

PROMSVYAZBANK

Interim Consolidated Condensed
Financial Information

for the six-month period ended

30 June 2013

(unaudited)

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Report on Review of Interim Consolidated Condensed Financial Information

To the Board of Directors and Shareholders of OAO "Promsvyazbank":

Introduction

We have reviewed the accompanying interim consolidated condensed statement of financial position of OAO "Promsvyazbank" and its subsidiaries (the "Group") as at 30 June 2013, and the related interim consolidated condensed income statement, interim consolidated condensed statement of comprehensive income, interim consolidated condensed statement of changes in equity and interim consolidated condensed statement of cash flows for the six-month period then ended. Management is responsible for the preparation and presentation of this interim consolidated condensed financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting". Our responsibility is to express a conclusion in respect of this interim consolidated condensed financial information based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated condensed financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

ZAO PricewaterhouseCoopers Audit

28 August 2013
Moscow, Russian Federation



N.A. Mileshkina, Director (licence no. 01-000197), ZAO PricewaterhouseCoopers Audit

Audited entity: OAO "Promsvyazbank"

State registration certificate № 3251, issued by the Central Bank of the Russian Federation on 12 May 1995

10/22 Smirnovskaya Str., 109052 Moscow, Russian Federation

Independent auditor: ZAO PricewaterhouseCoopers Audit

State registration certificate № 008.890, issued by the Moscow Registration Bureau on 28 February 1992

Certificate of inclusion in the Unified State Register of Legal Entities № 1027700148431 issued on 22 August 2002

Certificate of membership in self regulated organisation non-profit partnership "Audit Chamber of Russia" № 870. ORNZ 10201003683 in the register of auditors and audit organizations

Promsvyazbank

Interim Consolidated Condensed Statement of Financial Position as at 30 June 2013

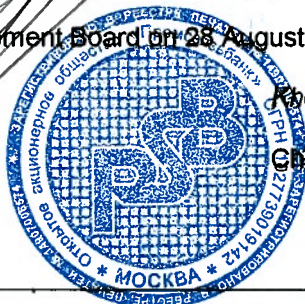
(expressed in thousands of Russian Roubles – refer to Note 2)

	Notes	30 June 2013 (unaudited)	31 December 2012
ASSETS			
Cash and cash equivalents	4	97,646,029	122,591,476
Obligatory reserves with central banks		7,083,246	6,228,540
Placements with banks and other financial institutions		12,147,491	11,838,535
Financial assets at fair value through profit or loss	5	65,481,583	44,341,313
-Unpledged		37,048,200	42,412,716
-Pledged under sale and repurchase agreements		28,433,383	1,928,597
Amounts receivable under reverse repurchase agreements		14,719,849	9,452,082
Loans to customers	6	503,841,617	461,851,539
Investments available for sale	7	1,444,224	1,414,849
Investments held to maturity		441,959	510,167
Other assets		3,041,018	2,472,138
Current income tax prepayments		275,551	780,400
Deferred tax asset		410,709	281,576
Investment property	8	577,427	3,234,216
Property and equipment		25,273,394	25,228,941
TOTAL ASSETS		732,384,097	690,225,772
LIABILITIES			
Financial liabilities at fair value through profit or loss		3,106,511	616,599
Deposits and balances from banks and other financial institutions	9	66,755,943	55,330,362
Amounts payable under repurchase agreements		32,922,222	2,819,824
Current accounts and deposits from customers	10	440,001,058	445,341,960
Own securities issued	11	57,301,345	64,755,593
Other borrowed funds	12	18,804,084	19,282,236
Other liabilities		3,441,339	2,661,056
Current income tax payable		34,274	1,746
Deferred tax liability		33,577	28,143
Subordinated borrowings	13	42,689,408	36,642,055
TOTAL LIABILITIES		665,089,761	627,479,574
EQUITY			
Share capital		12,201,899	12,201,899
Share premium		20,612,247	20,612,247
Additional paid-in-capital		81,919	81,919
Revaluation reserve for property		3,014,210	3,039,485
Revaluation reserve for investments available for sale		(76,467)	(99,717)
Retained earnings		31,485,234	26,961,031
Total equity attributable to owners of the parent		67,319,042	62,796,864
Non-controlling interest		(24,706)	(50,666)
TOTAL EQUITY		67,294,336	62,746,198
TOTAL LIABILITIES AND EQUITY		732,384,097	690,225,772

Approved by the Management Board on 26 August 2013.

Konstandian A.G.

President



Khokhlov V.N.

Chief Financial Officer

The notes set out on pages 6 to 46 form an integral part of this interim consolidated condensed financial information.

Promsvyazbank**Interim Consolidated Condensed Income Statement for the six-month period ended 30 June 2013***(expressed in thousands of Russian Roubles – refer to note 2)*

	Notes	Six-month period ended 30 June 2013 (unaudited)	Six-month period ended 30 June 2012 (unaudited)
Interest income		31,214,594	25,159,348
Interest expense		(17,481,831)	(13,078,136)
Net interest income	14	13,732,763	12,081,212
Fee and commission income	15	5,713,464	4,730,830
Fee and commission expense	16	(1,333,281)	(954,183)
Net fee and commission income		4,380,183	3,776,647
Net (loss)/gain on financial instruments at fair value through profit or loss	17	105,046	824,006
Net foreign exchange gain		514,372	385,821
Net loss on sale of subsidiaries		(66,000)	-
Other income		505,280	165,631
Other expenses		(319,577)	(1,041,299)
Operating income		18,852,067	16,192,018
Loan impairment charge	6	(2,766,586)	(1,570,474)
Other impairment charge		(13,648)	(8,063)
General and administrative expenses	18	(10,596,773)	(9,631,126)
		(13,377,007)	(11,209,663)
Profit before tax		5,475,060	4,982,355
Income tax expense		(1,010,005)	(1,212,980)
Profit after tax		4,465,055	3,769,375
Profit/(loss) attributable to:			
Owners of the parent		4,470,307	3,792,971
Non-controlling interest		(5,252)	(23,596)
Basic and diluted earnings per ordinary share (expressed in RR per share)		0,004	0,003

Promsvyazbank**Interim Consolidated Condensed Statement of Comprehensive Income for the six-month period ended****30 June 2013***(expressed in thousands of Russian Roubles – refer to note 2)*

	Notes	Six-month period ended 30 June 2013 (unaudited)	Six-month period ended 30 June 2012 (unaudited)
Profit after tax		4,465,055	3,769,375
Items that may be reclassified subsequently to profit or loss:			
Revaluation of investments available for sale		29,062	2,566
Income tax related to revaluation of investments available for sale		(5,812)	(513)
Other comprehensive loss, net of tax		23,250	2,053
Total comprehensive income		4,488,305	3,771,428
Total comprehensive income/(loss) attributable to:			
Owners of the parent		4,493,557	3,795,024
Non-controlling interest		(5,252)	(23,596)

	Notes	Six-month period ended 30 June 2013 (unaudited)	Six-month period ended 30 June 2012 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		27,819,507	28,708,425
Fee and commission received		5,670,259	4,691,722
Interest paid		(16,244,306)	(12,307,303)
Fee and commission paid		(1,157,338)	(860,296)
Net (payments)/receipts from financial instruments at fair value through profit or loss		311,785	(382,914)
Net receipts from foreign exchange transactions		2,016,745	476,309
Other income received		170,764	165,631
Other expense		(319,577)	(721,200)
General and administrative expenses paid		(9,212,167)	(8,587,332)
		9,055,672	11,183,042
(Increase)/decrease in operating assets			
Obligatory reserves with central banks		(854,767)	(54,585)
Placements with banks and other financial institutions with original maturity of over one month		(243,828)	(2,764,271)
Financial assets at fair value through profit or loss		(19,787,112)	2,268,493
Amounts receivable under reverse repurchase agreements		(5,271,057)	14,404,037
Loans to customers		(26,578,892)	(53,298,135)
Other assets		506,819	(967,474)
Increase/(decrease) in operating liabilities			
Financial liabilities at fair value through profit or loss		1,285,494	471,843
Deposits and balances from banks and other financial institutions		8,815,731	(10,884,271)
Amounts payable under repurchase agreements		30,091,695	9,289,109
Current accounts and deposits from customers		(15,303,137)	44,011,574
Promissory notes and certificates of deposit		(2,309,988)	(11,113,388)
Other liabilities		(313,771)	(289,822)
Net cash flows from/(used in) operating activities before taxes paid		(20,907,141)	2,256,152
Income tax paid		(617,105)	(1,039,201)
Cash flows from/(used in) operations		(21,524,246)	1,216,951
CASH FLOWS FROM INVESTING ACTIVITIES			
Disposal of subsidiaries	2	17,403	-
Purchases of investment property		(21,996)	(15,999)
Disposal of investment property		54,330	96,267
Redemption of investments held to maturity		69,997	65,081
Purchases of property and equipment		(706,400)	(606,443)
Disposals of property and equipment		145,146	3,697
Cash flows (used in)/from investing activities		(441,520)	(457,397)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of loan participation notes and domestic bonds		6,384,346	25,384,978
Repurchase of senior loan participation notes and domestic bonds		(14,000,797)	(8,989,207)
Repayment of other borrowed funds		(2,489,132)	(1,062,744)
Proceeds from other borrowed funds		973,225	65,615
Repayment of subordinated debt		(6,515,130)	(6,212,880)
Proceeds from subordinated debt		9,846,937	-
Cash flows from financing activities		(5,800,551)	9,185,762
Net increase in cash and cash equivalents		(27,766,317)	9,945,316
Effect of changes in exchange rates on cash and cash equivalents		2,820,870	384,156
Cash and cash equivalents at the beginning of the period		122,591,476	55,830,766
Cash and cash equivalents at the end of the period	4	97,646,029	66,160,238

Promsvyazbank

Interim Consolidated Condensed Statement of Changes in Equity for the six-month period ended 30 June 2013

(expressed in thousands of Russian Roubles – refer to Note 2)

	Share capital	Share premium	Additional paid-in-capital	Revaluation reserve for property	Revaluation reserve for investments available for sale	Retained earnings	Total	Non-controlling interest	Total equity
Balance at 1 January 2012	12,201,899	20,612,247	81,919	2,836,942	(231,863)	18,648,805	54,149,949	(44,356)	54,105,593
Profit/(loss) after tax	-	-	-	-	-	3,792,971	3,792,971	(23,596)	3,769,375
Other comprehensive income, net of tax	-	-	-	-	2,053	-	2,053	-	2,053
Total comprehensive income/(loss)	-	-	-	-	2,053	3,792,971	3,795,024	(23,596)	3,771,428
Disposal of buildings – effect on retained earnings	-	-	-	(82,047)	-	82,047	-	-	-
Balance at 30 June 2012	12,201,899	20,612,247	81,919	2,754,895	(229,810)	22,523,823	57,944,973	(67,952)	57,877,021
Profit/(loss) after tax	-	-	-	-	-	4,372,263	4,372,263	17,286	4,389,549
Other comprehensive income, net of tax	-	-	-	349,535	130,093	-	479,628	-	479,628
Total comprehensive income/(loss)	-	-	-	349,535	130,093	4,372,263	4,851,891	17,286	4,869,177
Disposal of buildings – effect on retained earnings	-	-	-	(64,945)	-	64,945	-	-	-
Balance at 1 January 2013	12,201,899	20,612,247	81,919	3,039,485	(99,717)	26,961,031	62,796,864	(50,666)	62,746,198
Profit/(loss) after tax	-	-	-	-	-	4,470,307	4,470,307	(5,252)	4,465,055
Other comprehensive income, net of tax	-	-	-	-	23,250	-	23,250	-	23,250
Total comprehensive income/(loss)	-	-	-	-	23,250	4,470,307	4,493,557	(5,252)	4,488,305
Disposal of buildings – effect on retained earnings	-	-	-	(25,275)	-	25,275	-	-	-
Sale of subsidiary	-	-	-	-	-	28,621	28,621	31,213	59,834
Balance at 30 June 2013	12,201,899	20,612,247	81,919	3,014,210	(76,467)	31,485,234	67,319,042	(24,706)	67,294,336

1 Background

Principal activities

Promsvyazbank Group (the “Group” or “Promsvyazbank”) consists of various legal entities formed under the laws of the Russian Federation (the “RF”) and other countries (Refer to Note 2 for the list of subsidiaries). OAO Promsvyazbank (the “Bank”), which is the parent company of the Group, was initially established in the Russian Federation as a limited liability company converting subsequently to a closed joint-stock company in July 2001 and finally to an open joint-stock company in September 2007. The Bank was granted a banking license for operations in roubles on 12 May 1995. The Bank’s operations were expanded to include transactions with all types of foreign currencies and transactions with individuals in foreign currencies on 30 December 1996 and 31 December 1997, respectively.

