

Interim condensed consolidated financial statements of  
**State Corporation "Bank for Development and Foreign  
Economic Affairs (Vnesheconombank)" and its subsidiaries**  
for the six-month period ended 30 June 2015  
*with report on review*

**Interim condensed consolidated financial statements of the Group -  
State Corporation "Bank for Development and Foreign Economic Affairs  
(Vnesheconombank)" and its subsidiaries**

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<b>Contents</b>	<b>Page</b>
Report on review of the interim condensed consolidated financial statements	
Interim condensed consolidated statement of financial position	1
Interim condensed consolidated statement of profit or loss	2
Interim condensed consolidated statement of comprehensive income	3
Interim condensed consolidated statement of changes in equity	4
Interim condensed consolidated statement of cash flows	5
Notes to the interim condensed consolidated financial statements	
1. Principal activities	7
2. Basis of preparation	9
3. Reclassification of comparative information	12
4. Major subsidiaries, associates and jointly controlled entities	13
5. Changes in ownership interests in subsidiaries	15
6. Segment information	15
7. Operations with the Russian Government, its authorized institutions and the Bank of Russia	18
8. Cash and cash equivalents	20
9. Financial assets and liabilities at fair value through profit or loss	20
10. Financial assets pledged under repurchase agreements	22
11. Amounts due from banks	23
12. Loans to customers	23
13. Net investments in leases	25
14. Investment financial assets	26
15. Amounts due to banks	27
16. Amounts due to customers	28
17. Debt securities issued	29
18. Taxation	30
19. Allowance for impairment and provisions	31
20. Interest income and expense	32
21. Equity	32
22. Commitments and contingencies	33
23. Fair value of financial instruments	35
24. Related party transactions	45
25. Subsequent events	50

## **Report on review of the interim condensed consolidated financial statements**

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

We have reviewed the accompanying interim condensed consolidated financial statements of state corporation "Bank for Development and Foreign Economic Affairs (Vnesheconombank)" and its subsidiaries (hereinafter, "the Group"), which comprise the interim condensed consolidated statement of financial position as at 30 June 2015, and the related interim condensed consolidated statements of profit or loss and of comprehensive income for the three-month and six-month periods then ended, interim condensed consolidated statements of changes in equity and of cash flows for the six-month period then ended and explanatory notes.

Management of the Group is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting* ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

### **Scope of review**

We conducted our review in accordance with the Federal Law *On Auditing Activity*, Federal Rule (Standard) on Auditing No. 33 *Engagements to Review Financial Statements* and International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*.

A review of the interim condensed consolidated financial statements 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 the federal standards on auditing effective in the Russian Federation and International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Совершенство бизнес,  
улучшаем мир

### **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 *Interim Financial Reporting*.

G.A. Shinin  
Partner  
Ernst & Young Vneshaudit CJSC

27 August 2015

### **Details of the entity**

Name: State corporation "Bank for Development and Foreign Economic Affairs (Vnesheconombank)"  
State corporation "Bank for Development and Foreign Economic Affairs (Vnesheconombank)" was formed by means of reorganization of Bank for Foreign Economic Affairs of the USSR pursuant to and in accordance with Federal Law No. 82-FZ dated 17 May 2007, *On Bank for Development*. In accordance with Federal Law No. 395-1, *On Banks and Banking Activity*, dated 2 December 1990, the state corporation "Bank for Development and Foreign Economic Affairs (Vnesheconombank)" performs banking operations as stipulated by Federal Law No. 82 FZ dated 17 May 2007, *On Bank for Development*.  
Entry made in the Uniform State Register of Legal Entities on 8 July 2007; State Registration Number 1077711000102.  
Address: Russia 107996, Moscow, Prospect Akademika Sakharova, 9.

### **Details of the practitioner**

Name: Ernst & Young Vneshaudit  
Entry made in the State Register of Legal Entities on 16 September 2002; State Registration Number 1027739199333.  
Address: Russia 115035, Moscow, Sadovnicheskaya naberezhnaya, 77, building 1.  
Ernst & Young Vneshaudit is a member of Self-regulatory Organization of Auditors Non Profit Partnership "Russian Audit Chamber" ("SRO NP APR"). Ernst & Young Vneshaudit is included in the control copy of the register of auditors and audit organizations, main registration number 10301017410.

**Interim condensed consolidated statement of financial position****As at 30 June 2015***(in millions of Russian rubles)*

	Notes	30 June 2015 (Unaudited)	31 December 2014 (Restated)
<b>Assets</b>			
Cash and cash equivalents	8	311,856	325,927
Precious metals		245	274
Financial assets at fair value through profit or loss	9	48,894	44,346
Financial assets lent and pledged under repurchase agreements	10, 12	72,642	103,681
Amounts due from banks	11	195,488	178,298
Loans to customers	12	2,233,768	2,251,203
Net investment in leases	13	370,438	380,763
Investment financial assets:	14		
- available for sale		361,958	368,717
- held to maturity		47,100	21,447
Amounts due from the Russian Government		398	400
Investments in associates and jointly controlled entities	4	10,934	10,892
Property and equipment		56,656	58,257
Income tax assets	18	8,331	7,508
Other assets		139,832	134,107
<b>Total assets</b>		<b>3,858,540</b>	<b>3,885,820</b>
<b>Liabilities</b>			
Amounts due to banks	15	891,795	1,010,540
Financial liabilities at fair value through profit or loss	9	1,026	2,670
Amounts due to the Russian Government and the Bank of Russia	7	614,537	559,278
Amounts due to customers	16	546,906	508,728
Debt securities issued	17	974,595	983,145
Finance lease liabilities		84,497	89,785
Subordinated deposits	7	307,293	303,015
Income tax liability	18	10,288	7,329
Provisions	19	9,150	6,445
Other liabilities		41,108	36,320
<b>Total liabilities</b>		<b>3,481,195</b>	<b>3,507,255</b>
<b>Equity</b>			
Charter capital	21	445,571	418,069
Additional paid-in capital	21	150,498	138,170
Uncovered loss		(242,585)	(169,021)
Unrealized revaluation of investment financial assets available for sale		29,923	(13,940)
Foreign currency translation reserve		(10,243)	976
<b>Equity attributable to the Russian Government</b>		<b>373,164</b>	<b>374,254</b>
Non-controlling interests		4,181	4,311
<b>Total equity</b>		<b>377,345</b>	<b>378,565</b>
<b>Total equity and liabilities</b>		<b>3,858,540</b>	<b>3,885,820</b>

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

Andrey Y. Sapelin

Acting Chairman of the Bank

Vladimir D. Shaprinsky

Chief Accountant

27 August 2015

*The accompanying selected notes 1-25 are an integral part of these interim condensed consolidated financial statements.*

