

**Open Joint Stock Company
"Russian Agency for Export Credit
and Investment Insurance" (OJSC "EXIAR")**

Financial statements

*For the year ended 31 December 2013
Together with independent auditors' report*

Contents

Independent auditors' report

Income statement	1
Statement of comprehensive income.....	2
Statement of financial position.....	3
Statement of changes in equity	4
Statement of cash flows	5

Notes to the financial statements

1. Principal activities	6
2. Basis of preparation	6
3. Summary of significant accounting policies	7
4. Significant accounting judgments and estimates	15
5. Gross premium written	15
6. Interest income.....	16
7. Other operating and administrative expenses	16
8. Net gains less losses from foreign currencies	16
9. Taxation	17
10. Intangible assets.....	18
11. Property and equipment	19
12. Amounts due from credit institutions	20
13. Investment securities available for sale	20
14. Cash and cash equivalents	20
15. Other assets.....	21
16. Insurance contract liabilities	21
17. Payables	21
18. Other liabilities	22
19. Commitments and contingencies	22
20. Risk management.....	23
21. Fair value measurement	27
22. Related party disclosures	28
23. Events after the reporting period.....	29

Independent auditors' report

To the shareholders and Board of Directors of Russian Agency for Export Credit and Investment Insurance OJSC

We have audited the accompanying financial statements of Russian Agency for Export Credit and Investment Insurance OJSC which comprise the statement of financial position as at 31 December 2013, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year 2013, and a summary of significant accounting policies and other explanatory information.

Audited entity's responsibility for the financial statements

Management of the audited entity is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for the internal control system relevant to the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the fairness of these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. Audit procedures selection depends on our judgment based on the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control system relevant to the preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management of the audited entity, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Russian Agency for Export Credit and Investment Insurance OJSC as at 31 December 2013, its financial performance and cash flows for the year 2013 in accordance with International Financial Reporting Standards.



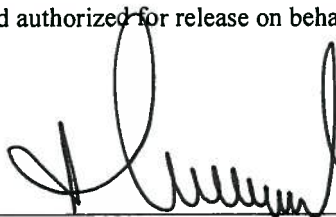
12 March 2014

**Income statement
for the year ended 31 December 2013**

(in thousands of Russian Rubles)

	Notes	Year ended 31 December 2013	Year ended 31 December 2012 (restated)
Insurance			
Gross premiums written	5	249,138	11,942
Change in unearned premium reserve		(201,977)	(8,496)
Change in loss reserve for realized claims		(691,788)	–
Net fee and commission expense		(27,034)	–
Insurance result		(671,661)	3,446
Interest income	6	2,606,552	2,339,962
Other operating and administrative expenses	2,7	(941,814)	(847,739)
Operating and investment income less expenses		993,077	1,495,669
Net gains less losses from foreign currencies	8	3,131	–
Profit before tax		996,208	1,495,669
Income tax expense	2,9	(203,699)	(305,083)
Net profit for the period		792,509	1,190,586
Basic earnings per share, RUB		26.42	39.69
Diluted earnings per share, RUB		26.42	39.69

Signed and authorized for release on behalf of:



P.M. Fradkov, CEO



A.V. Rudenko, CFO

12 March 2013



**Statement of comprehensive income
for the year ended 31 December 2013***(in thousands of Russian Rubles)*

	Notes	Year ended 31 December 2013	Year ended 31 December 2012
Net profit for the period		792,509	1,190,586
Other comprehensive income for the period, net of tax		—	—
Total comprehensive income		792,509	1,190,586

The accompanying notes 1-23 are an integral part of these financial statements.

Statement of financial position
At 31 December 2013

(in thousands of Russian Rubles)

		At	At	At
	Notes	31 December 2013	31 December 2012 (restated)	31 December 2011
Assets				
Intangible assets	10	1,947	2,011	–
Property and equipment	11	51,635	66,093	3,541
Amounts due from credit institutions	12	16,027,945	30,527,702	29,503,390
Investment securities:				
- available for sale	13	7,549,079	–	–
Deferred tax assets	2,9	198,788	19,560	–
Insurance receivables		90,786	5,522	5,522
Income tax prepayment		20,517	11,646	–
Cash and cash equivalents	14	9,085,250	707,789	524,707
Other assets	15	42,640	25,536	45,556
Total assets		33,068,587	31,365,859	30,077,194
Liabilities				
Insurance contract liabilities	16	902,262	8,496	–
Current tax liabilities		–	–	15,807
Payables	17	27,124	10,226	–
Other liabilities	2,18	95,080	95,525	361
Total liabilities		1,024,466	114,247	16,168
Equity				
Share capital		30,000,000	30,000,000	30,000,000
Other reserves		–	4,115	–
Reserve capital		65,766	–	–
Retained earnings		1,978,355	1,247,497	61,026
Total equity		32,044,121	31,251,612	31,061,026
Total liabilities and equity		33,068,587	31,365,859	30,077,194

The accompanying notes 1-23 are an integral part of these financial statements.

**Statement of changes in equity
for the year ended 31 December 2013**

(in thousands of Russian Rubles)

	Share capital	Retained earnings	Other reserves	Reserve capital	Total equity
At 31 December 2011	30,000,000	61,026	–	–	30,061,026
Profit for 2012 (restated)	–	1,190,586	–	–	1,190,586
Equalization provision charge	–	(4,115)	4,115	–	–
At 31 December 2012 (restated)	30,000,000	1,247,497	4,115	–	31,251,612
Profit for the year	–	792,509	–	–	792,509
Creation of reserve capital	–	(65,766)	–	65,766	–
Equalization provision charge	–	4,115	(4,115)	–	–
At 31 December 2013	30,000,000	1,978,355	–	65,766	32,044,121

The accompanying notes 1-23 are an integral part of these financial statements.

