

BANK VOZROZHDENIE

***International Financial
Reporting Standards
Interim Summarized
Consolidated Financial
Statements
(unaudited)***

30 September 2012

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Bank Vozrozhdenie
Interim Summarized Consolidated
Statement of financial position as at September 30, 2012

(in millions of Russian Roubles)

1USD = 31,1951 Russian Rouble as at 30 September 2012

1USD = 32,1961 Russian Rouble as at 31 December 2011

September 30, 2012 **December 31, 2011**
(unaudited)

ASSETS

Cash and cash equivalents	33 072	37 755
Mandatory cash balances with the Central Bank of the Russian Federation	2 132	1 939
Trading securities held to maturity	8 038	7 347
Due from other banks	399	967
Loans and advances to customers	137 063	124 383
Investment securities available for sale	3 928	1 377
Property, equipment and intangible assets	3 082	3 048
Other financial assets	1 145	1 254
Non-current assets held for sale	888	975
Other assets	4 962	4 843

TOTAL ASSETS

194 709

183 888

LIABILITIES

Due to other banks	7 726	8 202
Customer accounts	150 982	145 142
Debt securities in issue	7 953	6 722
Subordinated loans	5 168	4 217
Other financial liabilities	1 705	588
Other liabilities	925	555

TOTAL LIABILITIES

174 459

165 426

EQUITY

Share capital	250	250
Share premium	7 306	7 306
Retained earnings	12 580	10 807
Other reserves/funds	114	99

TOTAL EQUITY

20 250

18 462

TOTAL LIABILITIES AND EQUITY

194 709

183 888

Bank Vozrozhdenie
Interim Summarized Consolidated
Statement of Comprehensive income for the period ended on September 30, 2012

(in millions of Russian Roubles) 1USD = 31,1951 Russian Rouble as at 30 September 2012 1USD = 31,8751 Russian Rouble as at 30 September 2011	9M ended 30 September		3M ended 30 September	
	2012 (unaudited)	2011 (unaudited)	2012 (unaudited)	2011 (unaudited)
Interest income	12 150	10 265	4 263	3 591
Interest expense	(5 486)	(5 022)	(2 010)	(1 569)
Net interest income	6 664	5 243	2 253	2 022
Provision for loan impairment	(2 271)	(1 646)	(1 083)	(720)
Net interest income after provision for loan impairment	4 393	3 597	1 170	1 302
Fee and commission income	4 029	3 746	1 424	1 364
Fee and commission expense	(292)	(292)	(104)	(108)
(Losses less gains)/ Gains less losses arising from trading securities	(4)	(32)	5	(34)
Gains less losses from trading in foreign currencies	373	306	121	104
Foreign exchange translation losses less gains	(64)	(42)	8	15
Gains less losses from disposals of investment securities available for sale	4	9	1	6
Other operating income	338	189	165	54
Administrative and other operating expenses	(6 231)	(5 948)	(2 051)	(2 059)
Provision for impairment of other assets	(316)	(133)	(2)	(135)
Dividends	2	3	2	3
Profit before tax	2 232	1 403	739	512
Income tax expense	(445)	(280)	(156)	(101)
PROFIT FOR THE REPORTING PERIOD	1 787	1 123	583	411
Other comprehensive income:				
Available-for-sale investments:				
Gains less losses/Losses less gains arising during the reporting period	33	(2)	8	-
Expense/Income tax recorded directly in other comprehensive income	(18)	(19)	21	(29)
Other comprehensive income for the reporting period	15	(21)	29	(29)
TOTAL COMPREHENSIVE INCOME FOR THE REPORTING PERIOD	1 802	1 102	612	382
Earnings per share for profit attributable to the equity holders of the Bank, basic and diluted (expressed in RUB per share)				
Ordinary shares	72	45	24	16

Bank Vozrozhdenie
Interim Summarized Consolidated
Statement of Changes in Equity for the period ended on September 30, 2012

	Share capital	Share premium	Other reserves/ funds	Retained earnings	Total equity
Balance at December 31, 2011	250	7 306	99	10 807	18 462
Profit for 9M ended September 30, 2012	-	-	-	1 787	1 787
Other comprehensive income	-	-	15	-	15
Total comprehensive income for 2012	-	-	15	1 787	1 802
Dividends declared	-	-	-	(14)	(14)
Balance at September 30, 2012	250	7 306	114	12 580	20 250
	Share capital	Share premium	Other reserves/ funds	Retained earnings	Total equity
Balance at December 31, 2010	250	7 306	77	9 227	16 860
Profit for 9M ended September 30, 2011	-	-	-	1 123	1 123
Other comprehensive income	-	-	(21)	-	(21)
Total comprehensive income for 2011	-	-	(21)	1 123	1 102
Dividends declared	-	-	-	(14)	(14)
Balance at September 30, 2011	250	7 306	56	10 336	17 948