**Interim condensed consolidated statement of profit or loss***(in millions of Russian rubles)*

	Notes	For the three-month period ended 30 June (Unaudited)		For the six-month period ended 30 June (Unaudited)	
		2015	2014	2015	2014
Interest income	20	81,536	65,618	161,201	129,232
Interest expense	20	(59,311)	(40,814)	(119,963)	(81,296)
<b>Net interest income</b>		<b>22,225</b>	<b>24,804</b>	<b>41,238</b>	<b>47,936</b>
Provision for impairment of interest-earning assets	19	(68,024)	(83,944)	(76,942)	(99,897)
<b>Net interest expense after provision for impairment of interest-earning assets</b>		<b>(45,799)</b>	<b>(59,140)</b>	<b>(35,704)</b>	<b>(51,961)</b>
Fee and commission income		2,242	1,931	5,326	4,062
Fee and commission expense		(568)	(321)	(1,204)	(901)
<b>Net fee and commission income</b>		<b>1,674</b>	<b>1,610</b>	<b>4,122</b>	<b>3,161</b>
Gains less losses from financial instruments at fair value through profit or loss		137	3,498	1,375	2,306
Gains less losses from investment financial assets available for sale		(576)	(106)	(19,204)	(3,413)
Gains less losses from foreign currencies					
- dealing		791	269	961	511
- translation differences		(2,579)	3,792	(3,286)	(2,398)
Gains less losses on initial recognition of financial instruments, restructuring and early repayment		(3,968)	81,162	7,950	80,990
Share in net income/(loss) of associates and jointly controlled entities		284	626	(1,778)	219
Dividends		1,188	161	1,189	212
Other operating income		5,802	6,285	9,222	9,859
<b>Non-interest income/(expense)</b>		<b>1,079</b>	<b>95,687</b>	<b>(3,571)</b>	<b>88,286</b>
Payroll and other staff costs		(5,990)	(5,427)	(11,950)	(10,667)
Occupancy and equipment		(1,907)	(1,602)	(3,740)	(3,073)
Depreciation of property and equipment		(711)	(673)	(1,526)	(1,397)
Taxes other than income tax		(931)	(964)	(1,769)	(1,661)
Provision for other impairment and provisions	19	(4,027)	(1,839)	(5,118)	(2,220)
Other operating expenses		(5,431)	(12,206)	(12,080)	(16,821)
<b>Non-interest expense</b>		<b>(18,997)</b>	<b>(22,711)</b>	<b>(36,183)</b>	<b>(35,839)</b>
<b>Profit/(loss) before income tax and hyperinflation effect</b>		<b>(62,043)</b>	<b>15,446</b>	<b>(71,336)</b>	<b>3,647</b>
Loss on net monetary position resulting from hyperinflation		-	(670)	-	(675)
<b>Profit/(loss) before income tax</b>		<b>(62,043)</b>	<b>14,776</b>	<b>(71,336)</b>	<b>2,972</b>
Income tax expense	18	(1,946)	(508)	(2,155)	(490)
<b>Profit/(loss) for the period</b>		<b>(63,989)</b>	<b>14,268</b>	<b>(73,491)</b>	<b>2,482</b>
<b>Attributable to:</b>					
- the Russian Government		(63,949)	14,251	(73,280)	2,436
- non-controlling interests		(40)	17	(211)	46
		<b>(63,989)</b>	<b>14,268</b>	<b>(73,491)</b>	<b>2,482</b>

The accompanying selected notes 1-25 are an integral part of these interim condensed consolidated financial statements.

**Interim condensed consolidated statement of comprehensive income***(in millions of Russian rubles)*

Notes	For the three-month period ended 30 June (Unaudited)		For the six-month period ended 30 June (Unaudited)	
	2015	2014	2015	2014
<b>Profit/(loss) for the period</b>	<b>(63,989)</b>	<b>14,268</b>	<b>(73,491)</b>	<b>2,482</b>
<b>Other comprehensive income/(loss)</b>				
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>				
Change in unrealized gains/(losses) on investment financial assets available for sale, including reclassification of such gains/(losses) to profit or loss due to impairment and/or disposals	8,412	15,435	44,122	7,762
Translation differences	3,479	(3,521)	(11,363)	(8,278)
Income tax relating to components of other comprehensive income	3	(12)	(247)	22
<b>Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods</b>	<b>11,894</b>	<b>11,902</b>	<b>32,512</b>	<b>(494)</b>
<b>Other comprehensive income/(loss) for the period, net of tax</b>	<b>11,894</b>	<b>11,902</b>	<b>32,512</b>	<b>(494)</b>
<b>Total comprehensive income/(loss) for the period</b>	<b>(52,095)</b>	<b>26,170</b>	<b>(40,979)</b>	<b>1,988</b>
<b>Attributable to:</b>				
- the Russian Government	(52,016)	26,226	(40,630)	2,036
- non-controlling interests	(79)	(56)	(349)	(48)
	<b>(52,095)</b>	<b>26,170</b>	<b>(40,979)</b>	<b>1,988</b>

The accompanying selected notes 1-25 are an integral part of these interim condensed consolidated financial statements.

**Interim condensed consolidated statement of changes in equity****For the six-month period ended 30 June 2015***(in millions of Russian rubles)*

	Attributable to the Russian Government					Total	Non-controlling interests	Total equity
	Charter capital	Additional paid-in capital	Retained earnings / (uncovered loss)	Unrealized revaluation of investment financial assets available for sale	Foreign currency translation reserve			
<b>31 December 2013</b>	<b>388,069</b>	<b>138,170</b>	<b>54,744</b>	<b>(10,491)</b>	<b>958</b>	<b>571,450</b>	<b>5,409</b>	<b>576,859</b>
Profit for the period (Unaudited)	-	-	2,436	-	-	2,436	46	2,482
Other comprehensive income/(loss) (Unaudited)	-	-	-	7,786	(8,186)	(400)	(94)	(494)
<b>Total comprehensive income/(loss) for the period (Unaudited)</b>	<b>-</b>	<b>-</b>	<b>2,436</b>	<b>7,786</b>	<b>(8,186)</b>	<b>2,036</b>	<b>(48)</b>	<b>1,988</b>
Changes in ownership interests in existing subsidiaries (Unaudited)	-	-	36	-	(3)	33	38	71
Dividends paid by subsidiaries (Unaudited)	-	-	-	-	-	-	(8)	(8)
<b>30 June 2014 (Unaudited)</b>	<b>388,069</b>	<b>138,170</b>	<b>57,216</b>	<b>(2,705)</b>	<b>(7,231)</b>	<b>573,519</b>	<b>5,391</b>	<b>578,910</b>
<b>31 December 2014</b>	<b>418,069</b>	<b>138,170</b>	<b>(169,021)</b>	<b>(13,940)</b>	<b>976</b>	<b>374,254</b>	<b>4,311</b>	<b>378,565</b>
Loss for the period (Unaudited)	-	-	(73,280)	-	-	(73,280)	(211)	(73,491)
Other comprehensive income/(loss) (Unaudited)	-	-	-	43,867	(11,217)	32,650	(138)	32,512
<b>Total comprehensive income/(loss) for the period (Unaudited)</b>	<b>-</b>	<b>-</b>	<b>(73,280)</b>	<b>43,867</b>	<b>(11,217)</b>	<b>(40,630)</b>	<b>(349)</b>	<b>(40,979)</b>
Contribution of the Russian Government (Note 21) (Unaudited)	27,502	12,328	-	-	-	39,830	-	39,830
Changes in ownership interests in existing subsidiaries (Note 5) (Unaudited)	-	-	(284)	(4)	(2)	(290)	224	(66)
Dividends paid by subsidiaries (Unaudited)	-	-	-	-	-	-	(5)	(5)
<b>30 June 2015 (Unaudited)</b>	<b>445,571</b>	<b>150,498</b>	<b>(242,585)</b>	<b>29,923</b>	<b>(10,243)</b>	<b>373,164</b>	<b>4,181</b>	<b>377,345</b>

The accompanying selected notes 1-25 are an integral part of these interim condensed consolidated financial statements.



