

Open Joint-Stock Company “NOMOS-BANK”

**Condensed Interim Consolidated
Financial Statements (Unaudited)**
For the Nine and Three Months
Ended 30 September 2013

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OPEN JOINT-STOCK COMPANY "NOMOS-BANK"

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE AND THREE MONTHS ENDED 30 SEPTEMBER 2013

Management is responsible for the preparation of the condensed interim consolidated financial statements that present fairly the financial position of Open Joint-Stock Company "NOMOS-BANK" (the "Bank") and its subsidiaries (the "Group") as at 30 September 2013 and the results of its operations, cash flows and changes in shareholders' equity for the nine and three months then ended, in accordance with International Accounting Standard 34 ("IAS 34"), *Interim Financial Reporting*.

In preparing the condensed interim consolidated financial statements, management is responsible for:

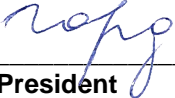
- Properly selecting and applying accounting policies;
- Presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Providing additional disclosures when compliance with the specific requirements in IAS 34 are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's consolidated financial position and financial performance;
- Stating whether IAS 34 has been followed, subject to any material departures disclosed and explained in the condensed interim consolidated financial statements; and
- Making an assessment of the Group's ability to continue as a going concern.

Management is also responsible for:


- Designing, implementing and maintaining an effective and sound system of internal controls, throughout the Group;
- Maintaining adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the consolidated financial position of the Group, and which enable them to ensure that the condensed interim consolidated financial statements of the Group comply with IAS 34;
- Maintaining statutory accounting records in compliance with the Russian Federation ("RF") legislation and accounting standards;
- Taking such steps as are reasonably available to them to safeguard the assets of the Group; and
- Preventing and detecting fraud and other irregularities.

The condensed interim consolidated financial statements of the Group for the nine and three months ended 30 September 2013 were authorized for issue by the Supervisory Board of the Bank on 6 December 2013.

On behalf of the Supervisory Board



Acting President
6 December 2013
Moscow



Chief Accountant
6 December 2013
Moscow

INDEPENDENT AUDITORS' REPORT ON REVIEW OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders and Supervisory Board of Open Joint-Stock Company "NOMOS-BANK":

Introduction

We have reviewed the accompanying condensed interim consolidated financial statements of Open Joint-Stock Company "NOMOS-BANK" and its subsidiaries (the "Group"), which comprise the condensed interim consolidated statement of financial position as at 30 September 2013, the condensed interim consolidated statement of profit and loss for the nine and three months ended 30 September 2013, the condensed interim consolidated statement of profit and loss and other comprehensive income for the nine and three months ended 30 September 2013, the condensed interim consolidated statement of changes in equity for the nine months ended 30 September 2013 and the condensed interim consolidated statement of cash flows for the nine months ended 30 September 2013, and selected significant accounting policies and other explanatory information. Management is responsible for the preparation and presentation of this condensed interim consolidated financial information in accordance with International Accounting Standard 34 ("IAS 34"), "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed interim consolidated financial information based on our review.

Scope of review

We conducted our review in accordance with the Federal Law "On Auditing", Federal Standard on Auditing № 33 "Review of Financial (Accounting) Statements" and International Standard on Review Engagements 2410, "Review of Interim Financial Information performed by the Independent Auditor of the Entity". A review of condensed interim consolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Federal Standards on Auditing and International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements are not prepared in all material respects, in accordance with IAS 34.

Deloitte & Touche

6 December 2013
Moscow

Ploualova Svetlana Evgenyevna, Partner
(certificate no 01-000500 dated 19 March 2012)
ZAO "Deloitte and Touche CIS"



The Entity: OPEN JOINT-STOCK COMPANY "NOMOS-BANK"

Certificate of state registration № 2209 dated 15.12.1992.

Certificate of registration in the Unified State Register for legal entities registered before 1 July 2002 № 1027739019208, of 26.07.2002, issued by Moscow Interdistrict Inspectorate of the Russian Ministry of Taxation № 39.

Address: Russia, 109240, Moscow, Verkhnyaya Radishevskaya 3, bld. 1

Independent Auditor: ZAO "Deloitte & Touche CIS"

Certificate of state registration № 018.482, issued by the Moscow Registration Chamber on 30.10.1992.

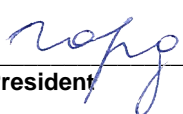
Certificate of registration in the Unified State Register № 1027700425444 of 13.11.2002, issued by Moscow Interdistrict Inspectorate of the Russian Ministry of Taxation № 39.

Certificate of membership in «NP «Audit Chamber of Russia» (auditors' SRO) of 20.05.2009 № 3026, ORNZ 10201017407.

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT AND LOSS
FOR THE NINE AND THREE MONTHS ENDED 30 SEPTEMBER 2013 (UNAUDITED)**
(in million of Russian Roubles)

	Notes	Nine months ended 30 September 2013	Three months ended 30 September 2013	Nine months ended 30 September 2012	Three months ended 30 September 2012
Interest income	5,24	70,683	26,500	47,849	17,081
Interest expense	5,24	(41,615)	(15,487)	(24,938)	(9,130)
NET INTEREST INCOME BEFORE GAIN ON REMEASUREMENT OF CASH FLOWS AND PROVISION FOR IMPAIRMENT LOSSES ON INTEREST BEARING ASSETS	5	29,068	11,013	22,911	7,951
Gain on remeasurement of cash flows on interest bearing assets acquired in business combination	24	366	142	612	53
Provision for impairment losses on interest bearing assets	12,24	(6,217)	(2,621)	(3,491)	(1,338)
NET INTEREST INCOME		23,217	8,534	20,032	6,666
Trading income/(loss):	6,24	747	1,600	1,301	(465)
Securities		(949)	842	960	266
Foreign currency		1,601	664	77	(739)
Precious metals		108	95	293	20
Other derivatives		(13)	(1)	(29)	(12)
Net fee and commission income	7	6,530	2,335	5,724	2,122
Fee and commission income	7,24	8,829	3,200	7,795	2,913
Fee and commission expense	7,24	(2,299)	(865)	(2,071)	(791)
Net gain on investments available-for-sale	24	25	7	17	35
Net gain on disposal of loans	12	1,415	1,239	785	25
(Impairment)/recovery of impairment losses on other transactions		(88)	(133)	102	(90)
Change in fair value of investment property		-	-	(10)	1
Other income	24	674	262	540	30
NET NON-INTEREST INCOME		9,303	5,310	8,459	1,658
OPERATING INCOME		32,520	13,844	28,491	8,324
OPERATING EXPENSES	8,24	(15,932)	(5,189)	(14,829)	(5,219)
OPERATING PROFIT BEFORE INCOME TAX		16,588	8,655	13,662	3,105
Income tax expense		(3,426)	(1,559)	(2,800)	(536)
NET PROFIT		13,162	7,096	10,862	2,569
Attributable to:					
Equity holders of the parent		10,972	5,955	9,346	2,280
Non-controlling interest		2,190	1,141	1,516	289
EARNINGS PER SHARE attributable to equity holders of the parent, basic and diluted, in Roubles	9	118.06	64.28	101.12	24.67

On behalf of the Supervisory Board


Acting President

6 December 2013
Moscow


Chief Accountant

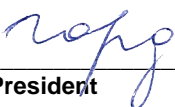
6 December 2013
Moscow

The selected notes on pages 10-58 form an integral part of the condensed interim consolidated financial statements.

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER
 COMPREHENSIVE INCOME FOR THE NINE AND THREE MONTHS ENDED 30 SEPTEMBER 2013
 (UNAUDITED)**
(in million of Russian Roubles)

	Nine months ended 30 September 2013	Three months ended 30 September 2013	Nine months ended 30 September 2012	Three months ended 30 September 2012
NET PROFIT	13,162	7,096	10,862	2,569
OTHER COMPREHENSIVE INCOME				
Items that may be reclassified subsequently to profit or loss:				
Net change in fair value of investments available-for-sale reserve:	78	8	411	(14)
Deferred income tax effect	(15)	(1)	(82)	3
Items that will not be reclassified subsequently to profit or loss:				
Write-off revaluation reserve in connection with disposal of property, plant and equipment	(1)	-	-	-
Deferred income tax effect	-	-	-	-
TOTAL OTHER COMPREHENSIVE INCOME/(LOSS), NET OF TAX	62	7	329	(11)
TOTAL COMPREHENSIVE INCOME	13,224	7,103	11,191	2,558
Attributable to:				
Equity holders of the parent	11,027	5,961	9,518	2,260
Non-controlling interest	2,197	1,142	1,673	298

On behalf of the Supervisory Board



Acting President

6 December 2013
 Moscow



Chief Accountant

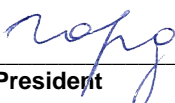
6 December 2013
 Moscow

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CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2013 (UNAUDITED)
(in million of Russian Roubles)

	Notes	30 September 2013	31 December 2012
ASSETS			
Cash and balances with the Central Bank of the Russian Federation		27,482	51,148
Minimum reserve deposits with the Central Bank of the Russian Federation		8,842	6,932
Precious metals		7,214	6,402
Financial assets at fair value through profit or loss	10,24	129,900	104,254
Loans and advances to banks and other financial institutions	11,24	109,913	111,586
Loans to customers	12,24	720,865	590,564
Investments available-for-sale	13,24	1,847	4,919
Investments in associates	4,24	5,549	-
Investments held to maturity		-	201
Property, plant and equipment		10,735	11,117
Goodwill		809	809
Intangible assets		2,094	2,481
Investment property		3,809	4,761
Other assets	24	4,921	4,729
TOTAL ASSETS		1,033,980	899,903
LIABILITIES AND EQUITY			
LIABILITIES:			
Financial liabilities at fair value through profit or loss	24	4,814	3,191
Due to banks and the Central Bank of the Russian Federation	14,24	156,934	213,510
Customer accounts	15,24	602,090	471,727
Bonds and Eurobonds	16	63,810	42,618
Promissory notes issued		36,700	21,145
Deferred income tax liabilities		2,016	1,690
Other liabilities	24	4,915	4,788
Subordinated debt	17,24	58,658	50,873
TOTAL LIABILITIES		929,937	809,542
EQUITY:			
Equity attributable to equity holders of the parent:			
Share capital	18	6,844	6,504
Treasury shares	18	(932)	(605)
Share premium		20,898	20,898
Property, plant and equipment revaluation reserve		1,217	1,302
Revaluation of investments available-for-sale		(92)	(230)
Retained earnings		58,107	46,811
Total equity attributable to equity holders of the parent		86,042	74,680
Non-controlling interest		18,001	15,681
Total equity		104,043	90,361
TOTAL LIABILITIES AND EQUITY		1,033,980	899,903

On behalf of the Supervisory Board


 Acting President

6 December 2013
 Moscow


 Chief Accountant

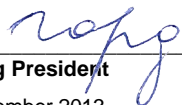

6 December 2013
 Moscow

The selected notes on pages 10-58 form an integral part of the condensed interim consolidated financial statements.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2013 (UNAUDITED)
(in million of Russian Roubles)

Note	Share capital	Treasury shares	Share premium	Property, plant and equipment revaluation reserve	Revaluation of investments available-for-sale	Retained earnings	Total equity attributable to equity holders of the parent company	Non-controlling interest	Total equity
31 December 2011	6,504	(605)	20,898	1,073	(35)	34,462	62,297	13,413	75,710
Net profit for the period (unaudited)	-	-	-	-	-	9,346	9,346	1,516	10,862
Total other comprehensive income for the period, net of tax (unaudited)	-	-	-	-	172	-	172	157	329
Effect of change in ownership interest in subsidiaries (unaudited)	-	-	-	(4)	2	(12)	(14)	95	81
30 September 2012 (unaudited)	6,504	(605)	20,898	1,069	139	43,796	71,801	15,181	86,982
31 December 2012	6,504	(605)	20,898	1,302	(230)	46,811	74,680	15,681	90,361
Net profit for the period (unaudited)	-	-	-	-	-	10,972	10,972	2,190	13,162
Share capital increase due to the merge with subsidiary banks (unaudited)	18 340	(340)	-	-	-	-	-	-	-
Sale of treasury shares (unaudited)	-	16	-	-	-	235	251	-	251
Purchase of treasury shares (unaudited)	-	(3)	-	-	-	(53)	(56)	-	(56)
Effect of change in ownership interest in subsidiaries (unaudited)	-	-	-	1	83	56	140	123	263
Total other comprehensive income for the period, net of tax (unaudited)	-	-	-	(86)	55	86	55	7	62
30 September 2013 (unaudited)	6,844	(932)	20,898	1,217	(92)	58,107	86,042	18,001	104,043

On behalf of the Supervisory Board


 Acting President
6 December 2013
Moscow

 Chief Accountant
6 December 2013
Moscow

The selected notes on pages 10-58 form an integral part of the condensed interim consolidated financial statements.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2013 (UNAUDITED)
(in million of Russian Roubles)

	Note	Nine months ended 30 September 2013 (unaudited)	Nine months ended 30 September 2012 (unaudited)
Cash flows from operating activities:			
Interest received		66,024	46,805
Interest paid		(34,911)	(21,612)
Cash received from prepayment of loans acquired in business combination in excess of carrying value		49	426
Cash received on dealing with securities		369	318
Cash received on dealing with precious metals		(59)	382
Cash received/(paid) on dealing with foreign currencies		2,839	(1,254)
Cash received on dealing with other derivatives		36	63
Fees and commissions received		8,756	7,638
Fees and commissions paid		(2,090)	(2,184)
Other operating income received		674	535
Operating expenses paid		(14,347)	(12,969)
Cash flows from operating activities before changes in operating assets and liabilities		27,340	18,148
Cash increase/(decrease) from operating assets and liabilities			
Minimum reserve deposits with the Central Bank of the Russian Federation		(1,911)	(267)
Precious metals		(1,848)	224
Financial assets at fair value through profit or loss		(25,897)	(11,511)
Loans and advances to banks and other financial institutions		77,521	(8,062)
Loans to customers		(123,903)	(108,011)
Other assets		(1,014)	(197)
Financial liabilities at fair value through profit or loss		-	(1,103)
Due to banks and the Central Bank of the Russian Federation		(58,110)	45,370
Customer accounts		121,875	30,585
Bonds and Eurobonds, net		23,479	5,264
Promissory notes issued/(redeemed), net		15,889	(601)
Other liabilities		(507)	841
Net cash used in operating activities before income tax		52,914	(29,320)
Income taxes paid		(2,259)	(2,675)
Net cash used in operating activities		50,655	(31,995)
Cash flows from investing activities			
Redemption of investments held to maturity		174	313
Purchase of property, plant and equipment		(672)	(239)
Proceeds from sale of plant and equipment		256	77
Purchase of intangible assets		(190)	(330)
Purchase of investment property		(206)	(259)
Proceeds on sale of investment property		1,340	146
Purchase of available-for-sale investments		(870)	(83)
Proceeds from sale of available-for-sale investments		4,070	2,663
Purchase of investments in associates		(5,549)	-
Dividends received		-	6
Proceeds from sale of non-current assets held-for-sale		-	2
Net cash (used in)/from investing activities		(1,647)	2,296
Cash flows from financing activities			
Issuance of shares	18	251	-
Purchase of treasury shares		(56)	-
Redemption of bonds and Eurobonds		(4,263)	(242)
Subordinated debt issued		7,667	15,978
Subordinated debt repaid		(3,198)	(35)
Effect of change in ownership interest in subsidiaries		264	81
Net cash from financing activities		665	15,782
Effect of exchange rate changes on cash and cash equivalents		318	(145)
Net decrease in cash and cash equivalents		49,991	(14,062)
Cash and cash equivalents, beginning of the period		70,861	55,306
Cash and cash equivalents, ending of the period		120,852	41,244

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2013 (UNAUDITED)
(in million of Russian Roubles)

During the reporting period ended 30 September 2013 the Group obtained non-cash settlement for the uncollectible loans to customers, previously originated and net assets acquired. These non-cash settlements were excluded from the condensed interim consolidated cash flows and presented separately below:

	Nine months ended 30 September 2013	Nine months ended 30 September 2012
NON CASH TRANSACTION:		
Loans to customers settled by means of collateral repossession	(198)	(160)
Other assets (obtained through repossession of collateral on uncollectible loans to customers):		
Property received as collateral	198	160

For the purpose of condensed interim consolidated cash flow statement preparation cash and cash equivalents comprise of the following components:

	30 September 2013	30 September 2012
Cash and cash equivalents:		
Cash and balances with the Central Bank of the Russian Federation	27,482	23,678
Correspondent accounts with banks	31,581	17,566
Loans to banks up to 90 days	57,002	-
Loans under reverse repurchase agreements up to 90 days	4,787	-
Total cash and cash equivalents	<u>120,852</u>	<u>41,244</u>

From the third quarter 2013 treasury department changed the way it manages and monitors its liquidity. As a result as at 30 September 2013 the Group added to cash and cash equivalents loans to banks and loans under reverse repurchase agreements, with original contractual maturity less than 90 days period, while as at 31 December 2012 and 30 September 2012 cash and equivalents included cash on hand, unrestricted balances on correspondent and term deposit accounts with the Central Bank of the Russian Federation and correspondent accounts with banks.