The activities of the Bank are regulated by the Central Bank of the Russian Federation (the “CBR”). The Bank holds a full (general) banking license from the CBR and is also authorised by the CBR to trade in precious metals. In October 2004, the CBR accepted the Bank into the State deposit insurance system. In addition, the Group holds licenses from the Federal Service for Financial Markets (the “FSFM”) to act as a broker, dealer, custodian and a securities manager in the Russian securities market. The Group also holds a license from the FSFM as a commodities exchange broker to trade futures and options.

The Group’s principal activities are currently in commercial banking. These activities consist of corporate, small and medium entities (“SME”) and retail banking. Corporate banking includes deposit taking and lending to corporate borrowers, factoring, settlements, cash operations, documentary transactions. Corporate banking services also include trade and project finance. SME banking includes deposit taking and lending to small and medium entities, settlements and cash operations. Retail banking includes deposit taking and retail lending, money transfer and banking card services, foreign exchange and cash operations with individuals, asset management.

The Group also offers investment banking services, including corporate finance, debt and equity capital markets, brokerage, repo transactions and securities trading, foreign exchange, precious metals and banknote operations.

The table below summarises information about the branch network.

	30 June 2013	31 December 2012
Branches	9	9
Full-service sub-branches	15	15
Retail and SME sub-branches	277	277
Representative offices	5	5
Total number of offices	306	306

As at 30 June 2013 the Bank operated 9 branches (31 December 2012: 9 branches) located within the Russian Federation and a branch located in Limassol (Cyprus). As at 30 June 2013 representative offices are located in the Russian Federation, China, India, Ukraine and Kazakhstan. The Group is currently in the process of a reorganization of the branch network.

The Bank’s head office is registered at the following address: 109052, Smirnovskaya 10, Moscow, Russian Federation.

1 Background (Continued)**Shareholders as at 30 June 2013**

	30 June 2013	31 December 2012
Promsvyaz Capital B. V.*	88.25%	88.25%
European Bank for Reconstruction and Development	11.75%	11.75%
	100.00%	100.00%

* - Promsvyaz Capital B. V. (Netherlands) is owned by Peters International N. V. (Netherlands). Mr D. N. Ananyev and Mr A. N. Ananyev each beneficially own 50% of Peters International N.V.

These consolidated financial information were authorised for issue on 28 August 2012 by the Management Board. The entity's management have the power to amend the financial information after issue.

Russian business environment

The Russian Federation displays certain characteristics of an emerging market. The legal, tax and regulatory frameworks continue to develop and are subject to varying interpretation.

The ongoing uncertainty and volatility of the financial markets, in particular in Europe, and other risks could have significant negative effects on the Russian financial and corporate sectors. Management determined loan impairment provisions using the 'incurred loss' model required by the applicable accounting standards. These standards require recognition of impairment losses that arose from past events and prohibit recognition of impairment losses that could arise from future events, including future changes in the economic environment, no matter how likely those future events are. Thus final impairment losses from financial assets could differ significantly from the current level of provisions.

2 Basis of preparation**Statement of compliance**

This consolidated condensed interim financial information has been prepared in accordance with IAS 34 "Interim Financial Reporting" and should be read in conjunction with the annual financial statements for the year ended 31 December 2012, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

Basis of measurement

The consolidated financial statements are prepared on the historical cost basis except that the financial instruments at fair value through profit or loss and available for sale investments for which fair value can be reliably measured are stated at fair value, and buildings are revalued periodically.

Functional and presentation currency

The national currency of the Russian Federation is the Russian Rouble ("RUB"). The functional currency for all group companies is the Russian Rouble. Functional currency is determined as the currency of the primary economic environment in which the company operates. Management determined the RUB as the functional currency for the Bank, group companies domiciled in the Russian Federation and those group companies domiciled outside of the Russian Federation, because it reflects the economic substance of the underlying events and circumstances. The RUB is also the presentation currency for the purpose of these consolidated financial statements.

Financial information presented in RUB is rounded to the nearest thousand.

2 Basis of preparation (Continued)

Consolidated companies

The interim consolidated condensed financial information includes the following principal subsidiaries of the Bank:

Name	Country of Incorporation	Main Activity	Consolidated as at 30 June 2013, %	Consolidated as at 31 December 2012, %
PSB Finance S.A.	Luxembourg	Financial Activity	100%	100%
OOO "UK Promsvyaz"	Russian Federation	Financial Activity	100%	100%
OOO "Open Leasing Company"	Russian Federation	Leasing	100%	100%
OOO "Promsvyazfactoring"	Russian Federation	Factoring	100%	100%
OOO "Saint-Petersburg International Banking Conference"	Russian Federation	Services	100%	100%
CJSC "Mortgage Agent PSB 2013"	Russian Federation	Financial Activity	100%	-
OOO "Kassa-24"	Russian Federation	Services	-	51%

PSB Finance S.A. is special purpose entity established to facilitate the issues of debt securities (refer to notes 11 and 13). The entity is not owned by the Group and control arises through the predetermination of the entities' activities.

OOO "*UK Promsvyaz*". The principal activity of OOO "UK Promsvyaz" is asset management. The Group directly controls 100% of this entity.

OOO "*Open Leasing Company*" was established by the Group in July 2007. The Group controls 100% of OOO "Open Leasing Company".

OOO "*Promsvyazfactoring*". In December 2009 the Group acquired control of OOO "Promsvyazfactoring" (OOO "PSF") through an option agreement dated 31 December 2009, with its owner who is a related party to the Group's shareholders. Under the terms of this agreement the Group has the unconditional right to buy 100% of the share capital in OOO "PSF" for cash of RUB 5,500 thousand for a period of 5 years starting from the date of the option agreement.

OOO "*Saint-Petersburg International Banking Conference*" was established by the Group in December 2010. The Group controls 100% of OOO "Saint-Petersburg International Banking Conference".

CJSC "Mortgage Agent PSB 2013" is special purpose entity established to facilitate the issues of mortgage-backed securities (refer to note 11). The entity is not owned by the Group and control arises through the predetermination of the entities' activities.

OOO "*Kassa-24*". In January 2013, the Group sold 51% shares of OOO "Kassa-24" which provides payment terminals.

2 Basis of preparation (Continued)

Use of estimates and judgments

The preparation of interim consolidated condensed financial information in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expense. The estimates and associated assumptions are based on historical experience and various other factors, that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and judgments applied by the Group in this interim consolidated condensed financial information are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2012.

Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Judgments that have the most significant effect on the amounts recognised in this interim consolidated condensed financial information include:

- Loan impairment estimates;
- Real estate revaluation estimates;
- Deferred tax assets.

3 Significant accounting policies

In the current financial year, the Group has adopted the amendments to IAS 1 "Presentation of Items of Other Comprehensive Income", IAS 19 (revised 2011) "Employee Benefits" and IFRS 13 "Fair Value Measurement". Otherwise, the same accounting policies, presentation and methods of computation are followed in the condensed set of financial statements as applied in the Group's latest annual audited financial statements.

The amendments to IAS 1 require items of other comprehensive income to be grouped by those items that will be reclassified subsequently to profit or loss and those that will never be reclassified, together with their associated income tax. The amendments have been applied retrospectively, and hence the presentation of items of comprehensive income has been restated to reflect the change. The effect of these changes is evident from the condensed consolidated statement of comprehensive income.

IFRS 13 has impacted inclusion of additional disclosures, as set out in note 25.

New accounting pronouncements

Since the Group published its last annual financial statements, certain new standards and interpretations have been issued that are mandatory for the Group's annual accounting periods beginning on or after 1 January 2014 or later and which the Group has not early adopted:

IFRIC 21 – Levies (issued on 20 May 2013 and effective for annual periods beginning 1 January 2014). The interpretation clarifies the accounting for an obligation to pay a levy that is not income tax. The obligating event that gives rise to a liability is the event identified by the legislation that triggers the obligation to pay the levy. The fact that an entity is economically compelled to continue operating in a future period, or prepares its financial statements under the going concern assumption, does not create an obligation. The same recognition principles apply in interim and annual financial statements. The application of the interpretation to liabilities arising from emissions trading schemes is optional. The Group is currently assessing the impact of the amendments on its financial statements.

3 Significant accounting policies (Continued)

Amendments to IAS 36 – Recoverable amount disclosures for non-financial assets (issued on 29 May 2013 and effective for annual periods beginning 1 January 2014; earlier application is permitted if IFRS 13 is applied for the same accounting and comparative period). The amendments remove the requirement to disclose the recoverable amount when a CGU contains goodwill or indefinite lived intangible assets but there has been no impairment. The Group is currently assessing the impact of the amendments on the disclosures in its financial statements.

Amendments to IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting (issued on 27 June 2013 and effective for annual periods beginning 1 January 2014). The amendments will allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated (i.e parties have agreed to replace their original counterparty with a new one) to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met. The Group is currently assessing the impact of the amendments on the disclosures in its financial statements.

The Group has also not early adopted any of the new standards and interpretations disclosed in the “New Accounting Pronouncements” note in its last annual financial statements and effective for its annual periods beginning on or after 1 January 2014.

The adoption of the pronouncements listed above is not expected to have a significant impact on the Group’s consolidated financial statements in future periods except for those discussed below.

IFRS 9 Financial Instruments becomes effective for annual periods beginning on or after 1 January 2015. The new standard is to be issued in several phases and is intended to replace IAS 39 Financial Instruments: Recognition and Measurement. Amended IFRS 7 Financial Instruments: Disclosure requires additional disclosure on transition from IAS 39 to IFRS 9. The first and second phases of IFRS 9 were finalised in November 2009 and October 2010, respectively, and relate to the recognition and measurement of financial assets and liabilities. 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 Group’s consolidated financial statements.

Comparative figures

The effect of adjustments was as follows for the period ended 30 June 2012:

<i>In thousands of Russian Roubles</i>	As originally presented	Change	As corrected at 30 June 2012
Interest income	27,180,053	(2,020,705)*	25,159,348
Net foreign exchange (loss)/gain	521,393	(135,572)**	385,821
Loan impairment charge	(3,726,751)	2,156,277	(1,570,474)

* In 2012, the Group adjusted amortised cost of loans to customers immediately before their sale by accruing fines and penalties and a related additional impairment provision. In 2013, the prior period accounting was corrected by netting the amount of accrued fines and penalties and a related additional impairment provision in accordance with IAS 8 paragraph 42.

** Reclassification of foreign exchange effect on provision charge for loans granted in foreign currencies.

In 2013, the Group introduced several changes to classification of loans to customers and private banking operations to reflect the internal reallocation of responsibilities. The updated comparative figures are disclosed in Notes 6 and 20.

4 Cash and cash equivalents

	30 June 2013 (unaudited)	31 December 2012
Cash	18,788,127	19,300,212
Due from the Central Bank of the RF – nostro accounts	15,018,340	19,125,382
Placements with banks and other financial institutions with an original maturity less than one month	63,839,536	63,743,220
Deposits with the Central Bank of the RF	26	20,422,662
Total cash and cash equivalents	97,646,029	122,591,476

Maturity and currency analysis of cash and cash equivalents are disclosed in Note 21.

5 Financial assets at fair value through profit or loss

	30 June 2013 (unaudited)	31 December 2012
Unpledged		
Financial assets held for trading		
Debt and other fixed-income instruments		
Corporate bonds	19,483,443	22,003,381
Promissory notes	6,441,740	4,597,746
Corporate Eurobonds	5,273,852	1,967,749
Russian municipal and regional bonds and Eurobonds	2,259,868	3,069,451
Russian Government Federal bonds (OFZ)	1,680,467	10,039,670
Russian Federation Eurobonds	266,894	45
Certificates of deposits	205,051	-
Foreign Governments bonds and Eurobonds	-	32,580
Equity investments		
Corporate shares	42,436	47,127
Spot and derivative financial instruments		
Foreign currency and precious metals contracts	1,212,090	405,947
Designated at fair value through profit or loss		
Corporate shares – listed	182,359	249,020
Total unpledged financial assets at fair value through profit or loss	37,048,200	42,412,716
Pledged under sale and repurchase agreements		
Financial assets held for trading		
Russian Government Federal bonds (OFZ)	16,260,955	1,713,089
Corporate bonds – listed	11,012,141	215,508
Corporate eurobonds	713,144	-
Russian Federation Eurobonds	339,768	-
Russian municipal and regional bonds	107,375	-
Total financial assets at fair value through profit or loss pledged under sale and repurchase agreements	28,433,383	1,928,597
Total financial assets at fair value through profit or loss	65,481,583	44,341,313

Corporate bonds are securities issued by medium and large Russian companies and banks denominated in Russian Roubles.

