

**Group of state corporation
"Bank for Development and Foreign Economic
Affairs (Vnesheconombank)"**

Unaudited interim condensed consolidated
financial statements

As at 31 March 2013

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Report on review of interim condensed consolidated financial statements

To the Supervisory Board
of state corporation "Bank for Development and Foreign Economic Affairs (Vnesheconombank)"

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of state corporation "Bank for Development and Foreign Economic Affairs (Vnesheconombank)" and its subsidiaries (together the "Group") as at 31 March 2013, comprising of the interim condensed consolidated statement of financial position as at 31 March 2013 and the related interim condensed consolidated statements of income, of comprehensive income, of changes in equity and of cash flows for the three months then ended and selected explanatory notes. Management of the Group is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standard IAS 34 "Interim Financial Reporting" ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim 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 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 interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.



30 July 2013

Interim Condensed Consolidated Statement of Financial Position
As at 31 March 2013
(in millions of Russian rubles)

| | Note | 31 March 2013 (Unaudited) | 31 December 2012 |
|--|------|---------------------------------|---------------------|
| Assets | | | |
| Cash and cash equivalents | 7 | 227,441 | 239,997 |
| Precious metals | | 766 | 744 |
| Financial assets at fair value through profit or loss | 8 | 82,586 | 72,119 |
| Financial assets at fair value through profit or loss lent and pledged under repurchase agreements | 8 | 7,781 | 16,668 |
| Amounts due from credit institutions | 9 | 428,379 | 446,476 |
| Loans to customers | 10 | 1,570,780 | 1,497,239 |
| Loans to customers pledged under repurchase agreements | 10 | 1,300 | 148 |
| Investment financial assets: | 11 | | |
| - available-for-sale | | 472,745 | 493,813 |
| - held-to-maturity | | 1,114 | 16,582 |
| Investment financial assets pledged under repurchase agreements | 11 | | |
| - available-for-sale | | 16,408 | 11,751 |
| - held-to-maturity | | 284 | - |
| Amounts due from the Russian Government | | 120 | 118 |
| Investments in associates and jointly controlled entities | 3 | 10,671 | 9,510 |
| Property and equipment | | 43,665 | 41,813 |
| Income tax assets | 16 | 3,956 | 3,566 |
| Other assets | 12 | 104,099 | 68,556 |
| Total assets | | 2,972,095 | 2,919,100 |
| Liabilities | | | |
| Amounts due to credit institutions | 13 | 543,109 | 569,942 |
| Financial liabilities at fair value through profit or loss | 8 | 1,356 | 2,494 |
| Amounts due to the Russian Government and the Bank of Russia | 6 | 941,326 | 981,868 |
| Amounts due to customers | 14 | 343,051 | 335,827 |
| Debt securities issued | 15 | 478,747 | 388,939 |
| Income tax liabilities | 16 | 4,011 | 1,702 |
| Provisions | 17 | 767 | 997 |
| Other liabilities | | 41,878 | 105,448 |
| Total liabilities | | 2,354,245 | 2,387,217 |
| Equity | | | |
| Charter capital | 18 | 382,571 | 382,571 |
| Additional paid-in capital | | 139,600 | 62,600 |
| Retained earnings | | 48,314 | 46,330 |
| Unrealized gains on investment financial assets available for sale | | 40,432 | 41,102 |
| Foreign currency translation reserve | | (506) | (1,426) |
| Equity attributable to the Russian Government | | 610,411 | 531,177 |
| Non-controlling interests | | 7,439 | 706 |
| Total equity | | 617,850 | 531,883 |
| Total equity and liabilities | | 2,972,095 | 2,919,100 |

Signed and authorized for release on behalf of the Chairman of the Bank

Vladimir A. Dmitriev

Chairman of the Bank

Vladimir D. Shaprinsky

Chief Accountant

30 July 2013

The accompanying selected notes 1-22 are an integral part of these interim condensed consolidated financial statements.

Interim Condensed Consolidated Statement of Income
(in millions of Russian rubles)

| | Note | For the three-month period ended 31 March (Unaudited) | |
|---|------|---|-----------------|
| | | 2013 | 2012 |
| Interest income | | | |
| Loans to customers | | 34,965 | 27,211 |
| Amounts due from credit institutions and cash equivalents | | 10,048 | 10,477 |
| Investment securities | | 4,663 | 4,968 |
| | | 49,676 | 42,656 |
| Finance leases | | 5,971 | 4,468 |
| Financial assets at fair value through profit or loss | | 705 | 510 |
| Other investment financial assets available for sale | | 801 | – |
| | | 57,153 | 47,634 |
| Interest expense | | | |
| Amounts due to credit institutions and the Bank of Russia | | (11,656) | (8,348) |
| Amounts due to customers and the Russian Government | | (15,397) | (15,385) |
| Debt securities issued | | (7,058) | (5,049) |
| | | (34,111) | (28,782) |
| Net interest income | | 23,042 | 18,852 |
| Provision for impairment of interest-earning assets | 17 | (15,945) | (2,008) |
| Net interest income after provision for impairment of interest-earning assets | | 7,097 | 16,844 |
| Fee and commission income | | 1,929 | 1,432 |
| Fee and commission expense | | (396) | (650) |
| Net fee and commission income | | 1,533 | 782 |
| Gains less losses arising from financial instruments at fair value through profit or loss | | 997 | 2,998 |
| Gains less losses from investment financial assets available for sale | | 4,917 | 777 |
| Net gains from foreign currencies: | | | |
| - dealing | | 1,369 | 11,554 |
| - translation differences | | (2,056) | 4,967 |
| Gains less losses on initial recognition of financial instruments and restructuring | | (111) | (17) |
| Share in net income of associates and jointly controlled entities | | 47 | 336 |
| Gain on bargain purchase | 4 | 702 | – |
| Dividends | | 44 | 20 |
| Other operating income | | 1,809 | 788 |
| Non-interest income | | 7,718 | 21,423 |
| Payroll and other staff costs | | (4,657) | (4,098) |
| Occupancy and equipment | | (1,245) | (1,256) |
| Depreciation of property and equipment | | (538) | (374) |
| Taxes other than income tax | | (827) | (782) |
| Other impairment and provisions | 17 | (33) | (51) |
| Other operating expenses | | (5,992) | (3,133) |
| Non-interest expense | | (13,292) | (9,694) |

The accompanying selected notes 1-22 are an integral part of these interim condensed consolidated financial statements

**Interim Condensed Consolidated Statement of Income
 (continued)**

(in millions of Russian rubles)

| | For the three-month period ended 31 March (Unaudited) | | |
|---|--|--------------|---------------|
| | Note | 2013 | 2012 |
| Profit before income tax and hyperinflation effect | | 3,056 | 29,355 |
| Loss on net monetary position resulting from hyperinflation | | (284) | (27) |
| Profit before income tax | | 2,772 | 29,328 |
| Income tax expense | 16 | (779) | (749) |
| Profit for the period | | 1,993 | 28,579 |
| Attributable to: | | | |
| - the Russian Government | | 1,984 | 28,571 |
| - non-controlling interests | | 9 | 8 |
| | | 1,993 | 28,579 |

The accompanying selected notes 1-22 are an integral part of these interim condensed consolidated financial statements

Interim Condensed Consolidated Statement of Comprehensive Income
(in millions of Russian rubles)

| | For the three-month period ended 31 March (Unaudited) | | |
|--|--|--------------|---------------|
| | Note | 2013 | 2012 |
| Profit for the period | | 1,993 | 28,579 |
| Other comprehensive income | | | |
| <i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i> | | | |
| Change in unrealized gains/(losses) on investment financial assets available for sale | | (663) | 24,255 |
| Translation differences | | 934 | (2,805) |
| Income tax relating to components of other comprehensive income | | (7) | (38) |
| Net other comprehensive income to be reclassified to profit or loss in subsequent periods | | 264 | 21,412 |
| Other comprehensive income for the period, net of tax | | 264 | 21,412 |
| Total comprehensive income for the period | | 2,257 | 49,991 |
| Attributable to: | | | |
| - the Russian Government | | 2,234 | 50,090 |
| - non-controlling interests | | 23 | (99) |
| | | 2,257 | 49,991 |

The accompanying selected notes 1-22 are an integral part of these interim condensed consolidated financial statements

Interim Condensed Consolidated Statement of Changes in Equity
For the three-month period ended 31 March 2013
(in millions of Russian rubles)

| | Attributable to the Russian Government | | | | | Total | Non-controlling interests | Total equity |
|--|--|----------------------------|-------------------|--|--------------------------------------|----------------|---------------------------|----------------|
| | Charter capital | Additional paid-in capital | Retained earnings | Unrealized revaluation of investment financial assets available for sale | Foreign currency translation reserve | | | |
| 31 December 2011 | 382,571 | 62,600 | 28,845 | 57,782 | 58 | 531,856 | 819 | 532,675 |
| Total comprehensive income/(loss) for the period (Unaudited) | – | – | 28,571 | 24,205 | (2,686) | 50,090 | (99) | 49,991 |
| Change in interest in existing subsidiaries (Unaudited) | – | – | 21 | (1) | 2 | 22 | 29 | 51 |
| 31 March 2012 (Unaudited) | 382,571 | 62,600 | 57,437 | 81,986 | (2,626) | 581,968 | 749 | 582,717 |
| 31 December 2012 | 382,571 | 62,600 | 46,330 | 41,102 | (1,426) | 531,177 | 706 | 531,883 |
| Total comprehensive income/(loss) for the period (Unaudited) | – | – | 1,984 | (670) | 920 | 2,234 | 23 | 2,257 |
| Contribution of the Russian Government (Unaudited) (Note 18) | – | 77,000 | – | – | – | 77,000 | – | 77,000 |
| Subsidiary acquired (Unaudited) (Note 4) | – | – | – | – | – | – | 6,710 | 6,710 |
| 31 March 2013 (Unaudited) | 382,571 | 139,600 | 48,314 | 40,432 | (506) | 610,411 | 7,439 | 617,850 |

The accompanying selected notes 1-22 are an integral part of these interim condensed consolidated financial statements

Interim Condensed Consolidated Statement of Cash Flows

(in millions of Russian rubles)

| | For the three-month period ended 31 March (Unaudited) | | |
|--|--|------------------|-----------------|
| | Note | 2013 | 2012 |
| Cash flows from operating activities | | | |
| Profit for the period | | 1,993 | 28,579 |
| Adjustments: | | | |
| Depreciation and amortization | | 689 | 563 |
| Change in interest accruals | | (5,987) | (2,565) |
| Deferred income tax | | 479 | (128) |
| Impairment and other provisions | | 15,978 | 2,059 |
| Share in net income of associates and jointly controlled entities | | (47) | (336) |
| Changes in unrealized revaluation of trading securities and derivative financial instruments | | (1,176) | (7,203) |
| Changes in translation differences | | 2,056 | (4,967) |
| Gains less losses from investment financial assets available for sale, net of impairment loss | | (6,176) | (777) |
| Impairment of investment financial assets available for sale | | 1,259 | - |
| Gains less losses on initial recognition of financial instruments and restructuring | | 111 | 17 |
| Gain on bargain purchase | | (702) | - |
| Loss on net monetary position resulting from hyperinflation | | 284 | 27 |
| Other changes | | 1,976 | (3,159) |
| Cash flows from operating activities before changes in operating assets and liabilities | | 10,737 | 12,110 |
| <i>(Increase)/decrease in operating assets:</i> | | | |
| Amounts due from credit institutions | | 21,062 | (10,968) |
| Precious metals | | (12) | (1) |
| Financial assets at fair value through profit or loss | | (1,479) | (6,923) |
| Loans to customers | | (74,891) | (15,058) |
| Amounts due from the Russian Government | | 25 | 1 |
| Other assets | | (13,015) | (5,439) |
| <i>Increase/(decrease) in operating liabilities:</i> | | | |
| Amounts due to credit institutions, net of long-term interbank financing | | (84,313) | (34,692) |
| Amounts due to the Russian Government and the Bank of Russia, net of long-term special purpose financing | | (50,202) | 45,089 |
| Amounts due to customers | | 7,098 | (46,942) |
| Debt securities issued, net of Eurobonds and bonds | | 17,473 | 5,074 |
| Other liabilities | | 7,657 | 3,058 |
| Net cash flows used in operating activities | | (159,860) | (54,691) |

The accompanying selected notes 1-22 are an integral part of these interim condensed consolidated financial statements

**Interim Condensed Consolidated Statement of Cash Flows
(continued)**

(in millions of Russian rubles)

| | Note | For the three-month period ended 31 March (Unaudited) | |
|--|------|---|----------------|
| | | 2013 | 2012 |
| Cash flows from investing activities | | | |
| Purchase of property and equipment | | (1,587) | (1,706) |
| Proceeds from sale of property and equipment | | 131 | 96 |
| Purchase of investment financial assets available for sale | | (23,258) | (71,459) |
| Sale and redemption of investment financial assets available for sale | | 46,745 | 67,487 |
| Redemption of investment financial assets held to maturity | | 15,000 | – |
| Investments in associates and jointly controlled entities | 4 | (2,367) | (2,071) |
| Acquisition of subsidiaries, net of cash acquired | 4 | (2,183) | – |
| Net cash (used in)/from investing activities | | 32,481 | (7,653) |
| Cash flows from financing activities | | | |
| Long-term interbank financing raised | | 68,144 | 18,932 |
| Long-term interbank financing repaid | | (24,204) | (6,127) |
| Placement of Eurobonds and bonds | | 70,577 | 66,190 |
| Redemption of bonds | | (6,066) | (58) |
| Purchase of bonds issued by the Group | | (2,265) | (4,309) |
| Proceeds from sale of previously purchased bonds | | 7,913 | 3,632 |
| Change in interest in existing subsidiaries | | – | 51 |
| Net cash from financing activities | | 114,099 | 78,311 |
| Effect of changes in foreign exchange rates against the ruble on cash and cash equivalents | | 724 | (4,020) |
| Net (decrease)/ increase in cash and cash equivalents | | (12,556) | 11,947 |
| Cash and cash equivalents, beginning | 7 | 239,997 | 178,028 |
| Cash and cash equivalents, ending | 7 | 227,441 | 189,975 |
| Supplemental information: | | | |
| Income tax paid | | (590) | (468) |
| Interest received | | 42,704 | 38,258 |
| Interest paid | | (26,972) | (23,484) |
| Dividends received | | 44 | 20 |

The accompanying selected notes 1-22 are an integral part of these interim condensed consolidated financial statements

(in millions of Russian rubles)

1. Principal activities

The Group of state corporation "Bank for Development and Foreign Economic Affairs (Vnesheconombank)" comprises state corporation "Bank for Development and Foreign Economic Affairs (Vnesheconombank)" ("Vnesheconombank" or the "Bank"), Russian banks, CIS-based banks, and Russian and foreign companies (collectively, the "Group"). List of major subsidiaries and associates is presented in Note 3.