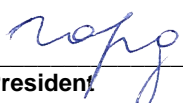
Had the Group applied this approach as at 31 December 2013 and 30 September 2012 the following changes would have been made to statement of cash flows for the nine-month period ended 30 September 2012:

	As reported	Effect	As if prepared under new approach
Operating activities:			
Loans and advances to banks and other financial institutions	(8,062)	9,046	984
Total cash used in operating activities	(31,995)	9,046	(22,949)
Net effect	-	9,046	-

Line item presentations in cash flow:

	<u>As reported</u>	<u>Effect</u>	<u>As if prepared under new approach</u>
31 December 2011: Opening balance, Cash and cash equivalents	55,306	25,274	80,580
30 September 2012: Ending balance, Cash and cash equivalents	41,244	34,320	75,564

On behalf of the Supervisory Board



Acting President

6 December 2013
Moscow



Chief Accountant

6 December 2013
Moscow

The selected notes on pages 10-58 form an integral part of the condensed interim consolidated financial statements.

**SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS FOR THE NINE AND THREE MONTHS ENDED 30 SEPTEMBER 2013
(UNAUDITED)**
(in million of Russian Roubles)

1. ORGANISATION

OJSC "NOMOS-BANK" (the "Bank") is a joint-stock bank incorporated in the Russian Federation in 1992. The Bank is regulated by the Central Bank of the Russian Federation (the "CBR") and conducts its business under general license number 2209. The Bank's primary business consists of commercial activities, trading with securities, foreign currencies and derivative instruments, providing loans and guarantees.

The registered office of the Bank is located at 3, Verhnaya Radishevskaya st., Moscow, 109240, Russia.

As at 30 September 2013 the Bank had 18 branches operating in the Russian Federation and 1 representative office abroad.

The accompanying condensed interim consolidated financial statements comprise the accounts of Open Joint Stock Company "NOMOS-BANK" and its subsidiaries (together the "Group"). The condensed interim consolidated financial statements include the following incorporated subsidiaries:

Name	Country of incorporation	The Bank's ownership interest/control (*)		Type of activity
		30 September 2013 %	31 December 2012 %	
OJSC "NOMOS-BANK"	Russian Federation	Parent company	Parent company	Banking activity
OJSC "Khanty-Mansiysk Bank"	Russian Federation	51.29/51.29 (contractual agreement)	51.29/51.29 (contractual agreement)	Banking activity
BKM Finance Limited	Ireland			Issue of securities
LLC "Yugra-Leasing"	Russian Federation	51.29/100	51.29/100	Finance lease of equipment
LLC "Group of Project Finance"	Russian Federation	51.29/100	51.29/100	Construction
OJSC "Novosibirsk Municipal Bank"	Russian Federation	99.99/99.99	86.98/86.98	Banking activity
LLC "NM-Expert"	Russian Federation	19.90/100	19.90/100	Construction
LLC "Promgazcomplekt"	Russian Federation	100/100	100/100	Office building ownership
OJSC "Promestate"	Russian Federation	100/100	100/100	Office building ownership
CJSC "Sovfintrast"	Russian Federation	100/100	100/100	Investment management
CJSC "Upravlyaushaya kompania aktivami"	Russian Federation	99.9/99.9 (contractual agreement)	99.9/99.9 (contractual agreement)	Asset management
Nomos Capital Plc.	Ireland			Issue of Eurobonds
CJSC "Erada"	Russian Federation	100/100	100/100	Office building ownership
LLC "NM-Garant"	Russian Federation	100/100	100/100	Investment management
LLC "Leasing-Project"	Russian Federation	100/100	100/100	Finance lease of equipment
LLC "BFK-Invest"	Russian Federation	100/100	100/100	Office building ownership
LLC "Attenium"	Russian Federation	100/100	100/100	Investment management
LLC NKO "Payment System "Rapida"	Russian Federation	100/100	100/100	Payment system
LLC "Processing centre "Rapida"	Russian Federation	100/100	100/100	Processing centre
LLC "Gikor"	Russian Federation	100/100	100/100	Asset management
LLC "Upravlyaushaya kompania NOMOS BANK"	Russian Federation	100/100	100/100	Asset management
LLC "KN-Estate"	Russian Federation	100/100	100/100	Office building ownership
LLC "Nedvizhimost Primorya"	Russian Federation	100/100	100/100	Real estate rent activity
LLC "Invest-Trading"	Russian Federation	100/100	100/100	Investment management
LLC "Vostok-Capital"	Russian Federation	100/100	100/100	Investment management
LLC "NM-Activ"	Russian Federation	100/100 (contractual agreement)	-	Investment management
CJSC "Mortgage Agent KhMB-1"	Russian Federation	(contractual agreement)	-	Issue of mortgage-backed bonds
CJSC "Mortgage Agent Nomos"	Russian Federation	(contractual agreement)	(contractual agreement)	Issue of mortgage-backed bonds

(*) The Ownership and control represent the following:

- Ownership represents the effective ownership interest in the subsidiary by the ultimate parent company – OJSC "NOMOS-BANK";
- Control represents the total % of shares controlled, either directly or indirectly, by the entities of the Group.

Additionally, the Group exercises control over the following investment funds, as contractually stipulated:

Name	30 September 2013 %	31 December 2012 %
ZPIF "Universal fund of mixed investments"	100	100
ZPIFRE "Universal – Real estate fund"	85.78	100
ZPIF "KhMB-Capital"	100	100
ZPIF "Strategiya Razvitiya"	100	100

The total non-controlling interest as at 30 September 2013 and 31 December 2013 was RUB 18,001 million and RUB 15,681 million, respectively. As at 30 September 2013 non-controlling interest contains RUB 17,515 million related to OJSC "Khanty-Mansiysk Bank", RUB 290 million in ZPIFRE "Universal – Real estate fund", RUB 153 million in CJSC "Mortgage Agent Nomos" and RUB 43 million in CJSC "Mortgage Agent KhMB-1". As at 31 December 2012 non-controlling interest contains RUB 15,479 million related to OJSC "Khanty-Mansiysk Bank", RUB 176 million in OJSC "Novosibirsk Municipal Bank" and RUB 26 million in CJSC "Mortgage Agent Nomos".

As at 30 September 2013 the Group also had holdings (50%) in ZAO PK HESCARD which does not conduct active operations and is insignificant in terms of the Group's financial statements.

As at 30 September 2013 and 31 December 2012 the Group had 10,794 employees and 10,999 employees, respectively.

The Group also operates a number of network supplementary offices and currency exchange offices within the Russian Federation. As at 30 September 2013 and 31 December 2012 the Group had respectively 292 and 297 points of sale including branches, supplementary offices and currency exchange offices.

The information about acquisitions and disposals of subsidiaries during the nine months ended 30 September 2013 and 2012 is presented in Note 4.

As at 30 September 2013 and 31 December 2012 the following shareholders owned the issued shares of the Bank:

	30 September 2013, %	31 December 2012, %
Shareholders of the Bank (Shareholders of the first level):		
LLC "Financial corporation "OTKRITIE"	32.47	-
LLC "Otkritie N"	18.54	19.90
Custodian for Global Depository Receipts on London Stock Exchange*	16.10	20.46
"Lordline Cyprus Limited"	13.29	15.99
"Viewrock Cyprus Limited"	4.62	7.11
"Vitalpeake Cyprus Limited"	4.58	17.70
CJSC "Erada"	3.26	-
"Arrowzone Cyprus Limited"	3.17	7.95
LLC "Promgazkomplekt"	2.10	-
CJSC "Sovfintrast"	1.17	-
"Belfanto Investments Ltd"	-	4.99
"Oviresto Investments Ltd"	-	4.91
Other	0.70	0.99
Total	100.00	100.00

	30 September 2013, %	31 December 2012, %
Ultimate shareholders of the Bank:		
Custodian for Global Depository Receipts on London Stock Exchange*	16.10	20.46
Mr. Gudaytis A.A.	15.58	15.90
Mr. Belyaev V.S.	13.60	7.85
Mr. Nesis A.N.	9.90	17.70
Mr. Aganbegyan R.A.	5.42	0.31
Mr. Dobrinov N.I.	4.94	7.11
Mr. Mamut A.L.	4.55	4.99
Mr. Gordeev S.E.	4.34	-
Mr. Gobechiya B.A.	3.96	-
Mr. Malis O.A.	3.63	5.90
Mr. Finogenov I.V.	3.22	3.90
Mr. Sokolov D.V.	3.22	3.90
Mr. Minz B.I.	-	2.50
Other	11.54	9.48
Total	100.00	100.00

(*GDRs are not included in the calculation of stake in the total voting shares since the information on the holders of GDRs is undisclosed and as such GDRs are recognized as not-voting. Holders of GDRs have the option to disclose their information at any time. On disclosure of their information the holders of GDRs have the right to participate in voting.

OJSC "NOMOS-BANK" has repurchased 67,080 items of the Group's ordinary shares. The financial result from the deal is recognized in consolidated statement of changes in equity. The deal was performed in terms of the Group's organization structure optimization.

As at 30 September 2013 and 31 December 2012 the following company owned treasury shares of the Bank:

	30 September 2013, %	31 December 2012, %
Shareholders of treasury ordinary shares		
CJSC "Sovfintrast" (subsidiary company)	1.17	-
CJSC "Erada" (subsidiary company)	3.26	-
LLC "Promgazkomplekt" (subsidiary company)	2.10	-
Total	6.53	-

As at 30 September 2013 and 31 December 2012 the following company owned the outstanding preference shares of the Bank:

	30 September 2013, %	31 December 2012, %
Shareholder of treasury preference shares the Bank (Shareholder of the first level):		
LLC "KN-Estate" (subsidiary company)	100.00	100.00
Total	100.00	100.00

These condensed interim consolidated financial statements were authorized for issue by the Supervisory Board of the Bank on 6 December 2013.

2. BASIS OF PRESENTATION**Accounting basis**

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34"). Accordingly, it does not include all of the information required by International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). These condensed interim consolidated financial statements should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2012.

The interim condensed consolidated financial statements are unaudited and do not include all the information and disclosures required in the annual financial statements. The Group omitted disclosures which would substantially duplicate the information contained in its audited annual consolidated financial statements for 2012 prepared in accordance with International Financial Reporting Standards ("IFRS"), such as accounting policies and details of accounts which have not changed significantly in amount or composition. Additionally, the Group has provided disclosures where significant events have occurred subsequent to the issuance of the Group's annual consolidated financial statements for 2012 prepared in accordance with IFRS. Management believes that the disclosures in these interim condensed consolidated financial statements are adequate to make the information presented not misleading if these financial statements are read in conjunction with the Group's annual consolidated financial statements for 2012 prepared in accordance with IFRS. In the opinion of management, these financial statements reflect all adjustments necessary to present fairly the Group's financial position, results of operations, statements of changes in shareholders' equity and cash flows for the interim reporting periods.

The condensed interim consolidated financial statements have been prepared on a historical cost basis, except for investment property, property, plant and equipment, which are accounted at revalued cost and available-for-sale investments, derivative financial instruments, other financial assets and liabilities held-for-trading, financial assets and liabilities designated at fair value through profit or loss, which have all been measured at fair value.

These condensed interim consolidated financial statements have been prepared on the assumption that the Group is a going concern and will continue in operation for the foreseeable future. The management and shareholders have the intention to further develop the business of the Group in the Russian Federation both in corporate and retail segments. The management believes that the going concern assumption is appropriate for the Group due to its sufficient capital adequacy and based on historical experience that short-term obligations will be refinanced in the normal course of business. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the condensed interim consolidated financial statements continue to be prepared on the going concern basis.

Exchange rates for the currencies and balances denominated in precious metals, in which the Group transacts were as follows:

	<u>30 September 2013</u>	<u>31 December 2012</u>
Closing exchange rates – RUR		
RUB/1 U.S. Dollar ("USD")	32.3451	30.3727
RUB/1 Euro	43.6497	40.2286
RUB/Gold bullion (1 ounce)	42,905.78	50,540.17

3. SIGNIFICANT ACCOUNTING POLICIES

In preparing these condensed interim consolidated financial statements the Group has applied the same accounting policies and methods of computation as those applied in the annual consolidated financial statements of the Group for the year ended 31 December 2012, except for the impact of the adoption of the Standards and Interpretations described below.

New and revised Standards on consolidation and disclosures

The Group has applied retrospectively a package of standards on consolidation, including IFRS 10 *Consolidated Financial Statements* and IAS 27 (as revised in 2011) *Separate Financial Statements*.

Key requirements of these Standards are described below.

IFRS 10 *Consolidated Financial Statements* replaced the parts of IAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements. SIC-12 *Consolidation – Special Purpose Entities* is withdrawn. Under IFRS 10 *Consolidated Financial Statements*, there is only one basis for consolidation, that is, control. In addition, IFRS 10 *Consolidated Financial Statements* includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's return. Extensive guidance has been added in IFRS 10 *Consolidated Financial Statements* to deal with complex scenarios.

The Group assessed whether the consolidation conclusion under IFRS 10 *Consolidated Financial Statements* differs from IAS 27 *Consolidated and Separate Financial Statements*/SIC 12 *Consolidation – Special Purpose Entities* as at 1 January 2013.

If the consolidation conclusion under IFRS 10 *Consolidated Financial Statements* differs from IAS 27 *Consolidated and Separate Financial Statements*/SIC 12 *Consolidation – Special Purpose Entities* as at 1 January 2013, the immediately preceding comparative period (i.e. financial period beginning 1 January 2012) is restated to be consistent with the accounting conclusion under IFRS 10 *Consolidated Financial Statements*, unless impracticable. Any difference between IFRS 10 *Consolidated Financial Statements* carrying amounts and previous carrying amounts on 1 January 2012 is adjusted to equity.

For investees that will be consolidated under both IFRS 10 *Consolidated Financial Statements* and the previous guidance in IAS 27 *Consolidated and Separate Financial Statements*/SIC 12 *Consolidation – Special Purpose Entities* as at 1 January 2013, or investees that will be unconsolidated under both sets of guidance as at 1 January 2013, no adjustment to previous accounting has been made.

The Group assessed that adoption of IFRS 10 *Consolidated Financial Statements* did not result in any change in the consolidation status of its subsidiaries.

IFRS 13 Fair Value Measurement

IFRS 13 *Fair Value Measurement* establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of IFRS 13 *Fair Value Measurement* is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures amount fair value measurements, except in specified circumstances. Application of IFRS 13 *Fair Value Measurement* resulted in more extensive disclosures in the financial statements (Note 21).

IAS 19 (as revised in 2011) Employee Benefits

The amendments to IAS 19 *Employee Benefits* change the accounting for defined benefit plans and termination benefits and a definition of short-term benefits.

The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur and hence eliminate the 'corridor approach' permitted under the previous version of IAS 19 *Employee Benefits* and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in the previous version of IAS 19 *Employee Benefits* are replaced with a 'net-interest' amount, which is calculated by applying the discount rate to the net defined benefit liability or asset.

Application of the Amendments to IAS 19 *Employee Benefits* did not result in significant changes to the Group's condensed interim consolidated financial statements.

Amendments to IAS 1 Presentation of Financial Statements "Presentation of Items of Other Comprehensive Income"

The Group has applied the amendments to IAS 1 Presentation of Financial Statements "Presentation of Items of Other Comprehensive Income". The amendments require items of other comprehensive income to be grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

Change in significant accounting estimates

Pursuant to the IFRS 13 implementation the following changes regarding fair values have been made. For the purposes of measuring fair value, the transaction to sell the asset or transfer the liability is assumed to take place either: in the 'principal market' for the asset or liability; or in the absence of a principal market, in the 'most advantageous market' for the asset or liability. When the price for an asset or a liability cannot be observed directly, it is estimated using one of the following valuation techniques: the market approach; the cost approach; and the income approach.

