

Joint Stock Company
“The Ural Bank for Reconstruction and Development”

Consolidated Condensed Interim
Financial Statements

30 June 2013

Joint Stock Company "The Ural Bank for Reconstruction and Development"
Consolidated Condensed Interim Financial Statements

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Selected notes to the Consolidated Condensed Interim Financial Statements

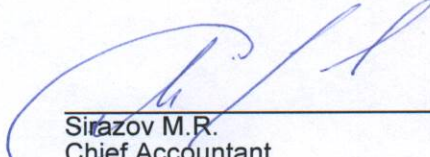
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Joint Stock Company "The Ural Bank for Reconstruction and Development"
Consolidated Condensed Interim Statement of Financial Position

<i>In thousands of Russian Roubles</i>	Notes	30 June 2013 (Unaudited)	31 December 2012
ASSETS			
Cash and cash equivalents	4	10 353 168	16 165 390
Mandatory cash balances with the Central Bank of the Russian Federation		1 489 726	1 140 186
Trading securities	5	9 249	191 998
Other securities at fair value through profit or loss	6	26 380 284	27 231 288
Securities available-for-sale	7	5 042	55 872
Investment securities held to maturity	8	16 420 564	8 237 047
Due from other banks	9	1 808 277	84 431
Loans and advances to customers	10	91 422 029	72 415 124
Finance lease receivables	11	970 241	839 354
Goodwill		162 122	162 122
Property and equipment	12	4 987 939	4 824 699
Intangible assets	13	211 892	181 911
Investment property	14	5 957 975	5 955 205
Advances to real estate developers	15	2 606 061	2 572 622
Current income tax asset		112 233	17 705
Deferred tax asset		509 038	564 512
Other assets	16	5 817 483	3 030 872
Assets held for sale	17	477 053	246 605
TOTAL ASSETS		169 700 376	143 916 943
Liabilities			
Due to other banks	18	30 947 257	26 692 854
Customer accounts	19	108 350 578	95 645 302
Debt securities in issue	20	15 510 059	8 939 999
Current income tax liability		268	89 541
Deferred tax liability		458 734	300 822
Other liabilities	21	697 639	389 669
Subordinated debt	22	3 337 766	2 468 741
TOTAL LIABILITIES		159 302 301	134 526 928
EQUITY			
Share capital	23	3 634 812	3 634 812
Share premium	23	1 581 956	1 581 956
Additional capital	23	2 379 203	2 379 203
Revaluation reserve for land and premises		1 319 714	1 378 827
Revaluation reserve for securities available-for-sale		3	1 236
Cumulative translation reserve		(32 111)	(8 544)
Retained earnings		1 514 498	422 525
TOTAL EQUITY		10 398 075	9 390 015
TOTAL LIABILITIES AND EQUITY		169 700 376	143 916 943

This consolidated condensed interim financial statements were approved for issue and signed on behalf of the Board of Directors on 30 August 2013.


Solov'yev A.U.
President


Sirazov M.R.
Chief Accountant

Joint Stock Company "The Ural Bank for Reconstruction and Development"
Consolidated Condensed Interim Income Statement

	Notes	Six-Month Period Ended 30 June 2013 (Unaudited)	Six-Month Period Ended 30 June 2012 (Unaudited)
<i>In thousands of Russian Roubles</i>			
Interest income	25	9 456 369	6 072 063
Interest expense	25	(5 320 385)	(3 382 455)
Net interest income		4 135 984	2 689 608
(Provision) for/ recovery of impairment:			
Loans and advances to customers	10	(2 430 551)	(731 443)
Finance lease receivables	11	(7 293)	4 031
Due from other banks	9	81	-
Net interest income after provision for impairment		1 698 221	1 962 196
Fee and commission income	26	2 145 920	838 320
Fee and commission expense	26	(166 731)	(121 485)
Loss from trading securities		(43 423)	(17 983)
Income/(loss) from other securities at fair value through profit or loss		17 882	(419 765)
Income from securities available-for-sale		1 644	1 306
Loss from trading in foreign currencies		(201 184)	(312 065)
Income from trading in precious metals		52 753	23 673
Foreign exchange translation income		265 318	336 260
Rental income		12 327	8 030
Loss from investment property		(81 648)	(110 379)
Income/(loss) from assignment of loans		677 920	(11 995)
Other operating income		37 245	14 237
Loss from termination of lease agreements		(151)	(12 403)
Administrative and other operating expenses		(3 120 231)	(2 001 849)
Profit before tax		1 295 862	176 098
Income tax benefit/(expense)		(263 002)	65 152
Profit for the period		1 032 860	241 250

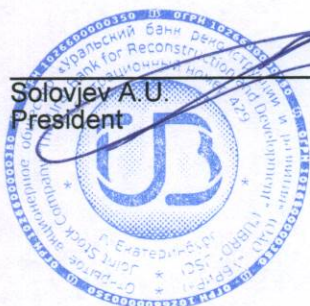
Solovjev A.U.
President



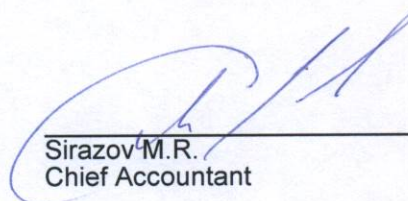
Sirazov M.R.
Chief Accountant

Joint Stock Company "The Ural Bank for Reconstruction and Development"
Consolidated Condensed Interim Statement of Comprehensive Income

<i>In thousands of Russian Roubles</i>	Six-Month Period Ended 30 June 2013 (Unaudited)	Six-Month Period Ended 30 June 2012 (Unaudited)
Profit for the period	1 032 860	241 250
Other comprehensive (loss)/income for the period		
Revaluation of securities available-for-sale	(10)	824
Realised revaluation reserve for securities available-for-sale	(1 531)	(153)
Foreign currency translation difference	(29 459)	(7 457)
Deferred income tax recorded in other comprehensive income	6 200	1 357
Other comprehensive loss	(24 800)	(5 429)
Comprehensive income	1 008 060	235 821



Solovjev A.U.
President


 Sirazov M.R.
 Chief Accountant

Joint Stock Company "The Ural Bank for Reconstruction and Development"
Consolidated Condensed Interim Statement of Changes in Equity

<i>In thousands of Russian Roubles</i>	Notes	Share capital	Share premium	Additional capital	Revaluation reserve for land and premises	Revaluation reserve for securities available-for-sale	Cumulative translation reserve	Retained earnings	Total equity
Balance as at 1 January 2012		2 634 812	581 956	2 379 203	1 387 612	597	(29 026)	97 962	7 053 116
Securities available-for-sale:									
- revaluation (unaudited)		-	-	-	-	824	-	-	824
- realised revaluation reserve (unaudited)		-	-	-	-	(153)	-	-	(153)
Land and premises:									
- realised revaluation reserve (unaudited)		-	-	-	(63 591)	-	-	63 591	-
Foreign currency translation difference (unaudited)		-	-	-	-	-	(7 457)	-	(7 457)
Deferred income tax recorded in other comprehensive income (unaudited)		-	-	-	12 718	(134)	1 491	(12 718)	1 357
Other comprehensive (loss)/income (unaudited)		-	-	-	(50 873)	537	(5 966)	50 873	(5 429)
Profit for the period (unaudited)		-	-	-	-	-	-	241 250	241 250
Comprehensive (loss)/income (unaudited)		-	-	-	(50 873)	537	(5 966)	292 123	235 821
Transactions with owners recognized directly in equity									
Dividends declared (unaudited)	24	-	-	-	-	-	-	(300 654)	(300 654)
Dividends recovered (unaudited)	24	-	-	-	-	-	-	7	7
Issue of shares (unaudited)	23	1 000 000	1 000 000	-	-	-	-	-	2 000 000
Balance as at 30 June 2012 (unaudited)		3 634 812	1 581 956	2 379 203	1 336 739	1 134	(34 992)	89 438	8 988 290

The notes on pages 10-48 form an integral part of this consolidated condensed interim financial statements.

Joint Stock Company "The Ural Bank for Reconstruction and Development"
Consolidated Condensed Interim Statement of Changes in Equity

<i>In thousands of Russian Roubles</i>	Notes	Share capital	Share premium	Additional capital	Revaluation reserve for land and premises	Revaluation reserve for securities available-for-sale	Cumulative translation reserve	Retained earnings	Total equity
Balance as at 1 January 2013		3 634 812	1 581 956	2 379 203	1 378 827	1 236	(8 544)	422 525	9 390 015
Securities available-for-sale:									
- revaluation (unaudited)		-	-	-	-	(10)	-	-	(10)
- realised revaluation reserve (unaudited)		-	-	-	-	(1 531)	-	-	(1 531)
Land and premises:									
- realised revaluation reserve (unaudited)		-	-	-	(73 891)	-	-	73 891	-
Foreign currency translation difference (unaudited)		-	-	-	-	-	(29 459)	-	(29 459)
Deferred income tax recorded in other comprehensive income (unaudited)		-	-	-	14 778	308	5 892	(14 778)	6 200
Other comprehensive (loss)/income (unaudited)		-	-	-	(59 113)	(1 233)	(23 567)	59 113	(24 800)
Profit for the period (unaudited)		-	-	-	-	-	-	1 032 860	1 032 860
Comprehensive (loss)/income (unaudited)		-	-	-	(59 113)	(1 233)	(23 567)	1 091 973	1 008 060
Balance as at 30 June 2013 (unaudited)		3 634 812	1 581 956	2 379 203	1 319 714	3	(32 111)	1 514 498	10 398 075


Solov'ev A. U.
 President



Sirazov M.R.
 Chief Accountant

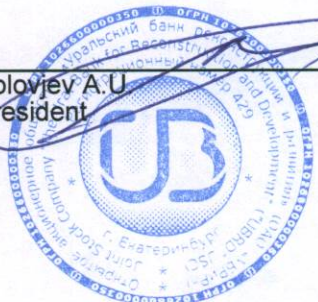
Joint Stock Company "The Ural Bank for Reconstruction and Development"
Consolidated Condensed Interim Statement of Cash Flows

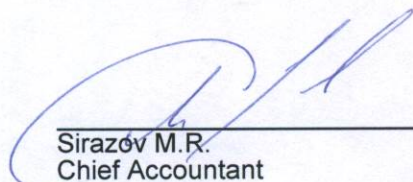
	Notes	Six-Month Period Ended 30 June 2013 (Unaudited)	Six-Month Period Ended 30 June 2012 (Unaudited)
<i>In thousands of Russian Roubles</i>			
Cash flows from operating activities			
Interest received		8 196 711	5 996 747
Interest paid		(5 277 002)	(3 259 734)
Fees and commissions received		2 196 672	890 273
Fees and commissions paid		(156 460)	(130 431)
Receipts/(payments) from trading securities		(45 427)	11 929
Payments from other securities at fair value through profit or loss		(27 925)	(210 881)
Receipts from securities available-for-sale		116	1 153
Payments from foreign currencies		(321 146)	(313 175)
(Payments)/receipts from precious metals		(1 389)	10 271
Administrative and other operating expenses paid		(2 870 240)	(1 968 418)
Income tax paid		(227 216)	(384 540)
Other operating income received		1 137 723	57 632
Cash flows from operating activities before changes in operating assets and liabilities		2 604 417	700 826
(Increase)/decrease in operating assets			
Mandatory cash balances with the Central Bank of the Russian Federation		(349 540)	(71 711)
Trading securities		184 754	(616 371)
Other securities at fair value through profit or loss		998 846	(7 456 864)
Securities available-for-sale		49 936	189 974
Due from other banks		(1 696 916)	(22 479)
Loans and advances to customers		(20 071 000)	(9 487 965)
Finance lease receivables		(138 181)	(12 453)
Advances to real estate developers		(33 439)	(19 523)
Other assets		(2 688 976)	52 917
Assets held for sale		10 932	(185 671)
Increase/(decrease) in operating liabilities			
Due to other banks		4 190 926	10 996 598
Customer accounts		12 084 044	4 990 179
Promissory notes in issue (included in debt securities in issue)		1 429 245	208 804
Other liabilities		257 768	264 782
Subordinated debt		609 009	(2 602)
Net cash used in operating activities		(2 558 175)	(471 559)
Cash flows from investing activities			
Acquisition of investment securities held to maturity		(7 993 525)	-
Acquisition of property and equipment		(454 471)	(155 059)
Proceeds from disposal of property and equipment		794	12 147
Acquisition of intangible assets	13	(49 968)	(24 122)
Acquisition of investment property	14	(5 118)	(48 186)
Proceeds from disposal of investment property		13 796	-
Net cash used in investing activities		(8 488 492)	(215 220)
Cash flows from financing activities			
Proceeds from additional share issue	23	-	2 000 000
Dividends paid		(600)	(299 097)
Proceeds from bonds issued on domestic market (included in debt securities in issue)		2 000 000	-
Redemption/purchase of bonds issued on domestic market (included in debt securities in issue)		(786 274)	(11 110)
Proceeds from euro commercial papers issued (included in debt securities in issue)		1 671 655	-
Proceeds from loan participation notes (included in debt securities in issue)		2 204 179	-
Net cash from financing activities		5 088 960	1 689 793