Bank Vozrozhdenie
Interim Summarized Consolidated
Statement of Cash Flows for the period ended on September 30, 2012

<i>(in millions of Russian Roubles)</i>	9M 2012 (unaudited)	9M 2011 (unaudited)
Cash flows from operating activities		
Interest received	11 895	10 561
Interest paid	(5 052)	(4 641)
Fees and commissions received	3 989	3 721
Fees and commissions paid	(292)	(292)
Net income received from trading securities	19	23
Net income received from trading in foreign currencies	373	306
Other operating income received	338	151
Administrative and other operating expenses paid	(5 444)	(5 149)
Income tax paid	(713)	(580)
Cash flows from operating activities before changes in operating assets and liabilities	5 113	4 100
Changes in operating assets and liabilities		
Net increase in mandatory cash balances with the Central Bank of the Russian Federation	(193)	(851)
Net increase in trading securities	(684)	(1 389)
Net decrease in due from other banks	555	5 512
Net increase in loans and advances to customers	(15 510)	(21 901)
Net decrease in other financial assets	109	619
Net (increase) / decrease in other assets	(15)	32
Net (decrease) / increase in due to other banks	(96)	628
Net increase in customer accounts	6 423	6 227
Net increase in debt securities in issue	1 202	180
Net increase in other financial liabilities	1 119	179
Net decrease in other liabilities	(110)	(136)
Net cash used in operating activities	(2 087)	(6 800)
Cash flows from investing activities		
Proceeds from disposal of investment securities available for sale	61	347
Acquisition of investment securities available for sale	(2 591)	(1 057)
Proceeds from disposal of property and equipment and intangible assets	20	-
Acquisition of property and equipment and intangible assets	(394)	(335)
Proceeds from disposal of non-current assets available for sale	189	37
Proceeds from disposal of investment property	25	181
Dividends received	2	3
Net cash used in investing activities	(2 688)	(824)
Cash flows from financing activities		
Repayment of deposit from international financial institutions	(235)	-
Dividends paid	(14)	(14)
Receipt of subordinated loans	1 000	-
Repayment of subordinated loans	-	(226)
Net cash from / (used in) financing activities	751	(240)
Effect of exchange rate changes on cash and cash equivalents	(659)	639
Net decrease in cash and cash equivalents	(4 683)	(7 225)
Cash and cash equivalents at the beginning of the year	37 755	32 151
Cash and cash equivalents at the end of the financial period	33 072	24 926

1 Introduction

These interim summarized consolidated financial statements have been prepared in accordance with International Accounting Standards (IAS) 34 "Interim financial statements" (hereinafter - the IFRS (IAS) 34) for the nine months ended September 30, 2012 for Bank Vozrozhdenie ("Bank") and its special-purpose entity, closed joint stock company "Ipoteknyy Agent Vozrozhdenie 1" (together referred to as the "Group").

Presentation currency: these financial statements are presented in millions of Russian Roubles ("RR millions")
The principal rate of exchange used for translating foreign currency balances was USD1 = RR31.1951 as of September 28, 2012, USD1 = RR32.1961 as of December 31, 2011, and USD1 = RR31.8751 as of September 30, 2011 and relatively RR40.2074, RR41.6714 and RR43.3979 per one EUR.

2 Principles of accounting policies, critical accounting estimates and judgments

This interim summarized consolidated financial statement is to be considered along with Group's annual financial statements for the year ended December 31, 2011.

This interim summarized consolidated financial statement doesn't contain all notes which are obligatory to disclosure in a full version of financial statement.

Principles and methods of accounting policy applied in this interim summarized consolidated financial statement comply with the principles and methods applied and described in the Group's annual Financial Statement for the year ended December 31, 2011.

Judgments made by the Group's management applying accounting policy comply with the judgments described in the Bank's annual Financial Statement for 2011. The Group's Management didn't apply any new estimates and judgments. As a result of applying estimates and judgments described in the Group's financial statements for the year ended December 31, 2011 the Group's assets, revenues and income for the nine months ended September 30, 2012 didn't change materially.

3 Cash and cash equivalents

<i>(in millions of Russian Roubles)</i>	2012	2011
Cash on hand	7 504	10 382
Correspondent accounts and overnight placements with other banks		
- Russian Federation	4 592	7 906
- other countries	16 373	13 482
Cash balances with the CBRF (other than mandatory reserve deposits)	4 178	5 785
Cash balances with other banks	425	200
Total cash and cash equivalents	33 072	37 755

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

4 Trading securities

<i>Trading securities (in millions of Russian Roubles)</i>	2012	2011
Corporate Bonds	6 474	3 748
Corporate Eurobonds	688	2 954
Federal loan bonds (OFZ)	594	457
Municipal Bonds	247	188
Total debt securities	8 003	7 347
Corporate shares	35	-
Total trading securities	8 038	7 347

The entire trading securities portfolio includes trading securities quoted on the market.

