

BANK VOZROZHDENIE

**International Financial Reporting Standards
Interim Summarized Consolidated Financial
Statements**

(unaudited)

March 31, 2013

CONTENTS

Interim Summarized Consolidated Statement of Financial Position	1
Interim Summarized Consolidated Statement of Comprehensive Income	2
Interim Summarized Consolidated Statement of Changes in Equity	3
Interim Summarized Consolidated Statement of Cash Flows	4

Notes to the Interim Summarized Consolidated Financial Statements

1	Introduction	5
2	Principles of Accounting Policies, Critical Accounting Estimates and Judgments	5
3	Cash and Cash Equivalents	5
4	Trading Securities	6
5	Due from Other Banks	6
6	Loans and Advances to Customers	6
7	Investment Securities Available for Sale	11
8	Other Assets	11
9	Due to Other Banks	12
10	Customer Accounts	12
11	Debt Securities in Issue	12
12	Subordinated Loans	13
13	Interest Income and Expense	14
14	Fee and Commission Income and Expense	14
15	Administrative and Other Operating Expenses	15
16	Segment Analysis	15
17	Financial Risk Management	21
18	Contingencies and Commitments	25

Bank Vozrozhdenie
Interim Summarized Consolidated Statement of financial position as at March 31, 2013

<i>In millions of Russian Roubles</i>	Note	March 31, 2013 (unaudited)	December 31, 2012
ASSETS			
Cash and cash equivalents	7	37 059	40 885
Mandatory cash balances with the Central Bank of the Russian Federation		2 249	2 097
Trading securities	4	7 943	5 884
Due from other banks	5	1 011	5 794
Loans and advances to customers	6	148 550	141 662
Investment securities available for sale	7	3 484	2 476
Premises and equipment		3 022	3 064
Other financial assets		694	1 103
Non-current assets classified as held for sale	8	1 577	898
Differed tax asset		1 294	1 222
Other assets	8	3 385	3 977
TOTAL ASSETS		210 268	209 062
LIABILITIES			
Due to other banks	9	8 089	7 647
Customer accounts	10	163 368	163 876
Debt securities in issue	11	7 101	7 032
Other borrowed funds		2 581	2 803
Other financial liabilities		241	350
Other liabilities		631	496
Subordinated loans	12	7 095	6 051
TOTAL LIABILITIES		189 106	188 255
EQUITY			
Share capital		250	250
Share premium		7 306	7 306
Retained earnings		13 457	13 124
Revaluation reserve for investment securities available for sale		149	127
TOTAL EQUITY		21 162	20 807
TOTAL LIABILITIES AND EQUITY		210 268	209 062

Ms Tatyana F. Gavrilkina
Deputy Chairwoman of the Management Board

Bank Vozrozhdenie
Interim Summarized Consolidated Statement of Comprehensive Income as at March 31, 2013

<i>In millions of Russian Roubles</i>	Note	3M ended March 31, 2013 (unaudited)	3M ended March 31, 2012 (unaudited)
Interest income	13	4 451	3 769
Interest expense	13	(2 271)	(1 620)
Net interest income		2 180	2 149
Provision for loan impairment	6	(985)	(358)
Net interest income after provision for loan impairment		1 195	1 791
Fee and commission income	14	1 222	1 218
Fee and commission expense	14	(115)	(92)
Gains less losses /(Losses less gains) from trading securities		5	(8)
Gains less losses /(Losses less gains) from trading in foreign currencies		(41)	112
Foreign exchange translation gains less losses		179	(28)
Gains less losses on disposed investment securities available for sale		-	4
Other operating income		60	47
Administrative and other operating expenses	15	(2 091)	(2 042)
Provision for impairment of other assets	8	21	(313)
Profit before tax		435	689
Income tax expense		(102)	(163)
PROFIT FOR THE REPORTING PERIOD		333	526
Other comprehensive income:			
Investment securities available for sale:			
Gains less losses during the year		30	8
Income tax expense recorded directly in other comprehensive income		(8)	7
Other comprehensive income for the reporting period		22	15
TOTAL COMPREHENSIVE INCOME FOR THE REPORTING PERIOD		355	541
Earnings per share for profit attributable to the equity holders of the Bank, basic and diluted (expressed in RR per share)			
Ordinary shares		14	21

Bank Vozrozhdenie
Interim Summarized Consolidated Statement of Changes in Equity as at March 31, 2013

	Share capital	Share premium	Revaluation reserve for investment securities available for sale	Retained earnings	Total
<i>In millions of Russian Roubles</i>					
Balance at January 1, 2012	250	7 306	127	13 124	20 807
Profit for the three months ended March 31, 2013	-	-	-	333	333
Other comprehensive income	-	-	22	-	22
Total comprehensive income for 2013	-	-	22	333	355
Dividends declared	-	-	-	-	-
Balance at March 31, 2013	250	7 306	149	13 457	21 162

	Share capital	Share premium	Revaluation reserve for investment securities available for sale	Retained earnings	Total
<i>In millions of Russian Roubles</i>					
Balance at December 31, 2011	250	7 306	99	10 807	18 462
Profit for the 3 months ended March 31, 2012	-	-	-	526	526
Other comprehensive income	-	-	15	-	15
Total comprehensive income for 2012	-	-	15	526	541
Dividends declared	-	-	-	-	-
Balance at March 31, 2012	250	7 306	114	11 333	19 003

Bank Vozrozhdenie
Interim Summarized Consolidated Statement of Cash Flows as at March 31, 2013