Vnesheconombank was formed on 8 June 2007 pursuant to and in accordance with Federal Law No. 82-FZ dated 17 May 2007, "On Bank for Development" (the "Federal Law"), by means of reorganization of Bank of Foreign Economic Affairs of the USSR ("Vnesheconombank of the USSR") and is its legal successor. Vnesheconombank of the USSR was a specialized state bank of the Russian Federation servicing, in an agency capacity, the foreign debt and assets of the former USSR and the Government of the Russian Federation (the "Russian Government") and its authorized institutions.

In accordance with Federal Law No. 395-1, "On Banks and Banking Activity", dated 2 December 1990, including amendments to it, Vnesheconombank performs banking operations as stipulated by the Federal Law. The Bank has no right to attract deposits from individuals. The legislation on banks and banking activity shall apply to the Bank only to the extent that it does not contradict the Federal Law and subject to certain specifics.

The main principles and areas of the Bank's activity are set out in the Federal Law and the Memorandum on the Bank's Financial Policies, approved by Resolution of the Russian Government No. 1007-r dated 27 July 2007. The Memorandum on the Bank's Financial Policies provides for the main areas of the Bank's investing and financing activities, stipulates quantitative limitations, conditions and criteria of specific operations. The Russian Government, by Resolution No. 2610-r dated 29 December 2012, approved amendments to the Memorandum setting out terms and procedures for providing financial support and guarantees to companies working on state defense contracts and involved in federal-level defense and security programs. In addition, the Memorandum was amended by adding a section on the formal process for Vnesheconombank to make decisions on investing pension savings in bonds covered by guarantees of the Russian Government and bonds issued by companies, which have been assigned a long-term credit rating not lower than Russia's sovereign rating by an international credit rating agency approved in accordance with the procedure established by a federal governmental body for financial markets, for the purpose of financing the government's major infrastructure development projects.

The management bodies of the Bank are the Supervisory Board chaired by the Prime Minister of the Russian Federation, the Management Board and the Chairman of the Bank. In accordance with the Federal Law, the Chairman of the Bank is appointed by the President of the Russian Federation for a term which cannot exceed 5 years.

Vnesheconombank activities are aimed at overcoming infrastructure growth constraints, upgrading and promoting non-raw materials economic sector, encouraging innovations and exports of high-technology products, carrying out projects in special economic zones, environment protection projects, and supporting small and medium-sized businesses. The Bank actively participates in large investment projects contributing to the development of infrastructure and high-technology industries of the real sector of the economy.

As detailed in Note 18, the Bank's charter capital has been formed by means of asset contributions from the Russian Federation made under decisions of the Russian Government, including contribution of state-owned shares of OJSC "Russian Bank for Development" (in 2011 renamed to OJSC "Russian Bank for Small and Medium Enterprises Support" ("SME Bank"), CJSC "State Specialized Russian Export-Import Bank" (EXIMBANK OF RUSSIA) and Federal Center for Project Finance (FCPF) to the charter capital.

(in millions of Russian rubles)

1. Principal activities (continued)

Vnesheconombank performs the functions of an agent for the Russian Government for the purpose of accounting, servicing and repaying the foreign national debt of the former USSR and the Russian Federation (including internal currency debt of the former USSR); accounting, servicing and repaying (using) government loans issued by the former USSR and the Russian Federation to foreign borrowers; collecting (recovering) debts from legal entities, constituent entities of the Russian Federation and municipal governments under cash liabilities to the Russian Federation; providing and executing state guarantees of the Russian Federation and monitoring projects implemented by the Russian Federation with involvement of international financial institutions.

Vnesheconombank performs the functions of an agent of the Russian Government under the Agreement entered into with the Ministry of Finance of the Russian Federation (the "Russian Ministry of Finance") on 25 December 2009 and Additional Agreement No. 1 dated 23 December 2010, Additional Agreement No. 2 dated 8 December 2011 and Additional Agreement No. 3 dated 23 July 2012 (collectively, "Agency Agreements"). A new additional agreement with the Russian Ministry of Finance is expected to be entered into in 2013.

In January 2003, the Bank was nominated as the state trust management company for the trust management of pension savings funds accumulated by the State Pension Fund of the Russian Federation (the "SPF"). Vnesheconombank performs trust management of accumulated pension savings of insured citizens who have not selected a private management company and who have selected the Bank as the management company.

On 2 August 2009, Federal Law No. 182-FZ dated 18 July 2009, "On Amendments to Federal Law "On Non-state Pension Funds" and Federal Law "On Investment of Funds to Finance the Funded Part of Labor Pensions in the Russian Federation", came into effect which provides for that from 1 November 2009 the Bank as the state trust management company for pension savings shall form two portfolios: an extended investment portfolio and an investment portfolio of government securities. The Bank shall form the portfolios in accordance with the investment declarations approved by Resolution of the Russian Government No. 540 dated 1 September 2003 and No. 842 dated 24 October 2009. In accordance with Resolution of the Russian Government No. 658 dated 29 June 2012 "On Amendments to Resolution of the Russian Government No. 970 dated 22 December 2008," Vnesheconombank was appointed as state management company for funds in the payment reserve. The payment reserve is formed in accordance with Federal Law No. 360-FZ of 30 November 2011 "Concerning the Procedure for Using Pension Accruals to Finance Payments" for purposes of payments to the cumulative part of the old-age pension.

During the first quarter of 2013, the Bank, as a state management company, mainly invested in state securities denominated in Russian rubles, and corporate bonds of highly credible Russian issuers, mortgage securities and bonds of international financial organizations. At 31 March 2013 and 31 December 2012, total funds of the SPF placed in management to the state trust management company for pension savings amounted to RUB 1,630,697 million and RUB 1,644,116 million respectively.

In accordance with Resolution of the Russian Government No. 970 dated 22 December 2008, the Bank shall perform functions of the state trust management company for pension savings until 1 January 2014.

The Bank performs functions of the agent servicing the foreign debt of the former USSR and of the Russian Federation, including maintenance of accounting records, settlements and reconciliation of above debt until the date determined by the Russian Government.

(in millions of Russian rubles)

1. Principal activities (continued)

Since October 2008, Vnesheconombank has been taking measures aimed at supporting the financial system of the Russian Federation so as to implement Federal Law No. 173-FZ dated 13 October 2008, "On Additional Measures to Support the Financial System of the Russian Federation" ("Federal Law No.173-FZ"). As detailed in Notes 9 and 10, the Bank extended unsecured subordinated loans to Russian banks, and starting from the end of December 2010, the Bank acts as a lender for operations to enhance affordability of mortgage loans through extending loans to OJSC "The Agency for Housing Mortgage Lending" (OJSC "AHML").

The Bank's head office is located in Moscow, Russia. The Bank's principal office is located at 9 Prospect Akademika Sakharova, Moscow.

The Bank has representative offices in St. Petersburg (Russia), Khabarovsk (Russia), Yekaterinburg (Russia), Pyatigorsk (Russia), Rostov-on-Don (Russia), Krasnoyarsk (Russia), Nizhny Novgorod (Russia), New-York (the United States of America), London (the United Kingdom of Great Britain and Northern Ireland), Milan (the Italian Republic), Frankfurt-am-Main (the Federal Republic of Germany), Johannesburg (the Republic of South Africa), Mumbai (the Republic of India), New-Delhi (the Republic of India), Beijing (the People's Republic of China), Paris (the French Republic) and Zurich (the Swiss Confederation).

2. Basis of preparation

General

These interim condensed consolidated financial statements for the three-month period ended 31 March 2013 have been prepared in accordance with IAS 34 *Interim Financial Reporting*. Accordingly, they do not include all the information and disclosures required in the annual financial statements under IFRS, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2012. Operating results for the three-month period ended 31 March 2013 are not necessarily indicative of the results that may be expected for the year ending 31 December 2013.

The accompanying consolidated financial statements are presented in millions of Russian rubles ("RUB million"), unless otherwise indicated.

The Russian ruble is the functional currency of Vnesheconombank and the presentation currency of the Group. Transactions in other currencies are treated as transactions in foreign currencies. The Group's foreign subsidiary OJSC "Belvnesheconombank" (Bank BelVEB OJSC) uses the Belarusian ruble ("BYR") as its functional currency. Public Stock Company "Joint-Stock Commercial Industrial and Investment Bank" (PSC Prominvestbank), another foreign subsidiary of the Group, uses the Ukrainian hryvnia ("UAH") as its functional currency.

Changes in accounting policies

The accounting policies and calculation methods adopted in the preparation of these interim condensed consolidated financial statements are consistent with those adopted and described in the annual consolidated financial statements of the Group for the year ended 31 December 2012, except for the change in respect of identifying evidence of impairment of financial investments available for sale and changes due to the adoption of new and (or) revised standards and interpretations as at 1 January 2013, noted below:

The Group has decided that starting from 1 January 2013 it will no longer use common quantitative criteria for determining whether financial investments available for sale are impaired, and will use professional judgment to assess any significant or prolonged decline in the fair value of investments below their cost.

(in millions of Russian rubles)

2. Basis of preparation (continued)

Changes in accounting policies (continued)

IFRS 10 Consolidated Financial Statements, IAS 27 Separate Financial Statements

IFRS 10 establishes a single control model that applies to all entities including special purpose entities. IFRS 10 replaces the parts of previously existing IAS 27 *Consolidated and Separate Financial Statements* that dealt with consolidated financial statements and SIC-12 *Consolidation – Special Purpose Entities*. IFRS 10 changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. To meet the definition of control in IFRS 10, all three criteria must be met, including: (a) an investor has power over an investee; (b) the investor has exposure, or rights, to variable returns from its involvement with the investee; and (c) the investor has the ability to use its power over the investee to affect the amount of the investor's returns. IFRS 10 had no impact on the consolidation of investments held by the Group.

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The application of IFRS 13 has not materially impacted the fair value measurements carried out by the Group.

IFRS 13 also requires specific disclosures on fair values, some of which replace existing disclosure requirements in other standards, including IFRS 7 *Financial Instruments: Disclosures*. Some of these disclosures are specifically required for financial instruments by IAS 34.16A(j), thereby affecting the interim condensed consolidated financial statements. The Group disclosed this information in Note 20.

Amendment to IAS 19 Employee Benefits

The amendments involve major changes to the accounting for employee benefits, including the removal of the option for deferred recognition of changes in pension plan assets and liabilities (known as the "corridor approach"). In addition, these amendments will limit the changes in the net pension asset (liability) recognised in profit or loss to net interest income (expense) and service costs. The amendment had no impact on the financial position or performance of the Group.

Amendment to IAS 1 Presentation of Financial Statements – Presentation of Other Comprehensive Income

The amendments to IAS 1 change the grouping of items presented in other comprehensive income. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, net losses or gains on available-for-sale financial assets) would be presented separately from items that will never be reclassified (for example, revaluation of buildings). The amendment affects presentation only and has no impact on the Group's financial position or performance.

Amendments to IFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities

These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognized financial instruments that are set off in accordance with IAS 32 *Financial Instruments: Presentation*. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreements, irrespective of whether they are set off in accordance with IAS 32. The amendments had no impact on the financial position or performance of the Group.

(in millions of Russian rubles)

2. Basis of preparation (continued)

Changes in accounting policies (continued)

Amendment to IFRS (IAS) 32 Financial instruments: Presentation

This amendment clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 *Income Taxes*. The amendment removes existing income tax requirements from IAS 32 and requires entities to apply the requirements in IAS 12 to any income tax arising from distributions to equity holders. The amendment did not have an impact on the interim condensed consolidated financial statements for the Group, as there is no tax consequences attached to cash or non-cash distribution.

Amendments to IAS 34 Interim Financial Reporting

The amendment clarifies the requirements in IAS 34 relating to segment information for total assets and liabilities for each reportable segment to enhance consistency with the requirements in IFRS 8 *Operating Segments*. Total assets and liabilities for a reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total amount disclosed in the entity's previous annual consolidated financial statements for that reportable segment. The Group provides this disclosure as total segment assets were reported to the chief operating decision maker. As a result of the adoption of this amendment, the Group also discloses the segment's total liabilities in these interim financial statements, as such information is provided to the chief operating decision maker (Note 5).

The mentioned new or revised standards and interpretations effective from 1 January 2013 did not have any impact on the accounting policies, financial position or performance of the Group, unless otherwise indicated.

Significant accounting estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts. These estimates and assumptions are based on the information available as at the date of the financial statements. The actual results may differ from these estimates and it is possible that these differences may have a material effect on the financial statements.

The key assumptions concerning the future and other key sources of estimation uncertainty regarding allowance for impairment of loans and receivables and taxation estimates are consistent with those used in preparing the annual consolidated financial statements for the year ended 31 December 2012.

