VTB Bank

Interim Condensed Consolidated Financial Statements
with Independent Auditors' Report on Review of Interim
Condensed Consolidated Financial Statements

31 March 2013

Contents

Ernst & Young

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Independent auditors' report on review of interim condensed consolidated financial statements

To the Supervisory Council and Shareholders of VTB Bank:

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of VTB Bank ("the Bank") and its subsidiaries (together "the Group") as at 31 March 2013, comprising of the interim consolidated statement of financial position as at 31 March 2013 and the related interim consolidated income statement and interim consolidated statement of comprehensive income for the three-month period then ended, interim consolidated statements of cash flows and changes in shareholders' equity for the three-month period then ended and selected explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 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 work

We conducted our review in accordance with the 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.

Ernst & Young Vneshaudit

2 July 2013

(in billions of Russian Roubles)

	Note	31 March 2013 (unaudited)	31 December 2012
Assets			
Cash and short-term funds	5	582.7	569.0
Mandatory cash balances with central banks		67.7	63.8
Financial assets at fair value through profit or loss	6	467.8	528.8
Financial assets pledged under repurchase agreements and loaned financial assets	7	424.2	302.9
Due from other banks	8	263.8	358.6
Loans and advances to customers	9	4,948.2	4,761.5
Assets of disposal group held for sale	13	14.8	15.3
Financial assets available-for-sale	10	113.2	97.4
Investments in associates and joint ventures	11	48.0	48.3
Investment securities held-to-maturity	12	0.6	0.9
Land, premises and equipment		141.6	142.5
Investment property		151.8	148.0
Intangible assets and goodwill		136.0	137.3
Deferred tax asset		43.3	42.9
Other assets		199.1	198.5
Total assets		**7,602.8**	**7,415.7**
Liabilities			
Due to other banks	14	760.9	759.9
Customer deposits	15	3,727.9	3,672.8
Liabilities of disposal group held for sale	13	5.1	6.1
Other borrowed funds	16	883.6	806.2
Debt securities issued	17	932.8	894.5
Deferred tax liability		12.9	12.3
Other liabilities		208.2	212.0
Total liabilities before subordinated debt		**6,531.4**	**6,363.8**
Subordinated debt	18	288.1	285.8
Total liabilities		**6,819.5**	**6,649.6**
Equity			
Share capital		113.1	113.1
Share premium		358.5	358.5
Perpetual loan participation notes		69.8	68.3
Treasury shares		(13.8)	(13.7)
Other reserves	19	34.7	33.9
Retained earnings		208.3	193.7
Equity attributable to shareholders of the parent		**770.6**	**753.8**
Non-controlling interests		**12.7**	**12.3**
Total equity		**783.3**	**766.1**
Total liabilities and equity		**7,602.8**	**7,415.7**

Approved for issue and signed on 2 July 2013.

A.L. Kostin
President – Chairman of the Management Board

Herbert Moos
Chief Financial Officer – Deputy Chairman of the Management Board

(in billions of Russian Roubles)

	Note	For the three-month period ended 31 March 2013	2012
		2013	**2012**
Interest income	20	157.2	127.0
Interest expense	20	(83.4)	(73.0)
Net interest income		**73.8**	**54.0**
Provision charge for impairment of debt financial assets	23	(22.0)	(20.4)
Net interest income after provision for impairment		**51.8**	**33.6**
Net fee and commission income	21	11.5	10.3
(Losses net of gains) / gains less losses arising from financial instruments at fair value through profit or loss		(0.9)	1.0
Gains less losses from available-for-sale financial assets		0.7	3.7
Losses net of gains arising from extinguishment of liability		(1.0)	(0.7)
Losses on initial recognition of financial instruments, restructuring and other gains / (losses) on loans and advances to customers		2.6	0.1
Gains less losses arising from dealing in foreign currencies		5.9	25.4
Foreign exchange translation losses net of gains		(8.8)	(6.6)
Share in income of associates and joint ventures		–	0.1
Provision charge for impairment of other assets, credit related commitments and legal claims		(1.3)	(0.2)
Net income from non-banking activities		7.9	4.7
Other operating income		1.2	3.4
Net non-interest income		**17.8**	**41.2**
Operating income		**69.6**	**74.8**
Staff costs and administrative expenses	22	(49.2)	(42.5)
Profit / (loss) from disposal of subsidiaries and associates		1.1	(0.4)
Profit before taxation		**21.5**	**31.9**
Income tax expense	25	(5.8)	(8.6)
Net profit		**15.7**	**23.3**
Net profit attributable to:			
Shareholders of the parent		**15.3**	**22.7**
Non-controlling interests		**0.4**	**0.6**
Basic and diluted earnings per share (expressed in Russian Roubles per share)	24	**0.0015**	**0.0022**

(in billions of Russian Roubles)

	For the three-month period ended 31 March	
	2013	*2012*
Net profit for the period	**15.7**	**23.3**
Other comprehensive income:		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Net result on financial assets available-for-sale, net of tax	0.5	(1.9)
Share of other comprehensive income of associates	0.1	(0.2)
Effect of translation, net of tax	0.7	(4.1)
Other comprehensive income		
Effect of changes in tax rates recognized in premises revaluation reserve	–	0.1
Other comprehensive income, net of tax	**1.3**	**(6.1)**
Total comprehensive income	**17.0**	**17.2**
Total comprehensive income attributable to:		
Shareholders of the parent	**16.5**	**17.2**
Non-controlling interests	**0.5**	**–**

(in billions of Russian Roubles)

		For the three-month period ended 31 March	
	Note	***2013***	***2012***
Cash flows (used in) / from operating activities			
Interest received		157.0	124.5
Interest paid		(72.6)	(59.9)
(Loss incurred) / income received on operations with financial instruments at fair value through profit or loss		(1.0)	(10.2)
(Loss incurred) / income received on dealing in foreign currency		(7.3)	18.3
Fees and commissions received		14.8	13.3
Fees and commissions paid		(3.1)	(2.7)
Income received from non-banking activities		18.6	12.3
Expenses paid in non-banking activities		(2.8)	(2.7)
Other operating income received		1.3	0.8
Staff costs and administrative expenses paid		(45.6)	(41.0)
Income tax paid		(7.4)	(8.3)
Cash flows from operating activities before changes in operating assets and liabilities		**51.9**	**44.4**
Net decrease / (increase) in operating assets			
Net (increase) /decrease in mandatory cash balances with central banks		(3.9)	11.1
Net (increase) /decrease in restricted cash		(1.8)	0.1
Net decrease / (increase) in correspondent accounts in precious metals		3.1	(0.4)
Net (increase) /decrease in financial assets at fair value through profit or loss		(42.2)	17.4
Net decrease in due from other banks		108.7	25.0
Net (increase) /decrease in loans and advances to customers		(224.7)	28.3
Net increase in other assets		(13.0)	(15.0)
Net increase / (decrease) in operating liabilities			
Net decrease in due to other banks		(4.3)	(24.7)
Net increase /(decrease) in customer deposits		37.3	(183.8)
Net increase in debt securities issued		13.8	156.6
Net increase in other liabilities		18.6	19.4
Net cash (used in) / from operating activities		**(56.5)**	**78.4**
Cash flows used in investing activities			
Dividends received		–	2.0
Proceeds from sale or maturities of financial assets available-for-sale		22.0	15.0
Purchase of financial assets available-for-sale		(35.5)	(19.7)
Purchase of subsidiaries, net of cash		–	(1.2)
Purchase of and contributions to associates and joint ventures		(0.7)	(0.1)
Proceeds from sale of share in associates and joint ventures		0.6	–
Purchase of investment securities held-to-maturity		–	(0.5)
Proceeds from redemption of investment securities held-to-maturity		–	0.4
Purchase of premises and equipment		(4.4)	(1.9)
Proceeds from sale of premises and equipment		1.0	5.9
Purchase or construction of investment property		(0.9)	(1.4)
Proceeds from sale of investment property		0.3	0.8
Purchase of intangible assets		(1.0)	(1.2)
Proceeds from sale of intangible assets		0.3	–
Net cash used in investing activities		**(18.3)**	**(1.9)**

(in billions of Russian Roubles)

	Note	For the three-month period ended 31 March	
		2013	2012
Cash flows from / (used in) financing activities			
Proceeds from issuance of local bonds		41.4	20.2
Repayment of local bonds		(40.7)	(1.9)
Buy-back of local bonds		(12.6)	(2.2)
Proceeds from sale of previously bought-back local bonds		3.2	4.8
Proceeds from issuance of Eurobonds		19.3	6.3
Repayment of Eurobonds		(6.6)	(0.2)
Buy-back of Eurobonds		(4.6)	(20.5)
Proceeds from sale of previously bought-back Eurobonds		13.5	20.5
Proceeds from syndicated loans		22.8	0.2
Repayment of syndicated loans		(24.1)	(0.2)
Proceeds from sale of previously bought-back syndicated loans		–	2.9
Proceeds from other borrowings and funds from local central banks		384.8	100.0
Repayment of other borrowings and funds from local central banks		(305.6)	(272.8)
Buy-back of other borrowings and funds from local central banks		–	(0.7)
Buy-back of subordinated debt		(1.3)	(0.5)
Purchase of treasury shares		(0.1)	(0.3)
Proceeds from sale of treasury shares		–	0.6
Purchase of perpetual loan participation notes		(2.4)	–
Proceeds from sale of perpetual loan participation notes		2.3	–
Purchase of non-controlling interests		(0.1)	–
Net cash from / (used in) financing activities		**89.2**	**(143.8)**
Effect of exchange rate changes on cash and cash equivalents		2.7	(9.8)
Effect of hyperinflation		(0.3)	(0.1)
Net decrease in cash and cash equivalents		**16.8**	**(77.2)**
Cash and cash equivalents at the beginning of the period		560.9	397.5
Cash and cash equivalents at the end of the period	5	**577.7**	**320.3**

(in billions of Russian Roubles)

	Attributable to shareholders of the parent								
	Share capital	***Share premium***	***Perpetual loan participation notes***	***Treasury shares***	***Other reserves (Note 19)***	***Retained earnings***	***Total***	***Non-controlling interests***	***Total equity***
Balance at 1 January 2012	**113.1**	**358.5**	**–**	**(0.6)**	**30.3**	**102.2**	**603.5**	**21.6**	**625.1**
Net result from treasury shares transactions	–	–	–	0.3	–	–	**0.3**	–	**0.3**
Total comprehensive income for the period	–	–	–	–	(5.5)	22.7	**17.2**	–	**17.2**
Transfer of premises revaluation reserve upon disposal or depreciation	–	–	–	–	(0.1)	0.1	**–**	–	–
Share-based payments	–	–	–	–	–	0.4	**0.4**	–	**0.4**
Increase in share capital of subsidiaries	–	–	–	–	–	(0.3)	**(0.3)**	0.4	**0.1**
Acquisition of subsidiaries	–	–	–	–	–	–	–	0.2	**0.2**
Obligation to purchase non-controlling interests	–	–	–	–	–	(0.1)	**(0.1)**	–	**(0.1)**
Obligation to purchase treasury shares	–	–	–	–	–	(13.8)	**(13.8)**	–	**(13.8)**
Dividends declared	–	–	–	–	–	–	**–**	(0.1)	**(0.1)**
Balance at 31 March 2012	**113.1**	**358.5**	**–**	**(0.3)**	**24.7**	**111.2**	**607.2**	**22.1**	**629.3**
Balance at 1 January 2013	**113.1**	**358.5**	**68.3**	**(13.7)**	**33.9**	**193.7**	**753.8**	**12.3**	**766.1**
Net result from treasury shares and perpetual loan participation notes transactions	–	–	(0.1)	(0.1)	–	0.1	**(0.1)**	–	**(0.1)**
Total comprehensive income for the period	–	–	–	–	1.1	15.4	**16.5**	0.5	**17.0**
Transfer of premises revaluation reserve upon disposal or depreciation	–	–	–	–	(0.3)	0.3	**–**	–	**–**
Share-based payments	–	–	–	–	–	0.2	**0.2**	–	**0.2**
Acquisition of subsidiaries	–	–	–	–	–	–	**–**	0.2	**0.2**
Disposal of subsidiaries	–	–	–	–	–	–	**–**	(0.3)	**(0.3)**
Acquisition of non-controlling interests and other capital transactions	–	–	–	–	–	(0.1)	**(0.1)**	–	**(0.1)**
Foreign exchange translation of perpetual loan participation notes	–	–	1.6	–	–	(1.6)	**–**	–	**–**
Tax effect recognized on perpetual loan participation notes	–	–	–	–	–	0.3	**0.3**	–	**0.3**
Balance at 31 March 2013	**113.1**	**358.5**	**69.8**	**(13.8)**	**34.7**	**208.3**	**770.6**	**12.7**	**783.3**

1. Principal Activities

VTB Bank and its subsidiaries (the "Group") comprise Russian and foreign commercial banks, and other companies and entities controlled by the Group.

