

Open joint stock company

“Asian-Pacific Bank”

**Consolidated Interim Condensed
Financial Statements**

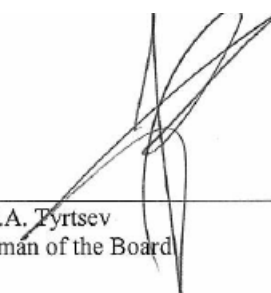
for the 9 months ended 30 September 2013

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	Notes	30 September 2013 RUB'000	30 September 2012 RUB'000
Interest income	4	11 196 700	7 684 419
Interest expense	4	(5 221 449)	(3 215 501)
Net interest income		5 975 251	4 468 918
Fee and commission income	5	2 464 054	1 505 244
Fee and commission expense		(173 884)	(136 111)
Net fee and commission income		2 290 170	1 369 133
Net gain on financial instruments at fair value through profit or loss and realised gain on available-for-sale financial instruments		872 735	482 611
Net foreign exchange income	6	272 390	215 336
Net gain (loss) on operations with precious metals	7	(5 478)	24 981
Other operating income	8	414 281	356 241
Operating income		9 819 349	6 917 220
Impairment losses	9	(2 895 705)	(1 218 668)
Personnel expenses	10	(2 710 015)	(2 009 851)
Other general administrative expenses	11	(1 377 194)	(954 554)
Profit before income tax		2 836 435	2 734 147
Income tax expense	12	(560 351)	(506 713)
Profit for the period		2 276 084	2 227 434
Realization of revaluation surplus of buildings		(725)	(587)
Transfer of realization of revaluation surplus of buildings to retained earnings		725	587
Net loss from revaluation of available-for-sale financial assets		(42 659)	-
Income tax related to other comprehensive income		8 676	117
Other comprehensive income, net of income tax		(33 983)	117
Total comprehensive income for the period		2 242 101	2 227 551

The consolidated interim condensed financial statements were approved by the Management board on 20 November 2013.



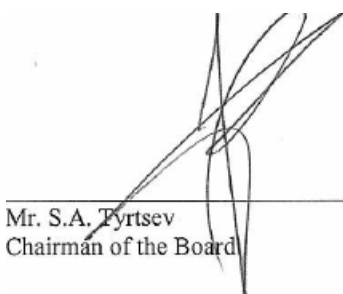
 Mr. S.A. Tyrtsev
 Chairman of the Board




 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.

	30 September 2013	30 September 2012
Notes	RUB'000	RUB'000
Interest income	3 960 401	2 808 959
Interest expense	(1 832 543)	(1 174 366)
Net interest income	2 127 858	1 634 593
Fee and commission income	948 174	674 409
Fee and commission expense	(70 570)	(65 551)
Net fee and commission income	877 604	608 858
Net gain on financial instruments at fair value through profit or loss and realised gain on available-for-sale financial instruments	300 780	301 769
Net foreign exchange income	82 712	93 266
Net gain on operations with precious metals	12 718	20 629
Other operating income	142 570	143 151
Operating income	3 544 242	2 802 266
Impairment losses	(1 138 474)	(659 043)
Personnel expenses	(1 093 834)	(741 636)
Other general administrative expenses	(503 997)	(334 230)
Profit before income tax	807 937	1 067 357
Income tax expense	(195 753)	(191 759)
Profit for the period	612 184	875 598
Realization of revaluation surplus of buildings	(725)	(587)
Transfer of realization of revaluation surplus of buildings to retained earnings	725	587
Net gain from revaluation of available-for-sale financial assets	61 181	-
Income tax related to other comprehensive income	(12 092)	117
Other comprehensive income, net of income tax	49 089	117
Total comprehensive income for the period	661 273	875 715



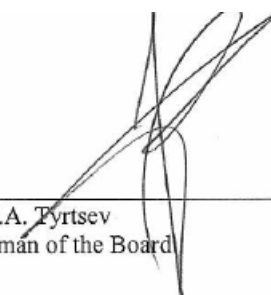
 Mr. S.A. Tyrtsev
 Chairman of the Board



 Mr. O.V. Marinchenko
 Chief Accountant

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

	Notes	30 September 2013 RUB'000	31 December 2012 RUB'000
ASSETS			
Cash		2 657 178	2 635 977
Placements with the Central Bank of the Russian Federation	13	3 678 456	3 102 000
Financial instruments at fair value through profit or loss	14	8 737 076	12 400 814
Available-for-sale financial assets	15	12 185 680	3 412 061
Due from banks	16	5 350 076	3 627 677
Amounts receivable under reverse repurchase agreements	17	478 867	150 107
Loans to customers	18	74 147 662	58 468 269
Net investments in finance leases	19	2 590 910	2 071 329
Current tax asset		14	9 563
Deferred tax asset	12	53 681	25 432
Property, equipment, intangible assets and investment property	21	4 602 339	4 592 030
Other assets	22	2 656 384	1 680 550
Total assets		117 138 323	92 175 809
LIABILITIES			
Derivative financial instruments	14	13 971	160 740
Deposits and balances from banks	23	6 643 056	7 130 691
Amounts payable under repurchase agreements	24	7 237 119	2 113 126
Current accounts and deposits from customers	25	79 536 034	65 143 328
Debt securities issued	26	7 293 165	4 184 231
Subordinated borrowings	27	1 001 259	915 050
Current tax liability		38 746	87 204
Deferred tax liability	12	545 723	288 773
Other liabilities	28	1 243 283	623 732
Total liabilities		103 552 356	80 646 875
EQUITY			
Share capital		562 312	562 312
Treasury shares		(5 543)	-
Share premium		1 192 723	1 192 723
Revaluation surplus for available-for-sale financial assets		(24 410)	9 718
Revaluation surplus for buildings		1 279 434	1 280 014
Retained earnings		10 581 451	8 484 167
Total equity		13 585 967	11 528 934
Total liabilities and equity		117 138 323	92 175 809



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 Chairman of the Board



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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.