**Statement of cash flows
for the year ended 31 December 2013**

(in thousands of Russian Rubles)

	Notes	Year ended 31 December 2013	Year ended 31 December 2012
Cash flows from operating activities			
Profit for the period before tax		996,208	1,581,244
Adjustments for non-cash items included in profit before tax:			
Depreciation and amortization	7	28,470	12,776
Accrued but not received interest income on amounts due from credit institutions	6	(243)	(24,312)
Accrued but not received interest income on investment securities		(48,046)	–
Changes in insurance contract liabilities	16	893,765	8,496
Cash flows from operating activities before changes in operating assets and liabilities		1,870,154	1,578,204
Net (increase)/decrease in operating assets:			
Insurance receivables		(85,265)	(5,522)
Other assets		(17,104)	20,021
Net (increase)/decrease in operating liabilities:			
Other liabilities		16,454	19,815
Income tax paid	9	(391,798)	(352,097)
Net change in cash from operating activities		1,392,441	1,260,421
Cash flows from investing activities			
Increase in amounts due from credit institutions		30,500,000	29,500,000
Redemption of amounts due from credit institutions		(16,000,000)	(30,500,000)
Purchase of investment securities available for sale		(7,501,033)	–
Purchase of property and equipment	11	(13,797)	(75,299)
Purchase of intangible assets	10	(150)	(2,040)
Net change in cash from investing activities		6,985,020	(1,077,339)
Cash flows from financing activities			
Contributions to share capital		–	–
Net change in cash from financing activities		–	–
Net change in cash and cash equivalents		8,377,461	183,082
Cash and cash equivalents, beginning	14	707,789	524,707
Cash and cash equivalents, ending	14	9,085,250	707,789
Supplemental information:			
Interest income received		2,558,096	2,314,336
Effect of changes in foreign exchange rates against the ruble on cash and cash equivalents		2,117	(140)

The accompanying notes 1-23 are an integral part of these financial statements.

(in thousands of Russian Rubles)

1. Principal activities

Russian Agency for Export Credit and Investment Insurance (short name - OJSC "EXIAR") (the "Agency", or the "Company") is an open joint stock company incorporated pursuant to provisions of Federal Law of the Russian Federation No. 82-FZ, "On Bank for Development", dated 17 May 2007.

The primary objective of the Agency's activities is to provide insurance services in connection with exports of Russian goods (work, services) and Russian investments abroad.

The Agency operates in pursuance of the above Law without obtaining a special permit (license) and its activity is not subject to Federal Law of the Russian Federation "On organization of insurance in Russian Federation". The Agency is guided by the Rules approved by Resolution No. 964 of the Government of the Russian Federation dated 22 November 2011.

State corporation "Bank for Development and Foreign Economic Affairs (Vnesheconombank)" was the sole shareholder of the Agency at the reporting date and during the reporting period of these financial statements. As of 31 December 2012 and 31 December 2013, the Agency does not have any interest in other organizations.

The Agency is located (registered) at: 1st Zachatievsky Pereulok, 3, bld.1, 119034 Moscow, Russian Federation.

2. Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The Agency is required to maintain its accounting records and prepare its statutory financial statements in accordance with Russian accounting legislation and related instructions ("RAL"). These financial statements are based on RAL, as adjusted and reclassified in order to comply with IFRS.

When entering into non-standard or irregular operations or transactions, standards (interpretations) regulating accounting and assessment of similar/identical operations or transactions are to be applied and reasonable professional judgment of responsible persons is to be made.

These financial statements have been prepared on a historical cost convention except as disclosed in the accounting policies below. These financial statements are presented in thousands of Russian Rubles ("RUB"), unless otherwise indicated. The Ruble is used as the presentation currency since the majority of the Agency's transactions are denominated, measured or funded in Russian Rubles (functional currency). Transactions in other currencies are treated as transactions in foreign currencies.

For the purposes of preparation of these financial statements and recognition of assets or liabilities and income or expenses in the statement of financial position or the income statement, items which do not meet the materiality criterion can be categorized as other assets, other liabilities, other income or other expenses.

A respective item may be designated as "other" if the share of the respective financial statements line (other assets, other liabilities, other income or other expenses) which includes such item does not exceed 5% of the indicator calculated based on the balance sheet total at the reporting date.

(in thousands of Russian Rubles)

2. Basis of preparation (continued)

Restatement of comparative information

Due to the correction of material errors in financial statements as of 31 December 2012 prepared in accordance with RAL, the following adjustments were posted during the restatement of comparative information for the purpose of these financial statements:

Statement of financial position

	At 31 December 2012 (issued)	Adjustment	At 31 December 2012 (restated)	Note
Assets				
Deferred tax assets	2,445	17,115	19,560	(1)
Liabilities				
Other liabilities	9,950	85,575	95,525	(1)

Income statement

	Year ended 31 December 2012 (issued)	Adjustment	Year ended 31 December 2012 (restated)	Note
Other operating and administrative expenses	(762,164)	(85,575)	(847,739)	(1)
Income tax expense	(322,198)	17,115	(305,083)	(1)

(1) At 31 December 2012, a provision for annual compensation in the amount of RUB 85,575 thousand and a respective deferred tax asset were accrued.

3. Summary of significant accounting policies

A summary of significant accounting policies with regard to assets, liabilities and income and expenses recorded in the financial statements is presented below.

Changes in accounting policies

The following amended IFRS were adopted during the year:

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 financial statements of the Agency.

(in thousands of Russian Rubles)

3. Summary of significant accounting policies

Changes in accounting policies (continued)

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 Agency.

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. Amended IFRS 13 had no impact on financial statement of the Agency.

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 Agency's financial position.

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. The requirements in IFRS 12 are more comprehensive than the previously existing disclosure requirements for subsidiaries. These amendments had no impact on the Agency'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 does not affect presentation of comprehensive income of the Agency.

IAS 1 Clarification of the Requirement for Comparative Information (Amendment)

These amendments clarify 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 amendments clarify that the opening statement of financial position, presented as a result of retrospective restatement or reclassification of items in financial statements does not have to be accompanied by comparative information in the related notes. The amendments affect presentation only and have no impact on the Agency's financial position or performance.

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

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

(in thousands of Russian Rubles)

3. Summary of significant accounting policies (continued)

Product classification

At 31 December 2013, the Agency developed and implemented Insurance rules in respect of the following insurance products:

Whole turnover insurance

Insurance covers regular deliveries of relatively similar goods effected on short-term (up to 360 days) commercial credit terms (on a deferred payment basis) to a specified range of foreign customers.

Single risk insurance

Insurance covers commercial, bank or interbank credits related to particular export deals, usually medium- or long-term and implying multi-stage delivery of goods, provision of services or execution of work.

All the insurance products cover both commercial (default of payment, bankruptcy) and political (blockage of currency transfer and convertibility, governmental actions preventing the performance of export contracts, force-majeure, including war, civil disorders and natural disasters) risks of default by a foreign borrower of the export credit.

Investment insurance

Insurance covers investments in foreign companies and respective investment income from political risks, such as: expropriation, war, civil disorders and moratorium on payments. As of the reporting date, no contracts were made for this type of insurance.

The Agency classifies all contracts made in the course of its principal activity as insurance contracts and recognizes them in accordance with IFRS 4.

