

Open joint stock company

“Asian-Pacific Bank”

**Consolidated Interim Condensed
Financial Statements**

for the 6 months ended 30 June 2013

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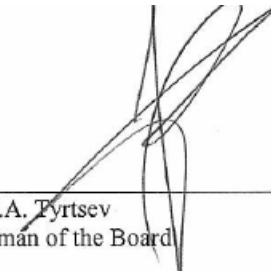
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OJSC "Asian-Pacific Bank"

Consolidated Interim Condensed Statement of Comprehensive Income for the 6 months ended 30 June 2013

	Notes	30 June 2013 RUB'000	30 June 2012 RUB'000
Interest income	4	7 236 299	4 875 460
Interest expense	4	(3 388 906)	(2 041 135)
Net interest income		3 847 393	2 834 325
Fee and commission income	5	1 515 880	830 835
Fee and commission expense		(103 314)	(70 560)
Net fee and commission income		1 412 566	760 275
Net gain on financial instruments at fair value through profit or loss and realised gain on available-for-sale financial instruments		571 955	180 842
Net foreign exchange income	6	189 678	122 070
Net gain (loss) on operations with precious metals	7	(18 196)	4 352
Other operating income	8	271 711	213 090
Operating income		6 275 107	4 114 954
Impairment losses	9	(1 757 231)	(559 625)
Personnel expenses	10	(1 616 181)	(1 268 215)
Other general administrative expenses	11	(873 197)	(620 324)
Profit before income tax		2 028 498	1 666 790
Income tax expense	12	(364 598)	(314 954)
Profit for the period		1 663 900	1 351 836
Net loss from revaluation of available-for-sale financial assets		(103 840)	-
Income tax related to other comprehensive income		20 768	-
Other comprehensive income, net of income tax		(83 072)	-
Total comprehensive income for the period		1 580 828	1 351 836

The consolidated interim condensed financial statements were approved by the Management board on 28 August 2013.



Mr. S.A. Tyrtsev
Chairman of the Board

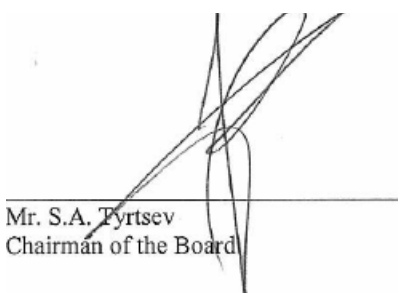


Mr. O.V. Marinchenko
Chief Accountant


The consolidated interim condensed statement of comprehensive income is to be read in conjunction with the notes to, and forming part of, the consolidated interim condensed financial statements.

OJSC “Asian-Pacific Bank”
Consolidated Interim Condensed Statement of Financial Position as at 30 June 2013

	Notes	30 June 2013 RUB'000	31 December 2012 RUB'000
ASSETS			
Cash		2 268 428	2 635 977
Placements with the Central Bank of the Russian Federation	13	2 770 682	3 102 000
Financial instruments at fair value through profit or loss	14	9 361 324	12 400 814
Available-for-sale financial assets	15	14 154 097	3 412 061
Due from banks	16	5 526 000	3 627 677
Amounts receivable under reverse repurchase agreements	17	1 080 484	150 107
Loans to customers	18	69 418 751	58 468 269
Net investments in finance leases	19	2 119 982	2 071 329
Current tax asset		152 137	9 563
Deferred tax asset	12	26 888	25 432
Property, equipment, intangible assets and investment property	21	4 688 628	4 592 030
Other assets	22	2 018 423	1 680 550
Total assets		113 585 824	92 175 809
LIABILITIES			
Derivative financial instruments	14	23 774	160 740
Deposits and balances from banks	23	7 200 238	7 130 691
Amounts payable under repurchase agreements	24	5 070 606	2 113 126
Current accounts and deposits from customers	25	78 636 762	65 143 328
Debt securities issued	26	7 435 984	4 184 231
Subordinated borrowings	27	985 139	915 050
Current tax liability		2 251	87 204
Deferred tax liability	12	531 292	288 773
Other liabilities	28	598 116	623 732
Total liabilities		100 484 162	80 646 875
EQUITY			
Share capital		562 312	562 312
Share premium		1 192 723	1 192 723
Revaluation surplus for available-for-sale financial assets		(73 354)	9 718
Revaluation surplus for buildings		1 280 014	1 280 014
Retained earnings		10 139 967	8 484 167
Total equity		13 101 662	11 528 934
Total liabilities and equity		113 585 824	92 175 809



 Mr. S.A. Tyrtsev
 Chairman of the Board



 Mr. O.V. Marinchenko
 Chief Accountant

The consolidated interim condensed statement of financial position is to be read in conjunction with the notes to, and forming part of, the consolidated interim condensed financial statements.

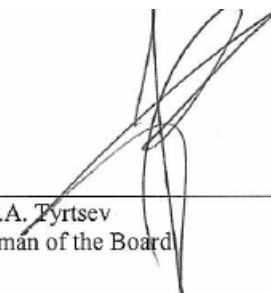
OJSC “Asian-Pacific Bank”
Consolidated Interim Condensed Statement of Cash Flows for the 6 months ended 30 June 2013

	Notes	30 June 2013 RUB'000	30 June 2012 RUB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest receipts		6 876 642	4 716 197
Interest payments		(3 014 753)	(1 373 037)
Fee and commission receipts		1 511 356	846 126
Fee and commission payments		(107 613)	(70 560)
Net receipts from financial instruments at fair value through profit or loss and available-for-sale financial instruments		575 679	292 107
Net receipts (loss) from foreign exchange		(131 224)	135 643
Other income receipts		271 727	213 090
Net receipts from operations with precious metals		10 761	4 352
General administrative expenses payments		(2 726 558)	(1 737 102)
(Increase) decrease in operating assets			
Obligatory reserves with the CBR		(340 215)	(179 022)
Financial instruments at fair value through profit or loss		3 113 147	(1 172 509)
Available-for-sale financial assets		(10 805 896)	-
Due from banks		439 291	(25 880)
Amounts receivable under reverse repurchase agreements		(930 107)	(495 680)
Loans to customers		(12 431 839)	(9 288 416)
Net investments in finance leases		(19 538)	(103 986)
Other assets		(310 610)	(680 054)
Increase (decrease) in operating liabilities			
Deposits and balances from banks		62 820	1 231 033
Amounts payable under repurchase agreements		2 956 298	1 209 217
Current accounts and deposits from customers		13 285 400	7 993 528
Promissory notes		454 901	(62 926)
Other liabilities		318 160	117 468
Cash flows from (used in) operating activities before income tax paid		(942 171)	1 569 589
Income tax paid		(351 063)	(331 212)
Cash flows from (used in) operations		(1 293 234)	1 238 377
CASH FLOWS FROM INVESTING ACTIVITIES			
Net purchases of property and equipment and intangible assets		(221 635)	(368 528)
Cash flows used in investing activities		(221 635)	(368 528)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net issue of bonds		2 638 642	1 500 000
Distribution to shareholders		(8 100)	(450 000)
Cash flows from financing activities		2 630 542	1 050 000

The consolidated interim condensed statement of cash flows is to be read in conjunction with the notes to, and forming part of, the consolidated interim condensed financial statements.

OJSC "Asian-Pacific Bank"
Consolidated Interim Condensed Statement of Cash Flows for the 6 months ended 30 June 2013

	30 June 2013	30 June 2012
Notes	RUB'000	RUB'000
Net increase in cash and cash equivalents	1 115 673	1 919 849
Effect of changes in exchange rates on cash and cash equivalents	182 157	(13 572)
Cash and cash equivalents as at the beginning of the year	8 180 610	4 518 619
Cash and cash equivalents as at the end of the year	33 9 478 440	6 424 896



 Mr. S.A. Tyrtsev
 Chairman of the Board



 Mr. O.V. Marinchenko
 Chief Accountant

OJSC "Asian-Pacific Bank"
Consolidated Interim Condensed Statement of Changes in Equity for the 6 months ended 30 June 2013

RUB'000	Share capital	Share premium	Revaluation surplus for available- for-sale		Retained earnings	Total equity
			financial assets	Revaluation surplus for buildings		
Balance as at 1 January 2012	562 312	1 192 723	-	1 353 464	5 615 677	8 724 176
Total comprehensive income						
Profit for the period	-	-	-	-	1 351 836	1 351 836
Total comprehensive income for the period	-	-	-	-	1 351 836	1 351 836
Transactions with owners, recorded directly in equity						
Distributions to shareholders	-	-	-	-	(450 000)	(450 000)
Total transactions with owners, recorded directly in equity	-	-	-	-	(450 000)	(450 000)
Balance as at 30 June 2012	562 312	1 192 723	-	1 353 464	6 517 513	9 626 012
Balance as at 1 January 2013	562 312	1 192 723	9 718	1 280 014	8 484 167	11 528 934
Total comprehensive income						
Profit for the period	-	-	-	-	1 663 900	1 663 900
Other comprehensive income						
Revaluation of available-for-sale financial assets, net of deferred tax of RUB 20 768 thousand	-	-	(83 072)	-	-	(83 072)
Total comprehensive income for the period	-	-	(83 072)	-	1 663 900	1 580 828
Transactions with owners, recorded directly in equity						
Distributions to shareholders	-	-	-	-	(8 100)	(8 100)
Total transactions with owners, recorded directly in equity	-	-	-	-	(8 100)	(8 100)
Balance as at 30 June 2013	562 312	1 192 723	(73 354)	1 280 014	10 139 967	13 101 662

 Mr. S.A. Tyrtsev
 Chairman of the Board

 Mr. O.V. Marinchenko
 Chief Accountant

1 Background

Organisation and operations

These consolidated interim condensed financial statements include the financial statements of OJSC “Asian-Pacific Bank” (the Bank) and its subsidiaries (together referred to as the Group).