VTB Bank, formerly known as Vneshtorgbank (the "Bank", or "VTB"), was formed as Russia's foreign trade bank under the laws of the Russian Federation on 17 October 1990. In 1998, following several reorganizations, VTB was reorganized into an open joint stock company. In October 2006 the Group started re-branding to change its name from Vneshtorgbank to VTB. In March 2007, the Bank for Foreign Trade was renamed into "VTB Bank" (Open Joint-Stock Company).

On 2 January 1991, VTB received a general banking license (number 1000) from the Central Bank of the Russian Federation (CBR). In addition, VTB holds licenses required for trading and holding securities and engaging in other securities-related activities, including acting as a broker, a dealer and a custodian, and providing asset management and special depositary services. VTB and other Russian Group banks are regulated and supervised by the CBR and the Federal Financial Markets Service. Foreign Group banks operate under the bank regulatory regimes of their respective countries.

On 29 December 2004, the Bank became a member of the obligatory deposit insurance system provided by the State Corporation "Deposit Insurance Agency" (DIA). All Group subsidiary banks in Russia: "Bank VTB 24", CJSC, "TransCreditBank", JSC, "Bank of Moscow", OJSC and "Leto Bank", OJSC are also members of the obligatory deposit insurance system provided by DIA. The State deposit insurance scheme implies that DIA guarantees repayment of individual deposits up to the maximum total amount of guaranteed payment of RUR 700 thousand with a 100% compensation of deposited amount from 1 October 2008.

On 5 October 2005, VTB re-registered its legal address to 29 Bolshaya Morskaya Street, Saint-Petersburg 190000, Russian Federation. VTB's Head Office is located in Moscow.

The Group operates in the corporate and investment banking, retail, real estate and other sectors. Corporate and investment banking include deposit taking and commercial lending in freely convertible currencies and in Russian Roubles, support of clients' export/import transactions, foreign exchange, securities trading and trading in derivative financial instruments. The Group's operations are conducted in both Russian and international markets. The Group conducts its banking business in Russia through VTB as a parent and 5 subsidiary banks with its network of 102 full service branches, including 23 branches of VTB, 8 branches of "Bank VTB 24", CJSC, 40 branches of "TransCreditBank", JSC, 31 branches of "Bank of Moscow", OJSC located in major Russian regions.

The Group operates outside Russia through 15 bank subsidiaries, located in the Commonwealth of Independent States ("CIS") (Armenia, Ukraine (2 banks), Belarus (2 banks), Kazakhstan and Azerbaijan), Europe (Austria, Cyprus, Germany, France, Great Britain and Serbia), Georgia, Africa (Angola); through 2 representative offices located in Italy and China; through 2 VTB branches in China and India and 2 branches of "VTB Capital", Plc in Singapore and Dubai. The Group investment banking division also performs broker/dealer operations in the United States of America, securities dealing and financial advisory in Hong Kong and investment banking operations in Bulgaria.

VTB's majority shareholder is the Russian Federation state, acting through the Federal Property Agency, which holds 75.5% of VTB's issued and outstanding shares at 31 March 2013 (31 December 2012: 75.5%).

The number of employees of the Group at 31 March 2013 was 84,764 (31 December 2012: 80,860).

Unless otherwise noted herein, all amounts are expressed in billions of Russian Roubles rounded off to one decimal.

2. Operating Environment of the Group

The Russian Federation. The most part of the Group operations are conducted in the Russian Federation. 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.

The Russian economy is vulnerable to market downturns and economic slowdowns elsewhere in the world. In 2012 the Russian Government and the CBR continued to take measures to support the economy in order to overcome the consequences of the global financial crisis. Despite some indications of recovery there continues to be uncertainty regarding further economic growth, access to capital and cost of capital, which could negatively affect the Group's future financial position, results of operations and business prospects.

Also, factors including increased unemployment in Russia reduced corporate liquidity and profitability and increased corporate and personal insolvencies may affect the Group's borrowers' ability to repay the amounts due to the Group. In addition, changes in economic conditions may result in deterioration in the value of collateral held against loans and other obligations. To the extent that information is available, the Group has reflected revised estimates of expected future cash flows in its impairment assessment.

Other jurisdictions. In addition to Russia the Group conducts operations in CIS (Ukraine, Belarus, Kazakhstan, Azerbaijan and Armenia) and Georgia, European countries (Austria, Germany, France, UK and Cyprus) and some other countries. Tough economic and liquidity situation in many jurisdictions led to decrease or insignificant growth of GDP followed by shrinking in consumption as well as in investment activities. The primary targets of the local regulators were support of monetary stability, management of GDP deficit and inflation level regulation. In first quarter 2013 economy of the Republic Belarus remained hyperinflatory.

While management believes it is taking appropriate measures to support the sustainability of the Group's business in the current circumstances, unexpected further deterioration in the areas described above could negatively affect the Group's results and financial position in a manner not currently determinable.

3. Basis of Preparation

General

These interim condensed consolidated financial statements ("financial statements") have been prepared in accordance with International Accounting Standard (IAS) 34 *Interim Financial Reporting*. As a result, they do not include all of the information required by International Financial Reporting Standards (IFRS) for a complete set of financial statements. 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 Bank and its subsidiaries and associates maintain their accounting records in accordance with regulations applicable in their country of registration. These interim condensed consolidated financial statements are based on those accounting books and records, as adjusted and reclassified to comply with International Accounting Standard 34 *Interim Financial Reporting.*

These interim condensed consolidated financial statements have been prepared under the historical cost convention, as modified by the initial recognition of financial instruments based on fair value, revaluation of premises and investment property, available-for-sale financial assets, and financial instruments categorized as at fair value through profit or loss.

The preparation of financial statements requires management to make estimates and assumptions that affect reported amounts. These estimates are based on information available as of the date of the financial statements. Actual results can differ significantly from such estimates. Judgments and significant estimates in these financial statements are consistent with those applied in the preparation of the Group's annual financial statements for the year ended 31 December 2012. Income tax expense in respect of the current tax assets and liabilities is recognized based on the income tax rates enacted by the end of the reporting period in relevant tax jurisdictions where the Group presents. Income tax expense in respect of the deferred tax assets and liabilities is measured at the income tax rates that are expected to apply to the period when deferred assets are realized or liability are settled based on the income tax rates officially enacted by the end of the reporting period.

These interim condensed consolidated financial statements should be read in conjunction with the complete consolidated financial statements as of 31 December 2012.

These interim condensed consolidated financial statements are presented in Russian Roubles (RUR), the national currency of the Russian Federation, where the Bank is domiciled. As at 31 March 2013, the principal closing rate of exchange used for translating balances in USD to Russian Roubles was USD 1 to RUR 31.0834 (at 31 December 2012: USD 1 to RUR 30.3727), and the principal closing rate of exchange used for translating balances in Euro was EUR 1 to RUR 39.8023 (at 31 December 2012: EUR 1 to RUR 40.2286).

4. Adoption of New or Revised Standards and Interpretations

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2012, except for the adoption of new standards and interpretations as of 1 January 2013, noted below:

IFRS 10 Consolidated Financial Statements and 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 provides these disclosures in Note 29

Amendments to IAS 19 Employee Benefits
The IASB has published amendments to IAS 19 *Employee Benefits*, effective for annual periods beginning on or after 1 January 2013, which 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. These amendments had no impact on the Group's financial position.

Amendments to IAS 1 Changes to the 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 IAS 1 Clarification of the requirement for comparative information
The amendment to IAS 1 clarifies the difference between voluntary additional comparative information and the minimum required comparative information. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period. The additional voluntarily comparative information does not need to be presented in a complete set of financial statements.

An opening statement of financial position (known as the 'third balance sheet') must be presented when an entity applies an accounting policy retrospectively, makes retrospective restatements, or reclassifies items in its financial statements, provided any of those changes has a material effect on the statement of financial position at the beginning of the preceding period. The amendment clarifies that a third balance sheet does not have to be accompanied by comparative information in the related notes. Under IAS 34, the minimum items required for interim condensed financial statements do not include a third balance sheet.

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. These amendments had no impact on the Group's' financial position or performance.

(in billions of Russian Roubles)

4. Adoption of New or Revised Standards and Interpretations (continued)

Amendment to 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.

Amendment 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 and liabilities were reported to the chief operating decision maker.

5. Cash and Short-Term Funds

	31 March 2013 (unaudited)	*31 December 2012*
Cash on hand	82.2	102.0
Cash balances with central banks (other than mandatory reserve deposits)	147.5	227.4
Correspondent accounts with other banks		
- Russian Federation	45.6	34.3
- Other countries	307.4	205.3
Total cash and short-term funds	**582.7**	**569.0**
Less: correspondent accounts in precious metals	(3.1)	(6.3)
Less: restricted cash	(1.9)	(1.8)
Total cash and cash equivalents	**577.7**	**560.9**

6. Financial Assets at Fair Value Through Profit or Loss

	31 March 2013 (unaudited)	*31 December 2012*
Financial assets held for trading	420.4	485.4
Financial assets designated as at fair value through profit or loss	47.4	43.4
Total financial assets at fair value through profit or loss	**467.8**	**528.8**

Financial assets designated as at fair value through profit or loss are managed on a fair value basis, in accordance with the risk management or investment strategies adopted by each Group member and the information provided to key management personnel.

(in billions of Russian Roubles)

6. Financial Assets at Fair Value Through Profit or Loss (continued)

Financial assets held for trading

	31 March 2013 (unaudited)	*31 December 2012*
Debt securities denominated in USD		
Eurobonds of Russian companies and banks	16.1	16.4
Bonds and eurobonds of foreign governments	10.5	15.5
Bonds and eurobonds of foreign companies and banks	9.3	6.1
Eurobonds of the Russian Federation	0.8	0.5
Debt securities denominated in RUR		
Bonds of Russian companies and banks	180.1	231.1
Russian Federal loan bonds (OFZ)	21.2	21.3
Promissory notes of Russian companies and banks	2.2	1.7
Russian municipal bonds	2.1	5.2
Eurobonds of Russian companies and banks	1.0	1.2
Eurobonds of the Russian Federation	0.9	0.3
Bonds and eurobonds of foreign companies and banks	0.3	0.6
Debt securities denominated in other currencies		
Bonds and eurobonds of foreign companies and banks	3.0	3.1
Bonds and eurobonds of foreign governments	2.1	2.2
Eurobonds of Russian companies and banks	0.4	0.3
Russian municipal eurobonds	–	0.1
Trading credit products	*34.2*	*31.6*
Equity securities	*54.3*	*55.1*
Balances arising from derivative financial instruments	*81.9*	*93.1*
Total financial assets held for trading	**420.4**	**485.4**

At 31 March 2013, bonds of Russian companies and banks are mostly represented by debt securities issued by Russian oil and gas companies, metal, telecommunication, energy and transportation companies and banks.

At 31 March 2013, equity securities are represented by securities issued by Russian banks, oil and gas, metal and building construction companies.

Financial assets designated as at fair value through profit or loss

	31 March 2013 (unaudited)	*31 December 2012*
Bonds and eurobonds of foreign companies and banks	28.8	27.2
Bonds and eurobonds of Russian companies and banks	7.9	7.1
Equity securities	7.0	6.7
Bonds and eurobonds of foreign governments	3.7	2.4
Total financial assets designated as at fair value through profit or loss	**47.4**	**43.4**

(in billions of Russian Roubles)

7. Financial Assets Pledged under Repurchase Agreements and Loaned Financial Assets

	31 March 2013 (unaudited)	**_31 December 2012_**
Financial assets at fair value through profit or loss		
Financial assets held for trading		
Bonds of Russian companies and banks	138.7	40.7
Eurobonds of Russian companies and banks	4.1	5.2
Equity securities	2.7	1.0
Bonds and eurobonds of foreign governments	0.9	0.7
Russian Federal loan bonds (OFZ)	0.8	0.2
Eurobonds of foreign companies and banks	0.4	0.8
Eurobonds of the Russian Federation	0.1	
Total financial assets held for trading	_147.7_	_48.6_
Financial assets designated as at fair value through profit or loss		
Eurobonds of Russian companies and banks	–	0.1
Total financial assets designated as at fair value through profit or loss	–	_0.1_
Total financial assets at fair value through profit or loss	**_147.7_**	**_48.7_**
Financial assets available-for-sale		
Russian Federal loan bonds (OFZ)	8.8	5.6
Bonds of Russian companies and banks	8.8	–
Bonds of foreign governments	0.5	0.2
Bonds of foreign companies and banks	0.1	0.1
Total financial assets available-for-sale	**_18.2_**	**_5.9_**
Investment securities held-to-maturity		
Russian municipal bonds	0.3	–
Total investment securities held-to-maturity	**_0.3_**	–
Financial assets classified as loans and advances to customers	**_255.2_**	**_245.5_**
Financial assets classified as due from other banks	**_2.8_**	**_2.8_**
Total financial assets pledged under repurchase agreements and loaned financial assets	**424.2**	**302.9**

As at 31 March 2013, bonds of Russian companies and banks included in the above table are mostly represented by debt securities issued by Russian banks, oil and gas companies, manufacturing, metals, transportation and telecommunication companies.