Promissory notes represent debt securities denominated in Russian Roubles, U.S.Dollars and Euros and issued by Russian banks.

Corporate Eurobonds are interest-bearing securities denominated in U.S. Dollars and issued primarily by large Russian companies.

5 Financial assets at fair value through profit or loss (Continued)

Russian municipal and regional bonds are interest-bearing securities issued by Russian municipal and regional authorities denominated in Russian Roubles.

Russian Government Federal bonds (OFZ) are Russian Rouble denominated government securities issued by the Ministry of Finance of the Russian Federation.

Maturity and currency analysis of financial assets at fair value through profit or loss are disclosed in Note 21.

6 Loans to customers

	30 June 2013 (unaudited)	31 December 2012
Loans to corporate clients		
Loans to corporate clients not involved in international business	305,031,726	279,693,337
Loans to corporate clients involved in international business	45,699,862	42,795,277
Factoring loans	30,345,110	31,990,125
Total corporate loans	381,076,698	354,478,739
Loans to small and medium enterprises	79,058,227	76,038,219
Loans to individuals		
Consumer loans	47,430,650	41,063,974
Mortgage loans	8,631,190	8,383,198
Credit cards	2,458,723	2,027,154
Other loans	3,733,063	3,000,382
Total loans to individuals	62,253,626	54,474,708
Gross loans to customers	522,388,551	484,991,666
Impairment allowance	(18,546,934)	(23,140,127)
Net loans to customers	503,841,617	461,851,539

Movements in the loan impairment allowance for the six-month period ended 30 June 2013 and 2012 were as follows:

	Six-month period ended 30 June 2013 (unaudited)	Six-month period ended 30 June 2012 (unaudited)
Balance at the beginning of the period	23,140,127	29,217,024
Net charge for the period	2,766,586	1,570,474
Translation differences	651,015	135,572
Disposal of subsidiaries	(64,857)	-
Sale of loans	(2,150,339)	(4,165,108)
Write-offs	(5,795,598)	(1,491,011)
Balance at the end of the period	18,546,934	25,266,951

Mortgage loans include mortgage loans of RUB 2,994,242 thousand securitized in June 2013. The Group's management determined that the Group had not transferred majority of risks and rewards with respect to the transferred assets, and, consequently, such transfer was not the ground for their derecognition. As at 30 June 2013 the carrying value of those mortgage loans equals their nominal value.

6 Loans to customers (Continued)

As at 30 June 2013 non-performing loans comprise loans with principal or/and interest overdue by more than 90 days. As at 31 December 2012 non-performing loans comprise loans with principal or/and interest overdue by more than 90 days (except for loans to individuals and SME for which partial repayment of overdue principal or/and interest took place during last quarter of the year ended 31 December 2012).

The analysis of non-performing loans as at 30 June 2013 and 31 December 2012 by loan groups is presented below:

	30 June 2013 (unaudited)	31 December 2012
Loans to corporate clients	12,041,467	13,260,976
Loans to individuals	3,051,547	2,611,305
Loans to small and medium enterprises	2,088,466	4,154,217
Total non-performing loans	17,181,480	20,026,498

6 Loans to customers (Continued)**Credit quality of loans to corporate loans and loans to small and medium enterprises**

The following table provides information on the credit quality of loans to corporate loans and loans to small and medium enterprises as at 30 June 2013:

Unaudited	Gross loans	Impairment allowance	Net loans	Impairment allowance to gross loans
Loans to corporate clients not involved in international business				
Total loans for which no impairment has been identified individually	272,778,520	(3,078,611)	269,699,909	1.13%
Impaired loans:				
- Impaired, but not overdue	22,304,776	(3,187,631)	19,117,145	14.29%
- Overdue less than 30 days	317,505	(54,934)	262,571	17.30%
- Overdue 30-89 days	477,183	(41,115)	436,068	8.62%
- Overdue 90-179 days	835,022	(110,568)	724,454	13.24%
- Overdue 180-360 days	3,588,423	(1,407,325)	2,181,098	39.22%
- Overdue more than 360 days	4,730,297	(2,041,776)	2,688,521	43.16%
Total impaired loans	32,253,206	(6,843,349)	25,409,857	21.22%
Total loans to corporate clients not involved in international business	305,031,726	(9,921,960)	295,109,766	3.25%
Loans to corporate clients involved in international business				
Total loans for which no impairment has been identified individually	40,933,697	(500,470)	40,433,227	1.22%
Impaired loans:				
- Impaired, but not overdue	2,690,361	(395,955)	2,294,406	14.72%
- Overdue less than 30-89 days	13,920	(882)	13,038	6.34%
- Overdue 90-179 days	114,599	(6,991)	107,608	6.10%
- Overdue 180-360 days	560,420	(278,828)	281,592	49.75%
- Overdue more than 360 days	1,386,865	(492,856)	894,009	35.54%
Total impaired loans	4,766,165	(1,175,512)	3,590,653	24.66%
Total loans to corporate clients involved in international business	45,699,862	(1,675,982)	44,023,880	3.67%
Factoring loans				
Total loans for which no impairment has been identified individually	27,224,619	(467,589)	26,757,030	1.72%
Impaired loans:				
- Impaired, but not overdue	2,152,083	(834,063)	1,318,020	38.76%
- Overdue less than 30 days	131,320	(28,527)	102,793	21.72%
- Overdue 30-89 days	11,247	(625)	10,622	5.56%
- Overdue 90-179 days	25,478	(10,415)	15,063	40.88%
- Overdue 180-360 days	396,874	(150,641)	246,233	37.96%
- Overdue more than 360 days	403,489	(185,051)	218,438	45.86%
Total impaired loans	3,120,491	(1,209,322)	1,911,169	38.75%
Total factoring loans	30,345,110	(1,676,911)	28,668,199	5.53%
Total loans to corporate clients	381,076,698	(13,274,853)	367,801,845	3.48%
Loans to small and medium enterprises				
Total loans for which no impairment has been identified individually	75,395,446	(276,492)	75,118,954	0.37%
Impaired loans:				
- Impaired, but not overdue	89,795	(5,537)	84,258	6.17%
- Overdue less than 30 days	777,856	(88,345)	689,511	11.36%
- Overdue 30-89 days	706,664	(275,671)	430,993	39.01%
- Overdue 90-179 days	334,086	(222,112)	111,974	66.48%
- Overdue 180-360 days	804,405	(528,313)	276,092	65.68%
- Overdue more than 360 days	949,975	(815,166)	134,809	85.81%
Total impaired loans	3,662,781	(1,935,144)	1,727,637	52.83%
Total loans to small and medium enterprises	79,058,227	(2,211,636)	76,846,591	2.80%
Total corporate loans and loans to small and medium enterprises	460,134,925	(15,486,489)	444,648,436	3.37%

6 Loans to Customers (Continued)

The following table provides information on the credit quality of loans to corporate loans and loans to small and medium enterprises as at 31 December 2012:

	Gross loans	Impairment allowance	Net loans	Impairment allowance to gross loans
Loans to corporate clients not involved in international business				
Total loans for which no impairment has been identified individually	224,719,687	(1,816,527)	222,903,160	0.81%
Impaired loans:				
- Impaired, but not overdue	39,814,645	(4,587,371)	35,227,274	11.52%
- Overdue less than 30 days	2,284,877	(130,201)	2,154,676	5.70%
- Overdue 30-89 days	2,137,456	(879,281)	1,258,175	41.14%
- Overdue 90-179 days	1,394,860	(855,817)	539,043	61.36%
- Overdue 180-360 days	2,637,232	(729,710)	1,907,522	27.67%
- Overdue more than 360 days	6,704,580	(3,898,648)	2,805,932	58.15%
Total impaired loans	54,973,650	(11,081,028)	43,892,622	20.16%
Total loans to corporate clients not involved in international business	279,693,337	(12,897,555)	266,795,782	4.61%
Loans to corporate clients involved in international business				
Total loans for which no impairment has been identified individually	36,226,929	(410,773)	35,816,156	1.13%
Impaired loans:				
- Impaired, but not overdue	4,663,256	(549,807)	4,113,449	11.79%
- Overdue 30-89 days	270,766	(270,766)	-	100.00%
- Overdue 90-179 days	280,367	(197,555)	82,812	70.46%
- Overdue 180-360 days	439,676	(91,449)	348,227	20.80%
- Overdue more than 360 days	914,283	(274,763)	639,520	30.05%
Total impaired loans	6,568,348	(1,384,340)	5,184,008	21.08%
Total loans to corporate clients involved in international business	42,795,277	(1,795,113)	41,000,164	4.19%
Factoring loans				
Total loans for which no impairment has been identified individually	26,204,823	(143,836)	26,060,987	0.55%
Impaired loans:				
- Impaired, but not overdue	4,599,485	(1,306,034)	3,293,451	28.40%
- Overdue less than 30 days	42,847	(1,839)	41,008	4.29%
- Overdue 30-89 days	252,992	(41,419)	211,573	16.37%
- Overdue 90-179 days	295,295	(115,053)	180,242	38.96%
- Overdue more than 360 days	594,683	(274,143)	320,540	46.10%
Total impaired loans	5,785,302	(1,738,488)	4,046,814	30.05%
Total factoring loans	31,990,125	(1,882,324)	30,107,801	5.88%
Total loans to corporate clients	354,478,739	(16,574,992)	337,903,747	4.68%
Loans to small and medium enterprises				
Total loans for which no impairment has been identified individually	69,097,426	(221,715)	68,875,711	0.32%
Impaired loans:				
- Impaired, but not overdue	1,028,190	(71,777)	956,413	6.98%
- Overdue less than 30 days	657,541	(77,592)	579,949	11.80%
- Overdue 30-89 days	341,552	(154,199)	187,353	45.15%
- Overdue 90-179 days	462,603	(276,591)	186,012	59.79%
- Overdue 180-360 days	1,056,904	(396,336)	660,568	37.50%
- Overdue more than 360 days	3,394,003	(2,676,647)	717,356	78.86%
Total impaired loans	6,940,793	(3,653,142)	3,287,651	52.63%
Total loans to small and medium enterprises	76,038,219	(3,874,857)	72,163,362	5.10%
Total corporate loans and loans to small and medium enterprises	430,516,958	(20,449,849)	410,067,109	4.75%

6 Loans to Customers (Continued)

Impairment allowance for loans for which no impairment has been identified individually, has been collectively assessed based on statistics data.

As at 30 June 2013 and 31 December 2012 there are no loans to customers which are past due but not impaired.

Analysis of collateral

There is a special Collateral Department which is responsible for managing all types of collateral accepted by the Group for the commercial loan portfolio. The policies and procedures for valuing and managing collateral comprise two stages.

The first stage is related to the decision-making process about the granting of a loan or acquisition of a financial asset, which is subject to credit risk. At this stage, the Collateral Department performs an examination of the proposed collateral, which includes the preparation of a package of documents relating to collateral including physical inspection of collateral, verification of any encumbrances, assessment of fair value of collateral and forecasting of possible changes in the fair value of collateral.

The second stage is related to monitoring and managing of collateral that has already been accepted by the Group. This stage includes regular monitoring of the collateral and reassessment of its fair value.

The management treats collateralised loans as impaired because the actual realisable value of collateral in respect of corporate and individual loans can significantly differ from the fair value. The impairment provisions reflect the possibility of the fact that management will not be able to change the title and come into possession of collateral related to outstanding loans.

