

BANK VOZROZHDENIE

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

(unaudited)

September 30, 2013

CONTENTS

Interim Condensed Consolidated Statement of Financial Position.....	2
Interim Condensed Consolidated Statement of Comprehensive Income.....	3
Interim Condensed Consolidated Statement of Changes in Equity.....	4
Interim Condensed Consolidated Statement of Cash Flows.....	5

Notes to the Interim Condensed Consolidated Financial Statements

1	Introduction.....	6
2	Principles of Accounting Policies, Critical Accounting Estimates and Judgments	6
3	Cash and Cash Equivalents	6
4	Trading Securities.....	7
5	Due from Other Banks	7
6	Loans and Advances to Customers	7
7	Investment Securities Available for Sale.....	12
8	Other Assets	12
9	Due to Other Banks	12
10	Customer Accounts	12
11	Debt Securities in Issue	13
12	Subordinated Loans.....	14
13	Interest Income and Expense	15
14	Fee and Commission Income and Expense	15
15	Administrative and Other Operating Expenses	16
16	Segment Analysis	16
17	Financial Risk Management	23
18	Contingencies and Commitments.....	27
19	Fair value of financial instruments.....	27

Bank Vozrozhdenie
Interim Condensed Consolidated Statement of financial position

<i>In millions of Russian Roubles</i>	Note	September 30, 2013 (unaudited)	December 31, 2012
ASSETS			
Cash and cash equivalents	3	33 254	40 885
Mandatory cash balances with the Central Bank of the Russian Federation		2 475	2 097
Trading securities	4	6 548	5 884
Due from other banks	5	1 243	5 794
Loans and advances to customers	6	155 043	141 662
Investment securities available for sale	7	7 100	2 476
Premises and equipment		3 018	3 064
Other financial assets		1 102	1 103
Non-current assets classified as held for sale	8	647	898
Differed tax asset		1 399	1 222
Other assets	8	4 832	3 977
TOTAL ASSETS		216 661	209 062
LIABILITIES			
Due to other banks	9	8 779	7 647
Customer accounts	10	170 527	163 876
Debt securities in issue	11	9 192	7 032
Other borrowed funds	11	-	2 803
Other financial liabilities		288	350
Other liabilities		924	496
Subordinated loans	12	5 337	6 051
TOTAL LIABILITIES		195 047	188 255
EQUITY			
Share capital		250	250
Share premium		7 306	7 306
Retained earnings		13 878	13 124
Revaluation reserve for investment securities available for sale		180	127
TOTAL EQUITY		21 614	20 807
TOTAL LIABILITIES AND EQUITY		216 661	209 062

Approved and signed on November 25, 2013

Mr Alexander V. Dolgopolov
Chairman of the Management Board

Ms Elena V. Volik
Acting Chief Accountant

Bank Vozrozhdenie
Interim Condensed Consolidated Statement of Comprehensive Income

	Note	9M ended September 30, 2013 (unaudited)	9M ended September 30, 2012 (unaudited)	3M ended September 30, 2013 (unaudited)	3M ended September 30, 2012 (unaudited)
<i>In millions of Russian Roubles</i>					
Interest income	13	14 013	12 150	4 916	4 263
Interest expense	13	(7 173)	(5 486)	(2 493)	(2 010)
Net interest income		6 840	6 664	2 423	2 253
Provision for loan impairment	6	(3 595)	(2 271)	(1 320)	(1 083)
Net interest income after provision for loan impairment		3 245	4 393	1 103	1 170
Fee and commission income	14	4 024	4 029	1 437	1 424
Fee and commission expense	14	(455)	(292)	(190)	(104)
Gains less losses / (Losses less gains) from trading securities		19	(4)	25	5
Gains less losses from trading in foreign currencies		21	373	176	121
Foreign exchange translation gains less losses / (Losses less gains)		336	(64)	(129)	8
Gains less losses on disposed investment securities available for sale		-	4	-	1
Other operating income		178	338	64	165
Administrative and other operating expenses	15	(6 360)	(6 231)	(2 134)	(2 051)
Provision for impairment of other assets		(26)	(316)	(28)	(2)
Dividends		2	2	2	2
Profit before tax		984	2 232	326	739
Income tax expense		(216)	(445)	(79)	(156)
PROFIT FOR THE REPORTING PERIOD		768	1 787	247	583
Other comprehensive income:					
Investment securities available for sale:					
Gains less losses during the year		69	33	17	8
Income tax expense recorded directly in other comprehensive income		(16)	(18)	(1)	21
Other comprehensive income for the reporting period		53	15	16	29
TOTAL COMPREHENSIVE INCOME FOR THE REPORTING PERIOD		821	1 802	263	612
Earnings per share for profit attributable to the equity holders of the Bank, basic and diluted (expressed in RR per share)					
Ordinary shares		31	72	10	24