As at 31 March 2013, financial assets classified as loans and advances to customers pledged under repurchase agreements are mostly represented by federal loan bonds with debt amortization (OFZ-AD) with the carrying amount of RUR 254.9 billion which were purchased by "Bank of Moscow", OJSC in September 2011 from proceeds of loan from DIA (31 December 2012: RUR 244.8 billion).

8. Due from Other Banks

	31 March 2013 (unaudited)	**_31 December 2012_**
OECD	161.6	251.5
Russia	91.3	99.1
Other countries	13.1	10.2
Total gross due from other banks	**266.0**	**360.8**
Less: Allowance for impairment (Note 23)	(2.2)	(2.2)
Total due from other banks	**263.8**	**358.6**

(in billions of Russian Roubles)

9. Loans and Advances to Customers

The table below shows loans and advances to customers by class.

	31 March 2013 (unaudited)	_31 December 2012_
Loans to legal entities		
Current activity financing	2,566.1	2,575.1
Project finance and other	1,159.2	1,068.7
Finance leases	244.7	205.6
Reverse sale and repurchase agreements	130.1	115.2
Total gross loans to legal entities	**4,100.1**	**3,964.6**
Loans to individuals		
Consumer loans and other	665.7	624.3
Mortgages	415.2	390.7
Car loans	108.4	102.0
Reverse sale and repurchase agreements	3.3	3.2
Total gross loans to individuals	**1,192.6**	**1,120.2**
Less: Allowance for impairment (Note 23)	(344.5)	(323.3)
Total loans and advances to customers	**4,948.2**	**4,761.5**

Finance leases represent loans to leasing companies and net investment in leases.

As at 31 March 2013, included in gross loans are finance lease receivables of RUR 179.3 billion (31 December 2012: RUR 176.2 billion), equal to the net investment in lease before allowance for impairment.

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

	31 March 2013 (unaudited)		_31 December 2012_	
	Amount	_%_	_Amount_	_%_
Individuals	1,192.6	23	1,120.2	22
Building construction	630.3	12	596.7	12
Finance	587.9	11	568.4	11
Metals	548.3	10	372.6	7
Manufacturing	458.7	9	517.2	11
Trade and commerce	450.9	9	492.9	10
Transport	347.6	7	362.6	7
Energy	261.3	5	257.3	5
Oil and gas	206.0	4	208.1	4
Government bodies	156.0	2	153.3	3
Chemical	139.9	2	137.4	3
Food and agriculture	107.7	2	103.4	2
Telecommunications and media	59.4	1	69.2	1
Coal mining	53.1	1	42.6	1
Aircraft	12.9	–	15.8	–
Other	80.1	2	67.1	1
Total gross loans and advances to customers	**5,292.7**	**100**	**5,084.8**	**100**

Finance industry includes loans issued to holding companies of industrial groups, mergers and acquisitions financing, and loans to leasing, insurance and other non-bank financial companies.

As at 31 March 2013, the total amount of outstanding loans issued by the Group to 10 largest groups of interrelated borrowers comprises RUR 1,040.8 billion, or 18.8% of the gross loan portfolio (31 December 2012: RUR 1,030.7 billion, or 19.3%).

As at 31 March 2013, the gross amount of non-performing loans which the Group defines as impaired loans with repayments overdue by over 90 days was RUR 298.4 billion or 5.4 % of the aggregate of the gross loan portfolio and loans pledged under repurchase agreements (31 December 2012: RUR 287.7 billion, or 5.4%).

(in billions of Russian Roubles)

9. Loans and Advances to Customers (continued)

As at 31 March 2013, loans and advances to customers represented by federal loan bonds with debt amortization (OFZ-AD) purchased in September 2011 by "Bank of Moscow", OJSC with the carrying amount of RUR 5.3 billion are included in loans to government bodies for the purpose of economic sector risk concentrations disclosure (31 December 2012: RUR 34.7 billion).

10. Financial Assets Available-for-Sale

	31 March 2013 (unaudited)	*31 December 2012*
Equity investments	42.5	41.2
Bonds of Russian companies and banks	25.2	14.6
Russian Federal loan bonds (OFZ)	25.1	19.8
Bonds and eurobonds of foreign governments	11.5	12.0
Eurobonds of Russian companies and banks	5.4	5.0
Bonds and eurobonds of foreign companies and banks	2.2	3.1
Promissory notes of Russian companies and banks	1.3	1.7
Total financial assets available-for-sale	**113.2**	**97.4**

As at 31 March 2013, equity investments are represented mostly by shares of Russian metal, finance and manufacturing companies.

11. Investments in Associates and Joint Ventures

	31 March 2013 (unaudited)	*31 December 2012*
Investments in associates and joint ventures accounted under equity method	46.6	47.0
Investments in associates at fair value through profit or loss	1.4	1.3
Total investments in associates and joint ventures	**48.0**	**48.3**

In the first quarter of 2013, the Group acquired a share of 49.0% in Irrico Ltd. for USD 24 million (RUR 0.7 billion).

12. Investment Securities Held-to-Maturity

	31 March 2013 (unaudited)	*31 December 2012*
Bonds of Russian banks and companies	2.3	2.3
Bonds of foreign governments	0.2	0.2
Russian municipal bonds	0.1	0.3
Bonds of foreign companies and banks	0.1	0.1
Total gross investment securities held-to-maturity	**2.7**	**2.9**
Less: Allowance for impairment (Note 23)	(2.1)	(2.0)
Total investment securities held-to-maturity	**0.6**	**0.9**

13. Disposal Groups Held for Sale

In September 2011, when acquiring "Bank of Moscow", OJSC the Group received controlling interest in "BM Bank", Ltd., located in Kiev, Ukraine. In the fourth quarter of 2011 the Management decided to sell these investments and intended to do it within 12 months from the date of classification. In 2012, the Group actively marketed "BM Bank", Ltd., for sale, and in February 2013 signed a memorandum of understanding with preliminary sale terms of its 100% ownership interest. The Group accounted for these investments as a disposal group held for sale under IFRS 5.

In August 2012, the Group has increased its share in a company specializing in electricity distribution to 49.0%. This investment in the associate was classified as a disposal group held for sale in accordance with IFRS 5 as the Management of the Group is intended and committed to the sale plan within the next 12 months, and accounted it at carrying value of RUR 8.5 billion.

(in billions of Russian Roubles)

14. Due to Other Banks

	31 March 2013 (unaudited)	*31 December 2012*
Term loans and deposits	445.8	444.9
Correspondent accounts and overnight deposits of other banks	233.0	271.3
Sale and repurchase agreements with other banks	82.1	43.7
Total due to other banks	**760.9**	**759.9**

15. Customer Deposits

	31 March 2013 (unaudited)	*31 December 2012*
Government bodies		
Current / settlement deposits	133.4	139.5
Term deposits	294.6	298.4
Other legal entities		
Current / settlement deposits	625.1	780.8
Term deposits	1,136.0	1,013.6
Individuals		
Current / settlement deposits	270.3	306.9
Term deposits	1,259.0	1,127.2
Sale and repurchase agreements	9.5	6.4
Total customer deposits	**3,727.9**	**3,672.8**

16. Other Borrowed Funds

	31 March 2013 (unaudited)	*31 December 2012*
Funds from local central banks	504.1	433.0
Syndicated loans	101.8	100.0
Other borrowings	277.7	273.2
Total other borrowed funds	**883.6**	**806.2**

In September 2011 “Bank of Moscow”, OJSC received a RUR 294.8 billion loan from the related party DIA at 0.51% p.a. maturing in 10 years under the plan of support of “Bank of Moscow”, OJSC earlier signed by CBR and DIA. The Group recognized the loan initially at fair value. As at 31 March 2013 the carrying amount of the loan of RUR 153.9 billion was included in Other borrowings (31 December 2012: RUR 153.4 billion).

17. Debt Securities Issued

	31 March 2013 (unaudited)	*31 December 2012*
Bonds	615.7	592.3
Promissory notes	316.5	301.9
Deposit certificates	0.6	0.3
Total debt securities issued	**932.8**	**894.5**

Promissory notes represent notes primarily issued by VTB in the local market, which primarily act as an alternative to customer deposits.

(in billions of Russian Roubles)

17. Debt Securities Issued (continued)

Promissory notes represent notes primarily issued by VTB in the local market, which primarily act as an alternative to customer/bank deposits.