<i>In millions of Russian Roubles</i>	3M ended March 31, 2013 (unaudited)	3M ended March 31, 2012 (unaudited)
Cash flows from operating activities		
Interest received	4 221	3 485
Interest paid	(2 126)	(1 642)
Fees and commissions received	1 264	1 209
Fees and commissions paid	(115)	(92)
Net income received/(losses paid) from trading in trading securities	4	(3)
Net income received from trading in foreign currencies	(41)	113
Other operating income received	59	44
Administrative and other operating expenses paid	(1 881)	(1 717)
Income tax paid	(141)	(296)
Cash flows from operating activities before changes in operating assets and liabilities	1 244	1 101
Changes in operating assets and liabilities		
Net increase in mandatory cash balances with the Central Bank of the Russian Federation	(152)	(42)
Net increase in trading securities	(2 001)	(3 739)
Net decrease in due from other banks	4 792	560
Net increase in loans and advances to customers	(7 710)	(7 814)
Net decrease in other financial assets	412	152
Net decrease in other assets	43	177
Net increase/(decrease) in due to other banks	446	(438)
Net (decrease)/increase in customer accounts	(977)	222
Net increase in debt securities in issue	97	1 438
Net (decrease)/increase in other financial liabilities	(109)	284
Net decrease in other liabilities	(36)	(120)
Net increase in other borrowed funds	(222)	-
Net cash used in operating activities	(4 173)	(8 219)
Cash flows from investing activities		
Acquisition of investment securities available for sale	(1 104)	(1 471)
Proceeds from disposal of investment securities available for sale	154	61
Acquisition of premises and equipment	(53)	(194)
Proceeds from disposal of premises and equipment	1	7
Proceeds from disposal of investment properties	2	20
Proceeds from disposal of non-current assets held for sale	30	9
Net cash used in investing activities	(970)	(1 568)
Cash flows from financing activities		
Receipt of subordinated loans	1 000	-
Net cash from financing activities	1 000	-
Effect of exchange rate changes on cash and cash equivalents	317	(1 300)
Net decrease in cash and cash equivalents	(3 826)	(11 087)
Cash and cash equivalents at the beginning of the year	40 885	37 755
Cash and cash equivalents at the end of the reporting period	37 059	26 668

1 Introduction

These interim summarised consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) for the three months ended on March 31, 2013 for Bank Vozrozhdenie (the “Bank”) and its special-purpose entities, closed joint stock company “Ipotechny Agent Vozrozhdeniye 1” and closed joint stock company “Ipotechny Agent Vozrozhdeniye 2” (together referred to as the “Group”).

Presentation currency. These interim summarised consolidated financial statements are presented in millions of Russian Roubles (“RR millions”).

CBRF principal rates of exchange used for translating foreign currency balances were USD 1 = RR 30.9962 as at March 29, 2013, USD 1 = RR 30.3727 as at December 31, 2012, USD 1 = RR 29.2853 as at March 30, 2012 and EUR 1 = RR 39.6627, 40.2286 and 39.0402 respectively.

2 Critical Accounting Estimates and Judgements in Applying Accounting Policies

These interim summarized consolidated financial statements are to be considered along with the Group’s annual financial statements for the year ended December 31, 2012.

These interim summarized consolidated financial statements do not contain all notes which are obligatory to disclosure in a full version of financial statements.

Principles and methods of accounting policy applied in these interim summarized consolidated financial statements comply with the principles and methods applied and described in the Group’s annual Financial Statements for the year ended December 31, 2012.

Judgments made by the Group’s management while applying accounting policy comply with the judgments described in the Bank’s annual Financial Statements for 2012. The Group’s Management did not apply any new estimates and judgments. As a result of applying estimates and judgments described in the Group’s financial statements for the year ended December 31, 2012, the Group’s assets, revenues and income for the three months ended March 31, 2013 did not change materially.

3 Cash and Cash Equivalents

<i>In millions of Russian Roubles</i>	March 31, 2013 (unaudited)	December 31, 2012
Cash on hand	6 264	8 616
Correspondent accounts and overnight placements with banks of		
- Russian Federation	6 232	1 049
- Other countries	21 217	16 550
Cash balances with the CBRF (other than mandatory cash balances)	3 346	14 670
Total cash and cash equivalents	37 059	40 885

Cash and cash equivalents are not impaired and are not collateralized.

4 Trading Securities

<i>In millions of Russian Roubles</i>	March 31, 2013 (unaudited)	December 31, 2012
Corporate bonds	4 804	3 636
Corporate Eurobonds	2 059	1 517
Municipal bonds	553	102
Russian Federation Eurobonds	491	-
Federal loan bonds (OFZ)	-	603
Total debt securities	7 907	5 858
Corporate shares	36	26
Total trading securities	7 943	5 884

All the securities included into trading securities portfolio have market quotations.

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

Trading securities are used by the Group basically for managing liquidity risk.

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

5 Due from Other Banks

<i>In millions of Russian Roubles</i>	March 31, 2013 (unaudited)	December 31, 2012
Short-term placements with other banks	602	5 406
Insurance deposits with non-resident banks	409	388
Total due from other banks	1 011	5 794

6 Loans and Advances to Customers

<i>In millions of Russian Roubles</i>	March 31, 2013 (unaudited)	December 31, 2012
Corporate loans - large	46 060	44 587
Corporate loans - medium	56 428	51 849
Corporate loans - small	28 153	27 079
Mortgage loans	22 819	22 302
Other loans to individuals	10 748	10 548
Total gross loans and advances to customers (before provision for loan impairment)	164 208	156 365
Less: Provision for loan impairment	(15 658)	(14 703)
Total loans and advances to customers	148 550	141 662

In accordance with the Credit policy loans are divided into corporate and retail.

Taking into consideration the Group's customer policy requirements for 2013 and 2012, the corporate portion of borrowers is further divided on the basis of total amount owed by the customer into the following categories: large – in excess of RR 750 million, medium – from RR 100 million to RR 750 million, small – less than RR 100 million.