Bank Vozrozhdenie
Interim Condensed Consolidated Statement of Changes in Equity

	Share capital	Share premium	Revaluation reserve for investment securities available for sale	Retained earnings	Total
<i>In millions of Russian Roubles</i>					
Balance at January 1, 2012	250	7 306	127	13 124	20 807
Profit for the nine months ended September 30, 2013	-	-	-	768	768
Other comprehensive income	-	-	53	-	53
Total comprehensive income for the nine months ended September 30, 2013	-	-	53	768	821
Dividends declared	-	-	-	(14)	(14)
Balance at September 30, 2013	250	7 306	180	13 878	21 614
<i>In millions of Russian Roubles</i>					
	Share capital	Share premium	Revaluation reserve for investment securities available for sale	Retained earnings	Total
Balance at December 31, 2011	250	7 306	99	10 807	18 462
Profit for the nine months ended September 30, 2012	-	-	-	1 787	1 787
Other comprehensive income	-	-	15	-	15
Total comprehensive income for the nine months ended September 30, 2012	-	-	15	1 787	1 802
Dividends declared	-	-	-	(14)	(14)
Balance at September 30, 2012	250	7 306	114	12 580	20 250

Bank Vozrozhdenie
Interim Condensed Consolidated Statement of Cash Flows

<i>In millions of Russian Roubles</i>	9M ended September 30, 2013 (unaudited)	9M ended September 30, 2012 (unaudited)
Cash flows from operating activities		
Interest received	14 017	11 895
Interest paid	(6 539)	(5 052)
Fees and commissions received	4 034	3 989
Fees and commissions paid	(455)	(292)
Net income received from trading in trading securities	1	19
Net income received from trading in foreign currencies	21	373
Other operating income received	165	338
Administrative and other operating expenses paid	(5 678)	(5 444)
Income tax paid	(365)	(713)
Cash flows from operating activities before changes in operating assets and liabilities	5 201	5 113
Changes in operating assets and liabilities		
Net increase in mandatory cash balances with the Central Bank of the Russian Federation	(378)	(193)
Net increase in trading securities	(263)	(684)
Net decrease in due from other banks	4 576	555
Net increase in loans and advances to customers	(16 752)	(15 510)
Net decrease in other financial assets	25	109
Net increase in other assets	(44)	(15)
Net increase/(decrease) in due to other banks	1 017	(96)
Net increase in customer accounts	4 049	6 423
Net increase in debt securities in issue	2 162	1 202
Net (decrease)/increase in other financial liabilities	(66)	1 119
Net decrease in other liabilities	(19)	(110)
Net decrease in other borrowed funds	(2 803)	-
Net cash used in operating activities	(3 295)	(2 087)
Cash flows from investing activities		
Acquisition of investment securities available for sale	(6 191)	(2 591)
Proceeds from disposal of investment securities available for sale	1 674	61
Acquisition of premises and equipment	(229)	(394)
Proceeds from disposal of non-current assets held for sale	94	189
Proceeds from disposal of premises and equipment	7	20
Proceeds from disposal of investment properties	9	25
Dividends received	2	2
Net cash used in investing activities	(4 634)	(2 688)
Cash flows from financing activities		
Receipt of subordinated loans	1 000	1 000
Repayment of subordinated loans	(1 957)	-
Repayment of funding from an international financial institute	(167)	(235)
Dividends paid	(14)	(14)
Net cash (used in) / from financing activities	(1 138)	751
Effect of exchange rate changes on cash and cash equivalents	1 436	(659)
Net decrease in cash and cash equivalents	(7 631)	(4 683)
Cash and cash equivalents at the beginning of the year	40 885	37 755
Cash and cash equivalents at the end of the reporting period	33 254	33 072

1 Introduction

These interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IAS) 34 “Interim Financial Reporting” (“IFRS (IAS) 34”) for the nine months ended on September 30, 2013 for Bank Vozrozhdenie (the “Bank”) and its special-purpose entities, Closed joint stock company “Mortgage agent Vozrozhdenie 1” and Closed joint stock company “Mortgage agent Vozrozhdenie 2” (together referred to as the “Group”).

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

CBRF principal rates of exchange used for translating foreign currency balances were USD 1 = RR 32.3451 as at September 30, 2013, USD 1 = RR 30.3727 as at December 31, 2012, USD 1 = RR 31.1951 as at September 28, 2012 and EUR 1 = RR 43.6497, 40.2286 and 40.2074 respectively.

2 Critical Accounting Estimates and Judgements in Applying Accounting Policies

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

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

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

Judgments made by the Group’s management while applying accounting policy comply with the judgments described in the Bank’s annual Financial Statements for 2012. The Group’s Management did not apply any new estimates and judgments. As a result of applying estimates and judgments described in the Group’s financial statements for the year ended December 31, 2012, the Group’s assets, revenues and income for the nine months ended September 30, 2013 did not change materially.