6 Loans to Customers (Continued)**Credit quality of loans to individuals**

The following table provides information on the credit quality of loans to individuals portfolios as at 30 June 2013:

Unaudited	Gross loans	Provision for impairment	Net loans	Impairment to gross loans
Consumer loans				
- Not past due	42,865,932	(73,703)	42,792,229	0.17%
- Overdue less than 30 days	1,448,382	(136,171)	1,312,211	9.40%
- Overdue 30-89 days	781,180	(333,489)	447,691	42.69%
- Overdue 90-179 days	703,143	(515,578)	187,565	73.32%
- Overdue 180-360 days	945,412	(821,847)	123,565	86.93%
- Overdue more than 360 days	686,601	(656,391)	30,210	95.60%
Total consumer loans	47,430,650	(2,537,179)	44,893,471	5.35%
Mortgage loans				
- Not past due	8,278,016	(3)	8,278,013	0.00%
- Overdue less than 30 days	143,711	(7)	143,704	0.00%
- Overdue 30-89 days	9,951	(5)	9,946	0.05%
- Overdue 90-179 days	13,739	(16)	13,723	0.12%
- Overdue 180-360 days	19,354	(314)	19,040	1.62%
- Overdue more than 360 days	166,419	(30,738)	135,681	18.47%
Total mortgage loans	8,631,190	(31,083)	8,600,107	0.36%
Credit cards				
- Not past due	2,067,420	(4,900)	2,062,520	0.24%
- Overdue less than 30 days	153,248	(5,597)	147,651	3.65%
- Overdue 30-89 days	53,149	(19,424)	33,725	36.55%
- Overdue 90-179 days	44,673	(31,845)	12,828	71.28%
- Overdue 180-360 days	59,660	(52,263)	7,397	87.60%
- Overdue more than 360 days	80,573	(77,028)	3,545	95.60%
Total credit cards	2,458,723	(191,057)	2,267,666	7.77%
Total other loans				
- Not past due	3,273,087	(1,886)	3,271,201	0.06%
- Overdue less than 30 days	95,850	(4,642)	91,208	4.84%
- Overdue 30-89 days	32,153	(13,506)	18,647	42.01%
- Overdue 90-179 days	55,919	(30,870)	25,049	55.20%
- Overdue 180-360 days	44,535	(28,889)	15,646	64.87%
- Overdue more than 360 days	231,519	(221,333)	10,186	95.60%
Total other loans	3,733,063	(301,126)	3,431,937	8.07%
Total loans to individuals	62,253,626	(3,060,445)	59,193,181	4.92%

6 Loans to Customers (Continued)

The following table provides information on the credit quality of loans to individuals portfolios as at 31 December 2012:

	Gross loans	Provision for impairment	Net loans	Impairment to gross loans
Consumer loans				
- Not past due	38,046,683	(57,702)	37,988,981	0.15%
- Overdue less than 30 days	798,086	(80,448)	717,638	10.08%
- Overdue 30-89 days	416,030	(170,284)	245,746	40.93%
- Overdue 90-179 days	428,707	(272,070)	156,637	63.46%
- Overdue 180-360 days	621,670	(535,007)	86,663	86.06%
- Overdue more than 360 days	752,798	(745,803)	6,995	99.07%
Total consumer loans	41,063,974	(1,861,314)	39,202,660	4.53%
Mortgage loans				
- Not past due	7,999,877	-	7,999,877	0.00%
- Overdue less than 30 days	80,197	(1)	80,196	0.00%
- Overdue 30-89 days	18,701	(5)	18,696	0.03%
- Overdue 90-179 days	5,643	(2)	5,641	0.04%
- Overdue 180-360 days	13,905	(192)	13,713	1.38%
- Overdue more than 360 days	264,875	(48,290)	216,585	18.23%
Total mortgage loans	8,383,198	(48,490)	8,334,708	0.58%
Credit cards				
- Not past due	1,775,218	(3,263)	1,771,955	0.18%
- Overdue less than 30 days	79,866	(2,896)	76,970	3.63%
- Overdue 30-89 days	27,054	(11,739)	15,315	43.39%
- Overdue 90-179 days	25,133	(18,151)	6,982	72.22%
- Overdue 180-360 days	50,055	(44,585)	5,470	89.07%
- Overdue more than 360 days	69,828	(69,119)	709	98.98%
Total credit cards	2,027,154	(149,753)	1,877,401	7.39%
Other loans				
- Not past due	2,194,029	(1,119)	2,192,910	0.05
- Overdue less than 30 days	49,420	(2,338)	47,082	4.73
- Overdue 30-89 days	76,619	(4,797)	71,822	6.26
- Overdue 90-179 days	29,759	(6,484)	23,275	21.79
- Overdue 180-360 days	49,958	(25,028)	24,930	50.10
- Overdue more than 360 days	600,597	(590,955)	9,642	98.39
Total other loans	3,000,382	(630,721)	2,369,661	21.02%
Total loans to individuals	54,474,708	(2,690,278)	51,784,430	4.94%

The Group estimates loan impairment based on its historic loss experience on these types of loans. Management estimates losses based on the historic loss migration pattern for the past 12 months and adjusts such statistics to reflect the current market environment.

Analysis of collateral

Mortgage loans are secured by underlying housing real estate. Credit cards, consumer loans and other loans are not secured.

Management believes that at inception the total fair value of collateral received from individuals is higher than the amount of mortgage loans to individuals.

6 Loans to customers (Continued)**Significant credit exposures**

As at 30 June 2013 aggregate loans to the 20 largest borrowers (or groups of related borrowers) amounted to RUB 121,416,551 thousand (31 December 2012: RUB 118,445,112 thousand) or 23.2% (31 December 2012: 24.4%) of the gross loans to customers.

Maturity and currency analysis of loans to customers are disclosed in Note 21. The information on related party balances is disclosed in Note 24.

7 Investments available for sale

	30 June 2013 (unaudited)	31 December 2012
<i>Closed unit investment funds</i>		
Land and building, Yaroslavl (ownership – 49%)	588,277	588,277
Buildings, Moscow (ownership – 49%)	401,513	401,513
Land and building, Tomskaya obl (ownership – 49%)	202,489	202,489
Total closed unit investment funds	1,192,279	1,192,279
<i>Equity investments</i>		
Corporate shares	251,945	222,570
Total investments available for sale	1,444,224	1,414,849

As at 30 June 2013 and 31 December 2012 closed unit investment fund mainly invests in buildings and land.

Maturity and currency analyses of investments available for sale are disclosed in Note 21.

8 Investment property

	30 June 2013	31 December 2012
Investment properties at fair value at 1 January	3,234,216	3,547,874
Additions	163,026	249,744
Transfer from property and equipment	-	196,479
Disposals	(2,819,815)	(711,075)
Fair value (loss)/gain	-	(48,806)
Total investment property	577,427	3,234,216

Investment property represents land and buildings held for capital appreciation.

The investment properties are subject for annual revaluation on 31 December at fair value by an independent, professionally qualified valuer who has recent experience of valuing similar properties in the Russian Federation.

In 2013, the Group sold its investment in Land, St.-Petersburg previously carried at a fair value of RUB 2,755,122 thousand. The Group recognised a gain of RUB 344,878 thousand on the sale in profit or loss for the year.

9 Deposits and balances from banks and other financial institutions

	30 June 2013 (unaudited)	31 December 2012
Trade finance	23,972,915	23,055,735
Term deposits from local banks	23,233,871	7,891,983
Long-term finance	8,078,245	8,384,869
Vostro accounts	7,242,385	8,614,724
Term deposits from foreign banks	4,228,527	7,383,051
Total deposits and balances from banks and other financial institutions	66,755,943	55,330,362

Trade finance and long-term finance represents funds to be used in documentary credit transactions. Trade finance is used for financing working capital of customers through documentary letters of credit. Long-term finance is used to finance targeted assets of customers through documentary letters of credit.

Maturity and currency analyses of deposits and balances from banks and other financial institutions are disclosed in Note 21.

10 Current accounts and deposits from customers

	30 June 2013 (unaudited)	31 December 2012
Current accounts and demand deposits		
- Corporate	101,146,423	94,437,917
- Retail	27,156,988	28,879,356
Term deposits		
- Corporate	156,565,482	180,330,062
- Retail	155,132,165	141,694,625
Total current accounts and deposits from customers	440,001,058	445,341,960

Maturity and currency analysis of current accounts and deposits from customers are disclosed in Note 21. Information on related party balances is disclosed in Note 24.

Blocked accounts

As at 30 June 2013 the Group maintained corporate customer deposit balances of RUB7 10,807,929 thousand (31 December 2012: RUB 6,942,959 thousand) which were blocked by the Group as collateral for loans and off-balance sheet credit instruments granted by the Group.

Concentrations of current accounts and deposits from customers

As at 30 June 2013 the 20 largest aggregate balances of current account and deposits from customers amounted to RUB 120,740 151 thousand or 27.44% of total current accounts and deposits from customers (31 December 2012: RUB 109,380,683 thousand or 24.56% of total current accounts and deposits from customers).

11 Own securities issued

	30 June 2013 (unaudited)	31 December 2012
Senior loan participation notes	32,472,681	30,858,984
Domestic bonds	16,279,842	25,661,722
Promissory notes	6,043,190	8,028,506
Mortgage backed bonds in issue	2,505,374	-
Certificates of deposit	258	206,381
Total own securities issued	57,301,345	64,755,593

Senior loan participation notes comprise notes issued through PSB Finance S.A. (refer to Note 2).

In June 2013, the Group issued bonds with an aggregate nominal value of RUB 3,091,615 thousand as part of a securitisation transaction. The bonds were issued by Closed Joint Stock Company Mortgage Agent PSB 2013, a consolidated special purpose entity. Class A notes in the amount of RUB 2,504,208 thousand were placed through open subscription on the MOEX and class B notes in the amount of RUB 587,407 thousand were bought out by the Group and, therefore, were netted-off in these consolidated financial statements. The international rating agency Moody's assigned the Baa3 credit rating to class A notes. Class A notes have a fixed coupon rate of 8.5% p.a. and should be fully repaid on 9 February 2040. As at 30 June 2013 the carrying value of Class A notes was RUB 2,505,374 thousand.

The table below provides a summary of all senior loan participation notes issued by the Group:

Special purpose entity used for issue	Issue date	Maturity date	Coupon rate	Commen- tary	30 June 2013 (unaudited)	31 December 2012
PSB Finance S.A.	July 2008	July 2013	10.75%	Non- subordi- nated	3,252,704	3,248,232
PSB Finance S.A.	April 2011	April 2014	6.20%	Non- subordi- nated	16,109,693	15,334,632
PSB Finance S.A.	April 2012	April 2017	8.50%	Non- subordi- nated	13,110,284	12,276,120
Total senior loan participation notes					32,472,681	30,858,984

During the six-month period ended 30 June 2013 the Group purchased from the market senior loan participation notes amounting to RUB 4,619,427 thousand.

During the six-month period ended 30 June 2012 the Group purchased from the market senior loan participation notes amounting to RUB 8,989,207 thousand.

During the six-month period ended 30 June 2013 the Group sold senior loan participation notes amounting to USD 118,626 thousand (RUB 3,880,138 thousand) (six-month period ended 30 June 2012: USD 197,982 thousand (RUB 6,497,155 thousand)).

11 Own securities issued (Continued)

The table below provides a summary of domestic bonds issued:

Issue date	Maturity date	Current coupon rate	30 June 2013 (unaudited)	31 December 2012
February 2011	February 2014	8.60%	5,170,324	5,171,356
February 2012	February 2015	9.25%	3,094,401	5,157,626
February 2012	February 2015	9.25%	2,858,051	5,157,626
September 2012	September 2015	10.15%	5,157,066	5,159,149
June 2008	June 2013	8.25%	-	5,015,965
Total domestic bonds			16,279,842	25,661,722

The Group issued promissory notes at a discount to nominal value, and interest bearing promissory notes denominated in Russian Roubles, US dollars and Euros with effective interest rates from 1.6% p.a. to 9.8% p.a. and maturity dates from July 2013 to December 2022.

Maturity and currency analysis of own securities issued are disclosed in Note 21. The information on related party balances is disclosed in Note 24.

12 Other borrowed funds

	30 June 2013 (unaudited)	31 December 2012
Syndicated loans	13,100,970	12,114,924
Other borrowed funds	5,703,114	7,167,312
Total other borrowed funds	18,804,084	19,282,236

Maturity and currency analyses of other borrowed funds are disclosed in Note 21.

13 Subordinated borrowings

	30 June 2013 (unaudited)	31 December 2012
Subordinated loan participation notes	38,583,338	33,121,197
Subordinated borrowings	4,106,070	3,520,858
Total subordinated borrowings	42,689,408	36,642,055

In January 2013 the following wholesale borrowings were placed by the Group:

Borrowings	Currency	Notional in thousands of currency units	Rate, %	Redemption
Subordinated loan	USD	25,000	9.5	Perpetual
Subordinated loan	EURO	50,000	9.5	Perpetual
Subordinated loan	GBP	20,000	9.5	Perpetual

13 Subordinated borrowings (Continued)

The coupon rate resets after 60 years from the issue date. The coupon payment is cancellable by the Group, cancelled coupon payments are non-cumulative.

In February 2013 the Group increased its October 2012 subordinated note issue closing a \$200 million subordinated Eurobonds placement with a yield of 9%. The bonds first issued on October 2012 are denominated in U.S. dollars with a coupon of 10.2% and a maturity period of 7 years.

This placement brings this issue of subordinated Eurobonds from \$400 million to a total of \$600 million.

In January 2013 the Group repaid subordinated loan participation notes issued in July 2007 amounting to USD 100,000 thousand, respectively.

In April 2013 the Group repaid subordinated loan participation notes issued in December 2011 amounting to RUB 3,500,000 thousand, respectively.