Joint Stock Company "The Ural Bank for Reconstruction and Development"
Consolidated Condensed Interim Statement of Cash Flows

	Notes	Six-Month Period Ended 30 June 2013 (Unaudited)	Six-Month Period Ended 30 June 2012 (Unaudited)
<i>In thousands of Russian Roubles</i>			
Effect of exchange rate changes on cash and cash equivalents		145 485	161 524
Net (decrease)/increase in cash and cash equivalents		(5 812 222)	1 164 538
Cash and cash equivalents at the beginning of the reporting period		16 165 390	13 372 036
Cash and cash equivalents at the end of the reporting period	4	10 353 168	14 536 574


 Solov'ev A. U.
 President




 Sirazov M. R.
 Chief Accountant

1 Introduction

This consolidated condensed interim financial information of Joint Stock Company "The Ural Bank for Reconstruction and Development" (the Bank) and its subsidiaries, special purpose entities and mutual investment funds (together referred to as the Group) are prepared in accordance with the International Accounting Standard 34 "Interim Financial Reporting" for the six-month period ended 30 June 2013.

The Bank was incorporated and is domiciled in the Russian Federation. The Bank is an open joint-stock company set up in accordance with regulations of the Russian Federation.

Principal activity. The Bank's principal business activity is commercial and retail banking operations within the Russian Federation. The Bank operates under a general banking license issued by the Central Bank of the Russian Federation (the CBRF) on 16 August 2012. The Bank is a member of the state deposit insurance system, which was introduced by the Federal Law #177-FZ "Deposits of individuals insurance in Russian Federation" dated 23 December 2003 (as in force on 7 May 2013). The State Deposit Insurance System guarantees repayment of 100% of individual deposits up to RUB 700 thousand per individual in case of the withdrawal of banking license or the CBRF imposed moratorium on payments.

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

As at 30 June 2013 and 31 December 2012 the Group has the following consolidated subsidiaries, special purpose entities and mutual investment funds:

Name	Country of incorporation	Nature of business	% of ownership	
			30 June 2012	31 December 2011
Subsidiaries				
OOO "UBRiR-Finance"	Russian Federation	securities management	100	100
OOO "UBRiR-leasing"	Russian Federation	leasing company	100	100
OOO "Fininvest K"	Russian Federation	ownership of property and equipment	100	100
OOO "Investleasing"	Russian Federation	leasing company	100	100
UBRD Finance Limited	Ireland	issue of debt securities	100	-
Special purpose entities				
Sebright Finance Limited	United Kingdom	ownership of property and equipment	-	-
OOO "Invest Techno"	Russian Federation	ownership of property and equipment	-	-
OOO "Uralstroyinvestservice"	Russian Federation	ownership of property and equipment	-	-
OOO UK "Invest-Ural"	Russian Federation	investment funds management	-	-
OOO "FinTrust"	Russian Federation	financial intermediation	-	-
UBRD Capital Limited	Ireland	issue of debt securities	-	-

1 Introduction (continued)

Name	Country of incorporation	Nature of business	% of ownership	
			30 June 2013	31 December 2012
Mutual investment funds				
Closed unit investment fund "UBRR -Nedvizhimost"	Russian Federation	ownership of property and equipment	100	100
Closed unit investment fund "Invest-Ural Kommercheskaya nedvizhimost"	Russian Federation	ownership of property and equipment	100	100
Closed unit investment fund "Antey"	Russian Federation	ownership of the Group investment property	100	100
Closed unit investment fund "NIKS"	Russian Federation	ownership of the Group investment property	100	100
Opened unit investment fund "Aktivnye investitsii"	Russian Federation	investments in securities	100	100
Opened unit investment fund "Alternativniy protsent"	Russian Federation	investments in securities	100	100
Opened unit investment fund "Bazovye otrasli"	Russian Federation	investments in securities	100	100
Opened unit investment fund "Lombardniy spisok"	Russian Federation	investments in securities	100	100
Opened unit investment fund "Mobilniy kapital"	Russian Federation	investments in securities	100	100

In 2013 new Irish companies, UBRD Finance Limited (subsidiary), and UBRD Capital Limited (special purpose entity) were integrated into the Group in order to raise funds from international capital markets.

In 2012 the Group established Open unit investment funds "Mobilniy kapital" in the amount of RUB 10 thousand for the purpose of investment in securities.

As at 30 June 2013 and as at 31 December 2012 all mutual investment funds are managed by OOO UK "Invest-Ural".

As at 30 June 2013 the main shareholder of the Bank, Mr. I.A. Altushkin, affiliated with ZAO "Russian Copper Company", ultimately controls 85.31% (31 December 2012: 85.31%) of the share capital of the Bank.

As at 30 June 2013 the Bank has 13 (31 December 2012: 13) branches and 403 (31 December 2012: 289) additional and operational offices in the Russian Federation.

Registered address and place of business. The Bank's registered address and place of business is 620014, 67, Sakko and Vancetti st., Yekaterinburg, Russian Federation.

Presentation currency. This consolidated condensed interim financial statements are presented in thousands of Russian Roubles (RUB thousand).

2 Operating environment

The Russian Federation is experiencing political and economic change that has affected, and may continue to affect, the activities of enterprises operating in this environment. The Government continues economic reforms together with legal, tax and regulatory developments. Current measures undertaken by the Government are aimed to improve working efficiency and output quality as well as increase the share of science intensive industries and services. Consequently, operations in the Russian Federation involve risks not typical for other market economies. The future economic direction of the Russian Federation is largely dependent upon the effectiveness of economic, financial and monetary measures undertaken by the Government.

In the first half-year period of 2013 the macroeconomic situation was influenced by trends of the fourth quarter of 2012 for slowing of business activity. However economic growth is accelerated compared to previous year, and the domestic demand for goods and services supported by growth of real wages as well as of bank lending is still a mainspring of this growth. In the second quarter financial institutions' demand for refinancing from the CBRF increased mainly due to cash withdrawals through budgetary channels and increase in cash in circulation. Moreover, weakening of rouble in June 2013 resulted in increase of cash withdrawals through currency intervention channel. In the second quarter of 2013 average money market rates increased compared to the first quarter under growing structural liquidity deficit pressure. During the first half of 2013 the CBRF decreased rates for certain liquidity supply and withdrawal operations three times. In the first half of 2013 Russian stock indices being under global stock markets negative influence decreased by 10-17%. However Russian Eurobond market has increased significantly compared to the six months of 2012. In the banking sector demand for loans as well as for other financial services by non-financial organizations and population is still high, the level of loans overdue becomes stable. The sector is affected by continuous changes in banking legislation.

Despite the recovery signs in the economy mentioned above, there is still uncertainty over future growth and over the ability of the Group and its counterparties to attract new borrowings on acceptable terms, which in turn can affect the Group's financial position, results of operations and further development. The economy of the Russian Federation is very susceptible to negative developments on the financial markets, and the risk of volatility in Russian financial markets still exists. In spite of this management believes it is taking all the necessary measures to support the sustainability and growth of business in the current circumstances. The negative factors mentioned above can have an adverse impact on business activity of the Group. These consolidated condensed interim financial statements reflect management's assessment of the impact of the Russian business environment on the operations and the financial position of the Group. The future business environment may differ from management's assessment.

3 Accounting policies, critical accounting estimates and judgements

Basis of preparation. These consolidated condensed interim financial statements for the six-month period ended 30 June 2013 are prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting", and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2012.

The principal accounting policies and methods of computation applied in the preparation of these consolidated condensed interim financial statements as well as estimates and judgements used in applying these policies are consistent with those applied in the preparation of the consolidated financial statements of the Group for the year ended 31 December 2012, except for income tax measurement and changes in accounting policies resulted from new standards, interpretations and amendments to the existing standards that became effective from 1 January 2013 and are set out below.

Amendments to IFRS 7 *Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities* contain new disclosure requirements for financial assets and liabilities that are offset in the statement of financial position or subject to master netting arrangements or similar agreements.

3 Accounting policies, critical accounting estimates and judgements (continued)

IFRS 10 *Consolidated Financial Statements* will be effective for annual periods beginning on or after 1 January 2013. The new standard supersedes IAS 27 *Consolidated and Separate Financial Statements* and SIC-12 *Consolidation – Special Purpose Entities*. IFRS 10 introduces a single control model which includes entities that are currently within the scope of SIC-12. Under the new three-step control model, an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with that investee, has the ability to affect those returns through its power over that investee and there is a link between power and returns. Consolidation procedures are carried forward from IAS 27 (2008).

IFRS 12 *Disclosure of Interests in Other Entities* will be effective for annual periods beginning on or after 1 January 2013. The new standard contains disclosure requirements for entities that have interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. Interests are widely defined as contractual and non-contractual involvement that exposes an entity to variability of returns from the performance of the other entity. The expanded and new disclosure requirements aim to provide information to enable the users to evaluate the nature of risks associated with an entity's interests in other entities and the effects of those interests on the entity's financial position, financial performance and cash flows.

IFRS 13 *Fair Value Measurement* will be effective for annual periods beginning on or after 1 January 2013. The new standard replaces the fair value measurement guidance contained in individual IFRSs with a single source of fair value measurement guidance. It provides a revised definition of fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. IFRS 13 does not introduce new requirements to measure assets or liabilities at fair value, nor does it eliminate the practicability exceptions to fair value measurement that currently exist in certain standards.

Above-mentioned amendments and interpretations did not have significant impact on these consolidated condensed interim financial statements.

Certain new standards and interpretations have been published that are mandatory for the Group's accounting periods beginning on or after 1 January 2014 or later periods and which the Group has not early adopted:

Amendments to IAS 32 *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities* do not introduce new rules for offsetting financial assets and liabilities; rather they clarify the offsetting criteria to address inconsistencies in their application. The Amendments specify that an entity currently has a legally enforceable right to set-off if that right is not contingent on a future event; and enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties. The amendments are effective for annual periods beginning on or after 1 January 2014, and are to be applied retrospectively.

IFRS 9 *Financial Instruments* will be effective for annual periods beginning on or after 1 January 2015. The new standard is to be issued in phases and is intended ultimately to replace International Financial Reporting Standard IAS 39 *Financial Instruments: Recognition and Measurement*. The first phase of IFRS 9 was issued in November 2009 and relates to the classification and measurement of financial assets. The second phase regarding classification and measurement of financial liabilities was published in October 2010. The remaining phases are expected to be issued in 2013. The Group recognises that the new standard introduces many changes to the accounting for financial instruments and is likely to have a significant impact on the consolidated financial statements. The impact of these changes will be analysed during the course of the project as further phases of the standard are issued.