3 Cash and Cash Equivalents

<i>In millions of Russian Roubles</i>	September 30, 2013 (unaudited)	December 31, 2012
Cash on hand	6 463	8 616
Correspondent accounts and overnight placements with banks of		
- Russian Federation	7 678	1 049
- Other countries	14 626	16 550
Cash balances with the CBRF (other than mandatory cash balances)	4 487	14 670
Total cash and cash equivalents	33 254	40 885

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

4 Trading Securities

<i>In millions of Russian Roubles</i>	September 30, 2013 (unaudited)	December 31, 2012
Corporate Eurobonds	5 434	1 517
Corporate bonds	1 114	3 636
Federal loan bonds (OFZ)	-	603
Municipal bonds	-	102
Total debt securities	6 548	5 858
Corporate shares	-	26
Total trading securities	6 548	5 884

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

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

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

5 Due from Other Banks

<i>In millions of Russian Roubles</i>	September 30, 2013 (unaudited)	December 31, 2012
Short-term placements with other banks	767	5 406
Insurance deposits with non-resident banks	476	388
Total due from other banks	1 243	5 794

6 Loans and Advances to Customers

<i>In millions of Russian Roubles</i>	September 30, 2013 (unaudited)	December 31, 2012
Corporate loans - large	52 015	44 587
Corporate loans - medium	52 173	51 849
Corporate loans - small	28 461	27 079
Mortgage loans	27 608	22 302
Other loans to individuals	12 897	10 548
Total gross loans and advances to customers (before provision for loan impairment)	173 154	156 365
Less: Provision for loan impairment	(18 111)	(14 703)
Total loans and advances to customers	155 043	141 662

Loans are divided into corporate and retail.

For 2013 and 2012, the corporate portion of borrowers is further divided on the basis of total amount owed by the customer into the following categories: large – from of RR 750 million and over, medium – from RR 100 million to RR 750 million, small – less than RR 100 million.

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

Mortgage loans include securitised mortgage loans of RR 6 024 million. As at September 30, 2013, the carrying value of those mortgage loans equals to their nominal value.

6 Loans and Advances to Customers (Continued)

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

<i>In millions of Russian Roubles</i>	Corporate loans - large	Corporate loans - medium	Corporate loans - small	Mortgage loans	Other loans to individuals	Total
Provision for loan impairment at January 1, 2013	5 291	5 426	2 831	611	544	14 703
Provision for impairment during the year	2 604	569	240	42	140	3 595
Amounts written off during the year as uncollectible	-	-	(100)	-	(2)	(102)
Result from disposal of loans under cession agreements	-	-	(28)	-	(57)	(85)
Provision for loan impairment at September 30, 2013	7 895	5 995	2 943	653	625	18 111

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

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

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

<i>In millions of Russian Roubles</i>	September 30, 2013 (unaudited)		December 31, 2012	
	Amount	%	Amount	%
Manufacturing	47 288	27	42 466	28
Individuals	40 504	23	32 850	21
Trade	35 127	20	35 602	23
Construction	14 660	9	9 446	6
Real estate	10 684	6	8 381	5
Agriculture	7 406	4	9 310	6
Transport and communication	4 775	3	8 225	5
Finance	2 187	1	1 773	1
State and public organisations	672	1	1 670	1
Other	9 851	6	6 642	4
Total gross loans and advances to customers	173 154	100	156 365	100

State and public organisations exclude government owned profit orientated businesses.

As at September 30, 2013, the Group had 37 borrowers with aggregated loan amounts above RR 750 million. The total aggregate amount of these loans was RR 52 015 million or 30.04% of the gross loan portfolio before provision for impairment.

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

6 Loans and Advances to Customers (Continued)

Analysis by credit quality of loans outstanding at September 30, 2013 is as follows:

	Corporate loans - large	Corporate loans - medium	Corporate loans - small	Mortgage loans	Other loans to individuals	Total
<i>In millions of Russian Roubles</i>						
<i>Neither past due nor impaired</i>						
- Borrowers with credit history over two years	40 791	-	-	-	-	40 791
- New large borrowers	3 089	-	-	-	-	3 089
- Corporate loans assessed on a portfolio basis issued in 2013	-	27 437	19 369	-	-	46 806
- Corporate loans assessed on a portfolio basis issued before 2013	-	19 036	6 121	-	-	25 157
Loans to individuals assessed on a portfolio basis:						
- Mortgage loans issued in 2013	-	-	-	8 686	-	8 686
- Mortgage loans issued before 2013	-	-	-	17 838	-	17 838
- consumer loans	-	-	-	-	9 887	9 887
- credit cards	-	-	-	-	1 963	1 963
- car loans	-	-	-	-	321	321
Total gross neither past due nor impaired	43 880	46 473	25 490	26 524	12 171	154 538
<i>Past due but not impaired</i>						
- less than 30 days overdue	-	-	29	708	228	965
- 30 to 90 days overdue	-	-	-	18	9	27
- 91 to 180 days overdue	-	-	-	20	8	28
- 181 to 360 days overdue	-	-	-	17	13	30
Total gross past due but not impaired	-	-	29	763	258	1 050
<i>Loans collectively determined to be impaired</i>						
- 30 to 90 days overdue	-	104	157	-	19	280
- 91 to 180 days overdue	-	135	162	-	16	313
- 181 to 360 days overdue	-	50	224	-	20	294
- over 360 days overdue	-	3 365	2 341	-	114	5 820
Total gross collectively impaired loans	-	3 654	2 884	-	169	6 707
<i>Loans individually determined to be impaired</i>						
- less than 30 days overdue	-	589	-	-	-	589
- 30 to 90 days overdue	-	-	-	3	33	36
- 91 to 180 days overdue	2 691	-	-	3	24	2 718
- 181 to 360 days overdue	-	-	-	-	44	44
- over 360 days overdue	5 444	1 457	58	315	198	7 472
Total gross individually impaired loans	8 135	2 046	58	321	299	10 859
Less: provision for loan impairment	(7 895)	(5 995)	(2 943)	(653)	(625)	(18 111)
Total loans and advances to customers less provision for impairment	44 120	46 178	25 518	26 955	12 272	155 043