Bank Vozrozhdenie
Notes to the Interim Summarized Consolidated Financial Statement according to IFRS as at
September 30, 2012

4 Trading securities (continued)

Trading securities are carried at fair value which also reflects any credit risk related write-downs. As trading securities are carried at their fair values based on observable market data, the Bank does not analyze or monitor impairment indicators. Trading securities are used by Bank basically for managing liquidity risk.

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

5 Due from Other Banks

<i>(in millions of Russian Roubles)</i>	2012	2011
Insurance deposits with non-resident banks	399	366
Short-term placements with other banks	-	601
Total due from other banks	399	967

6 Loans and Advances to Customers

<i>(in millions of Russian Roubles)</i>	2012	2011
Corporate loans – large	41 116	40 168
Corporate loans – medium	52 807	50 306
Corporate loans – small	26 186	22 512
Mortgage loans	20 807	15 384
Other loans to individuals	10 569	8 978
Total loans and advances to customers (before provision for loan impairment)	151 485	137 348
Less: Provision for loan impairment	(14 422)	(12 965)
Total loans and advances to customers	137 063	124 383

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

Taking into consideration the Bank's customer policy requirements for 2012 the corporate portion of borrowers is further divided on the basis of total amount owned by the customer into the following categories: large – in excess of RR 750 million, medium – from RR 100 million to RR 750 million, small less than RR 100 million (2011: large – in excess of RR 750 million, medium – from RR 100 million to RR 750 million, small – less than RR 100 million).

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

Mortgage loans include mortgage loans of RR 3,196 million securitized in December 2011. As at September 30, 2012 the carrying value of those mortgage loans equals their nominal value.

Bank Vozrozhdenie
Notes to the Interim Summarized Consolidated Financial Statement according to IFRS as at
September 30, 2012

6 Loans and advances to customers (continued)

Movements in the provision for loan impairment during 9M 2012 are as follows:

<i>(in millions of Russian Roubles)</i>	Corporate loans – large	Corporate loans – medium	Corporate loans – small	Mortgage loans	Other loans to individuals	Total
Provision for loan impairment at January 1, 2012	3 514	5 501	2 876	432	642	12 965
Charges to provision for loan impairment during the financial period	1 492	490	167	109	13	2 271
Amounts written off during the period as uncollectible	-	-	(139)	-	(2)	(141)
Results from disposal of loans under cession agreements	-	(574)	-	-	(99)	(673)
Provision for loan impairment at September 30, 2012	5 006	5 417	2 904	541	554	14 422

Movements in the provision for loan impairment during 2011 are as follows:

<i>(in millions of Russian Roubles)</i>	Corporate loans – large	Corporate loans – medium	Corporate loans – small	Mortgage loans	Other loans to individuals	Total
Provision for loan impairment at January 1, 2011	2 014	5 086	3 026	480	584	11 190
Provision for loan impairment during the year	1 500	612	175	(48)	65	2 304
Amounts written off during the year as uncollectible	-	-	(146)	-	(7)	(153)
Results from disposal of loans under cession agreements	-	(197)	(179)	-	-	(376)
Provision for loan impairment at December 31, 2011	3 514	5 501	2 876	432	642	12 965

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

<i>(in millions of Russian Roubles)</i>	2012		2011	
	Amount	%	Amount	%
Manufacturing	40 072	27	37 743	27
Trade	35 064	23	31 510	23
Individuals	31 376	21	24 362	18
Construction	10 462	7	9 927	7
Agriculture	9 556	6	8 122	6
Real estate	8 247	5	7 693	5
Transport and communications	7 392	5	5 127	4
Finance	1 864	1	5 125	4
State and public organizations	1 787	1	2 711	2
Other	5 665	4	5 028	4
Total Loans and advances to customers (Before provisions for loan impairment)	151 485	100	137 348	100

State and public organizations exclude government owned profit oriented businesses.

At September 30, 2012 the Bank had 31 borrowers with aggregated loan amounts equal or above RUB 750 million. The total aggregate amount of these loans was RUB 41 116 million or 27.0% of the gross loan portfolio.

At December 31, 2011 the bank had 32 borrowers with aggregated loan amounts equal or above RUB 750 million. The total aggregate amount of these loans was RUB 40 168 million or 29.2% of the gross loan portfolio.