Issue	Issue date	Maturity date	Next put option	Current coupon rate p.a.	Coupon payment period	31 March 2013 (unadited) Outstanding face value	31 March 2013 (unadited) Carrying value	31 December 2012 Outstanding face value	31 December 2012 Carrying value
VTB									
Eurobonds									
Series 6 (EMTN)	Jun-05	Jun-35	Jun-15	6.25%	Semi-annually	USD 693 mln	21.9	USD 693 mln	21.0
Series 9 (EMTN)	Feb-06	Feb-16	–	4.25%	Annually	EUR 193 mln	7.5	EUR 193 mln	8.0
Series 12 (EMTN 2)	Feb-11	Feb-18	–	6.32%	Semi-annually	USD 750 mln	23.4	USD 750 mln	23.3
Series 9 (EMTN 2)	Aug-10	Aug-13	–	4.00%	Annually	CHF 400 mln	13.4	CHF 400 mln	13.4
Series 4 (EMTN 2)	May-08	May-18	–	6.88%	Semi-annually	USD 1,706 mln	54.2	USD 1,706 mln	52.1
Series 7 (EMTN 2)	Mar-10	Mar-15	–	6.47%	Semi-annually	USD 1,250 mln	38.9	USD 1,250 mln	38.6
Series 10 (EMTN 2)	Oct-10	Oct-20	–	6.55%	Semi-annually	USD 1,000 mln	32.0	USD 1,000 mln	30.5
Series 11 (EMTN 2)	Dec-10	Dec-13	–	2.95%	Semi-annually	CNY 1,000 mln	5.0	CNY 1,000 mln	4.8
Series 13 (EMTN 2)	Jun-11	Jun-14	–	3.40%	Semi-annually	SGD 300 mln	7.6	SGD 300 mln	7.4
Series 14 (EMTN 2)	Nov-11	Nov-15	–	5.00%	Annually	CHF 300 mln	9.8	CHF 300 mln	9.9
Series 15 (EMTN 2)	Apr-12	Apr-17	–	6.00%	Semi-annually	USD 2,000 mln	64.2	USD 2,000 mln	61.7
Series 17 (EMTN 2)	Jul-12	Jul-15	–	4.00%	Semi-annually	SGD 400 mln	10.1	SGD 400 mln	10.1
Series 18 (EMTN 2)	Aug-12	Aug-14	–	2.90%	Semi-annually	USD 45 mln	1.4	USD 45 mln	1.4
Series 19 (EMTN 2)	Sep-12	Dec-16	–	3.15%	Annually	CHF 600 mln	19.7	CHF 600 mln	19.8
Series 20 (EMTN 2)	Oct-12	Sep-14	–	2.75%	Semi-annually	USD 35 mln	1.1	USD 35 mln	1.1
Series 22 (EMTN 2)	Oct-12	Oct-15	–	4.50%	Semi-annually	CNY 2,000 mln	10.1	CNY 1,000 mln	4.9
Series 23 (EMTN 2)	Dec-12	Dec-17	–	7.50%	Annually	AUD 500 mln	16.4	AUD 500 mln	15.8
RMBS	Jul-06	May-34	–	1M LIBOR+0.1% - 1M LIBOR+0.5%	Monthly	USD 88 mln	0.4	USD 88 mln	0.5
ECP	Oct-12	Mar-14	–	0.00%	n/a	USD 794.6 mln	23.7	USD 428.7 mln	12.8
Local bonds									
Series BO-05	Mar-10	Mar-13	–	n/a	n/a	n/a	n/a	RUR 10.0 bln	10.0
Series BO-02	Mar-10	Mar-13	–	n/a	n/a	n/a	n/a	RUR 5.0 bln	5.0
Series BO-01	Mar-10	Mar-13	–	n/a	n/a	n/a	n/a	RUR 5.0 bln	5.0
Series 5	Oct-05	Oct-13	–	8.55%	Quarterly	RUR 14.5 bln	4.9	RUR 14.3 bln	4.3
Series 6	Jul-06	Jul-16	Jul-13	7.40%	Quarterly	RUR 15.0 bln	15.2	RUR 15.0 bln	15.2
Series BO-06	Dec-11	Dec-14	–	8.50%	Quarterly	RUR 10.0 bln	9.9	RUR 9.7 bln	9.5
Series BO-04	Jan-12	Jan-15	Mar-14	7.95%	Quarterly	RUR 10.0 bln	10.1	RUR 10.0 bln	10.1
Series BO-03	Mar-12	Mar-15	Mar-14	8.00%	Quarterly	RUR 5.0 bln	4.9	RUR 5.0 bln	4.9
Series BO-07	Mar-12	Mar-15	–	8.00%	Quarterly	RUR 5.0 bln	5.0	RUR 5.0 bln	5.0
Series BO-08	Sep-12	Sep-15	Sep-13	7.95%	Quarterly	RUR 10.0 bln	9.0	RUR 10.0 bln	9.0
Series BO-19	Oct-12	Oct-15	–	8.68%	Quarterly	RUR 15.0 bln	15.3	RUR 15.0 bln	15.0
Series BO-20	Oct-12	Oct-15	–	8.68%	Quarterly	RUR 15.0 bln	15.3	RUR 15.0 bln	15.0
Series BO-21	Jan-13	Jan-16	–	8.15%	Quarterly	RUR 15.0 bln	15.2	n/a	n/a
Series BO-22	Feb-13	Feb-16	–	7.90%	Quarterly	RUR 15.0 bln	13.5	n/a	n/a
"Bank of Moscow", OJSC									
Eurobonds									
Series 10	Feb-11	Feb-13	–	n/a	n/a	n/a	n/a	SGD 150 mln	3.8
Series 4	May-06	May-13	–	7.34%	Semi-annually	USD 500 mln	15.2	USD 500 mln	14.7
Series 7	Mar-10	Mar-15	–	6.70%	Semi-annually	USD 750 mln	23.5	USD 750 mln	23.3
Series 8	Sep-10	Sep-13	–	4.50%	Annually	CHF 350 mln	11.7	CHF 350 mln	11.8
Local bonds									
Series 2 2013	Feb-08	Feb-13	–	n/a	n/a	n/a	n/a	RUR 10.0 bln	4.9
Series 11	Jan-13	Jan-16	–	8.05%	Quarterly	RUR 10.0 bln	0.0	n/a	n/a
"Bank Moscow-Minsk", OJSC									
Local bonds									
Series 11	Jan-11	Jan-13	–	n/a	n/a	n/a	n/a	USD 8 mln	0.2
Series 15	Jan-13	Jul-14	–	7.00%	Quarterly	USD 10 mln	0.3	n/a	n/a
Series 16	Mar-13	Sep-14	–	7.00%	Quarterly	USD 10 mln	0.3	n/a	n/a
"TransCreditBank", JSC									
Local bonds									
Series 6	Apr-10	Apr-14	–	8.25%	Semi-annually	RUR 4.0 bln	3.8	RUR 4.0 bln	3.7
Series 5	Aug-10	Aug-13	–	7.90%	Semi-annually	RUR 3.0 bln	2.8	RUR 3.0 bln	2.9
Series BO-01	Nov-10	Nov-13	–	7.80%	Semi-annually	RUR 5.0 bln	5.1	RUR 5.0 bln	5.0
"FinanceBusinessGroup", LLC									
Local bonds									
Series BO-01	Jul-10	Jul-13	–	10.00%	Semi-annually	RUR 3.0 bln	3.1	RUR 3.0 bln	3.0
"Bank VTB 24", CJSC									
Local bonds									
Series 2	Feb-08	Feb-13	–	n/a	n/a	n/a	n/a	RUR 8.9 bln	9.2
Series 4	Feb-09	Feb-14	Aug-13	8.20%	Semi-annually	RUR 8.0 bln	8.0	RUR 8.0 bln	8.2
RMBS Series 1-IP	Dec-09	Dec-14	–	8.65%	Quarterly	RUR 15.0 bln	6.0	RUR 15.0 bln	5.8
Series 3	Jun-10	May-13	–	8.00%	Semi-annually	RUR 6.0 bln	4.2	RUR 6.0 bln	4.2
RMBS Series 2-IP class A	Sep-11	Nov-43	–	9.00%	Quarterly	RUR 2.5 bln	2.3	RUR 2.6 bln	2.5
RMBS Series 2-IP class B	Sep-11	Nov-43	–	3.00%	Quarterly	RUR 1.2 bln	1.2	RUR 1.3 bln	1.2
RMBS Series 3-IP class A	Sep-12	Sep-44	–	9.00%	Quarterly	RUR 3.7 bln	3.5	RUR 3.8 bln	3.7
RMBS Series 3-IP class B	Sep-12	Sep-44	–	3.00%	Quarterly	RUR 1.8 bln	1.7	RUR 1.9 bln	1.8

(in billions of Russian Roubles)

17. Debt Securities Issued (continued)

						31 March 2013 (unaudited)		*31 December 2012*	
Issue	***Issue date***	***Maturity date***	***Next put option***	***Current coupon rate p.a.***	***Coupon payment period***	***Outstanding face value***	***Carrying value***	***Outstanding face value***	***Carrying value***
“VTB Capital”, Plc									
Eurobonds									
2012-1004, USD	n/a	n/a	–	n/a	n/a	n/a	n/a	USD 51 mln	1.6
2011-1002, RUR	Mar-11	Jun-14	–	9.05%	Annually	RUR 1.0 bln	1.1	RUR 1.0 bln	1.1
2011-1003, RUR	Apr-11	Jun-14	–	9.50%	Annually	RUR 0.5 bln	0.5	RUR 0.5 bln	0.5
2011-1004, RUR	Apr-11	Jun-16	–	9.50%	Annually	RUR 0.5 bln	0.5	RUR 0.5 bln	0.5
2011-1006, RUR	Jun-11	Jun-14	–	9.25%	Annually	RUR 0.5 bln	0.5	RUR 0.5 bln	0.5
2011-1007, RUR	Jun-11	Sep-14	–	9.25%	Annually	RUR 0.5 bln	0.5	RUR 0.5 bln	0.5
2011-1008, RUR	Aug-11	Sep-14	–	11.15%	Annually	RUR 0.8 bln	0.8	RUR 0.8 bln	0.8
2016-2, RUR (Structured)	Sep-11	May-16	–	11.00%	Semi-annually	RUR 0.6 bln	0.6	RUR 0.6 bln	0.6
2011-1010, RUR	Sep-11	Dec-15	–	11.60%	Annually	RUR 0.5 bln	0.5	RUR 0.5 bln	0.5
2012-1001, TRY	Feb-12	Feb-15	–	0.00%	Annually	TRY 28 mln	0.4	TRY 28 mln	0.4
2012-1008, USD	Apr-12	Apr-13	–	2.75%	Semi-annually	USD 15 mln	0.5	USD 15 mln	0.5
2012-1003, USD	Feb-12	Sep-13	–	6.00%	Annually	USD 5 mln	0.2	USD 5 mln	0.2
2012-1005, RUR	Feb-12	Sep-15	–	11.90%	Annually	RUR 0.7 bln	0.7	RUR 0.7 bln	0.7
2012-1010, USD	Mar-12	Jun-15	–	6.45%	Annually	USD 5 mln	0.2	USD 5 mln	0.2
2012-1012, USD	Apr-12	Jun-15	–	7.20%	Annually	USD 5 mln	0.2	USD 5 mln	0.2
2012-1013, USD	Apr-12	Jun-15	–	6.20%	Annually	USD 2 mln	0.1	USD 2 mln	0.1
2012-1014, GBP	Apr-12	Jun-15	–	7.45%	Quarterly	GBP 2.5 mln	0.1	GBP 2.5 mln	0.1
2015, TRY	Apr-12	Apr-15	–	11.28%	Semi-annually	TRY 300 mln	5.6	TRY 300 mln	5.5
2012-1022, USD	Sep-12	Sep-14	–	2.00%	Annually	USD 2.4 mln	0.1	USD 2.4 mln	0.1
2012-1023, USD	Oct-12	Oct-14	–	2.00%	Annually	USD 1 mln	0.0	USD 1 mln	0.0
2012-1025, USD	Nov-12	Nov-14	–	6.75%	Annually	USD 3 mln	0.1	USD 3 mln	0.1
2012-1026, EUR	Dec-12	Dec-17	–	0.00%	Annually	EUR 1.8 mln	0.1	EUR 1.8 mln	0.1
2012-1027, USD	Jan-13	Jan-15	–	1.80%	Annually	USD 3 mln	0.1	n/a	n/a
2013-1016, RUB	Feb-13	Aug-13	–	7.15%	Annually	RUB 0.5 bln	0.5	n/a	n/a
VTB Capital, TRY	Feb-13	Feb-15	–	7.79%	Semi-annually	TRY 300 mln	5.4	n/a	n/a
2013-1021, USD	Feb-13	Feb-14	–	1.60%	Semi-annually	USD 2.2 mln	0.1	n/a	n/a
2013-1018, EUR	Feb-13	Dec-17	–	0.00%	Annually	EUR 3.7 mln	0.1	n/a	n/a
2013-2015, USD	Jan-Feb 2013	Jan-Feb 2015	–	7.44 - 13.23%	Annually	USD 22 mln	0.6	n/a	n/a
2013, BYR	Feb-Mar 2013	Apr-May 2013	–	0.00 - 34.00%	Semi-annually	BYR 330 bln	1.3	n/a	n/a
“VTB Capital Finance”, LLC									
Local bonds									
Series 11	Jun-12	Jul-15	–	0.10%	Semi-annually	RUR 5.0 bln	4.1	RUR 5.0 bln	4.0
Series 01	Aug-12	Dec-15	–	0.10%	Semi-annually	RUR 1.0 bln	0.8	RUR 1.0 bln	0.8
Series 02	Nov-12	Dec-13	–	0.10%	Semi-annually	RUR 1.0 bln	0.9	RUR 1.0 bln	0.9
Series 03	Dec-12	Jan-14	–	0.10%	Semi-annually	RUR 1.0 bln	0.9	RUR 1.0 bln	0.9
Series 04	Dec-12	Jun-14	–	0.10%	Semi-annually	RUR 1.0 bln	0.9	RUR 1.0 bln	0.9
Series 05	Dec-12	Dec-13	–	0.10%	Semi-annually	RUR 1.0 bln	0.7	RUR 1.0 bln	0.7
“VTB Leasing Finance”, Ltd									
Local bonds									
Series 1	Nov-07	Nov-14	Nov-13	8.10%	Quarterly	RUR 2.5 bln	0.3	RUR 2.5 bln	0.3
Series 2	Jul-08	Jul-15	–	8.35%	Quarterly	RUR 3.9 bln	3.2	RUR 4.6 bln	3.6
Series 3	Jun-09	Jun-16	Sep-13	6.90%	Quarterly	RUR 2.7 bln	1.4	RUR 2.7 bln	1.4
Series 4	Jun-09	Jun-16	–	8.15%	Quarterly	RUR 2.7 bln	1.4	RUR 2.7 bln	1.3
Series 7	Dec-09	Nov-16	Jun-14	8.15%	Quarterly	RUR 3.1 bln	0.2	RUR 3.1 bln	0.0
Series 8	Aug-10	Aug-17	May-13	8.25%	Quarterly	RUR 3.5 bln	3.4	RUR 3.8 bln	3.8
Series 9	Aug-10	Aug-17	Feb-14	7.00%	Quarterly	RUR 3.5 bln	0.1	RUR 3.8 bln	0.1
“VTB Bank (Austria)”, AG									
Eurobonds									
Private Placement	Apr-11	Apr-13	–	2.68%	Semi-annually	EUR 20 mln	0.8	EUR 20 mln	0.8
“VTB Bank”, PJSC (Ukraine)									
Local bonds									
Series E	Jun-11	Jan-15	Jun-13	n/a	n/a	UAH 0 mln	0.0	n/a	n/a
Series D	Jun-11	Jan-15	Jun-13	n/a	n/a	UAH 0 mln	0.0	n/a	n/a
Series C	Mar-11	Jan-15	–	16.00%	Quarterly	UAH 0 mln	0.0	UAH 22 mln	0.1
Series G	Sep-11	Mar-14	–	12.75%	Quarterly	UAH 100 mln	0.4	UAH 0 mln	0.0
Series H	Sep-11	Sep-13	–	12.50%	Quarterly	UAH 0 mln	0.0	UAH 0 mln	0.0
Series I	Sep-11	Mar-13	–	12.25%	Quarterly	UAH 0 mln	0.0	UAH 0 mln	0.0
Series J	Oct-11	Oct-15	Oct-13	12.50%	Quarterly	UAH 0 mln	0.0	UAH 0 mln	0.0
Series F	Jan-12	Jan-15	Jan-14	12.00%	Quarterly	UAH 0 mln	0.0	UAH 0 mln	0.0