6 Loans and Advances to Customers (Continued)

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

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

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

6 Loans and Advances to Customers (Continued)

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

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

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

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

Information about collateral at September 30, 2013 is as follows:

<i>In millions of Russian Roubles</i>	Corporate loans - large	Corporate loans - medium	Corporate loans - small	Mortgage loans	Other loans to individuals	Total
Unsecured loans	5 063	3 136	1 919	1 645	9 256	21 019
Loans collateralised by:						
residential real estate	-	-	-	25 844	24	25 868
other real estate	22 396	23 829	10 721	45	954	57 945
equipment, inventories, motor vehicles	8 378	12 035	8 371	-	407	29 191
securities (promissory notes, shares)	1 612	346	48	17	8	2 031
cash deposits	-	-	9	14	28	51
state guarantees and guarantees of the RF constituents	811	1 536	709	-	-	3 056
other guarantees and third parties' guarantees	11 769	9 867	6 287	43	2 167	30 133
other assets (other types of property, rights)	1 986	1 424	397	-	53	3 860
Total gross loans and advances to customers (before provision for impairment)	52 015	52 173	28 461	27 608	12 897	173 154

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

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

7 Investment Securities Available for Sale

<i>In millions of Russian Roubles</i>	September 30, 2013 (unaudited)	December 31, 2012
Corporate bonds	6 065	875
Municipal bonds	508	573
Corporate Eurobonds	-	559
Total debt securities	6 573	2 007
Corporate shares	527	469
Total investment securities available for sale	7 100	2 476

8 Other Assets

<i>In millions of Russian Roubles</i>	September 30, 2013 (unaudited)	December 31, 2012
Inventory	3 535	2 296
Investment properties	1 303	1 847
Non-current assets classified as held for sale	862	905
Prepayments	242	202
Precious metals	54	31
Other	240	381
Total other assets (before provision for impairment of other assets)	6 236	5 662
Less: Provision for impairment of other assets	(757)	(787)
Total other assets	5 479	4 875

9 Due to Other Banks

<i>In millions of Russian Roubles</i>	September 30, 2013 (unaudited)	December 31, 2012
Placements of other banks	8 768	7 630
Correspondent accounts of other banks	11	17
Total due to other banks	8 779	7 647

10 Customer Accounts

<i>In millions of Russian Roubles</i>	September 30, 2013 (unaudited)	December 31, 2012
State and public organisations		
- Current/settlement accounts	142	84
- Term deposits	2 641	-
Other legal entities		
- Current/settlement accounts	36 614	35 982
- Term deposits	22 249	25 896
Individuals		
- Current/demand accounts	17 960	20 900
- Term deposits	90 921	81 014
Total customer accounts	170 527	163 876

State and public organisations exclude government owned profit orientated businesses.

10 Customer Accounts (Continued)

Economic sector concentrations within customer accounts are as follows:

<i>In millions of Russian Roubles</i>	September 30, 2013 (unaudited)		December 31, 2012	
	Amount	%	Amount	%
Individuals	108 881	64	101 914	62
Trade	23 661	14	22 771	14
Finance	10 068	6	10 927	7
Manufacturing	9 944	5	8 405	5
Construction	6 014	4	8 362	5
Transport and communication	4 363	3	8 298	5
State and public organisations	2 783	2	84	-
Agriculture	2 501	1	2 314	2
Other	2 312	1	801	-
Total customer accounts	170 527	100	163 876	100

11 Debt Securities in Issue

<i>In millions of Russian Roubles</i>	September 30, 2013 (unaudited)	December 31, 2012
Promissory notes	4 847	4 765
Mortgage backed bonds in issue	4 108	2 082
Deposit certificates	237	185
Total debt securities in issue	9 192	7 032

In April, 2013, the Group issued bonds amounting to RR 4 000 mln of total face value on the frame of the second deal of mortgage securitization. The securities were issued by SPV Closed Joint Stock Company "Mortgage agent Vozrozhdenie 2" (CJSC "MAV 2"). Class A bonds in the amount of RR 2 960 mln were placed via public offering on MICEX, and Class B bonds in the amount of RR 1 040 mln were acquired by Bank Vozrozhdenie and for that reason, were not reflected in these Condensed Consolidated Financial Statements. Moody's Investors Service international ratings agency assigned credit rating to Class A bonds at the level of Baa3. With the balance value of RR 2 960 mln, Class A bonds have fixed coupon rate of 8.50% and shall be fully repaid by August 25, 2045.