Income tax measurement. Income tax expense is recognised in this condensed interim consolidated financial information based on management's best estimates of the effective annual income tax rate expected for the full financial year. Costs that occur unevenly during the financial year are anticipated or deferred in the interim report only if it would also be appropriate to anticipate or defer such costs at the end of the financial year.

4 Cash and cash equivalents

<i>In thousands of Russian Roubles</i>	30 June 2013 (Unaudited)	31 December 2012
Cash on hand	4 024 011	4 388 683
Cash and balances with the CBRF (other than mandatory cash balances)	3 234 691	4 546 346
Settlement accounts with trading systems	737 132	30 859
Correspondent accounts and overnight placements with banks:		
- Russian Federation	348 173	745 388
- other countries	1 757 917	4 344 189
Placements with other banks with original maturities of less than three months	251 244	2 109 869
Agreements for purchase and re-sale of the securities to other banks with original maturities of less than three months	-	56
Total	10 353 168	16 165 390

Geographical, currency and maturity analyses of cash and cash equivalents are disclosed in note 27.

5 Trading securities

<i>In thousands of Russian Roubles</i>	30 June 2013 (Unaudited)	31 December 2012
Corporate shares	9 249	191 998
Total	9 249	191 998

Analysis by credit quality of trading securities as at 30 June 2013 and as at 31 December 2012 is as follows:

<i>In thousands of Russian Roubles</i>	30 June 2013 (Unaudited)	31 December 2012
- Rated BBB	4 561	5 125
- Rated from BB- to BB+	2 946	100 618
- Rated from B- to B+	-	84 336
- Not rated	1 742	1 919
Total	9 249	191 998

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

As at 30 June 2013 and as at 31 December 2012 the Group has no trading securities pledged under sale and repurchase agreements.

Geographical, currency and maturity analyses of trading securities are disclosed in note 27.

6 Other securities at fair value through profit or loss

<i>In thousands of Russian Roubles</i>	30 June 2013 (Unaudited)	31 December 2012
Corporate bonds	26 154 379	27 014 657
Russian government bonds	222 199	212 830
Municipal bonds	3 706	3 801
Total	26 380 284	27 231 288

The Group irrevocably classified these securities, which are not a part of the trading portfolio, as securities at fair value through profit or loss. These securities meet the requirements for classification as carried at fair value through profit or loss due to the fact that management evaluates results from these investments based on their fair value in accordance with a documented strategy.

Analysis by credit quality of other securities at fair value through profit or loss outstanding at 30 June 2013 is as follows:

<i>Unaudited In thousands of Russian Roubles</i>	Corporate bonds	Russian government bonds	Municipal bonds	Total
- Rated from A- to A+	1 173 696	-	-	1 173 696
- Rated BBB	24 287 521	222 199	-	24 509 720
- Rated from BB- to BB+	487 379	-	-	487 379
- Rated from B- to B+	205 783	-	-	205 783
- Not rated	-	-	3 706	3 706
Total	26 154 379	222 199	3 706	26 380 284

Analysis by credit quality of other securities at fair value through profit or loss outstanding at 31 December 2012 is as follows:

<i>In thousands of Russian Roubles</i>	Corporate bonds	Russian government bonds	Municipal bonds	Total
- Rated from A- to A+	1 080 778	-	-	1 080 778
- Rated BBB	22 932 206	212 830	-	23 145 036
- Rated from BB- to BB+	2 363 820	-	-	2 363 820
- Rated from B- to B+	637 853	-	3 801	641 654
Total	27 014 657	212 830	3 801	27 231 288

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

The table below shows carrying amount of other securities at fair value through profit or loss pledged under sale and repurchase agreements as at 30 June 2013 and 31 December 2012.

<i>In thousands of Russian Roubles</i>	30 June 2013 (Unaudited)	31 December 2012
Corporate bonds	15 996 925	16 363 178
Total	15 996 925	16 363 178

Geographical, currency and maturity analyses of other securities at fair value through profit and loss are disclosed in note 27.

7 Securities available-for-sale

<i>In thousands of Russian Roubles</i>	30 June 2013 (Unaudited)	31 December 2012
Municipal bonds	5 042	55 872
Total	5 042	55 872

Analysis by credit quality of securities available-for-sale outstanding at 30 June 2013 and as at 31 December 2012 is as follows:

<i>In thousands of Russian Roubles</i>	30 June 2013 (Unaudited)	31 December 2012
- Rated BBB	-	50 818
- Rated from BB- to BB+	5 042	5 054
Total	5 042	55 872

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

As at 30 June 2013 and as at 31 December 2012 the Group has no securities available-for-sale pledged under sale and repurchase agreements.

Geographical, currency and maturity analyses of securities available for sale are disclosed in note 27.

8 Investment securities held to maturity

<i>In thousands of Russian Roubles</i>	30 June 2013 (Unaudited)	31 December 2012
Corporate bonds	13 513 214	5 028 599
Municipal bonds	2 907 350	3 208 448
Total	16 420 564	8 237 047

Analysis by credit quality of investment securities held to maturity outstanding at 30 June 2013 is as follows:

<i>In thousands of Russian Roubles</i>	Corporate bonds	Municipal bonds	Total
- Rated BBB	4 616 342	815 716	5 432 058
- Rated from BB- to BB+	8 443 565	2 003 564	10 447 129
- Rated from B- to B+	453 307	-	453 307
- Not rated	-	88 070	88 070
Total	13 513 214	2 907 350	16 420 564

8 Investment securities held to maturity (continued)

Analysis by credit quality of investment securities held to maturity outstanding at 31 December 2012 is as follows:

<i>In thousands of Russian Roubles</i>	Corporate bonds	Municipal bonds	Total
- Rated BBB	4 525 524	824 962	5 350 486
- Rated from BB- to BB+	503 075	2 294 465	2 797 540
- Rated from B- to B+	-	89 021	89 021
Total	5 028 599	3 208 448	8 237 047

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

The table below shows carrying amount of investment securities held to maturity pledged under sale and repurchase agreements as at 30 June 2013 and 31 December 2012.

<i>In thousands of Russian Roubles</i>	30 June 2013 (Unaudited)	31 December 2012
Corporate bonds	13 513 214	5 028 599
Municipal bonds	2 815 106	2 980 708
Total	16 328 320	8 009 307

Geographical, currency and maturity analyses of investment securities held to maturity are disclosed in note 27.

9 Due from other banks

<i>In thousands of Russian Roubles</i>	30 June 2013 (Unaudited)	31 December 2012
Short-term placements with other banks with original maturities of more than three months	1 812 949	89 184
Allowance for impairment	(4 672)	(4 753)
Total	1 808 277	84 431

At 30 June 2013 and 31 December 2012 due from other banks are represented by Russian Rouble denominated current term deposits and promissory notes of other banks placed in the Russian Federation and other countries.

Movements in the allowance for impairment for due from other banks are as follows:

<i>In thousands of Russian Roubles</i>	2013	2012
Allowance for impairment as at January 1	4 753	4 753
Recovery of provision (unaudited)	(81)	-
Allowance for impairment as at June 30 (unaudited)	4 672	4 753

9 Due from other banks (continued)

An analysis by credit quality of due from other banks (before allowance for impairment) as at 30 June 2013 and 31 December 2012 is as follows:

<i>In thousands of Russian Roubles</i>	30 June 2013 (Unaudited)	31 December 2012
- Rated BBB	1 799 777	75 930
- Rated from BB- to BB+	4 000	4 000
- Rated from B- to B+	4 500	4 500
- Not rated	4 672	4 754
Total before allowance for impairment	1 812 949	89 184

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

Due from other banks are not collateralized.

Geographical, currency and maturity analyses of due from other banks are disclosed in note 27.

10 Loans and advances to customers

<i>In thousands of Russian Roubles</i>	30 June 2013 (Unaudited)	31 December 2012
Loans to legal entities		
- Related parties	11 481 754	12 874 812
- Corporate loans	31 213 984	23 564 061
- Small and medium size businesses	5 955 337	4 587 390
Total loans to legal entities	48 651 075	41 026 263
Loans to individuals		
- Express loans	11 374 905	9 656 980
- Loans to employees participating in payroll projects	5 540 813	4 824 373
- Unsecured consumer loans	25 995 996	18 579 226
- Collateralised consumer loans	4 363 919	2 376 550
Total loans to individuals	47 275 633	35 437 129
Total loans and advances to customers before allowance for impairment	95 926 708	76 463 392
Allowance for impairment	(4 504 679)	(4 048 268)
Total	91 422 029	72 415 124

Since 2012 the main strategy of the Group related to retail loans was focused on lending to loyal and low-risk borrowers. Following this strategy, the Group increased its portfolio of loans to individuals in 2013 mainly to these categories of customers which have credit history in the Bank.

10 Loans and advances to customers (continued)

Movements in the allowance for impairment for loans to legal entities during six-month period ended 30 June 2013 are as follows:

	Related parties	Corporate loans	Small and medium size businesses	Total
<i>In thousands of Russian Roubles</i>				
Allowance for impairment as at 1 January 2013	29 670	492 620	283 306	805 596
(Recovery)/charge of provision (unaudited)	(5 058)	108 673	198 485	302 100
Write offs (unaudited)	-	(87 000)	(9 693)	(96 693)
Allowance for impairment as at 30 June 2013 (unaudited)	24 612	514 293	472 098	1 011 003

Movements in the allowance for impairment for loans to individuals during six-month period ended 30 June 2013 are as follows:

	Express loans	Loans to employees participating in payroll projects	Unsecured consumer loans	Collateralised consumer loans	Total
<i>In thousands of Russian Roubles</i>					
Allowance for impairment as at 1 January 2013	2 297 438	93 428	737 918	113 888	3 242 672
Charge of provision (unaudited)	1 388 878	43 420	558 500	137 653	2 128 451
Write offs (unaudited)	(1 535 394)	(40 386)	(279 697)	(21 970)	(1 877 447)
Allowance for impairment as at 30 June 2013 (unaudited)	2 150 922	96 462	1 016 721	229 571	3 493 676

Movements in the allowance for impairment for loans to legal entities during six-month period ended 30 June 2012 are as follows:

	Related parties	Corporate loans	Small and medium size businesses	Total
<i>In thousands of Russian Roubles</i>				
Allowance for impairment as at 1 January 2012	17 484	408 394	112 005	537 883
(Recovery)/charge of provision (unaudited)	(3 261)	(529)	78 939	75 149
Write offs (unaudited)	-	-	(9 756)	(9 756)
Allowance for impairment as at 30 June 2012 (unaudited)	14 223	407 865	181 188	603 276

10 Loans and advances to customers (continued)

Movements in the allowance for impairment for loans to individuals during six-month period ended 30 June 2012 are as follows:

	Express loans	Loans to employees participating in payroll projects	Unsecured consumer loans	Collateralised consumer loans	Total
<i>In thousands of Russian Roubles</i>					
Allowance for impairment as at 1 January 2012	1 715 007	48 656	311 731	57 470	2 132 864
Charge of provision (unaudited)	370 032	23 762	212 190	50 310	656 294
Allowance for impairment as at 30 June 2012 (unaudited)	2 085 039	72 418	523 921	107 780	2 789 158

The loan portfolio structure by economic sectors is as follows:

<i>In thousands of Russian Roubles</i>	30 June 2013 (Unaudited)		31 December 2012	
	Amount	%	Amount	%
Individuals	47 275 633	49.3	35 437 129	46.3
Trade	17 824 589	18.6	8 892 940	11.6
Metallurgy and metals trade	14 332 865	14.9	13 042 453	17.1
Services	8 483 903	8.8	7 144 862	9.3
Manufacturing	3 379 089	3.5	2 663 734	3.5
Construction	1 619 111	1.7	2 533 399	3.3
Other	3 011 518	3.2	6 748 875	8.9
Total loans and advances to customers before allowance for impairment	95 926 708	100.0	76 463 392	100.0

As at 30 June 2013 the Group had a significant credit risk concentration in respect of one group of related borrowers, which are also considered as related parties. The aggregate amount of these loans is RUB 11 457 142 thousand, or 13% of the gross loan portfolio (31 December 2012: RUB 12 845 142 thousand, or 18% of the gross loan portfolio).