(in millions of Russian rubles)

3. Major subsidiaries, associates and jointly controlled entities

Subsidiaries

The Group's major subsidiaries included in the consolidated financial statements are presented in the table below:

| Subsidiaries | Ownership | | Country of incorporation | Type of activity |
|--|------------------------------|------------------|--------------------------|---|
| | 31 March 2013 (Unaudited) | 31 December 2012 | | |
| EXIMBANK OF RUSSIA | 100% | 100% | Russia | Banking |
| Bank BelVEB OJSC | 97.52% | 97.52% | Republic of Belarus | Banking |
| OJSC "VEB-Leasing" | 98.96% | 98.96% | Russia | Leasing |
| "SME Bank" | 100% | 100% | Russia | Banking |
| Sviaz-Bank | 99.47% | 99.47% | Russia | Banking |
| PSC Prominvestbank | 97.85% | 97.85% | Ukraine | Banking |
| CJSC "Kraslesinvest" | 100% | 100% | Russia | Production and processing of materials |
| CJSC "GLOBEXBANK" | 99.99% | 99.99% | Russia | Banking |
| R.G.I. International Limited | 51.4% | – | Guernsey | Real estate development business |
| LLC "VEB-Capital" | 100% | 100% | Russia | Financial intermediary |
| "VEB Engineering" LLC | 67.55% | 67.55% | Russia | Investment project implementation services |
| FCPF | 100% | 100% | Russia | Financial intermediary |
| OJSC "North Caucasus Development Corporation" | 100% | 100% | Russia | Advisory services, investment project support |
| RDIF Management Company LLC | 100% | 100% | Russia | Management company |
| EXIAR | 100% | 100% | Russia | Insurance |
| OJSC "The Far East and Baikal Region Development Fund" | 100% | 100% | Russia | Investment project support |
| Share of assets: | | | | |
| Closed-end Mutual Hedge Fund "MRIF" | 99.92% | 99.92% | Russia | Mutual fund |
| Closed-end Mutual Equity Fund "MRIF-II" | 99.9992% | 99.9992% | Russia | Mutual fund |
| Mutual Fund "RDIF" | 100% | 100% | Russia | Mutual fund |

At 31 March 2013 and at 31 December 2012 the Group is the sole shareholder and fully controls the activities of OJSC "VEB-Leasing". At 31 March 2013 and at 31 December 2012 the Bank is the sole participant and fully controls "VEB Engineering" LLC.

In January 2013, the Bank transferred funds in the form of an asset contribution obtained by the Bank (Note 18) in the total amount of RUB 62,000 million to pay for 60,218 additional investment units of Mutual Fund "RDIF". The Bank's share in the fund's assets remained unchanged at 100%.

In February 2013, the Bank purchased 2,000,000 ordinary registered shares additionally issued by OJSC "Federal Center for Project Finance" in the amount of RUB 2,000 million. The Bank's share in the equity of its subsidiary remained unchanged at 100%.

(in millions of Russian rubles)

3. Major subsidiaries, associates and jointly controlled entities (continued)

Subsidiaries (continued)

In March 2013, the Bank transferred funds in the form of an asset contribution obtained by the Bank (Note 18) in the total amount of RUB 15,000 million as payment for the additionally issued 15,000,000 shares of OJSC "The Far East and the Baikal Region Development Fund". The Bank's share in the equity of its subsidiary remained unchanged at 100%.

Associates and jointly controlled entities

The Group's major associates accounted for under the equity method in the consolidated financial statements are presented in the table below:

| Associates | Ownership | | Country of incorporation | Type of activity |
|--|------------------------------|---------------------|--------------------------|------------------------|
| | 31 March 2013 (Unaudited) | 31 December 2012 | | |
| LLC "Managing Company "Bioprocess Capital Partners" | 25.10% | 25.10% | Russia | Financial intermediary |
| OJSC "Corporation of Development of Krasnoyarsk Territory" | 25.00% | 25.00% | Russia | Financial intermediary |
| LLC "PROMINVEST" | 25.00% | 25.00% | Russia | Financial intermediary |
| OJSC "Ilyushin Finance Co." | 21.39% | 21.39% | Russia | Leasing |
| LLC "VEB-Invest" | 19.00% | 19.00% | Russia | Investment |
| CJSC "Leader" | 27.62% | 27.62% | Russia | Management company |
| | Share of assets: | | | |
| CMIF "Bioprocess Capital Ventures" | 50.00% | 50.00% | Russia | Investment |

4. Business combinations and changes in ownership interest in subsidiaries

Acquisitions

R.G.I. International Limited

On 8 March 2013, subsidiary bank CJSC "GLOBEXBANK" acquired 28.8% of voting shares of R.G.I. International Limited ("RGI"). Immediately before the acquisition date, CJSC "GLOBEXBANK" owned 22.6% of voting shares in RGI that were acquired on 4 January 2013. As a result, the Group's interest in RGI amounted to 51.4%. The shares were acquired for USD 2.1 per share totaling RUB 5,408 million at the exchange rate at the date of acquisition.

RGI is a development company, which specializes in residential and retail real estate projects in Moscow and adjacent areas. The Group acquired controlling interest in RGI in order to participate in investment projects on construction and sale of real estate.

(in millions of Russian rubles)

4. Business combinations and changes in ownership interest in subsidiaries (continued)

Acquisitions (continued)

The fair values of the identifiable assets and liabilities acquired were determined provisionally and did not differ significantly from the carrying values of the respective assets and liabilities.

| | Provisional fair value recognized on acquisition of control |
|---|--|
| Cash and cash equivalents | 858 |
| Investments in associates and jointly controlled entities | 1,085 |
| Property and equipment | 317 |
| Income tax assets | 282 |
| Other assets | 23,909 |
| | 26,451 |
| Amounts due to credit institutions | 5,915 |
| Income tax liabilities | 2,042 |
| Other liabilities | 5,674 |
| | 13,631 |
| Total identifiable net assets | 12,820 |
| Less fair value of the previously existing interest | (2,367) |
| Non-controlling interests | (6,710) |
| Gain on bargain purchase | (702) |
| | 3,041 |
| Compensation transferred upon acquisition of control | 3,041 |

The Group decided to measure the non-controlling interest in RGI at the proportionate share of non-controlling participants in its identifiable net assets.

As a result of the acquisition, other assets of the Group increased by RUB 23,909 million, including the increase in non-banking subsidiaries' inventories of RUB 13,818 million and in investment property of RUB 7,882 million.

Cash outflow on acquisition of the subsidiary:

| | |
|--|----------------|
| Net cash acquired with the subsidiary (included in cash flows from investing activities) | 858 |
| Cash paid at the acquisition of significant influence (included in cash flows from investing activities) | (2,367) |
| Cash paid at the acquisition of control (included in cash flows from investing activities) | (3,041) |
| Net cash outflow | (4,550) |

RGI's results of operations for the period from 8 March 2013 through 31 March 2013 constitute an insignificant amount. If the combination had occurred at the beginning of the year, the Group's net profit for the three-month period ended 31 March 2013 would be RUB 1,844 million.

(in millions of Russian rubles)

5. Segment information

For the management purposes the Group has five operating business segments:

Segment 1 Vnesheconombank, "SME Bank", EXIMBANK OF RUSSIA.

Segment 2 Sviaz-Bank, CJSC "GLOBEXBANK", R.G.I. International Limited.

Segment 3 PSC Prominvestbank (Ukraine).

Segment 4 Bank BelVEB OJSC (Republic of Belarus).

Segment 5 OJSC "VEB-Leasing", LLC "VEB Capital", "VEB Engineering" LLC, FCPF, Closed-end Mutual Hedge Fund "MRIF", Closed-end Mutual Equity Fund "MRIF-II", OJSC "North Caucasus Development Corporation", EXIAR, RDIF Management Company LLC, Mutual Fund RDIF, OJSC "The Far East and Baikal Region Development Fund" and other subsidiaries.

Segment 1 comprises Vnesheconombank and major banks within the Group. Segment 2 comprises banks that were purchased in 2008 and 2009 to recover their financial stability, in line with anti-crisis measures developed by the RF Government as well as their subsidiaries. Segments 3 and 4 reflect the Group's banking operations in Ukraine and the Republic of Belarus, respectively. Segment 5 comprises other subsidiaries and funds in which the Group holds a controlling ownership interest.

Management of the Group monitors the operating results of each segment separately to make decisions on allocation of resources and to assess operating performance. Segments results are defined in a different way from that used for the purposes of the consolidated financial statements, as shown in the table below. Income taxes are accounted on a group basis and are not allocated to operating segments.

During the three-month periods ended 31 March 2013 and 31 March 2012, the Group received no income from transactions with one external client or counterparty, which would have amounted to 10% or more percent of the Group's total income.

(in millions of Russian rubles)

5. Segment information (continued)

Revenue and income information for the operating segments of the Group is presented below:

| | For the three-month period ended 31 March 2013 (Unaudited) | | | | | | | |
|--|---|----------------|--------------|--------------|--------------|-------------------------------------|------------------|---------------|
| | Segment 1 | Segment 2 | Segment 3 | Segment 4 | Segment 5 | Total before adjust- ments | Adjust- ments | Total |
| Interest income on transactions with external clients | 35,360 | 10,007 | 3,725 | 1,678 | 6,383 | 57,153 | – | 57,153 |
| Interest expense on transactions with external clients | (24,432) | (5,085) | (1,668) | (562) | (2,364) | (34,111) | – | (34,111) |
| Net interest income on transactions with external clients | 10,928 | 4,922 | 2,057 | 1,116 | 4,019 | 23,042 | – | 23,042 |
| Intersegment net interest income/(expense) | 1,482 | (1,389) | (790) | (333) | 997 | (33) | 33 | – |
| Provision for impairment of interest-bearing assets | (16,516) | (893) | (1,038) | (63) | (185) | (18,695) | 2,750 | (15,945) |
| Net interest income/(expense) after provision for impairment of interest-bearing assets | (4,106) | 2,640 | 229 | 720 | 4,831 | 4,314 | 2,783 | 7,097 |
| Net fee and commission income on transactions with external clients | 548 | 383 | 226 | 314 | 62 | 1,533 | – | 1,533 |
| Intersegment net fee and commission income/(expense) | 31 | 8 | – | (52) | (2) | (15) | 15 | – |
| Other non-interest income/(expense) on transactions with external clients | 5,583 | 565 | (180) | 312 | 736 | 7,016 | – | 7,016 |
| Non-interest expense on transactions with external clients | (5,489) | (2,727) | (1,225) | (691) | (3,160) | (13,292) | – | (13,292) |
| Other intersegment non-interest income/(expense) | (35) | 75 | 432 | 28 | 21 | 521 | (521) | – |
| Segment profit/(loss) before income tax and hyperinflation effect | (3,468) | 944 | (518) | 631 | 2,488 | 77 | 2,277 | 2,354 |
| Gain on bargain purchase | – | – | – | – | – | – | 702 | 702 |
| Loss on net monetary position resulting from hyperinflation | – | – | – | (284) | – | (284) | – | (284) |
| Income tax expense | – | – | – | – | – | – | – | (779) |
| Profit for the period | – | – | – | – | – | – | – | 1,993 |

(in millions of Russian rubles)

5. Segment information (continued)

| | For the three-month period ended 31 March 2012 (Unaudited) | | | | | | | |
|--|---|----------------|--------------|--------------|--------------|-------------------------------------|------------------|---------------|
| | Segment 1 | Segment 2 | Segment 3 | Segment 4 | Segment 5 | Total before adjust- ments | Adjust- ments | Total |
| Interest income on transactions with external clients | 29,015 | 8,460 | 3,718 | 1,549 | 4,892 | 47,634 | – | 47,634 |
| Interest expense on transactions with external clients | (20,809) | (3,849) | (1,422) | (445) | (2,257) | (28,782) | – | (28,782) |
| Net interest income on transactions with external clients | 8,206 | 4,611 | 2,296 | 1,104 | 2,635 | 18,852 | – | 18,852 |
| Intersegment net interest income/(expense) | 1,133 | (1,047) | (707) | (322) | 962 | 19 | (19) | – |
| (Provision for) / reversal of impairment of interest-bearing assets | (1,934) | (536) | 196 | 118 | (1) | (2,157) | 149 | (2,008) |
| Net interest income after provision for impairment of interest-bearing assets | 7,405 | 3,028 | 1,785 | 900 | 3,596 | 16,714 | 130 | 16,844 |
| Net fee and commission income on transactions with external clients | 28 | 353 | 169 | 155 | 77 | 782 | – | 782 |
| Intersegment net fee and commission income/(expense) | 23 | 17 | (5) | (18) | (44) | (27) | 27 | – |
| Other non-interest income/(expense) on transactions with external clients | 21,351 | (244) | 109 | 4 | 203 | 21,423 | – | 21,423 |
| Non-interest expense on transactions with external clients | (2,835) | (2,894) | (1,273) | (402) | (2,290) | (9,694) | – | (9,694) |
| Other intersegment non-interest income/(expense) | (1,408) | 61 | 1,363 | 102 | 27 | 145 | (145) | – |
| Segment profit/(loss) before income tax and hyperinflation effect | 24,564 | 321 | 2,148 | 741 | 1,569 | 29,343 | 12 | 29,355 |
| Loss on net monetary position resulting from hyperinflation | – | – | – | (27) | – | (27) | – | (27) |
| Income tax expense | – | – | – | – | – | – | – | (749) |
| Profit for the period | | | | | | | | 28,579 |

Reconciliation of the total segment assets to total assets of the Group according to IFRS is presented below:

| | 31 March 2013 (Unaudited) | 31 December 2012 |
|---|------------------------------|---------------------|
| Segment assets | | |
| Segment 1 | 2,160,721 | 2,196,982 |
| Segment 2 | 518,582 | 489,436 |
| Segment 3 | 143,801 | 143,838 |
| Segment 4 | 59,738 | 57,015 |
| Segment 5 | 482,815 | 371,013 |
| Total before deducting intersegment assets | 3,365,657 | 3,258,284 |
| Intersegment assets | (397,053) | (340,070) |
| Adjustments | 3,491 | 886 |
| Total assets | 2,972,095 | 2,919,100 |

(in millions of Russian rubles)

5. Segment information (continued)

Reconciliation of the total segment liabilities to total liabilities of the Group according to IFRS is presented below:

| | 31 March 2013 (Unaudited) | 31 December 2012 |
|--|------------------------------|---------------------|
| Segment liabilities | | |
| Segment 1 | 1,826,946 | 1,857,434 |
| Segment 2 | 464,754 | 444,029 |
| Segment 3 | 137,367 | 137,278 |
| Segment 4 | 50,833 | 48,793 |
| Segment 5 | 270,091 | 238,630 |
| Total before deducting intersegment liabilities | 2,749,991 | 2,726,164 |
| Intersegment liabilities | (397,053) | (340,070) |
| Adjustments | 1,307 | 1,123 |
| Total liabilities | 2,354,245 | 2,387,217 |

The adjustments of intersegment income and expenses, and Group's assets and liabilities, are related to the accounting differences due to the following reasons:

- as a result of transactions made with foreign subsidiaries in currencies other than the reporting currency of the Group;
- due to repurchase of debt securities issued by the Group entities or other deals with the financial instruments between the Group entities;
- due to reversal of allowances for impairment of intersegment assets, created by the Group entities.