Property and equipment

Property and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses. Costs of day-to-day servicing and repair of property and equipment are not capitalized but expensed in the income statement as incurred in the reporting period in which they were incurred.

Property and equipment are depreciated using the straight-line method based on the useful life of 2-10 years set for furniture and equipment.

The depreciation of property and equipment is written off on a systematic basis over the useful life until the date it is derecognized within expenses in the income statement.

The depreciation method and useful life of property and equipment are reviewed annually (at the reporting date of the annual reporting period) in order to consider the following factors: change in the condition of assets, changes in the respective market, increase in the carrying amount of assets due to subsequent costs incurred to improve the quality of property and equipment and intangible assets.

At each reporting date the Agency assesses whether there is any indication of potential impairment of property and equipment, and where such indication exists, respective assets are tested for impairment in order to accrue/reverse the respective allowance.

An asset is derecognized on its sale or any other disposal, or when a decision is taken to cease using the asset and no future economic benefits are expected from its disposal.

Assets with the cost of less than RUB 40 thousand per unit are not recognized within property and equipment.

(in thousands of Russian Rubles)

3. Summary of significant accounting policies (continued)

Financial assets

Initial recognition and measurement

For the purposes of the IFRS financial statements the Agency analyzes financial assets broken down by the following categories:

- Cash and cash equivalents;
- Amounts due from credit institutions (bank deposits);
- Insurance receivables;
- Investment securities at fair value through profit or loss;
- Investment securities available for sale;
- Investment securities held to maturity.

Financial assets are classified by the Agency at initial recognition based on their substance and intended use.

Financial assets are initially recognized at fair value, i.e. at fair value of the compensation paid, taking into account transaction costs directly attributable to the origination of an asset or a liability, except for financial instruments designated as instruments carried at fair value through profit or loss. Such transaction costs are not included in the cost of initial recognition of an instrument, but immediately expensed within profit (loss) for the period.

The cost of a financial instrument is its fair value at the origination date, except where there is no effective rate for contractual provisions of the financial instrument or where the effective rate significantly (20% and more) differs from the market rate for this (comparable/similar) instrument at the date of its origination.

Subsequent accounting

Financial assets classified at initial recognition are subsequently recognized at fair value or amortized cost as follows:

Category of asset/liability	Subsequent accounting	Profit (loss) recognized in determining fair value	Amortization	Impairment test (recognition)
Cash and cash equivalents	Fair value	Income statement	Not applicable	Yes (Income statement)
Bank deposits	Amortized cost	Not applicable	Income statement	Yes (Income statement)
Insurance receivables	Fair value	Income statement	Not applicable	Yes (Income statement)
Investment securities at fair value through profit or loss	Fair value	Income statement	Not applicable	Not applicable
Investment securities held to maturity	Amortized cost	Not applicable	Income statement	Yes (Income statement)
Investment securities available for sale	Fair value	Other comprehensive income	Not applicable	Yes (Income statement)

If upon initial recognition a financial instrument is recognized based on actual costs and a new fair value for its initial recognition is not determined, such financial instrument is subsequently recognized based on actual costs.

Financial instruments are subsequently recognized based on reasonable professional judgment of responsible persons with regard to each category of financial liabilities as described in this section.

(in thousands of Russian Rubles)

3. Summary of significant accounting policies (continued)

Financial assets (continued)

Fair value of financial instruments

The fair value of a financial asset is the amount for which it can be sold in an arm's length transaction between knowledgeable, willing and independent parties in the ordinary course of business.

The fair value of a financial asset is determined by using quoted prices in an active market. Where there is no active market for certain securities in accordance with reasonable judgment, the fair value can be determined in several ways, particularly at the offering price (for securities acquired at original issuance).

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, cash on current accounts and short-term bank deposits that mature within 90 days from the date of origination.

Cash includes cash on hand, cash with banks in freely convertible currencies and the currency of the Russian Federation.

Cash equivalents are short-term (up to 90 days from the date of origination), highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These, in particular, include deposits placed with banks for a period of up to 90 days from the date of origination and free from contractual encumbrances.

Cash and cash equivalents are recognized and measured at cost which does not significantly differ from the fair value or amortized cost. Impairment allowance is not made for this category of assets.

Amounts due from credit institutions (bank deposits)

Amounts due from credit institutions include deposits placed with banks not classified as cash and cash equivalents.

Amounts classified as amounts due from credit institutions (hereinafter, "bank deposits") are recognized from the date of their transfer to a deposit account.

Bank deposits are initially recognized at fair value, which is the amount of actual costs, if the effective contractual rates applied to these deposits do not significantly differ from the market rates on these or similar/identical financial assets at the date of their origination.

Placed deposits are subsequently recognized at amortized cost, except for bank deposits maturing within a year from the opening date, in which case the effect of the time value of money is not material.

At each reporting date, bank deposits are tested for impairment and losses from accrual/gains from reversal of an impairment allowance are taken to profit or loss for the reporting period.

All accrued interest receivable at the reporting date are recognized as interest income on bank deposits which are not impaired at the reporting date.

(in thousands of Russian Rubles)

3. Summary of significant accounting policies (continued)

Insurance receivables

Insurance receivables are recognized when insurance premium is accrued under the respective contract and measured on initial recognition and subsequent accounting at fair value of cash received or receivable. Where a policyholder is allowed to pay the insurance premium by installments, the effect of the time value of money on the evaluation of receivables is not material.

Investment securities available for sale

Investment securities available for sale include unclassified equity and debt securities purchased.

Investment securities available for sale are initially recognized at fair value. Debt liabilities included in this category are recognized in the statement of financial position considering accumulated coupon income accrued from the coupon period initiation date till the reporting date less coupon income received, if any such payments were made.

Unrealized gains and losses arising from changes in the fair value of investment securities available for sale at the reporting date are recognized within comprehensive income.

Balance of income and expenses arising from the sale (other disposal) of investment financial assets available for sale is recognized within gains less losses from investment securities in the income statement. When financial assets of this category are sold, the amount of accumulated revaluation previously recognized within comprehensive income is recognized in the income statement in the period when these financial assets are sold.

At each reporting date investment securities available for sale, the fair value of which cannot be measured reliably, are tested for impairment. Where there is an objective evidence of potential impairment of such assets, a respective allowance for impairment is accrued. Related expenses are recognized within gains less losses from accrual of allowances for impairment of other assets and other provisions in the income statement.

Interest income on investment securities available for sale at the reporting date is recognized within interest income on investment securities in the income statement.

Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the tax authorities.

The tax rates and tax laws used for calculation of this amount are those that are enacted or substantively enacted, by the reporting date, in the countries where the Agency operates and generates taxable income. Current income tax assets and liabilities also include adjustments for taxes expected to be paid or recovered in respect of previous periods.

Deferred income tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

(in thousands of Russian Rubles)

3. Summary of significant accounting policies (continued)

Taxes (continued)

Deferred tax assets are recognized for all deductible temporary differences, unused tax benefits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax benefits and unused tax losses can be utilized, except where a deferred tax asset relating to a deductible temporary difference arises from the initial recognition of an asset or liability which at the time of the transaction affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Unrecognized deferred tax assets are reviewed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilized.

Recognition of insurance premium

Insurance premium is recognized in full amount stipulated in the insurance contract at the later of the contract liability inception date or the date on which the contract is signed.

Whole turnover insurance contracts stipulate that if, according to the first or the latest declaration on actual sales turnover provided by the policyholder, calculated insurance premium exceeds contractual minimal deposit premium (MDP), the respective difference is to be additionally accrued at the date when the corresponding declaration is presented.

Acquisition costs

Commission fee on acquired insurance contracts is recognized within expenses with simultaneous recognition of insurance premium on such contracts and is calculated by applying the respective commission fee rate to the amount of accrued insurance premium. Deferred acquisition costs are not generated due to specifics of unearned premium reserve accrual.

Reinsurance

The Agency assumes reinsurance risks in the normal course of business. Premiums and losses on reinsurance risks assumed by the Agency are recognized within gains and losses in the same manner as if reinsurance had been considered direct insurance, taking into account the classification of insurance products for which reinsurance is performed.

In the course of its business the Agency may cede reinsurance risks, but at the reporting date the Agency did not enter into such transactions.

Leases

The Agency is a lessee. Leases of assets under which the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Operating lease payments are recognized as expenses on a straight-line basis over the lease term and included in general and administrative expenses.

(in thousands of Russian Rubles)

3. Summary of significant accounting policies (continued)

Standards and interpretations issued but not yet effective

IFRS 9 Financial Instruments

IFRS 9, as issued, reflects two of the three phases of the IASB project on replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities and hedge accounting. The standard has no mandatory effective date and may be applied voluntarily. The adoption of IFRS 9 will have an effect on the classification and measurement of the Agency's financial assets, but will not have an impact on the classification and measurements of the Agency's financial liabilities. The Agency will quantify the effect when the remaining part of the standard containing guidance on impairment of financial assets is issued.

Amendments to IFRS 10, IFRS 12 and IAS 27 Investment Entities

The amendments become effective for annual periods beginning on or after 1 January 2014 and provide an exception from the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10. The exception requires investment entities to account for subsidiaries at fair value through profit or loss. The amendments are not expected to have any impact on the Agency, since the Agency does not qualify to be an investment entity under IFRS 10.

Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities

These amendments clarify the meaning of "currently has a legally enforceable right to set-off" and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting. The amendments become effective for annual periods beginning on or after 1 January 2014. The amendments are not expected to have any impact on the Agency.

IFRIC Interpretation 21 Levies

The interpretation clarifies that an entity should recognize a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, is performed. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognized before the specified minimum threshold is reached. IFRIC 21 becomes effective for annual periods beginning on or after 1 January 2014. The Agency does not expect that IFRIC 21 will have a material impact on its financial statements.

Amendments to IAS 39 Novation of Derivatives and Continuation of Hedge Accounting

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. The amendments become effective for annual periods beginning on or after 1 January 2014. The Agency has not novated its derivatives during the current reporting period. However, these amendments would be considered for future novations.

(in thousands of Russian Rubles)

4. Significant accounting judgments and estimates

Management made a number of estimates and assumptions relating to the reporting of assets and liabilities to prepare these financial statements in conformity with IFRS. Actual results could differ from those estimates.

Insurance reserves

Unearned premium reserve is a part of insurance premium accrued under the insurance contract that relates to the contract term after the reporting date (hereinafter, "unearned premium") and is used for the purpose of performing obligations to guarantee insurance payments in case of insured events which may occur under the insurance contract after the reporting date. Unearned premium reserve is calculated separately for each insurance program designated under the insurance contract for the purpose of calculating insurance reserves. In order to calculate unearned premium reserve, accrued insurance premium is reduced by the amount of accrued commission fee.

Loss reserve is made in order to recognize the Agency's unpaid or partially unpaid obligations to make insurance claim payment:

- on realized claims, for which the waiting period expired before the reporting date;
- on claims realized before the reporting date, for which the waiting period is not specified.

The amount of claim is subject to an expert assessment when the Agency receives information on the realized insurance risk before the reporting date and the amount of claim to be covered by the Agency in accordance with the insurance contract terms is not determined. The expert assessment of the amount of claim should take into account all the information on an insured event available at the reporting date and statistical data on insured events accumulated by the Agency. The expert assessment of the amount of claim cannot exceed the amount of insurance coverage stipulated in the insurance contract.

Provision for annual bonuses

Provision for annual bonuses is accrued with regard to expenses related to year-end bonuses (annual bonuses) stipulated in the Regulation on remuneration and motivation of the Agency's employees. Since the sole shareholder of the Agency adopts a decision to pay bonuses and determines their amount after the approval of the joint stock company's annual report, a provision is estimated in the amount of the actual bonuses for the previous year.

5. Gross premium written

In 2013, premiums written on 58 insurance contracts amounted to RUB 249,138 thousand. The aggregate sum insured/limit of liability under exporter risk insurance contracts and bank credit risk insurance contracts concluded by the Agency in 2013 totaled RUB 29,793 million; the portfolio insurance terms vary from 5 to 120 months.

In 2012, premiums written on 10 insurance contracts amounted to RUB 11,942 thousand. The aggregate sum insured/limit of liability under exporter risk insurance contracts and bank credit risk insurance contracts concluded by the Agency in 2012 totaled RUB 986.7 million; the portfolio insurance terms vary from 5 to 19 months.

*(in thousands of Russian Rubles)***6. Interest income**

	Year ended 31 December 2013	Year ended 31 December 2012
Interest income on amounts due from credit institutions	2,506,993	2,303,674
Interest income on current accounts	51,513	36,288
Interest (coupon) income on investment securities	48,046	–
Total interest income	2,606,552	2,339,962

At 31 December 2013, accrued but not received interest income on amounts due from credit institutions were RUB 29,426 thousand (at 31 December 2011 – RUB 27,720 thousand).