The Bank was established in the Russian Federation as a closed joint stock company in 1992 under the name Amurpromstroybank as a successor of Promstroybank of USSR which was founded in 1929. In 2006 the Bank was reorganised from a closed joint stock company to an open joint stock company and renamed to Asian-Pacific Bank by decision of the shareholders. On 7 May 2010 LLC “PPFIN Region”, being a common majority shareholder for OJSC “Asian-Pacific Bank”, OJSC “Kamchatprombank” and OJSC “Kolyma-Bank”, merged the operations of these entities and therefore granted full control over OJSC “Kamchatprombank” and OJSC “Kolyma-Bank” to OJSC “Asian-Pacific Bank”.

The principal activities of the Bank are deposit taking and customer accounts maintenance, lending, issuing guarantees, cash and settlement operations and operations with securities and foreign exchange. The activities of the Bank are regulated by the Central Bank of the Russian Federation (the CBR). The Bank has a general banking license, and is a member of the state deposit insurance system in the Russian Federation.

The Bank has 291 (31 December 2012: 272) offices from which it conducts business throughout the Russian Federation including a head office, 5 regional branches, 68 additional offices, 214 operational offices and 3 operational cash boxes. The registered address of the head office is 225, Amurskaya Street, Blagoveschensk, 675000. The majority of the assets and liabilities are located in the Russian Federation.

As at 30 June 2013 the following shareholders held the issued shares of Open Joint Stock Company “Asian-Pacific Bank”:

Shareholder	30 June 2013 %	31 December 2012 %
LLC “PPFIN Region” (Russian Federation)	58.22	66.62
East Capital Explorer Financial Institutions Fund AB (Sweden)	17.91	17.91
TECHSUN ENTERPRISES LIMITED (Cyprus)	8.40	-
International Financial Corporation	6.99	6.99
Aksenov E.V.	5.21	5.21
Others	3.27	3.27
Total:	100.00	100.00

Details of the subsidiaries are as follows:

Name	Country of incorporation	Principal activities	Ownership %	
			30 June 2013 %	31 December 2012 %
LLC “Expo-Leasing”	Russian Federation	Leasing	100%	100%
CJSC “Mortgage agent APB”	Russian Federation	Mortgage agent	see below	see below

On 1 October 2010 100% of the shares of LLC “Expo-Leasing” were acquired by the Bank.

LLC “Expo-Leasing” was registered in 2002 in Russia. Its head office is in Moscow and it has 13 branches (31 December 2012: 12) comprising a head office, 1 regional branch and 11 separate offices.

CJSC “Mortgage agent APB” is a special purpose entity established to facilitate the Bank’s issue of mortgage backed securities (refer to Note 26). This entity is not owned by the Group. Control arises through the predetermination of the entity’s activities, having rights to obtain the majority of benefits of the SPE, and retaining the majority of the residual risks related to the entity.

As at 30 June 2013 the average number of the Group’s employees was 4 461 (31 December 2012: 3 673).

Russian business environment

The Group’s operations are primarily located in the Russian Federation. Consequently, the Group is exposed to the economic and financial markets of the Russian Federation which display characteristics of an emerging market. The legal, tax and regulatory frameworks continue development, but are subject to varying interpretations and frequent changes which together with other legal and fiscal impediments contribute to the challenges faced by entities operating in the Russian Federation. In addition, the contraction in the capital and credit markets and its impact on the Russian economy have further increased the level of economic uncertainty in the environment. The consolidated interim condensed financial statements reflect management’s assessment of the impact of the Russian business environment on the operations and the financial position of the Group. The future business environment may differ from management’s assessment.

2 Basis of preparation

Statement of compliance

The accompanying consolidated interim condensed financial statements are prepared in accordance with International Financial Reporting Standards (IFRS).

These consolidated interim condensed financial statements are prepared in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting. As a result, they do not include all of the information required by IFRS for a complete set of financial statements. Operating results for the three month period ended 30 June 2013 are not necessarily indicative of the results that may be expected for the year ending 31 December 2013.

These consolidated interim condensed financial statements should be read in conjunction with the complete consolidated financial statements as at 31 December 2012.

Basis of measurement

The consolidated interim condensed financial statements are prepared on the historical cost basis except that financial instruments at fair value through profit or loss and available-for-sale financial assets are stated at fair value, and buildings are stated at revalued amounts.

Functional and presentation currency

The functional currency of the Bank and the subsidiaries is the Russian Rouble (RUB) as, being the national currency of the Russian Federation, it reflects the economic substance of the majority of underlying events and circumstances relevant to them.

The RUB is also the presentation currency for the purposes of these consolidated interim condensed financial statements.

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

Use of estimates and judgments

The preparation of consolidated interim condensed financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results could differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

3 Significant accounting policies

In general the accounting policies applied by the Group in these consolidated interim condensed financial statements are consistent with those applied by the Group in the year ended 31 December 2012, except for the changes resulting from the amendments to IFRS.

Comparative information

A change in the presentation of insurance agent commission was made during 2012 in order to better present the substance of the underlying transactions.

With effect from 1 January 2012 for annual period, the Group presents insurance agent commission in fee and commission income. The Group previously presented part of insurance agent commission within other operating income in the consolidated interim condensed statement of comprehensive income for the 6 months ended 30 June 2012. As a result, an amount of RUB 73 400 thousand has been reclassified from other operating income to fee and commission income in the comparative consolidated interim condensed statement of comprehensive income, to conform to the 6 months 2013 presentation.

4 Interest income and expense

	30 June 2013 RUB'000	30 June 2012 RUB'000
Interest income		
Loans to customers	6 738 082	4 526 535
Net investments in finance leases	253 712	220 338
Financial instruments at fair value through profit or loss (promissory notes)	154 277	102 505
Due from banks	90 228	26 082
	7 236 299	4 875 460
Interest expense		
Current accounts and deposits from customers	2 628 992	1 702 744
Deposits and balances from banks	367 296	280 876
Debt securities issued	341 348	57 515
Subordinated borrowings	51 270	-
	3 388 906	2 041 135

5 Fee and commission income

	30 June 2013 RUB'000	30 June 2012 RUB'000
Insurance agent commission	734 903	218 533
Settlement operations	633 482	506 644
Accounts opening and maintenance	91 789	57 191
Guarantee and letter of credit issuance	30 557	25 549
Other	25 149	22 918
	1 515 880	830 835

6 Net foreign exchange income

	30 June 2013 RUB'000	30 June 2012 RUB'000
Gain (loss) on spot transactions and derivatives	(12 107)	135 643
Gain (loss) from revaluation of financial assets and liabilities	201 785	(13 573)
	189 678	122 070

7 Net gain (loss) on operations with precious metals

	30 June 2013 RUB'000	30 June 2012 RUB'000
Gain on trading operations	10 761	9 802
Loss from revaluation of financial assets and liabilities and swap transactions	(28 957)	(5 450)
	(18 196)	4 352

8 Other operating income

	30 June 2013 RUB'000	30 June 2012 RUB'000
Penalties on loans issued	168 611	118 751
Income from sale of loans	11 588	11 329
Rental income	13 210	13 100
Other income	78 302	69 910
	271 711	213 090

9 Impairment losses

	30 June 2013 RUB'000	30 June 2012 RUB'000
Loans to customers	(1 748 272)	(564 411)
Net investments in finance leases	(8 959)	4 786
	(1 757 231)	(559 625)

10 Personnel expenses

	30 June 2013 RUB'000	30 June 2012 RUB'000
Employee compensation	1 228 448	989 158
Payroll related taxes	387 733	279 057
	1 616 181	1 268 215

11 Other general administrative expenses

	30 June 2013 RUB'000	30 June 2012 RUB'000
Depreciation and amortization	122 584	113 257
Write-off of materials and loss on disposals of assets	100 962	75 571
Insurance	90 204	58 312
Taxes other than income tax	80 362	71 565
Rent	68 111	41 767
Repairs and maintenance	61 420	50 662
Agent fees	55 901	-
Advertising and marketing	50 267	42 453
Communications and information services	41 696	52 636
Security	20 114	18 624
Travel expenses	18 326	15 103
Professional services	9 269	7 117
Fines and penalties	1 483	2 806
Expenses of previous periods	79 973	18 477
Other	72 525	51 974
	873 197	620 324

12 Income tax expense

	30 June 2013 RUB'000	30 June 2012 RUB'000
Current tax expense		
Current year	102 767	172 099
Origination of temporary differences	261 831	142 855
Total income tax expense	364 598	314 954

During 6 months ended 30 June 2013 applicable tax rate for current and deferred tax is 20% (30 June 2012: 20%).