At 30 June 2013 the Group has 19 borrowers (31 December 2012: 14 borrowers) with aggregated loan amounts above RUB 500 000 thousand. The total aggregate amount of these loans is RUB 30 780 723 thousand (31 December 2012: RUB 25 541 684), or 32% (31 December 2012: 33%) of the gross loan portfolio.

10 Loans and advances to customers (continued)

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

<i>Unaudited</i> <i>In thousands of Russian Roubles</i>	Express loans	Loans to employees participating in payroll projects	Unsecured consumer loans	Collateralised consumer loans	Total loans to individuals
Loans to individuals					
Current and not past due:	5 749 794	5 189 606	22 823 150	3 910 246	37 672 796
- with credit history of less than 90 days	2 437 243	1 073 263	6 297 191	1 937 954	11 745 651
- with credit history of more than 90 days	3 312 551	4 116 343	16 525 959	1 972 292	25 927 145
Past due:	5 625 111	351 207	3 172 846	453 673	9 602 837
- loans past due less than 30 days	1 410 176	219 564	1 334 840	177 929	3 142 509
- loans past due 31 to 90 days	1 652 770	64 184	906 773	82 461	2 706 188
- loans past due 91 to 210 days	1 209 847	29 746	386 452	80 904	1 706 949
- loans past due 211 to 360 days	1 150 433	31 167	443 237	22 888	1 647 725
- loans past due over 360 days	201 885	6 546	101 544	89 491	399 466
Total loans to individuals before allowance for impairment	11 374 905	5 540 813	25 995 996	4 363 919	47 275 633
Allowance for impairment	(2 150 922)	(96 462)	(1 016 721)	(229 571)	(3 493 676)
Total	9 223 983	5 444 351	24 979 275	4 134 348	43 781 957
Allowance for impairment to gross loans, %	18.91	1.74	3.91	5.26	7.39

<i>Unaudited</i> <i>In thousands of Russian Roubles</i>	Related parties	Corporate loans	Small and medium size businesses	Total loans to legal entities
Loans to legal entities				
Current and individually not impaired	11 481 754	30 340 178	5 113 859	46 935 791
Past due:	-	873 806	841 478	1 715 284
- loans past due less than 30 days	-	39 845	172 985	212 830
- loans past due 31 to 90 days	-	-	128 481	128 481
- loans past due 91 to 180 days	-	7 692	146 659	154 351
- loans past due 181 to 360 days	-	482	226 703	227 185
- loans past due over 360 days	-	825 787	166 650	992 437
Total loans to legal entities before allowance for impairment	11 481 754	31 213 984	5 955 337	48 651 075
Allowance for impairment	(24 612)	(514 293)	(472 098)	(1 011 003)
Total	11 457 142	30 699 691	5 483 239	47 640 072
Allowance for impairment to gross loans, %	0.21	1.65	7.93	2.08

10 Loans and advances to customers (continued)

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

	Express loans	Loans to employees participating in payroll projects	Unsecured consumer loans	Collateralised consumer loans	Total loans to individuals
<i>In thousands of Russian Roubles</i>					
Loans to individuals					
Current and not past due:	5 108 388	4 617 934	16 862 314	2 198 712	28 787 348
- with credit history of less than 90 days	2 313 323	1 127 582	5 731 463	906 132	10 078 500
- with credit history of more than 90 days	2 795 065	3 490 352	11 130 851	1 292 580	18 708 848
Past due:	4 548 592	206 439	1 716 912	177 838	6 649 781
- loans past due less than 30 days	721 271	80 833	471 286	26 242	1 299 632
- loans past due 31 to 90 days	687 204	33 779	328 987	23 102	1 073 072
- loans past due 91 to 210 days	846 612	28 348	371 832	8 416	1 255 208
- loans past due 211 to 360 days	634 884	19 572	250 343	5 344	910 143
- loans past due over 360 days	1 658 621	43 907	294 464	114 734	2 111 726
Total loans to individuals before allowance for impairment	9 656 980	4 824 373	18 579 226	2 376 550	35 437 129
Allowance for impairment	(2 297 438)	(93 428)	(737 918)	(113 888)	(3 242 672)
Total	7 359 542	4 730 945	17 841 308	2 262 662	32 194 457
Allowance for impairment to gross loans, %	23.79	1.94	3.97	4.79	9.15

	Related parties	Corporate loans	Small and medium size businesses	Total loans to legal entities
<i>In thousands of Russian Roubles</i>				
Loans to legal entities				
Current and individually not impaired	12 874 812	22 627 586	4 100 138	39 602 536
Past due:	-	936 475	487 252	1 423 727
- loans past due less than 30 days	-	168	90 168	90 336
- loans past due 31 to 90 days	-	2 990	73 028	76 018
- loans past due 91 to 180 days	-	-	127 393	127 393
- loans past due 181 to 360 days	-	161 271	90 527	251 798
- loans past due over 360 days	-	772 046	106 136	878 182
Total loans to legal entities before allowance for impairment	12 874 812	23 564 061	4 587 390	41 026 263
Allowance for impairment	(29 670)	(492 620)	(283 306)	(805 596)
Total	12 845 142	23 071 441	4 304 084	40 220 667
Allowance for impairment to gross loans, %	0.23	2.09	6.18	1.96

10 Loans and advances to customers (continued)

The loans to individuals are mostly represented by express loans and unsecured consumer loans. Express loans are loans issued to individuals at points-of-sale with minimum credit requirements. Unsecured consumer loans are issued to individuals in banking offices after a scoring review. Management structures the credit analysis procedures with the aim to minimise the credit risk on unsecured consumer loans. Differences in credit quality of these products are reflected in higher interest rates on express loans.

The Group assesses the loans to individuals as current and not impaired if there was no overdue amount as at the reporting date, and no evidence that individuals will not be able to meet their obligations to repay of the loans in full and on time.

The Group assesses the credit quality of current and not impaired corporate loans by analyzing the following factors:

- there are no delays in repayment of principal and interest due to the financial insolvency of the borrower;
- financial statements and other financial information of the borrowers are submitted to the Group timely and in accordance with the terms of the loan agreements, and that information is transparent and allows analysis of the financial position of the borrower;
- the borrower is not sued for improper servicing of loans granted by other credit institutions;
- the loan is secured by liquid collateral, the fair value of which covers the outstanding loan amount.

Current and individually not impaired corporate loans are mostly represented by loans issued to large corporate entities which have a long credit history with the Group.

The amount reported as past due under loan agreements of legal entities and individuals is the outstanding balance of such loans, not only the individual instalments that are past due.

Geographical, currency and maturity analyses of loans and advances to customers are disclosed in note 27. Information on related party transactions is disclosed in note 32.

11 Finance lease receivables

Finance lease receivables as at 30 June 2013 of RUB 754 987 thousand (31 December 2012: RUB 665 877 thousand), RUB 494 637 thousand (31 December 2012: RUB 421 612 thousand) and RUB 28 796 thousand (31 December 2012: RUB 34 574 thousand) are represented by leases of motor vehicles, equipment and premises, respectively.

Finance lease payments receivable (gross investment in the leases) and their present values at 30 June 2013 and 31 December 2012 are as follows:

<i>In thousands of Russian Roubles</i>	Less than 1 year	From 1 to 5 years	More than 5 years	Total
Finance lease payments receivable at 30 June 2013 (unaudited)	572 999	699 134	6 287	1 278 420
Unearned finance income (unaudited)	(53 538)	(231 206)	(3 041)	(287 785)
Allowance for impairment (unaudited)	(10 296)	(10 098)	-	(20 394)
Present value as at 30 June 2013 (unaudited)	509 165	457 830	3 246	970 241
Finance lease payments receivable at 31 December 2012	454 799	641 657	25 607	1 122 063
Unearned finance income	(43 188)	(213 548)	(12 834)	(269 570)
Allowance for impairment	(6 589)	(6 434)	(116)	(13 139)
Present value as at 31 December 2012	405 022	421 675	12 657	839 354

11 Finance lease receivables (continued)

Analysis of changes in the allowance for impairment of finance lease receivables is as follows:

<i>In thousands of Russian Roubles</i>	2013	2012
Allowance for impairment as at 1 January	13 139	11 781
Charge/(recovery) of provision (unaudited)	7 293	(4 031)
Write-offs (unaudited)	(38)	-
Allowance for impairment as at 30 June (unaudited)	20 394	7 750

Analysis by credit quality of finance lease receivables outstanding at 30 June 2013 is as follows:

<i>In thousands of Russian Roubles</i>	Before allowance for impairment (Unaudited)	Allowance for impairment (Unaudited)	Net amount (Unaudited)
Not overdue	810 131	(6 706)	803 425
Overdue:	180 504	(13 688)	166 816
- overdue less than 30 days	123 647	(248)	123 399
- overdue 31-90 days	9 215	(164)	9 051
- overdue 91-210 days	41 520	(8 337)	33 183
- overdue more than 360 days	6 122	(4 939)	1 183
Total	990 635	(20 394)	970 241

Analysis by credit quality of finance lease receivables outstanding at 31 December 2012 is as follows:

<i>In thousands of Russian Roubles</i>	Before allowance for impairment	Allowance for impairment	Net amount
Not overdue	825 890	(8 200)	817 690
Overdue:	26 603	(4 939)	21 664
- overdue less than 30 days	18 448	-	18 448
- overdue 91-210 days	2 275	-	2 275
- overdue more than 360 days	5 880	(4 939)	941
Total	852 493	(13 139)	839 354

Geographical, currency and maturity analyses of finance lease receivables are disclosed in note 27.

12 Property and equipment

<i>In thousands of Russian Roubles</i>	Land and premises	Office and computer equipment	Construction in progress	Total
Cost or valuation as at 1 January 2012	4 905 983	1 435 731	167 648	6 509 362
Accumulated depreciation	(782 693)	(737 530)	-	(1 520 223)
Carrying amount as at 1 January 2012	4 123 290	698 201	167 648	4 989 139
Additions	29 853	50 068	52 987	132 908
Transfers	8 636	70 802	(79 438)	-
Transfer to «Investment property»	(44 920)	-	-	(44 920)
Disposals – cost	(9 760)	(98 650)	-	(108 410)
Disposals - accumulated depreciation	1 555	94 459	-	96 014
Depreciation charge	(59 113)	(71 453)	-	(130 566)
Carrying amount as at 30 June 2012 (unaudited)	4 049 541	743 427	141 197	4 934 165
Cost or valuation as at 30 June 2012 (unaudited)	4 888 347	1 457 951	141 197	6 487 495
Accumulated depreciation (unaudited)	(838 806)	(714 524)	-	(1 553 330)
Carrying amount as at 30 June 2012 (unaudited)	4 049 541	743 427	141 197	4 934 165
Cost or valuation as at 1 January 2013	3 688 315	1 648 274	266 294	5 602 883
Accumulated depreciation	(28 437)	(749 747)	-	(778 184)
Carrying amount as at 1 January 2013	3 659 878	898 527	266 294	4 824 699
Additions	30 806	60 041	274 869	365 716
Transfers	21 179	149 816	(170 995)	-
Transfer to «Investment property»	(19 095)	-	-	(19 095)
Disposals – cost	(24 988)	(56 632)	-	(81 620)
Disposals - accumulated depreciation	10 826	48 452	-	59 278
Depreciation charge	(58 270)	(102 769)	-	(161 039)
Carrying amount as at 30 June 2013 (unaudited)	3 620 336	997 435	370 168	4 987 939
Cost or valuation as at 30 June 2013 (unaudited)	3 695 963	1 801 499	370 168	5 867 630
Accumulated depreciation (unaudited)	(75 627)	(804 064)	-	(879 691)
Carrying amount as at 30 June 2013 (unaudited)	3 620 336	997 435	370 168	4 987 939

Construction in progress consists of construction and refurbishment of branch premises. Upon completion, assets are transferred to premises and office and computer equipment.