Bank Vozrozhdenie
Notes to the Interim Summarized Consolidated Financial Statement according to IFRS as at
September 30, 2012

6 Loans and advances to customers (continued)

Analysis by credit quality of loans outstanding at September 30, 2012 is as follows:

<i>(in millions of Russian Roubles)</i>	Corporate loans – large	Corporate loans – medium	Corporate loans – small	Mortgage loans	Other loans to individuals	Total
<i>Neither past due nor impaired:</i>						
- Large borrowers with credit history over two years	25 607	-	-	-	-	25 607
- Large new borrowers	10 064	-	-	-	-	10 064
- Corporate loans assessed on a portfolio basis, issued in 2012	-	30 682	17 561	-	-	48 243
- Corporate loans assessed on a portfolio basis, issued before 2012	-	17 095	5 814	-	-	22 909
<i>Loans to individuals assessed on a portfolio basis:</i>						
- mortgage loans issued in 2012	-	-	-	7 040	-	7 040
- mortgage loans issued before 2012	-	-	-	13 323	-	13 323
- consumer loans	-	-	-	-	7 700	7 700
- credit cards	-	-	-	-	1 951	1 951
- car loans	-	-	-	-	397	397
Total neither past due nor impaired	35 671	47 777	23 375	20 363	10 048	137 234
<i>Past due but not impaired</i>						
- less than 30 days overdue	-	-	32	38	89	159
- 30 to 90 days overdue	-	-	-	192	8	200
- 91 to 180 days overdue	-	-	-	12	1	13
- 181 to 360 days overdue	-	-	-	18	7	25
Total past due but not impaired	-	-	32	260	105	397
<i>Loans collectively determined to be impaired (gross)</i>						
- less than 30 days overdue	-	147	23	-	-	170
- 30 to 90 days overdue	-	365	171	-	15	551
- 91 to 180 days overdue	-	73	152	-	9	234
- 181 to 360 days overdue	-	261	181	-	16	458
- over 360 days overdue	-	2 727	2 195	-	100	5 022
Total loans collectively determined to be impaired (gross)	-	3 573	2 722	-	140	6 435
<i>Loans individually determined to be impaired (gross)</i>						
-not past due	-	-	-	-	-	-
- less than 30 days overdue	-	-	-	-	-	-
- 30 to 90 days overdue	3 726	-	-	7	21	3 754
- 91 to 180 days overdue	960	-	-	-	10	970
- 181 to 360 days overdue	-	477	-	2	15	494
- over 360 days overdue	759	980	57	175	230	2 201
Total loans individually determined to be impaired (gross)	5 445	1 457	57	184	276	7 419
Less impairment provisions	(5 006)	(5 417)	(2 904)	(541)	(554)	(14 422)
Total loans and advances to customers	36 110	47 390	23 282	20 266	10 015	137 063

Bank Vozrozhdenie
Notes to the Interim Summarized Consolidated Financial Statement according to IFRS as at
September 30, 2012

6 Loans and advances to customers (continued)

Analysis by credit quality of loans outstanding at December 31, 2011 is as follows:

<i>(in millions of Russian Roubles)</i>	Corporate loans – large	Corporate loans – medium	Corporate loans – small	Mortgage loans	Other loans to individuals	Total
<i>Neither past due nor impaired:</i>						
- Large borrowers with credit history over two years	19 233	-	-	-	-	19 233
- Large new borrowers	18 955	-	-	-	-	18 955
- Corporate loans assessed on a portfolio basis, issued in 2011	-	34 446	16 713	-	-	51 159
- Corporate loans assessed on a portfolio basis, issued before 2011	-	10 942	2 948	-	-	13 890
<i>Loans to individuals assessed on a portfolio basis:</i>						
- mortgage loans issued in 2011	-	-	-	7 477	-	7 477
- mortgage loans issued before 2011	-	-	-	7 647	-	7 647
- consumer loans	-	-	-	-	6 063	6 063
- credit cards	-	-	-	-	1 948	1 948
- car loans	-	-	-	-	400	400
Total neither past due nor impaired	38 188	45 388	19 661	15 124	8 411	126 772
<i>Past due but not impaired</i>						
- less than 30 days overdue	215	21	35	23	34	328
- 30 to 90 days overdue	-	-	-	10	7	17
- 91 to 180 days overdue	-	-	-	16	2	18
- 181 to 360 days overdue	-	-	-	20	13	33
Total past due but not impaired	215	21	35	69	56	396
<i>Loans collectively determined to be impaired (gross)</i>						
- less than 30 days overdue	-	-	87	-	-	87
- 30 to 90 days overdue	-	-	133	-	13	146
- 91 to 180 days overdue	-	44	55	-	11	110
- 181 to 360 days overdue	-	220	296	-	18	534
- over 360 days overdue	-	2 776	2 025	-	188	4 989
Total loans collectively determined to be impaired (gross)	-	3 040	2 596	-	230	5 866
<i>Loans individually determined to be impaired (gross)</i>						
-not past due	923	-	-	-	-	923
- less than 30 days overdue	-	-	-	-	24	24
- 30 to 90 days overdue	-	477	-	-	13	490
- 91 to 180 days overdue	-	-	-	-	19	19
- 181 to 360 days overdue	-	-	-	-	12	12
- over 360 days overdue	842	1 380	220	191	213	2 846
Total loans individually determined to be impaired (gross)	1 765	1 857	220	191	281	4 314
Less impairment provisions	(3 514)	(5 501)	(2 876)	(432)	(642)	(12 965)
Total loans and advances to customers	36 654	44 805	19 636	14 952	8 336	124 383