Reconciliation of effective tax rate for the period ended 30 June:

	30 June 2013 RUB'000	%	30 June 2012 RUB'000	%
Profit before tax	2 028 498		1 666 790	
Income tax at the applicable tax rate	405 700	20.0%	333 358	20.0%
Other differences	(33 228)	(1.6%)	(9 182)	(0.5%)
Income taxed at lower tax rates	(7 874)	(0.4%)	(9 222)	(0.6%)
	364 598	18.0%	314 954	18.9 %

Deferred tax asset and liability

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes give rise to deferred tax assets and liabilities as at 30 June 2013 and 31 December 2012. Net deferred tax liabilities have been recognised in these consolidated interim condensed financial statements.

Movements in temporary differences during the 6 months ended 30 June are presented as follows:

RUB'000	Balance 1 January 2013	Recognized in profit or loss	Recognized in equity	Balance 30 June 2013
Financial instruments at fair value through profit or loss	2 385	(4 858)	-	(2 473)
Available-for-sale financial assets	(2 429)	-	20 768	18 339
Derivative financial instruments	32 143	(35 976)	-	(3 833)
Loans to customers	(111 223)	(108 854)	-	(220 077)
Net investments in finance leases	25 432	1 456	-	26 888
Property, equipment and intangible assets	(300 582)	5 837	-	(294 745)
Debt securities issued	(662)	1 123	-	461
Other liabilities	91 595	(120 559)	-	(28 964)
	(263 341)	(261 831)	20 768	(504 404)

RUB'000	Balance 1 January 2012	Recognised in profit or loss	Recognized in equity	Balance 30 June 2012
Due from banks	(1 217)	1 217	-	-
Financial instruments at fair value through profit or loss	10 395	27 945	-	38 340
Derivative financial instruments	(5 058)	5 035	-	(23)
Loans to customers	(50 538)	(168 911)	-	(219 449)
Net investment in finance leases	8 660	8 747	-	17 407
Property and equipment	(318 095)	8 671	-	(309 424)
Other assets	-	(797)	-	(797)
Debt securities issued	246	(8)	-	238
Other liabilities	51 367	(24 754)	-	26 613
	(304 240)	(142 855)	-	(447 095)

13 Placements with the Central Bank of the Russian Federation

	30 June 2013 RUB'000	31 December 2012 RUB'000
Nostro accounts	1 684 012	2 155 496
Obligatory reserves with the CBR	1 086 670	746 455
Term deposits	-	200 049
Total placements with the Central Bank of the Russian Federation	2 770 682	3 102 000

14 Financial instruments at fair value through profit or loss

	30 June 2013 RUB'000	31 December 2012 RUB'000
ASSETS		
Held by the Group		
Debt and other fixed-income instruments		
- Government and municipal bonds		
Russian Government Federal bonds (OFZ)	-	2 274 536
Regional authorities bonds	446 964	882 547
Total government and municipal bonds	446 964	3 157 083
- Corporate bonds		
rated from BB- to BBB+	1 605 337	6 290 939
rated below B+	-	851 179
not rated	-	148 896
Total corporate bonds	1 605 337	7 291 014
- Promissory notes		
rated from BB- to BBB+	3 081 300	736 756
rated below B+	3 195 090	639 637
Total promissory notes	6 276 390	1 376 393
Equity investments		
Corporate shares	-	185 718
Total equity investments	-	185 718
Derivative financial instruments		
Foreign currency contracts	42 938	27
	42 938	27
Total financial instruments at fair value through profit or loss held by Group	8 371 629	12 010 235
Pledged under sale and repurchase agreements		
- Corporate bonds		
rated from BB- to BBB+	989 695	-
rated below B+	-	390 579
Total corporate bonds	989 695	390 579
Total financial instruments at fair value through profit or loss pledged under sale and repurchase agreements	989 695	390 579
Total financial instruments at fair value through profit or loss	9 361 324	12 400 814

	30 June 2013 RUB'000	31 December 2012 RUB'000
LIABILITIES		
Derivative financial instruments		
Foreign currency and precious metals contracts	23 774	160 740
	23 774	160 740

Ratings of corporate entities are based on Standart & Poor's or the equivalent ratings assigned by Fitch Rating and Moody's.

All financial instruments at fair value through profit or loss are classified as held for trading.

The table below analyses financial instruments at fair value through profit or loss at 30 June 2013, by the level in the fair value hierarchy into which the fair value measurement is categorised:

RUB '000	Level 1	Level 2	Total
Financial instruments at fair value through profit or loss			
- Debt and other fixed income instruments	3 041 996	6 276 390	9 318 386
- Derivative assets	-	42 938	42 938
- Derivative liabilities	5 564	18 210	23 774
	3 047 560	6 337 538	9 385 098

The table below analyses financial instruments at fair value through profit or loss at 31 December 2012, by the level in the fair value hierarchy into which the fair value measurement is categorised:

RUB '000	Level 1	Level 2	Total
Financial instruments at fair value through profit or loss			
- Debt and other fixed income instruments	10 838 676	1 376 393	12 215 069
- Equity investments	185 718	-	185 718
- Derivative assets	27	-	27
- Derivative liabilities	18 417	142 323	160 740
	11 042 838	1 518 716	12 561 554

None financial assets at fair value through profit or loss are past due or impaired.

Foreign currency contracts

The table below summarises, by major currencies, the contractual amounts of forward exchange contracts outstanding at 30 June 2013 and at 31 December 2012 with details of the contractual exchange rates and remaining periods to maturity. Foreign currency amounts presented below are translated at rates ruling at the reporting date. The resultant unrealised gains and losses on these unmatured contracts are recognized in profit or loss and in financial instruments at fair value through profit or loss, as appropriate.

	Notional amount		Weighted average contractual exchange rates	
	30 June 2013 RUB'000	31 December 2012 RUB'000	30 June 2013	31 December 2012
Buy USD sell RUB				
Less than 3 months	596 700	60 745	34.16	30.41
From 3 to 12 months	1 352 960	1 839 800	32.98	33.35
Buy Euro sell RUB				
Less than 3 months	216 945	10 057	41.54	40.12
Buy Gold (grams) sell RUB				
Less than 3 months	82 248	1 884 968	1 350.68	1 696.76
Sell JPY buy RUB				
Less than 3 months	6 614	-	33.16	-

15 Available-for-sale financial assets

	30 June 2013 RUB'000	31 December 2012 RUB'000
Held by the Group		
Debt and other fixed-income instruments		
- Government and municipal bonds		
Russian Government Federal bonds (OFZ)	2 711 030	-
Regional authorities bonds	1 183 193	205 336
Total government and municipal bonds	3 894 223	205 336
- Corporate bonds		
rated from BB- to BBB+	4 432 311	850 182
rated below B+	907 581	445 656
Total corporate bonds	5 339 892	1 295 838
Total available-for-sale financial instruments held by Group	9 234 115	1 501 174
Pledged under sale and repurchase agreements		
- Government and municipal bonds		
Regional authorities bonds	640 357	-
Total government and municipal bonds	640 357	-
- Corporate bonds		
rated from BB- to BBB+	4 279 625	1 910 887
Total corporate bonds	4 279 625	1 910 887
Total available-for-sale financial instruments pledged under sale and repurchase agreements	4 919 982	1 910 887
Total available-for-sale financial instruments	14 154 097	3 412 061

Ratings of corporate entities are based on Standart & Poor's or the equivalent ratings assigned by Fitch Rating and Moody's.

The table below analyses available-for-sale financial assets at 30 June 2013, by the level in the fair value hierarchy into which the fair value measurement is categorised:

RUB '000	Level 1	Level 2	Total
Available-for-sale financial assets			
- Debt and other fixed income instruments	14 154 097	-	14 154 097
	14 154 097	-	14 154 097

The table below analyses available-for-sale financial assets at 31 December 2012, by the level in the fair value hierarchy into which the fair value measurement is categorised:

RUB '000	Level 1	Level 2	Total
Available-for-sale financial assets			
- Debt and other fixed income instruments	3 412 061	-	3 412 061
	3 412 061	-	3 412 061

None available-for-sale financial assets are past due or impaired.