At 30 June 2013, the carrying amount of land and premises would have been RUB 2 686 518 thousand (31 December 2012: RUB 2 652 169 thousand) had the assets been carried at cost less depreciation and impairment losses.

13 Intangible assets

<i>In thousands of Russian Roubles</i>	Software licenses
Cost as at 1 January 2012	201 000
Accumulated amortisation	(53 971)
Carrying amount as at 1 January 2012	147 029
Additions	24 122
Disposals – cost	(1 111)
Disposals - accumulated amortisation	1 111
Amortisation charge	(12 734)
Carrying amount as at 30 June 2012 (unaudited)	158 417
Cost as at 30 June 2012 (unaudited)	224 011
Accumulated amortisation (unaudited)	(65 594)
Carrying amount as at 30 June 2012 (unaudited)	158 417
Cost as at 1 January 2013	263 834
Accumulated amortisation	(81 923)
Carrying amount as at 1 January 2013	181 911
Additions	49 968
Disposals – cost	(12)
Disposals - accumulated amortisation	12
Amortisation charge	(19 987)
Carrying amount as at 30 June 2013 (unaudited)	211 892
Cost as at 30 June 2013 (unaudited)	313 790
Accumulated amortisation (unaudited)	(101 898)
Carrying amount as at 30 June 2013 (unaudited)	211 892

Additions to intangible assets represent capitalised software and license costs related to a centralised operational banking system which is used as a basis for decision making and control of financial and operating activities at all management levels of the Group.

14 Investment property

<i>In thousands of Russian Roubles</i>	Land and premises
Cost as at 1 January 2012	6 057 332
Accumulated depreciation	(9 457)
Carrying amount as at 1 January 2012	6 047 875
Transfer from «Property and equipment»	44 920
Additions	48 186
Disposals – cost	(471 583)
Disposals - accumulated depreciation	3 058
Depreciation charge	(61 895)
Carrying amount as at 30 June 2012 (unaudited)	5 610 561
Cost as at 30 June 2012 (unaudited)	5 678 855
Accumulated depreciation (unaudited)	(68 294)
Carrying amount as at 30 June 2012 (unaudited)	5 610 561
Cost as at 1 January 2013	6 047 817
Accumulated depreciation	(92 612)
Carrying amount as at 1 January 2013	5 955 205
Transfer from «Assets held for sale»	115 098
Transfer to «Assets held for sale»	(84 396)
Transfer from «Property and equipment»	19 095
Additions	5 118
Disposals – cost	(7 775)
Disposals - accumulated depreciation	177
Depreciation charge	(44 547)
Carrying amount as at 30 June 2013 (unaudited)	5 957 975
Cost as at 30 June 2013 (unaudited)	6 094 957
Accumulated depreciation (unaudited)	(136 982)
Carrying amount as at 30 June 2013 (unaudited)	5 957 975

15 Advances to real estate developers

Advances to real estate developers represent investments under investment contracts for construction of apartment buildings, business centres, hotels and other properties in Moscow, Ekaterinburg and Sochi. Upon completion of construction the Group is contractually entitled to receive the real estate property. The Group intends to sell the majority of these investments close to completion stage. In 2012 the Group has changed this intention in respect of certain contracts and upon completion of construction real estate objects were received by the Group and transferred to investment property. The Group receives income from the amounts advanced to developers at imputed rates of interest. The income is received in the legal form of penalties payable by the developers for breaches of various terms of the contracts and recognised as interest income.

Advances to real estate developers are neither past due or impaired as of 30 June 2013 and 31 December 2012. These investments are secured by the underlying real estate. Management of the Group believes that the fair value of collateral is at least equal to the carrying amount of each investment contract at the reporting date.

Geographical, currency and maturity analyses of advances to real estate developers are disclosed in note 27.

16 Other assets

<i>In thousands of Russian Roubles</i>	Notes	30 June 2013 (Unaudited)	31 December 2012
Settlements on transactions with securities and precious metals		1 174 981	606 638
Credit and debit cards receivables		151 536	140 041
Precious metals forward contracts	30	117 970	37 529
Settlements on cash and other operations		51 940	87 030
Foreign exchange forward contracts	30	31 510	34 054
Deferred expenses on other raised funds		3 968	29 335
Other		9 281	9 232
Total other financial assets		1 541 186	943 859
Prepayments for administrative services		3 621 023	1 666 165
Prepayments for construction in progress		298 908	203 188
Prepaid taxes other than income tax		161 629	66 049
Equipment purchased for finance leases		81 855	22 053
Precious metals		38 748	49 634
Deferred expenses		10 296	13 470
Other		63 838	66 454
Total other non-financial assets		4 276 297	2 087 013
Total		5 817 483	3 030 872

As at 30 June 2013 the amount of RUB 2 624 651 thousand included in prepayments for administrative services is represented by advances given on supplying agreements of equipment for finance leases or resale (31 December 2012: RUB 933 767 thousand).

Geographical, currency and maturity analyses of other assets are disclosed in note 27. The information on related party transactions is disclosed in note 32.

17 Assets held for sale

<i>In thousands of Russian Roubles</i>	30 June 2013 (Unaudited)	31 December 2012
Premises and land	426 820	243 594
Motor vehicles	30 471	2 744
Other property	19 762	267
Total	477 053	246 605

Included in assets held for sale is property obtained from borrowers as settlement for loans.

Management estimates that the fair value of assets held for sale as at 30 June 2013 and 31 December 2012 exceeds their carrying value.

In accordance with the requirements of IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* these assets are accounted for in this consolidated condensed interim financial information at the lower of their carrying amount and fair value less costs to sell as at 30 June 2013 and 31 December 2012. These assets are expected to be sold within 1 year.

18 Due to other banks

<i>In thousands of Russian Roubles</i>	30 June 2013 (Unaudited)	31 December 2012
Sale and repurchase agreements on securities	28 110 060	21 957 382
Short-term deposits	2 293 381	4 080 951
Correspondent accounts and overnight placements	543 816	654 521
Total	30 947 257	26 692 854

The Group has transactions to lend securities and to sell securities under agreements to repurchase and to purchase securities under agreements to resell.

The securities lent or sold under agreements to repurchase are transferred to a third party and the Group receives cash in exchange. These financial assets may be repledged or resold by counterparties in the absence of default by the Group, but the counterparty has an obligation to return the securities at the maturity of the contract. The Group has determined that it retains substantially all the risks and rewards of these securities and therefore has not derecognised them. These securities are presented as "pledged under sale and repurchase agreements" in notes 5-8. In addition, the Group recognises a financial liability for cash received as collateral included in deposits and balances from banks. As at 30 June 2013 the obligations under direct repurchase agreements amounted to RUB 28 110 060 thousand (31 December 2012: RUB 21 957 382 thousand), including obligations under direct repurchase agreements with the CBRF of RUB 27 650 089 thousand (31 December 2012: RUB 19 355 043 thousands).

These transactions are conducted under terms that are usual and customary to standard lending, and securities borrowing and lending activities, as well as requirements determined by exchanges where the Group acts as intermediary.

Geographical, currency and maturity analyses of due to other banks are disclosed in note 27.

19 Customer accounts

<i>In thousands of Russian Roubles</i>	30 June 2013 (Unaudited)	31 December 2012
State and public organisations		
- Current/settlement accounts	10 139	5 450
- Term deposits	3 021 699	1 000 000
Other legal entities		
- Current/settlement accounts	12 697 183	12 714 653
- Term deposits	16 532 895	15 105 340
Individuals		
- Current/demand accounts	6 108 353	6 060 467
- Term deposits	69 980 309	60 759 392
Total	108 350 578	95 645 302

State and public organisations exclude government owned profit oriented businesses.

At 30 June 2013 the Group has 12 customers (31 December 2012: 12 customers) with balances above RUB 300 000 thousand. The aggregate balances from these customers are RUB 11 291 059 thousand (31 December 2012: RUB 10 989 449 thousand), or 10% (31 December 2012: 11%) of total customer accounts.

At 30 June 2013 in customer accounts included deposits of RUB 996 131 thousand (31 December 2012: RUB 1 926 028 thousand) held as collateral for irrevocable commitments under import letters of credit.

19 Customer accounts (continued)

The economic sector concentrations within customer accounts are as follows:

<i>In thousands of Russian Roubles</i>	30 June 2013 (Unaudited)		31 December 2012	
	Amount	%	Amount	%
Individuals	76 088 662	70.2	66 819 859	69.9
Services	11 770 984	10.9	8 996 966	9.4
Trade	7 731 256	7.1	7 291 526	7.6
Manufacturing	4 957 908	4.6	3 138 123	3.3
Government	3 031 838	2.8	1 005 450	1.0
Construction	2 323 996	2.1	2 964 220	3.1
Other	2 445 934	2.3	5 429 158	5.7
Total	108 350 578	100.0	95 645 302	100.0

Geographical, currency, maturity and interest rate analyses of customer accounts are disclosed in note 27. The information on related parties transactions is disclosed in note 32.

20 Debt securities in issue

<i>In thousands of Russian Roubles</i>	30 June 2013 (Unaudited)	31 December 2012
Promissory notes	6 134 348	4 852 500
Bonds issued on the domestic market	5 319 596	4 087 499
Loan participation notes	2 195 228	-
Euro commercial papers	1 860 887	-
Total	15 510 059	8 939 999

As at 30 June 2013 debt securities in issue are represented by Russian Rouble denominated bonds in amount of RUB 5 319 596 thousand (31 December 2012: RUB 4 087 499 thousand) issued by the Group.

The following table provides information about the bonds:

	JSC "The Ural Bank for Reconstruction and Development"		
Issuer	02	EO-1	EO-05
Series	2 000 000	2 000 000	2 000 000
Emissions, thousand rubles	1 000	1 000	1 000
Nominal value, rubles	April 2011	October 2012	April 2013
Date of issue	May 2014	September 2015	April 2020
Maturity date	9,5	12,5	11,15
The rate of the first two coupons, % p.a.	9,5	Set by the issuer	Set by the issuer
The rate of the third coupon, % p.a.	Set by the issuer	Set by the issuer	Set by the issuer
The rates of the following coupons, % p.a.	183	182	182
Coupon period, days	13.05.2013	07.10.2013	23.04.2014
Put date			

In 2013 the Group bought back bonds issued with the carrying value of RUB 7 358 thousand as of 30 June 2013 to manage the debt.

On 13 May 2013 779 074 bonds of series 02 have been offered for buy-back. As at 30 June 2013 the nominal value of redeemed bonds amounted to RUB 779 074 thousand.

On 27 June 2013 the Group issued USD 68 million loan participation notes for 5.5 years at a fixed rate of 12% p.a. UBRD Capital Limited, the special purpose entity, is the issuer. As at 30 June 2013 the loan participation notes was accounted for at amortised cost of RUB 2 195 228 thousand.

20 Debt securities in issue (continued)

As at 30 June 2013 the debt securities in issue are represented by USD denominated euro commercial papers in the amount of RUB 1 860 887 thousand (31 December 2012: nil).

The following table provides information about the euro commercial papers:

Country of issue	Ireland	Ireland
Issuer	UBRD Finance Limited	UBRD Finance Limited
Guarantor	JSC "The Ural Bank for Reconstruction and Development"	JSC "The Ural Bank for Reconstruction and Development"
Emissions, USD	50 000 000	7 500 000
Discount, USD	1 758 471	341 756
Date of issue	February 2013	April 2013
Maturity date	August 2013	January 2014

As at 30 June 2013 and at 31 December 2012 the estimated fair values of debt securities in issue approximate their carrying values.