Choosing a valuation technique requires judgement and involves the selection of a method, formulae and assumptions. The reliability of a fair value measurement derived from a valuation technique is dependent on both the reliability of the valuation technique and the reliability of the inputs used.

A fair value measurement of a non-financial asset is based on its 'highest and best use', which is the use of a non-financial asset by market participants that would maximise the value of the asset or the group of assets and liabilities within which the asset would be used.

As at 30 September 2013 the Group has applied Debit/Credit value adjustment to determine fair value of financial instruments.

In order to measure fair value, credit value adjustments (CVA) are necessary to reflect the credit risk of the counterparty inherent in OTC derivative instruments, derivatives embedded in funded assets designated at fair value and derivatives embedded in traded debt instruments. This amount represents the estimated fair value of protection required to hedge the counterparty credit risk of such instruments. CVA is determined for each counter-party, considering all exposures to that counterparty and is dependent on expected future value of exposures, default probabilities and recovery rates, applicable collateral or netting arrangements, break clauses and other contractual factors.

The Group estimates debit valuation adjustments (DVA) to incorporate own credit in the valuation of derivatives, effectively consistent with the CVA methodology. DVA represents the theoretical cost to counterparties of hedging, or the credit risk reserve that a counterparty could reasonably be expected to hold, against their credit risk exposure to the Group. DVA estimate is defined by deal's maturity as well as credit rating assigned to the members of the Group as of reporting date.

4. ACQUISITIONS AND DISPOSALS

According to the strategy of Otkritie Financial Corporation, with respect to the business combination of NOMOS and OJSC Bank "Otkritie" pursuant to which it is intended that NOMOS will hold a controlling interest in Otkritie Bank. As a result, the results of operations, financial position and cash flows of Otkritie Bank will be consolidated with those of NOMOS for the purposes of IFRS reporting, while NOMOS and Otkritie Bank will continue to operate as separate legal entities under their respective brands. On 23 August 2013 the Group completed the first step of the plan and purchased a 17.0% share in OJSC Bank "Otkritie" from Otkritie Financial Corporation, which exercises control over OJSC Bank "Otkritie". The consideration paid amounted to RUB 5,549 million. Management expects that control will be obtained by 31 December 2013.

As at 30 September 2013 investment in OJSC Bank "Otkritie" was recognized as investment in associate because the Group has significant influence but not control yet. The Group's significant influence was established as a result of representation on the Board of Directors of OJSC Bank "Otkritie" and assisting in the maintenance of its financial and operating policies

In July the Bank has completed the reorganization of two of its subsidiaries NOMOS-REGIOBANK and NOMOS-BANK-Siberia by merging them with the Bank.

In July 2013 the Group founded LLC "NM-Aktiv" and provides asset management services.

In January, February and August 2013 the Group acquired in total additional 13.01% share in OJSC "Novosibirsk Municipal Bank" and increased its share from 86.98% as at 31 December 2012 to 99.99%.

In June 2013 the Group sold 14.22% share in ZPIFRE "Universal – Real estate fund" to a related party and decreased its share from 100.00% to 85.78%.

In 2012 the Group founded CJSC "Mortgage Agent KhMB-1" for a securitization transaction. In July 2013 the bonds were issued as part of the securitization transaction.

5. NET INTEREST INCOME

Net interest income comprises:

	Nine months ended 30 September 2013	Three months ended 30 September 2013	Nine months ended 30 September 2012	Three months ended 30 September 2012
Interest income comprises:				
Interest income on assets recorded at amortized cost	64,069	24,050	43,901	15,762
Interest income on assets at fair value through profit or loss	6,525	2,427	3,766	1,279
Interest income on investments available-for-sale	89	23	182	40
Total interest income	70,683	26,500	47,849	17,081
Interest income on assets recorded at amortized cost:				
Interest income on loans to customers	58,502	21,711	40,238	14,517
Interest income on reverse repurchase transactions	3,848	1,754	3,044	1,117
Interest income on loans and advances to banks and other financial institutions	1,711	585	593	123
Interest on investments held to maturity	8	-	26	5
Total interest income on assets recorded at amortized cost	64,069	24,050	43,901	15,762
Interest expense comprises:				
Interest expense on liabilities recorded at amortized cost	41,543	15,452	24,873	9,105
Interest expense on liabilities at fair value through profit or loss	72	35	65	25
Total interest expense	41,615	15,487	24,938	9,130
Interest expense on liabilities recorded at amortized cost comprise:				
Interest expense on customer accounts	26,617	9,898	14,935	5,186
Interest expense on due to banks and the Central Bank of the Russian Federation	3,982	1,281	2,666	1,070
Interest expense on subordinated debt	3,827	1,411	2,589	1,051
Interest expense on Bonds and Eurobonds issued	3,276	1,340	2,345	858
Interest expense on promissory notes issued	1,630	588	1,353	356
Interest expense on repurchase transactions	2,211	934	985	584
Total interest expense on financial liabilities recorded at amortized cost	41,543	15,452	24,873	9,105
Net interest income before gain on remeasurement of cash flows and provision for impairment losses on interest bearing assets	29,068	11,013	22,911	7,951

6. TRADING INCOME/(LOSS)

Trading income/(loss) comprises:

	Nine months ended 30 September 2013	Three months ended 30 September 2013	Nine months ended 30 September 2012	Three months ended 30 September 2012
First to default credit-linked notes recognized at fair value through profit or loss	-	-	15	2
Financial assets at fair value through profit or loss	(949)	842	945	264
Securities	(949)	842	960	266
Derivatives on foreign currency contracts	454	861	409	1,614
Net gain/(loss) on foreign currency operations	1,147	(197)	(332)	(2,353)
Foreign currency	1,601	664	77	(739)
Derivatives on precious metals contracts	(271)	326	364	(38)
Net gain/(loss) on precious metals	379	(231)	(71)	58
Precious metals	108	95	293	20
Other derivatives contracts	(13)	(1)	(29)	(12)
Other derivatives	(13)	(1)	(29)	(12)
Total trading income/(loss)	747	1,600	1,301	(465)

The analysis of trading income is based on how the business is organised and the underlying risks managed. Trading income comprises gains and losses on financial instruments at fair value through profit or loss, both realized and unrealized. The trading loss on securities is the result of significant falls in the value of the trading portfolio driven by the decrease in the prices of securities, partially compensated by increase in rates in the third quarter.

The types of instruments include:

- Securities: operations with trading securities, trading security forward contracts and futures contracts;
- Foreign currency: foreign currency operations, foreign exchange forward contracts and currency options, impacts of the foreign exchange gains and losses on the allowance on loan losses on foreign currency denominated loans;
- Precious metals: precious metals operations and precious metals forward contracts;
- Other derivatives: interest rate swap contracts.

7. NET FEE AND COMMISSION INCOME

Net fee and commission income comprises:

	Nine months ended 30 September 2013	Three months ended 30 September 2013	Nine months ended 30 September 2012	Three months ended 30 September 2012
Fee and commission income:				
Settlements	4,585	1,609	4,090	1,456
Documentary operations	2,039	737	1,693	663
Insurance broker commission	919	351	338	118
Cash operations	817	293	956	320
Brokerage operations	120	66	347	210
Foreign currency conversion operations	143	57	169	53
Operations with precious metals	68	33	82	33
Operations related to underwriting	29	12	22	18
Depository services	4	2	4	2
Other	105	40	94	40
Total fee and commission income	8,829	3,200	7,795	2,913
Fee and commission expense:				
Settlements	1,900	700	1,741	659
Cash operations	167	62	146	54
Documentary operations	87	37	85	45
Securities operations	28	9	22	11
Depository services	22	10	13	4
Other	95	47	64	18
Total fee and commission expense	2,299	865	2,071	791
Net fee and commission income	6,530	2,335	5,724	2,122

8. OPERATING EXPENSES

Operating expenses comprise:

	Nine months ended 30 September 2013	Three months ended 30 September 2013	Nine months ended 30 September 2012	Three months ended 30 September 2012
Payroll and bonuses	8,728	2,874	7,853	2,889
Unified social tax	1,832	467	1,646	579
Rent expenses	662	236	504	174
Depreciation of property, plant and equipment	630	233	598	198
Taxes other than income tax	608	228	534	185
Amortization of intangible assets	572	121	627	211
Stationery and other office expenses	497	166	583	187
Property, plant and equipment maintenance	492	184	378	24
Payments to the Deposit Insurance Fund	486	183	399	139
Professional services	376	85	340	115
Telecommunications	264	97	258	89
Security expenses	180	59	207	67
Advertising expenses	165	53	277	108
Charity expenses	142	104	141	102
Representation expenses	95	32	117	40
Insurance expenses	35	6	70	19
Other expenses	168	61	297	93
Total operating expenses	15,932	5,189	14,829	5,219

9. EARNINGS PER SHARE AND EARNINGS PER GDR

Earnings per share are presented as follows:

	Nine months ended 30 September 2013	Three months ended 30 September 2013	Nine months ended 30 September 2012	Three months ended 30 September 2012
Earnings per share related to continuing operations:				
Profit:				
Net profit	13,162	7,096	10,862	2,569
Less:				
Loss on repurchase of ordinary shares	(53)	-	-	-
Non-controlling interest	(2,190)	(1,141)	(1,516)	(289)
Net profit attributable to equity holders of the parent	<u>10,919</u>	<u>5,955</u>	<u>9,346</u>	<u>2,280</u>
Weighted average number of ordinary shares for basic and diluted earnings per share	<u>92,485,998</u>	<u>92,641,073</u>	<u>92,422,370</u>	<u>92,422,370</u>
Earnings per share – basic and diluted (RUB)	<u><u>118.06</u></u>	<u><u>64.28</u></u>	<u><u>101.12</u></u>	<u><u>24.67</u></u>
GDR equivalent of weighted average number of shares	<u>184,971,996</u>	<u>185,282,146</u>	<u>184,844,740</u>	<u>184,844,470</u>
Earnings per GDR from continuing operations – basic and diluted	<u><u>59.03</u></u>	<u><u>32.14</u></u>	<u><u>50.56</u></u>	<u><u>12.33</u></u>

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss are presented as follows:

	30 September 2013	31 December 2012
Investments in debt and equity securities at fair value through profit or loss:		
Debt securities	125,207	100,247
Equity securities	<u>22</u>	<u>30</u>
	<u>125,229</u>	<u>100,277</u>
Derivative financial instruments	<u>4,671</u>	<u>3,977</u>
Total financial assets at fair value through profit or loss	<u><u>129,900</u></u>	<u><u>104,254</u></u>

As at 30 September 2013 investments in debt and equity securities at fair value through profit or loss comprise:

	30 September 2013	Interest rate to nominal	Maturity date
Corporate bonds and Eurobonds	52,133	3.1-13.5%	November 2013-January 2044
Bonds and Eurobonds issued by banks	38,402	1.9-16.5%	October 2013-August 2045
OFZ bonds	23,204	6.2-12.0%	October 2013-February 2036
Municipal bonds	8,865	7.0-10.0%	April 2014-June 2022
RF Government Eurobond	2,183	7.5%	March 2030
Promissory notes of credit institutions	420	-	December 2013-April 2014
Corporate shares	22	-	-
Total investments in debt and equity securities at fair value through profit or loss[†]	125,229		

As at 30 September 2013 the Group has certain securities with a zero coupon rate issued by Russian companies and banks.

	30 September 2013	Pledged as collateral with CBR	Pledged under repurchase agreements with banks and CBR	Pledged under repurchase agreements with customers	Total collateral
Corporate bonds and Eurobonds	52,133	6,597	13,249	-	19,846
Bonds and Eurobonds issued by banks	38,402	8,766	16,639	106	25,511
OFZ bonds	23,204	-	16,614	-	16,614
Municipal bonds	8,865	2,681	2,104	61	4,846
RF Government Eurobond	2,183	-	-	1,364	1,364
Promissory notes of credit institutions	420	-	-	-	-
Corporate shares	22	-	31,811	26	31,837
Total investments in debt and equity securities at fair value through profit or loss[†]	125,229	18,044	80,417	1,557	100,018

Included in the table above is the information with regards to assets pledged under repurchase agreements. Included in the amounts are the assets obtained as a result of reverse repurchase agreements with banks and Central Bank of Russian Federation in the amount of RUB 37,497 million discussed in Note 14 and assets pledged under reverse repurchase agreements with customers in the amount of RUB 106 million as discussed in Note 15.

As at 31 December 2012 investments in debt and equity securities at fair value through profit or loss comprise:

	31 December 2012	Interest rate to nominal	Maturity date
Bonds and Eurobonds issued by banks	34,302	0.00-13.9%	February 2013-June 2035
Corporate bonds and Eurobonds	34,023	6.5-19.0%	March 2013- January 2044
OFZ bonds	19,191	6.0-12.0%	February 2013-February 2036
Promissory notes of credit institutions	6,833	-	September 2013-March 2014
Municipal bonds	3,667	8.0-13.0%	April 2014-November 2017
RF Government Eurobonds	2,231	7.5%	March 2030
Shares	30	-	-
Total investments in debt and equity securities at fair value through profit or loss[†]	100,277		

[†] Excluding derivative financial instruments

As at 31 December 2012 the Group has certain securities with a zero coupon rate issued by Russian companies and banks.

	31 December 2012	Pledged as collateral with CBR	Pledged under repurchase agreements with banks	Pledged under repurchase agreements with customers	Total collateral
Bonds and Eurobonds issued by banks	34,302	10,987	8,494	-	19,481
Corporate bonds and Eurobonds	34,023	625	14,066	-	14,691
OFZ bonds	19,191	306	19,804	-	20,110
Promissory notes of credit institutions	6,833	-	6,541	-	6,541
Municipal bonds	3,667	-	2,130	-	2,130
RF Government Eurobonds	2,231	-	-	-	-
Shares	30	-	31,859	2,296	34,155
Total Total investments in debt and equity securities at fair value through profit or loss[§]	100,277	11,918	82,894	2,296	97,108

Included in the table above is the information with regards to assets pledged under repurchase agreements. Included in the amounts are the assets obtained as a result of reverse repurchase agreements with banks and Central Bank of Russian Federation in the amount of RUB 37,409 million discussed in Note 14 and assets pledged under reverse repurchase agreements with customers in the amount of RUB 2,296 million as discussed in Note 15.

As at 30 September 2013 and 31 December 2012 financial assets at fair value through profit or loss are mainly represented by investments issued by the Government of Russian Federation, Ministry of Finance, local authorities, banks and companies of the Russian Federation.

11. LOANS AND ADVANCES TO BANKS AND OTHER FINANCIAL INSTITUTIONS

Loans and advances to banks and other financial institutions comprise:

	30 September 2013	31 December 2012
Loans to banks	72,717	86,566
Correspondent accounts with banks	32,409	19,713
Loans under reverse repurchase agreements	4,787	5,307
Total loans and advances to banks and other financial institutions	109,913	111,586

Fair value of assets pledged and carrying value of loans under reverse repurchase agreements as at 30 September 2013 and 31 December 2012 are presented as follows:

	30 September 2013		31 December 2012	
	Carrying value of loans	Fair value of collateral	Carrying value of loans	Fair value of collateral
Bonds and Eurobonds issued by banks	2,139	2,457	400	443
Municipal bonds	1,514	1,907	1,371	1,707
Corporate bonds and Eurobonds	781	886	1,098	1,367
OFZ bonds	-	-	2,438	2,891
Shares	353	442	-	-
Total	4,787	5,692	5,307	6,408

As at 30 September 2013 and 31 December 2012 included in loans and advances to banks and other financial institutions are guarantee deposits placed by the Group for its operations with plastic cards in the amount of RUB 828 million and RUB 702 million, respectively.

12. LOANS TO CUSTOMERS

Loans to customers comprise:

	30 September 2013	31 December 2012
Loans to corporate and small business clients		
Corporate loans	522,743	425,468
Loans under reverse repurchase agreements	58,337	49,290
Small business loans to corporates	45,510	40,609
Net investments in finance lease	7,524	5,025
Lease contracts to individual entrepreneurs	477	381
Total loans to corporate and small business clients	634,591	520,773
Loans to retail business clients		
Consumer loans	55,697	47,083
Mortgage loans	46,395	38,247
Car loans	4,305	3,875
Credit cards	2,961	2,488
Total loans to retail business clients	109,358	91,693
Gross loans to customers	743,949	612,466
Less – Allowance for impairment losses	(23,084)	(21,902)
Total loans to customers	720,865	590,564

In order to enhance presentation on loans to customers components information, the Group disclosed credit cards loans as a separate product, which were previously accounted within consumer loans, changes were made retrospectively.