**Interim condensed consolidated statement of cash flows***(in millions of Russian rubles)*

	<b>For the six-month period ended 30 June (Unaudited)</b>	
	<b>Notes</b>	<b>2014 (Restated)</b>
<b>Cash flows from operating activities</b>		
Profit/(loss) for the period		2,482
Adjustments:		
Change in interest accruals		(16,528)
Impairment and other provisions	19	102,117
Changes in unrealized revaluation of trading securities and derivative financial instruments		(3,005)
Gains less losses from investment financial assets available for sale, net of impairment loss		(262)
Impairment of investment financial assets available for sale	14	3,675
Changes in translation differences		2,398
Gains less losses on initial recognition of financial instruments, restructuring and early repayment		(80,990)
Share in net (profit)/loss of associates and jointly controlled entities		(219)
Depreciation and amortization		1,790
Deferred income tax	18	(957)
Loss on net monetary position resulting from hyperinflation		675
Other changes		230
<b>Cash flows from operating activities before changes in operating assets and liabilities</b>		<b>11,406</b>
<i>Net (increase)/decrease in operating assets</i>		
Precious metals		4
Financial assets at fair value through profit or loss		30,825
Amounts due from banks		(6,375)
Loans to customers		(175,549)
Net investments in leases		(17,159)
Amounts due from the Russian Government		(2)
Other assets		(2,096)
<i>Net increase/(decrease) in operating liabilities</i>		
Amounts due to banks, net of long-term interbank financing		(17,778)
Amounts due to the Russian Government and the Bank of Russia, net of long-term financing		135,723
Amounts due to customers		2,131
Debt securities issued, net of bonds		(5,986)
Finance lease liabilities		(1,559)
Other liabilities		(7,282)
<b>Net cash used in operating activities</b>		<b>(53,697)</b>

The accompanying selected notes 1-25 are an integral part of these interim condensed consolidated financial statements.

**Interim condensed consolidated statement of cash flows (continued)***(in millions of Russian rubles)*

	Notes	For the six-month period ended 30 June (Unaudited)	
		2015	2014 (Restated)
<b>Cash flows from investing activities</b>			
Purchase of investment financial assets		(108,441)	(81,618)
Proceeds from sale and redemption of investment financial assets		135,707	80,882
Redemption of investment financial assets held to maturity		-	120
Investments in associates and jointly controlled entities		(60)	(82)
Purchase of property and equipment		(1,310)	(2,101)
Proceeds from sale of property and equipment		70	64
<b>Net cash from/(used in) investing activities</b>		<b>25,966</b>	<b>(2,735)</b>
<b>Cash flows from financing activities</b>			
Long-term interbank financing raised	15	6,270	159,022
Long-term interbank financing repaid	15	(62,828)	(143,275)
Long-term financing raised from the Bank of Russia		5,200	(212,636)
Placement of bonds	17	44,000	231,612
Redemption of bonds	17	(34,315)	(9,301)
Purchase of bonds issued by the Group		(27,548)	(12,609)
Proceeds from sale of previously purchased bonds		16,777	16,987
Contribution of the Russian Federation	21	39,830	-
Change in ownership interest in existing subsidiaries	5	(66)	71
Government assistance received	24	7,466	1,510
Dividends paid by subsidiaries to non-controlling shareholders		(5)	(8)
<b>Net cash from/(used in) financing activities</b>		<b>(5,219)</b>	<b>31,373</b>
Effect of changes in foreign exchange rates against the Russian ruble on cash and cash equivalents		5,547	12,497
<b>Net decrease in cash and cash equivalents</b>		<b>(14,071)</b>	<b>(12,562)</b>
<b>Cash and cash equivalents, beginning</b>	8	<b>325,927</b>	<b>275,994</b>
<b>Cash and cash equivalents, ending</b>	8	<b>311,856</b>	<b>263,432</b>
<b>Supplementary information:</b>			
Income tax paid		(701)	(1,172)
Interest paid		(108,700)	(71,623)
Interest received		123,285	101,646
Dividends received		1,189	49

The accompanying selected notes 1-25 are an integral part of these interim condensed consolidated financial statements.

(in millions of Russian rubles)

## 1. Principal activities

The Group of state corporation "Bank for Development and Foreign Economic Affairs (Vnesheconombank)" comprises state corporation "Bank for Development and Foreign Economic Affairs (Vnesheconombank)" ("Vnesheconombank" or the "Bank"), subsidiary Russian banks, CIS-based banks, and Russian and foreign subsidiaries (collectively, the "Group"). Information on major subsidiaries, associates, and jointly controlled entities is presented in Note 4 and Note 9.

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

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

The main principles and areas of the Bank's activity are set out in the Federal Law and the Memorandum on Financial Policies of State Corporation "Bank for Development and Foreign Economic Affairs (Vnesheconombank)" approved by Resolution of the Russian Government No. 1007-r dated 27 July 2007 (extended by Resolutions No. 1170-r of the Government of the Russian Federation dated 15 July 2010 and No. 1316-r dated 25 July 2013). The Memorandum on Financial Policies (hereinafter, the "Memorandum") provides for the main areas of the Bank's investing and financing activities, stipulates quantitative limitations, conditions and criteria of specific operations. The Russian Government, by Resolution No. 2610-r dated 29 December 2012, approved amendments to the Memorandum setting out terms and procedures for providing financial support and guarantees to companies working on state defense contracts and involved in federal-level defense and security programs. In addition, the Memorandum was amended by adding a section on the formal process for Vnesheconombank to make decisions on investing pension savings in bonds covered by guarantees of the Russian Government and bonds issued by companies, which have been assigned a long-term credit rating not lower than Russia's sovereign rating by an international credit rating agency approved in accordance with the procedure established by a federal governmental body for financial markets, for the purpose of financing the government's major infrastructure development projects.

As part of legislative initiatives aimed at deoffshorization of the Russian economy, in accordance with Resolution of the Russian Government No. 16 dated 16 January 2015 *On Amendments to Certain legislative Acts of the Russian Federation* the Memorandum was amended with separate provision under which Vnesheconombank should only enter into operations and transactions with offshore counterparties included in the register of the Russian Ministry of Finance in accordance with the procedure established by the Supervisory Board of Vnesheconombank.

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

(in millions of Russian rubles)

## 1. Principal activities (continued)

Vnesheconombank activities are aimed at overcoming infrastructure growth constraints, upgrading and promoting the economic sector for non-raw materials, encouraging innovation, exporting high-technology products, carrying out projects in special economic zones, environment protection projects, and supporting small and medium-sized enterprises. The Bank actively participates in large investment projects contributing to the development of infrastructure and high-technology industries of the real sector of the economy, as well as in investment projects aimed at the development of municipalities engaged in a single area of activity.

The Bank's charter capital has been formed through asset contributions from the Russian Federation made under decisions of the Russian Government, including the contribution of state-owned shares of JSC "Russian Bank for Small and Medium Enterprises Support" ("SME Bank"), JSC "State Specialized Russian Export-Import Bank" (EXIMBANK OF RUSSIA), the Federal Center for Project Finance (FCPF), and, international and domestic long-distance electrical communication operator Open Joint-Stock Company Rostelecom to the charter capital.

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

Vnesheconombank performs the functions of an agent of the Russian Government under the Agreement entered into with the Ministry of Finance of the Russian Federation (the "Russian Ministry of Finance") on 25 December 2009, Additional Agreement No. 1 dated 23 December 2010, Additional Agreement No. 2 dated 8 December 2011, Additional Agreement No. 3 dated 23 July 2012, Additional Agreement No. 4 dated 19 August 2013, and Additional Agreement No. 5 dated 16 April 2014 (collectively, "Agency Agreement"). The signing of Additional Agreement No. 6 is planned for 2015.