(in billions of Russian Roubles)

17. Debt Securities Issued (continued)

Issue	Issue date	Maturity date	Next put option	Current coupon rate p.a.	Coupon payment period	31 March 2013 (unaudited) Outstanding face value	31 March 2013 (unaudited) Carrying value	31 December 2012 Outstanding face value	31 December 2012 Carrying value
"VTB Bank (Belarus)", CJSC									
Local bonds									
Series 11	Feb-13	Jun-15	–	6.00%	Upon redemption	USD 0.6 mln	0.0	n/a	0.0
"Bank VTB (Kazakhstan)", JSC									
Local bonds									
Series 1	Dec-10	Dec-14	–	7.00%	Semi-annually	KZT 15.0 bln	3.0	KZT 15.0 bln	2.9
							615.7		**592.3**

18. Subordinated Debt

	31 March 2013 (unaudited)	*31 December 2012*
VTB	240.0	238.3
"TransCreditBank", JSC	13.7	13.5
"Bank of Moscow", OJSC	34.4	34.0
Total subordinated debt	**288.1**	**285.8**

19. Other Reserves

Movements in other reserves were as follows:

	Unrealized gain on financial assets available-for-sale and cash flow hedge	*Land and premises revaluation reserve*	*Currency translation difference*	*Total*
Balance at 1 January 2012	**7.9**	**11.4**	**11.0**	**30.3**
Total comprehensive income for the period	(1.9)	0.1	(3.7)	**(5.5)**
Transfer of premises revaluation reserve upon disposal or depreciation	–	(0.1)	–	**(0.1)**
Balance at 31 March 2012	**6.0**	**11.4**	**7.3**	**24.7**
Balance at 1 January 2013	**4.3**	**20.8**	**8.8**	**33.9**
Total comprehensive income for the period	0.5	0.1	0.5	**1.1**
Transfer of premises revaluation reserve upon disposal or depreciation	–	(0.3)	–	**(0.3)**
Balance at 31 March 2013	**4.8**	**20.6**	**9.3**	**34.7**

(in billions of Russian Roubles)

20. Interest Income and Expense

	For the three-month period ended 31 March (unaudited)	
	2013	***2012***
Interest income		
Loans and advances to customers	145.0	115.0
Securities	8.8	8.0
Due from other banks	3.4	4.0
Total interest income	**157.2**	**127.0**
Interest expense		
Customer deposits	(43.5)	(41.0)
Due to other banks and other borrowed funds	(20.0)	(16.2)
Debt securities issued	(14.2)	(10.9)
Subordinated debt	(5.7)	(4.9)
Total interest expense	**(83.4)**	**(73.0)**
Net interest income	**73.8**	**54.0**

21. Fee and Commission Income and Expense

	For the three-month period ended 31 March (unaudited)	
	2013	***2012***
Commission on settlement transactions	9.4	7.4
Commission on guarantees issued and trade finance	2.3	2.0
Commission on cash transactions	1.0	1.5
Commission on operations with securities and capital markets	1.1	1.0
Other	0.9	0.7
Total fee and commission income	**14.7**	**12.6**
Commission on settlement transactions	(2.6)	(1.4)
Commission on cash transactions	(0.3)	(0.6)
Other	(0.3)	(0.3)
Total fee and commission expense	**(3.2)**	**(2.3)**
Net fee and commission income	**11.5**	**10.3**

(in billions of Russian Roubles)

22. Staff Costs and Administrative Expenses

	For the three-month period ended 31 March (unaudited)	
	2013	*2012*
Staff costs	25.7	20.5
Defined contribution pension expense	3.2	2.2
Depreciation and other expenses related to premises and equipment	4.5	4.7
Leasing and rent expenses	2.4	2.3
Taxes other than on income	2.2	1.8
Professional services	1.8	1.8
Impairment, amortization and other expenses related to intangibles, except for amortization of core deposit intangible	0.7	1.3
Amortization of core deposit and customer loan intangible	1.3	1.3
Advertising expenses	1.0	1.2
Payments to deposit insurance system	1.3	1.1
Post and telecommunication expenses	0.7	0.6
Transport expenses	0.5	0.6
Security expenses	0.7	0.5
Charity	0.4	0.3
Insurance	0.3	0.1
Other	2.5	2.2
Total staff costs and administrative expenses	**49.2**	**42.5**

23. Allowances for Impairment and Provisions

The movements in allowances for impairment of due from other banks, loans and advances to customers, investment securities held-to-maturity, credit related commitments, other assets and legal claims were as follows (unaudited):

	Due from other banks	*Loans and advances to customers*	*Investment securities held-to-maturity*	*Credit related commit-ments*	*Other assets*	*Legal claims*	*Total*
Balance at 1 January 2012 (audited)	**2.6**	**288.5**	**2.0**	**1.1**	**2.7**	**0.9**	**297.8**
Provision / (reversal of provision) for impairment during the period	–	20.4	–	–	0.4	(0.2)	**20.6**
Write-offs	–	(0.9)	–	–	(0.1)	–	**(1.0)**
Currency translation difference	(0.2)	(9.3)	–	–	–	–	**(9.5)**
Balance at 31 March 2012	**2.4**	**298.7**	**2.0**	**1.1**	**3.0**	**0.7**	**307.9**
Balance at 1 January 2013 (audited)	**2.2**	**323.3**	**2.0**	**0.9**	**3.2**	**1.9**	**333.5**
Provision / (reversal of provision) for impairment during the period	–	21.9	0.1	(0.2)	1.5	0.1	**23.4**
Write-offs	–	(2.7)	–	–	(0.1)	–	**(2.8)**
Recoveries of amounts written-off in previous periods	–	(0.3)	–	–	–	–	**(0.3)**
Currency translation difference	–	2.3	–	–	–	–	**2.3**
Balance at 31 March 2013	**2.2**	**344.5**	**2.1**	**0.7**	**4.6**	**2.0**	**356.1**

Allowances for impairment of assets are deducted from the carrying amounts of the related assets. Provisions for claims, guarantees and credit-related commitments are recorded in liabilities. In accordance with Russian legislation, loans may only be written off with the approval of the authorized management body and, in certain cases, with the respective decision of the Court.

(in billions of Russian Roubles)

24. Basic and Diluted Earnings per Share

Basic earnings per share are calculated by dividing the net profit or loss attributable to ordinary shareholders of the parent by the weighted average number of ordinary shares in issue during the period, excluding the average number of ordinary shares purchased by the Group and held as treasury shares.

The Group has no dilutive potential ordinary shares; therefore, the diluted earnings per share are equal to basic earnings per share.

	For the three-month period ended 31 March (unaudited)	
	2013	***2012***
Net profit attributable to shareholders of the parent	15.3	22.7
Weighted average number of ordinary shares in issue	10,333,176,970,061	10,459,037,922,847
Basic and diluted earnings per share (expressed in Russian Roubles per share)	**0.0015**	**0.0022**

25. Income Tax

The Group's effective income tax rate for the first three months of 2013 was 27% (the first three months of 2012: 27%) which is close to the theoretical tax rate. The effective income tax rate for the first three months of 2013 differs from the theoretical tax rate due to difference associated with non-deductible expenses and income taxed at different rates.

The following tables provide disclosure of income tax effects relating to each component of other comprehensive income for the three months ended 31 March 2013 and 31 March 2012:

	For the three-month period ended 31 March (unaudited)					
	2013			***2012***		
	Before tax	***Tax expense***	***Net of tax***	***Before tax***	***Tax recovery***	***Net of tax***
Unrealized gain on financial assets available-for-sale	0.7	(0.2)	0.5	(2.4)	0.5	(1.9)
Effect of changes in tax rates recognized in premises revaluation reserve	–	–	–	0.1	–	0.1
Share of other comprehensive income of associates	0.1	–	0.1	(0.2)	–	(0.2)
Effect of translation	0.7	–	0.7	(4.1)	–	(4.1)
Other comprehensive income	**1.5**	**(0.2)**	**1.3**	**(6.6)**	**0.5**	**(6.1)**

26. Share-Based Payments

In February 2012, several Group members introduced for their selected employees a share-based remuneration plan. This plan has established a right of those employees to receive common shares (“Shares Plan”) or GDR (“GDRs Plan”) of VTB (depending on the employing entity’s country of incorporation) contingent on their service over a specified period of time.

In February 2013, several VTB Group members made additional awards to their selected employees under the same plan rules and vesting conditions.

Shares Plan. As at 31 March 2013 the total value of the award granted under the Shares Plan was RUR 1.6 billion (31 December 2012: RUR 1.3 billion) represented by 24.8 billion (31 December 2012: 18.5 billion) shares of VTB.

GDRs Plan. As at 31 March 2013 the total value of the award granted under the GDRs Plan is RUR 1.4 billion represented by 10 million of GDRs of VTB. Each GDR contains 2,000 VTB shares (2012: RUR 0.9 billion represented by 6.4 million of GDRs of VTB).

For the three-months ended 31 March 2013 the Group recognized in Staff costs the amount of RUR 0.4 billion as expenses related to the above equity-settled share-based payment transactions with a corresponding credit to Retained earnings (net of tax) as the above share-based payments have not vested yet (31 March 2012: RUR 0.4 billion).

27. Contingencies and Commitments

Legal proceedings. From time to time and in the normal course of business, claims against the Group are received. As at the reporting date the Group had several unresolved legal claims. Management is of the opinion that there would be no material outflow of resources and accordingly no material provision has been made in these Interim condensed consolidated financial statements.

Tax contingencies. Transfer pricing legislation became effective in the Russian Federation on 1 January 1999. This legislation allows the tax authorities to make transfer pricing adjustments and impose additional tax liabilities in respect of all "controlled" transactions, provided that the transaction price differs from the market price by more than 20 percent. "Controlled" transactions include transactions with related parties, barter transactions, foreign trade transactions and transactions with third (unrelated) parties with significant price fluctuations (i.e., if the price of such transactions differs from the prices on similar transactions by more than 20 percent within a short period of time). In addition, specific transfer pricing rules allow the tax authorities to make transfer pricing adjustments in respect of securities and derivative transactions. There has been no formal guidance as to how some of the rules relating to transfer pricing legislation should apply.

The Russian transfer pricing legislation, which came into force on 1 January 2012, allows the Russian tax authorities to apply transfer pricing adjustments and impose additional profits tax liabilities in respect of all "controlled" transactions if the transaction price differs from the market price. The list of "controlled" transactions includes transactions performed with related parties (both domestic and cross-border transactions) and certain types of transactions with non-related parties that are treated as "controlled" transactions for Russian transfer pricing purposes. The current Russian transfer pricing rules have considerably increased the compliance burden for the taxpayers compared to the transfer pricing rules which were in effect before 2012 due to, inter alia, shifting the burden of proof from the Russian tax authorities to the taxpayers. These rules are applicable not only to the transactions taking place in 2013 but also to the prior "controlled" transactions if related income and expenses were recognized in 2013 (except for several types of transactions). For domestic transactions the transfer pricing rules apply only if the amount of all transaction with related party exceeds RUR 2.0 billion in 2013. In cases where the domestic transaction resulted in an accrual of additional tax liabilities for one party to the transaction, another party could correspondingly adjust its profit tax liabilities according to the special notification issued by the authorized body in due course. Special transfer pricing rules continue to apply to transactions with securities and derivatives.

In the first quarter 2013 the Group determined its tax liabilities arising from the "controlled" transactions using actual transaction prices.

Due to the uncertainty and absence of current practice of application of the current Russian transfer pricing legislation the Russian tax authorities may challenge the level of prices applied by the Group under the "controlled" transactions and accrue additional tax liabilities unless the Group is able to demonstrate the use of market prices with respect to the "controlled" transactions, and that there has been proper reporting to the Russian tax authorities, supported by appropriate transfer pricing documentation.