The credit quality of loans to customers is defined based on the Group's internal credit quality assessment system which reflects the probability of default of an obligor, i.e. that the counterparty fails to pay interest, principal and other financial obligations to the Group.

The following tables provide an analysis of the credit quality and distribution of loans granted to corporate and small business clients by the Group's internal credit quality categories, as at 30 September 2013:

	Gross loans	Impairment allowance	Net loans	Impairment allowance to gross loans, %
Corporate loans				
Standard loans	535,395	4,748	530,647	0.89%
Watch list loans	7,308	126	7,182	1.72%
Substandard loans	26,278	5,013	21,265	19.08%
Doubtful loans, including not overdue	19,623	8,319	11,304	42.39%
overdue less than 90 days	5,159	1,910	3,249	37.02%
- overdue more than 90 days and less than 1 year	2,836	802	2,034	28.28%
- overdue more than 1 year	7,870	3,497	4,373	44.43%
	3,758	2,110	1,648	56.15%
Total corporate loans	588,604	18,206	570,398	3.09%
Small business loans to corporates				
Standard loans	42,089	258	41,831	0.61%
Watch list loans	157	3	154	1.91%
Substandard loans	30	6	24	20.00%
Doubtful loans, including not overdue	3,711	1,947	1,764	52.47%
overdue less than 90 days	83	28	55	33.73%
- overdue more than 90 days and less than 1 year	1,302	385	917	29.57%
- overdue more than 1 year	1,611	1,077	534	66.85%
	715	457	258	63.92%
Total small business loans	45,987	2,214	43,773	4.81%
Total loans to corporate and small business clients	634,591	20,420	614,171	3.22%

The following tables provide an analysis of the credit quality and distribution of loans granted to corporate and small business clients by the Group's internal credit quality categories, as at 31 December 2012:

	<u>Gross loans</u>	<u>Impairment allowance</u>	<u>Net loans</u>	<u>Impairment allowance to gross loans, %</u>
Corporate loans				
Standard loans	436,029	4,167	431,862	0.96%
Watch list loans	6,546	181	6,365	2.77%
Substandard loans	22,262	4,526	17,736	20.33%
Doubtful loans, including	14,946	9,403	5,543	62.91%
- not overdue	4,888	2,275	2,613	46.54%
- overdue less than 90 days	1,384	803	581	58.02%
- overdue more than 90 days and less than 1 year	5,002	3,730	1,272	74.57%
- overdue more than 1 year	3,672	2,595	1,077	70.67%
Total corporate loans	479,783	18,277	461,506	3.81%
Small business loans to corporates				
Standard loans	38,425	241	38,184	0.63%
Watch list loans	51	1	50	1.96%
Substandard loans	58	2	56	3.45%
Doubtful loans, including	2,456	1,800	656	73.29%
- not overdue	188	141	47	75.00%
- overdue less than 90 days	592	275	317	46.45%
- overdue more than 90 days and less than 1 year	777	582	195	74.90%
- overdue more than 1 year	899	802	97	89.21%
Total small business loans	40,990	2,044	38,946	4.99%
Total loans to corporate and small business clients	520,773	20,321	500,452	3.90%

The following table provides information on loans to retail business clients as at 30 September 2013:

	<u>Gross Loans</u>	<u>Impairment allowance</u>	<u>Net Loans</u>	<u>Impairment allowance to gross loans, %</u>
Consumer Loans				
- Not past due	51,973	102	51,871	0.20%
- Overdue less than 30 days	1,340	133	1,207	9.93%
- Overdue 30-90 days	603	284	319	47.10%
- Overdue 91-180 days	712	483	229	67.84%
- Overdue 181-365 days	830	621	209	74.82%
- Overdue more than 365 days	239	228	11	95.40%
Total mortgage loans	55,697	1,851	53,846	3.32%
Mortgage Loans				
- Not past due	43,760	26	43,734	0.06%
- Overdue less than 30 days	1,832	63	1,769	3.44%
- Overdue 30-90 days	108	24	84	22.22%
- Overdue 91-180 days	117	59	58	50.43%
- Overdue 181-365 days	101	68	33	67.33%
- Overdue more than 365 days	477	413	64	86.58%
Total consumer loans	46,395	653	45,742	1.41%
Car Loans				
- Not past due	4,093	2	4,091	0.05%
- Overdue less than 30 days	74	2	72	2.70%
- Overdue 30-90 days	39	4	35	10.26%
- Overdue 91-180 days	33	11	22	33.33%
- Overdue 181-365 days	44	41	3	93.18%
- Overdue more than 365 days	22	18	4	81.82%
Total car loans	4,305	78	4,227	1.81%
Credit card loans				

	Gross Loans	Impairment allowance	Net Loans	Impairment allowance to gross loans, %
- Not past due	2,558	7	2,551	0.27%
- Overdue less than 30 days	288	5	283	1.74%
- Overdue 30-90 days	38	12	26	31.58%
- Overdue 91-180 days	32	20	12	62.50%
- Overdue 181-365 days	38	31	7	81.58%
- Overdue more than 365 days	7	7	-	100.00%
Total credit card loans	2,961	82	2,879	2.77%
Total loans to retail business clients	109,358	2,664	106,694	2.44%

The following table provides information on loans to retail business clients as at 31 December 2012:

	Gross Loans	Impairment allowance	Net Loans	Impairment allowance to gross loans, %
Consumer Loans				
- Not past due	45,502	69	45,433	0.15%
- Overdue less than 30 days	451	46	405	10.20%
- Overdue 30-90 days	268	113	155	42.16%
- Overdue 91-180 days	269	206	63	76.58%
- Overdue 181-365 days	366	308	58	84.15%
- Overdue more than 365 days	227	222	5	97.80%
Total consumer loans	47,083	964	46,119	2.05%
Mortgage Loans				
- Not past due	37,243	3	37,240	0.01%
- Overdue less than 30 days	317	3	314	0.95%
- Overdue 30-90 days	58	20	38	34.48%
- Overdue 91-180 days	29	13	16	44.83%
- Overdue 181-365 days	71	44	27	61.97%
- Overdue more than 365 days	529	418	111	79.02%
Total mortgage loans	38,247	501	37,746	1.31%
Car Loans				
- Not past due	3,754	1	3,753	0.03%
- Overdue less than 30 days	37	1	36	2.70%
- Overdue 30-90 days	31	2	29	6.45%
- Overdue 91-180 days	17	4	13	23.53%
- Overdue 181-365 days	17	14	3	82.35%
- Overdue more than 365 days	19	18	1	94.74%
Total car loans	3,875	40	3,835	1.03%
Credit card loans				
- Not past due	2,287	4	2,283	0.17%
- Overdue less than 30 days	98	2	96	2.04%
- Overdue 30-90 days	28	8	20	28.57%
- Overdue 91-180 days	19	12	7	63.16%
- Overdue 181-365 days	29	23	6	79.31%
- Overdue more than 365 days	27	27	-	100.00%
Total credit card loans	2,488	76	2,412	3.05%
Total loans to retail business clients	91,693	1,581	90,112	1.72%

As at 30 September 2013 and 31 December 2012 mortgage loans include securitized mortgage loans in the amount of RUB 10,255 million and RUB 4,732 million, respectively. The transferred assets are the collateral for the bonds issued. The Bank's management determined that the Group had not transferred the credit risks with respect to the transferred assets, and, consequently, such transfer were not the grounds for their derecognition.

Below is the carrying value of the transferred assets, associated liabilities and net position as at 30 September 2013 and 31 December 2012:

	<u>30 September 2013</u>	<u>31 December 2012</u>
Carrying value of transferred assets	10,255	4,732
Carrying value of associated liabilities	<u>7,049</u>	<u>3,758</u>
Net position	<u>3,206</u>	<u>974</u>

As at 30 September the Group has changed presentation of movement in allowances for impairment losses in order to enhance presentation on loans to customers information, the changes were made retrospectively.

Movements in allowances for impairment losses for the nine months ended 30 September 2013 and 2012 were as follows.

	Corporate banking and Small business	Consumer loans	Mortgage loans	Car loans	Credit card loans	Total
31 December 2011	19,324	260	736	19	43	20,382
Provision charge	3,195	522	(254)	(12)	40	3,491
Recovery of bad debt written-off	72	33	156	28	3	292
Foreign currency revaluation effect	(69)	(1)	(3)	-	-	(73)
Disposal of loans	(872)	(7)	(27)	-	-	(906)
Bad debt written-off	<u>(2,052)</u>	<u>(32)</u>	<u>(6)</u>	<u>-</u>	<u>(3)</u>	<u>(2,093)</u>
30 September 2012 (unaudited)	<u>19,598</u>	<u>775</u>	<u>602</u>	<u>35</u>	<u>83</u>	<u>21,093</u>
Individually impaired	14,742					14,742
Collectively impaired	4,856	775	602	35	83	6,351
Gross loans to customers, individually assessed for impairment	36,909	-	-	-	-	36,909
31 December 2012	<u>20,321</u>	<u>964</u>	<u>501</u>	<u>40</u>	<u>76</u>	<u>21,902</u>
Provision charge	4,698	1,357	59	58	45	6,217
Recovery of bad debt written-off	27	28	121	3	4	183
Foreign currency revaluation effect	253	2	2	-	-	257
Disposal of loans	(2,297)	(7)	-	-	-	(2,304)
Bad debt written-off	<u>(2,582)</u>	<u>(493)</u>	<u>(30)</u>	<u>(23)</u>	<u>(43)</u>	<u>(3,171)</u>
30 September 2013 (unaudited)	<u>20,420</u>	<u>1,851</u>	<u>653</u>	<u>78</u>	<u>82</u>	<u>23,084</u>
Individually impaired	14,110					14,742
Collectively impaired	6,310	1,851	653	78	82	8,974
Gross loans to customers, individually assessed for impairment	45,345	-	-	-	-	45,345

Loans are made principally within Russia in the following industry sectors:

	<u>30 September 2013</u>	<u>31 December 2012</u>
Analysis by industry sector:		
Individuals	110,978	92,905
Wholesale trade	78,875	66,086
Services	73,783	52,869
Industrial manufacturing	72,164	72,370
Operations with real estate	58,641	49,094
Brokerage and dealing in securities	58,337	49,290
Construction of industrial real estate	53,192	38,865
Housing construction	38,822	28,799
Leasing	36,503	25,997
Retail trade	30,304	23,755
Construction of commercial real estate	30,131	14,111
Mining	27,225	32,603
Transport and communication	25,359	22,400
Energy	5,275	3,814
Agriculture	3,239	3,388
Precious metals extraction	2,125	2,002
Government finance	1,693	3,152
Other	37,303	30,966
Gross loans to customers	743,949	612,466
Less – Allowance for impairment losses	(23,084)	(21,902)
Total loans to customers	720,865	590,564

The table below summarizes the amount of loans to corporate and small business clients secured by collateral, rather than the fair value of the collateral itself:

	<u>30 September 2013</u>	<u>31 December 2012</u>
Loans collateralized by guarantees of enterprises and banks	198,098	142,672
Loans collateralized by pledge of real estate	110,362	101,385
Loans collateralized by pledge of securities	94,296	82,398
Loans collateralized by pledge of contract proceeds	55,654	45,708
Loans collateralized by pledge of property	44,541	38,240
Loans collateralized by pledge of the Bank's own securities	518	699
Unsecured loans	131,122	109,671
Gross loans to corporate and small business clients	634,591	520,773
Less – Allowance for impairment losses	(20,420)	(20,321)
Total loans to corporate and small business clients	614,171	500,452

The table below summarizes the amount of loans to retail business clients secured by collateral, rather than the fair value of the collateral itself:

	<u>30 September 2013</u>	<u>31 December 2012</u>
Loans collateralized by pledge of real estate	35,730	29,345
Loans collateralized by guarantees of enterprises	8,427	9,339
Loans collateralized by pledge of contract proceeds	5,947	4,387
Loans collateralized by pledge of vehicles and other property	5,080	4,526
Loans collateralized by pledge of securities	3	3
Loans collateralized by pledge of the Bank's own securities	1	2
Unsecured loans	54,170	44,091
Gross loans to retail business clients	109,358	91,693
Less – Allowance for impairment losses	(2,664)	(1,581)
Total loans to retail business clients	106,694	90,112

As at 30 September 2013 and 31 December 2012 the Group granted loans to three and five borrowers totalling RUB 42,393 million and RUB 58,409 million, respectively, which individually exceeded 10% of the Group's equity. Borrowers individually exceeding 10% of the Group equity have good credit history and the loans provided to them are performing within standard loans.

As at 30 September 2013 and 31 December 2012 renegotiated loans amounted to RUB 6,525 million and RUB 5,572 million respectively, which would be past due or impaired if not renegotiated. Renegotiated loans mainly involve extending of the payment arrangements of the loan agreements, rather than interest rate modification or other enhancements in favour of the borrower.

As at 30 September 2013 and 31 December 2012 the loans under reverse repurchase agreements to customers have contractual maturities from July 2013 to November 2013 and from January 2013 to November 2013, respectively.

Carrying value of loans under reverse repurchase agreements and fair value of assets received as pledge as at 30 September 2013 and 31 December 2012 are presented as follows:

	30 September 2013		31 December 2012	
	Carrying value of loans	Fair value of collateral	Carrying value of loans	Fair value of collateral
Shares	47,963	58,408	27,883	37,853
Corporate bonds and Eurobonds	7,244	8,167	6,360	7,042
Bonds and Eurobonds issued by banks	3,130	2,953	1,209	1,238
Municipal bonds	-	-	61	77
OFZ	-	-	1,712	1,854
Units of investment fund	-	-	12,065	19,328
Total	58,337	69,528	49,290	67,392

The components of net investment in finance lease as at 30 September 2013 and 31 December 2012 are as follows:

	30 September 2013	31 December 2012
Less than one year	3,615	2,667
From one year to five years	6,202	3,736
More than five years	1,638	1,082
Minimum lease payments	11,455	7,485
Less: unearned finance income	(3,454)	(2,079)
Net investment in finance lease	8,001	5,406
Current portion	2,484	1,874
Long-term portion	5,517	3,532
Net investment in finance lease	8,001	5,406

As at 30 September 2013 and 31 December 2012 the Group provided loans to customers in the amount of RUB 7,572 million and of RUB 7,598 million which were secured by deposits made by the Deposit Insurance Agency ("DIA") in the amount of RUB 6,060 million and RUB 6,160 million, respectively (see Note 15).

During the nine months ended 30 September 2013 and 2012 the Bank sold certain loans to third parties at a discount to nominal value with no recourse and without any service obligations associated with the loans.

Net gain on disposal of loans is represented by:

	Nine months ended 30 September 2013	Three months ended 30 September 2013	Nine months ended 30 September 2012	Three months ended 30 September 2012
Fair value of the consideration received	8,442	7,579	4,694	97
Carrying amount net of provisions	(7,027)	(6,340)	(3,909)	(72)
Net gain on disposal of loans	1,415	1,239	785	25

13. INVESTMENTS AVAILABLE-FOR-SALE

As at 30 September 2013 investments available-for-sale comprise:

	30 September 2013	Interest rate to nominal	Maturity date
Bonds and Eurobonds issued by banks	1,009	0.0-10.0%	October 2013-November 2018
Corporate shares	488	-	-
Corporate bonds and Eurobonds	320	7.2-15.0%	March 2014- June 2019
Units of investment funds	29	-	-
Share participation in limited liability companies	1	-	-
Total investments available-for-sale	1,847		

As at 31 December 2012 investments available-for-sale comprise:

	31 December 2012	Interest rate to nominal	Maturity date
Corporate bonds and Eurobonds	3,888	7.1-15.0%	March 2014 - March 2020
Bonds and Eurobonds issued by banks	542	0.0-9.3%	February 2013 - November 2018
Shares	469	-	-
Units of investment funds	19	-	-
Share participation in limited liability companies	1	-	-
Total investments available-for-sale	4,919		

As at 30 September 2013 and 31 December 2012 the Group has bonds issued by banks with a zero coupon rate.