As a result of the mortgage bonds placement, the Group refinanced loan in amount of RR 2 803 mln (interim financing), raised in the frame of the second deal of mortgage loans securitisation in December, 2012.

In December, 2011, in the frame of the second deal of mortgage loans the Group issued bonds for the total face value of RR 4 071 mln. The securities were issued by SPV Closed Joint Stock Company "Mortgage agent Vozrozhdenie 1" (CJSC "MAV 1"). Class A bonds in the amount of RR 2 931 mln were placed via public offering on MICEX, and Class B bonds in the amount of RR 1 140 mln were acquired by the Group and for that reason, were not reflected in these Condensed Consolidated Financial Statements. Moody's Investors Service international ratings agency assigned credit rating to Class A bonds at the level of Baa2. Class A bonds have fixed coupon rate of 8.95% and shall be fully repaid by August 10, 2044.

As of September 30, 2013, mortgage-backed bonds include bonds issued by Closed Joint Stock Company "Mortgage agent Vozrozhdenie 2" (CJSC "MAV 2") with balance value of RR 2 562 mln and bonds issued by Closed Joint Stock Company "Mortgage agent Vozrozhdenie 1" (CJSC "MAV 1") with balance value of RR 1 546 mln, as the funds from prepayment of mortgage loans were channelled to repayment of the rest of Class A bonds face value, in accordance with the terms of the bonds issue.

12 Subordinated Loans

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

	Start date	Maturity	Currency	September 30, 2013 (unaudited)		December 31, 2012	
				Contractual interest rate, %	Value, RR million	Contractual interest rate, %	Value, RR million
Subordinated loan 1	June 2005	June 2013	USD	-	-	5.75	304
Subordinated loan 2	December 2005	December 2013	USD	8.00	226	8.00	213
Subordinated loan 3	March 2006	March 2014	USD	6.50	162	6.50	152
Subordinated loan 4	May 2006	May 2014	USD	6.50	97	6.50	91
Subordinated loan 5	June 2006	June 2014	USD	6.50	162	6.50	152
Subordinated loan 6	December 2006	December 2013	RR	8.25	1 062	8.25	1 000
Subordinated loan 7	April 2007	April 2014	RR	8.25	531	8.25	500
Subordinated loan 8	July 2008	August 2018	USD	-	-	9.21	1 548
Subordinated loan 9	August 2010	August 2018	USD	8.00	97	8.00	91
Subordinated loan 10	July 2012	July 2020	RR	9.25	1 000	9.25	1 000
Subordinated loan 11	December 2012	July 2020	RR	9.25	1 000	9.25	1 000
Subordinated loan 12	February 2013	July 2020	RR	9.25	1 000	-	-
Total subordinated loans					5 337		6 051

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

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

Subordinated loans No. 8 was ahead of schedule repayment by the Group in September, 2013.

13 Interest Income and Expense

<i>In millions of Russian Roubles</i>	9M ended September 30, 2013 (unaudited)	9M ended September 30, 2012 (unaudited)
Interest income		
Loans and advances to customers - legal entities	9 357	8 559
Loans and advances to customers - individuals	3 869	2 932
Correspondent accounts and due from other banks	355	160
Trading securities	253	432
Investment securities available for sale	179	67
Total interest income	14 013	12 150
Interest expense		
Term deposits of individuals	4 246	3 236
Term deposits of legal entities	1 469	1 203
Debt securities in issue	508	475
Subordinated loans	460	269
Due to other banks	305	274
Current/settlement accounts of legal entities	124	29
Other borrowed funds	61	-
Total interest expense	7 173	5 486
Net interest income	6 840	6 664

14 Fee and Commission Income and Expense

<i>In millions of Russian Roubles</i>	9M ended September 30, 2013 (unaudited)	9M ended September 30, 2012 (unaudited)
Fee and commission income		
Settlement operations	1 171	1 112
Credit/debit cards and cheques settlements	1 049	920
Cash transactions	787	869
Payroll projects	296	364
Guarantees issued	222	254
Cash collection	173	195
Other	326	315
Total fee and commission income	4 024	4 029
Fee and commission expense		
Credit/debit cards and cheques settlements	340	235
Settlement operations	60	18
Cash transactions	14	9
Settlements with currency and stock exchanges	13	12
Other	28	18
Total fee and commission expense	455	292
Net fee and commission income	3 569	3 737

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

	9M ended September 30, 2013 (unaudited)	9M ended September 30, 2012 (unaudited)
Staff costs	3 899	3 754
Administrative expenses	512	491
Other expenses related to premises and equipment	360	346
Contributions to the State Deposit Insurance Agency	312	274
Depreciation of premises and equipment	274	313
Rent expenses	245	235
Taxes other than on income	206	211
Repairs of premises and equipment	74	92
Advertising and marketing services	84	77
Other	394	438
Total administrative and other operating expenses	6 360	6 231

Included in staff costs are statutory contributions to non-budget funds of RR 781 million (2012: RR 745 million).