The Group also operates in various jurisdictions and includes companies incorporated outside of Russia that are taxed at different rates and under different legislation. Tax liabilities of the Group are determined on the basis that these companies do not have a permanent establishment in Russia and hence are not subject to Russian profits tax except for Russian tax withheld at source (i.e. dividend, interest, certain capital gains, etc.). Russian tax laws do not provide detailed rules on taxation of foreign companies. It is possible that with the evolution of these rules and changes in the approach of the Russian tax authorities, some or all of the foreign companies of the Group may be treated as having a permanent establishment in Russia and thus subject to Russian taxation in a manner broadly similar to the taxation of a Russian legal entity.

The interpretations of the relevant authorities could differ and if the authorities were successful in enforcing their interpretation, additional taxes and related penalties and late payment interest may be assessed, the effect, of which cannot be practicably estimated, but could be significant to the financial condition of the Group. However, based upon Management's understanding of the tax regulations, Management believes that its interpretation of the relevant tax legislation is reasonable and will be sustainable. Moreover, Management believes that the Group has accrued all applicable taxes.

The Group includes subsidiaries incorporated and operating in various jurisdictions. In some jurisdictions where the Group operates tax, currency and customs legislation as currently in effect is subject to varying interpretations, and changes, which can occur frequently at short notice and may apply retroactively. Based upon its understanding of the applicable tax regulations Management of the Group believes that based upon the best estimates Group subsidiaries have paid or accrued all taxes that are applicable to their operations as of 31 December 2012, in jurisdictions of their incorporation, and complied with all provisions of laws and regulations in the jurisdictions to which the Group is subject. If however the relevant tax authorities differently interpret the applicable tax legislation as applied to the transactions and activity of the Group, its tax position may be challenged; if the authorities were successful in enforcing their interpretation of these regulations, additional taxes, penalties and late payment interest may be assessed, which may affect the financial position of the Group.

(in billions of Russian Roubles)

27. Contingencies and Commitments (continued)

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

	31 March 2013 (unaudited)	***31 December 2012***
Guarantees issued	576.2	621.8
Undrawn credit lines	28.1	33.5
Letters of credit	40.5	38.8
Commitments to extend credit	12.1	14.6
Less: provision for impairment on credit related commitments (Note 23)	(0.7)	(0.9)
Total credit related commitments	**656.2**	**707.8**

The Bank received export letters of credit for further advising to its customers. The total amount of received letters of credit as at 31 March 2013 was RUR 111.4 billion (31 December 2012: RUR 133.7 billion). Commitments under import letters of credit and guarantees are collateralized by customer deposits of RUR 10.5 billion (31 December 2012: RUR 9.5 billion).

As at 31 March 2013, included in guarantees issued are guarantees issued for two Russian companies of RUR 48.0 billion or 8% of guarantees issued. As at 31 December 2012, included in guarantees issued are guarantees issued for a Russian company of RUR 50.9 billion or 8% of the guarantees issued.

Purchase commitments. As at 31 March 2013, the Group had RUR 49.1 billion of outstanding commitments for the purchase of precious metals (31 December 2012: RUR 35.6 billion). As the price of these contracts is linked to the fair value of precious metals at the date of delivery, no gain or loss is recognized on these contracts.

28. Analysis by Segment

In accordance with IFRS 8, *Operating Segments*, the Group defined as the major operating segments the global business lines. Majority of the Group's entities' activities and resources are allocated and managed and their performance is assessed based on the respective global business line segment information. These operating segments represented by the global business lines are accompanied by entity based segments of those Group's entities that have not yet been integrated into the global business lines as of the reporting date. On this basis, the Group aggregated these operating segments in accordance with IFRS 8 into the following reportable segments: Corporate-Investment banking (CIB) (Investment banking, Loans and Deposits, Transaction banking subsegments), Retail banking, Treasury and Other.

This segment disclosure is presented on the basis of IFRS compliant data of the global business lines and entities adjusted, where necessary, for intersegment reallocation. Qualitative and quantitative information about operating segments is reported to the appropriate operating decision makers for the purposes of making operating decisions on allocation of resources to the segment and assessment of its performance.

The change in reportable segment composition is mainly caused by the change in the system of the Group management and the integration of activities of certain entities into the global business lines. As at 31 December 2012 the Group introduced a new reportable segment Treasury as a result of further development of the global treasury function, which lends and borrows funds on money market, undertakes the Group's funding through issue of debt securities and attraction of syndicated facilities. In addition, the segment manages the liquidity position through transactions with marketable securities. This segment is also responsible for accumulation and further redistribution of all funds attracted by other segments.

Revenues disclosed in the note include the following: interest income, fee and commission income, other operating income, income arising from non-banking activities, gains less losses from financial assets available-for-sale, gains less losses arising from financial assets at fair value through profit or loss, gains less losses from dealing in foreign currencies together with foreign exchange translation gains less losses, gains less losses arising from extinguishment of liability, recovery of losses on initial recognition of financial instruments and loans restructuring and other gains / (losses) on loans and advances to customers and share in income of associates. Each element is included in calculation of revenues by each subsegment / segment without subsegments in case it is positive for this subsegment / segment without subsegments. The totals are calculated as sum of the line components.

Intersegment transactions were executed predominantly in the normal course of business.

(in billions of Russian Roubles)

28. Analysis by Segment (continued)

Segment information for the reportable segments of the Group at 31 March 2013 (unaudited) and results for the three months ended 31 March 2013 (unaudited) is set out below:

	Corporate-Investment banking (CIB)										
	Investment banking	*Loans and deposits*	*Transaction banking*	*Inter-CIB eliminations*	*Total CIB*	*Retail banking*	*Treasury*	*Other*	*Total before inter-segment eliminations*	*Inter-segment eliminations*	*Total*
For the three months ended 31 March 2013:											
Revenues from:											
External customers	*16.1*	*79.8*	*4.8*	–	100.7	61.0	18.7	14.2	**194.6**	–	**194.6**
Other segments	*13.9*	*11.4*	*6.6*	*(0.2)*	31.7	14.9	78.0	1.6	**126.2**	(126.2)	**–**
Total revenues	***30.0***	***91.2***	***11.4***	***(0.2)***	**132.4**	**75.9**	**96.7**	**15.8**	**320.8**	**(126.2)**	**194.6**
Segment income and expense											
Interest income	*25.0*	*88.7*	*6.6*	–	120.3	64.2	93.2	0.5	**278.2**	(121.0)	**157.2**
Interest expense	*(21.1)*	*(68.8)*	*(1.4)*	–	(91.3)	(30.0)	(79.6)	(3.3)	**(204.2)**	120.8	**(83.4)**
Treasury result allocation	*0.3*	*2.4*	–	–	2.7	5.9	(8.6)	–	**–**	–	**–**
Net interest income	***4.2***	***22.3***	***5.2***	–	**31.7**	**40.1**	**5.0**	**(2.8)**	**74.0**	**(0.2)**	**73.8**
(Provision charge) / reversal of provision for impairment of debt financial assets	*0.2*	*(10.7)*	–	–	(10.5)	(11.1)	(0.3)	–	**(21.9)**	(0.1)	**(22.0)**
Net interest income after provision for impairment	***4.4***	***11.6***	***5.2***	**–**	**21.2**	**29.0**	**4.7**	**(2.8)**	**52.1**	**(0.3)**	**51.8**
Net fee and commission income / (expense)	*1.3*	*0.2*	*4.2*	–	5.7	8.2	–	0.1	**14.0**	(2.5)	**11.5**
Other gains less losses arising from financial instruments and foreign currencies	*3.1*	*0.4*	–	–	3.5	0.6	(2.9)	(2.5)	**(1.3)**	(0.2)	**(1.5)**
Share in income of associates and joint ventures	*(0.2)*	–	–	–	(0.2)	–	0.2	–	**–**	–	**–**
Other operating income / (expense) items	*0.1*	*0.9*	–	–	1.0	0.2	–	6.1	**7.3**	0.5	**7.8**
Net operating income	***8.7***	***13.1***	***9.4***	–	**31.2**	**38.0**	**2.0**	**0.9**	**72.1**	**(2.5)**	**69.6**
Staff costs and administrative expenses	*(6.0)*	*(9.9)*	*(5.3)*	–	(21.2)	(22.2)	(2.0)	(5.2)	**(50.6)**	1.4	**(49.2)**
Profit from disposal of subsidiaries and associates	*0.2*	–	–	–	0.2	–	–	0.9	**1.1**	–	**1.1**
Segment results: Profit before taxation	***2.9***	***3.2***	***4.1***	**–**	**10.2**	**15.8**	**–**	**(3.4)**	**22.6**	**(1.1)**	**21.5**
Income tax expense											**(5.8)**
Net profit											**15.7**

(in billions of Russian Roubles)

28. Analysis by Segment (continued)

	Corporate-Investment banking (CIB)										
	Investment banking	*Loans and deposits*	*Transaction banking*	*Inter-CIB eliminations*	*Total CIB*	*Retail banking*	*Treasury*	*Other*	*Total before Inter-segment eliminations*	*Inter-segment eliminations*	*Total*
As at 31 March 2013:											
Cash and short-term funds	*15.7*	*0.2*	–	–	15.9	91.7	472.6	2.5	**582.7**	–	**582.7**
Mandatory cash balances with central banks	–	–	–	–	–	15.9	51.8	–	**67.7**	–	**67.7**
Due from other banks	*61.2*	*16.0*	–	–	77.2	4.3	180.8	1.5	**263.8**	–	**263.8**
Loans and advances to customers	*226.5*	*3,404.4*	–	–	3,630.9	1,271.7	45.0	0.6	**4,948.2**	–	**4,948.2**
Other financial instruments	*502.1*	*7.4*	–	–	509.5	29.9	423.4	43.0	**1,005.8**	–	**1,005.8**
Investments in associates and joint ventures	*20.3*	*0.1*	–	–	20.4	–	27.6	–	**48.0**	–	**48.0**
Other assets items	*69.7*	*198.8*	*25.2*	–	293.7	77.0	40.2	275.7	**686.6**	–	**686.6**
Net amount of intersegment settlements	*225.0*	–	*623.3*	*(848.3)*	–	567.7	1,280.2	–	**1,847.9**	(1,847.9)	**–**
Segment assets	***1,120.5***	***3,626.9***	***648.5***	***(848.3)***	**4,547.6**	**2,058.2**	**2,521.6**	**323.3**	**9,450.7**	**(1,847.9)**	**7,602.8**
Due to other banks	*55.0*	*23.0*	*1.8*	–	79.8	23.3	657.2	0.6	**760.9**	–	**760.9**
Customer deposits	*623.6*	*597.1*	*598.2*	–	1,818.9	1,741.8	162.0	5.2	**3,727.9**	–	**3,727.9**
Other borrowed funds	*65.5*	*18.9*	–	–	84.4	41.1	754.4	3.7	**883.6**	–	**883.6**
Debt securities issued	*191.3*	*22.2*	–	–	213.5	33.4	684.0	1.9	**932.8**	–	**932.8**
Subordinated debt	–	–	–	–	–	–	288.1	–	**288.1**	–	**288.1**
Other liabilities items	*125.2*	*18.8*	*5.4*	–	149.4	13.7	5.6	57.5	**226.2**	–	**226.2**
Net amount of intersegment settlements	–	*2,471.4*	–	*(848.3)*	1,623.1	–	–	224.8	**1,847.9**	(1,847.9)	**–**
Segment liabilities	***1,060.6***	***3,151.4***	***605.4***	***(848.3)***	**3,969.1**	**1,853.3**	**2,551.3**	**293.7**	**8,667.4**	**(1,847.9)**	**6,819.5**

(in billions of Russian Roubles)

28. Analysis by Segment (continued)

Segment information for the reportable segments of the Group at 31 December 2012 and results for the three months ended 31 March 2012 (unaudited) is set out below:

	Corporate-Investment banking (CIB)										
	Investment banking	***Loans and deposits***	***Transaction banking***	***Inter-CIB eliminations***	***Total CIB***	***Retail banking***	***Treasury***	***Other***	***Total before Inter-segment eliminations***	***Inter-segment eliminations***	***Total***
For the three months ended 31 March 2012:											
Revenues from:											
External customers	*19.2*	*69.4*	*4.9*	–	93.5	45.1	31.3	11.3	**181.2**	–	**181.2**
Other segments	*13.1*	*11.1*	*7.3*	*(0.2)*	31.3	11.6	71.2	1.5	**115.6**	(115.6)	**–**
Total revenues	***32.3***	***80.5***	***12.2***	***(0.2)***	**124.8**	**56.7**	**102.5**	**12.8**	**296.8**	**(115.6)**	**181.2**
Segment income and expense											
Interest income	*24.0*	*77.3*	*7.2*	*(0.1)*	108.4	47.2	83.7	0.3	**239.6**	(112.6)	**127.0**
Interest expense	*(21.6)*	*(64.5)*	*(1.4)*	*0.1*	(87.4)	(21.0)	(74.7)	(2.4)	**(185.5)**	112.5	**(73.0)**
Treasury result allocation	*0.4*	*19.6*	–	–	20.0	2.1	(22.1)	–	**–**	–	**–**
Net interest income	***2.8***	***32.4***	***5.8***	**–**	**41.0**	**28.3**	**(13.1)**	**(2.1)**	**54.1**	**(0.1)**	**54.0**
(Provision charge) / reversal of provision for impairment of debt financial assets	*(0.2)*	*(10.8)*	–	–	(11.0)	(6.2)	(3.2)	–	**(20.4)**	–	**(20.4)**
Net interest income after provision for impairment	***2.6***	***21.6***	***5.8***	**–**	**30.0**	**22.1**	**(16.3)**	**(2.1)**	**33.7**	**(0.1)**	**33.6**
Net fee and commission income / (expense)	*0.8*	*0.3*	*4.4*	–	5.5	5.9	–	0.1	**11.5**	(1.2)	**10.3**
Other gains less losses arising from financial instruments and foreign currencies	*3.3*	*1.4*	–	–	4.7	1.4	17.8	(1.2)	**22.7**	0.2	**22.9**
Share in income of associates and joint ventures	*0.2*	–	–	–	0.2	–	–	(0.1)	**0.1**	–	**0.1**
Other operating income / (expense) items	*0.1*	*1.3*	*0.1*	–	1.5	0.5	0.1	6.0	**8.1**	(0.2)	**7.9**
Operating income	***7.0***	***24.6***	***10.3***	**–**	**41.9**	**29.9**	**1.6**	**2.7**	**76.1**	**(1.3)**	**74.8**
Staff costs and administrative expenses	*(5.4)*	*(10.9)*	*(5.0)*	–	(21.3)	(16.6)	(1.6)	(4.2)	**(43.7)**	1.2	**(42.5)**
Loss from disposal of subsidiaries and associates	–	–	–	–	–	–	–	(0.4)	**(0.4)**	–	**(0.4)**
Segment results: Profit before taxation	***1.6***	***13.7***	***5.3***	**–**	**20.6**	**13.3**	**–**	**(1.9)**	**32.0**	**(0.1)**	**31.9**
Income tax expense											**(8.6)**
Net profit											**23.3**

(in billions of Russian Roubles)

28. Analysis by Segment (continued)

	Corporate-Investment banking (CIB)										
	Investment banking	*Loans and deposits*	*Transaction banking*	*Inter-CIB eliminations*	*Total CIB*	*Retail banking*	*Treasury*	*Other*	*Total before Inter-segment eliminations*	*Inter-segment eliminations*	*Total*
As at 31 December 2012:											
Cash and short-term funds	*9.7*	*0.5*	–	–	*10.2*	102.8	453.6	2.4	**569.0**	–	**569.0**
Mandatory cash balances with central banks	–	–	–	–	–	15.4	48.4	–	**63.8**	–	**63.8**
Due from other banks	*82.5*	*19.6*	–	–	*102.1*	5.9	249.2	1.4	**358.6**	–	**358.6**
Loans and advances to customers	*207.2*	*3,276.5*	–	–	*3,483.7*	1,200.9	76.3	0.6	**4,761.5**	–	**4,761.5**
Other financial instruments	*422.0*	*10.0*	–	–	*432.0*	27.3	426.3	44.4	**930.0**	–	**930.0**
Investments in associates and joint ventures	*20.8*	*0.1*	–	–	*20.9*	–	27.4	–	**48.3**	–	**48.3**
Other assets items	*76.5*	*220.5*	*32.4*	–	*329.4*	64.5	25.1	265.5	**684.5**	–	**684.5**
Net amount of intersegment settlements	*170.2*	–	*748.2*	*(918.4)*	–	560.5	1,305.7	–	**1,866.2**	(1,866.2)	**–**
Segment assets	***988.9***	***3,527.2***	***780.6***	***(918.4)***	***4,378.3***	**1,977.3**	**2,612.0**	**314.3**	**9,281.9**	**(1,866.2)**	**7,415.7**
Due to other banks	*63.8*	*18.0*	*0.3*	–	*82.1*	21.6	655.3	0.9	**759.9**	–	**759.9**
Customer deposits	*507.2*	*499.1*	*729.3*	–	*1,735.6*	1,672.0	260.6	4.6	**3,672.8**	–	**3,672.8**
Other borrowed funds	*51.9*	*19.4*	–	–	*71.3*	36.3	694.2	4.4	**806.2**	–	**806.2**
Debt securities issued	*165.6*	*16.8*	–	–	*182.4*	36.9	672.8	2.4	**894.5**	–	**894.5**
Subordinated debt	–	–	–	–	–	–	285.8	–	**285.8**	–	**285.8**
Other liabilities items	*130.5*	*18.5*	*4.1*	–	*153.1*	14.5	14.2	48.6	**230.4**	–	**230.4**
Net amount of intersegment settlements	–	*2,561.1*	–	*(918.4)*	*1,642.7*	–	–	223.5	**1,866.2**	(1,866.2)	**–**
Segment liabilities	***919.0***	***3,132.9***	***733.7***	***(918.4)***	***3,867.2***	**1,781.3**	**2,582.9**	**284.4**	**8,515.8**	**(1,866.2)**	**6,649.6**

(in billions of Russian Roubles)

29. Fair Values of Financial Instruments

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: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The following table shows an analysis of financial instruments recorded at recurring fair value by level of the fair value hierarchy as at 31 March 2013 (unaudited):

	Level 1	*Level 2*	*Level 3*	*Total*
Financial assets				
Non-derivative financial assets at fair value through profit or loss				
Financial assets held for trading	292.3	42.2	4.0	**338.5**
Financial assets designated as at fair value through profit or loss	36.1	1.8	9.5	**47.4**
Trading Derivative financial instruments	–	74.4	7.5	**81.9**
Hedging Derivative financial instruments	–	1.0	–	**1.0**
Financial assets pledged under repurchase agreements and loaned financial assets				
Financial assets held for trading	116.8	30.9	–	**147.7**
Financial assets available-for-sale	17.3	0.9	–	**18.2**
Investments in associates at fair value through profit or loss	–	–	1.4	**1.4**
Financial assets available-for-sale	66.8	12.0	34.4	**113.2**
Financial liabilities				
Trading Derivative financial instruments	–	(63.1)	(0.1)	**(63.2)**
Hedging Derivative financial instruments	(0.5)	(0.6)	–	**(1.1)**

The following table shows an analysis of financial instruments recorded at recurring fair value by level of the fair value hierarchy as at 31 December 2012:

	Level 1	*Level 2*	*Level 3*	*Total*
Financial assets				
Non-derivative financial assets at fair value through profit or loss				
Financial assets held for trading	319.2	71.2	1.9	**392.3**
Financial assets designated as at fair value through profit or loss	31.7	2.2	9.5	**43.4**
Trading Derivative financial instruments	–	86.0	7.1	**93.1**
Hedging Derivative financial instruments	–	0.6	–	**0.6**
Financial assets pledged under repurchase agreements and loaned financial assets				
Financial assets held for trading	45.0	3.6	–	**48.6**
Financial assets designated as at fair value through profit or loss	–	0.1	–	**0.1**
Financial assets available-for-sale	5.9	–	–	**5.9**
Investments in associates at fair value through profit or loss	–	–	1.3	**1.3**
Financial assets available-for-sale	53.0	4.4	40.0	**97.4**
Financial liabilities				
Trading Derivative financial instruments	–	(82.5)	(0.1)	**(82.6)**
Hedging Derivative financial instruments	–	(0.5)	–	**(0.5)**

(in billions of Russian Roubles)

29. Fair Values of Financial Instruments (continued)

For financial instruments that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Financial assets at fair value through profit or loss are mainly dependent on the change of input variables used to determine fair value, such as interest rates and foreign exchange rates. A significant portion of the available-for-sale financial assets in Level 3 is invested in shares of a non-listed companies which are valued based on non-market observable information. Changes in assumptions can lead to adjustments in the fair value of the investment.

Movement in Level 3 financial instruments measured at fair value

A reconciliation of movements in Level 3 of the fair value hierarchy by class of instruments for the period ended 31 March 2013 (unaudited) is as follows:

	Financial assets at fair value through profit or loss				
	Financial assets held for trading	*Financial assets designated as at fair value through profit or loss*	*Financial assets available-for-sale*	*Investments in associates at fair value through profit or loss*	*Financial derivative assets and liabilities (net)*
Fair value at 1 January 2013	**1.9**	**9.5**	**40.0**	**1.3**	**7.0**
Gains less losses arising from financial instruments at fair value through profit or loss	–	–	–	0.1	0.4
Losses net of gains recognized in net result on financial assets available-for-sale in other comprehensive income	–	–	0.3	–	–
Initial recognition (purchase or issue)	2.1	–	0.1	–	–
Derecognition (sale or settlement)	–	–	(0.1)	–	–
Transfers out of Level 3 to other Levels	–	–	(5.9)	–	–
Fair value at 31 March 2013	**4.0**	**9.5**	**34.4**	**1.4**	**7.4**
Unrealized gains less losses recognized in net result on financial assets available-for-sale in other comprehensive income	**–**	**–**	**0.2**	**–**	**–**
Unrealized gains less losses recognized in gains less losses arising from financial instruments at fair value through profit or loss	**–**	**–**	**–**	**0.1**	**0.4**

Transfers between levels

During the period ended 31 March 2013, the financial assets held for trading in the amount of RUR 0.3 billion and financial assets available-for-sale in the amount of RUR 0.6 billion were transferred from Level 1 to Level 2 as they became estimated on the market internal model basis. Previously their fair values were determined using market quotes.

During the period ended 31 March 2013, the Group transferred financial assets available-for-sale from Level 3 to Level 2 of the fair value hierarchy in the carrying amount of RUR 0.2 billion due to the change in the basis of valuation of the fair value from the valuation models with significant non market-observable inputs as at 31 December 2012 to the recent market transaction to the recent market transaction as at 31 March 2013.

During the period ended 31 March 2013, the Group transferred financial assets available-for-sale from Level 3 to Level 1 of the fair value hierarchy in the carrying amount of RUR 5.7 billion. The reason for the transfer from Level 3 to Level 1 is the change in the basis of valuation of the fair value due to the appearance of the active market for these instruments.

During the period ended 31 March 2013, the financial assets held for trading were transferred from Level 2 to Level 1 in the amount of RUR 0.2 billion as their fair values became determined using market quotes. Previously their fair values were estimated on the market internal model basis.

There have been no transfers from Level 1 to Level 3 during the period ended 31 March 2013.

(in billions of Russian Roubles)

29. Fair Values of Financial Instruments (continued)

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

The following table shows the quantitative information as at 31 March 2013 about significant unobservable inputs used in the fair value measurement categorized within Level 3 of the fair value hierarchy:

31 March 2013 (unaudited)	*Carrying amount*	*Valuation techniques*	*Unobservable input*	*Range (weighted average)*
Financial Assets Available-for-Sale				
Equity securities				
Finance companies, banks and leasing companies	4.8	Discounted Cash flow	Weighted average cost of capital	12.3%-16.3% (14.3%)
			COE	17%-20.7% (18.9%)
			exit multiple	0.6%-1% (0.8%)
			Terminal growth	2%-6% (4%)
			Terminal ROE	9%-11% (10%)
	1.0	Net asset value	n/a	n/a
Information technology	1.8	Discounted Cash flow	Weighted average cost of capital	11%-15% (13.28%)
			Change to sales growth assumption	-6%-6% (0%)
			Change to EBITDA margin assumption	-2%-2% (0%)
	1.0	Net asset value	n/a	n/a
Telecommunications	3.2	Discounted Cash flow	Weighted average cost of capital	14.5%-17.2% (15.6%)
Railway vehicle construction	1.1	Discounted Cash flow	Weighted average cost of capital	8%-12% (10.24%)
			Utilisation Rate	97%-100% (98.50%)
			Change in Price of Railcars	-6%-6% (0%)
			Change in Rental Rate	-5%-5% (0%)
Non-ferrous metals	14.4	Discounted Cash flow	Weighted average cost of capital	9%-13% (11.8%)
			Terminal growth	2%-5% (3%)
			Cost of Debt	6%-10% (8%)
Air transport	1.4	Market comparable companies	EV/pax, comparable airports	91.2 - 123.4 (108.1)
Building construction	3.2	Cost	n/a	n/a
Other economic sector	2.4	Net asset value	n/a	n/a
Financial assets designated as at fair value through profit or loss				
Equity securities				
Finance companies, banks and banks	1.5	Net asset value	n/a	n/a
Mass Media	3.7	Net asset value	n/a	n/a
Other economic sector	0.2	Net asset value	n/a	n/a
Debt securities				
Finance companies, banks and banks	4.1	Probable yield	Volatility	10% - 30% (20%)
Financial assets held for trading				
Equity securities				
Railway vehicle construction	1.9	Discounted Cash flow	Weighted average cost of capital	15.45%-19.45% (17.45%)
			Terminal growth	2%-4% (3%)
Debt securities				
Finance companies	2.1	Discounted Cash flow	credit spread	3% - 5% (4.58%)
Derivatives				
Equity options	2.6	Option model	Volatility	10% - 30% (20%)
Foreign exchange	4.8	Discounted Cash flow	BYR interest rate curve	20%-30% (25%)
Investments in associates and joint ventures				
Development	1.4	Discounted Dividend flow	Risk-free rate	7% - 8% (7.3%)
			Base equity risk premium	6% - 9% (7.5%)

(in billions of Russian Roubles)

29. Fair values of financial instruments (continued)

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 2012 (unaudited)	
	Carrying amount	*Effect of reasonably possible alternative assumptions*
Investment securities – available-for-sale	34.4	31.3-39.7
Financial assets designated as at fair value through profit or loss	9.5	9.3-9.6
Financial instruments at fair value through profit or loss including derivatives	11.4	11.2-11.5
Investments in associates and joint ventures	1.4	1.0-2.0

Methods and assumptions for Level 2 financial instruments.