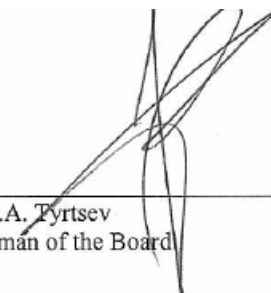
OJSC “Asian-Pacific Bank”
Consolidated Interim Condensed Statement of Cash Flows for the 9 months ended 30 September 2013

	Notes	30 September 2013 RUB'000	30 September 2012 RUB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest receipts		11 094 118	7 541 120
Interest payments		(4 727 444)	(2 133 003)
Fee and commission receipts		2 473 538	1 523 321
Fee and commission payments		(173 884)	(136 111)
Net receipts from financial instruments at fair value through profit or loss and available-for-sale financial instruments		872 735	459 305
Net receipts (loss) from foreign exchange		23 551	202 156
Other income receipts		414 281	356 241
Net receipts from operations with precious metals		(72 120)	24 981
General administrative expenses payments		(3 695 750)	(2 769 900)
(Increase) decrease in operating assets			
Obligatory reserves with the CBR		(396 919)	(201 593)
Financial instruments at fair value through profit or loss		3 663 738	(3 440 815)
Available-for-sale financial assets		(8 807 747)	-
Due from banks		56 346	62 773
Amounts receivable under reverse repurchase agreements		(328 709)	(954 409)
Loans to customers		(18 433 962)	(14 817 495)
Net investments in finance leases		(572 329)	(243 731)
Other assets		(958 747)	(45 996)
Increase (decrease) in operating liabilities			
Deposits and balances from banks		(480 018)	3 126 829
Amounts payable under repurchase agreements		5 119 675	3 487 364
Current accounts and deposits from customers		14 062 302	9 211 153
Promissory notes		186 800	278 142
Other liabilities		403 907	(10 940)
Cash flows from (used in) operating activities before income tax paid		(276 638)	1 519 392
Income tax paid		(370 559)	(478 676)
Cash flows from (used in) operations		(647 197)	1 040 716
CASH FLOWS FROM INVESTING ACTIVITIES			
Net purchases of property and equipment and intangible assets		(195 463)	(604 847)
Cash flows used in investing activities		(195 463)	(604 847)
CASH FLOWS FROM FINANCING ACTIVITIES			
Purchase of shares		(172 918)	-
Net issue of bonds		2 782 271	1 500 000
Distribution to shareholders		(12 150)	(450 000)
Cash flows from financing activities		2 597 203	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 9 months ended 30 September 2013

	30 September 2013	30 September 2012
Notes	RUB'000	RUB'000
Net increase in cash and cash equivalents	1 754 543	1 485 869
Effect of changes in exchange rates on cash and cash equivalents	227 884	31 754
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	10 163 037	6 036 242



 Mr. S.A. Tyrtsev
 Chairman of the Board



 Mr. O.V. Marinchenko
 Chief Accountant

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 Changes in Equity for the 9 months ended 30 September 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	-	-	-	-	2 227 434	2 227 434
Other comprehensive income						
Realization of revaluation surplus of buildings, net of deferred tax of RUB 117 thousand				(470)	587	117
Total comprehensive income for the period	-	-	-	(470)	2 228 021	2 227 551
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 September 2012	562 312	1 192 723	-	1 352 994	7 393 698	10 501 727
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	-	-	-	-	2 276 084	2 276 084
Other comprehensive income						
Realization of revaluation surplus of buildings, net of deferred tax of RUB 145 thousand	-	-	-	(580)	725	145
Revaluation of available-for-sale financial assets, net of deferred tax of RUB 8 531 thousand	-	-	(34 128)	-	-	(34 128)
Total comprehensive income for the period	-	-	(34 128)	(580)	2 276 809	2 242 101
Transactions with owners, recorded directly in equity						
Purchase of own shares	(5 543)	-	-	-	(167 375)	(172 918)
Distributions to shareholders	-	-	-	-	(12 150)	(12 150)
Total transactions with owners, recorded directly in equity	(5 543)	-	-	-	(179 525)	(185 068)
Balance as at 30 September 2013	556 769	1 192 723	(24 410)	1 279 434	10 581 451	13 585 967

Mr. S.A. Tyrtsev
Chairman of the Board

Mr. O.V. Marinchenko
Chief Accountant

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

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 313 (31 December 2012: 272) offices from which it conducts business throughout the Russian Federation including a head office, 5 regional branches, 72 additional offices, 233 operational offices and 2 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 September 2013 the following shareholders held the issued shares of Open Joint Stock Company “Asian-Pacific Bank”:

Shareholder	30 September 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)	7.76	-
International Financial Corporation	6.99	6.99
Aksenov E.V.	4.21	5.21
Others	3.91	3.27
LLC “Expo-Leasing”	1.00	-
Total:	100.00	100.00

Details of the subsidiaries are as follows:

Name	Country of incorporation	Principal activities	Ownership %	
			30 September 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 September 2013 the average number of the Group’s employees was 4 352 (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 September 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 9 months ended 30 September 2012. As a result, an amount of RUB 336 963 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 9 months 2013 presentation.