14 Net interest income

	Six-month period ended 30 June 2013 (unaudited)	Six-month period ended 30 June 2012 (unaudited)
Interest income		
Loans to customers	28,653,794	22,710,363
Financial assets at fair value through profit or loss	1,716,632	1,558,063
Placements with banks and other financial institutions and cash and cash equivalents	589,075	410,205
Reverse repurchase agreements	235,106	389,719
Investments held to maturity	19,987	90,998
Total interest income	31,214,594	25,159,348
Interest expense		
Current accounts and deposits from customers	10,446,605	7,954,397
Own securities issued	2,605,344	2,314,191
Subordinated borrowings	2,349,576	1,431,219
Deposits and balances from banks and other financial institutions	1,388,579	877,319
Other borrowed funds	492,677	343,692
Repurchase agreements	199,050	157,318
Total interest expense	17,481,831	13,078,136
Net interest income	13,732,763	12,081,212

15 Fee and commission income

	Six-month period ended 30 June 2013 (unaudited)	Six-month period ended 30 June 2012 (unaudited)
Commission for servicing plastic cards	1,687,251	1,199,083
Money transfer fees	1,229,931	984,020
Commission on letters on credit and guarantees	1,063,352	1,200,388
Insurance agency fees	495,372	-
Commission for operations with cash	416,513	412,796
Commission on foreign currency operations	359,592	423,551
Commission on undrawn loan commitments	193,349	242,777
Securities trading fees	87,188	91,962
Commission on banknote operations	51,803	46,144
Investment banking fees	49,293	29,297
Cash collection fees	36,990	37,147
Agent fees	24,313	41,887
Other	18,517	21,778
Total fee and commission income	5,713,464	4,730,830

16 Fee and commission expense

	Six-month period ended 30 June 2013 (unaudited)	Six-month period ended 30 June 2012 (unaudited)
Commission for servicing plastic cards	667,888	420,299
Agent fees	182,820	75,542
Money transfer fees	143,608	147,579
Cash collection fees	122,908	90,278
Commission on letters on credit and guarantees	112,720	82,196
Commission on foreign currency operations	49,880	85,346
Commission on banknote operations	41,269	31,788
Securities trading fees	12,165	11,473
Other	23	9,682
Total fee and commission expense	1,333,281	954,183

17 Net gain on financial instruments at fair value through profit or loss

	Six-month period ended 30 June 2013 (unaudited)	Six-month period ended 30 June 2012 (unaudited)
Net gain on debt securities – trading securities	117,682	50,744
Net loss on equity instruments – securities designated upon initial recognition as at fair value through profit or loss	(66,660)	(73,837)
Net (loss)/gain on early redemption of senior loan participation notes	(43,888)	26,020
Net loss on equity securities – trading securities	(91)	(6,062)
Net gain on derivative financial instruments	98,003	827,141
Net gain on financial instruments at fair value through profit or loss	105,046	824,006

18 General and administrative expenses

	Six-month period ended 30 June 2013 (unaudited)	Six-month period ended 30 June 2012 (unaudited)
Employee compensation	7,247,781	6,224,033
Occupancy	542,186	475,504
Depreciation	522,615	577,473
Communications and information services	509,942	563,167
Advertising and marketing	459,982	378,192
Office repairs, maintenance and supply	394,669	358,722
Security	186,929	233,471
Insurance	162,801	219,882
Charity and sponsorship	148,246	75,688
Taxes other than income tax	147,077	145,148
Transportation	145,877	111,678
Other	128,668	268,168
Total general and administrative expenses	10,596,773	9,631,126

Charity and sponsorship expenses include grants to the Russian Society of Invalids, hospices, hospitals, culture institutions and to the Russian Orthodox Church.

19 Earnings per share

Basic earnings per share are calculated by dividing the profit attributable to owners of the Parent by the weighted average number of ordinary shares in issue during the period.

The Group has no dilutive potential ordinary shares, therefore, the diluted earnings per share equal the basic earnings per share. Earnings per share are calculated as follows:

	30 June 2013 (unaudited)	30 June 2012 (unaudited)
Profit attributable to the owners of the Parent	4,470,307	3,792,971
Weighted average number of ordinary shares in issue	1,113,385,474,671	1,113,385,474,671
Basic and diluted earnings per ordinary share (expressed in RR per share)	0.004	0.003

20 Analysis by segment

The Group is organized into five main reportable operating segments. The segments are identified on the basis of organizational structure and types of clients. Each operating segment involves areas of business that are under control and responsibility of one of the Management Board members. Internal management reports are reviewed by the Management Board on a periodical basis and by the Board of Directors on a quarterly basis.

The following summary describes the operations in each of the reportable segments:

- Corporate banking – this operating segment includes the following services provided to legal entities (excluding small and medium size enterprises): settlements and money transfer; deposit taking; issuance of promissory notes and certificates of deposit; trade and long-term finance; commercial lending; overdraft lending; factoring; leasing; letters of credit; guarantees; foreign exchange services; cash collection; currency conversion; all transactions with precious metals.

20 Analysis by segment (Continued)

- Small and medium size enterprises – this operating segment includes the following services provided to small and medium size enterprises (entities with annual revenue less than RUR 1,5 billion): commercial lending; deposit taking; issuance of promissory notes; money transfer; guarantees; brokerage in securities; foreign exchange services. Medium size entities with annual revenue less than RUR 1,5 billion were presented in the corporate banking before 2013*.
- Retail and private banking – this operating segment includes the following services provided to retail customers: settlements and money transfer; deposit taking and lending to individuals (including VIP clients); foreign exchange services; banking card products; settlement and cash services. Private banking segment was reclassified from capital markets, investments and financial markets segment in 2013*.
- Capital markets – this operating segment includes the following services provided to banks and other financial institutions: deposit taking; borrowings from banks and other financial institutions; issuance of domestic bonds, loan participation notes and promissory notes on the market; repo transactions; interbank lending; syndicated and subordinated borrowings; trading and brokerage in securities; foreign exchange (except currency conversion for clients); trading in derivatives; banknote operations; depositary services; settlements and money transfer.
- Assets and liabilities management – this segment manages the liquidity position through transactions with marketable financial instruments. This segment is also responsible for accumulation and further redistribution of all funds attracted by other segments and interest risk management. This segment is supervised by the Asset and Liability Committee (ALCO).

* In 2013 the Group introduced several changes to classification of loans to customers and private banking operations to reflect the internal reallocation of responsibilities. The effect of changes in segments in respect of assets and liabilities is disclosed further in the Note. The effect in respect of segments results for previous period cannot be measured reliably.

The Group does not allocate equity between segments. The result from allocation of equity between segments is in “Reconciling items”.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax as included in the internal management reports that are reviewed by the Board of Directors. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to others who operate within these industries. Information on segment income tax expense in the tables below is presented for information purposes. The intersegment revenue from other segments related to exchange of the resources between segments are calculated on the basis of a transfer pricing system, in accordance with which the prices of the internal placement/funding depend on the currency and term of placement/funding.

The Group does not allocate net book value of property and equipment, and current and deferred tax assets and liabilities between the segments to determine segment assets/liabilities. These captions are included in “Reconciling items” category in the reconciliation of the total segment assets/liabilities to total assets/liabilities of the Group. Other assets and liabilities are included in “Reconciling items” category when they cannot reasonably be distributed among the segments. General and administrative expenses are allocated between the segments on the basis of an activity-based costing model that identifies activities and assigns the cost of each activity's resources to all products and services according to their actual consumption.

The Group allocates income tax benefit/expense using the financial result of each segment and the overall effective tax rate of each subsidiary.

20 Analysis by segment (Continued)

Segment breakdown of assets and liabilities as at 30 June 2013 is set out below:

	Corporate banking	Small and medium size enterprises	Retail and private banking	Capital markets	Assets and liabilities manage- ment	Recon- ciling items	Total
Unaudited							
Cash and cash equivalents	1,513,838	2,142,608	15,838,042	7,135,969	70,789,132	226,440	97,646,029
Obligatory reserves with central banks	-	-	-	-	7,083,246	-	7,083,246
Placements with banks and other financial institutions	47,532	-	-	11,664,233	435,726	-	12,147,491
Financial assets at fair value through profit or loss	-	-	-	59,699,896	5,781,687	-	65,481,583
Amounts receivable under reverse repurchase agreements	-	-	-	14,236,888	482,961	-	14,719,849
Loans to customers	364,701,845	76,846,591	59,193,181	3,100,000	-	-	503,841,617
Investments available for sale	-	-	189,032	1,255,192	-	-	1,444,224
Investments held to maturity	-	-	-	441,959	-	-	441,959
Other assets	155,464	13,307	286,008	482,493	-	2,103,746	3,041,018
Current income tax prepayments	-	-	-	-	-	275,551	275,551
Deferred tax asset	-	-	-	-	-	410,709	410,709
Property and equipment	-	-	-	-	-	25,273,394	25,273,394
Investment property	-	-	-	-	-	577,427	577,427
Total assets	366,418,679	79,002,506	75,506,263	98,016,630	84,572,752	28,867,267	732,384,097
Financial liabilities at fair value through profit or loss	-	-	-	3,106,511	-	-	3,106,511
Deposits and balances from banks and other financial institutions	9,521,703	-	2,005,569	39,269,093	15,954,668	4,910	66,755,943
Amounts payable under repurchase agreements	-	-	-	12,855,916	20,066,306	-	32,922,222
Current accounts and deposits from customers	198,432,554	49,886,162	181,986,533	9,695,809	-	-	440,001,058
Own securities issued	-	-	-	57,301,345	-	-	57,301,345
Other borrowed funds	-	-	-	18,804,084	-	-	18,804,084
Other liabilities	557,993	173,953	153,852	17,715	-	2,537,826	3,441,339
Current income tax payable	-	-	-	-	-	34,274	34,274
Deferred tax liability	-	-	-	-	-	33,577	33,577
Subordinated borrowings	-	-	-	38,583,338	-	4,106,070	42,689,408
Total liabilities	208,512,250	50,060,115	184,145,954	179,633,811	36,020,974	6,716,657	665,089,761

20 Analysis by segment (Continued)

Segment breakdown of assets and liabilities as at 31 December 2012 (as initially disclosed in Group's financial statement for the year ended 31 December 2012) is set out below:

	Corporate banking	Small and medium size enter- prises	Retail and private banking	Capital markets	Assets and liabilities manage- ment	Recon- ciling items	Total
Cash and cash equivalents	2,592,493	1,731,393	18,005,910	6,593,944	93,249,108	418,628	122,591,476
Obligatory reserves with central banks	-	-	-	-	6,228,540	-	6,228,540
Placements with banks and other financial institutions	56,106	-	-	11,782,429	-	-	11,838,535
Financial assets at fair value through profit or loss	-	-	-	39,925,875	4,415,438	-	44,341,313
Amounts receivable under reverse repurchase agreements	-	-	-	6,414,099	3,037,983	-	9,452,082
Loans to customers	368,361,992	41,705,117	50,002,374	1,782,056	-	-	461,851,539
Investments available for sale	-	-	148,558	1,266,291	-	-	1,414,849
Investments held to maturity	-	-	-	510,167	-	-	510,167
Other assets	176,972	14,056	232,940	62,937	-	1,985,233	2,472,138
Current income tax prepayments	-	-	-	-	-	780,400	780,400
Deferred tax asset	-	-	-	-	-	281,576	281,576
Investment property	-	-	-	2,733,126	-	501,090	3,234,216
Property and equipment	-	-	-	-	-	25,228,941	25,228,941
Total assets	371,187,563	43,450,566	68,389,782	71,070,924	106,931,069	29,195,868	690,225,772
Financial liabilities at fair value through profit or loss	-	-	-	616,599	-	-	616,599
Deposits and balances from banks and other financial institutions	10,588,157	-	93,559	44,002,393	646,253	-	55,330,362
Amounts payable under repurchase agreements	-	-	-	2,819,824	-	-	2,819,824
Current accounts and deposits from customers	225,635,750	39,270,231	96,005,400	84,430,579	-	-	445,341,960
Debt securities in issue	2,410,671	210,691	-	62,134,231	-	-	64,755,593
Other borrowed funds	-	-	-	19,282,236	-	-	19,282,236
Other liabilities	769,586	26,690	319,498	36,281	-	1,509,001	2,661,056
Current income tax payable	-	-	-	-	-	1,746	1,746
Deferred tax liability	-	-	-	-	-	28,143	28,143
Subordinated borrowings	-	-	-	36,642,055	-	-	36,642,055
Total liabilities	239,404,164	39,507,612	96,418,457	249,964,198	646,253	1,538,890	627,479,574

20 Analysis by segment (Continued)

The table below provides segment breakdown of assets and liabilities as at 31 December 2012 in the composition as disclosed at 30 June 2013. Description of changes in the composition of segments described above.