16 Segment Analysis

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

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

Segment assets and liabilities include operating assets and liabilities representing a major part of the Bank's assets and liabilities, as well as funds reallocated between operating segments, but excluding taxation. Internal charges and transfer pricing adjustments have been reflected in the performance of each operating segment. Segment performance is based on profitability and return on 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 nine months ended September 30, 2013 and for the year ended December 31, 2012.

16 Segment Analysis (Continued)

<i>(in millions of Russian Roubles)</i>	Corporate business	Retail business	Bank cards transactions	Financial business	Liquidity	Other	Total
September 30, 2013							
Total assets of reportable segments	120 737	33 523	4 584	40 008	-	-	198 852
Total liabilities of reportable segments	77 124	90 448	18 594	3 695	-	-	189 861
December 31, 2012							
Total assets* of reportable segments	119 486	24 171	2 523	35 742	-	-	181 922
Total liabilities* of reportable	64 314	74 952	18 001	4 766	-	1 555	163 588

* For the purpose of preparation of the management accounts the amount of assets and liabilities, as of December 31, 2012, is calculated as average balances for the respective accounting period.

The table below represents the information on income and expenses per reportable segments for the nine months ended September 30, 2013. The Group's management considers operating income before provision for loan impairment as a key measurement of reportable segments results.

<i>(in millions of Russian Roubles)</i>	Corporate business	Retail business	Bank cards transactions	Financial business	Liquidity	Other	Total
September 30, 2013							
- Interest income	9 016	3 173	296	797	-	-	13 282
- Non-interest income	2 532	732	1 377	296	-	8	4 945
- Transfer income	3 513	5 557	452	223	1 403	-	11 148
Total revenues	15 061	9 462	2 125	1 316	1 403	8	29 375
- Interest expense	(2 404)	(4 136)	(110)	(203)	-	-	(6 853)
- Non-interest expense	(86)	(19)	(344)	(17)	-	(5)	(471)
- Transfer expense	(8 221)	(2 303)	(118)	(446)	-	(60)	(11 148)
Total expense	(10 711)	(6 458)	(572)	(666)	-	(65)	(18 472)
Operating income before provision for loan impairment	4 350	3 004	1 553	650	1 403	(57)	10 903
Provision for loan impairment	(3 720)	(231)	(20)	-	-	(6)	(3 977)
Operating income	630	2 773	1 533	650	1 403	(63)	6 926
Administrative and other operating expenses	(2 506)	(1 937)	(1 015)	(65)	-	(44)	(5 567)
Depreciation of premises and equipment	(129)	(88)	(52)	(4)	-	(1)	(274)
Financial result from cession	(65)	(66)	-	-	-	-	(131)
Profit/(loss) before tax (Segment result)	(2 070)	682	466	581	1 403	(108)	954

16 Segment Analysis (Continued)

The table below represents segment information on the major reportable business lines of the Group for the nine months ended September 30, 2012:

<i>(in millions of Russian Roubles)</i>	Corporate business	Retail business	Bank cards transactions	Financial business	Liquidity	Other	Total
September 30, 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 expense	(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	(127)	(87)	(54)	(3)	-	(1)	(272)
Financial result 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 the nine months ended September 30, 2013.

Reconciliation of reportable segment assets

<i>(in millions of Russian Roubles)</i>	September 30, 2013 (unaudited)
Total reportable segment assets	198 852
Assets unallocated between operating segments	32 421
Differences in fair valuation of securities	221
Provision for loan impairment	(18 111)
Provision for impairment of other assets	(757)
Impairment of investment securities available for sale	(71)
Recognition of commission income from lending using the effective interest method	(44)
Recognition of financial instruments using the effective interest method	117
Consolidation	4 033
Total assets under IFRS	216 661

Reconciliation of reportable segment liabilities

<i>(in millions of Russian Roubles)</i>	September 30, 2013 (unaudited)
Total reportable segment liabilities	189 861
Liabilities unallocated between operating segments	363
Accrued expense	716
Recognition of fee and commission income on the time-proportionate basis	147
Consolidation	3 960
Total liabilities under IFRS	195 047

16 Segment Analysis (Continued)

The reconciliation of assets, liabilities, income and expenses of the Group's reportable segments as of December 31, 2012.