16 Due from banks

	30 June 2013 RUB'000	31 December 2012 RUB'000
Nostro accounts		
- Largest 30 Russian banks	1 121 021	228 066
- OECD banks	726 146	1 259 776
- Other Russian banks	236 343	242 497
- Other foreign banks	42 096	95 081
Total nostro accounts	2 125 606	1 825 420
Term deposits		
- Largest 30 Russian banks	2 609 328	1 406 054
- Other Russian banks	791 066	396 203
Total term deposits	3 400 394	1 802 257
	5 526 000	3 627 677

None of due from banks balances are impaired or past due.

As at 30 June 2013 the Group has no banks (31 December 2012: no banks), whose balances individually exceed 10% of equity.

17 Amounts receivable under reverse repurchase agreements

The table below sets out receivables under reverse repurchase agreements showing individual types of securities received as collateral under reverse repurchase agreements outstanding as at 30 June 2013:

	Government and municipal bonds	Corporate bonds	Total
Amounts receivable under reverse repurchase agreements			
- Other Russian banks	73 989	679 805	753 794
- Largest 30 Russian banks	-	326 690	326 690
	73 989	1 006 495	1 080 484

The table below sets out receivables under reverse repurchase agreements showing individual types of securities received as collateral under reverse repurchase agreements outstanding as at 31 December 2012:

	Corporate bonds	Total
Amounts receivable under reverse repurchase agreements		
- Largest 30 Russian banks	150 107	150 107
	150 107	150 107

At 30 June 2013 the fair value of financial assets collateralizing reverse repurchase agreements that the Group is permitted to sell or repledge in the absence of default is RUB 1 205 346 thousand (31 December 2012: RUB 166 683 thousand).

None amounts receivable under reverse repurchase agreements are past due or impaired.

18 Loans to customers

	30 June 2013 RUB'000	31 December 2012 RUB'000
Loans to corporate customers	22 784 205	18 118 707
Loans to retail customers		
Consumer loans	43 971 529	37 578 136
Mortgage loans	6 875 800	5 691 261
Total loans to retail customers	50 847 329	43 269 397
Gross loans to customers	73 631 534	61 388 104
Impairment allowance	(4 212 783)	(2 919 835)
Net loans to customers	69 418 751	58 468 269

Movements in the loan impairment allowance by classes of loans to customers for the 6 months ended 30 June 2013 are as follows:

	Loans to corporate customers RUB'000	Loans to retail customers RUB'000	Total RUB'000
Balance at 1 January 2013	266 267	2 653 568	2 919 835
Net charge	223 228	1 525 044	1 748 272
Write-offs	(29 303)	(426 021)	(455 324)
Balance at 30 June 2013	460 192	3 752 591	4 212 783

Movements in the loan impairment allowance by classes of loans to customers for the 6 months ended 30 June 2012 are as follows:

	Loans to corporate customers RUB'000	Loans to retail customers RUB'000	Total RUB'000
Balance at 1 January 2012	347 376	1 460 729	1 808 105
Net charge (recovery)	(17 147)	581 558	564 411
Write-offs	(2 873)	(254 421)	(257 294)
Balance at 30 June 2012	327 356	1 787 866	2 115 222

Credit quality of loans to customers

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

	Gross loans	Impairment allowance	Net loans	Impairment allowance to gross loans,
	RUB'000	RUB'000	RUB'000	%
Loans to corporate customers				
Loans without individual signs of impairment	20 422 881	(166 878)	20 256 003	0.82%
Watch list loans	1 549 041	(13 680)	1 535 361	0.88%
Impaired loans:				
- not overdue	136 383	(3 698)	132 685	2.71%
- overdue less than 90 days	227 314	(107 585)	119 729	47.33%
- overdue more than 90 days and less than 1 year	127 891	(79 448)	48 443	62.12%
- overdue more than 1 year	320 695	(88 903)	231 792	27.72%
Total impaired loans	812 283	(279 634)	532 649	34.43%
Total loans to corporate customers	22 784 205	(460 192)	22 324 013	2.02%
Loans to retail customers				
Consumer loans				
- not overdue	37 035 864	(211 140)	36 824 724	0.57%
- overdue less than 30 days	1 376 609	(201 949)	1 174 660	14.67%
- overdue 30-89 days	1 063 806	(458 457)	605 349	43.10%
- overdue 90-179 days	1 276 151	(724 687)	551 464	56.79%
- overdue more than 180 days	3 219 099	(2 133 785)	1 085 314	66.29%
Total consumer loans	43 971 529	(3 730 018)	40 241 511	8.48%
Mortgage loans				
- not overdue	6 840 658	(7 484)	6 833 174	0.11%
- overdue less than 30 days	3 156	(33)	3 123	1.05%
- overdue 30-89 days	12 646	(1 566)	11 080	12.38%
- overdue 90-179 days	3 374	(1 183)	2 191	35.06%
- overdue more than 180 days	15 966	(12 307)	3 659	77.08%
Total mortgage loans	6 875 800	(22 573)	6 853 227	0.33%
Total loans to retail customers	50 847 329	(3 752 591)	47 094 738	7.38%
Total loans to customers	73 631 534	(4 212 783)	69 418 751	5.72%

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

	Gross loans	Impairment allowance	Net loans	Impairment allowance to gross loans,
	RUB'000	RUB'000	RUB'000	%
Loans to corporate customers				
Loans without individual signs of impairment	16 116 693	(137 502)	15 979 191	0.85%
Watch list loans	1 431 913	(12 646)	1 419 267	0.88%
Impaired loans:				
- not overdue	186 337	(1 630)	184 707	0.87%
- overdue less than 90 days	14 778	(5 609)	9 169	37.96%
- overdue more than 90 days and less than 1 year	93 827	(8 590)	85 237	9.16%
- overdue more than 1 year	275 159	(100 290)	174 869	36.45%
Total impaired loans	570 101	(116 119)	453 982	20.37%
Total loans to corporate customers	18 118 707	(266 267)	17 852 440	1.47%
Loans to retail customers				
Consumer loans				
- not overdue	32 768 664	(152 528)	32 616 136	0.47%
- overdue less than 30 days	852 956	(115 751)	737 205	13.57%
- overdue 30-89 days	789 077	(342 214)	446 863	43.37%
- overdue 90-179 days	750 908	(441 145)	309 763	58.75%
- overdue more than 180 days	2 416 531	(1 580 746)	835 785	65.41%
Total consumer loans	37 578 136	(2 632 384)	34 945 752	7.01%
Mortgage loans				
- not overdue	5 654 942	(1 418)	5 653 524	0.03%
- overdue less than 30 days	1 315	(29)	1 286	2.21%
- overdue 30-89 days	10 574	(2 284)	8 290	21.60%
- overdue 90-179 days	6 799	(3 410)	3 389	50.15%
- overdue more than 180 days	17 631	(14 043)	3 588	79.65%
Total mortgage loans	5 691 261	(21 184)	5 670 077	0.37%
Total loans to retail customers	43 269 397	(2 653 568)	40 615 829	6.13%
Total loans to customers	61 388 104	(2 919 835)	58 468 269	4.76%

Industry and geographical analysis of the loan portfolio

Loans to customers were issued primarily to customers located within the Russian Federation who operate in the following economic sectors:

	30 June 2013 RUB'000	31 December 2012 RUB'000
Wholesale and retail trade	5 361 364	4 919 057
Services	3 203 504	2 328 410
Production	1 844 570	1 842 182
Construction	1 794 377	1 133 124
Mining	1 620 928	1 257 622
Energy	1 434 689	1 177 738
Real estate	1 045 956	922 597
Fishery	601 034	596 740
Investment activities	260 761	277 031
Insurance	176 018	224 280
Other	5 441 004	3 439 926
Individuals	50 847 329	43 269 397
	73 631 534	61 388 104
Impairment allowance	(4 212 783)	(2 919 835)
	69 418 751	58 468 269

Significant credit exposures

As at 30 June 2013 the Group has no borrowers or groups of connected borrowers whose loan balances individually exceed 10% of equity (31 December 2012: no borrowers or group of borrowers).

19 Net investments in finance leases

Net investments in finance leases comprise:

	30 June 2013 RUB'000	31 December 2012 RUB'000
Gross investments in finance leases	2 782 237	2 769 945
Less unearned finance lease income	(612 223)	(650 297)
	2 170 014	2 119 648
Less allowance for impairment	(50 032)	(48 319)
Net investments in finance leases	2 119 982	2 071 329

Net investments in finance leases generally comprise lease contracts on various types of equipment and vehicles.