	Corporate banking	Small and medium size enterprises	Retail and private banking	Capital markets	Assets and liabilities manage- ment	Recon- ciling items	Total
Unaudited							
Cash and cash equivalents	1,622,635	2,701,251	18,005,910	6,593,944	93,249,108	418,628	122,591,476
Obligatory reserves with central banks	-	-	-	-	6,228,540	-	6,228,540
Placements with banks and other financial institutions	56,106	-	-	11,782,429	-	-	11,838,535
Financial assets at fair value through profit or loss	-	-	-	39,925,875	4,415,438	-	44,341,313
Amounts receivable under reverse repurchase agreements	-	-	-	6,414,099	3,037,983	-	9,452,082
Loans to customers	338,360,890	71,706,219	51,784,430	-	-	-	461,851,539
Investments available for sale	-	-	148,558	1,266,291	-	-	1,414,849
Investments held to maturity	-	-	-	510,167	-	-	510,167
Other assets	173,814	17,214	232,940	62,937	-	1,985,233	2,472,138
Current income tax prepayments	-	-	-	-	-	780,400	780,400
Deferred tax asset	-	-	-	-	-	281,576	281,576
Property and equipment	-	-	-	-	-	25,228,941	25,228,941
Investment property	-	-	-	2,733,126	-	501,090	3,234,216
Total assets	340,213,445	74,424,684	70,171,838	69,288,868	106,931,069	29,195,868	690,225,772
Financial liabilities at fair value through profit or loss	-	-	-	616,599	-	-	616,599
Deposits and balances from banks and other financial institutions	10,588,157	-	93,559	44,002,393	646,253	-	55,330,362
Amounts payable under repurchase agreements	-	-	-	2,819,824	-	-	2,819,824
Current accounts and deposits from customers	214,866,122	54,042,966	169,736,464	6,696,408	-	-	445,341,960
Own securities issued	1,345,339	1,276,022	-	62,134,232	-	-	64,755,593
Other borrowed funds	-	-	-	19,282,236	-	-	19,282,236
Other liabilities	606,537	189,739	319,498	36,281	-	1,509,001	2,661,056
Current income tax payable	-	-	-	-	-	1,746	1,746
Deferred tax liability	-	-	-	-	-	28,143	28,143
Subordinated borrowings	-	-	-	36,642,055	-	-	36,642,055
Total liabilities	227,406,155	55,508,727	170,149,521	172,230,028	646,253	1,538,890	627,479,574

20 Analysis by segment (Continued)

Segment information for the reportable business segments of the Group for the six-month period ended 30 June 2013 is set out below:

	Corporate banking	Small and medium size enterprises	Retail and private banking	Capital markets	Assets and liabilities management	Reconciling items	Total
Unaudited							
Interest income	17,639,428	5,094,571	5,923,103	2,226,315	331,177	-	31,214,594
Interest expense	(4,251,416)	(466,318)	(5,679,492)	(6,265,431)	(663,405)	(155,769)	(17,481,831)
Net interest income	13,388,012	4,628,253	243,611	(4,039,116)	(332,228)	(155,769)	13,732,763
Net revenue from other segments	(8,092,811)	(1,489,187)	4,536,809	4,657,436	1,117,422	(729,669)	-
Fee and commission income	2,123,172	1,231,525	2,183,520	172,488	2,759	-	5,713,464
Fee and commission expense	(350,989)	(90,957)	(786,899)	(71,414)	(33,022)	-	(1,333,281)
Net fee and commission income	1,772,183	1,140,568	1,396,621	101,074	(30,263)	-	4,380,183
Net loss on financial instruments at fair value through profit or loss	-	-	(66,660)	231,612	(59,906)	-	105,046
Net foreign exchange gain	31,488	78,165	216,553	188,166	-	-	514,372
Net loss on sale of subsidiaries	-	-	-	-	-	(66,000)	(66,000)
Other income	(13,476)	134,757	47,217	345,399	-	(8,617)	505,280
Other expense	-	(164)	(318,615)	-	-	(798)	(319,577)
Operating income of the segment	7,085,396	4,492,392	6,055,536	1,484,571	695,025	(960,853)	18,852,067
Loan impairment charge	(403,079)	(883,021)	(1,480,485)	-	-	-	(2,766,586)
Other impairment charge	(7,206)	(68)	-	(6,374)	-	-	(13,648)
Administrative expenses	(2,029,864)	(2,813,928)	(4,211,046)	(701,419)	(1,074)	(839,443)	(10,596,773)
Operating expenses	(2,440,149)	(3,697,017)	(5,691,531)	(707,793)	(1,074)	(839,443)	(13,377,007)
Profit/(loss) before tax	4,645,247	795,375	364,005	776,778	693,951	(1,800,296)	5,475,060
Income tax (expense)/benefit	(856,926)	(146,726)	(67,149)	(143,295)	(128,016)	332,107	(1,010,005)
Profit/(loss) for the period after tax	3,788,321	648,649	296,856	633,483	565,935	(1,468,189)	4,465,055
Revenue of the segment	26,655,213	8,618,487	16,406,971	9,751,318	27,344,534	2,596,011	91,372,532

20 Analysis by segment (Continued)

Segment information for the reportable business segments of the Group for the six-month period ended 30 June 2012 is set out below:

	Corporate banking	Small and medium size enter- prises	Retail and private banking	Capital markets	Assets and liabilities manage- ment	Reconciling items	Total
Unaudited							
Interest income	16,652,489	3,797,971	4,211,560	2,094,562	423,471	-	27,180,053
Interest expense	(4,681,769)	(117,326)	(1,690,083)	(6,352,303)	(236,655)	-	(13,078,136)
Net interest income	11,970,720	3,680,645	2,521,477	(4,257,741)	186,816	-	14,101,917
Net revenue from other segments	(7,001,485)	(936,895)	431,434	5,856,011	1,241,047	409,888	-
Fee and commission income	2,104,578	681,360	1,658,775	260,390	25,727	-	4,730,830
Fee and commission expense	(246,821)	(69,664)	(555,168)	(54,770)	(27,760)	-	(954,183)
Net fee and commission income	1,857,757	611,696	1,103,607	205,620	(2,033)	-	3,776,647
Net (loss)/gain on financial instruments at fair value through profit or loss	-	-	-	106,185	717,821	-	824,006
Net foreign exchange gain/(loss)	209,014	46,748	-	417,137	(151,506)	-	521,393
Other income and expense	(52,944)	53,614	42,959	(574,271)	-	(345,026)	(875,668)
Operating income of the segment	6,983,062	3,455,808	4,099,477	1,752,941	1,992,145	64,862	18,348,295
Loan impairment charge	87,365	(1,666,818)	(1,396,451)	55,875	(806,722)	-	(3,726,751)
Other impairment charge	2,423	428	44	(13,289)	-	2,331	(8,063)
Administrative expenses	(2,644,392)	(1,692,191)	(3,858,506)	(676,017)	-	(760,020)	(9,631,126)
Operating expenses	(2,554,604)	(3,358,581)	(5,254,913)	(633,431)	(806,722)	(757,689)	(13,365,940)
Profit/(loss) before tax	4,428,458	97,227	(1,155,436)	1,119,510	1,185,423	(692,827)	4,982,355
Income tax (expense)/benefit	(1,078,132)	(23,670)	281,297	(272,550)	(288,597)	168,672	(1,212,980)
Profit/(loss) for the period after tax	3,350,326	73,557	(874,139)	846,960	896,826	(524,155)	3,769,375
Revenue of the segment	26,845,210	5,553,351	8,738,143	10,360,726	24,332,727	2,982,912	78,813,069

21 Currency and maturity analysis**Currency analysis**

The following table shows the currency structure of financial assets and liabilities as at 30 June 2013:

	RUB	USD	EUR	Other	Total
Financial assets					
Cash and cash equivalents	31,186,632	52,751,798	12,168,852	1,538,747	97,646,029
Obligatory reserves with central banks	6,916,648	-	166,598	-	7,083,246
Placements with banks and other financial institutions	952,073	9,044,666	2,150,752	-	12,147,491
Financial assets at fair value through profit or loss	57,682,460	7,597,265	161,401	40,457	65,481,583
Amounts receivable under reverse repurchase agreements	13,022,142	1,697,707	-	-	14,719,849
Loans to customers	338,477,448	137,603,588	26,862,371	898,210	503,841,617
Investments available for sale	1,247,958	189,032	7,234	-	1,444,224
Investments held to maturity	404,879	37,080	-	-	441,959
Other financial assets	679,398	56,891	297,465	12	1,033,766
Total financial assets	450,569,638	208,978,027	41,814,673	2,477,426	703,839,764
Financial liabilities					
Financial liabilities at fair value through profit or loss	862,255	2,011,876	218,794	13,586	3,106,511
Deposits and balances from banks and other financial institutions	27,378,494	25,669,952	13,220,061	487,436	66,755,943
Amounts payable under repurchase agreements	32,922,222	-	-	-	32,922,222
Current accounts and deposits from customers	314,454,684	91,674,647	31,648,233	2,223,494	440,001,058
Own securities issued	24,285,640	32,586,873	428,832	-	57,301,345
Other borrowed funds	5,402,072	10,327,263	3,074,749	-	18,804,084
Other financial liabilities	789,468	68,540	36,348	33	894,389
Subordinated borrowings	5,235,647	34,197,196	2,219,542	1,037,023	42,689,408
Total financial liabilities	411,330,482	196,536,347	50,846,559	3,761,572	662,474,960
Net on balance sheet position as at 30 June 2013	39,239,156	12,441,680	(9,031,886)	(1,284,146)	41,364,804
Net off balance sheet position as at 30 June 2013	6,301,882	(15,012,857)	7,380,590	1,330,385	-
Net on and off balance sheet positions as at 30 June 2013	45,541,038	(2,571,177)	(1,651,296)	46,239	41,364,804
Guarantees issued as at 30 June 2013	53,503,562	13,745,294	1,106,890	227,512	68,583,258
Other credit related commitments as at 30 June 2013	62,068,982	27,248,933	6,924,138	194,500	96,436,553

21 Currency and maturity analysis (Continued)

The following table shows the currency structure of financial assets and liabilities as at 31 December 2012:

	RUB	USD	EUR	Other	Total
Financial assets					
Cash and cash equivalents	59,240,714	47,496,058	13,958,947	1,895,757	122,591,476
Obligatory reserves with central banks	5,967,743	-	260,797	-	6,228,540
Placements with banks and other financial institutions	508,666	8,169,682	3,160,187	-	11,838,535
Financial assets at fair value through profit or loss	42,169,956	2,036,907	90,304	44,146	44,341,313
Amounts receivable under reverse repurchase agreements	8,334,098	1,117,984	-	-	9,452,082
Loans to customers	311,460,831	124,870,564	24,560,424	959,720	461,851,539
Investments available for sale	1,259,478	148,558	6,813	-	1,414,849
Investments held to maturity	474,941	35,226	-	-	510,167
Other financial assets	491,972	45,557	41,612	836	579,977
Total financial assets	429,908,399	183,920,536	42,079,084	2,900,459	658,808,478
Financial liabilities					
Financial liabilities at fair value through profit or loss	486,993	78,215	51,101	290	616,599
Deposits and balances from banks and other financial institutions	14,214,103	27,486,942	12,713,688	915,629	55,330,362
Amounts payable under repurchase agreements	2,819,824	-	-	-	2,819,824
Current accounts and deposits from customers	331,347,728	80,939,953	30,575,180	2,479,099	445,341,960
Own securities issued	33,688,380	31,023,754	43,459	-	64,755,593
Other borrowed funds	6,716,923	9,686,486	2,878,827	-	19,282,236
Other financial liabilities	1,036,259	96,636	28,222	-	1,161,117
Subordinated borrowings	8,758,797	27,883,258	-	-	36,642,055
Total financial liabilities	399,069,007	177,195,244	46,290,477	3,395,018	625,949,746
Net on balance sheet position as at reporting date	30,839,392	6,725,292	(4,211,393)	(494,559)	32,858,732
Net off balance sheet position as at reporting date	8,906,512	(12,283,159)	2,598,192	778,455	-
Net on and off balance sheet positions as at reporting date	39,745,904	(5,557,867)	(1,613,201)	283,896	32,858,732
Guarantees issued as at 31 December 2012	48,246,690	13,118,513	1,794,659	76,480	63,236,342
Other credit related commitments as at 31 December 2012	68,621,579	26,091,728	9,307,052	207,468	104,227,827

21 Currency and maturity analysis (Continued)

Maturity analysis

The following table shows assets and liabilities of the Group by their remaining contractual maturity as at 30 June 2013 and 31 December 2012, with the exception of securities included into financial assets at fair value through profit or loss as at 30 June 2013 and 31 December 2012. Securities approved by the CBR as collateral for its loans are shown in the category “Less than 1 month”, other securities are shown in accordance with their remaining maturity as at 30 June 2012 and 31 December 2012.