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

In January 2003, the Bank was appointed as the state trust management company for the trust management of pension savings. Vnesheconombank performs trust management of accumulated pension savings of insured citizens who have not selected a non-state pension fund or a private management company and who have selected the Bank as the management company.

On 2 August 2009, Federal Law No. 182-FZ dated 18 July 2009, *On Amendments to Federal Law "On Non-state Pension Funds" and Federal Law "On Investment of Funds to Finance the Funded Part of Labor Pensions in the Russian Federation"*, came into effect which provides for that from 1 November 2009 the Bank as a state trust management company for pension savings shall form two portfolios: an extended investment portfolio and an investment portfolio of government securities. The Bank shall form the portfolios in accordance with the investment declarations approved by Resolution of the Russian Government No. 540 dated 1 September 2003 and Resolution of the Russian Government No. 842 dated 24 October 2009.

In June 2012, Vnesheconombank was appointed as a state management company for funds in the payment reserve. The payment reserve is formed in accordance with Federal Law No. 360-FZ dated 30 November 2011, *On the Procedure for Using Pension Accruals to Finance Payments* for purposes of payments to the cumulative pension.

(in millions of Russian rubles)

## 1. Principal activities (continued)

The Bank, as a management company for the payment reserve, shall form two portfolios: a payment reserve portfolio and a portfolio of pension savings of insured persons to whom a term pension payment is assigned. The Bank shall form the portfolios in accordance with the investment declarations approved by Resolution of the Russian Government No. 550 dated 4 June 2012.

During the six-month period of 2015, the Bank, as a state management company, mainly invested pension savings in state securities denominated in Russian rubles, and corporate bonds of highly credible Russian issuers. At 30 June 2015 and 31 December 2014, total funds of the State Pension Fund of the Russian Federation managed by the state management company amounted to RUB 1,860,666 million and RUB 1,905,621 million, respectively.

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

Since October 2008, Vnesheconombank has been taking measures aimed at supporting the financial system of the Russian Federation so as to implement Federal Law No. 173-FZ dated 13 October 2008, *On Additional Measures to Support the Financial System of the Russian Federation* (Federal Law No. 173-FZ). As detailed in Notes 11 and 12, the Bank extended unsecured subordinated loans to Russian banks, and starting from the end of December 2010, the Bank acts as a lender for operations to enhance affordability of mortgage loans through extending loans to OJSC "The Agency for Housing Mortgage Lending" (OJSC "AHML").

The Bank's head office is located at 9 Prospekt Akademika Sakharova, Moscow.

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

## 2. Basis of preparation

### *General*

These interim condensed consolidated financial statements for the six-month period ended 30 June 2015 have been prepared in accordance with IAS 34 *Interim Financial Reporting*. Accordingly, they do not include all the information and disclosures required in the annual financial statements under IFRS, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2014. Operating results for the six-month period ended 30 June 2015 are not necessarily indicative of the results that may be expected for the year ending 31 December 2015.

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

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

(in millions of Russian rubles)

## 2. Basis of preparation (continued)

### *Changes in accounting policies*

The accounting policies and calculation methods adopted in the preparation of these interim condensed consolidated financial statements are consistent with those adopted and described in the annual consolidated financial statements of the Group for the year ended 31 December 2014, except for the introduced amendment and adoption of new standards since 1 January 2015, noted below:

#### *Amendments introduced to the accounting policies*

Since 1 January 2015, the Group changed its Accounting policy with respect to recognition of business combination of entities under common control, and decided not to restate comparatives in the financial statements for the periods preceding such combination. The Group's previous accounting policy for transactions on acquisition of subsidiaries involving entities under common control which required restatement of comparatives, was developed when the major user of the consolidated financial statements was the Bank's owner represented by the State. Considering the restatement of comparatives, the State, acting as the controlling owner of both purchasing and transferring parties, could assess the Group's performance as if it always included the new subsidiary and results of its operations. The range of major users of the Group's consolidated financial statements has significantly expanded and includes Russian and foreign investors requesting comparison of data and reflection of actual situation. Restatement of prior period comparatives in the consolidated financial statements due to acquisition of the new subsidiary will not reflect the actual amount of the Group's income, expenses and cash flows and, correspondingly, will be less appropriate from the point of view of users performing the financial statements analysis.

#### *New adopted standards*

In spite of the fact that the new and amended standards were applied for the first time in 2015, they had no material impact on the Group's interim condensed consolidated financial statements. The nature and the impact of each new standard or amendment are described below:

#### *Defined Benefit Plans: Employee Contributions – Amendments to IAS 19 (issued in November 2013)*

The amendment provides guidance on how the employee contributions linked to service should be attributed to periods of service. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognize such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. The amendments are effective for annual periods beginning on or after 1 July 2014. These amendments had no impact on the Group, since none of the entities within the Group has defined benefit plans with contributions from employees or third parties.

Annual improvements 2010-2012 cycle (issued in December 2013 and effective for annual reporting periods beginning on 1 July 2014) include:

#### *IFRS 2 Share-based Payment*

This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:

- ▶ A performance condition must contain a service condition;
- ▶ A performance target must be met while the counterparty is rendering service;
- ▶ A performance target must relate to the operations or activities of an entity, or to those of another entity in the same group;
- ▶ A performance condition may be a market or non-market condition;
- ▶ If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

These amendments had no impact on the Group's accounting policies.

(in millions of Russian rubles)

## 2. Basis of preparation (continued)

### *Changes in accounting policies (continued)*

#### *IFRS 3 Business Combinations*

The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IFRS 9 (or IAS 39, as applicable).

#### *IFRS 8 Operating Segments*

The amendments are applied retrospectively and clarify that:

- ▶ An entity must disclose the judgments made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar';
- ▶ The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

The Group did not apply the aggregation criteria provided in the paragraph 12 of IFRS 8. The reconciliation of segment assets to total assets was disclosed by the Group in prior periods. The Group continues the disclosure in Note 6 to these interim condensed consolidated financial statements as such reconciliation is reported to the chief operating decision maker.

#### *IFRS 13 Short-term Receivables and Payables – Amendments to IFRS 13*

This amendment to IFRS 13 clarifies in the Basis for Conclusions that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. These provisions are consistent with the Group's current accounting policies, and therefore it was not affected by these amendments.

#### *IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets*

The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortization is the difference between the gross and carrying amounts of the asset. During the current interim reporting period, the Group did not recognize the adjustments to the value of assets made as a result of revaluation.

#### *IAS 24 Related Party Disclosures*

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendment is not relevant to the Group as the Group does not use services of a management entity.

Annual improvements 2011-2013 cycle (issued in December 2013 and effective for annual reporting periods beginning on 1 July 2014). The group applied these improvements in its interim condensed consolidated statement for the first time for the three months ended 31 March 2015. They include:

#### *IFRS 3 Business Combinations*

The amendment is applied prospectively and clarifies that for the purpose of exceptions from the scope of IFRS 3:

- ▶ Joint arrangements, not just joint ventures, are outside the scope of IFRS 3;
- ▶ This scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

The amendment is not relevant to the Group and its subsidiaries as the Bank is not a joint venture.

(in millions of Russian rubles)

## 2. Basis of preparation (continued)

### *Changes in accounting policies (continued)*

#### *IFRS 13 Fair Value Measurement*

The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 (or IAS 39, as applicable). The Group does not apply the exception provided in IFRS 13 for companies holding a group of financial assets and liabilities (portfolio) and managing this group as a whole.