Retail loans are divided into categories by product: mortgage loans and other loans to individuals including consumer loans, car loans and bank card loans.

6 Loans and Advances to Customers (Continued)

Mortgage loans include securitised mortgage loans of RR 6 794 million. As at March 31, 2013 the carrying value of those mortgage loans equals to their nominal value.

Movements in the provision for loan impairment during the three months of 2013 are as follows:

<i>In millions of Russian Roubles</i>	Corporate loans - large	Corporate loans - medium	Corporate loans - small	Mortgage loans	Other loans to individuals	Total
Provision for loan impairment at January 1, 2013	5 291	5 426	2 831	611	544	14 703
Provision for impairment during the year	818	(26)	127	39	27	985
Amounts written off during the year as uncollectible	-	-	(24)	-	-	(24)
Result from disposal of loans under cession agreements	-	-	(6)	-	-	(6)
Provision for loan impairment at March 31, 2013	6 109	5 400	2 928	650	571	15 658

Movements in the provision for loan impairment during 2012 are as follows:

<i>In millions of Russian Roubles</i>	Corporate loans - large	Corporate loans - medium	Corporate loans - small	Mortgage loans	Other loans to individuals	Total
Provision for loan impairment at January 1, 2012	3 514	5 501	2 876	432	642	12 965
Provision for impairment during the year	1 844	397	292	179	10	2 722
Amounts written off during the year as uncollectible	-	-	(283)	-	(9)	(292)
Result from disposal of loans under cession agreements	(67)	(472)	(54)	-	(99)	(692)
Provision for loan impairment at December 31, 2012	5 291	5 426	2 831	611	544	14 703

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

<i>In millions of Russian Roubles</i>	March 31, 2013 (unaudited)		December 31, 2012	
	Amount	%	Amount	%
Manufacturing	47 988	29	39 592	28
Trade	36 118	22	33 177	23
Individuals	33 567	20	25 917	18
Construction	12 180	7	10 555	7
Real estate	10 139	6	7 556	5
Agriculture	9 394	6	8 017	6
Transport and communication	6 068	4	5 500	4
Finance	2 395	2	4 245	3
State and public organisations	1 180	1	3 271	2
Other	5 179	3	6 122	4
Total gross loans and advances to customers	164 208	100	143 952	100

State and public organisations exclude government owned profit orientated businesses.

As at March 31, 2013 the Group had 33 borrowers with aggregated loan amounts above RR 750 million. The total aggregate amount of these loans was RR 46 060 million or 28.1 % of the gross loans and advanced to customers.

As at 31 December 2012 the Group had 33 borrowers with aggregated loan amounts above RR 750 million. The total aggregate amount of these loans was RR 44 587 million or 28.5% of the gross loan portfolio.

6 Loans and Advances to Customers (Continued)

Analysis by credit quality of loans outstanding at March 31, 2013 is as follows:

	Corporate loans - large	Corporate loans - medium	Corporate loans - small	Mortgage loans	Other loans to indi- viduals	Total
<i>In millions of Russian Roubles</i>						
<i>Neither past due nor impaired</i>						
- Borrowers with credit history over two years	30 504	-	-	-	-	30 504
- New borrowers	7 458	-	-	-	-	7 458
- Corporate loans assessed on a portfolio basis issued in 2013	-	15 614	8 781	-	-	24 395
- Corporate loans assessed on a portfolio basis issued before 2013	-	36 090	16 324	-	-	52 414
Loans to individuals assessed on a portfolio basis:						
- Mortgage loans issued in 2013	-	-	-	1 521	-	1 521
- Mortgage loans issued before 2013	-	-	-	20 857	-	20 857
- consumer loans	-	-	-	-	7 938	7 938
- credit cards	-	-	-	-	1 889	1 889
- car loans	-	-	-	-	353	353
Total gross neither past due nor impaired	37 962	51 704	25 105	22 378	10 180	147 329
<i>Past due but not impaired</i>						
- less than 30 days overdue	-	31	152	46	107	336
- 30 to 90 days overdue	-	-	-	42	11	53
- 91 to 180 days overdue	-	-	-	14	4	18
- 181 to 360 days overdue	-	-	-	195	6	201
Total gross past due but not impaired	-	31	152	297	128	608
<i>Loans collectively determined to be impaired</i>						
- 30 to 90 days overdue	-	-	72	-	6	78
- 91 to 180 days overdue	-	-	147	-	11	158
- 181 to 360 days overdue	-	348	335	-	17	700
- over 360 days overdue	-	2 888	2 285	-	106	5 279
Total gross collectively impaired loans	-	3 236	2 839	-	140	6 215
<i>Loans individually determined to be impaired</i>						
- not past due	2 654	-	-	-	-	2 654
- 30 to 90 days overdue	-	-	-	-	27	27
- 91 to 180 days overdue	-	-	-	-	23	23
- 181 to 360 days overdue	4 685	-	-	-	22	4 707
- over 360 days overdue	759	1 457	57	144	228	2 645
Total gross individually impaired loans	8 098	1 457	57	144	300	10 056
Less impairment provision	(6 109)	(5 400)	(2 928)	(650)	(571)	(15 658)
Total loans and advances to customers less provision for impairment	39 951	51 028	25 225	22 169	10 177	148 550

6 Loans and Advances to Customers (Continued)

Analysis by credit quality of loans outstanding at December 31, 2012 is as follows:

	Corporate loans - large	Corporate loans - medium	Corporate loans - small	Mortgage loans	Other loans to individuals	Total
<i>In millions of Russian Roubles</i>						
<i>Neither past due nor impaired</i>						
- Borrowers with credit history over two years	30 909	-	-	-	-	30 909
- New borrowers	8 233	-	-	-	-	8 233
- Corporate loans assessed on a portfolio basis issued in 2012	-	34 282	20 121	-	-	54 403
- Corporate loans assessed on a portfolio basis issued before 2012	-	12 746	4 014	-	-	16 760
Loans to individuals assessed on a portfolio basis:						
- Mortgage loans issued in 2012	-	-	-	12 096	-	12 096
- Mortgage loans issued before 2012	-	-	-	9 816	-	9 816
- consumer loans	-	-	-	-	7 756	7 756
- credit cards	-	-	-	-	1 901	1 901
- car loans	-	-	-	-	389	389
Total gross neither past due nor impaired	39 142	47 028	24 135	21 912	10 046	142 263
<i>Past due but not impaired</i>						
- less than 30 days overdue	-	-	141	20	60	221
- 30 to 90 days overdue	-	-	-	20	13	33
- 91 to 180 days overdue	-	-	-	171	5	176
- 181 to 360 days overdue	-	-	-	36	5	41
Total gross past due but not impaired	-	-	141	247	83	471
<i>Loans collectively determined to be impaired</i>						
- less than 30 days overdue	-	-	3	-	-	3
- 30 to 90 days overdue	-	-	43	-	12	55
- 91 to 180 days overdue	-	347	150	-	12	509
- 181 to 360 days overdue	-	449	294	-	16	759
- over 360 days overdue	-	2 568	2 256	-	102	4 926
Total gross collectively impaired loans	-	3 364	2 746	-	142	6 252
<i>Loans individually determined to be impaired</i>						
- 30 to 90 days overdue	-	-	-	-	22	22
- 91 to 180 days overdue	3 726	-	-	-	13	3 739
- 181 to 360 days overdue	960	-	-	-	17	977
- over 360 days overdue	759	1 457	57	143	225	2 641
Total gross individually impaired loans	5 445	1 457	57	143	277	7 379
Less impairment provision	(5 291)	(5 426)	(2 831)	(611)	(544)	(14 703)
Total loans and advances to customers less provision for impairment	39 296	46 423	24 248	21 691	10 004	141 662

The Group believes that the borrowers with long credit history have a less degree of credit risk. The primary factors that the Group considers in determining whether a loan is impaired are its overdue status and realisability of related collateral, if any.

6 Loans and Advances to Customers (Continued)

The Group applied the portfolio provisioning methodology prescribed by IAS 39 Financial Instruments: Recognition and Measurement, and set up portfolio provisions for impairment losses that were incurred but have not been specifically identified with any individual loan by the reporting date.

The Group's policy is to classify each loan as "neither past due nor impaired" until specific objective evidence of impairment of the loan is identified. The impairment provisions may exceed the total gross amount of individually impaired loans as a result of this policy and the portfolio impairment methodology.

Loans collectively determined to be impaired are represented by corporate small and medium loans, and loans to individuals except for mortgage loans, which have an overdue status as an impairment trigger event.

Past due but not impaired loans represent collateralised loans where the fair value of collateral together with consideration of discounting covers the overdue interest and principal repayments. The amount reported as past due but not impaired is the whole balance of such loans, not only the individual instalments that are past due.

Information about collateral at March 31, 2013 is as follows:

<i>In millions of Russian Roubles</i>	Corporate loans - large	Corporate loans - medium	Corporate loans - small	Mortgage loans	Other loans to individuals	Total
Unsecured loans	3 963	3 328	1 982	1 095	6 075	16 443
Loans collateralised by:						
residential real estate	-	-	-	21 600	27	21 627
other real estate	19 831	25 714	11 225	37	868	57 675
equipment, inventories, motor vehicles	7 486	14 397	8 397	-	450	30 730
securities (promissory notes, shares)	-	-	-	24	8	32
cash deposits	-	-	-	14	11	25
state guarantees and guarantees of the RF constituents	813	1 285	489	-	-	2 587
other guarantees and third parties' guarantees	10 469	9 444	5 664	49	2 119	27 745
other assets (other types of property, rights)	3 498	2 260	396	-	1 190	7 344
Total gross loans and advances to customers	46 060	56 428	28 153	22 819	10 748	164 208

6 Loans and Advances to Customers (Continued)

Information about collateral at December 31, 2012 is as follows:

<i>In millions of Russian Roubles</i>	Corporate loans - large	Corporate loans - medium	Corporate loans - small	Mortgage loans	Other loans to individuals	Total
Unsecured loans	7 371	3 043	1 932	1 151	5 582	19 079
Loans collateralised by:						
residential real estate	-	-	-	21 010	28	21 038
other real estate	16 833	23 294	11 049	40	918	52 134
equipment, inventories, motor vehicles	5 766	13 425	8 430	-	490	28 111
securities (promissory notes, shares)	-	207	-	35	8	250
cash deposits	-	-	40	14	8	62
state guarantees and guarantees of the RF constituents	812	1 142	545	-	-	2 499
other guarantees and third parties' guarantees	10 430	9 099	4 827	52	2 355	26 763
other assets (other types of property, rights)	3 375	1 639	256	-	1 159	6 429
Total gross loans and advances to customers (before provision for impairment)	44 587	51 849	27 079	22 302	10 548	156 365

7 Investment Securities Available for Sale

<i>In millions of Russian Roubles</i>	March 31, 2013 (unaudited)	December 31, 2012
Corporate bonds	1 853	875
Municipal bonds	722	573
Corporate Eurobonds	419	559
Total debt securities	2 994	2 007
Corporate shares	490	469
Total investment securities available for sale	3 484	2 476