6. Operations with the Russian Government, its authorized institutions and the Bank of Russia

Amounts due to the Russian Government, its authorized institutions and the Bank of Russia consisted of the following:

| | 31 March 2013 (Unaudited) | 31 December 2012 |
|--|------------------------------|---------------------|
| Interest-bearing loans and deposits from the Russian Ministry of Finance | 648,550 | 641,196 |
| Interest-bearing deposits from the Bank of Russia | 254,479 | 303,075 |
| Repurchase agreements with the Bank of Russia | 22,063 | 24,691 |
| Settlements related to redemption of Russian Government loans | 11,572 | 12,717 |
| Interest-bearing deposits from non-budget funds | 4,463 | – |
| Current accounts in precious metals | 184 | 174 |
| Current accounts of the Russian Government | 13 | 13 |
| Other amounts | 2 | 2 |
| External debt payment funds | 0 | – |
| Due to the Russian Government and the Bank of Russia | 941,326 | 981,868 |

At 31 March 2013 and 31 December 2012, the interest-bearing loans and deposits from the Russian Ministry of Finance mainly include RUB-denominated funds of the National Welfare Fund of the Russian Federation ("NWF") deposited with Vnesheconombank pursuant to Federal Law No. 173-FZ, including for the purposes of extending loans to OJSC "AHML".

(in millions of Russian rubles)

6. Operations with the Russian Government, its authorized institutions and the Bank of Russia (continued)

In addition, at 31 March 2013 and 31 December 2012, interest-bearing loans and deposits from the Russian Ministry of Finance included RUB-denominated funds of NWF intended to finance through a subsidiary bank – "SME Bank" – credit institutions and legal entities supporting small and medium enterprises.

In addition to the above, at 31 March 2013 and 31 December 2012, interest-bearing loans and deposits from the Russian Ministry of Finance included USD-denominated funds intended to finance investment projects.

Interest-bearing loans and deposits of the Russian Ministry of Finance include short-term RUB-denominated deposits attracted by subsidiaries (31 March 2013: RUB 6,755 million maturing from April to August 2013, 31 December 2012: RUB 7,247 million maturing in January 2013).

At 31 March 2013 and 31 December 2012, interest-bearing deposits from the Bank of Russia also include special RUB-denominated deposits for the purposes of implementing the program of financial support to Sviaz-Bank (31 March 2013: RUB 124,469 million, 31 December 2012: RUB 123,548 million) and CJSC "GLOBEXBANK" (31 March 2013: RUB 86,086 million, 31 December 2012: RUB 85,433 million) to ensure activities on development of business of the above entities.

In addition to the above interest-bearing deposits of the Bank of Russia include short-term RUB-denominated deposits attracted by subsidiaries (31 March 2013: RUB 43,924 million maturing from April to December 2013, 31 December 2012: RUB 94,094 million maturing from January to December 2013).

In February 2013, Vnesheconombank repaid a short-term deposit to the Bank of Russia. The carrying value of the deposit at 31 December 2012 was RUB 50,109 million.

At 31 March 2013, interest-bearing deposits from non-budget funds attracted by a subsidiary included RUB-denominated short-term deposits amounting to RUB 4,463 million and maturing from April to December 2013.

At 31 March 2013, under repurchase agreements with the Bank of Russia, the Group sold debt securities with a fair value of RUB 25,803 million (31 December 2012: RUB 27,659 million), subject to repurchase. Pledged securities are treated as trading financial assets with a fair value of RUB 7,781 million (31 December 2012: RUB 16,165 million), loans to customers with a fair value of RUB 1,328 million (31 December 2012: RUB 153 million), investment financial assets held to maturity with a fair value of RUB 286 million (31 December 2012: nil) and investment financial assets available for sale with a fair value of RUB 16,408 million (31 December 2012: RUB 11,341 million).

At 31 March 2013, repurchase agreements with the Bank of Russia also include funds received from the Bank of Russia and collateralized by securities that were acquired under a reverse repurchase agreement with a fair value of RUB 1,216 million (31 December 2012: RUB 2,747 million).

At 31 March 2013 and 31 December 2012, settlements related to redemption of Russian Government loans represent funds received from borrowers as repayment for loans granted by the Russian Government. These funds and the processing of payments are managed and conducted by the Bank in accordance with the Agency Agreement.

At 31 March 2013 and 31 December 2012, special purpose funds included proceeds from export sales and other funds subject to further negotiation between the Russian Ministry of Finance and Vnesheconombank.

Current accounts in precious metals include funds of the Russian Government transferred to the statement of financial position of Vnesheconombank in the process of reorganization.

(in millions of Russian rubles)

7. Cash and cash equivalents

Cash and cash equivalents comprise:

| | 31 March 2013 (Unaudited) | 31 December 2012 |
|--|--------------------------------------|-----------------------------|
| Cash on hand | 10,376 | 13,596 |
| Current accounts with the Bank of Russia | 14,291 | 102,168 |
| Correspondent nostro accounts with credit institutions and current accounts with other non-banking organizations, including | | |
| - the Russian Federation | 19,858 | 12,186 |
| - other countries | 61,415 | 46,234 |
| Interest-bearing loans and deposits maturing within 90 days: | | |
| - due from the Bank of Russia | 0 | 300 |
| - due from credit institutions | 117,482 | 59,959 |
| Reverse repurchase agreements with credit institutions for up to 90 days | 4,018 | 5,514 |
| Non-interest deposits with OECD credit institutions up to 90 days | 1 | 1 |
| Non-interest deposits with Russian credit institutions up to 90 days | 0 | 39 |
| Cash and cash equivalents | 227,441 | 239,997 |

At 31 March 2013, reverse repurchase agreements included loans in the amount of RUB 4,018 million (31 December 2012: RUB 5,514 million) provided to credit institutions and secured by corporate bonds with a fair value of RUB 4,665 million (31 December 2012: RUB 6,315 million).

At 31 March 2013, current accounts with the Bank of Russia included asset contribution made by the Russian Ministry of Finance in the amount of RUB 3,000 million (Note 12). The funds can be used strictly in compliance with the allocation purposes.

In February 2012, under the financing agreement with the Russian Bank Capitalization Fund (the RBCF) Vnesheconombank transferred USD 250 million (RUB 7,445 million at the date of transfer) to the International Finance Corporation (IFC). At 31 March 2013, part of these funds in the amount of RUB 6,608 million (31 December 2012: RUB 6,486 million) were temporarily invested in money market instruments maturing in less than 90 days. The RBCF will invest in the capital of Russian universal second-echelon banks actively operating in the regions and funding small and medium-sized Russian businesses in the real sector of the economy (Note 11).

8. Financial assets and liabilities at fair value through profit or loss

Financial assets at fair value through profit or loss comprise:

| | 31 March 2013 (Unaudited) | 31 December 2012 |
|--|--------------------------------------|-----------------------------|
| Trading financial assets | 38,430 | 28,414 |
| Derivative financial assets | 20,345 | 16,517 |
| Financial assets designated at fair value through profit or loss | 23,811 | 27,188 |
| Financial assets at fair value through profit or loss | 82,586 | 72,119 |

(in millions of Russian rubles)

8. Financial assets and liabilities at fair value through profit or loss (continued)

Trading financial assets

Trading financial assets held by the Group comprise:

| | 31 March 2013 (Unaudited) | 31 December 2012 |
|--|------------------------------|---------------------|
| Debt securities: | | |
| Corporate bonds | 22,967 | 13,354 |
| Russian State Bonds (OFZ) | 2,161 | 86 |
| | 25,128 | 13,440 |
| Eurobonds issued by the Russian Federation | 1,470 | 1,442 |
| Eurobonds of Russian and foreign issuers | 709 | 1,027 |
| | 27,307 | 15,909 |
| Equity securities | 10,850 | 12,134 |
| Other financial assets | 273 | 371 |
| Trading financial assets | 38,430 | 28,414 |

At 31 March 2013, financial assets pledged under repurchase agreements comprise corporate bonds with a fair value of RUB 7,781 million. At 31 December 2012, financial assets lent and pledged under repurchase agreements comprise corporate bonds with a fair value of RUB 16,165 million and shares with a fair value of RUB 503 million.

Derivative financial instruments

At 31 March 2013 and 31 December 2012, derivatives consist of:

| | 31 March 2013 (Unaudited) | | 31 December 2012 | |
|--|------------------------------|--------------|---------------------|--------------|
| | Fair value | | Fair value | |
| | Asset | Liability | Asset | Liability |
| Foreign exchange contracts | | | | |
| Forwards and swaps – foreign | 405 | 138 | 303 | 1,102 |
| Forwards and swaps – domestic | 495 | 271 | 741 | 448 |
| Interest rate swaps | | | | |
| Foreign contracts | – | 660 | – | 698 |
| Domestic contracts | – | 172 | – | 177 |
| Forward contracts for securities | | | | |
| Debt securities | 331 | 4 | 215 | – |
| Equity securities and units | 393 | 16 | 354 | – |
| Option contracts | 18,434 | – | 14,137 | – |
| Cross-currency interest rate swap | 287 | 95 | 764 | 68 |
| Precious metals contracts | – | – | 3 | 1 |
| Total derivative assets/liabilities | 20,345 | 1,356 | 16,517 | 2,494 |

Financial assets designated as at fair value through profit or loss

At 31 March 2013 and 31 December 2012, financial assets designated as at fair value through profit or loss were represented primarily by shares of Russian and foreign companies, as well as by units in the closed-end mutual real estate fund held by a subsidiary bank.

(in millions of Russian rubles)

8. Financial assets and liabilities at fair value through profit or loss (continued)

Financial assets designated as at fair value through profit or loss (continued)

The Bank entered into an option agreement which is economically related to its purchase of a Russian company's shares in the second quarter 2010; changes in the fair value of that agreement are recorded in the consolidated statement of income as gains less losses arising from financial instruments at fair value through profit or loss. To avoid 'accounting mismatch', these securities were classified as designated as at fair value through profit or loss, thus excluding inconsistency in recognition of the respective gains and losses. At 31 March 2013, the fair value of shares is RUB 9,470 million (31 December 2012: RUB 13,143 million) and loss from its change during the period (as recorded in the consolidated statement of income) is RUB 3,673 million (for the three-month period ended 31 March 2012: RUB 2,007 million).

Other securities included in this category meet the criteria to be classified as at fair value through profit or loss since the Group management measures the performance of these investments in terms of changes in their fair value based on quoted prices in an open market, valuation models, using both observable and non-observable market data.

9. Amounts due from credit institutions

Amounts due from credit institutions comprise:

| | 31 March 2013 (Unaudited) | 31 December 2012 |
|---|--------------------------------------|-----------------------------|
| Obligatory reserve with central banks | 4,309 | 4,088 |
| Non-interest-bearing deposits | 9,490 | 9,684 |
| Subordinated loans | 306,454 | 305,569 |
| Interbank loans and term interest-bearing deposits with credit institutions | 106,780 | 125,652 |
| Mortgage bonds | 2,095 | 2,212 |
| | 429,128 | 447,205 |
| Less allowance for impairment (Note 17) | (749) | (729) |
| Amounts due from credit institutions | 428,379 | 446,476 |

Obligatory reserve with the central banks includes cash non-interest-bearing deposits (obligatory reserves) maintained by the subsidiary banks with the Bank of Russia, the National Bank of the Republic of Belarus and the National Bank of Ukraine. The amount of these reserves depends on the level of funds attracted by the credit institutions. The banks' ability to withdraw such deposits is significantly restricted by the statutory legislation. Pursuant to law, Vnesheconombank creates no obligatory reserve to be maintained with the Bank of Russia.

At 31 March 2013, non-interest-bearing deposits include non-interest-bearing deposits in clearing currencies in the amount of RUB 9,147 million (31 December 2012: RUB 9,409 million), gross. The use of these deposits is subject to certain restrictions as stipulated by agreements between governments of the respective countries. The funds can be used for purchase of goods and services by Russian importers who purchase clearing currencies at tenders organized by the Group under the supervision of the Russian Ministry of Finance.

At 31 March 2013 and 31 December 2012, subordinated loans were issued to sixteen Russian credit institutions in accordance with Federal Law No. 173-FZ in RUB carrying interest at 6.5% and 7.5% p.a. and maturing from December 2014 to December 2020.

(in millions of Russian rubles)

10. Loans to customers

Loans to customers comprise:

| | 31 March 2013 (Unaudited) | 31 December 2012 |
|---|--|-----------------------------------|
| Commercial loans, including loans to individuals | 763,032 | 746,333 |
| Project financing | 673,904 | 622,953 |
| Net investment in leases | 181,164 | 165,152 |
| Financing of operations with securities | 53,876 | 52,083 |
| Back-to-back finance | 34,935 | 34,811 |
| Pre-export finance | 23,231 | 20,363 |
| Reverse repurchase agreements | 13,338 | 13,909 |
| Claims under letters of credit | 12,989 | 13,616 |
| Promissory notes | 10,513 | 10,115 |
| Mortgage bonds | 1,605 | 1,712 |
| Other | 8,586 | 9,625 |
| | 1,777,173 | 1,690,672 |
| Less allowance for impairment (Note 17) | (206,393) | (193,433) |
| Total loans to customers | 1,570,780 | 1,497,239 |
| Loans to customers pledged under repurchase agreements | | |
| Other | 1,302 | 151 |
| Less allowance for impairment | (2) | (3) |
| Total loans to customers pledged under repurchase agreements | 1,300 | 148 |
| Loans to customers including loans pledged under repurchase agreements | 1,572,080 | 1,497,387 |

At 31 March 2013 and 31 December 2012, back-to-back finance represented an unsecured loan issued to OJSC "AHML", using funds deposited by the Russian Ministry of Finance with Vnesheconombank, in accordance with Federal Law No. 173-FZ (Note 6). The loan was placed at the rate below the market level.