#### *IAS 40 Investment Property*

The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment is applied prospectively and clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or business combination. In determining if the transaction is the purchase of an asset or business combination, the Group applied IFRS 3, and not IFRS 40. Therefore, these amendments had no impact on the Group's accounting policies.

#### *Meaning of Effective IFRSs – Amendments to IFRS 1*

The amendment clarifies in the Basis for Conclusions that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but permits early application, provided that either standard is applied consistently throughout the periods presented in the entity's first IFRS financial statements. The standard had no impact on the Group, since the Group is an existing IFRS preparer.

### *Significant accounting judgments and estimates*

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

The key assumptions concerning the future and other key sources of estimation uncertainty regarding allowance for impairment of loans and receivables and measurement of fair value of financial instruments and investment property are consistent with those used in preparing the annual consolidated financial statements for the year ended 31 December 2014.

## 3. Reclassification of comparative information

The Group has changed the presentation of certain items in the consolidated statement of financial position as at 30 June 2015 due to significance leasing operations of the Group's subsidiaries. The following reclassifications have been made to 2014 balances to conform to the 2015 presentation:

	As previously reported	Reclassification amount	As reclassified
<b>Consolidated statement of financial position as at 31 December 2014</b>			
Loans to customers	2,631,966	(380,763)	2,251,203
Net investments in leases	–	380,763	380,763

The effect of the above changes is also disclosed in Notes 12, 13 and 19.



*(in millions of Russian rubles)***4. Major subsidiaries, associates and jointly controlled entities*****Subsidiaries***

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

Subsidiaries	Ownership		Country of incorporation	Type of activity
	30 June 2015 (Unaudited)	31 December 2014		
EXIMBANK OF RUSSIA	100%	100%	Russia	Banking
Bank BelVEB OJSC	97.52%	97.52%	Republic of Belarus	Banking
OJSC "VEB-Leasing"	98.96%	98.96%	Russia	Leasing
"SME Bank"	100%	100%	Russia	Banking
Sviaz-Bank	99.65%	99.65%	Russia	Banking
PSC Prominvestbank	99.09%	98.6%	Ukraine	Banking
CJSC "Kraslesinvest"	100%	100%	Russia	Production and processing of materials
JSC "GLOBEXBANK"	99.99%	99.99%	Russia	Banking
Rose Group Limited (former R.G.I. International Limited)	73.4%	73.4%	Guernsey	Real estate development business
LLC "VEB-Capital"	100%	100%	Russia	Financial intermediary
"VEB Engineering" LLC	100%	100%	Russia	Investment project implementation services
FCPF	100%	100%	Russia	Financial intermediary
JSC "Development Corporation of North Caucasus"	100%	100%	Russia	Advisory services, investment project support
RDIF Management Company LLC	100%	100%	Russia	Management company
EXIAR	100%	100%	Russia	Insurance
JSC "The Far East and Baikal Region Development Fund"	100%	100%	Russia	Investment project support
VEB Asia Limited	100%	100%	People's Republic of China	Financial intermediary
Resad LLC	85%	85%	Russia	Electric energy
Resort Zolotoe Koltso CJSC	100%	100%	Russia	Real estate and construction
JSC Russian Export Center	100%	-	Russia	Export support
<b>Share of assets:</b>				
Mutual Fund RDIF	100%	100%	Russia	Mutual fund

As at 30 June 2015 and 31 December 2014, the Group owns 100% of the voting shares of OJSC "VEB-Leasing".

In February 2015, 441,542,360 additionally issued ordinary registered shares of PSC Prominvestbank were transferred to the securities account of Vnesheconombank with PSC Prominvestbank (Vnesheconombank paid for the additional shares of PSC Prominvestbank in December 2014). As a result of the placement of additional shares in PSC Prominvestbank, Vnesheconombank's interest in the share capital of the subsidiary bank increased to 99.09%.

In March 2015, the Bank purchased 50,337,125 ordinary registered shares additionally issued by JSC "GLOBEXBANK" for the total amount of RUB 5,034 million. As a result of the placement of the additional shares of JSC "GLOBEXBANK", the Bank's interest in share capital of the subsidiary remained unchanged at 99.99%.

In April and June 2015, Vnesheconombank made additional contributions to the charter capital of LLC "VEB Capital" for the amount of RUB 440 million and RUB 225 million, respectively. The Bank's share in the charter capital of the company remained unchanged at 100%.

*(in millions of Russian rubles)***4. Major subsidiaries, associates and jointly controlled entities (continued)*****Subsidiaries (continued)***

In April 2015, JSC National Export Center was officially registered (currently JSC Russian Export Center, hereinafter – "the Center"). Vnesheconombank is the sole founder of the Center. In May 2015, the amount of RUB 3,000 million was contributed to the charter capital of the Center. At 30 June 2015, Law No. 185-FZ, *Concerning Amendments to Federal Law "On Bank for Development" and Article 970 of Part II of the Civil Code of the Russian Federation*, dated 29 June 2015, became effective. In accordance with the revised Federal Law, Vnesheconombank, the Center, EXIAR, EXIMBANK OF RUSSIA and their subsidiaries shall perform export support functions. Vnesheconombank shall coordinate the activities of the Center, EXIAR and EXIMBANK OF RUSSIA.

In April 2015, the Bank transferred the subsidy (RUB 2,328 million) received in December 2014 to purchase additional units of its subsidiary Mutual Fund RDIF (Note 21).

In May 2015, the Bank transferred a total of USD 303 million (RUB 15,844 million at the date of transfer) in payment for 637,761,278 ordinary registered additionally issued shares of PSC Prominvestbank. The title to the shares of PSC Prominvestbank was transferred to the Bank in July 2015 (Note 25).

In June 2015, Vnesheconombank purchased 12,153,476 ordinary registered shares additionally issued by EXIAR for the total amount of RUB 12,153 million. The Bank's share in the charter capital of the company remained unchanged at 100%.

In June 2015, the President of the Russian Federation signed Decree No. 287 *Concerning Measures for Further Development of Small and Medium Enterprises* dated 5 June 2015, which implies that JSC Federal Corporation for Development of Small and Medium Enterprises and the Bank shall enter into a trust management agreement with regard to 100% shares of SME Bank with further payment by Vnesheconombank for an additional issue of shares of JSC Federal Corporation for Development of Small and Medium Enterprises with these shares. After the purchase of the shares of this additional issue, the Bank's interest in JSC Federal Corporation for Development of Small and Medium Enterprises shall not exceed 50% minus 1 share.

***Associates***

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

<b>Associates</b>	<b>Ownership</b>		<b>Country of incorporation</b>	<b>Type of activity</b>
	<b>30 June 2015 (Unaudited)</b>	<b>31 December 2014</b>		
OJSC "Ilyushin Finance Co."	21.39%	21.39%	Russia	Leasing
CJSC "Leader"	27.62%	27.62%	Russia	Management company
LLC "VEB-Invest"	19.00%	19.00%	Russia	Investment
	<b>Share of assets:</b>			
CMIF "Bioprocess Capital Ventures"	50.00%	50.00%	Russia	Mutual fund

(in millions of Russian rubles)

## 5. Changes in ownership interests in subsidiaries

### *Changes in ownership interests in subsidiaries in 2015*

In the first quarter of 2015, following the results of the additional issue of shares of PSC Prominvestbank started in December 2014, the carrying amount of net assets of PSC Prominvestbank increased by RUB 16,993 million and the contribution of non-controlling shareholders amounted to RUB 2 million. In addition during the six-month period of 2015, PSC Prominvestbank repurchased 2,164,558 shares from non-controlling shareholders and sold 2,447,904 treasury shares to the third parties. The reallocation of interests between the Bank and the remaining shareholders resulted in a RUB 317 million increase in the value of non-controlling interests; the Group's retained earnings, unrealized revaluation of investment financial assets available for sale and foreign currency translation reserve decreased by RUB 284 million, RUB 4 million and RUB 2 million, respectively.