The fair value of financial assets at fair value through profit or loss, available for sale and derivative financial instruments valued according to Level 2 models was estimated based on DCF (projected cash flows) method using the assumption of future coupon payment and recent transactions prices. The fair value of structured financial assets was estimated based on stochastic modeling (Level 2 model). Probability models were calibrated using market indicators (currency forward, ITRAX Index). Value at Risk was calculated based on full historical recalculation and Monte-Carlo simulation.

Fair value of financial assets and liabilities not carried at fair value

Set out below is a comparison by class of the carrying amounts and fair values of the Group's financial instruments that are not carried 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.

	31 March 2013 (unaudited)		*31 December 2012*	
	Carrying amount	*Fair value*	*Carrying amount*	*Fair value*
Financial assets				
Cash and short-term funds	582.7	582.7	569.0	569.0
Due from other banks	263.8	264.0	358.6	360.8
Russia	*89.6*	*89.9*	*97.4*	*99.5*
OECD	*161.6*	*161.6*	*251.5*	*250.8*
Other	*12.6*	*12.5*	*9.7*	*10.5*
Loans and advances to customers	4,948.2	5,018.6	4,761.5	4,863.4
Loans to legal entities	*3,828.2*	*3,896.9*	*3,703.4*	*3,788.4*
Loans to individuals	*1,120.0*	*1,121.7*	*1,058.1*	*1,075.0*
Investment securities held-to-maturity	0.6	0.9	0.9	0.9
Other financial assets	34.8	34.8	39.1	39.1
Financial liabilities				
Due to other banks	760.9	829.9	759.9	789.5
Customer deposits	3,727.9	3,683.0	3,672.8	3,617.7
Deposits of legal entities	*2,198.6*	*2,183.9*	*2,238.7*	*2,216.7*
Deposits of individuals	*1,529.3*	*1,499.1*	*1,434.1*	*1,401.0*
Other borrowed funds	883.6	902.6	806.2	815.1
Debt securities issued	932.8	957.4	894.5	918.5
Subordinated debt	288.1	297.0	285.8	276.4
Other financial liabilities	129.0	129.0	135.9	135.9

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 value. For financial assets and financial liabilities that are liquid or having a short term maturity it is assumed that the carrying amounts approximate to their fair value. This assumption is also applied to customer current/settlement deposits without a specific maturity.

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.

(in billions of Russian Roubles)

30. Related Party Transactions

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 as defined by IAS 24 *Related Party Disclosures*. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Transactions and balances with related parties comprise transactions and balances with Russian government-related entities (both directly and indirectly) and associates and joint ventures and are stated in the tables below:

Statements of financial position

	31 March 2013 (unaudited)		*31 December 2012*	
	Government-related entities	***Associates and joint ventures and other***	***Government-related entities***	***Associates and joint ventures and other***
Assets				
Cash and short-term funds	125.4	0.1	149.9	1.8
Mandatory reserve deposits with central banks	55.5	–	39.4	–
Financial assets at fair value through profit or loss	191.0	3.3	324.2	1.7
Financial assets pledged under repurchase agreements and loaned financial assets	395.9	0.1	284.5	–
Due from other banks	15.0	0.2	40.7	12.3
Loans and advances to customers	848.8	108.0	823.2	100.5
Allowance for loan impairment	(26.8)	(5.4)	(23.1)	(3.7)
Financial assets available-for-sale	43.9	6.1	36.2	–
Investment securities held-to-maturity	0.4	–	0.6	–
Liabilities				
Due to other banks	267.9	3.8	240.4	20.2
Customer deposits	953.7	34.8	1,093.0	41.8
Other borrowed funds	703.6	–	602.3	–
Subordinated debt	206.1	–	205.5	–
Other liabilities	10.3	–	33.2	–
Credit Related Commitments				
Guarantees issued	167.1	1.4	233.0	1.3
Undrawn credit lines	4.9	6.7	16.9	7.0
Import letters of credit	9.4	–	7.6	–
Commitments to extend credit	8.3	0.1	1.9	–

Income statements

	For the three-month period ended 31 March (unaudited)	
	2013	***2012***
Interest income		
Loans and advances to customers	27.1	19.4
Securities	4.6	5.6
Due from other banks	0.5	0.6
Interest expense		
Customer deposits	(12.7)	(15.6)
Due to other banks and other borrowed funds	(19.7)	(14.0)
Subordinated debt	(4.2)	(4.3)
Provision of provision for impairment	**(5.7)**	**(1.1)**

For the three month-period ended 31 March 2013, the total remuneration of the directors and key management personnel of the Group including pension contributions amounted to RUR 1.5 billion (31 March 2012: RUR 0.7 billion). Key management personnel include VTB Supervisory Council, VTB Management Board, VTB Statutory Audit Committee and key management of subsidiaries. Loans to the key management personnel as at 31 March 2013 amounted to RUR 1.3 billion (31 December 2012: RUR 0.9 billion). Compensation to key management personnel primarily consists of short term employee benefits.

(in billions of Russian Roubles)

31. Capital Management and Capital Adequacy

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of its business.

The CBR requires banks to maintain a minimum capital adequacy ratio of 10.0% of risk-weighted assets, computed based on Russian accounting legislation. As at 31 March 2013 and 31 December 2012 the Bank's capital adequacy ratio on this basis exceeded the statutory minimum.

The Group's international risk based capital adequacy ratio, computed in accordance with the Basel Accord guidelines issued in 1988, with subsequent amendments including the amendment to incorporate market risks. These ratios exceeded the minimum ratio of 8.0% recommended by the Basel Accord as disclosed below:

	31 March 2013 (unaudited)	*31 December 2012*
Tier 1 capital		
Share capital	113.1	113.1
Share premium	358.5	358.5
Treasury shares	(13.8)	(13.7)
Perpetual loan participation notes	69.8	68.3
Retained earnings	208.3	193.7
Unrealized gain on financial assets available-for-sale and cash flow hedge	4.8	4.3
Currency translation difference	9.3	8.8
Non-controlling interests	12.7	12.3
Deducted: Goodwill	(104.9)	(104.9)
Total Tier 1 capital	***657.8***	***640.4***
Tier 2 capital		
Land and premises revaluation reserve	20.6	20.8
Subordinated debt	272.7	272.6
Total Tier 2 capital	**293.3**	**293.4**
Total capital before deductions	**951.1**	**933.8**
Deducted: Investments in the capital of other banks and financial institutions	(20.2)	(23.0)
Total capital after deductions	**930.9**	**910.8**
Risk-weighted assets		
Credit risk	5,625.8	5,547.2
Market risks	815.9	672.1
Total risk-weighted assets	**6,441.7**	**6,219.3**
Tier 1 capital ratio to total risk-weighted assets	**10.2%**	**10.3%**
Total capital ratio to total risk-weighted assets	**14.5%**	**14.7%**

32. Subsequent Events

In April 2013, VTB's Supervisory Board authorized an issuance of 2,500,000,000,000 additional shares (the "New Shares") at a price of RUB 0.041 per New Share. On May 22, 2013 VTB completed the issuance of the New Shares to new and existing shareholders for gross proceeds of RUB 102.5 billion. The Federal Agency for State Property Management did not subscribe for any New Shares, and as a result its ownership in VTB was reduced to 60.93% of the issued ordinary shares.

In April 2013, the Group acquired 100% of Tele2 Russia, one of the largest telecommunication operators in Russia, for USD 2.4 billion (RUR 75.3 billion). The Group's control over this private equity investment is intended to be temporary because the investment was made and is held exclusively with a view to its subsequent disposal in the near future, generally within one year from acquisition, and accordingly, the Group accounted for this investment as a subsidiary held for sale in accordance with IFRS 5.

32. Subsequent Events (continued)

In April 2013 and June 2013 “TransCreditBank”, JSC redeemed upon maturity subordinated loans in the amount of RUR 0.6 billion and RUR 0.3 billion received from a related party.

In April 2013, "VTB Capital", Plc repaid Series 2012-1008, USD eurobonds in the amount of USD 15 million (RUR 0.5 billion) upon maturity.

In April 2013 "VTB Capital", Plc issued a USD equity linked note a notional of USD3.0 million (RUR 0.1 billion) and a coupon of 5.15% p.a. and matures in April 2014

In April 2013, "VTB Bank (Austria)", AG repaid its Private placement eurobonds in the amount of EUR 20 million upon maturity.

In April 2013 the Group acquired 100% of the shares of Gurdon Management Ltd (Cyprus) for cash consideration of USD 46.0 million (RUR 1.4 billion).

In May 2013, "Bank VTB 24", CJSC redeemed Series 3 local bonds with the total amount of RUR 6.0 billion upon maturity.

In May 2013, "Bank of Moscow", OJSC repaid Series 4 eurobonds in the amount of USD 500 million upon maturity.

In May 2013, "Bank VTB 24", CJSC issued 4-IP series mortgage-backed bonds of Class A and B in the amount of RUR 4.0 billion and RUR 2.0 billion respectively maturing in September 2044 with coupon rates of 9.0% p.a. and 3.0% p.a., respectively, payable quarterly.

In June 2013 "VTB Capital", Plc issued one USD credit linked note denominated with a notional of USD 22.6 million (RUR 0.7 billion) and a coupon of 5.0% p.a. maturing in June 2014.

In the second quarter 2013, VTB issued Series 28-40 under Euro-Commercial Paper Programme (ECP) denominated in USD in the total equivalent amount of RUR 8.2 billion with a tenor up to 1 year.

In the second quarter 2013, "VTB Capital", Plc repaid BYR-denominated eurobonds in the total amount of BYR 330.0 billion (RUR 1.3 billion) upon maturity.

In June 2013, Annual General Meeting of VTB shareholders declared dividends of RUR 15.0 billion for 2012 (RUR 0.00143 per share).

In June 2013, VTB paid in USD 106.9 million (RUR 3.3 billion) due under Perpetual Loan Participation Notes. The amounts due of USD106.9 million under Perpetual Loan Participation Notes payable in the next six months period became mandatory after declaration of dividends by Annual General Meeting of VTB shareholders.

In May 2013, “Bank of Moscow”, OJSC acquired 50% plus one controlling share in “Segezha Pulp and Paper Mill”, OJSC for total consideration of RUR 5.5 billion. The fair values of the acquiree’s identifiable assets of RUR 16.1 billion and liabilities of RUR 13.6 billion were based on results of an independent external appraisal at the acquisition date.

In May 2013, “Bank of Moscow”, OJSC increased its controlling share of 77.5% in a closed mutual fund “Hotel and Resorts” by purchasing additional 57.6% shares for RUR 0.5 billion. “Bank of Moscow”, OJSC preliminary estimates the fair values of the acquiree’s identifiable assets of RUR 3.1 billion and liabilities of RUR 0.4 billion.

In May 2013, “Bank of Moscow”, OJSC increased its controlling share of 52.4% in a publishing company “Pushkinskay square”, OJSC as a result of receiving power management authority. “Bank of Moscow”, OJSC preliminary estimates the fair values of the acquiree’s identifiable assets of RUR 3.2 billion and liabilities of RUR 1.6 billion.