At 31 March 2013, reverse repurchase agreements were signed primarily in respect of marketable shares with a fair value of RUB 8,372 million, marketable corporate bonds with a fair value of RUB 5,001 million, and promissory notes of Russian credit institutions with a fair value of RUB 976 million. At 31 December 2012, reverse repurchase agreements were signed in respect of marketable shares with a fair value of RUB 8,073 million, and marketable corporate bonds with a fair value of RUB 6,600 million, and promissory notes of Russian credit institutions with a fair value of RUB 1,408 million.

(in millions of Russian rubles)

10. Loans to customers (continued)

Loans are made principally in the following industry sectors:

| | 31 March 2013 | % | 31 December | % |
|---|----------------------|------------|--------------------|------------|
| | (Unaudited) | | 2012 | |
| Real estate and development | 378,475 | 21 | 352,257 | 21 |
| Manufacturing, including heavy machinery and military-related goods production | 360,376 | 20 | 333,680 | 20 |
| Finance companies | 297,493 | 17 | 283,922 | 17 |
| Transport | 215,700 | 12 | 200,937 | 12 |
| Agriculture | 122,727 | 7 | 118,752 | 7 |
| Energy | 105,668 | 6 | 106,386 | 6 |
| Trade | 95,165 | 5 | 93,219 | 5 |
| Oil and gas | 45,599 | 3 | 45,125 | 3 |
| Metallurgy | 38,548 | 2 | 38,407 | 2 |
| Individuals | 37,523 | 2 | 34,096 | 2 |
| Mining | 24,383 | 1 | 23,542 | 1 |
| Telecommunication | 13,481 | 1 | 16,658 | 1 |
| Research and education | 9,298 | 1 | 9,411 | 1 |
| Logistics | 5,517 | 0 | 5,384 | 0 |
| Regional authorities | 1,854 | 0 | 2,284 | 0 |
| Media | 571 | 0 | 1,204 | 0 |
| Other | 26,097 | 2 | 25,559 | 2 |
| | 1,778,475 | 100 | 1,690,823 | 100 |

At 31 March 2013, the total outstanding amount of loans to three major borrowers / groups of related borrowers was RUB 276,006 million, equivalent to 15.5% of the Group's gross loan portfolio (31 December 2012: RUB 264,880 million or 15.7% of the gross loan portfolio). At 31 March 2013, an impairment allowance of RUB 42,800 million was made against these loans (31 December 2012: RUB 41,032 million). At 31 March 2013, these loans included loans issued to an associate of the Group involved in the real estate business, which accounted for 8.1% of the gross loan portfolio (31 December 2012: 8.4%).

Apart from these three largest borrowers of the Group, at 31 March 2013 and 31 December 2012, loans issued to the next ten largest borrowers / groups of related borrowers amounted to RUB 328,624 million and RUB 286,002 million, respectively, which represents 18.5% and 16.9% of the Group's gross loan portfolio. At 31 March 2013 and 31 December 2012, an impairment allowance of RUB 16,909 million and RUB 15,404 million, respectively, was made against these loans.

Loans have been granted to the following types of customers:

| | 31 March 2013 | 31 December |
|---------------------------------------|----------------------|--------------------|
| | (Unaudited) | 2012 |
| Private enterprises | 1,432,565 | 1,382,400 |
| State-controlled entities (Russia) | 258,351 | 223,577 |
| Companies under foreign state control | 44,365 | 44,741 |
| Individuals | 37,523 | 34,096 |
| Individual entrepreneurs | 3,817 | 3,725 |
| Regional authorities | 1,854 | 2,284 |
| | 1,778,475 | 1,690,823 |

(in millions of Russian rubles)

11. Investment financial assets

Investment financial assets available for sale comprise:

| | 31 March 2013 (Unaudited) | 31 December 2012 |
|---|--------------------------------------|-----------------------------|
| Debt securities: | | |
| Corporate bonds | 138,326 | 151,420 |
| Promissory notes | 30,249 | 30,965 |
| Debt instruments issued by foreign government bodies | 14,808 | 14,026 |
| Federal loan bonds (OFZ) | 296 | 4,000 |
| Municipal and sub-federal bonds | 91 | 234 |
| | 183,770 | 200,645 |
| Eurobonds of Russian and foreign issuers | 15,334 | 15,025 |
| Eurobonds issued by the Russian Federation | 1,998 | 1,967 |
| | 201,102 | 217,637 |
| Equity securities | 223,707 | 229,042 |
| Other financial assets available for sale | 47,936 | 47,134 |
| Investment financial assets available for sale | 472,745 | 493,813 |

At 31 March 2013, investment financial assets available for sale and pledged under repurchase agreements include corporate bonds with a fair value of RUB 16,408 million (31 December 2012: RUB 10,932 million).

At 31 December 2012, investment financial assets available for sale and pledged under repurchase agreements included debt instruments issued by foreign government bodies and municipal and sub-federal bonds with a fair value of RUB 410 million and RUB 409 million, respectively.

At 31 March 2013, equity securities included Vnesheconombank's investment in the RBCF a fair value of RUB 1,104 million (31 December 2012: RUB 1,078 million) (Note 7).

The Group recognized a continuing impairment loss of RUB 1,259 million on financial assets available for sale for the three-month period ended 31 March 2013 in the consolidated statement of income. For the three-month period ended 31 March 2012, the Group did not recognize any impairment losses on financial assets available for sale in the consolidated statement of income.

As a result of the sale of investment financial assets available for sale for the three-month period ended 31 March 2013, the Group realized part of the revaluation result previously recorded in equity and transferred it to gains less losses from investment financial assets available for sale in the consolidated statement of income. The revaluation result realized in the three-month period ended 31 March 2013 amounted to RUB 5,991 million (in the three-month period ended 31 March 2012 the amount of revaluation result was insignificant).

Investment financial assets held to maturity comprise:

| | 31 March 2013 (Unaudited) | 31 December 2012 |
|---|--------------------------------------|-----------------------------|
| Municipal and sub-federal bonds | 756 | 761 |
| Corporate bonds | 431 | 724 |
| Eurobonds of foreign issuers | — | 15,170 |
| | 1,187 | 16,655 |
| Less allowance for impairment (Note 17) | (73) | (73) |
| Investment financial assets held to maturity | 1,114 | 16,582 |

(in millions of Russian rubles)

11. Investment financial assets (continued)

In January 2013, Eurobonds of a foreign issuer with the nominal value of RUB 15,000 million (at 31 December 2012 their carrying value was RUB 15,170 million) were repaid according to contractual terms. Previously, they had been recognized as financial assets held to maturity.

At 31 March 2013, investment financial assets held to maturity pledged under repurchase agreements include corporate bonds with a fair value of RUB 284 million (31 December 2012: nil).

12. Other assets and liabilities

At 31 March 2013, other Group's assets include advances issued to suppliers of leasing equipment in the amount of RUB 32,175 million (31 December 2012: RUB 24,429 million) and other assets acquired in a business combination (Note 4) in the amount of RUB 23,909 million.

At 31 December 2012, received and unused subsidies within other liabilities included subsidies provided by the Russian Ministry of Finance pursuant to Federal Law No. 247-FZ "On Amending the Federal Law "On the Federal Budget for 2012 and the 2013 and 2014 Planned Period" dated 3 December 2012 in the total amount of RUB 77,000 million. As these subsidies were used as intended, during the three-month period ended 31 March 2013, the Bank recognized an increase in additional paid-in capital in the amount of RUB 77,000 million (Note 18).

At 31 March 2013 and 31 December 2012, other liabilities also include deferred income related to government assistance in the amount of RUB 3,000 million, which represent an asset contribution provided by the Russian Ministry of Finance as compensation for the costs related to supporting manufacturers of high-tech products – providing loans at interest rates below market rates. This asset contribution was provided to the Bank under Regulation of the Russian Government No. 1302 dated 13 December 2012.

13. Amounts due to credit institutions

Amounts due to credit institutions comprise:

| | 31 March 2013 (Unaudited) | 31 December 2012 |
|--|--|-----------------------------------|
| Correspondent loro accounts of Russian credit institutions | 58,657 | 48,010 |
| Correspondent loro accounts of other credit institutions | 6,893 | 12,641 |
| Loans and other placements from OECD-based credit institutions | 302,379 | 266,446 |
| Loans and other placements from Russian credit institutions | 112,041 | 191,178 |
| Loans and other placements from other credit institutions | 63,139 | 51,224 |
| Repurchase agreements with credit institutions | – | 376 |
| Cash collateral on securities lent | – | 67 |
| Amounts due to credit institutions | 543,109 | 569,942 |
| Held as security against letters of credit (Note 19) | 304 | 128 |

At 31 March 2013, loans and other placements from OECD-based credit institutions include loans primarily denominated in RUB, USD, EUR and GBP with annual interest rates ranging from three-month MOSPRIME plus 1.1% to 9.7% for RUB placements (31 December 2012: from three-month MOSPRIME plus 1.1% to 10.0%), from three-month LIBOR plus 0.2% to 8.7% for USD placements (31 December 2012: from three-month LIBOR plus 0.2% to 8.7%), from six-month EURIBOR plus 0.3% to 6.5% for EUR placements (31 December 2012: from 0.6% to 6.5%), from six-month LIBOR plus 1.5% to 7.9% for GBP placements (31 December 2012: from six-month LIBOR plus 1.5% to 7.9%). At 31 March 2013, there are no loans and other placements from OECD-based credit institutions denominated in CHF (31 December 2012: 6.0%).

(in millions of Russian rubles)

13. Amounts due to credit institutions (continued)

At 31 March 2013, loans and other placements from Russian credit institutions include loans denominated in RUB, USD and EUR with annual interest rates ranging from 4.3% to 13.8% for RUB-denominated loans (31 December 2012: from 4% to 10.7%), from 0.1% to 9.5% for USD-denominated loans (31 December 2012: from 0.2% to 8.9%), from 0.02% to 9.0% for EUR-denominated loans (31 December 2012: from 0.1% to 9.0%). At 31 March 2013 and 31 December 2012, this item also includes deposits held as security against letters of credit and minimum balances on correspondent loro accounts.

At 31 March 2013, loans and other placements from non-OECD-based credit institutions include loans denominated in RUB, USD, EUR and UAH with the following annual interest rates: 9.2% for RUB placements (31 December 2012: from 6.0% to 9.2%), from 0.1% to 6.5% for USD placements (31 December 2012: from 0.2% to 6.5%), from 1.9% to 7.2% for EUR placements (31 December 2012: from 1.9% to 7.2%), from 1.5% to 7.5% for UAH placements (31 December 2012: from 7.5% to 16.0%). At 31 March 2013 and 31 December 2012, this item also includes deposits held as security against letters of credit.

At 31 December 2012, repurchase agreements with credit institutions include loans of RUB 376 million received from foreign credit institutions and collateralized by debt securities available for sale with a fair value of RUB 410 million. At 31 March 2013, there are no repurchase agreements with credit institutions.

At 31 December 2012, amounts due to credit institutions include cash collateral on securities lent in the amount of RUB 67 million received from a Russian credit institution. The securities lent are represented by debt securities at fair value through profit or loss with a fair value of RUB 68 million. At 31 March 2013, there were no amounts due to credit institutions in the form of cash collateral on securities lent.

For the three-month period of 2013 the Bank raised long-term financing on market terms from OECD-based credit institutions totaling RUB 42,487 million and repaid long-term financing of RUB 14,371 million in accordance with contractual terms. Besides, for the three-month period of 2013 the Bank raised long-term financing on market terms from other credit institutions in the amount of RUB 9,910 million.

In addition, for the three-month period of 2013 the Group's leasing company raised long-term financing from Russian and foreign credit institutions totaling RUB 15,089 million and repaid long-term financing of RUB 7,661 million in accordance with contractual terms.

14. Amounts due to customers

Amounts due to customers comprise:

| | 31 March 2013 (Unaudited) | 31 December 2012 |
|--|--------------------------------------|-----------------------------|
| Current accounts | 124,431 | 121,227 |
| Term deposits | 218,049 | 213,117 |
| Repurchase agreements | 510 | 623 |
| Cash collateral on securities lent | – | 438 |
| Other amounts due to customers | 61 | 422 |
| Amounts due to customers | 343,051 | 335,827 |
| Amounts due to customers held as security against guarantees (Note 19) | 185 | 117 |
| Amounts due to customers held as security against letters of credit (Note 19) | 8,630 | 8,352 |

(in millions of Russian rubles)

14. Amounts due to customers (continued)

Included in term deposits are deposits of individuals in the amount of RUB 84,149 million (31 December 2012: RUB 81,744 million). In accordance with the Russian Civil Code, the Bank and its Russian subsidiaries are obliged to repay term deposits of individuals upon demand of a depositor. In accordance with the legislation of Ukraine and the Republic of Belarus, the Ukrainian and Belarusian subsidiaries are obliged to repay term deposits of individuals within 5 days upon demand of a depositor. In case a term deposit is repaid upon demand of the depositor prior to maturity, interest on it is paid based on the interest rate for demand deposits, unless a different interest rate is specified in the agreement.

At 31 March 2013, repurchase agreements with customers include loans of RUB 510 million received from Russian company and collateralized by debt securities acquired under a reverse repurchase agreement with a fair value of RUB 1,115 million. At 31 December 2012, repurchase agreements with customers include loans of RUB 623 million received from Russian companies and collateralized by debt securities acquired under a reverse repurchase agreement with a fair value of RUB 1,131 million.

At 31 December 2012, amounts due to customers also include cash collateral on securities lent in the amount of RUB 438 million received from a Russian company. The funds lent are represented by equity securities at fair value through profit or loss with the fair value of RUB 435 million (Note 8).