8 Other Assets

<i>In millions of Russian Roubles</i>	March 31, 2013 (unaudited)	December 31, 2012
Investment properties	1 845	1 847
Non-current assets classified as held for sale	1 795	905
Inventory	1 580	2 296
Prepayments	327	202
Precious metals	29	31
Other	152	381
Total other assets (before provision for impairment of other assets)	5 728	5 662
Less: Provision for impairment of other assets	(766)	(787)
Total other assets	4 962	4 875

9 Due to Other Banks

<i>In millions of Russian Roubles</i>	March 31, 2013 (unaudited)	December 31, 2012
Placements of other banks	7 993	7 630
Correspondent accounts of other banks	96	17
Total due to other banks	8 089	7 647

10 Customer Accounts

<i>In millions of Russian Roubles</i>	March 31, 2013 (unaudited)	December 31, 2012
State and public organisations		
- Current/settlement accounts	138	84
- Term deposits	1 268	-
Other legal entities		
- Current/settlement accounts	34 458	35 982
- Term deposits	24 629	25 896
Individuals		
- Current/demand accounts	18 488	20 900
- Term deposits	84 387	81 014
Total customer accounts	163 368	163 876

State and public organisations exclude government owned profit orientated businesses.

Economic sector concentrations within customer accounts are as follows:

<i>In millions of Russian Roubles</i>	March 31, 2013 (unaudited)		December 31, 2012	
	Amount	%	Amount	%
Individuals	102 875	62	101 914	62
Trade	19 784	12	22 771	14
Finance	11 325	7	10 927	7
Manufacturing	8 580	5	8 405	5
Construction	7 621	5	8 362	5
Transport and communication	7 485	5	8 298	5
Agriculture	2 466	2	2 314	2
State and public organisations	1 406	1	84	-
Other	1 826	1	801	-
Total customer accounts	163 368	100	163 876	100

11 Debt Securities in Issue

<i>In millions of Russian Roubles</i>	March 31, 2013 (unaudited)	December 31, 2012
Promissory notes	5 067	4 765
Mortgage backed bonds in issue	1 876	2 082
Deposit certificates	158	185
Total debt securities in issue	7 101	7 032

12 Subordinated Loans

Subordinated loans represent long-term deposits of the Group's customers. The subordinated debt ranks after all other creditors in case of the Group's liquidation. The details of subordinated loans attracted by the Group are disclosed in the table below:

	Start date	Maturity	Currency	March 31, 2013 (unaudited)		December 31, 2012	
				Contractual interest rate, %	Value, RR million	Contractual interest rate, %	Value, RR million
Subordinated loan 1	June 2005	June 2013	USD	5.75	310	5.75	304
Subordinated loan 2	December 2005	December 2013	USD	8.00	217	8.00	213
Subordinated loan 3	March 2006	March 2014	USD	6.50	155	6.50	152
Subordinated loan 4	May 2006	May 2014	USD	6.50	93	6.50	91
Subordinated loan 5	June 2006	June 2014	USD	6.50	155	6.50	152
Subordinated loan 6	December 2006	December 2013	RR	8.25	1 021	8.00	1 000
Subordinated loan 7	April 2007	April 2014	RR	8.25	510	8.00	500
Subordinated loan 8	July 2008	August 2018	USD	11.21	1 541	9.21	1 548
Subordinated loan 9	August 2010	August 2018	USD	8.00	93	8.00	91
Subordinated loan 10	July 2012	July 2020	RR	9.25	1 000	9.25	1 000
Subordinated loan 11	December 2012	July 2020	RR	9.25	1 000	9.25	1 000
Subordinated loan 12	February 2013	July 2020	RR	9.25	1 000	-	-
Total subordinated loans					7 095		6 051

The contractual interest rates are regularly revised in accordance with the terms of subordinated loan agreements No.6 and No.7.

Subordinated loans No. 2, 9 were received by the Group from a related party.

13 Interest Income and Expense

<i>In millions of Russian Roubles</i>	3M ended March 31, 2013 (unaudited)	3M ended March 31, 2012 (unaudited)
Interest income		
Loans and advances to customers - legal entities	2 999	2 662
Loans and advances to customers - individuals	1 195	891
Correspondent accounts and due from other banks	135	66
Trading securities	83	142
Investment securities available for sale	39	8
Total interest income	4 451	3 769
Interest expense		
Term deposits of individuals	1 325	963
Term deposits of legal entities	482	328
Debt securities in issue	142	144
Subordinated loans	135	82
Due to other banks	90	92
Other borrowed funds	59	-
Current/settlement accounts of legal entities	38	11
Total interest expense	2 271	1 620
Net interest income	2 180	2 149

14 Fee and Commission Income and Expense

<i>In millions of Russian Roubles</i>	3M ended March 31, 2013 (unaudited)	3M ended March 31, 2012 (unaudited)
Fee and commission income		
Settlement operations	317	331
Credit/debit cards and cheques settlements	322	280
Cash transactions	250	258
Payroll projects	105	116
Guarantees issued	77	83
Cash collection	54	58
Other	97	92
Total fee and commission income	1 222	1 218
Fee and commission expense		
Credit/debit cards and cheques settlements	93	71
Settlement operations	14	5
Settlements with currency and stock exchanges	4	4
Cash transactions	2	2
Other	2	10
Total fee and commission expense	115	92
Net fee and commission income	1 107	1 126

15 Administrative and Other Operating Expenses*In millions of Russian Roubles*

	3M ended March 31, 2013 (unaudited)	3M ended March 31, 2012 (unaudited)
Staff costs	1 299	1 258
Administrative expenses	162	145
Other expenses related to premises and equipment	111	85
Contributions to the State Deposit Insurance Agency	100	88
Depreciation of premises and equipment	95	113
Rent expenses	80	76
Taxes other than on income	61	60
Repairs of premises and equipment	19	26
Advertising and marketing services	16	15
Other	148	176
Total administrative and other operating expenses	2 091	2 042

Included in staff costs are statutory contributions to non-budget funds of RR 277 million (2012: RR 268 million).