7. Other operating and administrative expenses

	Notes	Year ended 31 December 2013	Year ended 31 December 2012 (restated)
Salaries, wages and bonuses		398,179	334,264
Other employment taxes		46,613	41,325
Provision for unused vacations		9,505	9,950
Social contributions		6,050	4,878
Provision for annual bonuses	2	85,575	85,575
Total employee benefit expenses		545,922	475,992
Rent		99,893	103,509
Audit and advisory services		90,739	48,845
Operating expenses		41,802	26,011
Communication, information systems and software		32,654	35,355
Depreciation and amortization	10, 11	28,470	12,776
Advertising		28,074	18,196
Travel expenses		20,469	16,838
Legal fees		18,529	26,087
Personnel hiring and training		12,367	–
Inventories		10,101	13,396
Taxes other than income tax		1,222	870
Other administrative expenses		11,572	26,918
Repair and maintenance		–	42,278
Total other operating and administrative expenses		941,814	847,739

8. Net gains less losses from foreign currencies

	Year ended 31 December 2013	Year ended 31 December 2012
Translation differences	3,482	–
Dealing	(351)	–
Total net gains less losses from foreign currencies	3,131	–

*(in thousands of Russian Rubles)***9. Taxation**

Income tax expense comprises:

	Year ended 31 December 2013	Year ended 31 December 2012 (restated)
Current tax charge	382,927	324,643
Deferred tax credit – origination and reversal of temporary differences	(179,228)	(19,560)
Income tax expense	203,699	305,083

Russian legal entities must file individual income tax declarations. In 2013 and 2012, the standard income tax rate for companies comprised 20%.

The effective income tax rate differs from the statutory income tax rate. A reconciliation of the income tax expense based on the statutory rate with the actual tax expense is as follows:

	Year ended 31 December 2013	Year ended 31 December 2012 (restated)
Profit before tax	996,208	1,495,669
Statutory tax rate	20%	20%
Theoretical income tax expense at the statutory rate	199,242	299,134
Non-deductible expenditures	4,457	5,949
Income tax expense	203,699	305,083

At 31 December 2013, deferred tax assets and their movements for the respective period comprise:

	Notes	2012 (restated)	Origination and reversal of temporary differences		2013
			In the income statement	In other comprehensive income	
Tax effect of deductible temporary differences:					
Property and equipment		224	637	–	861
Insurance contract liabilities		1,699	178,753	–	180,452
Payables		522	(168)	–	354
Other liabilities	2	17,115	–	–	17,115
Investment securities available for sale		–	6	–	6
Gross deferred tax assets		19,560	179,228	–	198,788
Unrecognized deferred tax asset		–	–	–	–
Deferred tax asset		19,560	179,228	–	198,788
Deferred tax liability		–	–	–	–
Deferred tax asset, net		19,560	179,228	–	198,788

(in thousands of Russian Rubles)

9. Taxation (continued)

At 31 December 2012, deferred tax assets and their movements for 2012 comprise:

	Notes	2011	Origination and reversal of temporary differences		2012 (restated)
			In the income statement (restated)	In other comprehensive income	
Tax effect of deductible temporary differences:					
Other liabilities	2	–	17,115	–	17,115
Insurance contract liabilities		–	1,699	–	1,699
Payables		–	522	–	522
Property and equipment		–	224	–	224
Gross deferred tax assets		–	19,560	–	19,560
Unrecognized deferred tax asset		–	–	–	–
Deferred tax asset		–	19,560	–	19,560
Deferred tax liability		–	–	–	–
Deferred tax asset, net		–	19,560	–	19,560

10 Intangible assets

The movements in intangible assets were as follows:

	Licenses	Software	Total
Cost			
At 31 December 2011	–	–	–
Additions	473	1,567	2,040
Disposals	–	–	–
At 31 December 2012	473	1,567	2,040
Accumulated amortization and impairment			
At 31 December 2011	–	–	–
Amortization charge	29	–	29
Disposals	–	–	–
Impairment	–	–	–
At 31 December 2012	29	–	29
Carrying amount			
At 31 December 2011	–	–	–
At 31 December 2012	444	1,567	2,011
Cost			
At 31 December 2012	473	1,567	2,040
Additions	–	150	150
Disposals	–	–	–
At 31 December 2013	473	1,717	2,190
Accumulated amortization and impairment			
At 31 December 2012	29	–	29
Amortization charge	50	164	214
Disposals	–	–	–
Impairment	–	–	–
At 31 December 2013	79	164	243
Carrying amount			
At 31 December 2012	444	1,567	2,011
At 31 December 2013	394	1,553	1,947

*(in thousands of Russian Rubles)***10 Intangible assets (continued)**

Licenses valued at RUB 394 thousand represent the Agency's registered trademark; software valued at RUB 1,553 thousand represents the Agency's information website in the Internet. As of 31 December 2013, these assets were tested for impairment, and no evidence of impairment was identified.

11. Property and equipment

The movements in property and equipment were as follows:

	Equipment	Leasehold improvement	Construction in progress and property and equipment at the warehouse	Total
Cost				
At 31 December 2011	3,133	408	–	3,541
Additions	58,487	16,772	40	75,299
Disposals	–	–	–	–
At 31 December 2012	61,620	17,180	40	78,840
Accumulated depreciation				
At 31 December 2011	–	–	–	–
Depreciation charge	9,461	3,286	–	12,747
Disposals	–	–	–	–
At 31 December 2012	9,461	3,286	–	12,747
Carrying amount				
At 31 December 2011	3,133	408	–	3,541
At 31 December 2012	52,159	13,894	40	66,093
Cost				
At 31 December 2012	61,620	17,180	40	78,840
Additions	13,781	57	–	13,838
Disposals	–	–	(40)	(40)
Reclassification	408	(408)	–	–
At 31 December 2013	75,808	16,829	–	92,637
Accumulated depreciation				
At 31 December 2012	9,461	3,286	–	12,747
Depreciation charge	22,238	6,017	–	28,255
Disposals	–	–	–	–
At 31 December 2013	31,699	9,303	–	41,002
Carrying amount				
At 31 December 2012	52,159	13,894	40	66,092
At 31 December 2013	44,109	7,526	–	51,635

Equipment includes computers, furniture and office equipment. As of 31 December 2013, these assets were tested for impairment, and no evidence of impairment was identified.