Future minimum lease payments to be received are disclosed below:

	30 June 2013 RUB'000	31 December 2012 RUB'000
Within 1 year	1 459 846	1 409 117
From 1 to 5 years	1 303 594	1 334 199
More than 5 years	18 797	26 629
Minimum lease payments receivable	2 782 237	2 769 945

Gross investment in leases is receivable in the following currencies:

	30 June 2013 RUB'000	31 December 2012 RUB'000
RUB	2 493 361	2 468 452
USD	288 876	301 117
EUR	-	376
Gross investments in finance leases	2 782 237	2 769 945

Movements in the impairment allowance are as follows:

	30 June 2013 RUB'000	30 June 2012 RUB'000
Balance at the beginning of the year	48 319	36 995
Net charge / (recovery)	8 959	(4 786)
Write-offs	(7 246)	-
Balance at the end of the period	50 032	32 209

20 Transfers of financial assets

The securities sold under agreements to repurchase as at 30 June 2013 are presented in the table below:

RUB'000	Financial assets at fair value through profit or loss	Financial assets available for sale
Carrying amount of assets	989 695	4 279 625
Carrying amount of associated liabilities	865 404	4 205 202

The securities sold under agreements to repurchase as at 31 December 2012 are presented in the table below:

RUB'000	Financial assets at fair value through profit or loss	Financial assets available for sale
Carrying amount of assets	390 579	1 910 887
Carrying amount of associated liabilities	292 702	1 686 994

21 Property, equipment and intangible assets and investment property

RUB'000	Land and buildings	Computers and equipment	Fixtures and fittings	Vehicles	Intangible assets	Construction in progress	Total
Cost/revalued amount							
Balance at 1 January 2013	3 892 179	579 286	39 750	63 431	224 224	258 058	5 056 928
Additions	64 217	58 557	821	6 399	63 287	57 769	251 050
Transfers from investment property	95 483	-	-	-	-	-	95 483
Disposals	-	(17 959)	-	(436)	(28 754)	-	(47 149)
At 30 June 2013	4 051 879	619 884	40 571	69 394	258 757	315 827	5 356 312
Depreciation and impairment losses							
Balance at 1 January 2013	100 806	346 501	36 664	27 026	97 336	-	608 333
Depreciation and amortisation for the period	52 188	39 829	495	4 041	26 031	-	122 584
Disposals	-	(7 270)	-	(407)	(8 844)	-	(16 521)
Balance at 30 June 2013	152 994	379 060	37 159	30 660	114 523	-	714 396
Carrying amounts							
At 30 June 2013	3 898 885	240 824	3 412	38 734	144 234	315 827	4 641 916
At 1 January 2013	3 791 373	232 785	3 086	36 405	126 888	258 058	4 448 595

There are no capitalised borrowing costs related to the acquisition or construction of property, equipment and intangible assets during the 6 months ended 30 June 2013 (30 June 2012: nil).

RUB'000	<u>Land and buildings</u>	<u>Leasehold improvements</u>	<u>Computers and equipment</u>	<u>Fixtures and fittings</u>	<u>Vehicles</u>	<u>Intangible assets</u>	<u>Construction in progress</u>	<u>Total</u>
Cost								
Balance at 1 January 2012	3 589 540	5 288	447 627	38 667	116 677	227 249	191 405	4 616 453
Additions	135 405	-	186 464	902	18 780	16 798	10 179	368 528
Disposals	-	-	(16 356)	(673)	(80 486)	(18 466)	-	(115 981)
At 30 June 2012	<u>3 724 945</u>	<u>5 288</u>	<u>617 735</u>	<u>38 896</u>	<u>54 971</u>	<u>225 581</u>	<u>201 584</u>	<u>4 869 000</u>
Depreciation and impairment losses								
Balance at 1 January 2012	4 104	574	280 946	36 320	18 520	55 844	-	396 308
Depreciation for the year	48 668	53	32 161	361	11 576	20 438	-	113 257
Disposals	-	-	(1 582)	(439)	(249)	(6 111)	-	(8 380)
Balance at 30 June 2012	<u>52 772</u>	<u>627</u>	<u>311 525</u>	<u>36 242</u>	<u>29 847</u>	<u>70 171</u>	<u>-</u>	<u>501 185</u>
Carrying amounts								
At 30 June 2012	<u>3 672 173</u>	<u>4 661</u>	<u>306 210</u>	<u>2 654</u>	<u>25 124</u>	<u>155 410</u>	<u>201 584</u>	<u>4 367 815</u>
At 1 January 2012	<u>3 585 436</u>	<u>4 714</u>	<u>166 681</u>	<u>2 347</u>	<u>98 157</u>	<u>171 405</u>	<u>191 405</u>	<u>4 220 145</u>

Investment property

	30 June 2013 RUB'000	30 June 2012 RUB'000
Balance at 1 January	143 435	-
Transfer from (to) property, equipment and intangible assets	(95 483)	-
Taking possession of collateral for loans to customers	-	-
Purchase of investment property	-	-
Fair value revaluation	(1 240)	-
Disposal of investment property	-	-
Balance at 30 June	46 712	-

Rental income from investment property for the 6 months ended 30 June 2013 comprised RUB 2 614 thousand (30 June 2012: none).

22 Other assets

	30 June 2013 RUB'000	31 December 2012 RUB'000
Other receivables	348 173	173 657
Total other financial assets	348 173	173 657
Prepayments for assets to be leased under finance lease	199 600	248 977
Prepayments	419 755	315 711
Advances on precious metals delivery	677 565	814 310
Materials and supplies	42 408	31 968
Other	330 922	95 927
Total other non-financial assets	1 670 250	1 506 893
Total other assets	2 018 423	1 680 550

23 Deposits and balances from banks

	30 June 2013 RUB'000	31 December 2012 RUB'000
Vostro accounts	50 301	40 304
Term deposits	7 149 937	7 090 387
	7 200 238	7 130 691

As at 30 June 2013 the Group has two banks (31 December 2012: one bank), whose balances exceed 10% of equity. The gross value of these balances as at 30 June 2013 is RUB 3 832 202 thousand (31 December 2012: RUB 1 716 023 thousand).

Covenants

As at 30 June 2013, the Group has term deposits from one of the banks amounting to 1 754 659 thousand (31 December 2012: RUB 1 438 209 thousand) with maturities set out in the table below:

	30 June 2013 RUB'000	31 December 2012 RUB'000
- repayable on 23 December 2013	340 310	453 075
- repayable on 27 July 2016	322 686	483 542
- repayable on 5 July 2017	197 278	200 794
- repayable on 15 August 2017	261 967	300 798
- repayable on 19 March 2018	632 418	-
	1 754 659	1 438 209

According to the terms of the agreements, the Group is subject to a debt covenant stating that funds should be used for loan issuance to small and medium size entities. The Bank should comply with all ratios of the CBR and the N1 statutory ratio should be not less than 10.1%.

As at 30 June 2013, the Group has term deposits from another bank amounting to RUB 190 079 thousand repayable on 15 June 2015 (31 December 2012: RUB 237 708 thousand). According to the terms of the agreement the Group is subject to a debt covenant stating that funds should be used for issuance of loans to small and medium size entities and at the end of each quarter the Group should comply with a number of financial and non-financial covenants.

During the 6 months ended 30 June 2013 and 30 June 2012 the Group did not breach any covenants described above.

24 Amounts payable under repurchase agreements

The table below sets out payables under direct repo agreements showing individual types of securities transferred as collateral under repo agreements outstanding as at 30 June 2013:

	Government and municipal bonds	Corporate bonds	Total
Amounts payable under direct repo agreements			
- The CBR	575 448	4 495 158	5 070 606
	575 448	4 495 158	5 070 606

The table below sets out payables under direct repo agreements showing individual types of securities transferred as collateral under repo agreements outstanding as at 31 December 2012:

	Corporate bonds	Total
Amounts payable under direct repo agreements		
- The CBR	2 023 180	2 023 180
- Other Russian banks	89 946	89 946
	2 113 126	2 113 126

Fair value of securities transferred under repo agreements as at 30 June 2013 comprised RUB 5 909 677 thousand (31 December 2012: RUB 2 301 466 thousand). For details please refer to Note 20.

25 Current accounts and deposits from customers

	30 June 2013 RUB'000	31 December 2012 RUB'000
Current accounts and demand deposits		
- Retail	4 615 027	4 115 199
- Corporate	20 347 208	11 984 271
Term deposits		
- Retail	43 943 463	39 269 989
- Corporate	9 731 064	9 773 869
	78 636 762	65 143 328

As at 30 June 2013, the Group has no customers (31 December 2012: no customers), whose balances individually exceed 10% of equity.

26 Debt securities issued

	30 June 2013 RUB'000	31 December 2012 RUB'000
Bonds	5 800 883	3 022 432
Promissory notes	1 635 101	1 161 799
	7 435 984	4 184 231

Bonds are presented by three issues: two of the Bank and the other of one CJSC "Mortgage agent APB".

