 671	302 671	286 701
- AKA AFK	-	260 372	260 372	258 717
- KFW IPEX-Bank GmbH	-	152 326	152 326	150 781
Other financial liabilities	626 583	349 334	975 917	975 917
TOTAL FINANCIAL LIABILITIES	**626 583**	**308 938 916**	**309 565 499**	**311 177 963**

22 Related Party Transactions

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

Transactions are entered into in the normal course of business with shareholders, management and companies controlled by the Group’s shareholders and management.

As at 30 June 2013, the outstanding balances with related parties are as follows:

(In thousands of Russian Roubles)	**Shareholders (unaudited)**	**Management of the Group (unaudited)**	**Other related parties (unaudited)**
Loans and advances to customers (contractual interest rates: 6.0% - 26.4% p.a)	50 331	85 629	308 272
Impairment allowance for loans and advances to customers	(801)	(1 357)	(31 147)
Customer accounts (contractual interest rates: 1.75% - 10.0% p.a.)	1 428 962	531 267	2 780 412
Other borrowed funds (contractual interest rate: 4.42% - 13.4% p.a.)	4 067 187	-	-

Other borrowed funds include subordinated debt. Refer to note 12.

The income and expense items with related parties, other than compensation to the members of the Supervisory and the Management Boards, for the six-month period ended 30 June 2013 are as follows:

(In thousands of Russian Roubles)	**Shareholders (unaudited)**	**Management of the Group (unaudited)**	**Other related parties (unaudited)**
Interest income	2 612	4 932	10 747
Interest expense	(306 498)	(18 894)	(4 960)
Recovery of provision for loan impairment	13	100	116
Fee and commission income	65	346	2 451

Aggregate amounts lent to and repaid by related parties during the six-month period ended 30 June 2013 are:

(In thousands of Russian Roubles)	**Shareholders (unaudited)**	**Management of the Group (unaudited)**	**Other related parties (unaudited)**
Amounts lent to related parties during the period	5 978	22 700	10 622
Amounts repaid by related parties during the period	6 929	28 883	12 248

22 Related Party Transactions (continued)

As at 31 December 2012, the outstanding balances with related parties are as follows:

(In thousands of Russian Roubles)	**Shareholders**	**Management of the Group**	**Other related parties**
Loans and advances to customers (contractual interest rates: 6.25% – 22.5% p.a)	51 282	91 812	309 898
Allowance for impairment of loans and advances to customers	(814)	(1 457)	(31 263)
Customer accounts (contractual interest rates: 2.3% - 10.0% p.a.)	1 042	4 264	3 104 246
Other borrowed funds (contractual interest rate: 4.5% - 13.4% p.a.)	4 442 855	-	-

Other borrowed funds include subordinated debt. Refer to note 12.

The income and expense items with related parties, other than compensation to the members of the Supervisory and the Management Boards, for the six-month period ended 30 June 2012 are as follows:

(In thousands of Russian Roubles)	**Shareholders (unaudited)**	**Management of the Group (unaudited)**	**Other related parties (unaudited)**
Interest income	1 450	7 110	226
Interest expense	(239 275)	(26 010)	(67 271)
(Provision) recovery of provision for loan impairment	(514)	174	(17 995)
Fee and commission income	1 046	631	6 416

Aggregate amounts lent to and repaid by related parties during the six-month period ended 30 June 2012 are:

(In thousands of Russian Roubles)	**Shareholders (unaudited)**	**Management of the Group (unaudited)**	**Other related parties (unaudited)**
Amounts lent to related parties during the period	23 890	13 840	1 531
Amounts repaid by related parties during the period	55	30 309	1 439

During the six-month period ended 30 June 2013, total remuneration of members of the Supervisory Board and Management Board of the Bank, including pension contributions and discretionary bonuses, amounts to RR 108 379 thousand (6 months ended 30 June 2012: RR 55 430 thousand).

23 Consolidation of Special Purpose Entities

As at 30 June 2013 and 31 December 2012, the Group consolidated the special purpose entity BSPB Finance plc. This special purpose entity was established in 2006 to facilitate the Eurobonds issue.

As at 30 June 2013 and 31 December 2012, the Group exercised its control over the activity of the special purpose entity, as all financial and operational activities of this special purpose entity are conducted on behalf of the Group and according to the Group's specific business needs. The Group has rights to obtain the majority of the benefits of the special purpose entity and therefore was exposed to risks incident to its activities.

As at 30 June 2013 and 31 December 2012, the Group consolidated the close-ended real estate mutual investment fund "Nevskiy - Fourth Real Estate Fund". These entities are used for sale and management of investment property projects.

A.V. Savelyev
Chairman of the Management Board

N.G. Tomilina
Chief Accountant