16 Segment Analysis

Operating segment is a distinguishable component of the Bank that is engaged in providing products or services (business segment) with the purpose to generate income, whose operating results are regularly reviewed by the Bank's Management Board based on statutory management accounts in terms of each operating segment. The functions of the chief operating decision maker (CODM) are performed by the Management Board of the Bank. Operating management and performance of an operating segment are the responsibility of the Deputy Chairman of the Management Board of the Bank supervising corresponding business line.

Transactions between the operating segments are on normal commercial terms and conditions. Funds are ordinarily reallocated between operating segments, resulting in funding cost transfers disclosed in interest income and expense. Interest rates for these funds are differentiated depending on the attraction terms and are based on market indicators.

Segment assets and liabilities include operating assets and liabilities representing a major part of the Bank's assets and liabilities, as well as funds reallocated between operating segments, but excluding taxation. Internal charges and transfer pricing adjustments have been reflected in the performance of each operating segment. Segment performance is based on profitability and cost-effectiveness of operating assets.

The CODM evaluates performance of each segment based on profit before tax.

The table below represents the segment information of interest-bearing assets and interest-bearing liabilities per reportable segments for the three months ended March 31, 2013 and December 31, 2012.

For the purpose of preparation of the management accounts the amount of assets and liabilities is calculated as average balances for the respective accounting period.

16 Segment Analysis (Continued)

<i>(in millions of Russian Roubles)</i>	Corporate business	Retail business	Bank cards transactions	Financial business	Liquidity	Other	Total
March 31, 2013							
Total assets of reportable segments	123 446	25 850	2 054	37 742	-	-	189 822
Total liabilities of reportable segments	71 456	81 618	19 273	5 492	-	-	177 839
December 31, 2012							
Total assets of reportable segments	119 486	24 171	2 523	35 742	-	-	181 922
Total liabilities of reportable	64 314	74 952	18 001	4 766	-	1 555	163 588

The table below represents the information of income and expenses per reportable segments for the three months ended March 31, 2013. The Group's management considers operating income before provision for loan impairment as a key measurement of reportable segments results.

<i>(in millions of Russian Roubles)</i>	Corporate business	Retail business	Bank cards transactions	Financial business	Liquidity	Other	Total
March 31, 2013							
- Interest income	2 870	934	96	255	-	-	4 155
- Non-interest income	798	212	434	90	-	5	1 539
- Transfer income	1 099	1 739	146	74	489	(44)	3 503
Total revenues	4 767	2 885	676	419	489	(39)	9 197
- Interest expense	(756)	(1 291)	(34)	(88)	-	-	(2 169)
- Non-interest expense	(18)	-	(96)	(4)	-	(1)	(119)
- Transfer expense	(2 659)	(653)	(39)	(152)	-	-	(3 503)
Total expenses	(3 433)	(1 944)	(169)	(244)	-	(1)	(5 791)
Operating income before provision for loan impairment	1 334	941	507	175	489	(40)	3 406
Provision for loan impairment	(1 145)	(65)	(4)	-	-	-	(1 214)
Operating income	189	876	503	175	489	(40)	2 192
Administrative and other operating expenses	(828)	(565)	(342)	(22)	-	(7)	(1 764)
Depreciation of premises and equipment	(45)	(31)	(18)	(1)	-	-	(95)
Losses from cession	3	-	-	-	-	-	3
Profit/(loss) before tax (Segment result)	(681)	280	143	152	489	(47)	336

16 Segment Analysis (Continued)

The table below represents segment information on the major reportable business lines of the Group for the three months ended March 31, 2013:

<i>(in millions of Russian Roubles)</i>	Corporate business	Retail business	Bank cards transactions	Financial business	Liquidity	Other	Total
March 31, 2013							
- Interest income	2 557	664	99	211	-	-	3 531
- Non-interest income	713	228	409	61	-	(14)	1 397
- Transfer income	684	1 385	78	68	825	35	3 075
Total revenues	3 954	2 277	586	340	825	21	8 003
- Interest expense	(506)	(946)	(17)	(48)	-	(35)	(1 552)
- Non-interest expense	(15)	(6)	(74)	(8)	-	(1)	(104)
- Transfer expense	(2 438)	(497)	(41)	(99)	-	-	(3 075)
Total expenses	(2 959)	(1 449)	(132)	(155)	-	(36)	(4 731)
Operating income before provision for loan impairment	995	828	454	185	825	(15)	3 272
Provision for loan impairment	(737)	(20)	(2)	-	-	(9)	(768)
Operating income	258	808	452	185	825	(24)	2 504
Administrative and other operating expenses	(798)	(533)	(333)	(19)	-	(8)	(1 691)
Depreciation of premises and equipment	(43)	(29)	(18)	(1)	-	-	(91)
Losses from cession	(3)	-	-	-	-	-	(3)
Profit/(loss) before tax (Segment result)	(586)	246	101	165	825	(32)	719

16 Segment Analysis (Continued)

The reconciliation of assets, liabilities, income and expenses of the Group's reportable segments for the three months ended March 31, 2013.