In April 2012, the Group issued RUB 1 500 000 thousand of bonds with a coupon rate as at 30 June 2013 of 10.4%. These bonds mature on 30 April 2015. On 8 May 2013, the Group bought out RUB 212 001 thousand of bonds on formal offer at their nominal value with coupon accrued. On 19 July 2013, the Group resold these bonds at their market value.

In December 2012, the Group issued RUB 1 521 863 thousand of mortgage backed securities with a coupon rate of 8.75%. These securities mature on 26 April 2045. As at 30 June 2013 the carrying amount of liabilities on them and the carrying amount of mortgages served as collateral comprised RUB 1 382 824 thousand and RUB 1 312 785 thousand appropriately (31 December 2012: RUB 1 498 669 thousand and RUB 1 458 747 thousand appropriately).

In February 2013, the Group issued RUB 3 000 000 thousand of bonds with a coupon rate as at 30 June 2013 of 10.4%. These bonds mature on 19 February 2016.

27 Subordinated borrowings

	30 June 2013 RUB'000	31 December 2012 RUB'000
Subordinated deposit	985 139	915 050
	985 139	915 050

On 21 November 2012 the Bank attracted a subordinated loan in the amount USD 30 mln from one of the Bank's shareholders - IFC. The loan with interest rate 10.92% matures on 16 December 2019.

According to the terms of the agreement the Group is subject to a debt covenant stating that at the end of each quarter the Group should comply with a number of financial and non-financial covenants.

During 6 months 2013 the Group did not breach any covenants described above.

28 Other liabilities

	30 June 2013	31 December 2012
	RUB'000	RUB'000
Payables to employees	290 401	431 291
Other taxes payable	137 512	69 607
Payables to creditors	102 211	35 904
Provision for guarantees and letters of credit issued	22 714	26 975
Other non-financial liabilities	45 278	59 955
	598 116	623 732

29 Analysis by segment

The Group has seventeen divisions located in different regions of the Russian Federation, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately. For each of the strategic business units the chief operating decision maker reviews internal management reports on at least a monthly basis. The Group combined branches into three reporting units based on geographical location: Far East region, Siberia region and West region.

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 based on statutory financial information and that are reviewed by the CEO. 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.

Segment breakdown of assets and liabilities is set out below:

	30 June 2013	31 December 2012
	RUB'000	RUB'000
ASSETS		
Far East region	47 262 948	42 381 816
Siberia region	25 010 968	21 174 510
West region	37 084 801	24 015 575
Total assets	109 358 717	87 571 901
LIABILITIES		
Far East region	62 818 683	51 259 406
Siberia region	12 657 813	12 941 005
West region	22 455 211	12 828 857
Total liabilities	97 931 707	77 029 268

Segment information for the main reportable segments for the 6 months ended 30 June 2013 is set below:

RUB'000	Far East region	Siberia region	West region	Total
External interest income	3 484 432	2 079 229	571 337	6 134 998
Fee and commission income	1 336 308	843 153	78 950	2 258 411
Net (loss) gain on financial instruments at fair value through profit or loss and realised gain on available-for-sale financial instruments	(1 025)	-	566 716	565 691
Net foreign exchange income (loss)	(707 221)	57 853	646 562	(2 806)
Other operating income	138 840	71 127	2 270	212 237
Revenue	4 251 334	3 051 362	1 865 835	9 168 531
Impairment losses	1 361 101	911 222	78 579	2 350 902
Interest expense	2 118 967	581 169	586 795	3 286 931
Fee and commission expense	33 674	13 956	8 822	56 452
Other general administrative expenses	2 044 979	192 852	32 631	2 270 462
Segment result	(1 307 387)	1 352 163	1 159 008	1 203 784
Income tax expense				20 140
Net profit after taxes				1 183 644

Segment information for the main reportable segments on profit and losses for the 6 months ended 30 June 2012 is set below:

RUB'000	Far East region	Siberia region	West region	Total
External interest income	2 423 912	1 386 236	341 526	4 151 674
Fee and commission income	829 167	464 440	54 495	1 348 102
Net gain on other financial instruments at fair value through profit or loss	(1 227)	-	192 054	190 827
Net foreign exchange income	75 617	41 576	29 275	146 468
Other operating income	105 323	52 339	1 614	159 276
Revenue	3 432 792	1 944 591	618 964	5 996 347
Impairment losses	592 758	270 905	36 463	900 126
External interest expense	1 388 846	331 587	247 640	1 968 073
Fee and commission expense	17 118	9 730	6 128	32 976
Other general administrative expenses	1 273 859	418 419	67 887	1 760 165
Segment result	160 211	913 950	260 846	1 335 007
Income tax expense				164 106
Net profit after taxes				1 170 901

Reconciliations of reportable segment profit or loss

	30 June 2013 RUB'000	30 June 2012 RUB'000
Profit or loss		
Total profit or loss for reportable segments	1 183 644	1 170 901
IFRS accounting policy adjustments:		
- interest income on loans and advances to customers	3 983	31 191
- allowance for impairment of loans and advances to customers, finance lease receivables and other assets	593 670	332 125
- depreciation and amortisation of property and equipment and intangible assets	(17 924)	(27 764)
- securities at fair value	814	-
- other adjustments	(100 287)	(154 617)
Consolidated profit or loss	1 663 900	1 351 836

Reconciliations of reportable assets and liabilities

	30 June 2013 RUB'000	31 December 2012 RUB'000
Assets		
Total assets for reportable segments	109 358 717	87 571 901
IFRS accounting policy adjustments:		
- interest income on loans and advances to customers	20 912	(24 341)
- allowance for impairment of loans and advances to customers	1 234 252	1 028 501
- allowance for impairment of other assets	498 186	355 056
- depreciation and amortisation of property and equipment and intangible assets and other adjustments to cost	174 790	182 624
- securities at fair value	29 927	8 925
- deferred income tax asset	26 888	25 432
- revaluation of property and equipment	125 861	125 668
- assets of subsidiaries and consolidation adjustments	2 972 656	3 043 640
- other adjustments	(856 365)	(141 597)
Consolidated assets	113 585 824	92 175 809
Liabilities		
Total liabilities for reportable segments	97 931 707	77 029 268
IFRS accounting policy adjustments:		
- accounting for deferred tax liability	531 292	288 773
- liabilities of subsidiaries and consolidation adjustments	2 861 750	3 023 604
- other adjustments	(840 587)	305 230
Consolidated liabilities	100 484 162	80 646 875

30 Risk management

a) Interest rate risk

The table below displays average effective interest rates for interest bearing assets and liabilities as at 30 June 2013 and 31 December 2012. These interest rates are an approximation of the yields to maturity of these assets and liabilities.

	30 June 2013			31 December 2012		
	Average effective interest rate. %			Average effective interest rate. %		
	RUB	USD	Other currencies	RUB	USD	Other currencies
Interest bearing assets						
Term deposits with the CBR	-	-	-	4%	-	-
Financial instruments at fair value through profit or loss	8%	-	-	9%	8%	-
Available-for-sale financial assets	8%	11%	-	9%	13%	-
Due from banks						
- nostro accounts	2%	-	-	2%	-	-
- term deposits	7%	7%	-	5%	7%	-
Amounts receivable under reverse repurchase agreements	6%	-	-	7%	-	-
Loans to customers						
- retail	23%	14%	-	24%	11%	-
- corporate	12%	10%	11%	13%	10%	11%
Net investments in finance leases	29%	23%	-	29%	23%	40%
Interest bearing liabilities						
Deposits and balances from banks	10%	4%	3%	10%	4%	4%
Amounts payable under repurchase agreements	6%	-	-	6%	-	-
Current accounts and deposits from customers						
- retail	10%	5%	4%	10%	5%	5%
- corporate	8%	5%	4%	8%	4%	3%
Debt securities issued						
- promissory notes	10%	9%	-	10%	9%	-
- bonds	10%	-	-	10%	-	-
Subordinated borrowings	-	11%	-	-	11%	-

b) Currency risk

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

	RUB	USD	EUR	Gold	Other	Total
	RUB'000	RUB'000	RUB'000	RUB'000	currencies	RUB'000
					RUB'000	
ASSETS						
Cash	1 540 966	457 716	206 384	-	63 362	2 268 428
Placements with the Central Bank of the Russian Federation	2 770 682	-	-	-	-	2 770 682
Financial instruments at fair value through profit or loss	9 318 386	33 701	9 237	-	-	9 361 324
Available-for-sale financial assets	13 263 304	890 793	-	-	-	14 154 097
Due from banks	3 697 111	827 907	105 796	868 008	27 178	5 526 000
Amounts receivable under reverse repurchase agreements	1 080 484	-	-	-	-	1 080 484
Loans to customers	66 706 390	2 349 409	358 724	-	4 228	69 418 751
Net investments in finance leases	1 927 029	192 953	-	-	-	2 119 982
Current tax asset	152 137	-	-	-	-	152 137
Deferred tax asset	26 888	-	-	-	-	26 888
Property, equipment, intangible assets and investment property	4 688 628	-	-	-	-	4 688 628
Other assets	1 859 830	93 067	59 516	-	6 010	2 018 423
Total assets	107 031 835	4 845 546	739 657	868 008	100 778	113 585 824