(in thousands of Russian Rubles)

12. Amounts due from credit institutions

At 31 December 2013, amounts due from credit institutions comprise one RUB-denominated deposit with Vnesheconombank in the amount of RUB 527,945 thousand (together with accrued interest), maturing in the first quarter of 2014 and bearing an interest rate of 7.5%, and two RUB-denominated deposits with Vnesheconombank in the total amount of RUB 15,500 million, maturing in the second half of 2014 and bearing interest rates of 7.4% and 7.5%.

At 31 December 2012, amounts due from credit institutions comprise one RUB-denominated deposit with Vnesheconombank in the amount of RUB 262,343 thousand (together with accrued interest), maturing in the first quarter of 2013 and bearing an interest rate of 6.5%, and three RUB-denominated deposits with Vnesheconombank in the total amount of RUB 30,265 million, maturing in the second half of 2013 and bearing interest rates of 7.0%, 8.3% and 8.65%, respectively.

13. Investment securities available for sale

At 31 December 2013, investment securities available-for-sale comprise corporate bonds of Vnesheconombank in the amount of RUB 7,549,079 thousand (31 December 2012 – nil), maturing on 24 November 2020 and bearing quarterly paid coupon rate of 8.35% p.a.

At 31 December 2013 investment securities were tested for impairment, and no evidence of impairment was identified.

14. Cash and cash equivalents

Cash and cash equivalents comprise:

	At 31 December 2013	At 31 December 2012
RUB-denominated balances on current accounts with OJSC Sviaz-Bank	8,952,852	599,393
EUR-denominated balances on current accounts with OJSC Sviaz-Bank	67,455	–
RUB-denominated balances on current accounts with Vnesheconombank	51,702	107,209
USD-denominated balances on current accounts with Vnesheconombank	8,538	3
USD-denominated balances on current accounts with OJSC Sviaz-Bank	2,160	–
EUR-denominated balances on current accounts with Vnesheconombank	1,438	5
RUB-denominated balances on card account with OJSC Sviaz-Bank	977	1,179
RUB-denominated balances on brokerage account with OJSC Sviaz-Bank	128	
Total cash and cash equivalents	9,085,250	707,789

At 31 December 2013, RUB-denominated cash was placed as precautionary balances on current accounts for the purpose of providing liquidity to purchase bonds and foreign currencies at the beginning of 2014.

*(in thousands of Russian Rubles)***15. Other assets**

Other assets comprise:

	At 31 December 2013	At 31 December 2012
Advances to suppliers	27,191	10,717
Deferred expenses	13,191	12,538
Inventories	2,014	2,053
Other receivables	244	228
Total other assets	42,640	25,536

All inventories as of 31 December 2013 are categorized as materials. Inventories were not pledged as collateral for liabilities. During the reporting period, inventories amounting to RUB 17,922 thousand were expensed (2012 – RUB 26,784 thousand). Inventories were expensed at cost.

Deferred expenses as of 31 December 2013 comprise license fees and royalty payments for software which cannot be categorized as intangible assets due to the lack of control over the resource.

16. Insurance contract liabilities

	Notes	At 31 December 2013	At 31 December 2012
Unearned premium reserve	(a)	210,474	8,496
Loss reserve for realized claims	(b)	691,788	–
Total insurance contract liabilities		902,262	8,496

(a) Unearned premium reserve

	Notes	2013	2012
Unearned premium reserve at 1 January		8,496	–
Gross written premium for the year	5	249,138	11,942
Earned premium for the year		(47,160)	(3,446)
Unearned premium reserve at 31 December		210,474	8,496

(b) Loss reserve for realized claims

	2013	2012
Loss reserve for realized claims at 1 January	–	–
Claims incurred during the year	691,788	–
Claims paid during the year	–	–
Loss reserve for realized claims at 31 December	691,788	–

17. Payables

	At 31 December 2013	At 31 December 2012
Trade payables	26,848	9,474
Taxes and levies payable	242	609
Other payables	35	143
Total payables	27,125	10,226

The carrying amount disclosed above equals the fair value as at the reporting date. All amounts are payable within one year.

(in thousands of Russian Rubles)

18. Other liabilities

Other liabilities comprise:

	At 31 December 2013	At 31 December 2012 (restated)	At 31 December 2011
Provision for annual bonuses	85,575	85,575	–
Provision for unused vacations	9,505	9,950	–
Other	–	–	361
Other liabilities	95,080	95,525	361

19. Commitments and contingencies

Legal issues

In the ordinary course of business the Agency may be subject to legal actions and complaints. Management believes that the contingent liability, if any, arising from such actions or complaints will not have material adverse effect on the future financial position or performance of the Agency. As of 31 December 2013, the Agency was not involved in any litigations.

The Russian economy is vulnerable to market downturns and economic slowdowns elsewhere in the world. The global financial crisis has resulted in uncertainty regarding further economic growth, availability of financing and cost of capital, which could negatively affect the Agency's future financial position, results of operations and business prospects. Management believes it is taking appropriate measures to support the sustainability of the Agency's business in the current circumstances.

Taxation

According to Federal Law of the Russian Federation No. 131-FZ "Concerning changes for Part 21 and Part 25 of Tax Code of Russian Federation" dated 7 June 2013, provisions stipulated in Articles 293, 294 of the Tax Code of the Russian Federation concerning special requirements for determining income and expenses in performing insurance activities came into force for OJSC "EXIAR" effective from 1 January 2014, whereby the Agency gained the right to include contributions to insurance reserves created in accordance with the procedure established by the Government of the Russian Federation and amounts of the reduction (return) of the insurance contract liabilities formed in the previous reporting periods into corporate income tax expenses and gains, respectively.

In order to determine a tax base for the corporate income tax, the amounts of insurance contract liabilities and reinsurers' shares in insurance contract liabilities through 31 December 2013 are regarded as equal to zero. Effective from 1 January 2014, in order to determine a tax base for the corporate income tax, the amounts of insurance contract liabilities and reinsurers' shares in insurance contract liabilities are calculated in accordance with the Agency's Regulation on establishing insurance contract liabilities.

As of 31 December 2013, the Agency's management believes that its interpretation of the relevant legislation is appropriate and that the Agency's positions in respect of tax, currency and customs legislation will be sustained.

(in thousands of Russian Rubles)

20. Risk management

The Board of Directors approved the key documents defining the role, purpose and tasks of risk management in the Agency.

The main purposes of risk management in the Agency are as follows:

- to ensure compliance of the Agency's risk profiles to the risk appetite approved by the Board of Directors in order to provide security and effective use of actual capital;
- to introduce risk management policies into the Agency's strategy and into the decision-making processes at all levels.