Reconciliation of reportable segment assets

<i>(in millions of Russian Roubles)</i>	December 31, 2012
Total reportable segment assets	181 922
Assets unallocated between operating segments	30 564
Interest claim	920
Differences in financial statements format *	(8 928)
Deviation due to recording of reportable segment assets without regard to the events after the end of the reporting period	29
Differences in fair valuation of securities	136
Adjustment of provisions for loan impairment based on the incurred loss model	(316)
Recognition of commission income from lending using the effective interest method	(58)
Recognition of financial instruments using the effective interest method	87
Impairment of investment securities available for sale	(71)
Consolidation	4 777
Total assets under IFRS	209 062

Reconciliation of reportable segment liabilities

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

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

16 Segment Analysis (Continued)

Reconciliation of profit and losses before tax of the reportable segments

The table below represents reconciliation of profit before tax and other material income or expenses for the reportable segments with the statement on comprehensive income under IFRS for the nine months ended September 30, 2013:

<i>(in millions of Russian Roubles)</i>	Before tax profit	Interest income	Non-interest income	Interest expense	Non-interest income	Provision for loan impairment	Administrative and other operating expenses
Total reportable segment result	954	13 282	4 945	(6 853)	(471)	(4 108)	(5 841)
Recognition of commission income from lending using the effective interest method	15	15	-	-	-	-	-
Recognition of other fees and commissions by reference to completion of the specific transaction	(37)	-	(37)	-	-	-	-
Adjustment of provisions for loan impairment based on the incurred loss model	446	3	(25)	-	-	468	-
Accrued Bank's expenses of reportable period	(468)	-	-	-	-	-	(468)
Recognition of financial instruments using the effective interest method	30	30	-	-	-	-	-
Reclassification of management accounts items	-	315	(349)	-	56	(11)	(11)
Provision for impairment of other assets	(26)	-	-	-	-	(26)	-
Consolidation	32	370	(2)	(308)	-	-	(28)
Other	38	(2)	8	(12)	-	56	(12)
Total under IFRS	984	14 013	4 540	(7 173)	(415)	(3 621)	(6 360)

16 Segment Analysis (Continued)

The table below represents reconciliation of profit before tax and other material income or expenses (interest income and interest expense, non-interest income and non-interest expense, provision for loan impairment, administrative and other operating expenses) for the reportable segments with the statement on comprehensive income under IFRS for the nine months ended September 30, 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)
Difference in depreciation of premises and equipment	(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)
Total under 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 and liquidity risk. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits. The operational and legal risk management functions are intended to ensure proper functioning of internal policies and procedures to minimise operational and legal risks.

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

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

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

The table below summarises the Group's exposure to foreign currency exchange rate risk at September 30, 2013:

	RR	USD	Euro	Other	Total
<i>In millions of Russian Roubles</i>					
Monetary financial assets					
Cash and cash equivalents	17 666	10 977	4 575	36	33 254
Mandatory cash balances with CBRF	1 878	428	169	-	2 475
Trading securities	1 114	3 449	1 985	-	6 548
Due from other banks	767	476	-	-	1 243
Loans and advances to customers	140 284	10 111	4 648	-	155 043
Investment securities available for sale	6 573	-	-	-	6 573
Other financial assets	796	284	22	-	1 102
Total monetary financial assets	169 078	25 725	11 399	36	206 238
Monetary financial liabilities					
Due to other banks	5 057	985	2 737	-	8 779
Customer accounts	139 623	22 125	8 764	15	170 527
Debt securities in issue	9 192	-	-	-	9 192
Other financial liabilities	224	44	20	-	288
Subordinated loans	4 592	745	-	-	5 337
Total monetary financial liabilities	158 688	23 899	11 521	15	194 123
Net balance sheet position	10 390	1 826	(122)	21	12 115
Credit related commitments	28 634	808	636	-	30 078

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

17 Financial Risk Management (Continued)

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

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

17 Financial Risk Management (Continued)

Liquidity risk. Liquidity risk is defined as the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities due to liquidity gap. The Group is exposed to daily calls on its available cash resources from overnight deposits, current accounts, maturing deposits, loan draw-downs, guarantees and from margin and other calls on cash-settled derivative instruments.

The analyses of Group's liquidity risk as at September 30, 2013 is as follows:

<i>In millions of Russian Roubles</i>	Demand and less than 1 month	From 1 to 6 months	From 6 to 12 months	Over 12 months	Total
Financial assets					
Cash and cash equivalents	33 254	-	-	-	33 254
Mandatory cash balances with the CBRF	916	495	414	650	2 475
Trading securities	6 548	-	-	-	6 548
Due from other banks	767	-	-	476	1 243
Loans and advances to customers	11 402	43 166	35 444	65 031	155 043
Investment securities available for sale	255	3 365	2 256	1 224	7 100
Other financial assets	1 102	-	-	-	1 102
Total financial assets	54 244	47 026	38 114	67 381	206 765
Financial liabilities					
Due to other banks	313	373	617	7 476	8 779
Customer accounts	64 115	32 125	28 171	46 116	170 527
Debt securities in issue	876	2 963	1 208	4 145	9 192
Other financial liabilities	288	-	-	-	288
Subordinated loans	-	1 481	759	3 097	5 337
Total financial liabilities	65 592	36 942	30 755	60 834	194 123
Net liquidity gap based on expected maturities at September 30, 2013	(11 348)	10 084	7 359	6 547	12 642
Cumulative liquidity gap as at September 30, 2013	(11 348)	(1 264)	6 095	12 642	
Financial guarantees	13 948	-	-	-	13 948
Other credit related commitments	16 130	-	-	-	16 130

