

Loans and advances to customers

The Group's total gross loan portfolio increased 32.0% y-o-y to 11.1 trln RUB, including newly consolidated banks. Without the acquisitions, the portfolio expanded 20.5% in 2012.

BREAKDOWN OF GROSS LOANS AND ADVANCES TO CUSTOMERS

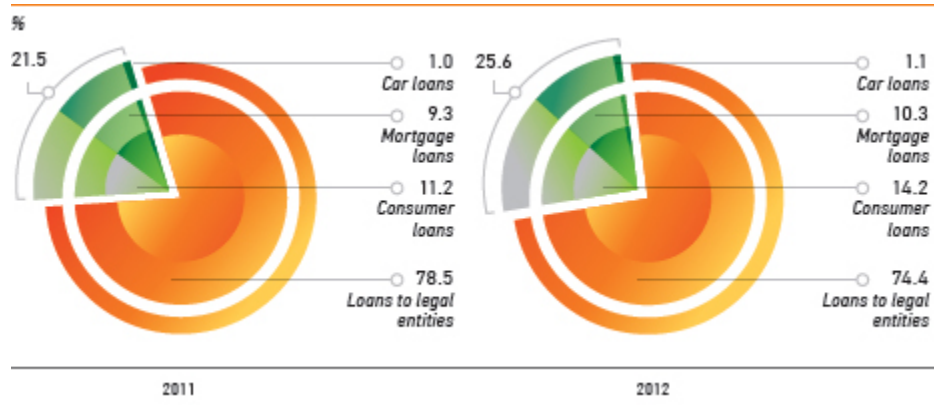
	2012		2011	
	RUB bln	% total	RUB bln	% total
Commercial loans to legal entities	5,281.5	47.8	4,012.9	47.9
Specialized loans to legal entities	2,946.3	26.6	2,563.7	30.6
Consumer and other loans to individuals	1,569.7	14.2	944.0	11.2
Mortgage loans to individuals	1,143.4	10.3	777.4	9.3
Car loans to individuals	123.4	1.1	84.2	1.0
Total loans and advances to customers before provision for loan impairment	11,064.3	100	8,382.2	100



In 2012, retail loans increased 57.1%. This large growth is partially explained by the acquisitions of VBI Group, DenizBank and Cetelem. Excluding the influence of these acquisitions, retail loans still demonstrated a remarkable growth rate of 42.2% for the year.

Corporate loans increased 25.1% in 2012. Excluding the acquisitions, they grew 14.8%. As a result, loans to individuals increased to 25.6% of total gross loans in 2012 versus 21.5% in 2011.

STRUCTURE OF THE GROUP'S GROSS LOAN PORTFOLIO



Despite the rapid expansion of the retail portfolio, its quality remained high, with the share of non-performing loans in total gross loans to individuals declining to 2.7% by end 2012 versus 3.0% the year before. This result is attributable to the acquisition effect and to the improvements in risk-management systems and a conservative lending policy.

In 2012, we successfully increased underwriting of loans to all categories of clients, especially in the SME segment (a 32.8% y-o-y increase of the portfolio, or 12.5% excluding acquisitions). These efforts resulted in a decline of exposure to the Top 20 clients to 19.3% of total corporate loans at end 2012 from 23.3% in 2011.

Corporate loan quality remained solid with the proportion of non-performing to total corporate loans declining to 3.3% by end 2012, compared with 5.4% the year prior. This reduction is the result of an intensive workout of problem loans, as well as large write-offs that mostly occurred in the first part of the year and totaled 118.6 bln RUB for 2012 versus 37.1 bln RUB in 2011.

CHANGE IN PROVISIONS FOR LOAN IMPAIRMENT