Units of investment funds included in investments available-for-sale as at 30 September 2013 and 31 December 2012 are presented below:

	30 September 2013	31 December 2012
OPIF "NOMOS-Fond obligatziy aktivnogo upravleniya"	2	-
OPIF "NOMOS- Fond obligatziy"	11	10
OPIF smeshannikh investitsiy "NOMOS – sbalansirovanniy fond aktivnogo upravleniya"	2	-
OPIF "NOMOS-Fond razvivaushikhsya rynkov"	2	-
OPIF "NOMOS- Fond aktziy"	9	9
OPIF "NOMOS-Fond aktziy aktivnogo upravleniya"	2	-
OPIF "NOMOS-Fond investitsiy v zoloto"	1	-
Total units of investment funds	29	19

As at 30 September 2013 and 31 December 2012 investments available-for-sale are mainly presented by investments issued by Ministry of Finance, local authorities, banks and companies of the Russian Federation.

14. DUE TO BANKS AND THE CENTRAL BANK OF THE RUSSIAN FEDERATION

Due to banks and the Central Bank of the Russian Federation comprises:

	<u>30 September 2013</u>	<u>31 December 2012</u>
Deposits from banks	86,514	128,166
Loans under repurchase agreements	63,939	67,834
Correspondent accounts of other banks	<u>6,481</u>	<u>17,510</u>
Total due to banks and the Central Bank of the Russian Federation	<u>156,934</u>	<u>213,510</u>

As at 30 September 2013 and 31 December 2012 the Group had deposits from two and five banks amounting to RUB 77,170 million and RUB 131,259 million, respectively, which individually and in aggregate exceeded 10% of the Group's equity.

Carrying value of loans under repurchase agreements and fair value of assets pledged as at 30 September 2013 and 31 December 2012 are presented as follows:

	<u>30 September 2013</u>		<u>31 December 2012</u>	
	<u>Carrying value of loans</u>	<u>Fair value of collateral</u>	<u>Carrying value of loans</u>	<u>Fair value of collateral</u>
Shares	19,443	31,811	20,797	31,860
OFZ bonds	16,455	16,614	19,370	19,804
Bonds and Eurobonds issued by banks	14,365	16,639	7,025	8,493
Corporate bonds and Eurobonds	11,673	13,249	12,089	14,066
Municipal bonds	2,003	2,104	2,008	2,130
Promissory notes of credit institutions	-	-	6,545	6,541
Total	<u>63,939</u>	<u>80,417</u>	<u>67,834</u>	<u>82,894</u>

Included in the table above as at 30 September 2013 and 31 December 2012 is the information with regards to the collateral further re-pledged under repurchase agreements of RUB 37,497 million and RUB 37,409 million, respectively (Note 10).

15. CUSTOMER ACCOUNTS

Customer accounts comprise:

	<u>30 September 2013</u>	<u>31 December 2012</u>
Term deposits	493,689	358,748
Current accounts	100,956	105,790
Term deposits from Deposit Insurance Agency	6,060	6,160
Loans under repurchase agreements	<u>1,385</u>	<u>1,029</u>
Total customer accounts	<u>602,090</u>	<u>471,727</u>

As at 30 September 2013 and 31 December 2012 the Group received funds from six and seven customers amounting to RUB 170,438 million and RUB 115,862 million, respectively, which individually exceeded 10% of the Group's equity.

As at 30 September 2013 and 31 December 2012 demand deposits denominated in units of precious metal which have the alternative to be settled in cash or in precious metals were included in customer accounts. The breakdown is presented below:

	30 September 2013	31 December 2012
Gold	5,019	6,366
Silver	1,073	613
Palladium	58	68
Platinum	45	46
Total customer accounts denominated in precious metals	6,195	7,093

As at 30 September 2013 and 31 December 2012 customer accounts amounting to RUB 308 million and RUB 2,487 million, respectively, were held as security against letters of credit issued by the Group (see Note 19).

As at 30 September 2013 and 31 December 2012 the Group provided loans to customers in the amount of RUB 7,572 million and of RUB 7,598 million which were secured by deposits made by the "DIA" in the amount of RUB 6,060 million and RUB 6,160 million, respectively (see Note 12).

Analysis of customer accounts by economic sector is presented below:

	30 September 2013	31 December 2012
Investment and asset management companies	213,707	121,241
Individuals	180,133	157,082
Regional and local budgets funds	36,385	21,034
Industrial manufacturing	33,504	27,686
Services	27,425	21,660
Wholesale trade	21,730	27,807
Insurance	16,808	17,094
Precious metals extraction	12,562	7,493
Operations with real estate	11,061	21,367
Construction of industrial real estate	9,354	15,429
Transport and communication	8,608	4,541
Science	7,944	6,960
Retail trade	3,708	4,295
Energy	3,593	3,074
Construction of commercial real estate	3,076	4,801
Brokerage and dealing in securities	1,385	1,029
Leasing	1,362	1,346
Agriculture	709	625
Housing construction	306	374
Other	8,730	6,789
Total customer accounts	602,090	471,727

Carrying value of loans under reverse repurchase agreements and fair value of assets pledged as at 30 September 2013 and 31 December 2012 are presented as follows:

	30 September 2013		31 December 2012	
	Carrying value of loans	Fair value of collateral	Carrying value of loans	Fair value of collateral
RF Government Eurobonds	1,213	1,364	-	-
Corporate bonds and Eurobonds issued by banks	95	106	-	-
Municipal bonds	52	61	-	-
Shares	25	26	1,029	2,296
Total	1,385	1,557	1,029	2,296

Included in the table above as at 30 September 2013 and 31 December 2012 is the information with regards to the collateral further re-pledged under repurchase agreements of RUB 106 million and RUB 2,296 million, respectively (Note 10).

16. BONDS AND EUROBONDS

Bonds and Eurobonds comprise:

	30 September 2013	31 December 2012
Bonds issued in local market	34,859	30,851
Eurobonds due in 2013	16,448	11,767
Eurobonds due in 2018	12,503	-
Total Bonds and Eurobonds issued	63,810	42,618

Bonds and Eurobonds as at 30 September 2013 comprise:

	Currency	Start date (year)	Maturity date (year)	Nominal interest rate %	30 September 2013
Bonds issued					
NOMOS, BO-05	Roubles	2013	2016	9.00%	6,152
NOMOS, BO-02	Roubles	2011	2014	8.00%	5,172
NOMOS, BO-03	Roubles	2012	2015	9.15%	5,061
NOMOS, 11th issue	Roubles	2009	2014	9.50%	4,822
Mortgage-Backed bonds	Roubles	2013	2045	9.20%	4,021
NOMOS, BO-01	Roubles	2011	2014	9.10%	3,913
Mortgage-Backed bonds	Roubles	2012	2045	8.75%	3,028
NOMOS, 12th issue	Roubles	2010	2017	8.50%	2,690
Total bonds issued					34,859
Eurobonds					
NOMOS Eurobonds due in 2013	US Dollars	2010	2013	6.50%	16,448
NOMOS Eurobonds due in 2018	US Dollars	2013	2018	7.25%	12,503
Total Eurobonds issued					28,951
Total bonds and Eurobonds issued					63,810

Bonds and Eurobonds as at 31 December 2012 comprise:

	Currency	Start date (year)	Maturity date (year)	Nominal interest rate %	31 December 2012
Bonds issued					
NOMOS, BO-03	Roubles	2012	2015	9.15%	5,180
NOMOS, 12th issue	Roubles	2010	2017	8.50%	5,150
NOMOS, BO-02	Roubles	2011	2014	8.00%	5,078
NOMOS, 9th issue	Roubles	2008	2013	8.75%	4,280
NOMOS, 11th issue	Roubles	2009	2014	9.50%	3,858
Mortgage-Backed bonds	Roubles	2012	2045	8.75%	3,758
NOMOS, BO-01	Roubles	2011	2014	9.10%	3,337
2 nd issue	Roubles	2010	2013	9.25%	210
Total bonds issued					30,851
Eurobonds					
NOMOS Eurobonds due in 2013	US Dollars	2010	2013	6.50%	11,767
Total Eurobonds issued					11,767
Total bonds and Eurobonds issued					42,618

The Group is obliged to comply with financial covenants in relation to Eurobonds due in 2013 and 2018.

In accordance with the terms of the covenants for Eurobonds and Subordinated debt the Group should not permit its consolidated total capital ratio as calculated in accordance with the recommendations of the Basel Committee on Banking Regulations and Supervisory Practices (as at the date hereof) to fall below 10%. These recommendations were provided in Committee's paper entitled "International Convergence of Capital Measurement and Capital Standards" dated July 1988, as amended in November 1991, and together with any further amendments, guidelines or clarifications up to the date hereof. This calculation should be made by reference to the latest annual consolidated audited accounts of the Group prepared in accordance with IFRS. The Group should also comply with the minimum capital adequacy ratio established by the Central Bank of Russian Federation. The Group has not breached any of these covenants at the end of the periods ended 30 September 2013 and 31 December 2012.

17. SUBORDINATED DEBT

The following table provides information on subordinated debt as at 30 September 2013:

	Currency	Start date (year)	Maturity date (year)	Nominal interest rate %	30 September 2013
Subordinated bonds	US Dollars	2012	2019	10.00%	16,732
Subordinated bonds	US Dollars	2012	2019	10.00%	11,711
Subordinated bonds	US Dollars	2010	2015	8.75%	9,902
Subordinated bonds	US Dollars	2013	2023	9.15%	6,616
Subordinated loan	Roubles	2011	2021	12.00%	6,000
Subordinated loan	Roubles	2009	2019	6.50%	4,900
Subordinated loan	Roubles	2009	2019	6.50%	1,646
Subordinated loan	US Dollars	2013	2023	8.50%	1,052
Subordinated loan	Roubles	2010	2016	6.00%	60
Subordinated loan	Roubles	2010	2016	8.00%	39
					58,658

The following table provides information on subordinated debt as at 31 December 2012:

	Currency	Start date (year)	Maturity date (year)	Nominal interest rate %	31 December 2012
Subordinated bonds	US Dollars	2012	2019	10.00%	15,321
Subordinated bonds	US Dollars	2010	2015	8.75%	10,751
Subordinated bonds	US Dollars	2012	2019	10.00%	8,997
Subordinated loan	Roubles	2011	2021	12.00%	6,000
Subordinated loan	Roubles	2009	2019	6.50%	4,902
Subordinated bonds	US Dollars	2007	2018	11.00%	3,198
Subordinated loan	Roubles	2009	2019	6.50%	1,605
Subordinated loan	Roubles	2010	2016	6.00%	60
Subordinated loan	Roubles	2010	2016	8.00%	39
					50,873

18. SHARE CAPITAL AND SHARE PREMIUM

The table below provides a breakdown of the Bank's issued and fully paid ordinary and preference shares:

	Ordinary shares (Number)	Nominal amount	Preference shares (Number)	Nominal amount
Issued and fully paid				
31 December 2011	92,422,370	4,621	-	-
30 September 2012	92,422,370	4,621	-	-
31 December 2012	92,422,370	4,621	-	-
Reacquired	(67,080)	(3)	-	-
Issued	6,791,916	340	-	-
30 September 2013	99,147,206	5,048	-	-

In July NOMOS-BANK has increased its share capital. The increase was as part of the conversion of shares of two subsidiaries – NOMOS-BANK-Siberia and NOMOS-REGIOBANK – into NOMOS-BANK.

Two issues of shares and reports on the total issue of NOMOS-BANK shares of RUB 220 million and RUB 120 million were registered by the CBR as at 8 July 2013. In terms of the conversion procedure 4,400,207 shares and 2,391,709 shares were issued with a par value of RUB 50 each.

There are no issued ordinary and preference shares that have not been fully paid. Par value per ordinary and preference share is RUB 50 each.

Each ordinary share entitles the holder to cast one vote on all matters within its competence stipulated by the Charter of the Bank, to receive non-fixed rate dividend income and to receive property belonging to the Bank in the event of liquidation. When shares are issued, each holder of shares shall have pre-emptive right, in proportion to the aggregate amount of their shares.

In the event of the dissolution and liquidation of the Bank, the assets remaining after payment of all debts will be distributed to the holders of ordinary shares on a pro-rata basis.

The table below provides a breakdown of the Bank's authorized, but not issued ordinary and preference shares:

	Ordinary shares (Number)	Nominal amount	Preference shares (Number)	Nominal amount
Authorized, but not issued				
31 December 2011	167,377,630	8,369	48,100,000	2,405
30 September 2012	167,377,630	8,369	48,100,000	2,405
31 December 2012	167,377,630	8,369	48,100,000	2,405
Issued	(6,791,916)	(340)	-	-
30 September 2013	160,585,714	8,029	48,100,000	2,405

Holders of preference shares with non-fixed rate dividend income are entitled to: participate in the General Meeting of shareholders with voting rights addressing issues of reorganization and liquidation of the Bank and addressing issues on introducing amendments and additions to the Charter restricting the rights of holders of preferred shares. Each preference share entitles the holder to receive dividends on an equal basis with holders of ordinary shares.

Dividends on ordinary shares and preference shares classified as equity are recognized, as a distribution of equity in the period in which they are approved by shareholders.

Share premium represents the excess of contributions received over the nominal value of shares issued or sold.

The Group's reserves distributable among shareholders are limited to the amount of its reserves as disclosed in its statutory accounts. Non-distributable reserves are represented by a reserve fund, which is created as required by the statutory regulations, in respect of general banking risks, including future losses and other unforeseen risks or contingencies.

19. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Group is a party to financial instruments with off-balance sheet risk in order to meet the needs of its customers. These instruments, involving varying degrees of credit risk, are not reflected in the condensed interim consolidated statement of financial position.

The Group's maximum exposure to credit risk under contingent liabilities and commitments to extend credit, in the event of non-performance by the other party where all counterclaims, collateral or security prove valueless, is represented by the contractual amounts of those instruments.

The Group uses the same credit control and management policies in undertaking off-balance sheet commitments as it does for on-balance operations.

As at 30 September 2013 and 31 December 2012 allowances for guarantees and other off-balance sheet commitments were RUB 282 million and RUB 362 million, respectively. The risk-weighted amount is obtained by applying credit conversion factor and counterparty risk weightings according to the principles employed by the Basel Committee on Banking Supervision (Basel I).

As at 30 September 2013 and 31 December 2012 the nominal or contract amounts and risk-weighted amounts were:

	30 September 2013		31 December 2012	
	Nominal amount	Risk-weighted amount	Nominal amount	Risk-weighted amount
Contingent liabilities and credit commitments				
Commitments on loans and unused credit lines	176,260	3,308	116,582	3,140
Guarantees issued and similar commitments	168,147	112,534	154,645	108,389
Letters of credit and other contingent commitments related to settlement operations	10,858	5,275	6,848	2,181
Total contingent liabilities and credit commitments	355,265	121,117	278,075	113,710

As at 30 September 2013 and 31 December 2012 letters of credit of RUB 308 million and RUB 2,487 million, respectively, were secured by cash deposited in customer accounts (see Note 15).

Operating leases – The Group's future minimum rental payments under non-cancellable operating leases of office premises in effect as at 30 September 2013 and 31 December 2012 are presented in the table below.

	30 September 2013	31 December 2012
Not later than 1 year	803	574
Later than 1 year and not later than 5 years	1,467	1,076
Later than 5 years	47	42
Total operating lease	2,317	1,692

Fiduciary activities – The Group provides depositary services to its customers. As at 30 September 2013 and 31 December 2012 the Group had customers' securities of items, 13,508,232,250.474899 and 13,631,420,928 items, respectively, in its nominal holder's accounts.

As at 30 September 2013 and 31 December 2012 the Group kept in its vault 2,724 kg of gold bullion, 5,262 kg of silver bullion, 105 kg of palladium bullion, 36 kg of platinum bullion, and 3,587 kg of gold bullion, 5,661 kg of silver bullion, 88 kg of palladium bullion, 31 kg of platinum bullion respectively, owned by the Group's customers.

As at 30 September 2013 and 31 December 2012 the Group has obligation to provide funding for operations on precious metals extraction in the amount of RUB 23,796 million and RUB 28,824 million, respectively, which are not recognized in the consolidated statement of financial position as the conditions of extraction and customer delivery have not yet occurred.

Legal proceedings – From time to time and in the normal course of business, claims against the Group are received from customers and counterparties. Management is of the opinion that no material unaccrued losses will be incurred and accordingly no provision has been made in these condensed interim consolidated financial statements.

Taxation – Commercial legislation of the RF and countries where the Group operates, including tax legislation, may allow more than one interpretation. In addition, there is a risk of tax authorities making arbitrary judgments of business activities. If a particular treatment, based on management's judgment of the Group's business activities, was to be challenged by the tax authorities, the Group may be assessed additional taxes, penalties and interest.