4 Interest income and expense

	30 September 2013 RUB'000	30 September 2012 RUB'000
Interest income		
Loans to customers	10 381 077	7 171 766
Net investments in finance leases	401 214	356 760
Financial instruments at fair value through profit or loss (promissory notes)	267 323	105 470
Due from banks	147 086	50 423
	11 196 700	7 684 419
Interest expense		
Current accounts and deposits from customers	3 994 397	2 672 491
Deposits and balances from banks	609 067	435 816
Debt securities issued	539 247	107 194
Subordinated borrowings	78 738	-
	5 221 449	3 215 501

5 Fee and commission income

	30 September 2013 RUB'000	30 September 2012 RUB'000
Insurance agent commission	1 248 825	519 371
Settlement operations	994 442	816 681
Accounts opening and maintenance	136 639	93 860
Guarantee and letter of credit issuance	38 847	37 973
Other	45 301	37 359
	2 464 054	1 505 244

6 Net foreign exchange income

	30 September 2013 RUB'000	30 September 2012 RUB'000
Gain on spot transactions and derivatives	44 506	183 582
Gain from revaluation of financial assets and liabilities	227 884	31 754
	272 390	215 336

7 Net gain (loss) on operations with precious metals

	30 September 2013 RUB'000	30 September 2012 RUB'000
Gain on trading operations	33 509	35 540
Loss from revaluation of financial assets and liabilities and swap transactions	(38 987)	(10 559)
	(5 478)	24 981

8 Other operating income

	30 September 2013 RUB'000	30 September 2012 RUB'000
Penalties on loans issued	271 205	198 632
Income of previous period on loans issued	23 895	17 582
Rental income	20 187	21 230
Income from sale of loans	12 633	19 575
Other income	86 361	99 222
	414 281	356 241

9 Impairment losses

	30 September 2013 RUB'000	30 September 2012 RUB'000
Loans to customers	2 842 957	1 217 665
Net investments in finance leases	29 852	1 003
Other assets	22 896	-
	2 895 705	1 218 668

10 Personnel expenses

	30 September 2013	30 September 2012
	RUB'000	RUB'000
Employee compensation	2 129 830	1 591 674
Payroll related taxes	580 185	418 177
	2 710 015	2 009 851

11 Other general administrative expenses

	30 September 2013	30 September 2012
	RUB'000	RUB'000
Depreciation and amortization	185 154	177 761
Taxes other than income tax	155 461	114 837
Write-off of materials and loss on disposals of assets	150 911	106 105
Insurance	140 299	106 981
Rent	118 335	64 407
Repairs and maintenance	96 641	77 153
Advertising and marketing	96 121	56 152
Agent fees	76 961	-
Communications and information services	72 946	65 375
Security	31 534	29 137
Travel expenses	30 289	24 397
Fines and penalties	14 648	3 653
Professional services	9 664	8 475
Other	198 230	120 121
	1 377 194	954 554

12 Income tax expense

	30 September 2013	30 September 2012
	RUB'000	RUB'000
Current tax expense		
Current year	322 973	443 424
Origination of temporary differences	237 378	63 289
Total income tax expense	560 351	506 713

During 9 months ended 30 September 2013 applicable tax rate for current and deferred tax is 20% (30 September 2012: 20%).

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

	30 September 2013	%	30 September 2012	%
	RUB'000		RUB'000	
Profit before tax	2 836 435		2 734 147	
Income tax at the applicable tax rate	567 287	20.0%	546 829	20.0%
Other differences	7 516	0.3%	(29 268)	(1.1%)
Income taxed at lower tax rates	(14 452)	(0.5%)	(10 848)	(0.4%)
	560 351	19.8%	506 713	18.5 %

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 September 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 9 months ended 30 September are presented as follows:

RUB'000	Balance	Recognized	Recognized	Balance
	1 January 2013	in profit	in equity	30 September 2013
		or loss		
Financial instruments at fair value through profit or loss	2 385	(19 391)	-	(17 006)
Available-for-sale financial assets	(2 429)	-	8 531	6 102
Derivative financial instruments	32 143	(29 349)	-	2 794
Loans to customers	(111 223)	(166 697)	-	(277 920)
Net investments in finance leases	25 432	28 249	-	53 681
Property, equipment and intangible assets	(300 582)	(919)	145	(301 356)
Other assets	-	13 271	-	13 271
Current accounts and deposits from customers	-	4 457	-	4 457
Debt securities issued	(662)	3 946	-	3 284
Other liabilities	91 595	(70 945)	-	20 650
	(263 341)	(237 378)	8 676	(492 043)