Domestic bonds issued are presented in the table below in accordance with their put dates.

In accordance with Russian legislation, term deposits of individuals may be withdrawn before maturity. However management believes that in spite of this early withdrawal option and the fact that a substantial portion of customers accounts are on demand, diversification of these customer accounts and deposits by number and type of depositors, and the past experience of the Group indicates that these customers accounts provide a long-term and stable source of funding.

As at 30 June 2013 the Group included part of current accounts from customers amounting to RUB 78,958,668 thousand (31 December 2012: RUB 71,008,425 thousand) in the category “from 1 to 6 months” based on historical experience of stable customer current accounts.

Overdue assets are classified within the “Demand and less than 1 month” column. As at 30 June.

Overdue assets net of impairment allowance are classified within the “Demand and less than 1 month” column. As at 30 June 2013 overdue assets classified within this category amount to RUB 12,614,703 thousand (31 December 2012: RUB 14,651,215 thousand).

The closed unit investment fund included in investments available-for-sale is shown in the category “Demand and less than 1 month” as the management believes it can be sold within a short period of time.

The Group has undrawn lines of credit with the CBR and other financial institutions. Accordingly, the Group in its liquidity forecasts estimates that the liquidity gaps in the table below will be sufficiently covered by the continued retention of current accounts and deposits from customers, as well as the undrawn credit line facilities from the CBR and other financial institutions mentioned above.

Credit related commitments are classified within the “Demand and less than 1 month” column as the primary purpose of these instruments is to ensure that funds are available to a customer as required.

21 Currency and maturity analysis (Continued)

The following table shows the maturity analysis as of 30 June 2013 as monitored by management of the Group:

	Demand and less than 1 month	From 1 to 6 months	From 6 months to 1 year	From 1 year to 5 years	More than 5 years	No maturity	Total
Financial assets							
Cash and cash equivalents	97,646,029	-	-	-	-	-	97,646,029
Obligatory reserves with central banks	1,730,301	2,699,855	1,644,292	994,548	14,250	-	7,083,246
Placements with banks and other financial institutions	2,058,825	6,690,378	3,061,685	336,603	-	-	12,147,491
Financial assets at fair value through profit or loss	36,457,145	6,410,244	3,152,188	15,335,560	3,944,087	182,359	65,481,583
Amounts receivable under reverse repurchase agreements	14,719,849	-	-	-	-	-	14,719,849
Loans to customers	62,046,193	162,551,915	80,892,802	178,380,823	19,969,884	-	503,841,617
Investments available for sale	1,192,279	-	-	-	-	251,945	1,444,224
Investments held to maturity	404,879	711	-	36,369	-	-	441,959
Other financial assets	1,033,766	-	-	-	-	-	1,033,766
Total financial assets	217,289,266	178,353,103	88,750,967	195,083,903	23,928,221	434,304	703,839,764
Financial liabilities							
Financial liabilities at fair value through profit or loss	1,923,237	916,081	260,223	6,970	-	-	3,106,511
Deposits and balances from banks and other financial institutions	31,079,667	21,361,599	8,364,543	5,703,462	246,672	-	66,755,943
Amounts payable under repurchase agreements	32,922,222	-	-	-	-	-	32,922,222
Current accounts and deposits from customers	118,667,337	176,218,930	94,928,377	49,199,412	987,002	-	440,001,058
Own securities issued	3,681,542	5,209,368	21,851,486	23,971,996	2,586,953	-	57,301,345
Other borrowed funds	44,016	13,325,710	119,791	5,314,567	-	-	18,804,084
Other financial liabilities	336,102	84,062	172,199	285,063	16,963	-	894,389
Subordinated borrowings	692,739	517,296	-	18,023,624	23,455,749	-	42,689,408
Total financial liabilities	189,346,862	217,633,046	125,696,619	102,505,094	27,293,339	-	662,474,960
Net liquidity position	27,942,404	(39,279,943)	(36,945,652)	92,578,809	(3,365,118)	434,304	41,364,804
Cumulative liquidity position	27,942,404	(11,337,539)	(48,283,191)	44,295,618	40,930,500	41,364,804	

21 Currency and maturity analysis (Continued)

The following table shows the maturity analysis as of 31 December 2012 as monitored by management of the Group:

	Demand and less than 1 month	From 1 to 6 months	From 6 months to 1 year	From 1 year to 5 years	More than 5 years	No maturity	Total
Financial assets							
Cash and cash equivalents	122,591,476	-	-	-	-	-	122,591,476
Obligatory reserves with central banks	1,300,782	2,538,585	1,391,023	993,465	4,685	-	6,228,540
Placements with banks and other financial institutions	2,908,378	5,163,836	3,535,346	230,975	-	-	11,838,535
Financial assets at fair value through profit or loss	23,810,060	3,826,157	1,282,549	12,372,991	2,781,874	267,682	44,341,313
Amounts receivable under reverse repurchase agreements	9,452,082	-	-	-	-	-	9,452,082
Loans to customers	58,982,600	148,399,734	62,940,577	166,554,818	24,973,810	-	461,851,539
Investments available for sale	1,192,386	-	-	-	-	222,463	1,414,849
Investments held to maturity	5,019	72,685	399,188	33,275	-	-	510,167
Other financial assets	579,977	-	-	-	-	-	579,977
Total financial assets	220,822,760	160,000,997	69,548,683	180,185,524	27,760,369	490,145	658,808,478
Financial liabilities							
Financial liabilities at fair value through profit or loss	458,392	128,136	23,406	6,665	-	-	616,599
Deposits and balances from banks and other financial institutions	17,428,015	26,045,530	4,827,037	6,619,917	409,863	-	55,330,362
Amounts payable under repurchase agreements	2,819,824	-	-	-	-	-	2,819,824
Current accounts and deposits from customers	107,724,901	191,611,843	98,856,793	46,840,362	308,061	-	445,341,960
Own securities issued	1,518,132	19,837,069	4,939,046	38,381,763	79,583	-	64,755,593
Other borrowed funds	216,119	1,509,316	12,282,634	5,274,167	-	-	19,282,236
Other liabilities	550,683	73,138	169,629	350,125	17,542	-	1,161,117
Subordinated borrowings	521,359	549,426	-	12,080,958	23,490,312	-	36,642,055
Total financial liabilities	131,237,425	239,754,458	121,098,545	109,553,957	24,305,361	-	625,949,746
Net liquidity position	89,585,335	(79,753,461)	(51,549,862)	70,631,567	3,455,008	490,145	32,858,732
Cumulative liquidity position	89,585,335	9,831,874	(41,717,988)	28,913,579	32,368,587	32,858,732	

22 Capital management

The Bank monitors its capital adequacy levels calculated in accordance with the requirements of the Basel Accord, as defined in the International Convergence of Capital Measurement and Capital Standards (updated April 1998) and Amendment to the Capital Accord to incorporate market risks (updated November 2007), commonly known as Basel I. The following table shows the composition of the capital position calculated in accordance with the requirements of the Basel Accord:

	30 June 2013 (unaudited)	31 December 2012
Tier 1 Capital		
Share capital	12,201,899	12,201,899
Share premium	20,612,247	20,612,247
Additional paid-in-capital	81,919	81,919
Retained earnings	31,485,234	26,961,031
Non-controlling interest less goodwill	(24,706)	(50,667)
Less Goodwill	-	(3,853)
Total tier 1 capital	64,356,593	59,802,576
Tier 2 Capital		
Asset revaluation reserves	3,014,210	3,039,485
Revaluation reserve of investments available for sale	(76,467)	(99,717)
Subordinated debt excluding accrued interest	32,178,297	29,901,288
Total Capital	99,472,633	92,643,632
Risk-weighted assets		
Banking book	592,571,735	545,617,528
Trading book	49,526,556	35,028,286
Total Risk-weighted assets	642,098,291	580,645,814
Tier 1 Ratio	10.02%	10.30%
Total Capital Adequacy Ratio	15.49%	15.96%

As at 30 June 2013 and 31 December 2012 included in Tier 2 Capital is RUB 32,178,297 thousand and RUB 29,901,288 thousand, respectively, of subordinated debt net of accrued interest, which represent loans and subordinated loan participation notes issued by the Group with the following conditions: (i) original maturity is not less than 5 years; (ii) creditors have no right to claim the deposits before maturity; and (iii) in the event of bankruptcy or default, subordinated deposits and loan participation notes are to be repaid only after the settlement of all other liabilities. Long-term subordinated debt may not exceed 50% of Tier 1 capital.

The risk-weighted assets are measured by means of a hierarchy of risk weights classified according to the nature of – and reflecting an estimate of credit, market and other risks associated with – each asset and counterparty, taking into account any eligible collateral or guarantees. A similar treatment is adopted for off-balance sheet exposure, with some adjustments to reflect the more contingent nature of the potential losses.

The Group is subject to minimum capital adequacy requirements calculated in accordance with the Basel Accord established by covenants under syndicated loans and a subordinated loan from EBRD. These covenants prescribe that the Group must maintain a total capital adequacy ratio not less than 12%. The Group complied with all externally imposed capital requirements during the periods ended 30 June 2013, 31 December 2012 and 30 June 2012.

22 Capital management (Continued)

The Group is currently calculating capital adequacy ratio in accordance with requirements of Basel I but is planning to implement requirements of the Revised Framework for International Convergence of Capital Measurement and Capital Standards issued by the Basel Committee on Banking Supervision (Basel II). The Group's preliminary assessment of the transition shows that the main differences between capital adequacy calculation according to Basel I and Basel II lies with operational risk calculation which is assessed to be around RUB 4,959 million as at 30 June 2013 and 31 December 2012.

The Group also monitors capital requirements set by the Central Bank of Russia for credit institutions. Under the current capital requirements banks have to maintain a ratio of capital to risk weighted assets ("statutory capital ratio") above the prescribed minimum level. As at 30 June 2013, this minimum level is 10%. The Bank was in compliance with the statutory requirements related to the capital ratio during the periods ended 30 June 2013, 31 December 2012 and 30 June 2012.

23 Credit related and capital commitments***Credit related commitments***

At any time the Group has outstanding commitments to extend credit. These commitments take the form of approved loans and credit card limits and overdraft facilities.

The Group provides financial guarantees and letters of credit to guarantee the performance of customers to third parties. These agreements have fixed limits and generally extend for a period of up to five years. The Group also provides guarantees by acting as settlement agent in securities borrowing and lending transactions.

The contractual amounts of commitments and contingent liabilities as at 30 June 2013 and 31 December 2012 are set out in the following table by category. The amounts reflected in the table for commitments assume that amounts are fully advanced. The amounts reflected in the table for guarantees and letters of credit represent the maximum accounting loss that would be recognised at the reporting date if counterparties failed completely to perform as contracted.

	30 June 2013 (unaudited)	31 December 2012
Contracted amount		
Guarantees	68,583,258	63,236,342
Undrawn overdraft facilities	66,729,702	76,809,129
Letters of credit	15,075,347	13,775,068
Undrawn loan facilities	14,631,504	13,643,630
Total	165,019,811	167,464,169

The total outstanding contractual commitments to extend credit indicated above does not necessarily represent future cash requirements, as these commitments may expire or terminate without being funded.

At 30 June 2013 the Group has no capital commitments.

24 Related party transactions

For the purposes of this interim consolidated condensed 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.

The outstanding balances and the related average interest rates as at 30 June 2013 with related parties are as follows:

	Parent		Directors and Management Board		Entities under common control of ultimate beneficiaries of the Group		Total
	Carrying amount	Average Interest Rate	Carrying amount	Average Interest Rate	Carrying amount	Average Interest Rate	Carrying amount
Interim consolidated condensed Statement of Financial Position							
Assets							
Loans to customers (gross amount)	1,454,842	8,0%	42,481	11,1%	10,189,852	8.6%	11,687,175
less collective impairment allowance	-	-	-	-	(18,650)	-	(18,650)
Other assets	-	-	-	-	100,054	-	100,054
Liabilities							
Financial liabilities at fair value through profit or loss	112,716	-	-	-	-	-	112,716
Current accounts and deposits from customers	549,936	7,53%	369,370	7,2%	3,420,217	2.1%	4,339,523
Other liabilities	28	-	31	-	23,082	-	23,141
Off balance sheet items							
Guarantees received	-	-	-	-	10,564,837	2.7%	10,564,837
Guarantees issued	43,402	2,0%	-	-	1,335,225	-	1,378,627
Letters of credit issued	-	-	-	-	86,907	-	86,907

Entities under common control comprise mainly entities controlled by the ultimate shareholders of the Group.