	RUB RUB'000	USD RUB'000	EUR RUB'000	Gold RUB'000	Other currencies RUB'000	Total RUB'000
LIABILITIES						
Derivative financial instruments	-	18 210	-	5 546	18	23 774
Deposits and balances from banks	5 735 477	1 334 248	126 202	-	4 311	7 200 238
Amounts payable under repurchase agreements	5 070 606	-	-	-	-	5 070 606
Current accounts and deposits from customers	72 596 284	4 255 124	780 404	943 888	61 062	78 636 762
Debt securities issued	7 210 194	225 790	-	-	-	7 435 984
Subordinated borrowings	-	985 139	-	-	-	985 139
Current tax liability	2 251	-	-	-	-	2 251
Deferred tax liability	531 292	-	-	-	-	531 292
Other liabilities	568 520	27 006	2 563	-	27	598 116
Total liabilities	91 714 624	6 845 517	909 169	949 434	65 418	100 484 162
Net position	15 317 211	(1 999 971)	(169 512)	(81 426)	35 360	13 101 662
The effect of derivatives held for risk management	(2 255 468)	1 949 660	216 945	82 248	6 615	-
Net position after derivatives held for risk management purposes	13 061 743	(50 311)	47 433	822	41 975	13 101 662

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

	RUB	USD	EUR	Gold	Other	Total
	RUB'000	RUB'000	RUB'000	RUB'000	currencies	RUB'000
					RUB'000	
ASSETS						
Cash	2 131 583	286 975	169 062	-	48 357	2 635 977
Placements with the Central Bank of the Russian Federation	3 102 000	-	-	-	-	3 102 000
Financial instruments at fair value through profit or loss	11 450 166	950 621	27	-	-	12 400 814
Available-for-sale financial assets	3 114 299	297 762	-	-	-	3 412 061
Due from banks	1 974 698	1 199 822	356 664	84 408	12 085	3 627 677
Amounts receivable under reverse repurchase agreements	150 107	-	-	-	-	150 107
Loans to customers	56 795 489	1 416 746	256 034	-	-	58 468 269
Net investments in finance leases	1 878 252	192 718	359	-	-	2 071 329
Current tax asset	9 563	-	-	-	-	9 563
Deferred tax asset	25 432	-	-	-	-	25 432
Property, equipment, intangible assets and investment property	4 592 030	-	-	-	-	4 592 030
Other assets	1 612 342	17 595	44 717	-	5 896	1 680 550
Total assets	86 835 961	4 362 239	826 863	84 408	66 338	92 175 809

	RUB	USD	EUR	Gold	Other	Total
	RUB'000	RUB'000	RUB'000	RUB'000	currencies	RUB'000
					RUB'000	
LIABILITIES						
Derivative financial instruments	-	94 434	-	66 306	-	160 740
Deposits and balances from banks	5 893 112	1 200 166	37 233	-	180	7 130 691
Amounts payable under repurchase agreements	2 113 126	-	-	-	-	2 113 126
Current accounts and deposits from customers	58 477 009	3 953 736	756 429	1 938 022	18 132	65 143 328
Debt securities issued	3 978 892	205 339	-	-	-	4 184 231
Subordinated borrowings	-	915 050	-	-	-	915 050
Current tax liability	87 204	-	-	-	-	87 204
Deferred tax liability	288 773	-	-	-	-	288 773
Other liabilities	609 510	13 452	765	-	5	623 732
Total liabilities	71 447 626	6 382 177	794 427	2 004 328	18 317	80 646 875
Net position	15 388 335	(2 019 938)	32 436	(1 919 920)	48 021	11 528 934
The effect of derivatives held for risk management	(3 795 570)	1 900 545	10 057	1 884 968	-	-
Net position after derivatives held for risk management purposes	11 592 765	(119 393)	42 493	(34 952)	48 021	11 528 934

c) *Liquidity risk*

The table below shows an analysis, by expected maturities, of the amounts recognized in the consolidated interim condensed statement of financial position as at 30 June 2013:

RUB'000	Demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	More than 5 years	No maturity	Total
ASSETS							
Cash	2 268 428	-	-	-	-	-	2 268 428
Placements with the Central Bank of Russia	1 684 012	-	-	-	-	1 086 670	2 770 682
Financial instruments at fair value through profit or loss	5 574 549	3753074	33701	-	-	-	9 361 324
Available-for-sale financial assets	14 154 097	-	-	-	-	-	14 154 097
Due from banks	5 415 175	110825	-	-	-	-	5 526 000
Amounts receivable under reverse repurchase agreements	1 080 484	-	-	-	-	-	1 080 484
Loans to customers	5 048 045	5 906 548	17 943 700	34 864 640	5 655 819	-	69 418 751
Net investments in finance leases	87 591	175 182	788 313	1 051 001	17 895	-	2 119 982
Current tax asset	152 137	-	-	-	-	-	152 137
Deferred tax asset	-	-	-	-	-	26 888	26 888
Property, equipment, intangible assets and investment property	-	-	-	-	-	4 688 628	4 688 628
Other assets	1 403 270	111 846	503 307	-	-	-	2 018 423
Total assets	36 867 788	10 057 475	19 269 021	35 915 641	5 673 714	5 802 186	113 585 824

Notes to, and forming part of, the consolidated interim condensed financial statements for the 6 months ended 30 June 2013

RUB'000	Demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	More than 5 years	No maturity	Total
LIABILITIES							
Derivative financial instruments	15 414	8360	-	-	-	-	23 774
Deposits and balances from banks	855 665	981 268	1 869 961	3 486 126	7 218	-	7 200 238
Amounts payable under repurchase agreements	5 070 606	-	-	-	-	-	5 070 606
Current accounts and deposits from customers	30 923 668	10 522 591	28 927 889	8 262 614	-	-	78 636 762
Debt securities issued	189 194	419 611	1 462 071	5 341 384	23 724	-	7 435 984
Subordinated borrowings	-	-	3 869	392 508	588 762	-	985 139
Current tax liability	2 251	-	-	-	-	-	2 251
Deferred tax liability	-	-	-	-	-	531 292	531 292
Other liabilities	598 116	-	-	-	-	-	598 116
Total liabilities	37 654 914	11 931 830	32 263 790	17 482 632	619 704	531 292	100 484 162
Net position	(787 126)	(1 874 355)	(12 994 769)	18 433 009	5 054 010	5 270 894	13 101 662

The table below shows an analysis, by expected maturities, of the amounts recognized in the consolidated statement of financial position as at 31 December 2012:

Notes to, and forming part of, the consolidated interim condensed financial statements for the 6 months ended 30 June 2013

RUB'000	Demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	More than 5 years	No maturity	Total
ASSETS							
Cash	2 635 977	-	-	-	-	-	2 635 977
Placements with the Central Bank of Russia	2 355 545	-	-	-	-	746 455	3 102 000
Financial instruments at fair value through profit or loss	11 024 421	1 376 393	-	-	-	-	12 400 814
Available-for-sale financial assets	-	3 412 061	-	-	-	-	3 412 061
Due from banks	3 189 088	-	347 642	-	-	90 947	3 627 677
Amounts receivable under reverse repurchase agreements	150 107	-	-	-	-	-	150 107
Loans to customers	1 066 974	5 718 396	19 583 890	27 285 997	4 813 012	-	58 468 269
Net investments in finance leases	82 933	166 552	747 641	1 050 339	23 864	-	2 071 329
Current tax asset	9 563	-	-	-	-	-	9 563
Deferred tax asset	-	-	-	-	-	25 432	25 432
Property, equipment, intangible assets and investment property	-	-	-	-	-	4 592 030	4 592 030
Other assets	936 899	135 220	608 431	-	-	-	1 680 550
Total assets	21 451 507	10 808 622	21 287 604	28 336 336	4 836 876	5 454 864	92 175 809
LIABILITIES							
Derivative financial instruments	18 417	-	142 323	-	-	-	160 740
Deposits and balances from banks	534 872	503 806	3 615 619	2 419 835	56 559	-	7 130 691
Amounts payable under repurchase agreements	2 113 126	-	-	-	-	-	2 113 126
Current accounts and deposits from customers	24 476 465	9 779 765	24 971 432	5 915 666	-	-	65 143 328
Debt securities issued	111 172	109 209	1 063 546	2 824 884	75 420	-	4 184 231
Subordinated borrowings	-	-	3 869	182 236	728 945	-	915 050
Current tax liability	87 204	-	-	-	-	-	87 204
Deferred tax liability	-	-	-	-	-	288 773	288 773
Other liabilities	220 766	402 966	-	-	-	-	623 732
Total liabilities	27 562 022	10 795 746	29 796 789	11 342 621	860 924	288 773	80 646 875
Net position	(6 110 515)	12 876	(8 509 185)	16 993 715	3 975 952	5 166 091	11 528 934

31 Capital management

The CBR sets and monitors capital requirements for the Bank.