RUB'000	Balance 1 January 2012	Recognised in profit or loss	Recognized in equity	Balance 30 September 2012
Due from banks	(1 217)	1 217	-	-
Financial instruments at fair value through profit or loss	10 395	(5 360)	-	5 035
Derivative financial instruments	(5 058)	8 778	-	3 720
Loans to customers	(50 538)	(67 816)	-	(118 354)
Net investment in finance leases	8 660	15 228	-	23 888
Property and equipment	(318 095)	11 870	-	(306 225)
Other assets	-	(796)	-	(796)
Debt securities issued	246	620	-	866
Other liabilities	51 367	(26 912)	-	24 455
	(304 240)	(63 171)	-	(367 411)

13 Placements with the Central Bank of the Russian Federation

	30 September 2013 RUB'000	31 December 2012 RUB'000
Nostro accounts	2 535 082	2 155 496
Obligatory reserves with the CBR	1 143 374	746 455
Term deposits	-	200 049
Total placements with the Central Bank of the Russian Federation	3 678 456	3 102 000

14 Financial instruments at fair value through profit or loss

	30 September 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	452 019	882 547
Total government and municipal bonds	452 019	3 157 083
- Corporate bonds		
rated from BB- to BBB+	2 359 780	6 290 939
rated below B+	-	851 179
not rated	-	148 896
Total corporate bonds	2 359 780	7 291 014
- Promissory notes		
rated from BB- to BBB+	1 924 761	736 756
rated below B+	3 608 658	639 637
Total promissory notes	5 533 419	1 376 393
Equity investments		
Corporate shares	-	185 718
Total equity investments	-	185 718
Derivative financial instruments		
Foreign currency and precious metals contracts	1 873	27
	1 873	27
Total financial instruments at fair value through profit or loss held by Group	8 347 091	12 010 235
Pledged under sale and repurchase agreements		
- Corporate bonds		
rated from BB- to BBB+	389 985	-
rated below B+	-	390 579
Total corporate bonds	389 985	390 579
Total financial instruments at fair value through profit or loss pledged under sale and repurchase agreements	389 985	390 579
Total financial instruments at fair value through profit or loss	8 737 076	12 400 814
LIABILITIES		
Derivative financial instruments		
Foreign currency and precious metals contracts	13 971	160 740
	13 971	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 September 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	3 201 784	5 533 419	8 735 203
- Derivative assets	336	1 537	1 873
- Derivative liabilities	1 277	12 694	13 971
	3 203 397	5 547 650	8 751 047

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 September 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 September 2013 RUB'000	31 December 2012 RUB'000	30 September 2013	31 December 2012
Buy USD sell RUB				
Less than 3 months	1 502 173	60 745	32.91	30.41
From 3 to 12 months	-	1 839 800	-	33.35

	Notional amount		Weighted average contractual exchange rates	
	30 September 2013 RUB'000	31 December 2012 RUB'000	30 September 2013	31 December 2012
Buy Euro sell RUB				
Less than 3 months	21 825	10 057	43.86	40.12
Buy Gold (grams) sell RUB				
Less than 3 months	810 808	1 884 968	1 373.68	1 696.76
Buy CNY sell RUB				
Less than 3 months	5 285	-	52.99	-
Buy JPY buy RUB				
Less than 3 months	32 763	-	33.20	-

15 Available-for-sale financial assets

	30 September 2013	31 December 2012
	RUB'000	RUB'000
Held by the Group		
Debt and other fixed-income instruments		
- Government and municipal bonds		
Russian Government Federal bonds (OFZ)	2 187 748	-
Regional authorities bonds	656 156	205 336
Total government and municipal bonds	2 843 904	205 336
- Corporate bonds		
rated from BB- to BBB+	1 360 230	850 182
rated below B+	293 869	445 656
Total corporate bonds	1 654 099	1 295 838
Total available-for-sale financial instruments held by Group	4 498 003	1 501 174
Pledged under sale and repurchase agreements		
- Government and municipal bonds		
Regional authorities bonds	681 399	-
Total government and municipal bonds	681 399	-
- Corporate bonds		
rated from BB- to BBB+	6 728 761	1 910 887
rated below B+	277 517	-
Total corporate bonds	7 006 278	1 910 887
Total available-for-sale financial instruments pledged under sale and repurchase agreements	7 687 677	1 910 887
Total available-for-sale financial instruments	12 185 680	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 September 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	12 185 680	-	12 185 680
	12 185 680	-	12 185 680

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 September 2013	31 December 2012
	RUB'000	RUB'000
Nostro accounts		
- OECD banks	2 342 136	1 259 776
- Largest 30 Russian banks	1 620 638	228 066
- Other Russian banks	139 286	242 497
- Other foreign banks	59 990	95 081
Total nostro accounts	4 162 050	1 825 420
Term deposits		
- Other Russian banks	647 000	396 203
- Other foreign banks	325 430	-
- Largest 30 Russian banks	215 596	1 406 054
Total term deposits	1 188 026	1 802 257
	5 350 076	3 627 677

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

As at 30 September 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 September 2013:

	Corporate	Total
	bonds	
Amounts receivable under reverse repurchase agreements		
- Other Russian banks	478 867	478 867
	478 867	478 867