In the first quarter of 2015, RDIF long-term direct investment mutual fund repurchased non-controlling interests in some of its subsidiaries. The reallocation of interests resulted in a decrease of the Group's non-controlling interests by RUB 95 million.

### *Changes in ownership interests in subsidiaries in 2014*

In the first quarter of 2014, PSC Prominvestbank sold 1,779,521 shares held by this subsidiary bank to third parties. The reallocation of interests between Vnesheconombank and non-controlling shareholders resulted in a RUB 38 million increase in the value of non-controlling interests, a RUB 3 million decrease in the foreign currency translation reserve and a RUB 36 million increase in the Group's retained earnings.

## 6. Segment information

For the management purposes the Group has six operating segments:

Segment 1 Vnesheconombank, "SME Bank".

Segment 2 Sviaz-Bank, JSC "GLOBEXBANK", R.G.L.

Segment 3 PSC "Prominvestbank" (Ukraine).

Segment 4 Bank BelVEB OJSC (Republic of Belarus).

Segment 5 OJSC "VEB-Leasing".

Segment 6 LLC "VEB Capital", LLC "VEB Engineering", FCPF, JSC "North Caucasus Development Corporation", RDIF Management Company LLC, EXIAR, RDIF long-term direct investment mutual fund, JSC "The Far East and Baikal Region Development Fund", VEB Asia Limited, Resad LLC, Resort Zolotoe Koltso CJSC, EXIMBANK OF RUSSIA, JSC Russian Export Center and other subsidiaries.

Segment 1 comprises major banks within the Group. Segment 2 comprises banks that were purchased in 2008 and 2009 to recover their financial stability in line with anti-crisis measures developed by the Russian Government and their subsidiaries. Segments 3 and 4 reflect the Group's banking operations in Ukraine and the Republic of Belarus, respectively. Segment 5 reflects leasing operations of the Group. Segment 6 comprises other subsidiaries and funds in which the Group holds a controlling ownership interest.

The operating segments were not combined for the purpose of creating the above reporting operating business segments.

In 2014, OJSC "VEB-Leasing" was transferred to a separate segment (Segment 5) as a result of a significant increase in its income and assets, and the comparative information was restated.

*(in millions of Russian rubles)***6. Segment information (continued)**

During the fourth quarter of 2014, shares of EXIMBANK OF RUSSIA (previously included in Segment 1) owned by the Bank were fully transferred to EXIAR following the Instruction of the President of the Russian Federation of 24 June 2014 on the establishment of the Center for Exports Credit and Insurance Support on the basis of EXIAR. The established Center for Exports Credit and Insurance Support was included in Segment 6 in 2014. The comparative information for the six-months period of 2014 is not restated, since the effect on the segment information is insignificant.

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

Transfer prices between operating segments are set on an arm's length basis in a manner similar to transactions with third parties.

During the six-month periods ended 30 June 2015 and 30 June 2014, the Group received no income from transactions with one external client or counterparty, which would have amounted to 10% or more percent of the Group's total income, except for income from transactions with entities under control of the Russian Federation. Such income was mainly received from transactions within Segments 1, 2 and 5.

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

	For the six-month period ended 30 June 2015 (Unaudited)								
	Segment 1	Segment 2	Segment 3	Segment 4	Segment 5	Segment 6	Total before adjustments	Adjust- ments	Total
Interest income on transactions with external clients	90,879	32,944	8,180	6,626	21,403	1,169	161,201	-	161,201
Interest expense on transactions with external clients	(78,902)	(25,076)	(2,827)	(2,509)	(10,335)	(314)	(119,963)	-	(119,963)
<b>Net interest income on transactions with external clients</b>	<b>11,977</b>	<b>7,868</b>	<b>5,353</b>	<b>4,117</b>	<b>11,068</b>	<b>855</b>	<b>41,238</b>	-	<b>41,238</b>
Intersegment net interest income/(expense)	6,045	(4,610)	(2,747)	(1,178)	(5,445)	7,532	(403)	403	-
(Provision for)/reversal of impairment of interest earning assets	(43,562)	(13,852)	(16,991)	(2,064)	(1,725)	136	(78,058)	1,116	(76,942)
<b>Net interest income/(expense) after provision for impairment of interest-bearing assets</b>	<b>(25,540)</b>	<b>(10,594)</b>	<b>(14,385)</b>	<b>875</b>	<b>3,898</b>	<b>8,523</b>	<b>(37,223)</b>	<b>1,519</b>	<b>(35,704)</b>
Net fee and commission income on transactions with external clients	1,212	956	1,029	889	11	25	4,122	-	4,122
Intersegment net fee and commission income/(expense)	131	9	-	(117)	(43)	-	(20)	20	-
Other non-interest income/(expense) on transactions with external clients	(14,103)	1,493	2,334	7,650	25	(970)	(3,571)	-	(3,571)
Non-interest expense on transactions with external clients	(11,751)	(7,177)	(4,956)	(2,138)	(5,183)	(4,978)	(36,183)	-	(36,183)
Other intersegment non-interest income/(expense)	(32,572)	(786)	(293)	(5,953)	233	486	(38,885)	38,885	-
<b>Segment profit/(loss) before income tax</b>	<b>(82,623)</b>	<b>(16,099)</b>	<b>(16,271)</b>	<b>1,206</b>	<b>(1,059)</b>	<b>3,086</b>	<b>(111,760)</b>	<b>40,424</b>	<b>(71,336)</b>
Income tax expense									(2,155)
<b>Loss for the period</b>									<b>(73,491)</b>

*(in millions of Russian rubles)***6. Segment information (continued)**

	For the six-month period ended 30 June 2014						Total before adjustments	Adjust- ments	Total
	(Unaudited, restated)								
	Segment 1	Segment 2	Segment 3	Segment 4	Segment 5	Segment 6			
Interest income on transactions with external clients	76,190	23,735	7,734	4,115	17,111	347	129,232	-	129,232
Interest expense on transactions with external clients	(59,269)	(11,493)	(3,013)	(1,112)	(6,409)	-	(81,296)	-	(81,296)
<b>Net interest income on transactions with external clients</b>	<b>16,921</b>	<b>12,242</b>	<b>4,721</b>	<b>3,003</b>	<b>10,702</b>	<b>347</b>	<b>47,936</b>	-	<b>47,936</b>
Intersegment net interest income/(expense)	4,830	(3,959)	(1,749)	(751)	(2,567)	4,404	208	(208)	-
(Provision for)/ reversal of impairment of interest-earning assets	(90,672)	(4,590)	(2,679)	(636)	(2,190)	363	(100,404)	507	(99,897)
<b>Net interest income/(expense) after provision for impairment of interest-bearing assets</b>	<b>(68,921)</b>	<b>3,693</b>	<b>293</b>	<b>1,616</b>	<b>5,945</b>	<b>5,114</b>	<b>(52,260)</b>	<b>299</b>	<b>(51,961)</b>
Net fee and commission income/ (expense) on transactions with external clients	1,069	854	490	689	61	(2)	3,161	-	3,161
Intersegment net fee and commission income/(expense)	115	18	(6)	(101)	(26)	-	-	-	-
Other non-interest income on transactions with external clients	74,798	4,672	2,882	878	878	4,178	88,286	-	88,286
Non-interest expense on transactions with external clients	(11,434)	(9,971)	(2,407)	(1,586)	(4,752)	(5,689)	(35,839)	-	(35,839)
Other intersegment non-interest income/(expense)	(9,108)	315	(1,484)	(9)	230	44	(10,012)	10,012	-
<b>Segment profit/(loss) before income tax and hyperinflation effect</b>	<b>(13,481)</b>	<b>(419)</b>	<b>(232)</b>	<b>1,487</b>	<b>2,336</b>	<b>3,645</b>	<b>(6,664)</b>	<b>10,311</b>	<b>3,647</b>
Loss on net monetary position resulting from hyperinflation	-	-	-	(675)	-	-	(675)	-	(675)
Income tax expense									(490)
<b>Profit for the period</b>									<b>2,482</b>