15. Debt securities issued

Debt securities issued comprise the following:

| | 31 March 2013 (Unaudited) | 31 December 2012 |
|--|--------------------------------------|-----------------------------|
| Eurobonds | 244,939 | 182,902 |
| Domestic bonds issued | 192,340 | 181,639 |
| Promissory notes | 35,716 | 18,781 |
| European commercial papers | 5,582 | 5,394 |
| Deposit and saving certificates | 170 | 223 |
| Debt securities issued | 478,747 | 388,939 |
| Promissory notes held as security against guarantees (Note 19) | 632 | 834 |

In the three-month period ended 31 March 2013, the Group issued and repaid the following debt securities:

- in February 2013, the Bank placed through a special purpose entity two issues of loan participation notes (Eurobonds) with a nominal value of EUR 1,000 million (the equivalent of RUB 40,339 million at the date of placement) and EUR 500 million (the equivalent of RUB 20,170 million at the date of placement) maturing in February 2018 and February 2023, respectively;
- in February 2013, a subsidiary bank repaid its issued bonds with a nominal value of RUB 5,000 million in accordance with the terms of the issue, of which RUB 934 million were part of the securities portfolio of the Group entities;
- in February 2013, a leasing company of the Group partially repaid its issued bonds with a nominal value of RUB 2,000 million in accordance with the terms of the issue.
- in March 2013, a leasing company of the Group placed two issues of ruble bonds with a nominal value of RUB 5,000 million, each maturing in March 2018.

(in millions of Russian rubles)

15. Debt securities issued (continued)

At 31 March 2013, debt securities issued include Eurobonds placed at the market rate denominated in USD maturing from May 2016 to November 2025 (31 December 2012: from May 2016 to November 2025) and in CHF maturing in February 2016 (31 December 2012: in February 2016).

At 31 March 2013, included in debt securities issued are bonds placed at the market rate denominated in RUB maturing from July 2013 to September 2032 (31 December 2012: from February 2013 to September 2032), denominated in USD maturing from February 2015 to October 2017 (31 December 2012: from February 2015 to October 2017), denominated in UAH maturing from January 2014 to March 2014 (31 December 2012: from March 2013 to March 2014), as well as bonds denominated in BYR maturing from September 2016 to September 2017 (31 December 2012: from September 2016 to September 2017).

At 31 March 2013, the Group's debt securities issued include interest-bearing promissory notes denominated in USD, RUB and EUR maturing before December 2049 (31 December 2012: before December 2049). At 31 March 2013, interest rates are from 0.2% to 8.5% for USD-denominated promissory notes (31 December 2012: from 0.2% to 8.5%), from 0.1% to 11.5% for RUB-denominated promissory notes (31 December 2012: from 0.1% to 9.5%) and 0.4% for EUR-denominated promissory notes (31 December 2012: from 0.4 % to 1.6%).

At 31 March 2013, debt securities issued include RUB-denominated saving certificates issued by a subsidiary bank at interest rates from 0.1% to 8.5% maturing in March 2022, as well as deposit certificates issued by a subsidiary bank at an interest rate of 9.8% maturing in May 2013 (31 December 2012: interest rates for deposit and saving certificates are from 3% to 7.5% and from 0.1% to 9%, respectively, with deposit certificates maturing in May 2012 and saving certificates maturing in March 2022).

16. Taxation

Income tax assets and liabilities comprise:

| | 31 March 2013 (Unaudited) | 31 December 2012 |
|---------------------------------|------------------------------|---------------------|
| Current income tax assets | 1,131 | 1,006 |
| Deferred income tax assets | 2,825 | 2,560 |
| Income tax assets | 3,956 | 3,566 |
| Current income tax liabilities | 99 | 263 |
| Deferred income tax liabilities | 3,912 | 1,439 |
| Income tax liabilities | 4,011 | 1,702 |

Income tax recorded in the consolidated statement of income comprises:

| | For the three-month period ended 31 March | |
|---------------------------------------|--|---------------------|
| | 2013 (Unaudited) | 2012 (Unaudited) |
| Current income tax expense | 300 | 877 |
| Deferred income tax expense/(benefit) | 479 | (128) |
| | 779 | 749 |

In accordance with federal legislation, effective from the date of Vnesheconombank's reorganization, income and expenses received and paid by Vnesheconombank are not accounted for when determining taxable base for income tax purposes.

(in millions of Russian rubles)

17. Allowance for impairment and provisions

The movements in the allowance for impairment of interest-bearing assets were as follows:

| | Amounts due from credit institutions | Loans to customers | Total |
|---|--|-----------------------|----------------|
| At 31 December 2012 | 729 | 193,436 | 194,165 |
| Charge (Unaudited) | 20 | 15,925 | 15,945 |
| Write-offs (Unaudited) | – | (451) | (451) |
| Reversal of allowance previously written off (Unaudited) | – | 175 | 175 |
| Interest accrued on impaired loans (Unaudited) | – | (2,690) | (2,690) |
| At 31 March 2013 (Unaudited) | 749 | 206,395 | 207,144 |
| At 31 December 2011 | 397 | 163,309 | 163,706 |
| Charge/(reversal) (Unaudited) | (6) | 2,014 | 2,008 |
| Write-offs (Unaudited) | – | (209) | (209) |
| Reversal of allowance previously written off (Unaudited) | – | 337 | 337 |
| Hyperinflation effect (Unaudited) | 0 | 1 | 1 |
| Interest accrued on impaired loans (Unaudited) | – | (2,293) | (2,293) |
| At 31 March 2012 (Unaudited) | 391 | 163,159 | 163,550 |

The movements in the allowance for impairment of other assets and provisions are as follows:

| | Investment financial assets | Other assets | Claims | Insurance activities | Guarantees and commitments | Total |
|---|-----------------------------------|-----------------|------------|-------------------------|----------------------------------|--------------|
| At 31 December 2012 | 73 | 1,269 | 189 | 8 | 800 | 2,339 |
| Charge/(reversal) (Unaudited) | – | 172 | – | (2) | (137) | 33 |
| Write-offs (Unaudited) | – | – | (91) | – | – | (91) |
| At 31 March 2013 (Unaudited) | 73 | 1,441 | 98 | 6 | 663 | 2,281 |
| At 31 December 2011 | 75 | 1,355 | – | 59 | 147 | 1,636 |
| Charge/(reversal) (Unaudited) | (1) | (12) | – | (3) | 67 | 51 |
| Write-offs (Unaudited) | – | (64) | – | (26) | – | (90) |
| At 31 March 2012 (Unaudited) | 74 | 1,279 | – | 30 | 214 | 1,597 |

Allowance for impairment of assets is deducted from the amounts of the related assets. Provisions for claims, insurance activities, guarantees and commitments are recorded in liabilities. At 31 March 2013 and 31 March 2012, no allowance was made for impairment of investments in associates.

(in millions of Russian rubles)

18. Equity

Charter capital

In accordance with Federal Law, the Bank's charter capital is formed from asset contributions of the Russian Federation made upon decision of the Russian Government.

In accordance with Resolution of the Russian Government No. 1687-r dated 27 November 2007, pursuant to Federal Law No. 246-FZ dated 2 November 2007, "On Introducing Amendments to Federal Law "On the Federal Budget for 2007", the Russian Federation contributed RUB 180,000 million to the charter capital of Vnesheconombank in November 2007.

In accordance with Resolution of the Russian Government No. 1766-r dated 7 December 2007, the Russian government contributed 100% of state-owned shares of "SME Bank" and 5.2% of state-owned shares of EXIMBANK OF RUSSIA to the charter capital of Vnesheconombank. The transfer of shares was completed in 2008.

In accordance with Resolution of the Russian Government No. 1665-r dated 19 November 2008, pursuant to Federal Law No. 198-FZ dated 24 July 2007, "On the Federal Budget for 2008 and for the 2009 and 2010 Planned Period", the Russian Federation contributed RUB 75,000 million to the charter capital of Vnesheconombank in November 2008.

In accordance with Resolution of the Russian Government No. 854-r dated 23 June 2009, pursuant to Federal Law No. 204-FZ dated 31 October 2008, "On the Federal Budget for 2009 and for the 2010 and 2011 Planned Period", the Russian Federation contributed RUB 100,000 million to the charter capital of Vnesheconombank in June 2009.

In accordance with Resolution of the Russian Government No. 1891-r dated 10 December 2009, in December 2009 the Russian Federation contributed RUB 21,000 million to the charter capital of Vnesheconombank for further acquisition by the Bank of shares additionally issued by JSC "United Aircraft Corporation".

In December 2010, in accordance with Resolution of the Russian Government No. 603-r dated 21 April 2010, the Russian Federation contributed 100% of state-owned shares of Federal Center for Project Finance to the charter capital of Vnesheconombank.

Additional paid-in capital

In December 2011, pursuant to Federal Law No. 357-FZ "On the Federal Budget for 2011 and for the 2012 and 2013 Planned Period" dated 13 December 2010, the Bank received a grant from the Russian Ministry of Finance as an asset contribution in the amount of RUB 62,600 million for the purposes of creating the Russian equity fund, which was recognized in additional paid-in capital. Vnesheconombank used all the funds to acquire units in Mutual Fund RDIF.

In December 2012, pursuant to Federal Law No. 247-FZ dated 3 December 2012, "On Introducing Amendments to Federal Law "On the Federal Budget for 2012 and for the 2013 and 2014 Planned Period", the Bank received from the Russian Ministry of Finance the following subsidies:

- as an asset contribution in the amount of RUB 62,000 million for the purpose of formation of the Russian equity fund Mutual Fund RDIF;
- as an asset contribution in the amount of RUB 15,000 million for implementing top-priority industrial, transport and energy infrastructure development projects in the Far East and the Baikal region.

In the first quarter of 2013, all these funds were used as intended and recognized in additional paid-in capital.

(in millions of Russian rubles)

19. Commitments and contingencies

Operating environment

Russia continues economic reforms and development of its legal, tax and regulatory frameworks as required by a market economy. The future stability of the Russian economy is largely dependent upon these reforms and developments and the effectiveness of economic, financial and monetary measures undertaken by the government.

As emerging markets, the Republic of Belarus and Ukraine do not possess a well-developed business and regulatory infrastructure that would generally exist in more mature market economies. Ukrainian economy continues to display certain characteristics consistent with those of an economy in transition. These characteristics include, but are not limited to, low levels of liquidity in capital markets, relatively high inflation and the existence of currency controls which cause the national currency to be illiquid outside of the country. In November 2011, the Republic of Belarus was recognized as a hyperinflationary economy starting from 1 January 2011. The future stability of the Belarusian and Ukrainian economies depends to a large extent on the reforms and developments and the effectiveness of the economic, financial and monetary measures taken by the Belarusian and Ukrainian governments.

The Russian, Belarusian and Ukrainian economies are vulnerable to market downturns and economic slowdowns elsewhere in the world. In 2013, the Russian, Belarusian and Ukrainian governments continued to take measures to support the economy to overcome the consequences of the global financial crisis. The global financial crisis has resulted in uncertainty regarding further economic growth, availability of financing and cost of capital, which could adversely affect the Group's financial position, results of operations and business prospects.

Management believes it is taking appropriate measures to support the sustainability of the Group's business in the current circumstances.

Legal issues

In the ordinary course of business, the Group is subject to legal actions and complaints. Management believes that the ultimate liability, if any, arising from such actions or complaints will not have a material adverse effect on the financial condition or the results of future operations of the Group. Movement in provisions for legal claims is disclosed in Note 17.

Taxation

A major part of the Group's business activity is carried out in the Russian Federation. Some provisions of the Russian tax, currency and customs legislation as currently in effect are vaguely drafted and are often subject to varying interpretations (which, in particular, may apply to legal relations retrospectively), selective and inconsistent application and changes which can occur frequently and, in some cases, at short notice. Therefore, management's interpretation of such legislation as applied to the transactions and activity of the Group may be challenged by the relevant regional and federal authorities at any time in the future. Recent events within the Russian Federation suggest that the tax authorities may be taking a more assertive position in their interpretation and application of various provisions of this legislation, performing tax reviews and imposing additional tax requirements. It is therefore possible that the tax authorities may challenge transactions and operations of the Group that have not been challenged in the past. As a result, significant additional taxes, penalties and interest may be assessed by the relevant authorities.

Tax field audits of the accuracy of tax calculation and payments conducted by tax authorities may cover three calendar years preceding the year during which the tax audit decision was made. Under certain circumstances reviews may cover longer periods.

(in millions of Russian rubles)

19. Commitments and contingencies (continued)

Taxation (continued)

As at 31 March 2013, the Group's management believes that its interpretation of the relevant legislation is appropriate and that the Group's tax, currency and customs positions will be sustained.

Credit related commitments and contingencies

The Group's credit related commitments and contingencies comprise the following:

| | 31 March 2013 (Unaudited) | 31 December 2012 |
|--|--------------------------------------|-----------------------------|
| Undrawn loan commitments | 614,146 | 648,431 |
| Guarantees | 156,146 | 146,402 |
| Letters of credit | 25,973 | 71,919 |
| | 796,265 | 866,752 |
| Less provisions (Note 17) | (663) | (800) |
| Credit related commitments and contingencies before deducting collateral | 795,602 | 865,952 |
| Less cash and promissory notes held as security against guarantees and letters of credit | (9,751) | (9,431) |
| Credit related commitments and contingencies | 785,851 | 856,521 |

At 31 March 2013, the Group advised export letters of credit for a total amount of RUB 57,659 million (31 December 2012: RUB 83,474 million) and received reimbursement authorization from the issuing credit institutions for a total amount of RUB 171 million (31 December 2012: RUB 1,884 million). The Group bears no credit risks under export letters of credit and reimbursement authorization.

At 31 March 2013, credit related commitments include liabilities in favor of one counterparty, a state company, in the amount of RUB 37,669 million, which accounts for 5% (31 December 2012: RUB 40,344 million, 5%) of all credit related commitments.