As stated in Note 1 minority shareholder of the Group is the European Bank for Reconstruction and Development. The Group's management does not consider the minority shareholder as related party as it does not exercise significant influence over Group's financial or operational decisions.

As at 30 June 2013 outstanding balances with EBRD comprised RUB 133,467 thousand in Placements with banks and other financial institutions, RUB 2,283,137 thousand in Deposits and balances from banks and other financial institutions.

24 Related party transactions (Continued)

The outstanding balances and the related average interest rates as at 31 December 2012 with related parties are as follows:

	Parent		Directors and Board of Management		Entities under common control of ultimate beneficiaries of the Group		Total
	Carrying amount	Average Interest Rate	Carrying amount	Average Interest Rate	Carrying amount	Average Interest Rate	Carrying amount
Statement of Financial Position							
Assets							
Loans to customers (gross amount)	681,298	8,0%	45,023	11,0%	5,724,272	9,3%	6,450,593
less provision for impairment	-	-	-	-	(23,622)	-	(23,622)
Other assets	-	-	-	-	95,306	-	95,306
Liabilities							
Current accounts and deposits from customers and other borrowed funds	686,006	6,4%	397,824	7,1%	2,751,797	1,1%	3,835,627
Own securities issued	-	-	280	7,1%	-	-	280
Other liabilities	118	-	44	-	26,752	-	26,914
Off balance sheet items							
Guarantees received	-	-	-	-	7,532,733	3,0%	7,532,733
Guarantees issued	207,940	-	-	-	2,016,205	-	2,224,145
Letters of credit issued	-	-	-	-	380,959	-	380,959

As at 31 December 2012, outstanding balances with EBRD comprised RUB 3,632,315 thousand in deposits and balances from banks and other financial institutions, RUB 3,500,000 thousand in subordinated borrowings.

24 Related party transactions (Continued)

Profit or loss amounts in respect of transactions with related parties for the six-month period ended 30 June 2013 are as follows:

	Parent	Directors and Management Board	Entities under common control	Total
Interest income	21,897	2,371	350,779	375,047
Fee and commission income	1,245	-	67,025	68,270
Net gain or loss on financial instruments at fair value through profit or loss	(112,716)	-	-	(112,716)
Other income	5	29	9	43
Interest expense	(9,868)	(7,801)	(67,846)	(85,515)
Fee and commission expense	-	-	(3,723)	(3,723)
Administrative expenses	(30,064)	(219,440)	(2,945)	(252,449)
Charge of impairment losses	-	-	4,972	4,972

Profit or loss amounts in respect of transactions with related parties for the six-month period ended 30 June 2012 are as follows:

	Parent	Directors and Management Board	Entities under common control	Total
Interest income	10,189	2,799	533,961	546,949
Fee and commission income	65	31	65,741	65,837
Net gain or loss on financial instruments at fair value through profit or loss	-	-	1,134	1,134
Interest expense	(118,373)	(12,538)	(21,171)	(152,082)
Fee and commission expense	-	-	(986)	(986)
Administrative expenses	(30,000)	(203,551)	(6,096)	(239,647)
Charge of impairment losses	-	2	2,147	2,149

During the six-month period ended 30 June 2013, compensation of the Directors and members of the Management Board amounted to RUB 219,440 thousand (six-month period ended 30 June 2012: RUB 203,551 thousand) and comprised short-term employee benefits.

25 Fair value of financial instruments

Estimated fair value disclosures of financial instruments are made in accordance with the requirements of IFRS 7 “Financial Instruments: Disclosures”. Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm’s length transaction, other than in a forced or liquidation sale. The estimates presented herein are not necessarily indicative of the amounts the Group could realise in a market exchange from the sale of its full holdings of a particular instrument.

The estimated fair values of financial instruments at fair value through profit or loss, loan participation notes and domestic bonds are based on quoted market prices at the reporting date without any deduction for transaction costs.

The estimated fair values of all other financial assets and liabilities are calculated using discounted cash flow techniques based on estimated future cash flows and discount rates for similar instruments at the reporting date.

The fair value of financial assets and financial liabilities compared with the corresponding carrying amount in the consolidated statement of financial position of the Group is presented below:

<i>In thousands of Russian Roubles</i>	30 June 2013		31 December 2012	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial Assets				
Cash and cash equivalents				
- Cash on hand	18,788,127	18,788,127	19,300,212	19,300,212
- Due from Central Bank – nostro accounts	15,018,340	15,018,340	19,125,382	19,125,382
- Deposits with the Central Bank of the RF	26	26	20,422,662	20,422,662
- Placements with banks and other financial institutions with a remaining maturity less than one month	63,839,536	63,839,536	63,743,220	63,743,220
Minimum reserve deposits with the CBR				
- Minimum reserve deposit with the Central Bank of the RF	6,916,648	6,916,648	5,967,743	5,967,743
- Minimum reserve deposit with the Central Bank of Cyprus	166,598	166,598	260,797	260,797
Placements with banks and other financial institutions				
- Placements with other banks with original maturities of more than one month	12,147,491	11,987,670	11,838,535	12,006,134
Amounts receivable under reverse repurchase agreements				
- Amounts receivable from banks and other financial institutions	8,827,944	8,827,944	5,413,363	5,413,363
- Amounts receivable from corporate customers	5,891,905	5,891,905	4,038,719	4,038,719
Loans and advances to customers				
- Commercial loans	444,648,436	444,153,193	410,067,109	409,660,606
- Loans to individuals	59,193,181	58,225,395	51,784,430	51,220,852
Investment securities held to maturity				
- Russian government bonds	404,878	400,000	404,204	400,640
- Corporate bonds	-	-	70,737	67,207
- Corporate eurobonds	37,081	37,081	35,226	35,226
Other financial assets				
- Accrued commission income	203,274	203,274	215,403	215,403
- Plastic card receivables	347,637	347,637	305,333	305,333
- Debtors under securities deals	480,312	480,312	49,603	74,818
- Other	2,543	2,543	9,638	9,638
Total financial assets carried at amortised cost	636,913,957	635,286,229	613,052,316	612,267,955

25 Fair value of financial instruments (Continued)

<i>In thousands of Russian Roubles</i>	30 June 2013		31 December 2012	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial liabilities				
Due to other banks				
- Term deposits of local banks	23,233,871	23,259,439	7,891,983	7,908,167
- Trading finance of foreign banks	23,972,915	24,024,602	23,055,735	23,092,818
- Long-term finance of foreign banks	8,078,245	8,079,372	8,384,869	8,385,346
- Vostro accounts	7,242,385	7,242,385	8,614,724	8,614,125
- Term deposits of foreign banks	4,228,527	4,235,229	7,383,051	7,422,268
Amounts payable under repurchase agreements				
- Amounts payable to customers	31,469,375	31,469,375	2,445,749	2,445,749
- Amounts payable to banks and other financial institutions	1,452,847	1,452,847	374,075	374,075
Customer accounts				
- Current accounts of legal entities	101,146,423	101,146,423	94,437,917	94,437,917
- Term deposits of legal entities	156,565,482	158,232,314	180,330,062	180,095,187
- Current accounts of individuals	27,156,988	27,156,988	28,879,356	28,879,356
- Term deposits of individuals	155,132,165	156,786,926	141,694,625	140,317,526
Debt securities in issue				
- Promissory notes	6,043,190	6,070,103	8,028,506	8,007,898
- Loan participation notes	32,472,681	33,312,001	30,858,984	31,709,972
- Domestic bonds	18,785,216	18,982,634	25,661,722	25,691,600
- Certificates of deposit	258	255	206,381	206,466
Other borrowed funds				
- Syndicated loans	13,100,970	13,162,659	12,114,924	12,273,140
- Other borrowed funds	5,703,114	5,791,624	7,167,312	7,644,184
Other financial liabilities				
- Financial guarantees	563,583	563,583	618,917	618,917
- Plastic card payables	157,440	157,440	337,587	337,587
- Other accrued liabilities	90,448	90,448	98,645	98,645
- Payables on factoring deals	82,918	82,918	105,968	105,968
Subordinated debt				
- Subordinated debt	42,689,408	44,912,998	36,642,055	38,686,560
Total financial liabilities carried at amortised cost	659,368,449	666,212,563	625,333,147	627,353,471

Financial instruments recognised at fair value are broken down for disclosure purposes into a three level fair value hierarchy based on the observability of inputs as follows:

- Quoted market price – Valuations based on quoted prices in active markets that the Group has the ability to access for identical assets or liabilities. Valuation adjustments and block discounts are not applied to these financial instruments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant amount of judgment.
- Valuation techniques based on observable inputs – Valuations based on inputs for which all significant inputs are observable, either directly or indirectly, and valuations based on one or more observable quoted prices for orderly transactions in markets that are not considered active.
- Valuation techniques involving the use of non-market observable inputs incorporating information other than observable market data – Valuations based on inputs that are unobservable and significant to the overall fair value measurement. Valuation techniques involving the use of non-market observable inputs were based on the analysis of discounted cash flows due from issuers. As at 30 June 2013, and 31 December 2012 a discount rate of 14% is used for discounting future cash flows from corporate bonds in this category.

25 Fair value of financial instruments (Continued)

The following table shows an analysis of financial instruments recorded at fair value, between those whose fair value is based on quoted market prices or calculated using valuation techniques as at 30 June 2013:

	Quoted market prices	Valuation techniques based on observable inputs	Valuation techniques involving the use of non-market observable inputs	Total
Financial assets				
Financial assets at fair value through profit or loss				
Russian Government Federal bonds (OFZ)	17,941,422	-	-	17,941,422
Corporate bonds	30,448,560	-	47,024	30,495,584
Russian municipal and regional bonds	2,367,243	-	-	2,367,243
Corporate Eurobonds	5,986,996	-	-	5,986,996
Russian Federation Eurobonds	606,662	-	-	606,662
Promissory notes	4,387,564	-	2,054,176	6,441,740
Corporate shares	42,436	-	-	42,436
Derivative financial instruments	-	1,212,090	-	1,212,090
Corporate shares designated at fair value through profit or loss	-	-	182,359	182,359
Certificates of deposits	-	-	205,051	205,051
Total financial assets at fair value through profit or loss	61,780,883	1,212,090	2,488,610	65,481,583
Investments available for sale				
Closed unit investment fund	-	-	1,192,279	1,192,279
Corporate shares	244,710	-	7,235	251,945
Total investments available for sale	244,710	-	1,199,514	1,444,224
Financial liabilities				
Derivative financial instruments	-	(3,106,511)	-	(3,106,511)

25 Fair value of financial instruments (Continued)

The following table shows an analysis of financial instruments recorded at fair value, between those whose fair value is based on quoted market prices or calculated using valuation techniques as at 31 December 2012:

	Quoted market prices	Valuation techniques based on observable inputs	Valuation techniques involving the use of non-market observable inputs	Total
Financial assets				
Financial assets at fair value through profit or loss				
Russian Government Federal bonds (OFZ)	11,752,759	-	-	11,752,759
Corporate bonds	22,171,865	-	47,024	22,218,889
Russian municipal and regional bonds	3,069,451	-	-	3,069,451
Corporate Eurobonds	1,967,749	-	-	1,967,749
Russian Federation Eurobonds	45	-	-	45
Promissory notes	4,432,504	-	165,242	4,597,746
Foreign Government Eurobonds	32,580	-	-	32,580
Corporate shares	47,087	-	40	47,127
Derivative financial instruments	-	405,947	-	405,947
Corporate shares designated at fair value through profit or loss	249,020	-	-	249,020
Total financial assets at fair value through profit or loss	43,723,060	405,947	212,306	44,341,313
Investments available for sale				
Closed unit investment fund	-	-	1,192,279	1,192,279
Corporate shares	215,758	-	6,812	222,570
Total investments available for sale	215,758	-	1,199,091	1,414,849
Financial liabilities				
Derivative financial instruments	-	616,599	-	616,599

The estimates of fair value are intended to approximate the amount for which a financial instrument can be exchanged between knowledgeable, willing parties in an arm's length transaction. However, given the uncertainties and the use of subjective judgment, the fair value should not be interpreted as being realisable in an immediate sale of the assets or settlement of liabilities.

26 Subsequent events

In July 2013, the Group has made a last coupon payment under the US\$ 150 million 10.75% Senior Loan Participation Notes (LPN) due 2013 and redeemed the issuance at the maturity.

In August 2013 the Group sold RUB 426,659 thousand of outstanding principal balance of loans to individuals.

The Group decided to establish a factoring subsidiary in the Republic of Kazakhstan.

N.A. Mileshekina, Director,
ZAO PricewaterhouseCoopers Audit

28 August 2013



50 (fifty) pages are numbered, bound and sealed.