Geographical, currency and maturity analyses of debt securities in issue are disclosed in note 27. The information on related parties transactions is disclosed in note 32.

21 Other liabilities

<i>In thousands of Russian Roubles</i>	Notes	30 June 2013 (Unaudited)	31 December 2012
Trade payables		176 847	83 279
Payables on mandatory insurance of deposits		72 809	61 519
Deferred income on other raised funds		59 793	-
Precious metals forward contracts	30	39 620	35 330
Foreign currency forward contracts	30	24 760	10 217
Settlements on plastic cards		3 944	3 206
Other		38 253	49 804
Total other financial liabilities		416 026	243 355
Taxes other than income tax payable		105 520	72 054
Advances received under finance lease agreements		63 976	36 201
Payables to employees		38 889	149
Provision for financial guaranties contracts		38 178	33 538
Other		35 050	4 372
Total other non-financial liabilities		281 613	146 314
Total		697 639	389 669

Geographical, currency and maturity analyses of other financial liabilities are disclosed in note 27. The information on transactions with related parties is disclosed in note 32.

22 Subordinated debt

On 28 February 2013 the Group attracted a non-secured subordinated debt of USD 20 million for 6 years. The loan was granted by Singapore company XANGBO GLOBAL MARKETS PTE LTD at a contractual interest rate of 8.25% p.a. As at 30 June 2013 this subordinated debt was accounted for at amortised cost of RUB 672 355 thousand.

On 27 December 2012 the Group attracted a non-secured subordinated debt of USD 30 million for 6 years. The loan was granted by Singapore company XANGBO GLOBAL MARKETS PTE LTD at a contractual interest rate of 8.25% p.a. As at 30 June 2013 this subordinated debt was accounted for at amortised cost of RUB 981 943 thousand (31 December 2012: RUB 912 000 thousand).

On 27 December 2007 the Group attracted a non-secured subordinated debt of USD 50 million for 10 years. The loan was granted by The Royal Bank of Scotland at a contractual interest rate of Libor plus 8.0% p.a. As at 30 June 2013 this subordinated debt was accounted for at amortised cost of RUB 1 683 468 thousand (31 December 2012: RUB 1 556 741 thousand).

In the event of the Bank's liquidation the creditors under this subordinated debt would be the last ones entitled to receive repayment.

Geographical, currency and maturity analyses of subordinated debt are disclosed in note 27.

23 Share capital, share premium and additional capital

<i>In thousands of Russian Roubles</i>	Number of outstanding shares	Ordinary shares
At 1 January 2012	668 121 000	2 634 812
At 30 June 2012 (unaudited)	1 001 454 334	3 634 812
At 1 January 2013	1 001 454 334	3 634 812
At 30 June 2013 (unaudited)	1 001 454 334	3 634 812

On 29 June 2012 the CBRF registered the Bank's issue of shares in the amount of RUB 1 000 000 thousand. The issue comprises placements of 333 333 334 ordinary uncertificated registered shares with the nominal value of RUB 3. The share capital after the issue in accordance with Russian accounting amounts to RUB 3 004 363 thousand. As a result of the additional issue share premium amount recognized in equity increased by RUB 1 000 000 thousand and as at 30 June 2013 amounted to RUB 1 581 956 rubles (31 December 2012: RUB 1 581 956 thousand).

Share capital contributions made before 1 January 2003, are adjusted by RUB 630 449 thousand according to changes in general purchasing power of the Russian Rouble as defined by IAS 29 *Financial Reporting in Hyperinflationary Economies*.

As at 30 June 2013 all ordinary shares have a nominal value of RUB 3 per share (31 December 2012: RUB 3 per share). Each share carries one vote. As at 30 June 2013 and 31 December 2012 all outstanding shares were authorised, issued and fully paid in.

Share premium is the amount by which the contributions to share capital exceeded the nominal value of the shares issued.

As at 30 June 2013 additional capital amounts to RUB 2 379 203 thousand (31 December 2012: RUB 2 379 203 thousand).

24 Dividends

In accordance with the legislation of the Russian Federation, the Bank distributes profits as dividends or transfers them to reserves (fund accounts) on the basis of the statutory accounting reports. The reserves under Russian Accounting Rules at 30 June 2013 amount to RUB 5 290 014 thousand (31 December 2012: RUB 4 303 313 thousand).

On 20 April 2012 at a meeting of the Board of Directors on the results of 2011 dividends were declared at the rate of RUB 0.45 to one issued ordinary share of the Bank. The total amount was RUB 300 654 thousand.

On 1 June 2012 dividends declared before 2006 were restored to retained earnings in the amount of RUB 7 thousand due to the expiration of the claim for payment of declared dividends.

25 Interest income and expense

<i>In thousands of Russian Roubles</i>	Six-Month Period Ended 30 June 2013 (Unaudited)	Six-Month Period Ended 30 June 2012 (Unaudited)
Interest income		
Loans and advances to customers	7 617 549	4 386 074
Other securities at fair value through profit or loss	1 164 131	1 526 869
Investment securities held to maturity	509 305	-
Finance lease receivables	91 595	65 961
Due from other banks	72 305	8 237
Correspondent accounts with other banks	1 254	58 576
Securities available-for-sale	230	273
Advances to real estate developers	-	26 073
Total	9 456 369	6 072 063
Interest expense		
Term deposits of individuals	3 074 531	1 989 747
Sale and repurchase agreements	692 982	611 818
Term placements of legal entities	649 504	395 280
Debt securities in issue	555 109	197 801
Subordinated debt	131 876	69 240
Current/settlement accounts	122 664	58 036
Term placements of other banks	87 514	56 118
Correspondent accounts of other banks	6 205	4 415
Total	5 320 385	3 382 455
Net interest income	4 135 984	2 689 608

The information on transactions with related parties is disclosed in note 32.

26 Fee and commission income and expense

	Six-Month Period Ended 30 June 2013 (Unaudited)	Six-Month Period Ended 30 June 2012 (Unaudited)
<i>In thousands of Russian Roubles</i>		
Fee and commission income		
Service packages	1 371 192	-
Transactions with plastic cards and cheques	335 958	556 609
Settlement transactions	194 637	171 537
Letters of credit	107 288	-
Cash transactions	41 312	41 031
Guarantees issued	28 466	15 853
Cash collection	10 819	6 541
Transactions with securities	1 803	2 265
Fiduciary activities	524	791
Other	53 921	43 693
Total	2 145 920	838 320
Fee and commission expense		
Transactions with plastic cards and cheques	78 873	50 672
Cash collection	30 782	23 048
Settlement transactions	23 067	18 155
Letters of credit	21 662	20 118
Transactions with securities	4 269	2 460
Trade finance transaction	3 908	3 558
Transactions with precious metals	1 697	974
Other	2 473	2 500
Total	166 731	121 485
Net fee and commission income	1 979 189	716 835

The information on transactions with related parties is disclosed in note 32

27 Financial risk management

The risk management function is carried out in respect of financial risks (credit, market, geographical, currency, liquidity and interest rate), operational risks and legal risks. The primary objective of the financial risk management is 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.

Policies and procedures for financial risk management are consistent with those applied and disclosed in the consolidated financial statements of the Group for the year ended 31 December 2012.

Currency risk. Management sets limits on the level of exposure by currency and in total for both overnight and intra-day positions, which are monitored daily. The table below summarises exposure to foreign currency exchange rate risk at 30 June 2013.

27 Financial risk management (continued)

<i>Unaudited thousands of Russian Roubles</i>	RUB	USD	Euro	Precious metals	Other	Total
ASSETS						
Cash and cash equivalents	7 557 680	2 282 660	461 023	-	51 805	10 353 168
Mandatory cash balances with the CBRF	1 489 726	-	-	-	-	1 489 726
Trading securities	9 249	-	-	-	-	9 249
Other securities at fair value through profit or loss	26 380 284	-	-	-	-	26 380 284
Securities available-for-sale	5 042	-	-	-	-	5 042
Investment securities held to maturity	16 420 564	-	-	-	-	16 420 564
Due from other banks	8 500	1 799 777	-	-	-	1 808 277
Loans and advances to customers	73 137 104	18 279 688	5 237	-	-	91 422 029
Finance lease receivables	970 241	-	-	-	-	970 241
Advances to real estate developers	1 951 294	654 767	-	-	-	2 606 061
Other financial assets	695 510	355 682	340 509	-	5	1 391 706
Total monetary assets	128 625 194	23 372 574	806 769	-	51 810	152 856 347
LIABILITIES						
Due to other banks	29 903 314	916 108	127 835	-	-	30 947 257
Customer accounts	99 164 472	6 044 590	2 915 384	169 527	56 605	108 350 578
Debt securities in issue	11 224 864	4 074 139	211 056	-	-	15 510 059
Subordinated debt	-	3 337 766	-	-	-	3 337 766
Other financial liabilities	351 646	-	-	-	-	351 646
Total monetary liabilities	140 644 296	14 372 603	3 254 275	169 527	56 605	158 497 306
Net position	(12 019 102)	8 999 971	(2 447 506)	(169 527)	(4 795)	(5 640 959)
Derivative financial instruments	8 867 171	(11 041 272)	2 443 042	(188 952)	5 111	85 100
Net position including derivative instruments	(3 151 931)	(2 041 301)	(4 464)	(358 479)	316	(5 555 859)

27 Financial risk management (continued)

The table below summarises the exposure to foreign currency exchange rate risk at 31 December 2012.

<i>In thousands of Russian Roubles</i>	RUB	USD	Euro	Precious metals	Other	Total
ASSETS						
Cash and cash equivalents	9 449 895	5 859 490	816 916	12 948	26 141	16 165 390
Mandatory cash balances with the CBRF	1 140 186	-	-	-	-	1 140 186
Trading securities	191 998	-	-	-	-	191 998
Other securities at fair value through profit or loss	27 231 288	-	-	-	-	27 231 288
Securities available-for-sale	55 872	-	-	-	-	55 872
Investment securities held to maturity	8 237 047	-	-	-	-	8 237 047
Due from other banks	8 500	75 931	-	-	-	84 431
Loans and advances to customers	62 010 360	10 328 692	76 072	-	-	72 415 124
Finance lease receivables	839 354	-	-	-	-	839 354
Advances to real estate developers	1 964 623	607 999	-	-	-	2 572 622
Other financial assets	841 888	19 112	11 271	-	5	872 276
Total monetary assets	111 971 011	16 891 224	904 259	12 948	26 146	129 805 588
LIABILITIES						
Due to other banks	24 839 178	881 736	971 940	-	-	26 692 854
Customer accounts	85 020 346	7 422 719	2 798 441	339 439	64 357	95 645 302
Debt securities in issue	8 346 708	301 210	292 081	-	-	8 939 999
Subordinated debt	-	2 468 741	-	-	-	2 468 741
Other financial liabilities	197 808	-	-	-	-	197 808
Total monetary liabilities	118 404 040	11 074 406	4 062 462	339 439	64 357	133 944 704
Net position	(6 433 029)	5 816 818	(3 158 203)	(326 491)	(38 211)	(4 139 116)
Derivative financial instruments	3 316 022	(6 338 226)	3 141 854	(129 847)	36 233	26 036
Net position including derivative instruments	(3 117 007)	(521 408)	(16 349)	(456 338)	(1 978)	(4 113 080)

Derivatives in each column represent the fair value at the reporting date of the respective currency that the Group agreed to buy (positive amount) or sell (negative amount) with the counterparty. The net total represents the fair value of the currency derivatives. The above analysis includes only monetary assets and liabilities. Investments in equities and non-monetary assets are not considered to give rise to any material currency risk.

An analysis of sensitivity of profit or loss and equity to changes in the foreign currency exchange rates based on positions existing as at 30 June 2013 and 31 December 2012 and a simplified scenario of a 10% change in USD, euro and precious metals to Russian Rouble exchange rates is as follows.