Reconciliation of reportable segment assets

<i>(in millions of Russian Roubles)</i>	March 31, 2013 (unaudited)	December 31, 2012
Total reportable segment assets	189 822	181 922
Assets unallocated between operating segments	21 663	30 564
Interest claim	1 060	920
Differences in financial statements format *	(5 543)	(8 141)
Deviation due to recording of reportable segment assets without regard to the events after the end of the reporting period	-	29
Differences in fair valuation of securities	182	136
Adjustment of provisions for loan impairment based on the incurred loss model	(494)	(316)
Recognition of commission income from lending using the effective interest method	(53)	(58)
Recognition of financial instruments using the effective interest method	97	87
Impairment of investment securities available for trade	(71)	(71)
Provision for impairment of inventories	(766)	(787)
Consolidation	4 371	4 777
Total assets under IFRS	210 268	209 062

Reconciliation of reportable segment liabilities

<i>(in millions of Russian Roubles)</i>	March 31, 2013 (unaudited)	December 31, 2012
Total reportable segment liabilities	177 839	163 588
Liabilities unallocated between operating segments	872	846
Liabilities on interest payment	2 060	1 881
Differences in financial statements format *	4 063	17 225
Deviation due to recording of reportable segment liabilities without regard to the events after the end of the reporting period	-	(8)
Recognition of liabilities at amortised cost	(16)	(12)
Consolidation	4 288	4 735
Total liabilities under IFRS	189 106	188 255

* Differences in financial statements format arise from presentation of assets and liabilities of reportable segments calculated as average balances for the reporting period and reflecting assets of reportable segments before provision for the purpose of management account preparation.

16 Segment Analysis (Continued)

Reconciliation of profit and losses before tax of the reportable segments

The table below represents reconciliation of profit before tax and other material income or expenses for the reportable segments with the statement on comprehensive income under IFRS for the three months ended March 31, 2013:

<i>(in millions of Russian Roubles)</i>	Before tax profit	Interest income	Non-interest income	Interest expense	Non-interest income	Provision for loan impairment	Administrative and other operating expenses
Total reportable segment result	336	4 155	1 539	(2 169)	(119)	(1 211)	(1 859)
Recognition of commission income from lending using the effective interest method	5	31	(26)	-	-	-	-
Recognition of other fees and commissions by reference to completion of the specific transaction	(16)	-	(16)	-	-	-	-
Recognition of interest income/expense using the effective interest method	4	-	4	-	-	-	-
Differences in fair valuation of trading securities	5	-	5	-	-	-	-
Adjustment of provisions for loan impairment based on the incurred loss model	246	-	11	-	-	235	-
Accrued Bank's expenses of reportable period	(217)	-	-	-	-	-	(217)
Recognition of financial instruments using the effective interest method	10	10	-	-	-	-	-
Reclassification of management accounts items	-	105	(270)	-	183	(9)	(9)
Provision for impairment of other assets	21	-	-	-	-	21	-
Consolidation	41	150	-	(102)	-	-	(7)
Other	-	-	(1)	-	-	-	1
Total under IFRS	435	4 451	1 246	(2 271)	64	(964)	(2 091)

16 Segment Analysis (Continued)

The table below represents reconciliation of profit before tax and other material income or expenses for the reportable segments with the statement on comprehensive income under IFRS for the three months ended March 31, 2012:

<i>(in millions of Russian Roubles)</i>	Before tax profit	Interest income	Non-interest income	Interest expense	Non-interest income	Provision for loan impairment	Administrative and other operating expenses
Total reportable segment result	719	3 531	1 397	(1 552)	(104)	(771)	(1 782)
Recognition of commission income from lending using the effective interest method	27	26	1	-	-	-	-
Recognition of other fees and commissions by reference to completion of the specific transaction	8	-	8	-	-	-	-
Recognition of interest income/expense using the effective interest method	4	-	4	-	-	-	-
Differences in fair valuation of trading securities	(2)	-	(2)	-	-	-	-
Adjustment of provisions for loan impairment based on the incurred loss model	170	-	4	-	-	166	-
Accrued Bank's expenses of reportable period	(208)	-	-	-	-	-	(208)
Difference in depreciation of premises and equipment	(23)	-	-	-	-	-	(23)
Recognition of financial instruments using the effective interest method	26	26	-	-	-	-	-
Reclassification of management accounts items	-	63	30	(68)	(16)	2	(11)
Provision for impairment of other assets	(69)	-	-	-	-	(69)	-
Consolidation	38	123	(68)	-	-	1	(18)
Other	(1)	-	(1)	-	-	-	-
Total under IFRS	689	3 769	1 373	(1 620)	(120)	(671)	(2 042)

17 Financial Risk Management

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

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

The tables below summarize the Group's exposure to currency risk and Bank's liquidity position taking into account expected contractual time left before redemption of assets and liabilities.

Currency risk. The Group is exposed to currency risk due to the fact that its assets and liabilities are denominated in different currencies as well as due to existence of open currency positions resulting from foreign currency transactions.

The table below summarises the Group's exposure to foreign currency exchange rate risk at March 31, 2013:

	RR	USD	Euro	Other	Total
<i>In millions of Russian Roubles</i>					
Monetary financial assets					
Cash and cash equivalents	14 886	16 382	5 769	22	37 059
Mandatory cash balances with CBRF	1 695	395	158	1	2 249
Trading securities	5 362	1 818	727	-	7 907
Due from other banks	602	409	-	-	1 011
Loans and advances to customers	133 772	10 547	4 231	-	148 550
Investment securities available for sale	2 576	418	-	-	2 994
Other financial assets	485	204	5	-	694
Total monetary financial assets	159 378	30 173	10 890	23	200 464
Monetary financial liabilities					
Due to other banks	4 161	1 184	2 744	-	8 089
Customer accounts	134 399	20 677	8 244	48	163 368
Debt securities in issue	7 069	32	-	-	7 101
Other borrowed funds	2 581	-	-	-	2 581
Other financial liabilities	212	19	10	-	241
Subordinated loans	4 531	2 564	-	-	7 095
Total monetary financial liabilities	152 953	24 476	10 998	48	188 475
Net balance sheet position	6 425	5 697	(108)	(25)	11 989
Credit related commitments	21 605	455	862	-	22 922

The above analysis includes only monetary assets and liabilities. Investments in equities and non-monetary assets are not considered to give rise to any material currency risk.