The primary factors that the Bank considers in determining whether a loan is impaired are its overdue status and reliability of related collateral, if any.

Bank Vozrozhdenie
Notes to the Interim Summarized Consolidated Financial Statement according to IFRS as at
September 30, 2012

6 Loans and advances to customers (continued)

The value of collateral at September 30, 2012 was as follows:

<i>(in millions of Russian Roubles)</i>	Corporate loans – large	Corporate loans – medium	Corporate loans – small	Mortgage loans	Other loans to individuals	Total
<i>Unsecured loans</i>	4 062	4 198	1 711	1 249	5 212	16 432
Secured loans:						
- residential real estate	-	-	-	14 654	33	14 687
- other real estate	16 509	23 927	11 137	44	1 000	52 617
- equipment and inventories, motor vehicles	6 593	12 585	7 835	-	535	27 548
- securities (shares, promissory notes)	-	-	-	55	11	66
- cash deposits	-	-	14	14	6	34
- state guarantees and guarantees of the RF constituents	812	1 554	649	-	-	3 015
- third parties' guarantees	10 028	8 325	4 641	52	3 633	26 679
- other assets (other types of property, rights)	3 112	2 218	199	4 739	139	10 407
Total loans and advances to customers (before provisions for loan impairment)	41 116	52 807	26 186	20 807	10 569	151 485

The value of collateral at December 31, 2011 was as follows:

<i>(in millions of Russian Roubles)</i>	Corporate loans – large	Corporate loans – medium	Corporate loans – small	Mortgage loans	Other loans to individuals	Total
<i>Unsecured loans</i>	3 731	5 157	1 649	1 003	3 049	14 589
Secured loans:						
- residential real estate	-	-	-	14 318	1 251	15 569
- production real estate	14 123	22 371	9 690	2	103	46 289
- equipment and inventories, motor vehicles	5 501	10 972	7 277	-	579	24 329
- securities (shares, promissory notes)	-	7	1	-	-	8
- cash deposits	-	-	11	-	5	16
- state guarantees and guarantees of the RF constituents	792	1 254	528	-	-	2 574
- third parties' guarantees	12 128	8 295	3 178	60	2 841	26 502
- other assets (other types of property, rights)	3 893	2 250	178	1	1 150	7 472
Total loans and advances to customers (before provisions for loan impairment)	40 168	50 306	22 512	15 384	8 978	137 348

Bank Vozrozhdenie
Notes to the Interim Summarized Consolidated Financial Statement according to IFRS as at
September 30, 2012

7 Investment securities available for sale

<i>(in millions of Russian Roubles)</i>	2012	2011
Corporate Eurobonds	2 549	831
Corporate bonds	726	-
Municipal bonds	128	
RF Eurobonds	-	65
Total debt securities	3 403	896
Corporate shares	525	481
Total investment securities available for sale	3 928	1 377

8 Other Assets

<i>(in millions of Russian Roubles)</i>	2012	2011
Inventories	2 269	2 074
Investment properties	1 847	1 880
Deferred income tax asset	1 255	958
Non-current assets held for sale	239	984
Other		260
Total other assets (before provisions)	5 610	6 156
Less provisions on impairment of other assets	(648)	(338)
Total other assets	4 962	5 818

9 Due to Other Banks

<i>(in millions of Russian Roubles)</i>	2012	2011
Placements of other banks	7 700	7 940
Correspondent accounts of other banks	26	262
Total due to other banks	7 626	8 202

10 Customer Accounts

<i>(in millions of Russian Roubles)</i>	2012	2011
State and public organisations		
- Current/settlement accounts	137	254
- Term deposits	1 005	-
Other legal entities		
- Current/settlement accounts	30 296	33 053
- Term deposits	23 573	19 510
Individuals		
- Current/demand accounts	17 798	20 184
- Term deposits	78 173	72 141
Total customer accounts	150 982	145 142

State and public organizations exclude government owned profit orientated businesses.