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

At 30 September 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 543 902 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 September 2013	31 December 2012
	RUB'000	RUB'000
Loans to corporate customers	24 024 034	18 118 707
Loans to retail customers		
Consumer loans	47 514 237	37 578 136
Mortgage loans	7 553 845	5 691 261
Total loans to retail customers	55 068 082	43 269 397
Gross loans to customers	79 092 116	61 388 104
Impairment allowance	(4 944 454)	(2 919 835)
Net loans to customers	74 147 662	58 468 269

Movements in the loan impairment allowance by classes of loans to customers for the 9 months ended 30 September 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	362 955	2 480 002	2 842 957
Write-offs	(30 514)	(787 824)	(818 338)
Balance at 30 September 2013	598 708	4 345 746	4 944 454

Movements in the loan impairment allowance by classes of loans to customers for the 9 months ended 30 September 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	167 815	1 049 850	1 217 665
Write-offs	(2 875)	(380 874)	(383 749)
Balance at 30 September 2012	512 316	2 129 705	2 642 021

Credit quality of loans to customers

The following table provides information on the credit quality of loans to customers as at 30 September 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	21 519 728	(213 981)	21 305 747	0.99%
Watch list loans	1 329 972	(14 483)	1 315 489	1.09%
Impaired loans:				
- not overdue	325 468	(3 506)	321 962	1.08%
- overdue less than 90 days	117 793	(51 946)	65 847	44.10%
- overdue more than 90 days and less than 1 year	399 344	(202 146)	197 198	50.62%
- overdue more than 1 year	331 729	(112 646)	219 083	33.96%
Total impaired loans	1 174 334	(370 244)	804 090	31.53%
Total loans to corporate customers	24 024 034	(598 708)	23 425 326	2.49%
Loans to retail customers				
Consumer loans				
- not overdue	39 516 959	(267 963)	39 248 996	0.68%
- overdue less than 30 days	1 607 189	(258 930)	1 348 259	16.11%
- overdue 30-89 days	1 322 906	(601 893)	721 013	45.50%
- overdue 90-179 days	1 293 155	(761 467)	531 688	58.88%
- overdue more than 180 days	3 774 028	(2 402 178)	1 371 850	63.65%
Total consumer loans	47 514 237	(4 292 431)	43 221 806	9.03%
Mortgage loans				
- not overdue	7 467 764	(4 753)	7 463 011	0.06%
- overdue less than 30 days	17 065	(532)	16 533	3.12%
- overdue 30-89 days	20 683	(8 879)	11 804	42.93%
- overdue 90-179 days	30 409	(22 105)	8 304	72.69%
- overdue more than 180 days	17 924	(17 046)	878	95.10%
Total mortgage loans	7 553 845	(53 315)	7 500 530	0.71%
Total loans to retail customers	55 068 082	(4 345 746)	50 722 336	7.89%
Total loans to customers	79 092 116	(4 944 454)	74 147 662	6.25%

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

	Gross loans RUB'000	Impairment allowance RUB'000	Net loans RUB'000	Impairment allowance to gross loans, %
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 September 2013	31 December 2012
	RUB'000	RUB'000
Wholesale and retail trade	6 391 472	4 919 057
Services	2 847 022	2 328 410
Construction	2 115 850	1 133 124
Production	1 879 417	1 842 182
Energy	1 371 447	1 177 738
Mining	1 193 898	1 257 622
Real estate	843 008	922 597
Fishery	683 963	596 740
Investment activities	608 110	277 031
Insurance	-	224 280
Other	6 089 847	3 439 926
Individuals	55 068 082	43 269 397
	79 092 116	61 388 104
Impairment allowance	(4 944 454)	(2 919 835)
	74 147 662	58 468 269

Significant credit exposures

As at 30 September 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 September 2013	31 December 2012
	RUB'000	RUB'000
Gross investments in finance leases	3 373 476	2 769 945
Less unearned finance lease income	(711 425)	(650 297)
	2 662 051	2 119 648
Less allowance for impairment	(71 141)	(48 319)
Net investments in finance leases	2 590 910	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 September 2013 RUB'000	31 December 2012 RUB'000
Within 1 year	1 851 143	1 409 117
From 1 to 5 years	1 516 187	1 334 199
More than 5 years	6 146	26 629
Minimum lease payments receivable	3 373 476	2 769 945

Gross investment in leases is receivable in the following currencies:

	30 September 2013 RUB'000	31 December 2012 RUB'000
RUB	3 110 996	2 468 452
USD	262 480	301 117
EUR	-	376
Gross investments in finance leases	3 373 476	2 769 945

Movements in the impairment allowance are as follows:

	30 September 2013 RUB'000	30 September 2012 RUB'000
Balance at the beginning of the year	48 319	36 995
Net charge	29 852	1 003
Write-offs	(7 030)	-
Balance at the end of the period	71 141	37 998

20 Transfers of financial assets

The securities sold under agreements to repurchase as at 30 September 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	389 985	7 687 677
Carrying amount of associated liabilities	347 321	6 889 797

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	64 224	56 826	2 196	7 351	69 356	39 673	239 626
Transfers from investment property	95 483	-	-	-	-	-	95 483
Disposals	(4 900)	(8 285)	-	(16 369)	(41 969)	-	(71 523)
At 30 September 2013	4 046 986	627 827	41 946	54 413	251 611	297 731	5 320 514
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	79 003	59 610	976	6 244	39 321	-	185 154
Disposals	(172)	(6 588)	-	(4 135)	(17 950)	-	(28 845)
Balance at 30 September 2013	179 637	399 523	37 640	29 135	118 707	-	764 642
Carrying amounts							
At 30 September 2013	3 867 349	228 304	4 306	25 278	132 904	297 731	4 555 872
At 1 January 2013	3 791 373	232 785	3 086	36 405	126 888	258 058	4 448 595

Capitalised borrowing costs related to the acquisition or construction of property, equipment and intangible assets during the 9 months ended 30 September 2013 comprised RUB 9 504 thousand (30 September 2012: nil).