20. Fair value of financial instruments

Financial instruments recorded at fair value

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

(in millions of Russian rubles)

20. Fair value of financial instruments (continued)

Financial instruments recorded at fair value (continued)

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

| At 31 March 2013 (Unaudited) | Level 1 | Level 2 | Level 3 | Total |
|---|----------------|----------------|----------------|----------------|
| Financial assets | | | | |
| Trading financial assets (including those pledged under repurchase agreements) | 46,205 | 6 | – | 46,211 |
| Derivative financial instruments | – | 19,432 | 913 | 20,345 |
| Financial assets designated as at fair value through profit or loss | 15,083 | – | 8,728 | 23,811 |
| Investment financial assets available for sale (including those pledged under repurchase agreements) | 354,998 | 82,088 | 52,067 | 489,153 |
| | 416,286 | 101,526 | 61,708 | 579,520 |
| Financial liabilities | | | | |
| Derivative financial instruments | – | 1,356 | – | 1,356 |
| | – | 1,356 | – | 1,356 |
| At 31 December 2012 | | | | |
| Financial assets | | | | |
| Trading financial assets (including those provided under loan agreements and pledged under repurchase agreements) | 44,963 | 119 | – | 45,082 |
| Derivative financial instruments | – | 15,636 | 881 | 16,517 |
| Financial assets designated as at fair value through profit or loss | 18,417 | – | 8,771 | 27,188 |
| Investment financial assets available for sale (including those provided under loan agreements and pledged under repurchase agreements) | 356,318 | 83,374 | 65,872 | 505,564 |
| | 419,698 | 99,129 | 75,524 | 594,351 |
| Financial liabilities | | | | |
| Derivative financial instruments | – | 2,494 | – | 2,494 |
| | – | 2,494 | – | 2,494 |

The following is a description of the determination of fair value for financial instruments which are recorded at fair value using valuation techniques. These incorporate the Group's estimate of assumptions that a market participant would make when valuing the instruments.

Derivatives

Derivative products valued using a valuation technique with market observable inputs are mainly interest rate swaps, currency swaps and forward foreign exchange contracts. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves.

Derivative products valued using a valuation technique with significant non-market observable inputs are primarily long dated option contracts. Such derivative products are valued using models, which imply the exercise of options in the shortest possible period of time.

(in millions of Russian rubles)

20. Fair value of financial instruments (continued)

Financial instruments recorded at fair value (continued)

Trading financial assets and investment financial assets available-for-sale

Trading financial assets and investment financial assets available-for-sale valued using a valuation technique are represented mainly by non-traded equity and debt securities. Such assets are valued using valuation models which incorporate either only observable data or both observable and non-observable data. The non-observable inputs include assumptions regarding the future financial performance of the investee, its risk profile, and economic assumptions regarding the industry and geographical jurisdiction in which the investee operates.

Transfers between levels of the fair value hierarchy are deemed to have been made as at the end of the reporting period.

Movements in Level 3 financial instruments measured at fair value

The following table shows a reconciliation of the opening and closing amount of Level 3 financial assets and liabilities which are recorded at fair value:

| | 1 January 2013 | Gains/(losses) recorded in the statement of income (Unaudited) | Gains/(losses) recorded in other comprehen- sive income (Unaudited) | Transfers from/to Level 1 and Level 2 (Unaudited) | Other changes (Unaudited) | 31 March 2013 (Unaudited) |
|---|-------------------|--|--|---|---------------------------------|---------------------------------|
| Financial assets | | | | | | |
| Derivative financial instruments | 881 | 17 | – | – | 15 | 913 |
| Financial assets designated as at fair value through profit or loss | 8,771 | (43) | – | – | – | 8,728 |
| Investment financial assets available for sale | 65,872 | – | (4,338) | (9,467) | – | 52,067 |
| Total Level 3 financial assets | 75,524 | (26) | (4,338) | (9,467) | 15 | 61,708 |

During the three-month period ended 31 March 2013, equity available-for-sale financial instruments issued by a Russian company were transferred from Level 3 to Level 1 as they became actively traded and their fair value at 31 March 2013 was determined based on quoted prices in an active markets for identical assets.

Loss recorded for the reporting period includes losses arising from Level 3 financial instruments in the amount of RUB 26 million.

(in millions of Russian rubles)

20. Fair value of financial instruments (continued)

Financial instruments recorded at fair value (continued)

Impact on fair value of Level 3 financial instruments measured at fair value of changes to key assumptions

The following table shows the quantitative information about significant unobservable inputs used in the fair value measurement categorized within Level 3 of the fair value hierarchy:

| At 31 March 2013 (Unaudited) | Carrying amount | Valuation technique | Unobservable inputs | Range (weighted average) |
|--|-----------------|-----------------------|--------------------------------------|--------------------------|
| Derivative financial instruments | 305 | Discounted cash flows | Credit risk rate | 12.20% |
| | | | Value of underlying asset | Not applicable |
| | 608 | Discounted cash flows | Risk-free rate | 0.486% |
| | | | Value of underlying asset | Not applicable |
| Financial assets designated as at fair value through profit or loss | 6,573 | Net assets value | Not applicable | Not applicable |
| Investment financial assets available-for-sale | 1,937 | Discounted cash flows | WACC | 10.3%-18% |
| | 49,039 | Multiplier | Multiplier "Fair value / Net assets" | 0.02-1.186 (1.16) |

The following table shows the quantitative information about sensitivity of the fair value measurement categorized within Level 3 of the fair value hierarchy to changes in significant unobservable inputs:

| | 31 March 2013 (Unaudited) | |
|---|---------------------------|---|
| | Carrying amount | Effect of reasonably possible alternative assumptions |
| Financial assets | | |
| Derivative financial instruments | 913 | 45 |
| Financial assets designated as at fair value through profit or loss | 8,728 | (57) |
| Investment financial assets available for sale | 52,067 | (375) |
| | | |
| | 31 December 2012 | |
| | Carrying amount | Effect of reasonably possible alternative assumptions |
| Financial assets | | |
| Derivative financial instruments | 881 | 44 |
| Financial assets designated as at fair value through profit or loss | 8,771 | (46) |
| Investment financial assets available for sale | 65,872 | (2,474) |

(in millions of Russian rubles)

20. Fair value of financial instruments (continued)

Financial instruments recorded at fair value (continued)

In order to determine reasonably possible alternative assumptions the Group adjusted key unobservable model inputs as follows:

- for one of the derivative financial assets (forward contract for the sale of units), the Group adjusted the value of the underlying asset comprising units of the closed-end mutual fund by decreasing its main pricing adjustments by 3%, as such a change is seen by the Group as a possible alternative change, based on indicators for other items with similar parameters;
- for a put option for preference shares of a foreign company, the Group adjusted the value of the underlying asset by changing the equity value by 2%;
- for units recognized within financial assets designated as at fair value through profit or loss, the Group adjusted the value of the assets held by the closed-end mutual fund by decreasing the main pricing adjustments by 3%, as such a change is seen by the Group as a possible alternative change, based on indicators for other items with similar parameters;
- for a combined financial instrument recognized as financial asset designated as at fair value through profit or loss, the Group adjusted the value of equity which is an element of calculation of the weighted average cost of capital used for discounting expected cash flows of the issuer by 2%;
- for investments in equity instruments of the first issuer classified as investment financial assets available for sale, the Group adjusted the value of the multiplier *Fair value / Net assets* used for determining the fair value of investments by 5%;
- for the financial instrument of the second issuer classified as an investment financial asset available for sale, the Group adjusted the value of the multiplier *Fair value / Net assets* used for determining the fair value of investments by 2%.

To determine the impacts of possible alternative assumptions relating to investment financial assets available for sale, the Group took a prudent approach and adjusted key unobservable inputs at the lower interval boundary of possible assumptions. If the upper interval boundary of possible assumptions were applied, their positive impacts at 31 March 2013 would have amounted to RUB 647 million (31 December 2012: RUB 2,292 million)

Transfers between Level 1 and Level 2

The following table shows transfers from Level 1 to Level 2 of the fair value hierarchy for financial assets measured at fair value on a recurring basis and liabilities which are recorded at fair value during the three-months periods ended 31 March 2013 and 31 March 2012:

| | Transfers from Level 2 to Level 1 for the three-month period ended | |
|--|---|--------------------------------------|
| | 31 March 2013 (Unaudited) | 31 March 2012 (Unaudited) |
| Financial assets | | |
| Investment financial assets available for sale | 1,903 | 426 |

The above financial instruments were transferred from Level 2 to Level 1 as they became actively traded during the reporting period and their fair value was therefore determined based on quoted prices in active market for identical assets.

(in millions of Russian rubles)

20. Fair value of financial instruments (continued)

Financial instruments recorded at fair value (continued)

The Group transfers financial assets from Level 1 to Level 2 if instruments cease to be actively traded and the market for such instruments is insufficiently active to use quoted prices for their valuation. The Group determines the fair value of such financial assets using the techniques for which all inputs that have a significant effect on the recorded fair value are observable in the market. There have been no transfers from Level 1 to Level 2 during the three-month period ended 31 March 2013.

Financial instruments not recorded at fair value in the statement of financial position

Set out below is a comparison, by class, of the carrying amounts and fair values of the Group's financial instruments that are not recorded at fair value in the consolidated statement of financial position. The table does not include the fair values of non-financial assets and non-financial liabilities.

| | Carrying amount at 31 March 2013 (Unaudited) | Fair value at 31 March 2013 (Unaudited) | Unrecognized gain/(loss) at 31 March 2013 (Unaudited) | Carrying amount at 31 December 2012 | Fair value at 31 December 2012 | Unrecognized gain/(loss) at 31 December 2012 |
|--|--|--|---|--|--------------------------------------|---|
| Financial assets | | | | | | |
| Cash and cash equivalents | 227,441 | 227,441 | – | 239,997 | 239,997 | – |
| Amounts due from credit institutions | 428,379 | 428,744 | 365 | 446,476 | 446,707 | 231 |
| Loans to customers including those pledged under repurchase agreements | 1,572,080 | 1,561,853 | (10,227) | 1,497,387 | 1,486,717 | (10,670) |
| Investment securities held to maturity including those pledged under repurchase agreements | 1,398 | 1,405 | 7 | 16,582 | 16,553 | (29) |
| Financial liabilities | | | | | | |
| Amounts due to credit institutions | 543,109 | 541,542 | 1,567 | 569,942 | 566,804 | 3,138 |
| Amounts due to the Russian Government and the Bank of Russia | 941,326 | 941,387 | (61) | 981,868 | 981,950 | (82) |
| Amounts due to customers | 343,051 | 341,356 | 1,695 | 335,827 | 333,985 | 1,842 |
| Debt securities issued | 478,747 | 500,085 | (21,338) | 388,939 | 414,842 | (25,903) |
| Total unrecognized change in unrealized fair value | | | (27,992) | | | (31,473) |

The following describes the methodologies and assumptions used to determine fair values for those financial instruments which are not already recorded at fair value in the financial statements.

Assets for which fair value approximates carrying amount

For financial assets and financial liabilities that are liquid or having a short-term maturity (less than three months) it is assumed that their carrying value approximate their fair value. This assumption is also applied to demand deposits and assets without a specific maturity.

(in millions of Russian rubles)

20. Fair value of financial instruments (continued)

Financial instruments not recorded at fair value in the statement of financial position (continued)

Fixed and variable rate financial instruments

For quoted debt instruments the fair values are determined based on quoted market prices. The fair values of unquoted debt instruments are estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

21. Related party transactions

In accordance with IAS 24 *Related Party Disclosures*, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of relationship, not merely the legal form.

Related parties may enter into transactions which unrelated parties might not, and transactions between related parties may not be effected on the same terms, conditions and amounts as transactions between unrelated parties.

Related parties include the state, key management of the Group and associated companies. Since Vnesheconombank is a state corporation, all state-controlled entities or entities on which the state has a significant influence (collectively – state-related entities), are considered to be related parties of the Group.

Transactions with associates, jointly controlled entities and key personnel

Outstanding balances of transactions with associates, jointly controlled entities and key personnel at 31 March 2013 and 31 December 2012 are as follows:

| | 31 March 2013 (Unaudited) | | 31 December 2012 | |
|---|--|--------------------------------|--|--------------------------------|
| | Associates and jointly controlled entities | Key management personnel | Associates and jointly controlled entities | Key management personnel |
| Assets | | | | |
| Loans to customers | 115,313 | 107 | 152,189 | 96 |
| Other assets | 484 | 0 | 419 | 0 |
| Liabilities | | | | |
| Amounts due to customers | 8,284 | 2,367 | 1,990 | 2,212 |
| Other liabilities | – | 28 | 17 | 159 |
| Credit related commitments and contingencies | 5,366 | 9 | 5,216 | 8 |

(in millions of Russian rubles)

21. Related party transactions (continued)

Transactions with associates, jointly controlled entities and key personnel (continued)

The related income and expense from transactions with associates, jointly controlled entities and key personnel for the three-month periods ended 31 March 2013 and 31 March 2012 are as follows:

| | For the three-month period ended 31 March 2013 (Unaudited) | | For the three-month period ended 31 March 2012 (Unaudited) | |
|---|--|--------------------------------|--|--------------------------------|
| | Associates and jointly controlled entities | Key management personnel | Associates and jointly controlled entities | Key management personnel |
| Interest income on loans to customers | 1,930 | 3 | 1,862 | 3 |
| Interest expense on amounts due to customers | (157) | (48) | (16) | (13) |
| Net interest income/(expense) | 1,773 | (45) | 1,846 | (10) |
| (Provision for) / reversal of impairment of interest-bearing assets | (2,343) | 0 | 37 | 0 |
| Net interest income/(expense) after provision for impairment of interest- bearing assets | (570) | (45) | 1,883 | (10) |

Compensation to key management personnel comprises the following:

| | For the three-month period ended 31 March (Unaudited) | |
|---|---|------------|
| | 2013 | 2012 |
| Salaries and other short-term benefits | 326 | 442 |
| Social security contributions | 46 | 58 |
| Compensation to key management personnel | 372 | 500 |

Transactions with the state, state institutions and state-related entities

The information about transactions with the Russian Government, its authorized institutions and the Bank of Russia is provided in Note 6.