Bank Vozrozhdenie
Notes to the Interim Summarized Consolidated Financial Statement according to IFRS as at
September 30, 2012

10 Customer Accounts (continued)

Economic sector concentrations within customer accounts are as follows:

<i>(in millions of Russian Roubles)</i>	2012		2011	
	Amount	%	Amount	%
Individuals	95 972	64	92 325	64
Trade	17 622	12	18 466	12
Finance	11 593	8	10 203	7
Manufacturing	7 978	5	7 204	5
Agriculture	5 392	3	2 436	2
Construction	5 245	3	7 628	5
Transport and communications	4 527	3	5 607	4
State and public organisations	1 142	1	254	0
Other	1 511	1	1 019	1
Total customer accounts	150 982	100	145 142	100

11 Debt Securities in Issue

<i>(in millions of Russian Roubles)</i>	2012	2011
Promissory notes	5 452	3 600
Mortgage backed bonds in issue	2 305	2 931
Deposit certificates	196	191
Total debt securities in issue	7 953	6 722

12 Subordinated loans

Subordinated loans represent long-term deposits of the Bank's customers, which mature from 2013 to 2020 and bear contractual interest rate from 5.8% to 9.3% (2011: from 5.8% to 11.2%). The contractual interest rates are regularly revised in accordance with the terms of the subordinated loans agreements №6 and №7. The debt ranks after all other creditor's claims in case of liquidation.

	Start date	Maturity date	Curren- cy	2012		2011	
				Contractual interest rate, %	Nominal value, RR million	Contractu- al interest rate, %	Nominal value, RR million
Subordinated loan 1	June 2005	June 2013	USD	5,75	312	5,75	322
Subordinated loan 2	December 2005	December 2013	USD	8,00	218	8,00	226
Subordinated loan 3	March 2006	March 2014	USD	6,50	156	6,50	161
Subordinated loan 4	May 2006	May 2014	USD	6,50	94	6,50	97
Subordinated loan 5	June 2006	June 2014	USD	6,50	156	6,50	161
Subordinated loan 6	December 2006	December 2013	RR	8,00	1 060	8,00	1 000
Subordinated loan 7	April 2007	April 2014	RR	8,00	530	8,00	500
Subordinated loan 8	July 2008	August 2018	USD	9,21	1 548	11,21	1 653
Subordinated loan 9	August 2010	August 2018	USD	8,00	94	8,00	97
Subordinated loan 10	July 2012	July 2020	RR	9,25	1 000	-	-
Total subordinated loans					5 168		4 217

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

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13 Interest Income and Expense

<i>(in millions of Russian Roubles)</i>	9M 2012 (unaudited)	9M 2011 (unaudited)
Interest income		
Loans and advances to customers - legal entities	8 559	7 504
Loans and advances to customers - individuals	2 932	2 131
Trading securities	432	407
Correspondent accounts and due from other banks	160	188
Investment securities available for sale	67	35
Total interest income	12 150	10 265
Interest expense		
Term deposits of individuals	3 236	3 280
Term deposits of legal entities	1 203	863
Debt securities in issue	475	314
Subordinated loans	274	263
Due to other banks	269	265
Current/settlement accounts of legal entities	29	37
Total interest expense	5 486	5 022
Net interest income	6 664	5 243

14 Fee and Commission Income and Expense

<i>(in millions of Russian Roubles)</i>	9M 2012 (unaudited)	9M 2011 (unaudited)
Fee and commission income		
Settlement transactions	1 112	998
Credit/debit cards and cheques settlements	869	840
Cash transactions	920	831
Payroll projects	364	375
Cash collection	254	185
Guarantees issued	195	190
Other	315	327
Total fee and commission income	4 029	3 746
Fee and commission expense		
Credit/debit cards and cheques settlements	235	231
Settlement transactions	18	17
Settlements with currency and stock exchanges	12	15
Cash transactions	9	9
Guarantees received	-	4
Other	18	16
Total fee and commission expense	292	292
Net fee and commission income	3 737	3 454

15 Administrative and Other Operating Expenses

<i>(in millions of Russian Roubles)</i>	9M 2012 (unaudited)	9M 2011 (unaudited)
Staff costs	3 754	3 558
Administrative expenses	491	461
Other costs related to premises, equipment and intangible assets	346	335
Depreciation of premises, equipment and intangible assets	313	384
Contributions to the State Deposit Insurance Agency	274	252
Rent	235	224
Taxes other than income tax	211	203
Repairs of premises and equipment	92	81
Advertising and market services	77	82
Other	438	368
Total administrative and other operating expenses	6 231	5 948

Included in staff costs are statutory social security and pension contributions (unified social tax) of RR 745 million (2011: RR 723 million).