The Bank defines as capital those items defined by statutory regulation as capital for credit institutions. Under the current capital requirements set by the CBR, 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 and 31 December 2012, this minimum level is 10%. The Bank is in compliance with the statutory capital ratio.

The Group also 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 Basle Accord as at 30 June:

	30 June 2013 RUB'000	31 December 2012 RUB'000
Tier 1 capital		
Share capital	562 312	562 312
Share premium	1 192 723	1 192 723
Retained earnings	10 139 967	8 484 167
Total tier 1 capital	11 895 002	10 239 202
Tier 2 capital		
Revaluation surplus for available-for-sale assets	(73 354)	9 718
Revaluation surplus for buildings	1 280 014	1 280 014
Subordinated debt (unamortized portion)	960 193	915 050
Total tier 2 capital	2 166 853	2 204 782
Total capital	14 061 855	12 443 984
Risk-weighted assets		
Banking book	80 228 577	69 521 689
Trading book	13 066 343	10 789 199
Total risk weighted assets	93 294 920	80 310 888
Total capital expressed as a percentage of risk-weighted assets (total capital ratio)	15.07%	15.49%
Total tier 1 capital expressed as a percentage of risk-weighted assets (tier 1 capital ratio)	12.75%	12.75%

The risk-weighted assets are measured by means of a hierarchy of risk weights classified according to the nature 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 unrecognized contractual commitments, 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 methodology of International Finance Corporation (IFC) established by covenants under liabilities incurred by the Group. The Group has complied with all externally imposed capital requirements.

32 Commitments

	30 June 2013 RUB'000	31 December 2012 RUB'000
Contracted amount		
Guarantees and letters of credit	3 384 180	2 820 942
Undrawn overdraft facilities	5 471 526	4 145 561
Loan and credit line commitments	386 933	527 160
	9 242 639	7 493 663

As at 30 June 2013 the Group has a commitment to purchase 5 776 kg of gold (31 December 2012: 1 698 kg of gold and 8 923 kg of silver) under contracts to be settled at the market price at the date of maturity.

33 Cash and cash equivalents

	30 June 2013 RUB'000	31 December 2012 RUB'000
Cash on hand	2 268 428	2 635 977
Nostro accounts with the CBR	1 684 012	2 155 496
Nostro accounts with other banks	2 125 606	1 825 420
Term deposits with the CBR	-	200 049
Term deposits with other banks	3 400 394	1 363 668
Total cash and cash equivalents	9 478 440	8 180 610

None of cash and cash equivalents are impaired or past due.

34 Related party transactions

(a) Control relationships

The Group's parent company is LLC "PPFIN Region" (Russian Federation). As of 30 June 2013, the ultimate beneficial owners of the Group were Mr. Andrey Vdovin (the owner of 16.6553%), Mr. Kirill Yakubovsky (the owner of 16.6553%), Mr. Pavel Maslovsky (the owner of 16.6553%), Mr. Peter Hambro (the owner of 16.6553%), East Capital Explorer Financial Institution Fund (Sweden) (the owner of 17.91%), International Finance Corporation (6.99%) and Mr. Evgeniy Aksenov (the owner of 5.21%).

(b) Transactions with the members of the Board of Directors and the Management Board

Total remuneration included in personnel expenses for the 6 months ended 30 June is as follows:

	30 June 2013 RUB'000	30 June 2012 RUB'000
Short term employee benefits	171 419	141 939
	171 419	141 939

These amounts include non-cash benefits in respect of the members of the Board of Directors and the Management Board.

The outstanding balances and average effective interest rates as at 30 June 2013 and 31 December 2012 for transactions with the members of the Board of Directors and the Management Board are as follows:

	30 June 2013 RUB'000	Average effective interest rate, %	31 December 2012 RUB'000	Average effective interest rate, %
Consolidated statement of financial position				
ASSETS				
Loans to customers	14 662	15.33%	138	29.12%
Other assets	457	-	433	-
LIABILITIES				
Current accounts and deposits from customers	167 241	8.76%	118 765	9.27%
Debt securities issued	-	-	100 078	9.50%

Other amounts included in the consolidated interim condensed statement of comprehensive income in relation to transactions with the members of the Board of Directors and the Management Board for the 6 months ended 30 June are as follows:

	30 June 2013 RUB'000	30 June 2012 RUB'000
Consolidated interim condensed statement of comprehensive income		
Interest expense	(7 652)	(3 067)

(c) Transactions with shareholders

The outstanding balances and average effective interest rates as at 30 June 2013 and 31 December 2012 for transactions with shareholders are as follows:

	30 June 2013 RUB'000	Average effective interest rate, %	31 December 2012 RUB'000	Average effective interest rate, %
Consolidated statement of financial position				
ASSETS				
Loans to customers	764	16.10%	38	16.00%
Other assets	578	-	500	-
LIABILITIES				
Deposits and balances from banks	190 079	14.54%	237 708	14.79%
Current accounts and deposits	272 867	11.20%	88 961	11.22%
Subordinated borrowings	985 139	10.92%	915 050	10.92%

Amounts included in the consolidated interim condensed statement of comprehensive income in relation to transactions with shareholders for the 6 months ended 30 June are as follows:

	30 June 2013 RUB'000	30 June 2012 RUB'000
Consolidated interim condensed statement of comprehensive income		
Interest expense	(72 805)	(25 821)
Commission income	1 673	-

During 6 months 2013 the Group made cash distribution to shareholders in the amount of RUB 8 100 thousand. During 6 months 2012 the Group declared and paid dividends of RUB 450 000 thousand (RUB 0.000000090927095 per share).

(d) Transactions with the Banking Holding Group

The Group is part of a Holding Group (the Banking Holding Group) which as at 30 June 2013 and 31 December 2012 includes VMHY Holding, the parent company of LLC "PPFIN Region".

The outstanding balances and average effective interest rates as at 30 June 2013 and 31 December 2012 for transactions with the Banking Holding Group are as follows:

	30 June 2013 RUB'000	Average effective interest rate, %	31 December 2012 RUB'000	Average effective interest rate, %
Consolidated statement of financial position				
LIABILITIES				
Current accounts and deposits	143	-	23	-

Amounts included in the consolidated interim condensed statement of comprehensive income in relation to transactions with the Banking Holding Group for the 6 months ended 30 June are as follows:

	30 June 2013 RUB'000	30 June 2012 RUB'000
Consolidated interim condensed statement of comprehensive income		
Commission income	990	-

(e) Transactions with other related parties

Other related parties are represented by companies controlled by management or shareholders of the Group.

The outstanding balances and average effective interest rates as at 30 June 2013 and 31 December 2012 for transactions with other related parties are as follows:

	30 June 2013 RUB'000	Average effective interest rate, %	31 December 2012 RUB'000	Average effective interest rate, %
Consolidated statement of financial position				
ASSETS				
Due from banks	1 966	-	938	-
Loans to customers	1 206 928	11.62%	1 066 968	11.91%
Other assets	4 903	-	9 120	-
LIABILITIES				
Deposits and balances from banks	28 948	12.00%	72 815	12.00%
Current accounts and deposits from customers	1 318 624	9.23%	798 965	9.75%
Other liabilities	1 800	-	3 880	-
Debt securities issued	335 623	10.29%	300 632	11.29%
Commitments				
Guarantees and letters of credit	24 577	-	30 502	-
Undrawn loan commitments and overdraft	5 000	-	19 150	-

Amounts included in the consolidated interim condensed statement of comprehensive income in relation to transactions with other related parties for the 6 months ended 30 June are as follows:

	30 June 2013 RUB'000	30 June 2012 RUB'000
Consolidated interim condensed statement of comprehensive income		
Interest income	61 233	51 009
Interest expense	(9 279)	(15 452)
Other expense	(10 889)	-
Impairment loss origination	(3 639)	993

35 Events after the reporting date

The Board of Directors of the Bank on the meeting held on 28 June 2013 approved purchase 98 980 396 413 790 ordinary shares of the Bank (2% of share capital) by LLC “Expo-Leasing”. The shares with a nominal value of RUB 0.000000112 per each share and total nominal value of RUB 11 086 thousand will be acquired in two equal instalments till 31 December 2013. The price per share was defined at RUB 0.000003494 and total price comprised RUB 345 838 thousand. Change in shareholding of 1% of share capital was finalised on 29 July 2013.