In addition, at 31 March 2013 transactions with state-related entities include cash non-interest-bearing deposits (obligatory reserves) maintained by the Vnesheconombank's subsidiary banks with the Bank of Russia in the amount of RUB 3,885 million (31 December 2012: RUB 3,589 million) (Note 9).

In the normal course of its business the Bank and Group's subsidiaries grant loans to state-related credit institutions, as well as raise financing and issue guarantees in regard to these institutions (the list of transactions with the credit institutions is not complete). These transactions are carried out primarily under market conditions. Transactions with state-related credit institutions account for the major portion of all of the Group's operations on granting loans to credit institutions and the minor portion of financing raised from credit institutions and guarantees issued.

(in millions of Russian rubles)

21. Related party transactions (continued)

Transactions with the state, state institutions and state-related entities (continued)

Balances of significant transactions with state-related credit institutions at 31 March 2013 and 31 December 2012 comprise the following:

| Credit institution | Types of transactions | Amounts due from credit institutions | |
|-----------------------|--|--------------------------------------|---------------------|
| | | 31 March 2013 (Unaudited) | 31 December 2012 |
| Credit institution 1 | Subordinated loans | 184,339 | 183,839 |
| Credit institution 2 | Subordinated loans | 38,861 | 38,872 |
| Credit institution 3 | Subordinated loans | 23,042 | 22,980 |
| Credit institution 4 | Interest-bearing loans and deposits with credit institutions maturing within 90 days | 21,840 | – |
| Credit institution 1 | Interest-bearing loans and deposits with credit institutions maturing within 90 days | 15,277 | 15,004 |
| Credit institution 5 | Interest-bearing loans and deposits with credit institutions maturing within 90 days | 14,164 | 7,944 |
| Credit institution 6 | Subordinated loans | 10,256 | 10,228 |
| Credit institution 7 | Interbank loans and term interest-bearing deposits with credit institutions | 8,855 | 8,482 |
| Credit institution 2 | Interbank loans and term interest-bearing deposits with credit institutions | 5,802 | 5,369 |
| Credit institution 3 | Interbank loans and term interest-bearing deposits with credit institutions | 3,969 | 3,929 |
| Credit institution 8 | Interest-bearing loans and deposits with credit institutions maturing within 90 days | 3,001 | – |
| Credit institution 4 | Interbank loans and term interest-bearing deposits with credit institutions | – | 21,327 |
| Credit institution 9 | Interest-bearing loans and deposits with credit institutions maturing within 90 days | – | 4,202 |
| | | 329,406 | 322,176 |
| | | | |
| Credit institution | Types of transactions | Amounts due to credit institutions | |
| | | 31 March 2013 (Unaudited) | 31 December 2012 |
| Credit institution 5 | Loans and other placements from Russian credit institutions | 41,314 | 67,774 |
| Credit institution 2 | Loans and other placements from Russian credit institutions | 11,583 | 20,012 |
| Credit institution 1 | Loans and other placements from Russian credit institutions | 9,045 | 2,000 |
| Credit institution 8 | Loans and other placements from Russian credit institutions | 5,070 | 30,042 |
| Credit institution 9 | Loans and other placements from Russian credit institutions | 4,537 | 4,537 |
| Credit institution 10 | Loans and other placements from other credit institutions | 3,994 | 2,793 |
| Credit institution 11 | Loans and other placements from OECD-based credit institutions | 2,821 | 3,070 |
| | | 78,364 | 130,228 |

At 31 March 2013, the Group's significant commitments to extend loans to credit institutions 5 and 2 amounted to RUB 8,392 million and RUB 4,129 million, respectively. At 31 December 2012, significant commitments to extend loans to the same credit institutions amounted to RUB 8,629 million and RUB 4,584 million, respectively. These credit lines were opened under Vnesheconombank's Investment Program to support affordable housing construction and mortgage projects.

(in millions of Russian rubles)

21. Related party transactions (continued)

Transactions with the state, state institutions and state-related entities (continued)

At 31 March 2013 and 31 December 2012, there were no significant guarantees issued to state-related credit institutions.

In the normal course of business the Bank and Group's subsidiaries grant loans to state-related customers, as well as issue guarantees to these customers, maintain their current accounts and raise deposits from them (the list of transactions with the customers is not complete). These transactions are carried out primarily under market conditions. Transactions with state-related customers account for the major portion of all of the Group's operations with customers. Balances of significant transactions with state-related institutions and entities at 31 March 2013 and 31 December 2012 comprise the following:

| Borrower | Industry | Loans to customers | Undrawn loan commitments | Loans to customers | Undrawn loan commitments |
|-------------|--|------------------------------|--------------------------|--------------------|--------------------------|
| | | 31 March 2013 (Unaudited) | | 31 December 2012 | |
| Customer 1 | Finance | 36,540 | – | 36,523 | – |
| Customer 2 | Real estate and construction | 30,153 | 24,767 | 14,889 | 52,018 |
| Customer 3 | Transport | 24,611 | – | 10,626 | – |
| Customer 4 | Energy | 22,335 | 6,260 | 20,387 | 8,171 |
| Customer 5 | Manufacturing, heavy machinery and military-related goods production | 19,570 | 30,979 | 11,209 | 38,544 |
| Customer 6 | Manufacturing, heavy machinery and military-related goods production | 17,435 | 29,705 | 14,494 | 31,573 |
| Customer 7 | Transport | 17,000 | – | 16,856 | – |
| Customer 8 | Energy | 16,922 | 3,059 | 15,115 | 4,822 |
| Customer 9 | Manufacturing, heavy machinery and military-related goods production | 16,795 | 16,529 | 14,237 | 18,109 |
| Customer 10 | Oil and gas | 14,626 | – | 14,777 | – |
| Customer 11 | Transport | 7,702 | – | 5,748 | – |
| Customer 12 | Finance | 6,750 | 2,997 | 6,508 | 3,490 |
| Customer 13 | Manufacturing, heavy machinery and military-related goods production | 6,472 | 2,366 | 6,196 | 2,312 |
| Customer 14 | Energy | 6,121 | – | 5,463 | 0 |
| Customer 15 | Energy | 5,137 | – | 6,780 | – |
| Customer 16 | Energy | 5,000 | – | 6,000 | – |
| Customer 17 | Telecommunications | 4,993 | – | 4,992 | – |
| Customer 18 | Manufacturing, heavy machinery and military-related goods production | 4,877 | 0 | 4,495 | 0 |
| Customer 19 | Manufacturing, heavy machinery and military-related goods production | 4,688 | – | 4,591 | – |
| Customer 20 | Transport | 4,381 | 5,705 | 4,261 | 5,705 |
| Customer 21 | Energy | 4,270 | 7,739 | 4,161 | 7,739 |
| Customer 22 | Telecommunications | 4,024 | 3,935 | 7,436 | 1,652 |
| Customer 23 | Manufacturing, heavy machinery and military-related goods production | 3,974 | 1,753 | 3,864 | 1,925 |
| Customer 24 | Transport | 3,285 | – | 3,241 | – |
| Customer 25 | Transport | 3,263 | – | 3,220 | – |
| Customer 26 | Other | 1,370 | 3,586 | 0 | 4,088 |
| Customer 27 | Energy | 1,302 | 8,442 | 1,301 | 9,119 |
| Customer 28 | Manufacturing, heavy machinery and military-related goods production | – | 25,000 | – | 25,000 |
| | | 293,596 | 172,822 | 247,370 | 214,267 |

(in millions of Russian rubles)

21. Related party transactions (continued)

Transactions with the state, state institutions and state-related entities (continued)

| Customer | Industry | Amounts due to customers | |
|-------------|--|------------------------------|---------------------|
| | | 31 March 2013 (Unaudited) | 31 December 2012 |
| Customer 29 | Telecommunications | 35,646 | 37,383 |
| Customer 30 | Manufacturing, heavy machinery and military-related goods production | 22,945 | 21,116 |
| Customer 1 | Finance | 10,333 | 9,216 |
| Customer 31 | Finance | 9,154 | 4,154 |
| Customer 32 | Infrastructure development | 5,470 | 5,070 |
| Customer 33 | Manufacturing, heavy machinery and military-related goods production | 4,527 | 4,418 |
| Customer 34 | Finance | 3,108 | 3,047 |
| Customer 35 | Other | 3,046 | 1,520 |
| Customer 36 | Telecommunications | 2,917 | 3,494 |
| | | 97,146 | 89,418 |

| Customer | Industry | Guarantees issued | |
|-------------|--|------------------------------|---------------------|
| | | 31 March 2013 (Unaudited) | 31 December 2012 |
| Customer 30 | Manufacturing, heavy machinery and military-related goods production | 37,659 | 40,321 |
| Customer 37 | Manufacturing, heavy machinery and military-related goods production | 3,560 | 4,267 |
| | | 41,219 | 44,588 |

At 31 March 2013 and 31 December 2012 the Group's investments in debt securities issued by the Russian Government comprise the following:

| | 31 March 2013 (Unaudited) | 31 December 2012 |
|--|------------------------------|---------------------|
| Financial assets at fair value through profit or loss | 3,631 | 1,528 |
| Investment financial assets: | | |
| - available-for-sale | 2,385 | 6,201 |
| - held-to-maturity | 756 | 761 |
| Investment financial assets available for sale pledged under repurchase agreements | – | 409 |

At 31 March 2013 and 31 December 2012, there were no transactions involving derivative financial instruments with the Russian Government.

(in millions of Russian rubles)

21. Related party transactions (continued)

Transactions with the state, state institutions and state-related entities (continued)

In the normal course of business the Group invests in securities issued by state-related issuers and enters into derivative contracts with such counterparties. At 31 March 2013 and 31 December 2012 the Group's investments into securities issued by state-related issuers, as well as transactions involving derivative financial instruments with such counterparties comprise the following:

| | 31 March 2013 (Unaudited) | | | 31 December 2012 | | |
|---|------------------------------|-----------------|----------------------------------|-------------------|-----------------|----------------------------------|
| | Equity securities | Debt securities | Derivative financial instruments | Equity securities | Debt securities | Derivative financial instruments |
| Financial assets at fair value through profit or loss | 21,219 | 9,867 | 17,853 | 25,742 | 9,574 | 13,621 |
| Financial assets at fair value through profit or loss pledged under repurchase agreements | – | 2,388 | – | 503 | 4,529 | – |
| Investment financial assets | | | | | | |
| - available for sale | 137,971 | 124,613 | – | 147,115 | 137,198 | – |
| - held to maturity | – | 358 | – | – | 650 | – |
| Investment financial assets available for sale pledged under repurchase agreements | | | | | | |
| - available for sale | – | 3,188 | – | – | 966 | – |
| - held to maturity | – | 284 | – | – | – | – |
| Financial liabilities at fair value through profit or loss | – | – | 7 | – | – | 9 |

At 31 March 2013, investment financial assets available for sale also include a financial asset issued by a state-related credit institution with a fair value of RUB 47,936 million (31 December 2012: RUB 47,134 million).

22. Events after the reporting date

In April 2013, VEB Asia Limited was registered in Hong Kong, with Vnesheconombank holding a 100% interest in its share capital. The company's share capital is USD 30 million. The company will liaise with Hong Kong financial institutions and will operate to encourage Asian investors to finance large-scale projects implemented in the Russian Federation.

In April 2013, a subsidiary bank placed exchange-traded bonds, series BO-02, with a nominal value of RUB 5,000 million at MICEX-RTS. The bonds mature in April 2016 and are subject to a one-year offer.

In May and July 2013, the Bank transferred a total of USD 365 million (the equivalent of RUB 11,432 million as at the date of transfer) for 291,744,499 additionally issued shares of the subsidiary bank PSC Prominvestbank. As at the reporting date, the registration of the report on the results of PSC Prominvestbank's shares' placement has not been registered by the National Securities and Stock Market Commission of Ukraine.

(in millions of Russian rubles)

22. Events after the reporting date (continued)

In May and June 2013, a subsidiary bank redeemed three issues of European commercial papers in the total value of USD 140 million (the equivalent of RUB 4,441 million as at the respective redemption dates).

In June 2013, the Group's leasing company issued four issues of bonds, series USD 07-USD 10. Each issue has a nominal value of USD 100 million (equal to RUB 12,896 million at the date of placement). The bonds mature in 5 years.

In June 2013 the maturity of interest-bearing deposit raised from the Bank of Russia was extended by one year (Note 6).

In accordance with Resolution of the Russian Government No. 503 dated 14 June 2013, Vnesheconombank shall perform functions of state trust management company for pension savings and state management company for the payment reserve until 1 January 2019.

In June 2013, the Bank received loans from a foreign bank in the amount of EUR 83 million (RUB 3,432 million as at the dates of issue). The loans bear floating interest rates and mature in 2017 and 2019. The funds are intended to finance the real sector of the economy.

In July 2013, a subsidiary bank increased its interest in RGI as a result of purchasing 36,000,000 ordinary shares for the total value of USD 105 million (the equivalent of RUB 3,455 million). The share of the subsidiary bank in the share capital of the subsidiary comprised 73.4%.

In July 2013, the Bank became a participant of Resad LLC owning 85% interest in the company's share capital. The Group is currently in the process of determining the fair value of assets and liabilities of the acquired company.

In July 2013, the Bank purchased 4,000,000 ordinary registered shares additionally issued by OJSC "North Caucasus Development Corporation" in the total amount of RUB 4,000 million. The Bank's share in the equity of its subsidiary remained unchanged at 100%.

In July 2013, the Bank placed exchange-traded bonds, Series BO-01, with a nominal value of RUB 20,000 million at MICEX-RTS. The bonds mature in July 2016 and are subject to a two-year offer.

In July 2013, a subsidiary bank redeemed ruble exchange-traded bonds, Series BO-02, with a nominal value of RUB 5,000 million in accordance with the terms of issue.

In July 2013, the Bank received a loan from a syndicate of banks in the amount of USD 230 million (RUB 7,452 million as at the date of issue). The loan bears a floating interest rate and matures in 5 years. The funds will be used to finance the construction of a sports facility.