Such uncertainty may relate to the valuation of financial instruments, valuation of provision for impairment losses and the market pricing of deals. Additionally such uncertainty may relate to the valuation of temporary differences on the provision and recovery of the provision for impairment losses on loans to customers and receivables, as an underestimation of the taxable profit. The management of the Group believes that it has accrued all tax amounts due and therefore no allowance has been made in the condensed interim consolidated financial statements.

Russian transfer pricing legislation was amended starting from January 1, 2012 to introduce additional reporting and documentation requirements. The new legislation allows the tax authorities to impose additional tax liabilities in respect of certain transactions, including but not limited to transactions with related parties, if they consider transaction to be priced not at arm's length. As the practice of implementation of the new transfer pricing rules has not yet developed and wording of some clauses of the rules is unclear, the impact of challenge of the Group's transfer pricing positions by the tax authorities cannot be reliably estimated.

Pensions and retirement plans – Employees receive pension benefits according to the laws and regulations of the Russian Federation. The Group provides its employees with post-employment benefits in the form of defined contribution plans. The Group makes monthly payments to a non-government pension fund for its employees, who in turn will receive a future benefit from the fund. The contributions to the defined contribution plan are included in staff costs on an accrual basis. During the nine months ended 30 September 2013 and 2012 the Group made payments to the non-government pension fund of RUB 1 million and RUB 2 million, respectively. Once the payments to the pension fund are made the Group has no further obligations.

Operating Environment – Emerging markets such as RF are subject to different risks than more developed markets, including economic, political and social, and legal and legislative risks. As has happened in the past, actual or perceived financial problems or an increase in the perceived risks associated with investing in emerging economies could adversely affect the investment climate in Russia and the Russian economy in general.

Laws and regulations affecting businesses in RF continue to change rapidly. Tax, currency and customs legislation within RF are subject to varying interpretations, and other legal and fiscal impediments contribute to the challenges faced by entities currently operating in RF. The future economic direction of Russia is heavily influenced by the economic, fiscal and monetary policies adopted by the government, together with developments in the legal, regulatory, and political environment.

The global financial system continues to exhibit signs of deep stress and many economies around the world are experiencing lesser or no growth than in prior years. Additionally there is increased uncertainty about the creditworthiness of some sovereign states in the Eurozone and financial institutions with exposure to the sovereign debt of such states. These conditions could slow or disrupt the Russian economy, adversely affect the Group's access to capital and cost of capital for the Group and, more generally, its business, results of operations, financial condition and prospects.

Because the Russian Federation produces and exports large volumes of oil and gas, the Russian economy is particularly sensitive to the price of oil and gas on the world market.

20. SEGMENT REPORTING

The reportable segments comprise of:

- Corporate banking – full range of banking services provided to large and medium-sized corporate customers, including, among others, direct debt facilities, current accounts, deposits, overdrafts, loan and other credit facilities and a variety of settlement and transactional services.
- Small business – banking services provided to small businesses and individual entrepreneurs, including direct debt facilities, current accounts, deposits, overdrafts, loan and other credit facilities and settlement and transaction services.
- Investment banking – representing trading of fixed income and equity products, foreign exchange, precious metals and derivatives on such products, money market operations, repo, brokerage services and asset management and other investment banking services.
- Retail banking (including private banking) – full range of banking services to mass, affluent and wealthy individuals, including customer current accounts, savings, deposits, investment savings products, custody, credit and debit cards, consumer loans and mortgages.
- Treasury and asset-liability unit – treasury, which lends and borrows funds of money market, undertakes the Group's funding through issue of debt securities and attraction of subordinated facilities and conducts foreign exchange operations for internal hedging purposes. This segment is also responsible for accumulation and further redistribution of all funds attracted by other segments.
- Unallocated – balances and/or income and expense items not allocated to any of the Group's business segments in the internal management reporting systems, as they are not initiated by any of the business units and represent part of the Group's routine headquarter activities

The President of the Bank is the chief operating decision maker. Operating results are reviewed regularly by the entity's chief operating decision maker to consider the way resources to be allocated to the segment and assess its performance.

Internal charges and transfer pricing adjustments have been reflected in the performance of each segment. Revenue sharing agreements are used to allocate external customer revenues to a business segment on a reasonable basis.

Segment information about these businesses is presented below:

	Corporate banking	Small business	Retail banking	Investment banking	Treasury and asset-liability management unit	Unallocated	Nine months ended 30 September 2013 Total
External interest income	42,429	4,889	11,338	10,955	1,072	-	70,683
External interest expense	(18,608)	(553)	(8,244)	(8,684)	(5,526)	-	(41,615)
Internal funding costs/revenues from Central treasury	(10,912)	(967)	4,203	1,398	6,278	-	-
Net interest income before gain on remeasurement of cash flows and provision for impairment losses on interest bearing assets	12,909	3,369	7,297	3,669	1,824	-	29,068
Impairment and gain on remeasurement of cash flows and prepayments of interest bearing assets acquired in business combination	(3,540)	(754)	(1,537)	-	-	(20)	(5,851)
Net interest income	9,369	2,615	5,760	3,669	1,824	(20)	23,217
Fee and commission income	2,819	1,011	4,773	214	12	-	8,829
Fee and commission expense	(162)	(45)	(1,938)	(105)	(49)	-	(2,299)
Trading and foreign exchange results	273	27	212	618	(358)	-	772
Other operating income	1,589	95	206	190	(4)	13	2,089
Net result from other segments*	160	(35)	75	288	(488)	-	-
Operating income before impairment losses of investments available-for-sale and investment property and provisions on other transactions	14,048	3,668	9,088	4,874	937	(7)	32,608
Recovery of/(impairment losses) on investments available-for-sale and investment property and provisions on other transactions	42	(44)	(56)	4	13	(47)	(88)
Operating expenses	(4,113)	(2,293)	(6,799)	(857)	(336)	(1,534)	(15,932)
Operating profit/(loss) before income tax	9,977	1,331	2,233	4,021	614	(1,588)	16,588
Income tax expense	-	-	-	-	-	(3,426)	(3,426)
Net profit/(loss)	9,977	1,331	2,233	4,021	614	(5,014)	13,162
Depreciation and amortization expense	(271)	(173)	(576)	(47)	(18)	(117)	(1,202)
Capital expenditures	204	126	398	36	14	84	862

* Represents results from revenue sharing agreements between segments used to allocate certain external revenues between business segments jointly participating in revenue generating activities

	Corporate banking	Small business	Retail banking	Investment banking	Treasury and asset-liability management unit	Unallocated	30 September 2013 Total
ASSETS							
Cash and balances with the CBR	2	-	12,258	-	15,222	-	27,482
Minimum reserve deposits with CBR	1,639	168	785	365	5,885	-	8,842
Precious metals	7,203	-	11	-	-	-	7,214
Financial assets at fair value through profit or loss	27	-	-	118,141	11,732	-	129,900
Loans and advances to banks and other financial institutions	20	20	3,530	80,543	25,800	-	109,913
Loans to customers	511,596	43,773	106,694	58,729	-	73	720,865
Investments available-for-sale	-	-	72	1,750	20	5	1,847
Investments in associates	-	-	-	-	-	5,549	5,549
Property, plant and equipment	2,295	1,530	4,963	392	610	945	10,735
Intangible assets	221	213	1,224	31	8	397	2,094
Goodwill	-	-	-	-	-	809	809
Investment property	2,243	-	-	644	-	922	3,809
Other assets	1,867	114	358	286	160	2,136	4,921
TOTAL ASSETS	527,113	45,818	129,895	260,881	59,437	10,836	1,033,980
LIABILITIES							
Financial liabilities at fair value through profit or loss	6	-	-	4,755	53	-	4,814
Due to banks and the Central Bank of the Russian Federation	10,456	4,051	3,423	133,002	6,002	-	156,934
Customer accounts	372,871	26,446	181,163	8,969	12,622	19	602,090
Bonds and Eurobonds	-	-	7,048	27,811	28,951	-	63,810
Promissory notes issued	16,788	1,455	51	18,116	290	-	36,700
Deferred income tax liabilities	-	-	-	-	-	2,016	2,016
Other liabilities	779	57	558	189	28	3,304	4,915
Subordinated debt	-	-	-	-	58,658	-	58,658
TOTAL LIABILITIES	400,900	32,009	192,243	192,842	106,604	5,339	929,937

	Corporate banking	Small business	Retail banking	Investment banking	Treasury and asset-liability management unit	Unallocated	Nine months ended 30 September 2012 Total
External interest income	29,555	3,808	7,402	6,973	111	-	47,849
External interest expense	(9,432)	(406)	(5,611)	(5,354)	(4,135)	-	(24,938)
Internal funding costs/revenues from Central treasury	(8,229)	(1,032)	3,185	790	5,286	-	-
Net interest income before gain on remeasurement of cash flows and provision for impairment losses on interest bearing assets	11,894	2,370	4,976	2,409	1,262	-	22,911
Impairment and gain on remeasurement of cash flows and prepayments of interest bearing assets acquired in business combination	(2,252)	(371)	(257)	1	-	-	(2,879)
Net interest income	9,642	1,999	4,719	2,410	1,262	-	20,032
Fee and commission income	2,682	1,022	3,727	367	(5)	2	7,795
Fee and commission expense	(110)	(32)	(1,710)	(149)	(70)	-	(2,071)
Trading and foreign exchange results	363	21	243	1,688	(997)	-	1,318
Other operating income	761	60	213	198	(109)	202	1,325
Net result from other segments [*]	(76)	(19)	57	131	(93)	-	-
Operating income before Impairment losses of investments available-for-sale and investment property and provisions on other transactions	13,262	3,051	7,249	4,645	(12)	204	28,399
Recovery of/(impairment losses) on investments available-for-sale and investment property and provisions on other transactions	105	(39)	(28)	52	-	2	92
Operating expenses	(3,741)	(1,979)	(5,234)	(974)	(485)	(2,416)	(14,829)
Operating profit/(loss) before income tax	9,626	1,033	1,987	3,723	(497)	(2,210)	13,662
Income tax expense	-	-	-	-	-	(2,800)	(2,800)
Net profit/(loss)	9,626	1,033	1,987	3,723	(497)	(5,010)	10,862
Depreciation and amortization expense	(294)	(161)	(557)	(58)	(16)	(139)	(1,225)
Capital expenditures	202	113	348	45	12	108	828

^{*} Represents results from revenue sharing agreements between segments used to allocate certain external revenues between business segments jointly participating in revenue generating activities

	Corporate banking	Small business	Retail banking	Investment banking	Treasury and asset-liability management unit	Unallocated	31 December 2012 Total
ASSETS							
Cash and balances with the CBR	-	-	15,482	9,502	26,164	-	51,148
Minimum reserve deposits with CBR	-	-	-	-	6,932	-	6,932
Precious metals	6,390	-	12	-	-	-	6,402
Financial assets at fair value through profit or loss	92	-	-	104,162	-	-	104,254
Loans and advances to banks and other financial institutions	98	1	3,390	88,899	19,198	-	111,586
Loans to customers	422,035	38,947	90,112	39,420	-	50	590,564
Investments available-for-sale	-	-	-	4,895	24	-	4,919
Investments held to maturity	-	-	-	201	-	-	201
Property, plant and equipment	2,567	1,434	4,715	641	610	1,150	11,117
Intangible assets	365	172	1,412	43	-	489	2,481
Goodwill	-	-	-	-	-	809	809
Investment property	2,279	-	-	1,445	-	1,037	4,761
Other assets	1,062	466	218	302	25	2,656	4,729
TOTAL ASSETS	434,888	41,020	115,341	249,510	52,953	6,191	899,903
LIABILITIES							
Financial liabilities at fair value through profit or loss	19	-	-	3,172	-	-	3,191
Due to banks and the Central Bank of the Russian Federation	6,365	4,091	8,548	190,904	3,602	-	213,510
Customer accounts	267,557	28,009	157,275	4,559	14,327	-	471,727
Bonds and Eurobonds	-	-	3,765	27,085	11,768	-	42,618
Promissory notes issued	7,496	644	21	12,694	290	-	21,145
Deferred income tax liabilities	-	-	-	-	-	1,690	1,690
Other liabilities	842	45	749	125	156	2,871	4,788
Subordinated debt	-	-	-	-	50,873	-	50,873
TOTAL LIABILITIES	282,279	32,789	170,358	238,539	81,016	4,561	809,542

21. FAIR VALUE

Valuation techniques

The Group uses a number of methodologies to determine the fair values of financial instruments for which observable prices in active markets for identical instruments are not available. These techniques include: relative value methodologies based on observable prices for similar instruments; present value approaches where future cash flows from the asset or liability are estimated and then discounted using a risk-adjusted interest rate.

The principal inputs to these valuation techniques are listed below. Values between and beyond available data points are obtained by interpolation and extrapolation. When utilising valuation techniques, the fair value can be significantly affected by the choice of valuation model and by underlying assumptions concerning factors such as the amounts and timing of cash flows, discount rates and credit risk.

Bond prices – quoted prices are generally available for government bonds, certain corporate securities and some mortgage-related products.

Interest rates – these are principally benchmark interest rates or internal Bank rates effective as at reporting date and quoted interest rates in the swap, bond and futures markets.

Foreign currency exchange rates – there are observable markets both for spot and forward contracts and futures in the world's major currencies.

Equity and equity index prices – quoted prices are generally readily available for equity shares listed on the world's major stock exchanges and for major indices on such shares.

Commodity prices – many commodities are actively traded in spot and forward contracts and futures on exchanges in London, New York and other commercial centres.

In order to determine a reliable fair value, where appropriate, management applies valuation adjustments to the pricing information gathered from the above sources. Furthermore, on an ongoing basis, the Group assesses the appropriateness of any model used.

Financial assets and liabilities

The following methods and significant assumptions have been applied to estimate the fair values of following financial instruments:

- Cash and balances with the CBR and minimum reserve deposits with the CBR, due to the short-term environment of these types of assets, the carrying amount is assumed to be reasonable estimate of their fair value.
- The estimated fair value of quoted trading securities and derivative financial instruments, comprising financial assets at fair value through profit or loss category, is determined based on quoted active market prices at the reporting date.
- The fair value of loans and advanced to banks and loans to customers for loans provided during the period of one month to the reporting date is assumed to be fair value amount for them. The fair value of the other loans is estimated by application of market interest rates when the loans were originated with the year-end market rates offered on similar deposits with the deduction of the allowances for credit losses from the calculated fair value amounts
- The estimated fair value of promissory notes and bonds comprising investments available-for-sale category is determined based on the quoted market prices. Investments in equity instruments, which do not have quoted market prices in an active market are measured at cost, as their fair value can not be measured reliably.

- The fair value of units of investment funds, which have quoted prices on the active market, is determined based on the quoted market prices. For shares in investment funds, which have no quoted prices on the active market the Group uses an independent appraiser's valuation for determining the fair value of such shares in the investment funds. The fair value of the assets of the investment funds is determined by the use of different approaches (income approach, comparative approach and cost approach) and methods (income capitalization method, company-analogue method, discounted cash flows method, liquidation value method).
- Investments held to maturity is determined based on quoted active market prices at the reporting date.
- Other financial assets and liabilities is mainly represented by short-term receivables and payables, therefore the carrying amount is assumed to be reasonable estimate of their fair value.
- The fair value of term deposits (included in customer accounts and deposits from banks) for term deposits placed during the period of one month to the reporting date is assumed to be fair value amount for them. The fair value of the other term deposits is estimated by application of market interest rates when the deposits were placed with the year-end market rates offered on similar deposits. The carrying amount of current customer accounts is assumed to be reasonable estimate of their fair value due to the short-term environment and availability requirements of these types of liability.
- The fair value of issued bonds, Eurobonds, promissory notes and subordinated liabilities is based on quoted prices. Where these are not available, fair value is based on expected cash flows discounted using market interest rates for similar securities or funds whose market rates are quoted.

The valuation techniques have been consistently applied by the Group across the years.