Risk management tasks include:

- timely identification, assessment, management, monitoring and communication of information concerning risks which may have an impact on the Agency's activities;
- provision of relevant, reliable and consistent information concerning risks to be used in decision-making processes;
- implementation and development of risk awareness and risk acceptance discipline.

Internal control system

The Agency's system of internal control has a three-level organizational structure:

- 1st level: General Shareholders' meeting, Board of Directors, Audit Commission, Audit and Control Committee and other committees established under the Board of Directors;
- 2nd level: The Agency's executive bodies – the Management Board and CEO;
- 3rd level: collegiate bodies of the Agency, risk officer, officer carrying out internal audit and control functions, Chief accountant, special officer responsible for the implementation of internal control rules on anti-money laundering and countering the financing of terrorism, unit managers and other employees of the Agency.

Capital management

The Board of Directors approved the Procedure for calculating the regulatory solvency capital of OJSC "EXIAR", which establishes regulatory requirements to the Agency's equity amount. The results of calculation of the Agency's regulatory solvency capital and deviation of the actual solvency margin from the statutory solvency margin (% of the statutory solvency margin) are included in the Agency's performance report prepared in accordance with the requirements of Section 5 of Decree No. 964 of the Government of the Russian Federation dated 22 November 2011.

As of 31 December 2013, the Agency's solvency capital amounts to RUB 3 billion.

Key risk categories within the Agency's activity

Insurance risk

Insurance risk is that the actual claims and benefit payments or the timing thereof under insurance contracts differ from expectation and assumptions used in pricing, insurance contract liabilities estimation and business planning.

(in thousands of Russian Rubles)

20. Risk management (continued)

Key risk categories within the Agency's activity (continued)

In accordance with the Russian legislation, the risk exposure of the Agency may not at any time exceed the higher of the following:

- the amount which is ten times the Agency's equity;
- RUB 300 billion.

As of 31 December 2013, the aggregate nominal amount of the Agency's risk exposure (provided insurance capacity) is RUB 30,412 million.

Tables below presents concentration of insurance risks on insurance product classification:

Year ended 31 December 2013

	Notes	Single risk insurance	Whole turnover insurance	Total
Gross premium written	5	176,606	72,532	249,138
Risk exposure		22,942,746	6,183,090	29,125,836

Year ended 31 December 2012

	Notes	Single risk insurance	Whole turnover insurance	Total
Gross premium written	5	6,415	5,527	11,942
Risk exposure		587,729	398,921	986,650

Market risk

Market risk is a risk of incurring losses as a result of adverse changes on financial markets and low liquidity of financial assets.

As of 31 December 2013, the Agency believes the impact of market risks on its activities is insignificant due to:

- insignificant volumes of insurance contract liabilities with regard to long-term insurance liabilities;
- conservative investment policy in 2013;
- high level of liquidity of the Agency's asset portfolio as of 31 December 2013 and as of 31 December 2012, specifically:
 - current liquidity is secured by deposits with Vnesheconombank, the terms of calculation and repayment of deposits in the amount of RUB 15.5 billion imply monthly transfer of interest income to the Agency's current account;
 - all deposit agreements concluded between the Agency and Vnesheconombank provide for the early repayment of deposits as agreed with the bank.

*(in thousands of Russian Rubles)***20. Risk management (continued)****Key risk categories within the Agency's activity (continued)**

The table below shows financial assets and liabilities broken down by expected maturity:

	At 31 December 2013				Total
	Less than 1 year	From 1 to 3 years	From 3 to 5 years	More than 5 years	
Assets					
Investment securities	48,046	7,501,033	–	–	7,549,079
Amounts due from credit institutions	16,027,945	–	–	–	16,027,945
Deferred tax assets	197,927	861	–	–	198,788
Insurance receivables	87,626	2,897	263	–	90,786
Income tax prepayment	20,517	–	–	–	20,517
Cash and cash equivalents	9,085,250	–	–	–	9,085,250
Other assets (advances to suppliers)	27,191	–	–	–	27,191
Total	25,494,502	7,504,791	263	–	32,999,556
Liabilities					
Insurance contract liabilities	751,834	18,424	49,137	82,867	902,262
Payables	27,124	–	–	–	27,124
Total	140,226	792,363	91,877	–	1,024,466
At 31 December 2012 (restated)					
	Less than 1 year	From 1 to 3 years	From 3 to 5 years	More than 5 years	Total
Assets					
Amounts due from credit institutions	30,527,702	–	–	–	30,527,702
Deferred tax assets	19,336	224	–	–	19,560
Insurance receivables	5,522	–	–	–	5,522
Income tax prepayment	11,646	–	–	–	11,646
Cash and cash equivalents	707,789	–	–	–	707,789
Other assets (advances to suppliers)	10,717	–	–	–	10,717
Total	31,282,712	224	–	–	31,282,936
Liabilities					
Insurance contract liabilities	8,496	–	–	–	8,496
Current tax liabilities	–	–	–	–	–
Payables	10,226	–	–	–	10,226
Total	18,722	–	–	–	18,722

*(in thousands of Russian Rubles)***20. Risk management (continued)*****Key risk categories within the Agency's activity (continued)***

The table below shows financial assets and liabilities broken down by currency:

	At 31 December 2013				
	RUB	USD	EUR	Other foreign currencies	Total
Assets					
Intangible assets	1,947	–	–	–	1,947
Property and equipment	51,635	–	–	–	51,635
Investment securities	7,549,079	–	–	–	7,549,079
Amounts due from credit institutions	16,027,945	–	–	–	16,027,945
Deferred tax assets	198,788	–	–	–	198,788
Insurance receivables	6,578	84,208	–	–	90,786
Income tax prepayment	20,517	–	–	–	20,517
Cash and cash equivalents	9,005,658	10,699	68,893	–	9,085,250
Other assets	42,011	70	440	119	42,640
Total assets	32,904,158	94,977	69,333	119	33,068,587
Liabilities					
Insurance contract liabilities	27,955	785,374	88,933	–	902,262
Payables	17,191	6,989	2,944	–	27,124
Other liabilities	95,080	–	–	–	95,080
Total liabilities	140,226	792,363	91,877	–	1,024,466
Net position	32,763,932	(697,386)	(22,544)	119	–
	At 31 December 2012 (restated)				
	RUB	USD	EUR	Other foreign currencies	Total
Assets					
Intangible assets	2,011	–	–	–	2,011
Property and equipment	66,093	–	–	–	66,093
Amounts due from credit institutions	30,527,702	–	–	–	30,527,702
Deferred tax assets	19,560	–	–	–	19,560
Insurance receivables	5,155	367	–	–	5,522
Income tax prepayment	11,646	–	–	–	11,646
Cash and cash equivalents	707,781	3	5	–	707,789
Other assets	22,780	2,716	35	5	25,536
Total assets	31,362,728	3,086	40	5	31,365,859
Liabilities					
Insurance contract liabilities	5,129	3,272	95	–	8,496
Current tax liabilities	–	–	–	–	–
Payables	4,375	1,408	4,443	–	10,226
Other liabilities	95,525	–	–	–	95,525
Total liabilities	105,029	4,680	4,538	–	114,247
Net position	31,257,699	(1,594)	(4,498)	5	–