RUB'000	Land and buildings	Leasehold improvements	Computers and equipment	Fixtures and fittings	Vehicles	Intangible assets	Construction in progress	Total
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	185 188	-	268 171	1 008	45 778	29 495	93 619	623 259
Disposals	(1 280)	-	(6 350)	(439)	(102 195)	(28 453)	-	(138 717)
At 30 September 2012	3 773 448	5 288	709 448	39 236	60 260	228 291	285 024	5 100 995
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	74 050	79	52 052	606	22 478	28 496	-	177 761
Disposals	(189)	-	(1 833)	(439)	(9 437)	(8 817)	-	(20 715)
Balance at 30 September 2012	77 965	653	331 165	36 487	31 561	75 523	-	553 354
Carrying amounts								
At 30 September 2012	3 695 483	4 635	378 283	2 749	28 699	152 768	285 024	4 547 641
At 1 January 2012	3 585 436	4 714	166 681	2 347	98 157	171 405	191 405	4 220 145

Investment property

	30 September 2013 RUB'000	30 September 2012 RUB'000
Balance at 1 January	143 435	-
Transfer to property, equipment and intangible assets	(95 483)	-
Taking possession of collateral for loans to customers	-	-
Purchase of investment property	-	-
Fair value revaluation	(1 485)	-
Disposal of investment property	-	-
Balance at 30 September	46 467	-

Rental income from investment property for the 9 months ended 30 September 2013 comprised RUB 3 189 thousand (30 September 2012: none).

22 Other assets

	30 September 2013 RUB'000	31 December 2012 RUB'000
Other receivables	388 078	173 657
Total other financial assets	388 078	173 657
Advances on precious metals delivery	1 397 645	814 310
Prepayments	550 359	315 711
Prepayments for assets to be leased under finance lease	171 733	248 977
Assets held for sale	43 724	11 502
Materials and supplies	26 587	20 466
Other	107 684	95 927
Impairment allowance	(29 426)	-
Total other non-financial assets	2 268 306	1 506 893
Total other assets	2 656 384	1 680 550

23 Deposits and balances from banks

	30 September 2013 RUB'000	31 December 2012 RUB'000
Vostro accounts	189 527	40 304
Term deposits	6 453 529	7 090 387
	6 643 056	7 130 691

As at 30 September 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 September 2013 is RUB 4 399 144 thousand (31 December 2012: RUB 1 716 023 thousand).

Covenants

As at 30 September 2013, the Group has term deposits from one of the banks amounting to RUB 1 930 178 thousand (31 December 2012: RUB 1 438 209 thousand) with maturities set out in the table below:

	30 September 2013 RUB'000	31 December 2012 RUB'000
- repayable on 23 December 2013	250 681	453 075
- repayable on 27 July 2016	277 251	483 542
- repayable on 5 July 2017	195 041	200 794
- repayable on 15 August 2017	212 110	300 798
- repayable on 19 March 2018	995 095	-
	1 930 178	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 September 2013, the Group has term deposits from another bank amounting to RUB 190 147 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 9 months ended 30 September 2013 and 30 September 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 September 2013:

	Government and municipal bonds	Corporate bonds	Total
Amounts payable under direct repo agreements			
- The CBR	613 174	6 405 490	7 018 664
- Other Russian banks	-	200 000	200 000
- Largest 30 Russian banks	-	18 455	18 455
	613 174	6 623 945	7 237 119

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 September 2013 comprised RUB 8 299 180 thousand (31 December 2012: RUB 2 301 466 thousand). For details please refer to Note 20.

25 Current accounts and deposits from customers

	<u>30 September 2013</u> RUB'000	<u>31 December 2012</u> RUB'000
Current accounts and demand deposits		
- Retail	4 468 959	4 115 199
- Corporate	19 513 940	11 984 271
Term deposits		
- Retail	45 038 013	39 269 989
- Corporate	10 515 122	9 773 869
	<u>79 536 034</u>	<u>65 143 328</u>

As at 30 September 2013, the Group has one customer (31 December 2012: no customers), whose balances individually exceed 10% of equity. The amount owed comprised RUB 8 159 606 thousand.

26 Debt securities issued

	<u>30 September 2013</u> RUB'000	<u>31 December 2012</u> RUB'000
Bonds	5 894 617	3 022 432
Promissory notes	1 398 548	1 161 799
	<u>7 293 165</u>	<u>4 184 231</u>

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 September 2013 of 10.4%. These bonds mature on 30 April 2015.