The following table compares the carrying amount of financial assets and liabilities to their estimated fair values:

	30 September 2013		31 December 2012	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets				
Cash and balances with the Central Bank of the Russian Federation	27,482	27,482	51,148	51,148
Minimum reserve deposits with the Central Bank of the Russian Federation	8,842	8,842	6,932	6,932
Financial assets at fair value through profit or loss	129,900	129,900	104,254	104,254
Loans and advances to banks and other financial institutions	109,913	113,817	111,586	111,586
Loans to customers	720,865	751,408	590,564	657,455
Investments available-for-sale	1,847	1,847	4,919	4,919
Investments in associates	5,549	5,549	-	-
Investments held to maturity	-	-	201	201
Other financial assets	1,819	1,819	870	870
Financial liabilities				
Financial liabilities at fair value through profit or loss	4,814	4,814	3,191	3,191
Due to banks and the Central Bank of the Russian Federation	156,934	174,283	213,510	228,530
Customer accounts	602,090	604,739	471,727	476,493
Bonds and Eurobonds	63,810	65,028	42,618	43,480
Promissory notes issued	36,700	37,855	21,145	21,298
Other financial liabilities	3,550	3,550	3,662	3,662
Subordinated debt	58,658	61,744	50,873	51,996

Valuation hierarchy

The tables below show the financial and non-financial instruments carried at fair value by hierarchy – level 1, level 2 and level 3. The valuation techniques, main assumptions used in the valuation of these instruments and reasonably possible increases or decreases in fair value based on reasonably possible alternative assumptions for level 3 financial instruments are set out below.

Quoted prices in an active market (Level 1): Valuations based on quoted prices in active markets that the Group has the ability to access for identical assets or liabilities. Valuation adjustments and block discounts are not applied to these instruments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuations of these products does not entail a significant amount of judgment.

Valuation techniques using observable inputs (Level 2) – Valuations based on inputs for which all significant inputs are observable, either directly or indirectly and valuations based on one or more observable quoted prices for orderly transactions in markets that are not considered active.

Valuation techniques incorporating information other than observable market data (Level 3) – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

There were no significant transfers to or from Level 1, Level 2 or Level 3 of the fair value hierarchy during the period.

The Group's valuation approach and fair value hierarchy categorisation for certain significant classes of financial and non-financial instruments recognised at fair value is as follows:

	30 September 2013			
	Quoted prices in active market (Level 1)	Valuation techniques based on observable market data (Level 2)	Valuation techniques incorporating information other than observable market data (Level 3)	Total
Precious metals	7,214	-	-	7,214
Corporate bonds and Eurobonds	52,133	-	-	52,133
Bonds and Eurobonds issued by banks	38,402	-	-	38,402
OFZ bonds	23,204	-	-	23,204
Municipal bonds	8,865	-	-	8,865
RF Government Eurobond	2,183	-	-	2,183
Promissory notes of credit institutions	322	98	-	420
Corporate shares	22	-	-	22
Financial assets at fair value through profit or loss	125,131	98	-	125,229
Foreign currency forwards	3,258	-	-	3,258
Foreign currency settlement forwards and currency –interest swaps	211	806	-	1,017
Foreign currency option	262	45	-	307
Precious metals forwards	27	-	-	27
Precious metals settlement forwards	32	-	-	32
Dealing security forwards	2	-	-	2
Dealing security futures	7	-	-	7
Oil and wheat forwards	18	-	-	18
Interest-rate swaps	-	3	-	3
Derivative financial instruments	3,817	854	-	4,671
Due from banks in precious metals	-	6,386	-	6,386
Bonds and Eurobonds issued by banks	77	932	-	1,009
Corporate shares	73	-	-	73
Corporate bonds and Eurobonds	320	-	-	320
Units of investment funds	29	-	-	29
Investments available-for-sale	499	932	-	1,431
Land, buildings and constructions	-	8,663	-	8,663
Investment property	-	3,809	-	3,809
Foreign currency forwards	(3,639)	-	-	(3,639)
Foreign currency option	(357)	(45)	-	(402)
Foreign currency settlement forwards and currency –interest swaps	(108)	(559)	-	(667)
Precious metals forwards	(7)	-	-	(7)
Precious metals settlement forwards	(23)	-	-	(23)
Dealing security forwards	(3)	-	-	(3)
Dealing security futures contracts	(3)	-	-	(3)
Oil and wheat forwards	(15)	-	-	(15)
Interest-rate swaps	-	(55)	-	(55)
Financial liabilities at fair value through profit or loss	(4,155)	(659)	-	(4,814)
Deposits from banks in precious metals	-	(9,035)	-	(9,035)
Customer accounts in precious metals	-	(6,195)	-	(6,195)

	31 December 2012			
	Quoted prices in active market (Level 1)	Valuation techniques based on observable market data (Level 2)	Valuation techniques incorporating information other than observable market data (Level 3)	Total
Precious metals	6,402	-	-	6,402
Bonds and Eurobonds issued by banks	34,302	-	-	34,302
Corporate bonds and Eurobonds OFZ bonds	34,023	-	-	34,023
Promissory notes of credit institutions	19,191	-	-	19,191
Municipal bonds	-	6,833	-	6,833
RF Government Eurobonds	3,667	-	-	3,667
Corporate shares	2,231	-	-	2,231
	30	-	-	30
Financial assets at fair value through profit or loss	93,444	6,833	-	100,277
Foreign currency forwards	3,786	-	-	3,786
Foreign currency option	-	32	-	32
Precious metals forwards	92	-	-	92
Dealing security futures	3	-	-	3
Oil forwards	2	-	-	2
Swaps	-	62	-	62
Derivative financial instruments	3,883	94	-	3,977
Due from banks in precious metals	-	13,129	-	13,129
Corporate bonds and Eurobonds	3,778	110	-	3,888
Bonds and Eurobonds issued by banks	542	-	-	542
Corporate shares	55	-	-	55
Units of investment funds	19	-	-	19
Investments available-for-sale	4,394	110	-	4,504
Land, buildings and constructions	-	8,975	-	8,975
Investment property	-	4,761	-	4,761
Foreign currency forwards	(1,829)	-	-	(1,829)
Foreign currency option	-	(32)	-	(32)
Precious metals forwards	(19)	-	-	(19)
Dealing security futures contracts	(7)	-	-	(7)
Swap	-	(168)	-	(168)
Other financial liabilities at fair value through profit and loss	(1,136)	-	-	(1,136)
Financial liabilities at fair value through profit or loss	(2,991)	(200)	-	(3,191)
Deposits from banks in precious metals	-	(14,032)	-	(14,032)
Customer accounts in precious metals	-	(7,093)	-	(7,093)

Excluded from the table above were investments in equity securities of unlisted entities classified as available-for-sale securities. The fair value of such securities is not readily measurable accordingly such investments are carried at the acquisition cost.

As at 30 September 2013 and 31 December 2012 the value of such investments amounted RUB 416 million and RUB 415 million, respectively.

The Group invests in certain investment funds where as a result of general market conditions and illiquidity of the bond markets the valuation is based upon inputs other than those readily observable in the market place (Level 3). The following table provides a detail of the activity with respect to the fair value measurement during the period ending 30 September 2013 and 31 December 2012.

	<u>31 December 2012</u>
As at January	5,651
Purchase of shares	16
Disposal of shares	(5,655)
(Loss)/gains recognized in other comprehensive income	<u>(12)</u>
As at 31 December	<u>-</u>

22. CAPITAL MANAGEMENT

For Basel I ratio calculation purposes, two tiers of capital are distinguished:

Tier I capital is “core” bank capital and includes paid share capital (less the carrying value of treasury shares), non-controlling interests in the equity of subsidiaries and retained earnings (including their allocations to reserves), less certain deductions, such as goodwill.

Tier II capital is “supplementary” bank capital that includes subordinated debt, hybrid instruments with characteristics of both capital and certain revaluation reserves, such as unrealized gains on the revaluation of investments available-for-sale and property, plant and equipment revaluation reserve.

The table below presents the composition of capital complying with 1988 Basel Capital Accord and discloses the capital – adequacy ratio as at 30 September 2013 and 31 December 2012:

	<u>30 September 2013</u>	<u>31 December 2012</u>
Tier 1 capital	102,110	88,481
Tier 2 capital	<u>52,176</u>	<u>45,310</u>
Total regulatory capital	<u>154,286</u>	<u>133,791</u>
Risk-weighted assets:		
Credit risks	872,910	733,989
Market risks	<u>106,660</u>	<u>87,033</u>
Total risk-weighted assets	<u>979,570</u>	<u>821,022</u>
Basel ratio	15.75%	16.30%
Tier 1	<u>10.42%</u>	<u>10.78%</u>

As at 30 September 2013 and 31 December 2012 the Group included the subordinated debt received in the computation of total capital, limited to 50% of Tier 1 capital. In the event of bankruptcy or liquidation of the Group repayment of these loans is subordinate to the repayment of the Group’s liabilities to all other creditors.

The capital adequacy ratios exceeded the minimum ratio of 8% recommended by the 1988 Basel Capital Accord 1988. As at 30 September 2013 and 31 December 2012, the Group complied with Basel capital requirements.

The Bank’s overall capital management policy is aimed at the dynamic optimization of capital required for the Bank’s expansion and maintenance of sufficient capital adequacy to protect the Bank from unfavorable changes in market conditions and minimize liquidity risk. The capital management policy supports the shareholders’ vision and strategy of long-term Bank development.

23. RISK MANAGEMENT POLICY

Market risk

Market risk is the risk that the Group will incur losses due to the unfavorable fluctuations in the market value of financial instruments (including derivatives), foreign exchange rates, prices of precious metals and interest rates.

Market risk includes securities price risk, currency risk and interest rate risk. The Group is exposed to currency risk because of its open positions in currencies and precious metals. The source for interest rate and securities price risks are open positions in interest rate and equity instruments which are subject to general and specific market fluctuations.

Day-to-day market risk management is performed by the Financial Market Operations Department, the Precious Metals Operations Department and the Treasury Directorate. The Market and Operational Risk Department evaluates the Group's exposure to securities price risk and currency risk. The Treasury Directorate estimates sensitivity of the Group's position to interest rates changes and sets guidelines for the interest rate risks. Financial Market Operations Department manages the open positions within the set of limits on a daily basis to increase the Group's profit.

Methodology adopted by the Group for market risk measurement purposes

The Group applies Value-at-Risk (VaR) methodology to assess its exposure to currency and securities price risk. VaR provides an estimate (the value) of the maximum level of the Group's losses in the following sense: during a given period of time the loss for the concerned position in financial instrument/currency/precious metal or particular portfolio with a given probability will not exceed VaR.

The Group uses 99% confidence level and 10-day time horizon in its VaR calculation process. VaR is estimated with regard to the Group's currency position in terms of key currencies and gold and the Group's securities portfolios (equity, except for non quoted instruments, financial securities derivatives and fixed-income securities except for promissory notes). The Group applies historical and parametric methods for VaR calculation. The latter implies two options: the one assuming constant volatility of returns and another incorporating change in volatility captured by the recent market information.

The choice of an appropriate approach for VaR estimation is based on statistical analysis of the dynamics of financial instruments' fair values (defined by the Group's IFRS accounting policy) and official prices of currencies and precious metals set by the Bank of Russia. The sampling period used by the Group for simulation purposes depends on the instrument type: 259 days – for currencies and gold, 69-259 days – for financial instruments.

To control the accuracy of VaR estimates the Group performs regular backtesting that allows determining the extent to which risk assessment model corresponds to the real market situation.

Total data on the VaR assessment in respect for currency and securities price risks accepted by the Group as at 30 September 2013 and 31 December 2012 are presented as follows:

RUB million	minimum	average	maximum	30 September 2013
Currency risk	21	118	277	58
Fixed income securities price risk	712	1 601	2 898	1 760
Equity securities price risk	6	7	9	6

RUB million	minimum	average	maximum	31 December 2012
Currency risk	31	113	268	85
Fixed income securities price risk	552	979	2,560	756
Equity securities price risk	5	43	390	6

Although VaR is an industry standard for market risk estimation it has some limitations:

- VaR-based analysis is correct in case of preservation of the current market trends: use of historical data to assess future events fails to take into account all the scenarios possible, especially extraordinary ones;
- VaR estimates are sensitive to the liquidity of the market for a particular instrument, its illiquidity may lead to biased volatility estimation;
- Use of 99% confidence level disregards losses that may occur outside of this confidence range;
- 10-day time horizon implies that the Group's whole position could have been closed or hedged during that period. This assumption can be violated in case of the tightening market liquidity;
- VaR calculation based on business day results disregards fluctuations that could have taken place throughout the day.

In view of the above, the Group applies other risk measurement methods as well: gap analysis for interest rate risk, and net interest income sensitivity analysis.

Foreign currency and precious metals risk

Currency risk is defined as the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange and precious metals exchange rates. The Group is exposed to effects of fluctuation in the prevailing foreign currency exchange rates on its financial position and cash flows.

Market price of precious metals is denominated in USD on London Stock Exchange and therefore is exposed to currency risk.

The Group's exposure to foreign currency exchange rate risk as at 30 September 2013 is presented in the table below:

	RUB	USD 1 USD = RUB 32.3451	Euro 1 EUR = RUB 43.6497	Gold 1 ounce = RUB 42,905.78	Other	30 September 2013 Total
ASSETS						
Cash and balances with the Central Bank of the Russian Federation	25,860	830	752	-	40	27,482
Minimum reserve deposits with the Central Bank of the Russian Federation	8,842	-	-	-	-	8,842
Financial assets at fair value through profit or loss	91,052	38,653	51	22	122	129,900
Loans and advances to banks and other financial institutions	40,331	53,352	8,528	7,028	674	109,913
Loans to customers	608,958	99,783	12,056	-	68	720,865
Investments available-for-sale	839	1,006	2	-	-	1,847
Investments in associates	5,549	-	-	-	-	5,549
Other financial assets	1,549	196	10	4	60	1,819
TOTAL FINANCIAL ASSETS	782,980	193,820	21,399	7,054	964	1,006,217
Precious metals	-	-	-	6,711	503	7,214
Property, plant and equipment	10,735	-	-	-	-	10,735
Goodwill	809	-	-	-	-	809
Intangible assets	2,094	-	-	-	-	2,094
Investment property	3,809	-	-	-	-	3,809
Other non-financial assets	2,939	45	5	27	86	3,102
TOTAL NON-FINANCIAL ASSETS	20,386	45	5	6,738	589	27,763
TOTAL ASSETS	803,366	193,865	21,404	13,792	1,553	1,033,980
LIABILITIES						
Financial liabilities at fair value through profit or loss	3,271	1,345	101	6	91	4,814
Due to banks and the Central Bank of the Russian Federation	109,806	25,711	12,397	8,827	193	156,934
Customer accounts	517,299	62,254	15,605	5,019	1,913	602,090
Bonds and Eurobonds	34,859	28,951	-	-	-	63,810
Promissory notes issued	27,714	8,067	908	-	11	36,700
Other financial liabilities	3,429	19	2	18	82	3,550
Subordinated debt	12,646	46,012	-	-	-	58,658
TOTAL FINANCIAL LIABILITIES	709,024	172,359	29,013	13,870	2,290	926,556
Deferred income tax liabilities	2,016	-	-	-	-	2,016
Other non-financial liabilities	1,363	-	2	-	-	1,365
TOTAL NON-FINANCIAL LIABILITIES	3,379	-	2	-	-	3,381
TOTAL LIABILITIES	712,403	172,359	29,015	13,870	2,290	929,937
OPEN BALANCE SHEET POSITION	90,963	21,506	(7,611)	(78)	(737)	
Fair value of derivative financial instruments and spot deals						
Payables under forward deals	(173,818)	(203,376)	(3,679)	(1,562)	(10,433)	(392,868)
Receivables under forward deals	185,786	184,439	9,504	1,765	11,374	392,868
Payables under spot deals	(467)	(21,434)	(397)	(661)	(19,232)	(42,191)
Receivables under spot deals	2,430	20,106	416	26	19,213	42,191
NET POSITION FOR DERIVATIVE FINANCIAL INSTRUMENTS AND SPOT DEALS	13,931	(20,265)	5,844	(432)	922	
TOTAL OPEN POSITION	104,894	1,241	(1,767)	(510)	185	
CREDIT CONTINGENT LIABILITIES	284,423	21,647	6,259	-	48	

The Group's exposure to foreign currency exchange rate risk as at 31 December 2012 is presented in the table below:

	RUB	USD 1 USD = RUB 30.3727	Euro 1 EUR = RUB 40.2286	Gold 1 ounce = RUB 50,540.17	Other	31 December 2012 Total
ASSETS						
Cash and balances with the Central Bank of the Russian Federation	49,882	624	632	-	10	51,148
Minimum reserve deposits with the Central Bank of the Russian Federation	6,932	-	-	-	-	6,932
Financial assets at fair value through profit or loss	85,948	18,242	38	5	21	104,254
Loans and advances to banks and other financial institutions	47,459	41,373	9,694	12,381	679	111,586
Loans to customers	473,730	102,253	14,542	-	39	590,564
Investments available-for-sale	4,397	520	2	-	-	4,919
Investments held to maturity	201	-	-	-	-	201
Other financial assets	817	49	4	-	-	870
TOTAL FINANCIAL ASSETS	669,366	163,061	24,912	12,386	749	870,474
Precious metals	-	-	-	5,806	596	6,402
Property, plant and equipment	11,117	-	-	-	-	11,117
Goodwill	809	-	-	-	-	809
Intangible assets	2,481	-	-	-	-	2,481
Investment property	4,761	-	-	-	-	4,761
Other non-financial assets	3,738	2	10	29	80	3,859
TOTAL NON-FINANCIAL ASSETS	22,906	2	10	5,835	676	29,429
TOTAL ASSETS	692,272	163,063	24,922	18,221	1,425	899,903
LIABILITIES						
Financial liabilities at fair value through profit or loss	2,906	132	130	3	20	3,191
Due to banks and the Central Bank of the Russian Federation	133,505	48,326	17,066	13,846	767	213,510
Customer accounts	407,635	41,873	14,222	6,366	1,631	471,727
Bonds and Eurobonds	30,851	11,767	-	-	-	42,618
Promissory notes issued	20,856	209	65	-	15	21,145
Other financial liabilities	3,200	176	21	265	-	3,662
Subordinated debt	12,606	38,267	-	-	-	50,873
TOTAL FINANCIAL LIABILITIES	611,559	140,750	31,504	20,480	2,433	806,726
Deferred income tax liabilities	1,690	-	-	-	-	1,690
Other non-financial liabilities	1,126	-	-	-	-	1,126
TOTAL NON-FINANCIAL LIABILITIES	2,816	-	-	-	-	2,816
TOTAL LIABILITIES	614,375	140,750	31,504	20,480	2,433	809,542
OPEN BALANCE SHEET POSITION	77,897	22,313	(6,582)	(2,259)	(1,008)	
Fair value of derivative financial instruments and spot deals						
Payables under forward deals	(69,534)	(109,263)	(15,776)	(2,788)	(884)	(198,245)
Receivables under forward deals	85,282	84,658	20,786	5,260	2,259	198,245
Payables under spot deals	(3,654)	(4,992)	(3,673)	-	-	(12,319)
Receivables under spot deals	2,191	6,442	3,685	-	1	12,319
NET POSITION FOR DERIVATIVE FINANCIAL INSTRUMENTS AND SPOT DEALS	14,285	(23,155)	5,022	2,472	1,376	
TOTAL OPEN POSITION	92,182	(842)	(1,560)	213	368	
CREDIT CONTINGENT LIABILITIES	256,762	13,236	7,999	-	78	

Liquidity risk

Liquidity risk refers to the availability of sufficient funds to meet deposit withdrawals and other financial commitments associated with financial instruments as they actually fall due. The liquidity and cash flow risks arise in the case of maturity gap.

The liquidity risk is defined as a mismatch of asset and liability maturity periods. The liquidity risk is managed by the Financial Committee of the Group.

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 to be completely matched due to the variety of Group's lending and funding operations. 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 of the Group and its exposure to changes in interest and exchange rates. Currently, a considerable part of customer deposits are repayable on demand. However, the fact that these deposits are diversified by the number and type of customers and the Group's previous experience indicate that these deposits are a relatively stable and long-term source of finance for the Group.

The below data on term deposits of individuals are based on the terms of contracts. However, individuals may withdraw deposits at any time.

Long-term credits and overdraft facilities are generally not available in Russian Federation. However, in the Russian marketplace, many short-term credits are granted with the expectation of renewing the loans at maturity. As such, the ultimate maturity of assets may be different from the analysis presented below.

While financial assets at fair value through profit or loss are mainly shown as less than one month, realizing such assets upon demand is dependent upon financial market conditions.

Substantially all of the Group's interest bearing assets and interest bearing liabilities are at fixed rates of interest.

Interest bearing assets and liabilities generally have relatively short maturities and interest rates are re-priced only at maturity.

In order to manage liquidity risk, the Group performs daily monitoring of future expected cash flows on clients' and banking operations, which is a part of assets/liabilities management process. The Finance Committee of the Bank sets limits on the minimum proportion of maturing funds available to meet deposit withdrawals and on the minimum level on interbank and other borrowing facilities that should be in place to cover withdrawals at unexpected levels of demand.

The following table presents an analysis of liquidity risk based on carrying value of assets and liabilities as at 30 September 2013:

	Up to 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Maturity undefined	30 September 2013 Total
ASSETS							
Cash and balances with the Central Bank of the Russian Federation	27,482	-	-	-	-	-	27,482
Minimum reserve deposits with the Central Bank of the Russian Federation	-	-	-	-	-	8,842	8,842
Precious metals	7,214	-	-	-	-	-	7,214
Financial assets at fair value through profit or loss	125,666	2,761	130	1,343	-	-	129,900
Loans and advances to banks and other financial institutions	87,124	7,074	15,715	-	-	-	109,913
Loans to customers	40,296	129,405	212,838	230,139	108,187	-	720,865
Investments available-for-sale	-	20	3	561	1,263	-	1,847
Investments in associates	-	-	-	5,549	-	-	5,549
Property, plant and equipment	-	-	-	-	-	10,735	10,735
Goodwill	-	-	-	-	-	809	809
Intangible assets	-	-	-	-	-	2,094	2,094
Investment property	-	-	-	3,809	-	-	3,809
Other assets	2,160	676	1,816	76	121	72	4,921
TOTAL ASSETS	289,942	139,936	230,502	241,477	109,571	22,552	1,033,980
LIABILITIES							
Financial liabilities at fair value through profit or loss	131	3,405	149	1,129	-	-	4,814
Due to banks and the Central Bank of the Russian Federation	91,642	20,381	30,631	13,959	321	-	156,934
Customer accounts	174,199	120,247	160,373	147,161	110	-	602,090
Bonds and Eurobonds	12,710	73	9,786	34,301	6,940	-	63,810
Promissory notes issued	2,092	13,562	16,011	5,035	-	-	36,700
Deferred income tax liabilities	-	-	-	-	-	2,016	2,016
Other liabilities	2,728	434	1,732	7	14	-	4,915
Subordinated debt	1,219	449	-	11,307	45,683	-	58,658
TOTAL LIABILITIES	284,721	158,551	218,682	212,899	53,068	2,016	929,937
Liquidity gap	5,221	(18,615)	11,820	28,578	56,503	-	
Stable sources of funding (1)	103,471	26,283	58,005	(187,759)	-	-	
Adjusted liquidity gap (1)	108,692	7,668	69,825	(159,181)	56,503	-	

The following table presents an analysis of liquidity risk based on carrying value of assets and liabilities as at 31 December 2012:

	Up to 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Maturity undefined	31 December 2012 Total
ASSETS							
Cash and balances with the Central Bank of the Russian Federation	51,148	-	-	-	-	-	51,148
Minimum reserve deposits with the Central Bank of the Russian Federation	-	-	-	-	-	6,932	6,932
Precious metals	6,402	-	-	-	-	-	6,402
Financial assets at fair value through profit or loss	100,756	155	3,174	169	-	-	104,254
Loans and advances to banks and other financial institutions	99,104	3,027	233	9,222	-	-	111,586
Loans to customers	40,809	67,400	198,821	218,741	64,793	-	590,564
Investments available-for-sale	250	-	-	4,232	437	-	4,919
Investments held to maturity	-	-	201	-	-	-	201
Property, plant and equipment	-	-	-	-	-	11,117	11,117
Goodwill	-	-	-	-	-	809	809
Intangible assets	-	-	-	-	-	2,481	2,481
Investment property	10	-	-	4,751	-	-	4,761
Other assets	1,315	461	2,890	17	16	30	4,729
TOTAL ASSETS	299,794	71,043	205,319	237,132	65,246	21,369	899,903
LIABILITIES							
Financial liabilities at fair value through profit or loss	1,961	91	876	263	-	-	3,191
Due to banks and the Central Bank of the Russian Federation	122,139	30,540	43,110	17,709	12	-	213,510
Customer accounts	198,134	67,012	173,747	32,779	55	-	471,727
Bonds and Eurobonds	173	443	16,346	21,906	3,750	-	42,618
Promissory notes issued	5,851	8,244	5,426	1,624	-	-	21,145
Deferred income tax liabilities	-	-	-	-	-	1,690	1,690
Other liabilities	1,867	1,406	1,327	188	-	-	4,788
Subordinated debt	2	1	552	10,624	39,694	-	50,873
TOTAL LIABILITIES	330,127	107,737	241,384	85,093	43,511	1,690	809,542
Liquidity gap	(30,333)	(36,694)	(36,065)	152,039	21,735	-	-
Stable sources of funding (1)	99,938	18,153	56,301	(174,392)	-	-	-
Adjusted liquidity gap (1)	69,605	(18,541)	20,236	(22,353)	21,735	-	-

- (1) For liability risk management purposes, the Group monitors the mismatch between asset and liability contractual maturities. In addition, the Group identifies certain financial instruments which represent a relatively stable source of funds, despite its contractually short maturities. These instruments are correspondent accounts of banks included within Due to banks and the Central Bank of the Russian Federation and customer accounts.

These financial instruments are split into homogeneous groups with similar statistical characteristics so that management can estimate the portion of these balances which are not subject to significant risk of reduction in outstanding balances. Large customers with the highest volatility are separated from the groups and pooled together so that management can use a stochastic model that better describes these large customers behaviour on a pool basis. The stable portion is estimated with a preset level of reliability and revised regularly, at least once a quarter.

Although management believes that these components of the correspondent and customer accounts are a stable source of funding, the Group considers that customer accounts related to small, homogeneous deposits will mature in three years while all other stable sources of funding will mature in one year from the balance sheet dates.

24. TRANSACTIONS WITH RELATED PARTIES

Details of transactions between the Group and other related parties are disclosed below:

	30 September 2013			31 December 2012		
	Related party trans- actions	Average effective interest %	Total category as per financial statements caption	Related party trans- actions	Average effective interest %	Total category as per financial statements caption
Financial assets at fair value through profit or loss:	131		129,900	24		104,254
Debt securities						
- <i>shareholders of the Group</i>	83	9.87%		-	-	
- <i>companies controlled by shareholders</i>	39	8.99%		-	-	
Equity securities and derivative financial instruments						
- <i>entities under common control</i>	8			-		
- <i>companies controlled by shareholders</i>	1			24		
Loans and advances to banks and other financial institutions:	446		109,913	-		111,586
Loans to banks and other financial institutions						
- <i>companies controlled by shareholders</i>	188	6.74%		-		
Correspondent accounts with banks						
- <i>entities under common control</i>	135			-		
- <i>companies controlled by shareholders</i>	123			-		
Loans to customers, gross:	4,048		743,949	32,425		612,466
- <i>shareholders of the Group</i>	2,200	11.58%		-	-	
- <i>key management personnel</i>	24	10.28%		189	7.68%	
- <i>companies controlled by shareholders</i>	1,824	11.43%		32,236	9.29%	
Allowance for impairment of loans to customers	(33)		(23,084)	(43)		(21,902)
- <i>shareholders of the Group</i>	(6)			-		
- <i>companies controlled by shareholders</i>	(27)			(43)		
Investments available-for-sale	2		1,847	3,766		4,919
Debt securities						
- <i>companies controlled by shareholders</i>	-			3,766	9.00%	
Equity securities						
- <i>entities under common control</i>	2			-		
Investments in associates	5,549		5,549	-		-
- <i>entities under common control</i>	5,549			-		
Other assets	186		4,921	17		4,729
- <i>shareholders of the Group</i>	2			-		
- <i>companies controlled by shareholders</i>	39			17		
Financial liabilities at fair value through profit or loss	8		4,814	17		3,191
- <i>companies controlled by shareholders</i>	8			17		
Due to banks and the Central Bank of the Russian Federation:	-		156,934	36		213,510
Correspondent accounts of other banks						
- <i>companies controlled by shareholders</i>	-			36		
Customer accounts:	1,991		602,090	4,280		471,727
Time deposits						
- <i>shareholders of the Group</i>	112	5.90%		1,029	4.16%	
- <i>key management personnel</i>	578	5.81%		1,363	5.68%	
- <i>companies controlled by shareholders</i>	991	8.57%		1,492	7.87%	
Repayable on demand						
- <i>shareholders of the Group</i>	48			1		
- <i>entities under common control</i>	10			2		
- <i>key management personnel</i>	233			40		
- <i>companies controlled by shareholders</i>	19			353		
Subordinated debt	6,000		58,658	-		50,873
- <i>companies controlled by shareholders</i>	6,000	8.13%		-		
Other liabilities	355		4,915	101		4,788
- <i>key management personnel</i>	335			100		
- <i>companies controlled by shareholders</i>	20			1		

	Nine months ended 30 September 2013		Nine months ended 30 September 2012	
	Related party transactions	Total for the Group	Related party transactions	Total for the Group
Fee and commission income		8,829		7,795
- shareholders of the Group	1		1	
- key management personnel	1		-	
- companies controlled by shareholders	276		343	
Fee and commission expense		(2,299)		(2,071)
- entities under common control	(2)		-	
- companies controlled by shareholders	(4)		-	
Net gain on investments available-for-sale		25		17
- companies controlled by shareholders	14		-	
Other income		674		540
- companies controlled by shareholders	8		7	
Operating expenses		(15,932)		(14,829)
- key management personnel	(660)		(412)	
- companies controlled by shareholders	(30)		(41)	

	Three months ended 30 September 2013		Three months ended 30 September 2012	
	Key management personnel	Total for the Group	Key management personnel	Total for the Group
Key management personnel compensation:		2,874		2,889
- salary	70		67	
- bonuses	157		55	
- contribution to non-government pension fund	-		1	

	Three months ended 30 September 2013		Three months ended 30 September 2012	
	Related party transactions	Total for the Group	Related party transactions	Total for the Group
Interest income		26,500		17,081
- shareholders of the Group	938		-	
- key management personnel	1		-	
- entities under common control	12		-	
- companies controlled by shareholders	107		958	
Interest expense		(15,487)		(9,130)
- shareholders of the Group	(134)		(64)	
- key management personnel	(42)		-	
- entities under common control	(5)		-	
- companies controlled by shareholders	(52)		(184)	
Provision for impairment losses on interest bearing assets		(2,621)		(1,338)
- shareholders of the Group	(5)		-	
- companies controlled by shareholders	(298)		(23)	

	Three months ended 30 September 2013		Three months ended 30 September 2012	
	Related party transactions	Total for the Group	Related party transactions	Total for the Group
Trading income/(loss)		1,600		(465)
- <i>shareholders of the Group</i>	31		3	
- <i>entities under common control</i>	26		-	
- <i>key management personnel</i>	(11)		-	
- <i>companies controlled by shareholders</i>	(190)		(2,442)	
Fee and commission income		3,200		2,913
- <i>key management personnel</i>	1			
- <i>companies controlled by shareholders</i>	151		64	
Fee and commission expense		(865)		(791)
- <i>companies controlled by shareholders</i>	(4)		-	
Net gain on investments available-for-sale		7		35
- <i>companies controlled by shareholders</i>	(5)		-	
Other income		262		30
- <i>companies controlled by shareholders</i>	-		1	
Operating expenses		(5,189)		(5,219)
- <i>key management personnel</i>	(239)		(136)	
- <i>companies controlled by shareholders</i>	(8)		(13)	

25. SUBSEQUENT EVENTS

In October 2013 Nomos Bank has completed the subsequent public offering of its shares on Moscow Stock Exchange in the amount of 21,800,000 items. The shares have been listed on the "Russian Trading System" Stock Exchange (RTS) and admitted to trading on the "MICEX" Stock Exchange (MICEX), under the symbol "NMOS", The offer price of RUB 875 per ordinary share.

In November 2013 NOMOS-BANK has taken a syndicated loan of \$240mln from a group of foreign and Russian banks. The funds have been obtained for a term of one year with an option to be extended for a similar term. The loan interest rate is LIBOR+1.75% per annum. These funds will be used to finance the bank's gold-mining customers.

In November 2013 NOMOS-BANK issued bonds of the 12-th series in amount 2.2 billion RUR with the nominal value of 5 billion RUR. Maturity date is the 28 August 2017, offer date is the 2 March 2015. Issuer ratings assigned by Fitch at «BB-» and Moody's at the level of «Ba3».