*(in thousands of Russian Rubles)***20. Risk management (continued)*****Key risk categories within the Agency's activity (continued)****Credit risk*

Credit risk is a risk that counterparties may default on their obligations to the Agency.

The current credit risk is limited due to the absence of ceded reinsurance activity in 2013, insignificant amount of receivables and conservative management of the equity invested only into the deposits and debt liabilities of Vnesheconombank and banks of the Vnesheconombank Group.

	Notes	Neither past due nor impaired		Total
		Rating BBB	Rating BB	
At 31 December 2013				
Amounts due from credit institutions	12	16,027,945	–	16,027,945
Investment securities	13	7,549,079	–	7,549,079
Cash and cash equivalents	14	61,678	9,023,572	9,085,250
Total at 31 December 2013		23,638,702	9,023,572	32,662,274
At 31 December 2012				
Amounts due from credit institutions	12	30,527,702	–	30,527,702
Cash and cash equivalents	14	107,217	600,572	707,789
Total at 31 December 2012		30,634,919	600,572	31,235,491

Operational, strategic and reputational risks

Operational risk is a risk of incurring losses as a result of weaknesses or errors in the Agency's operating processes or control procedures.

21. Fair value measurement

For the purpose of fair value disclosures, the Agency has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Table below presents financial assets at fair value split between levels of hierarchy at 31 December 2013:

At 31 December 2013	Level 1	Level 2	Level 3	Total
Financial assets				
Investment securities available for sale	–	7,549,945	–	7,549,945
Financial liabilities				

At 31 December 2012 Agency did not held investment securities available for sale.

(in thousands of Russian Rubles)

21. Fair value measurement

Set out below is a comparison by class of the carrying amounts and fair values of the Agency's financial instruments. The table does not include the fair values of non-financial assets and non-financial liabilities:

	Carrying value 2013	Fair value 2013	Unre- cognized gain/(loss) 2013	Carrying value 2012	Fair value 2012	Unre- cognized gain/(loss) 2012
Financial assets						
Cash and cash equivalents	9,085,250	9,085,250	–	707,789	707,789	–
Insurance receivables	90,786	90,786	–	5,522	5,522	–
Amount due from credit institutions	16,027,945	16,027,945	–	30,527,702	30,527,702	–
Total unrecognized change in fair value			–			–

Valuation techniques and assumptions

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 (less than three months) it is assumed that the carrying amounts approximate to their fair value. This assumption is also applied to demand deposits and savings accounts without a specific maturity.

22. Related party disclosures

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

Related parties include Vnesheconombank, its subsidiaries and key management personnel of the Agency.

Russian Federation through Government of Russian Federation controls activities Vnesheconombank and, consequently, activities of Agency.

The volumes of related party transactions, outstanding balances at the year end and related expenses and income for the year are as follows (in thousands of Russian rubles):

	At 31 December 2013			Total amounts per statement of financial position
	Vnesheconom- bank and its subsidiaries and associates	Key management personnel	Total related parties	
Cash and cash equivalents	9,023,572	–	9,085,250	9,085,250
Amounts due from credit institutions	16,027,945	–	16,027,945	16,027,945
Investment securities	7,549,079	–	7,549,079	7,549,079
Insurance receivables	1,631	–	1,631	90,786
Payables	3,853	–	3,853	27,124

*(in thousands of Russian Rubles)***22. Related party disclosures (continued)**

	At 31 December 2012			
	Vnesheconom- bank and its subsidiaries and associates	Key management personnel	Total related parties	Total amounts per statement of financial position
Cash and cash equivalents	707,789	–	707,789	707,789
Amounts due from credit institutions	30,527,702	–	30,527,702	30,527,702
	2013			
	Vnesheconom- bank and its subsidiaries and associates	Key management personnel	Total related parties	Total amounts per income statement
Gross premium written	1,631	–	1,631	249,138
Interest income	37,755	–	2,606,552	2,606,552
Other operating and administrative expenses	(68,908)	(146,012)	(219,108)	(941,814)
	2012			
	Vnesheconom- bank and its subsidiaries and associates	Key management personnel (restated)	Total related parties	Total amounts per income statement
Interest income	2,339,962	–	2,339,962	2,339,962
Other operating and administrative expenses	(71,162)	(135,773)	(207,067)	(847,739)

The key management personnel of the Agency comprises the members of the Management Board, Functional Directors and an advisor. Compensation to key management personnel comprises the following (in thousands of Russian rubles):

	2013	2012 (restated)
Salaries, wages and bonuses	90,303	86,047
Contributions to non-budget funds	14,172	9,539
Social contribution	724	549
Provision for unused vacation	1,442	270
Provision for annual bonuses	39,371	39,371
Total compensation to key management personnel	146,012	135,776

During 2013 no compensation to the members of Board of Directors were accrued and paid. One member of the Board of Directors was paid compensation for his expenses incurred in connection with the participation in the work of the Boards of Directors and its bodies in the amount of RUB 201.8 thousand (in 2012 – RUB 351.5 thousand).

23. Events after the reporting period

In November 2013, Vnesheconombank, the sole shareholder of OJSC "EXIAR", adopted a decision on the increase in the share capital of OJSC "EXIAR" by placing an additional issue of shares. In February 2014, the Federal Service for the Securities Market of the Bank of Russia registered the additional issue of the Agency's shares with a total nominal value of one billion three hundred seventy-six million four hundred thirty-seven thousand rubles (RUB 1,376,437,000) providing for non-monetary compensation, namely, payment by the building located at: 3, 1st Zachatievsky Pereulok, bld.1, Moscow, Russian Federation.

In February 2014, the Agency purchased long-term RUB-denominated bonds of OJSC "VEB-Leasing" in the total amount of RUB 5 billion.