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 September 2013 the carrying amount of liabilities on them and the carrying amount of mortgages served as collateral comprised RUB 1 290 087 thousand and RUB 1 218 147 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 September 2013 of 10.4%. These bonds mature on 19 February 2016.

27 Subordinated borrowings

	<u>30 September 2013</u> RUB'000	<u>31 December 2012</u> RUB'000
Subordinated deposit	1 001 259	915 050
	<u>1 001 259</u>	<u>915 050</u>

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

28 Other liabilities

	30 September 2013	31 December 2012
	RUB'000	RUB'000
Payables to employees	411 431	431 291
Liabilities on securities settlement	222 221	-
Other taxes payable	231 342	69 607
Advances from lessees	169 417	-
Payables to creditors	142 720	35 904
Provision for guarantees and letters of credit issued	36 459	26 975
Other non-financial liabilities	29 693	59 955
	1 243 283	623 732

29 Share capital

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 (nominal amount RUB 5 543 thousands) was finalised on 29 July 2013.

30 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 September 2013	31 December 2012
	RUB'000	RUB'000
ASSETS		
Far East region	53 381 428	42 381 816
West region	30 718 226	24 015 575
Siberia region	28 169 487	21 174 510
Total assets	112 269 141	87 571 901

	30 September 2013	31 December 2012
	RUB'000	RUB'000
LIABILITIES		
Far East region	61 231 658	51 259 406
West region	23 978 566	12 828 857
Siberia region	14 778 534	12 941 005
Total liabilities	99 988 758	77 029 268

Segment information for the main reportable segments for the 9 months ended 30 September 2013 is set below:

RUB'000	Far East region	Siberia region	West region	Total
External interest income	5 461 946	3 295 900	978 828	9 736 674
Fee and commission income	2 150 911	1 435 276	120 172	3 706 359
Net (loss) gain on financial instruments at fair value through profit or loss and realised gain on available-for-sale financial instruments	(1 950)	-	862 003	860 052
Net foreign exchange income (loss)	(425 849)	91 481	457 882	123 515
Other operating income	218 187	112 320	4 063	334 570
Revenue	7 403 245	4 934 976	2 422 948	14 761 169
Impairment losses	2 144 591	1 594 731	93 601	3 832 923
Interest expense	3 153 253	862 012	1 011 117	5 026 382
Fee and commission expense	71 373	25 581	15 230	112 185
Other general administrative expenses	3 274 522	312 632	53 026	3 640 180
Segment result	(1 240 494)	2 140 020	1 249 973	2 149 499
Income tax expense				289 631
Net profit after taxes				1 859 868

Segment information for the main reportable segments on profit and losses for the 9 months ended 30 September 2012 is set below:

RUB'000	Far East region	Siberia region	West region	Total
External interest income	3 877 333	2 231 469	506 481	6 615 283
Fee and commission income	1 508 920	762 459	81 760	2 353 139
Net gain on other financial instruments at fair value through profit or loss	(1785)	-	501 262	499 477
Net foreign exchange income	180 680	65 191	33 857	279 728
Other operating income	176 294	83 223	2 454	261 971
Revenue	5 741 442	3 142 342	1 125 814	10 009 598
Impairment losses	867 053	481 493	23 002	1 371 548
External interest expense	2 159 833	540 231	408 350	3 108 414
Fee and commission expense	52 143	15 148	9 097	76 388
Other general administrative expenses	2 564 041	206 997	26 592	2 797 630
Segment result	98 372	1 898 473	658 773	2 655 618
Income tax expense				311 567
Net profit after taxes				2 344 051

Reconciliations of reportable segment profit or loss

	30 September 2013 RUB'000	30 September 2012 RUB'000
Profit or loss		
Total profit or loss for reportable segments	1 859 868	2 344 051
IFRS accounting policy adjustments:		
- interest income on loans and advances to customers	(180 885)	18 080
- allowance for impairment of loans and advances to customers, finance lease receivables and other assets	937 218	171 994
- depreciation and amortisation of property and equipment and intangible assets	(26 467)	(40 850)
- securities at fair value	5 819	-
- other adjustments	(319 469)	(265 841)
Consolidated profit or loss	2 276 084	2 227 434

Reconciliations of reportable assets and liabilities

	30 September 2013 RUB'000	31 December 2012 RUB'000
Assets		
Total assets for reportable segments	112 269 141	87 571 901
IFRS accounting policy adjustments:		
- interest income on loans and advances to customers	(246 930)	(24 341)
- allowance for impairment of loans and advances to customers	1 564 893	1 028 501
- allowance for impairment of other assets	576 568	355 056
- depreciation and amortisation of property and equipment and intangible assets and other adjustments to cost	296 678	308 292
- securities at fair value	3 828	8 925
- deferred income tax asset	53 681	25 432
- assets of subsidiaries and consolidation adjustments	2 613 351	3 043 640
- other adjustments	7 113	(141 597)
Consolidated assets	117 138 323	92 175 809
Liabilities		
Total liabilities for reportable segments	99 988 758	77 029 268
IFRS accounting policy adjustments:		
- accounting for deferred tax liability	545 723	288 773
- liabilities of subsidiaries and consolidation adjustments	2 691 774	3 023 604
- other adjustments	326 101	305 230
Consolidated liabilities	103 552 356	80 646 875

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 September 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 September:

	30 September 2013	31 December 2012
	RUB'000	RUB'000
Tier 1 capital		
Share capital	556 769	562 312
Share premium	1 192 723	1 192 723
Retained earnings	10 581 451	8 484 167
Total tier 1 capital	12 330 943	10 239 202
Tier 2 capital		
Revaluation surplus for available-for-sale assets	(24 410)	9 718
Revaluation surplus for buildings	1 279 434	1 280 014
Subordinated debt (unamortized portion)	928 455	915 050
Total tier 2 capital	2 183 479	2 204 782
Total capital	14 514 422	12 443 984
Risk-weighted assets		
Banking book	85 156 794	69 521 689
Trading book	13 156 814	10 789 199
Total risk weighted assets	98 313 608	80 310 888
Total capital expressed as a percentage of risk-weighted assets (total capital ratio)	14.76%	15.49%
Total tier 1 capital expressed as a percentage of risk-weighted assets (tier 1 capital ratio)	12.54%	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 September 2013	31 December 2012
	RUB'000	RUB'000
Contracted amount		
Guarantees and letters of credit	3 292 462	2 820 942
Undrawn overdraft facilities	5 857 967	4 145 561
Loan and credit line commitments	489 249	527 160
	9 639 678	7 493 663

As at 30 September 2013 the Group has a commitment to purchase 3 457 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 September 2013	31 December 2012
	RUB'000	RUB'000
Cash on hand	2 657 178	2 635 977
Nostro accounts with the CBR	2 535 082	2 155 496
Nostro accounts with other banks	4 162 050	1 825 420
Term deposits with the CBR	-	200 049
Term deposits with other banks	808 727	1 363 668
Total cash and cash equivalents	10 163 037	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 September 2013, the ultimate beneficial owners of the Group were Mr. Andrey Vdovin (the owner of 16.495%), Mr. Kirill Yakubovsky (the owner of 16.495%), Mr. Pavel Maslovsky (the owner of 16.495%), Mr. Peter Hambro (the owner of 16.495%), East Capital Explorer Financial Institution Fund (Sweden) (the owner of 17.91%), International Finance Corporation (6.99%) and Mr. Evgeniy Aksenov (the owner of 4.21%).

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

Total remuneration included in personnel expenses for the 9 months ended 30 September is as follows:

	30 September 2013 RUB'000	30 September 2012 RUB'000
Short term employee benefits	237 345	199 864
	237 345	199 864

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 September 2013 and 31 December 2012 for transactions with the members of the Board of Directors and the Management Board are as follows:

	30 September 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	14 554	12.87%	138	29.12%
Other assets	1 088	-	433	-
LIABILITIES				
Current accounts and deposits from customers	183 184	10.03%	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 9 months ended 30 September are as follows:

	30 September 2013 RUB'000	30 September 2012 RUB'000
Consolidated interim condensed statement of comprehensive income		
Interest expense	(13 361)	(4 340)
Impairment loss origination	(16)	-

(c) Transactions with shareholders

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

	30 September 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	-	-	38	16.00%
Other assets	199	-	500	-
LIABILITIES				
Deposits and balances from banks	190 147	14.44%	237 708	14.79%
Current accounts and deposits	278 935	7.84%	88 961	11.22%
Subordinated borrowings	1 001 259	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 9 months ended 30 September are as follows:

	30 September 2013 RUB'000	30 September 2012 RUB'000
Consolidated interim condensed statement of comprehensive income		
Interest expense	(102 777)	(37 885)

During 9 months 2013 the Group made cash distribution to shareholders in the amount of RUB 12 150 thousand. During 9 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 September 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 September 2013 and 31 December 2012 for transactions with the Banking Holding Group are as follows:

	30 September 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	12 062	-	23	-

Amounts included in the consolidated interim condensed statement of comprehensive income in relation to transactions with the Banking Holding Group for the 9 months ended 30 September are as follows:

	30 September 2013	30 September 2012
	RUB'000	RUB'000
Consolidated interim condensed statement of comprehensive income		
Interest expenses	-	4 527

(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 September 2013 and 31 December 2012 for transactions with other related parties are as follows:

	30 September	Average	31 December	Average
	2013	effective	2012	effective
	RUB'000	interest rate,	RUB'000	interest rate,
		%		%
Consolidated statement of financial position				
ASSETS				
Due from banks	3 790	-	938	-
Loans to customers	1 360 737	11.85%	1 066 968	11.91%
Other assets	10 801	-	9 120	-
LIABILITIES				
Deposits and balances from banks	28 627	12.00%	72 815	12.00%
Current accounts and deposits from customers	1 525 683	6.18%	798 965	9.75%
Other liabilities	858	-	3 880	-
Debt securities issued	71 051	10.44%	300 632	11.29%
Commitments				
Guarantees and letters of credit	22 621	-	30 502	-
Undrawn loan commitments and overdraft	42 185	-	19 150	-

Amounts included in the consolidated interim condensed statement of comprehensive income in relation to transactions with other related parties for the 9 months ended 30 September are as follows:

	30 September 2013	30 September 2012
	RUB'000	RUB'000
Consolidated interim condensed statement of comprehensive income		
Interest income	91 943	74 302
Interest expense	(36 083)	(61 410)
Impairment loss origination	(5 475)	2 578