16 Segment analyses

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

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

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

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

The table below represents the segment information of interest-bearing assets and interest-bearing liabilities per reportable segments for 9 months ended 30 September 2012 and 31 December 2011.

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

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16 Segment Analysis (continued)

<i>(in millions of Russian Roubles)</i>	Corporate business	Retail business	Bank cards transactions	Financial business	Liquidity	Other	Total
30 September 2012							
Total assets of reportable segments	118 965	22 848	2 526	35 857	-	-	180 196
Total liabilities of reportable segments	64 086	73 718	18 019	4 675	-	1 555	162 053
31 December 2011							
Total assets of reportable segments	107 979	17 987	2 486	37 630	-	713	166 795
Total liabilities of reportable	59 826	68 552	16 095	5 520	-	1 469	151 462

The table below represents the information of income and expenses per reportable segments for 9 months ended 30 September 2012. The Group's management considers operating income before provision for loan impairment as a key measurement of reportable segments results.

<i>(in millions of Russian Roubles)</i>	Corporate business	Retail business	Bank cards transactions	Financial business	Liquidity	Other	Total
2012							
- Interest income	8 174	2 310	297	654	-	-	11 435
- Non-interest income	2 481	771	1 320	151	-	59	4 782
- Transfer income	2 376	4 479	243	202	2 716	107	10 123
Total revenues	13 031	7 560	1 860	1 007	2 716	166	26 340
- Interest expense	(1 827)	(3 173)	(62)	(139)	-	(108)	(5 309)
- Non-interest expense	(65)	(7)	(253)	(36)	-	(5)	(366)
- Transfer expense	(7 991)	(1 725)	(122)	(285)	-	-	(10 123)
Total expenses	(9 883)	(4 905)	(437)	(460)	-	(113)	(15 798)
Operating income before provision for loan impairment	3 148	2 655	1 423	547	2 716	53	10 542
Provision for loan impairment	(1 899)	(95)	92	-	-	(9)	(1 911)
Operating income	1 249	2 560	1 515	547	2 716	44	8 631
Administrative and other operating expenses	(2 434)	(1 783)	(1 039)	(52)	-	(22)	(5 330)
Depreciation of premises and equipment and intangible assets	(127)	(87)	(54)	(3)	-	(1)	(272)
Losses from cession	(378)	-	(97)	-	-	-	(475)
Profit/(loss) before tax (Segment result)	(1 690)	690	325	492	2 716	21	2 554

16 Segment Analysis (continued)

The reconciliation of assets, liabilities, income and expenses of the Group's reportable segments for 9 months ended 30 September 2012.

Reconciliation of reportable segment assets

<i>(in millions of Russian Roubles)</i>	2012 (unaudited)	2011
Total reportable segment assets	180 196	166 795
Assets unallocated between operating segments	18 384	20 553
Interest claim	957	932
Differences in financial statements format *	(6 168)	(6 210)
Deviation due to recording of reportable segment assets without regard to the events after the end of the reporting period	-	(18)
Differences in fair valuation of securities	131	102
Adjustment of provisions for loan impairment based on the incurred loss model	(497)	(594)
Recognition of commission income from lending using the effective interest method	(86)	(147)
Recognition of financial instruments using the effective interest method	147	96
Provision for impairment of inventories	(654)	(338)
Consolidation	2 299	2 717
Total assets under IFRS	194 709	183 888

Reconciliation of reportable segment liabilities

<i>(in millions of Russian Roubles)</i>	2012 (unaudited)	2011
Total reportable segment liabilities	162 053	151 462
Liabilities unallocated between operating segments	2 630	1 144
Liabilities on interest payment	2 427	2 017
Differences in financial statements format *	5 136	8 108
Deviation due to recording of reportable segment liabilities without regard to the events after the end of the reporting period	-	(8)
Recognition of liabilities at amortised cost	(17)	(10)
Consolidation	2 230	2 713
Total liabilities	174 459	165 426

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

16 Segment Analysis (continued)

Reconciliation of income and expense before tax of the reportable segments

Reconciliation of profit before tax and other material income or expenses for the reportable segments with the statement on comprehensive income under IFRS for 9 months ended 30 September 2012:

<i>(in millions of Russian Roubles)</i>	Before tax profit	Interest income	Non-interest income	Interest expense	Non-interest income	Provision for loan impairment	Administrative and other operating expenses
Total reportable segment result	2 554	11 435	4 782	(5 309)	(366)	(2 386)	(5 602)
Recognition of commission income from lending using the effective interest method	60	62	(2)	-	-	-	-
Recognition of other fees and commissions by reference to completion of the specific transaction	42	-	42	-	-	-	-
Recognition of financial instruments using the effective interest method	7	-	4	3	-	-	-
Differences in fair valuation of trading securities	(1)	-	(1)	-	-	-	-
Adjustment of provisions for loan impairment based on the incurred loss model	282	10	(42)	-	-	314	-
Accrued Bank's expenses of reportable period	(475)	-	-	-	-	-	(475)
Differences in depreciation charge on fixed assets,	(19)	-	-	-	-	-	(19)
Recognition of interest income/expense using the effective interest method	51	51	-	-	-	-	-
Reclassification of management accounts items	-	298	153	(180)	10	(199)	(82)
Provision for impairment of other assets	(316)	-	-	-	-	(316)	-
Consolidation	70	294	(198)	-	-	-	(26)
Other	(23)	-	4	-	-	-	(27)
IFRS	2 232	12 150	4 742	(5 486)	(356)	(2 587)	(6 231)

17 Financial Risk Management

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

Policy and methods of financial risk management accepted by the Bank comply with the policy and methods described and applied in the Bank's annual financial report for the year ended December 31, 2011.

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

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

The table below summarises the Group's exposure to currency risk at 30 September 2012:

<i>(in millions of Russian Roubles)</i>	RR	USD	Euro	Other	Total
Monetary financial assets					
Cash and cash equivalents	15 619	10 495	6 931	27	33 072
Mandatory cash balances with the CBRF	1 569	385	177	1	2 132
Trading securities	7 315	562	126	-	8 003
Due from other banks	-	399	-	-	399
Loans and advances to customers	123 126	9 820	4 117	-	137 063
Investment securities available for sale	852	1 862	688	-	3 402
Other financial assets	911	224	10	-	1 145
Total monetary financial assets	149 392	23 747	12 049	28	185 216
Monetary financial liabilities					
Due to other banks	3 372	1 431	2 923	-	7 726
Customer accounts	122 664	19 365	8 917	36	150 982
Debt securities in issue	5 628	20	-	-	5 648
Subordinated loans	2 590	2 578	-	-	5 168
Mortgage backed bonds in issue	2 305	-	-	-	2 305
Other financial liabilities	1 644	43	18	-	1 705
Total monetary financial liabilities	138 203	23 437	11 858	36	173 534
Net balance sheet position	11 189	310	191	(8)	11 682
Credit related commitment	23 817	1 160	1 120	-	26 097

The analysis given above includes only monetary assets and liabilities. The Group considers that investments to equity instruments and non-monetary assets do not result into material currency risk.

Liquidity risk. Liquidity risk is defined as the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities due to discrepancies between terms of climes on active operations and maturity of liabilities. The Group is exposed to daily calls on its available cash resources from overnight deposits, current accounts, maturing deposits, loan draw downs, guarantees and from margin and other calls on cash settled derivative instruments.

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17 Financial Risk Management (continued)

The analyses of Group's liquidity risk as at September 30, 2012 is as follows:

<i>(in millions of Russian Roubles)</i>	Demand and less than 1 month	From 1 to 6 months	From 6 to 12 months	Over 12 months	Total
Financial assets					
Cash and cash equivalents	33 072	-	-	-	33 072
Mandatory cash balances with the CBRF	841	535	380	376	2 132
Trading securities	8 038	-	-	-	8 038
Due from other banks	-	-	-	399	399
Loans and advances to customers	9 356	41 871	25 793	60 043	137 063
Investment securities available for sale	1 459	1 182	1 287	-	3 928
Other financial assets	1 145	-	-	-	1 145
Other assets	236	-	-	-	236
Total financial assets	54 147	43 588	27 460	60 818	186 013
Financial liabilities					
Due to other banks	425	368	559	6 374	7 726
Customer accounts	59 884	36 262	27 230	27 606	150 982
Debt securities in issue	1 925	3 030	671	2 327	7 953
Subordinated loans	-	96	312	4 760	5 168
Other financial liabilities	1 705	-	-	-	1 705
Total financial liabilities	63 939	39 756	28 772	41 067	173 534
Net liquidity gap based on expected maturities at 30 September 2012	(9 792)	3 832	(1 312)	19 751	12 479
Cumulative liquidity gap at 30 September 2012	(9 792)	(5 960)	(7 272)	12 479	
Financial quarantees	12 429	-	-	-	12 429
Other credit related commitments	13 668	-	-	-	13 688

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

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

18 Contingencies and Commitments

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

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

<i>(in millions of Russian Roubles)</i>	2012	2011
Guarantees issued	12 429	9 736
Unused limits on overdraft loans	10 399	12 076
Undrawn credit facilities	2 506	1 684
Import letters of credit	763	992
Total credit related commitments	26 097	24 488

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