17 Financial Risk Management (Continued)

The table below summarises the Group's exposure to foreign currency exchange rate risk at December 31, 2012:

	RR	USD	Euro	Other	Total
<i>In millions of Russian Roubles</i>					
Monetary financial assets					
Cash and cash equivalents	23 421	10 772	6 657	35	40 885
Mandatory cash balances with CBRF	1 531	399	167	-	2 097
Trading securities	4 341	1 473	44	-	5 858
Due from other banks	5 403	391	-	-	5 794
Loans and advances to customers	127 432	9 825	4 405	-	141 662
Investment securities available for sale	1 448	559	-	-	2 007
Other financial assets	778	244	81	-	1 103
Total monetary financial assets	164 354	23 663	11 354	35	199 406
Monetary financial liabilities					
Due to other banks	3 544	1 146	2 957	-	7 647
Customer accounts	135 546	19 955	8 356	19	163 876
Debt securities in issue	7 000	32	-	-	7 032
Other borrowed funds	2 803	-	-	-	2 803
Other financial liabilities	315	24	11	-	350
Subordinated loans	3 500	2 551	-	-	6 051
Total monetary financial liabilities	152 708	23 708	11 324	19	187 759
Net balance sheet position	11 646	(45)	30	16	11 647
Credit related commitments	23 979	455	862	-	25 296

17 Financial Risk Management (Continued)

Liquidity risk. Liquidity risk is defined as the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities. 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 analyses of Group's liquidity risk as at March 31, 2013 is as follows:

<i>In millions of Russian Roubles</i>	Demand and less than 1 month	From 1 to 6 months	From 6 to 12 months	Over 12 months	Total
Financial assets					
Cash and cash equivalents	37 059	-	-	-	37 059
Mandatory cash balances with the CBRF	884	446	345	574	2 249
Trading securities	7 943	-	-	-	7 943
Due from other banks	602	-	-	409	1 011
Loans and advances to customers	7 827	39 093	36 362	65 268	148 550
Investment securities available for sale	908	1 935	641	-	3 484
Other financial assets	723	-	-	-	723
Total financial assets	55 946	41 474	37 348	66 251	201 019
Financial liabilities					
Due to other banks	409	292	501	6 887	8 089
Customer accounts	64 678	32 027	23 652	43 011	163 368
Debt securities in issue	1 540	1 427	2 212	1 922	7 101
Other borrowed funds	-	-	-	2 581	2 581
Other financial liabilities	241	-	-	-	241
Subordinated loans	-	317	1 402	5 376	7 095
Total financial liabilities	66 868	34 063	27 767	59 777	188 475
Net liquidity gap based on expected maturities at March 31, 2013	(10 922)	7 411	9 581	6 474	12 544
Cumulative liquidity gap as at March 31, 2013	(10 922)	(3 511)	6 070	12 544	
Financial guarantees	11 019	-	-	-	11 019
Other credit related commitments	11 903	-	-	-	11 903

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

The expected maturity of investment securities available for sale is based on offer agreement date.

17 Financial Risk Management (Continued)

The analyses of Group's liquidity risk as at 31 December 2012 is as follows:

	Demand and less than 1 month	From 1 to 6 months	From 6 to 12 months	Over 12 months	Total
<i>In millions of Russian Roubles</i>					
Financial assets					
Cash and cash equivalents	40 885	-	-	-	40 885
Mandatory cash balances with the CBRF	868	413	342	474	2 097
Trading securities	5 884	-	-	-	5 884
Due from other banks	5 406	-	-	388	5 794
Loans and advances to customers	6 458	40 387	30 761	64 056	141 662
Investment securities available for sale	-	1 540	467	469	2 476
Other financial assets	1 103	-	-	-	1 103
Total financial assets	60 604	42 340	31 570	65 387	199 901
Financial liabilities					
Due to other banks	155	462	502	6 528	7 647
Customer accounts	68 500	31 051	26 189	38 136	163 876
Debt securities in issue	1 406	2 179	1 340	2 107	7 032
Other borrowed funds	-	-	-	2 803	2 803
Other financial liabilities	350	-	-	-	350
Subordinated loans	-	346	1 213	4 492	6 051
Total financial liabilities	70 411	34 038	29 244	54 066	187 759
Net liquidity gap based on expected maturities at December 31, 2012	(9 807)	8 302	2 326	11 321	12 142
Cumulative liquidity gap as at December 31, 2012	(9 807)	(1 505)	821	12 142	
Financial guarantees	10 181	-	-	-	10 181
Other credit related commitments	15 115	-	-	-	15 115

18 Contingencies and Commitments

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

Commitments to extend credit represent unused portions of authorisations by the Group's management to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Group is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments since most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Group monitors the term to maturity of credit related commitments, because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

Outstanding credit related commitments are as follows:

<i>In millions of Russian Roubles</i>	March 31, 2013 (unaudited)	December 31, 2012
Guarantees issued	11 019	10 181
Unused limits on overdraft loans	10 022	13 921
Undrawn credit lines	1 765	1 163
Import letters of credit	116	31
Total credit related commitments	22 922	25 296

The total outstanding contractual amount of undrawn credit lines, letters of credit, and guarantees does not necessarily represent future cash requirements, as these financial instruments may expire or terminate without being funded.