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

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

17 Financial Risk Management (Continued)

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

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

18 Contingencies and Commitments

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

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

Outstanding credit related commitments are as follows:

<i>In millions of Russian Roubles</i>	September 30, 2013 (unaudited)	December 31, 2012
Guarantees issued	13 948	10 181
Unused limits on overdraft loans	13 499	13 921
Undrawn credit lines	2 592	1 163
Import letters of credit	39	31
Total credit related commitments	30 078	25 296

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

19 Fair Value of Financial Instruments

Fair value is the amount at which an asset could be exchanged or which could be paid for the purpose of transfer of liability in the frame of an ordinary transaction between market participants as of the date of valuation, so called "exit price", from the point of view of market participant having the asset or liability regardless whether such price is observable or calculated by means of another valuation method.

The price of the main market or - in the absence thereof - the price of the most favourable market, applied for fair value determination of asset or liability, should not be adjusted with regard to the transaction expense.

(a) Analysis by fair value hierarchy of financial instruments carried at fair value.

The Group uses the following hierarchy for determining and disclosing fair values of financial instruments:

Level 1: current quoted (unadjusted) prices of financial assets or quoted prices for similar financial assets.

Level 2: valuation technique, whose inputs that have a significant impact on the fair value can be directly or indirectly observed in the market.

Level 3: valuation technique taking into account significant adjustments of market data or based on a significant volume of data inaccessible to objective observation.

19 Fair Value of Financial Instruments (Continued)

For financial instruments carried at fair value, the level in the fair value hierarchy into which the fair values are categorised are as follows:

<i>In million of Russian Roubles</i>	September 30, 2013			December 31, 2012		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
FINANCIAL ASSETS						
Trading securities						
- Corporate Eurobonds	5 434	-	-	1 517	-	-
- Corporate bonds	1 114	-	-	3 636	-	-
- Federal loan bonds (OFZ)	-	-	-	603	-	-
- Municipal bonds	-	-	-	102	-	-
- RF Eurobonds	-	-	-	-	-	-
- Corporate shares	-	-	-	26	-	-
Investment securities available for sale						
- Corporate bonds	6 065	-	-	875	-	-
- Municipal bonds	508	-	-	573	-	-
- Corporate shares	234	-	293	176	-	293
- Corporate Eurobonds	-	-	-	559	-	-
Other financial assets						
- Term deals	-	9	-	-	4	-
TOTAL FINANCIAL ASSETS CARRIED AT FAIR VALUE	13 355	9	293	8 067	4	293

Management applies judgement in categorising financial instruments using the fair value hierarchy. If a fair value measurement uses observable inputs that require significant adjustment, that measurement is a Level 3 measurement.

(b) Reconciliation of movements in instruments belonging to Level 3 of the fair value hierarchy.

A reconciliation of movements in Level 3 of the fair value hierarchy by class of instruments is as follows:

<i>In million of Russian Roubles</i>	September 30, 2013 Securities available for sale Corporate shares	December 31, 2012 Securities available for sale Corporate shares
Fair value at January 1	293	365
Fair valuation	-	(1)
Impairment	-	(71)
Fair value at September 30	293	293
Losses recognized in profit or loss for the current or prior years for assets held at September 30, 2013	(71)	(71)

As at September 30, 2013, the fair value of non-quoted securities available for sale was assessed based on the amount calculated by an independent appraiser in 2012.

19 Fair Value of Financial Instruments (Continued)

(c) The methods and assumptions applied in determining fair values.

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by an active quoted market price. If there is no active market price, the Group applies analysis based on both observable and non-observable market data.

The estimated fair values of financial instruments have been determined by the Group using available market information, where it exists, and appropriate valuation methodologies. However, judgement is necessarily required to interpret market data to determine the estimated fair value. The Russian Federation economy continues to display some characteristics of an emerging market and economic conditions continue to limit the volume of activity in the financial markets.

Market quotations may be outdated or reflect distress sale transactions and therefore not represent fair values of financial instruments. Management has used all available market information in estimating the fair value of financial instruments.

(d) Fair values of financial instruments carried at amortised cost.

Fair values of financial instruments carried at amortised cost corresponds to the value determined on the basis of discounted cash flow model. Discount rates used to calculate the estimated fair value of instruments carried at amortised cost depend on the Group's credit risk, as well as the currency and maturity of the counterparty's instrument.