27 Financial risk management (continued)

<i>In thousands of Russian Roubles</i>	30 June 2013 (unaudited)		31 December 2012	
	Profit or loss	Equity	Profit or loss	Equity
10% appreciation of USD against RUB	(163 304)	(163 304)	(41 713)	(41 713)
10% depreciation of USD against RUB	163 304	163 304	41 713	41 713
10% appreciation of precious metals against RUB	(28 678)	(28 678)	(36 507)	(36 507)
10% depreciation of precious metals against RUB	28 678	28 678	36 507	36 507
10% appreciation of Euro against RUB	(357)	(357)	(1 308)	(1 308)
10% depreciation of Euro against RUB	357	357	1 308	1 308

Geographical risk concentrations. The geographical concentration of assets and liabilities at 30 June 2013 is set out below.

<i>Unaudited In thousands of Russian Roubles</i>	Russia	Other countries	Total
ASSETS			
Cash and cash equivalents	8 344 007	2 009 161	10 353 168
Mandatory cash balances with the CBRF	1 489 726	-	1 489 726
Trading securities	9 249	-	9 249
Other securities at fair value through profit or loss	26 380 284	-	26 380 284
Securities available-for-sale	5 042	-	5 042
Investment securities held to maturity	16 420 564	-	16 420 564
Due from other banks	8 500	1 799 777	1 808 277
Loans and advances to customers	73 066 967	18 355 062	91 422 029
Finance lease receivables	970 241	-	970 241
Advances to real estate developers	2 606 061	-	2 606 061
Other financial assets	1 504 050	37 136	1 541 186
Total financial assets	130 804 691	22 201 136	153 005 827
Total non-financial assets	16 694 549	-	16 694 549
TOTAL	147 499 240	22 201 136	169 700 376
LIABILITIES			
Due to other banks	30 946 757	500	30 947 257
Customer accounts	105 565 083	2 785 495	108 350 578
Debt securities in issue	11 453 944	4 056 115	15 510 059
Subordinated debt	-	3 337 766	3 337 766
Other financial liabilities	405 962	10 064	416 026
Total financial liabilities	148 371 746	10 189 940	158 561 686
Total non-financial liabilities	740 615	-	740 615
TOTAL	149 112 361	10 189 940	159 302 301
Net position	(1 613 121)	12 011 196	10 398 075
Credit related commitments	8 320 612	643 130	8 963 742

27 Financial risk management (continued)

The geographical concentration of assets and liabilities at 31 December 2012 is set out below.

<i>In thousands of Russian Roubles</i>	Russia	Other countries	Total
ASSETS			
Cash and cash equivalents	10 135 342	6 030 048	16 165 390
Mandatory cash balances with the CBRF	1 140 186	-	1 140 186
Trading securities	191 998	-	191 998
Other securities at fair value through profit or loss	27 231 288	-	27 231 288
Securities available-for-sale	55 872	-	55 872
Investment securities held to maturity	8 237 047	-	8 237 047
Due from other banks	8 500	75 931	84 431
Loans and advances to customers	54 433 420	17 981 704	72 415 124
Finance lease receivables	839 354	-	839 354
Advances to real estate developers	2 572 622	-	2 572 622
Other financial assets	886 928	56 931	943 859
Total financial assets	105 732 557	24 144 614	129 877 171
Total non-financial assets	14 039 772	-	14 039 772
TOTAL	119 772 329	24 144 614	143 916 943
LIABILITIES			
Due to other banks	26 419 471	273 383	26 692 854
Customer accounts	92 790 334	2 854 968	95 645 302
Debt securities in issue	8 939 999	-	8 939 999
Subordinated debt	-	2 468 741	2 468 741
Other financial liabilities	235 184	8 171	243 355
Total financial liabilities	128 384 988	5 605 263	133 990 251
Total non-financial liabilities	536 677	-	536 677
TOTAL	128 921 665	5 605 263	134 526 928
Net position	(9 149 336)	18 539 351	9 390 015
Credit related commitments	10 870 619	2 294 585	13 165 204

Assets, liabilities and credit related commitments are based mainly on the country in which the counterparty is located. Balances with Russian counterparties actually outstanding to/from off-shore companies of these Russian counterparties are allocated to the caption "Russia". Cash on hand, precious metals and property and equipment are allocated based on the country in which they are physically held.

27 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. 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 Group does not maintain cash resources to meet all of these needs as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high level of certainty. The Group manages liquidity risk at two levels: the first level is the Assets and Liabilities Management Committee; the second level is the Treasury and the Asset and Liability Department.

The Group maintains liquidity management when the bond portfolio, composed of liquid securities of issuers which have high credit quality, is used as an instrument for regulation of cash liquidity gaps and can be converted into cash within 1 month. Therefore other securities at fair value through profit or loss as well as securities available for sale as at 30 June 2013 and 31 December 2012 are classified as "Demand and less than 1 month" in the table below. The fair value of securities which are classified in this category with maturity more than 12 months amounts to RUB 21 031 759 thousand (31 December 2012: RUB 20 684 987 thousand).

27 Financial risk management (continued)

The following table shows financial assets and liabilities by remaining contractual maturity dates as at 30 June 2013, except of described above for other securities at fair value through profit or loss and securities available-for-sale and except for term deposits from individuals, which are shown by expected maturity dates.

<i>Unaudited In thousands of Russian Roubles</i>	Demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 3 years	Over 3 years	Total
ASSETS						
Cash and cash equivalents	10 353 168	-	-	-	-	10 353 168
Mandatory cash balances with the CBRF	288 723	63 966	159 350	96 936	880 751	1 489 726
Trading securities	9 249	-	-	-	-	9 249
Other securities at fair value through profit or loss	26 380 284	-	-	-	-	26 380 284
Securities available-for-sale	5 042	-	-	-	-	5 042
Investment securities held to maturity	145 903	1 391 238	3 595 112	3 494 228	7 794 083	16 420 564
Due from other banks	-	-	1 808 277	-	-	1 808 277
Loans and advances to customers	2 462 060	2 707 439	19 409 782	33 799 152	33 043 596	91 422 029
Finance lease receivables	64 262	91 789	353 113	388 048	73 029	970 241
Advances to real estate developers	389 079	-	-	2 216 982	-	2 606 061
Other financial assets	1 528 079	3 826	-	-	9 281	1 541 186
Total financial assets	41 625 849	4 258 258	25 325 634	39 995 346	41 800 740	153 005 827
LIABILITIES						
Due to other banks	28 878 811	36 746	833 193	438 154	760 353	30 947 257
Customer accounts	20 999 431	4 652 357	11 589 799	7 050 347	64 058 644	108 350 578
Debt securities in issue	790 890	3 327 326	5 812 809	2 610 747	2 968 287	15 510 059
Subordinated debt	-	107 747	181 906	506 869	2 541 244	3 337 766
Other financial liabilities	416 026	-	-	-	-	416 026
Total financial liabilities	51 085 158	8 124 176	18 417 707	10 606 117	70 328 528	158 561 686
Net liquidity gap as at 30 June 2013	(9 459 309)	(3 865 918)	6 907 927	29 389 229	(28 527 788)	(5 555 859)
Cumulative liquidity gap as at 30 June 2013	(9 459 309)	(13 325 227)	(6 417 300)	22 971 929	(5 555 859)	

27 Financial risk management (continued)

The following table shows financial assets and liabilities by remaining contractual maturity dates as at 31 December 2012, except of described above for other securities at fair value through profit or loss and securities available-for-sale and except for term deposits from individuals, which are shown by expected maturity dates.

<i>In thousands of Russian Roubles</i>	Demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 3 years	Over 3 years	Total
ASSETS						
Cash and cash equivalents	16 165 390	-	-	-	-	16 165 390
Mandatory cash balances with the CBRF	256 817	42 431	104 688	91 137	645 113	1 140 186
Trading securities	191 998	-	-	-	-	191 998
Other securities at fair value through profit or loss	27 231 288	-	-	-	-	27 231 288
Securities available-for-sale	55 872	-	-	-	-	55 872
Investment securities held to maturity	-	-	2 252 899	312 567	5 671 581	8 237 047
Due from other banks	-	-	4 500	79 931	-	84 431
Loans and advances to customers	1 546 202	3 661 550	15 784 414	26 106 523	25 316 435	72 415 124
Finance lease receivables	45 220	77 318	282 485	349 499	84 832	839 354
Advances to real estate developers	-	-	382 908	2 189 714	-	2 572 622
Other financial assets	906 668	-	27 959	-	9 232	943 859
Total financial assets	46 399 455	3 781 299	18 839 853	29 129 371	31 727 193	129 877 171
LIABILITIES						
Due to other banks	24 205 169	947 626	685 621	366 274	488 164	26 692 854
Customer accounts	21 543 355	3 559 328	8 781 817	7 645 074	54 115 728	95 645 302
Debt securities in issue	673 773	3 461 037	1 042 685	3 752 327	10 177	8 939 999
Subordinated debt	-	66 870	134 860	356 533	1 910 478	2 468 741
Other financial liabilities	243 355	-	-	-	-	243 355
Total financial liabilities	46 665 652	8 034 861	10 644 983	12 120 208	56 524 547	133 990 251
Net liquidity gap as at 31 December 2012	(266 197)	(4 253 562)	8 194 870	17 009 163	(24 797 354)	(4 113 080)
Cumulative liquidity gap as at 31 December 2012	(266 197)	(4 519 759)	3 675 111	20 684 274	(4 113 080)	

27 Financial risk management (continued)

Management expects that contractual maturity dates of term deposits from individuals are not representative for analysis of liquidity position, as based on analysis of internal statistics, 80% of agreements are prolonged and based on past experience this ratio has never gone lower than this limit. Accordingly, 80% of term deposits from individuals in categories "On demand and less than 1 month", "From 1 to 3 month", "From 3 to 12 months" and "From 1 to 3 years" are classified in the category "Over 3 years" to present more accurately expected cash flows. However in accordance with Russian legislation, individuals can withdraw their term deposits at any time, losing in most cases the accrued interest.

The table below shows analysis of term deposits from individuals as at 30 June 2013 and 31 December 2012 on the basis of possible contractual maturity.

<i>In thousands of Russian Roubles</i>	30 June 2013 (unaudited)	31 December 2012
On demand and less than 1 month	1 309 247	2 703 108
From 1 to 3 month	3 420 533	6 238 687
From 3 to 12 months	18 009 698	19 180 215
From 1 to 3 years	6 908 541	5 191 620
Over 3 years	40 332 290	27 445 762
Total	69 980 309	60 759 392

Management believes the matching and/or controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Group. It is unusual for banks ever to be completely matched since business transacted is often of an uncertain term and of different types. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity and its exposure to changes in interest and exchange rates.

28 Capital management

The Group's objectives when managing capital are (i) to comply with capital requirements set by the CBRF, (ii) to safeguard the Group's ability to continue as a going concern, and (iii) to obtain return on capital on a long term basis. Compliance with capital adequacy ratios set by the CBRF is monitored monthly with reports outlining their calculation reviewed and signed by the President and Chief Accountant. Other objectives of capital management are evaluated quarterly.

Under the current capital requirements set by the CBRF, banks have to maintain a ratio of capital to risk weighted assets (statutory capital ratio) above the prescribed minimum level. As at 30 June 2013 this minimum level is 10.0% (31 December 2012: 10.0%). As at 30 June 2013 statutory capital ratio calculated based on requirements set by the CBR is 11.23% (31 December 2011: 11.01%).