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

	30 June 2015 (Unaudited)	31 December 2014
<b>Segment assets</b>		
Segment 1	2,580,315	2,642,182
Segment 2	648,261	667,691
Segment 3	138,772	180,125
Segment 4	107,526	93,527
Segment 5	516,907	510,615
Segment 6	293,065	255,029
<b>Total before deducting intersegment assets</b>	<b>4,284,846</b>	<b>4,349,169</b>
Intersegment assets	(510,285)	(525,793)
Adjustments	83,979	62,444
<b>Total assets</b>	<b>3,858,540</b>	<b>3,885,820</b>

*(in millions of Russian rubles)***6. Segment information (continued)**

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

	<b>30 June 2015 (Unaudited)</b>	<b>31 December 2014</b>
<b>Segment liabilities</b>		
Segment 1	2,594,793	2,626,673
Segment 2	607,557	618,868
Segment 3	138,861	169,503
Segment 4	94,298	79,938
Segment 5	491,337	483,682
Segment 6	65,021	49,211
<b>Total before deducting intersegment liabilities</b>	<b>3,991,867</b>	<b>4,027,875</b>
Intersegment liabilities	(510,285)	(525,793)
Adjustments	(387)	5,173
<b>Total liabilities</b>	<b>3,481,195</b>	<b>3,507,255</b>

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

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

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

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

	<b>30 June 2015 (Unaudited)</b>	<b>31 December 2014</b>
Interest-bearing loans and deposits from the Bank of Russia	293,867	219,594
Interest-bearing loans and deposits from the Federal Treasury	200,630	204,339
Repurchase agreements with the Bank of Russia	64,924	96,182
Settlements related to redemption of Russian Government loans	43,433	28,848
Deposits of non-budgetary funds	11,442	10,042
Other amounts	241	273
<b>Amounts due to the Russian Government, its institutions and the Bank of Russia</b>	<b>614,537</b>	<b>559,278</b>

At 30 June 2015, interest-bearing loans and deposits from the Bank of Russia include short-term and long-term loans with the carrying amount of RUB 94,674 million (31 December 2014: RUB 181,853 million) secured by bank guarantees.

At 30 June 2015, interest-bearing loans and deposits from the Bank of Russia also include loans in the amount of RUB 175,752 million (31 December 2014: RUB 14,461 million) secured by the pledge of the rights of claims under loans to customers with the carrying amount of RUB 254,049 million (31 December 2014: RUB 18,687 million) (Note 12).

(in millions of Russian rubles)

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

At 30 June 2015, interest-bearing loans and deposits from the Bank of Russia also include loans in the amount of RUB 23,025 million (31 December 2014: RUB 22,955 million) secured by the pledge of the rights of claims under amounts due from banks with the carrying amount of RUB 31,829 million (31 December 2014: RUB 29,466 million) (Note 11).

In March 2015, RUB-denominated deposit from the Federal Treasury intended to finance banks and legal entities supporting small and medium enterprises was extended by ten years at an interest rate below market level. "SME Bank", a subsidiary bank, is responsible for implementing such financial support. The Group derecognized the initial liability and recognized a new one. There was no movement in cash flows. For the reporting period ended 30 June 2015, "Gains from the initial recognition of financial instruments" in the amount of RUB 14,479 million were recognized in the consolidated statement of profit or loss. Loss from the early repayment of deposit in the amount of RUB 1,333 million is recorded in "Gains less losses from initial recognition of financial instruments", changes in commitments and early repayment in the consolidated statements of profit or loss. At 30 June 2015, such deposit amounted to RUB 16,120 million (31 December 2014: RUB 29,068 million).

At 30 June 2015, under the repurchase agreements with the Bank of Russia, the Group sold debt securities with a fair value of RUB 67,741 million, subject to repurchase (31 December 2014: RUB 100,873 million) (Note 10). Pledged securities are classified as trading financial assets with a fair value of RUB 577 million (31 December 2014: RUB 451 million), investment financial assets available for sale with a fair value of RUB 63,792 million (31 December 2014: RUB 58,869 million), investment financial assets held to maturity with a fair value of RUB 3,372 million (31 December 2014: RUB 29,210 million). At 30 June 2015, there were no pledged securities classified as amounts due from banks (31 December 2014: RUB 1,748 million). At 30 June 2015, there were no pledged securities classified as loans to customers (31 December 2014: RUB 10,595 million).

At 30 June 2015 deposits of non-budgetary funds include RUB-denominated short-term deposits the subsidiary banks in the amount of RUB 11,442 million (31 December 2014: RUB 10,042 million).

At 30 June 2015, repurchase agreements with the Bank of Russia also include funds received from the Bank of Russia and collateralized by securities that were acquired under a reverse repurchase agreements with a fair value of RUB 970 million (31 December 2014: RUB 4,117 million).

### *Subordinated deposits*

In September 2014, the agreements for depositing the foreign currency funds of the National Welfare Fund ("NWF") with Vnesheconombank in the total amount of USD 5,966 million (equivalent to RUB 228,502 million as at the agreement date) were signed. In accordance with Resolution No. 1749-r of the Russian Government dated 6 September 2014, USD 5,966 million were deposited under subordination terms for the purpose of the additional capitalization of Vnesheconombank maturing in 15 years at the interest rate below the market level. At 30 June 2015, such deposits amounted to RUB 307,293 million (31 December 2014: RUB 303,015 million).

*(in millions of Russian rubles)***8. Cash and cash equivalents**

Cash and cash equivalents comprise:

	<b>30 June 2015 (Unaudited)</b>	<b>31 December 2014</b>
Cash on hand	14,946	22,424
Current accounts with the Bank of Russia	48,761	37,728
Correspondent nostro accounts with banks and current accounts with other non-banking organizations:		
- the Russian Federation	51,731	56,352
- other countries	82,406	112,677
Interest-bearing loans and deposits maturing within 90 days:		
- due from the Bank of Russia	-	8,500
- due from banks	102,436	79,448
Other cash equivalents	8,053	-
Reverse repurchase agreements with banks for up to 90 days	3,523	8,798
<b>Cash and cash equivalents</b>	<b>311,856</b>	<b>325,927</b>

Other cash equivalents include short-term receivable from a state-related Russian bank for the repayment of its debt securities issued.

At 30 June 2015, reverse repurchase agreements included loans in the amount of RUB 52 million (31 December 2014: RUB 8,798 million) provided to banks and secured by corporate bonds with a fair value of RUB 57 million (31 December 2014: RUB 11,214 million), as well as loans in the amount of RUB 3,471 million provided to banks and secured by corporate shares with a fair value of RUB 4,003 million. At 31 December 2014, there were no reverse repurchase agreements with banks secured by corporate shares.