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

28 Capital management (continued)

The following table shows the composition of the capital position calculated in accordance with the requirements of the Basle Accord as at 30 June 2013 and 31 December 2012:

<i>In thousands of Russian Roubles</i>	30 June 2013 (Unaudited)	31 December 2012
Tier 1 capital		
Share capital	3 634 812	3 634 812
Share premium	1 581 956	1 581 956
Additional capital	2 379 203	2 379 203
Retained earnings	1 514 498	422 525
Less goodwill	(162 122)	(162 122)
Total Tier 1 capital	8 948 347	7 856 374
Tier 2 capital		
Revaluation reserve for property and equipment	1 319 714	1 378 827
Revaluation reserve for securities available-for-sale	3	1 236
Cumulative translation reserve	(32 111)	(8 544)
Qualifying subordinated debt	3 337 766	2 468 741
Qualifying loan participation notes	1 136 408	-
Total Tier 2 capital	5 761 780	3 840 260
Total capital	14 710 127	11 696 634
Capital adequacy ratio		
Risk weighted average of assets	149 314 018	124 313 467
Total capital	14 710 127	11 696 634
Tier 1 capital ratio, %	6.0	6.3
Tier 2 capital ratio, %	9.9	9.4

Revaluation reserve for property and equipment and for securities available-for-sale, cumulative translation reserve, long-term subordinated debt and loan participation notes are included in calculation of capital adequacy ratios within limits set for tier 2 capital.

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

29 Contingencies and commitments

Legal proceedings. From time to time and in the normal course of business, claims against the Group may be received. On the basis of its own estimates and internal professional advice management is of the opinion that no material losses will be incurred in respect of claims and accordingly no provision has been made in this consolidated condensed interim financial information.

Tax legislation. The taxation system in the Russian Federation is relatively new and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are often unclear, contradictory and subject to varying interpretation by different tax authorities. Taxes are subject to review and investigation by a number of authorities who have the authority to impose severe fines, penalties and interest charges. A tax year remains open for review by the tax authorities during the three subsequent calendar years; however, under certain circumstances a tax year may remain open longer. Recent events within the Russian Federation suggest that the tax authorities are taking a more assertive position in their interpretation and enforcement of tax legislation.

29 Contingencies and commitments (continued)

These circumstances may create tax risks in the Russian Federation that are substantially more significant than in other countries. Management believes that it has provided adequately for tax liabilities based on its interpretations of applicable Russian tax legislation, official pronouncements and court decisions. However, the interpretations of the relevant authorities could differ and the effect on the financial position of the Group, if the authorities were successful in enforcing their interpretations, could be significant.

From 1 January 2012 the new transfer pricing legislation came into force, which significantly changed the transfer pricing rules, bring them closer to the principles of the OECD, but also creates additional uncertainty due to the practical application of tax laws in some cases.

New transfer pricing rules require taxpayers to provide documentation of controlled transactions and defines new principles and tools for additional taxes and interest, if prices in controlled transactions differ from the market.

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 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 as at 30 June 2013 and 31 December 2012 are as follows:

<i>In thousands of Russian Roubles</i>	30 June 2013 (unaudited)	31 December 2012
Unused limits on overdraft loans	2 595 335	2 219 938
Guarantees issued	2 585 752	3 118 864
Commitments to extend credit	2 161 294	4 451 013
Import letters of credit	1 621 361	3 375 389
Total	8 963 742	13 165 204

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.

Credit related commitments as at 30 June 2013 and 31 December 2012 are denominated in the following currencies:

<i>In thousands of Russian Roubles</i>	30 June 2013 (unaudited)	31 December 2012
Russian Roubles	7 029 433	9 485 781
USD	1 789 274	2 816 886
Euro	145 035	862 537
Total	8 963 742	13 165 204

29 Contingencies and commitments (continued)

Funds management and trust activities. The Group provides trust services to individuals, trusts, retirement benefit plans and other institutions, whereby it holds and manages assets or invests funds received in various financial instruments at the direction of the customer. The Group receives fee income for providing these services. Trust assets are not assets of the Group and are not recognised in the consolidated statement of financial position. The Group is not exposed to any credit risk relating to such placements as it does not guarantee these investments.

Custody activities. The Group provides custody services to its customers, whereby it holds securities on behalf of customers and receives fee income for providing these services. These securities are not assets of the Group and are not recognised in the consolidated statement of financial position.

30 Derivative financial instruments and operations with precious metals

Foreign exchange and other derivative financial instruments entered into by the Group are generally traded in an over-the-counter market with professional market counterparties on standardised contractual terms and conditions. Derivatives have potentially favourable (assets) or unfavourable (liabilities) conditions as a result of fluctuations in market interest rates, foreign exchange rates or other variables relative to their terms. The aggregate fair values of derivative financial assets and liabilities can fluctuate significantly from time to time.

The table below sets out fair values of currencies receivable or payable under foreign exchange forward contracts entered into by the Group as at 30 June 2013 and 31 December 2012. The table reflects gross positions before the netting of any counterparty positions and covers the contracts with settlement dates after the respective reporting date. The contracts are short term in nature.

<i>In thousands of Russian Roubles</i>	30 June 2013 (unaudited)		31 December 2012	
	Contracts with positive fair value	Contracts with negative fair value	Contracts with positive fair value	Contracts with negative fair value
Foreign exchange forwards: fair values, at the reporting date, of				
- USD receivable on settlement	-	1 364 377	2 912 742	803 321
- USD payable on settlement	(11 134 301)	(1 141 345)	(4 694 163)	(5 092 394)
- Euro receivable on settlement	2 669 875	1 097 425	2 816 002	1 130 424
- Euro payable on settlement	-	(1 324 258)	-	(804 572)
- RUB receivable on settlement	8 471 151	-	1 905 348	3 917 136
- RUB payable on settlement	-	(1 285)	(2 905 875)	(365)
- Other currencies receivable on settlement	24 785	22 461	-	36 233
- Other currencies payable on settlement	-	(42 135)	-	-
Net fair value of foreign exchange forwards	31 510	(24 760)	34 054	(10 217)
Forwards with precious metals: fair values, at the reporting date, of				
- USD receivable on settlement	704 444	-	1 403 112	-
- USD payable on settlement	(32 221)	(802 226)	(151 624)	(1 519 220)
- Precious metals receivable on settlement	32 224	762 606	151 709	1 483 890
- Precious metals payable on settlement	(983 782)	-	(1 765 446)	-
- Receivable on settlement in rubles	397 305	-	399 778	-
Net fair value of forwards with precious metals	117 970	(39 620)	37 529	(35 330)

Geographical, currency and maturity analyses of derivative financial instruments are disclosed in note 27. Information on related party transactions is disclosed in note 32.

31 Fair value of financial instruments

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.

The estimated fair values of financial instruments are determined 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 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 outdate or reflect distress sale transactions and therefore may not represent fair values of financial instruments. Management uses all available market information in estimating the fair value of financial instruments.

Financial instruments carried at fair value. The Group measures fair values for financial instruments recorded on the consolidated condensed interim statement of financial position using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e., as prices) or indirectly (i.e, derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

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

<i>Unaudited</i> <i>In thousands of Russian Roubles</i>	Level 1	Level 2	Total
Financial instruments at fair value through profit or loss:			
- debt fixed income instruments	26 380 284	-	26 380 284
- equity investments	9 249	-	9 249
- derivative assets	-	15 546 653	15 546 653
- derivative liabilities	-	(15 461 553)	(15 461 553)
Available-for-sale financial assets:			
- debt fixed income instruments	5 042	-	5 042
Total	26 394 575	85 100	26 479 675

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

<i>In thousands of Russian Roubles</i>	Level 1	Level 2	Total
Financial instruments at fair value through profit or loss:			
- debt fixed income instruments	27 231 288	-	27 231 288
- equity investments	191 998	-	191 998
- derivative assets	-	16 959 695	16 959 695
- derivative liabilities	-	(16 933 659)	(16 933 659)
Available-for-sale financial assets:			
- debt fixed income instruments	55 872	-	55 872
Total	27 479 158	26 036	27 505 194

31 Fair value of financial instruments (continued)

For more detailed information by types of financial instruments measured at fair value, please, refer to notes 5, 6, 7 and 30.

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

Derivative financial instruments. All derivative financial instruments are carried at fair value as assets when the fair value is positive and as liabilities when the fair value is negative. Their fair values are based on observable market prices (refer to note 30).

Estimates of fair value are intended to approximate the amount at which the instrument could be exchanged between knowledgeable, willing independent parties. However, the fair value cannot be considered as the amount at which the immediate sale of assets or settlement of liabilities may be concluded due to the uncertainties and subjective judgment.

32 Related party transactions

Parties are generally considered to be related if the parties are under common control or one party has the ability to control the other party or can exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

At 30 June 2013 the outstanding balances with related parties are as follows:

<i>Unaudited</i>	Shareholders	Companies under common control	Other related parties
<i>In thousands of Russian Roubles</i>			
Gross amount of loans and advances to customers (contractual interest rates: 8%-18%)	190 681	11 481 754	27 196
Allowance for impairment of loans and advances to customers	(735)	(24 612)	(105)
Other assets	-	446 909	655
Customer accounts (contractual interest rates: 0%-11.5%)	320 745	303 147	92 025
Foreign exchange forward contracts	-	58 409	-
Forward contracts with precious metals	-	1 327	-
Other liabilities	-	85 392	-

The income and expense with related parties for the six-months period ended 30 June 2013 are as follows:

	Shareholders	Companies under common control	Other related parties
<i>In thousands of Russian Roubles</i>			
Interest income	6 174	538 973	1 376
Interest expense	(9 497)	(42 334)	(4 472)
Fee and commission income	310	7 027	83
Income from trading in foreign currencies	-	9 257	1
Income from trading in precious metals	-	132 592	-
Other operating income	41	1	2

At 30 June 2013 the other commitments with related parties are as follows:

	Shareholders	Companies under common control	Other related parties
<i>In thousands of Russian Roubles</i>			
Guarantees issued	-	265 806	-

32 Related party transactions (continued)

At 31 December 2012 the outstanding balances with related parties are as follows:

	Shareholders	Companies under common control	Other related parties
<i>In thousands of Russian Roubles</i>			
Gross amount of loans and advances to customers (contractual interest rates: 3%-18%)	182 433	12 874 812	28 214
Allowance for impairment of loans and advances to customers	(703)	(29 670)	(109)
Other assets	-	468 118	944
Customer accounts (contractual interest rates: 0%-11.25%)	201 908	2 909 729	130 277
Foreign exchange forward contracts	-	17 147	-
Other liabilities	-	63 444	-

The income and expense with related parties for the six-months period ended 30 June 2012 are as follows:

	Shareholders	Companies under common control	Other related parties
<i>In thousands of Russian Roubles</i>			
Interest income	5 836	527 916	242
Interest expense	(2 367)	(39 854)	(4 422)
Fee and commission income	281	156 616	44
Income from trading in foreign currencies	-	45 958	13
Income from trading in precious metals	-	46 167	-
Other operating income	3	2 010	2

At 31 December 2012 the other commitments with related parties are as follows:

	Shareholders	Companies under common control	Other related parties
<i>In thousands of Russian Roubles</i>			
Guarantees issued	-	397 554	-

Other related parties represent eight members of the Management Board and five members of the Board of Directors of the Bank. In the six-month period ended 30 June 2013 the remuneration of management comprises salaries, discretionary bonuses and other short-term benefits amounting to RUB 57 844 thousand (six-month period ended 30 June 2012: RUB 54 272 thousand). Social security costs amount to RUB 6 693 thousand (six-month period ended 30 June 2012: RUB 6 246 thousand) of the total remuneration of management.

33 Events after reporting date

On 7 August 2013 the Group redeemed the first issue of USD 50 million euro commercial papers. These papers were issued in February 2013 and acquired by investors from Russia, Switzerland, Luxembourg and other European countries.

On 8 August 2013 bonds of series BO-06, BO-07, BO-08 and BO-09 were included in the list of securities admitted to trading on the MICEX stock exchange. The amount of the issue is RUB 10 billion, the nominal value of one bond is RUB 1 thousand and maturity of bonds – 3 years. There are early redemption options at the holders' request and at the discretion of the issuer at the nominal value. Placement of one or two bond issues planned till the end of 2013.