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

Financial assets at fair value through profit or loss comprise:

	<b>30 June 2015 (Unaudited)</b>	<b>31 December 2014</b>
Trading financial assets	14,601	12,034
Derivative financial assets	10,642	11,220
Financial assets designated as at fair value through profit or loss	23,651	21,092
<b>Financial assets at fair value through profit or loss</b>	<b>48,894</b>	<b>44,346</b>

***Trading financial assets***

Trading financial assets held by the Group comprise:

	<b>30 June 2015 (Unaudited)</b>	<b>31 December 2014</b>
<b>Debt securities</b>		
Corporate bonds	5,549	4,022
Russian State Bonds (OFZ)	1,163	88
	<b>6,712</b>	<b>4,110</b>
Eurobonds issued by the Russian Federation	330	347
Eurobonds of Russian and foreign issuers	710	706
	<b>7,752</b>	<b>5,163</b>
Other debt financial assets	519	626
	<b>8,271</b>	<b>5,789</b>
<b>Equity securities</b>	6,330	6,245
<b>Trading financial assets</b>	<b>14,601</b>	<b>12,034</b>



*(in millions of Russian rubles)***9. Financial assets and liabilities at fair value through profit or loss (continued)***Derivative financial instruments*

As at 30 June 2015 and 31 December 2014, derivative financial instruments consist of:

	30 June 2015 (Unaudited)			31 December 2014		
	Notional principal	Fair value		Notional principal	Fair value	
		Asset	Liability		Asset	Liability
<b>Foreign exchange contracts</b>						
Forwards and swaps – foreign	39,780	653	0	1,411	14	0
Forwards and swaps – domestic	942	1	0	7,720	329	195
<b>Forward contracts for securities</b>						
Debt securities	187	1	1	898	58	–
Equity securities	1,097	299	–	1,050	253	21
<b>Interest rate swaps</b>						
Foreign contracts	9,334	–	491	10,015	–	596
Domestic contracts	–	–	–	703	–	5
Option contracts with securities	2,725	3,040	–	2,627	3,293	–
Option contracts with foreign currency	3,735	925	–	3,301	733	–
Cross-currency interest rate swap	41,462	5,723	534	41,921	6,540	1,853
<b>Total derivative assets/liabilities</b>		<b>10,642</b>	<b>1,026</b>		<b>11,220</b>	<b>2,670</b>

*Financial assets designated as at fair value through profit or loss*

Financial assets designated as at fair value through profit or loss include investments in associates in the amount of RUB 12,227 million (31 December 2014: RUB 11,874 million) and jointly controlled entities in the amount of RUB 5,751 million (31 December 2014: RUB 4,001 million) that meet the criteria to be designated as at fair value through profit or loss since the Group management measures the performance of these investments in terms of changes in their fair value based on quoted prices in an open market, valuation models, using both observable and non-observable market data.

*(in millions of Russian rubles)***10. Financial assets pledged under repurchase agreements**

Financial assets pledged as collateral under repurchase agreements comprise:

	<b>30 June 2015 (Unaudited)</b>	<b>31 December 2014</b>
<b>Financial assets at fair value through profit or loss pledged under repurchase agreements</b>		
Eurobonds of Russian and foreign issuers	577	–
Corporate bonds	–	451
<b>Total financial assets at fair value through profit or loss pledged under repurchase agreements</b>	<b>577</b>	<b>451</b>
<b>Investment financial assets available for sale pledged under repurchase agreements</b>		
Corporate bonds	51,358	46,918
Equity securities	4,064	255
Eurobonds issued by the Russian Federation	2,911	10,198
Eurobonds of Russian and foreign issuers	10,222	1,555
Russian State Bonds (OFZ)	174	501
Municipal and sub-federal bonds	–	97
<b>Total investment financial assets available for sale pledged under repurchase agreements</b>	<b>68,729</b>	<b>59,524</b>
<b>Investment financial assets held to maturity pledged under repurchase agreements</b>		
Corporate bonds	877	28,273
Eurobonds of Russian and foreign issuers	2,263	2,117
Eurobonds issued by the Russian Federation	196	–
Municipal and sub-federal bonds	–	438
<b>Total investment financial assets held to maturity pledged under repurchase agreements</b>	<b>3,336</b>	<b>30,828</b>
Amounts due from banks pledged under repurchase agreements	–	1,845
<b>Total amounts due from banks pledged under repurchase agreements</b>	<b>–</b>	<b>1,845</b>
<b>Loans to customers pledged under repurchase agreements (Note 12)</b>		
Other	–	11,221
Less allowance for impairment (Note 19)	–	(188)
<b>Total loans to customers pledged under repurchase agreements</b>	<b>–</b>	<b>11,033</b>
<b>Total financial assets pledged under repurchase agreements</b>	<b>72,642</b>	<b>103,681</b>

*(in millions of Russian rubles)***11. Amounts due from banks**

Amounts due from banks comprise:

	<b>30 June 2015 (Unaudited)</b>	<b>31 December 2014</b>
Obligatory reserve with central banks	4,807	4,710
Non-interest-bearing deposits	26,004	11,448
Subordinated loans	49,647	48,940
Interbank loans and term interest-bearing deposits with banks	109,502	106,846
Mortgage bonds	8,353	8,889
	<b>198,313</b>	<b>180,833</b>
Less allowance for impairment (Note 19)	(2,825)	(2,535)
<b>Amounts due from banks</b>	<b>195,488</b>	<b>178,298</b>

At 30 June 2015, subordinated loans issued to banks include loans in the amount of RUB 49,647 million issued to eleven Russian banks in accordance with Federal Law No. 173-FZ carrying interest at 6.5% p.a. and 7.5% p.a. and maturing from November 2017 through December 2020. At 31 December 2014, subordinated loans issued to banks include loans in the amount of RUB 48,940 million issued to eleven Russian banks, carrying annual interest at 6.5% and 7.5% and maturing from November 2017 through December 2020.

At 30 June 2015, interbank loans and term interest-bearing deposits with banks with carrying amount of RUB 31,829 million (31 December 2014: RUB 29,466 million) are pledged as collateral under loans raised from the Bank of Russia (Note 7).

For the six-month period ended 30 June 2015 loss of RUB 3,628 million on initial recognition of loans issued under the program of extending loans to small and medium enterprises through a Russian subsidiary bank was recognised in "Gains less losses on initial recognition of financial instruments", restructuring and early repayment of the consolidated statement of profit or loss.

**12. Loans to customers**

Loans to customers comprise:

	<b>30 June 2015 (Unaudited)</b>	<b>31 December 2014 (Restated)</b>
Project financing	1,376,752	1,345,701
Commercial loans, including loans to individuals	1,036,286	1,050,870
Financing of operations with securities	243,554	242,276
Export and pre-export financing	60,055	55,065
Reverse repurchase agreements	38,144	40,756
Back-to-back financing	36,199	35,905
Claims under letters of credit	21,139	20,952
Mortgage bonds	7,516	8,368
Promissory notes	3,672	3,530
Other	40,935	29,942
	<b>2,864,252</b>	<b>2,833,365</b>
Less allowance for impairment (Note 19)	(630,484)	(582,162)
<b>Loans to customers</b>	<b>2,233,768</b>	<b>2,251,203</b>
<b>Loans to customers pledged under repurchase agreements (Note 10)</b>		
Other	-	11,221
Less allowance for impairment (Note 19)	-	(188)
<b>Total loans to customers pledged under repurchase agreements</b>	<b>-</b>	<b>11,033</b>
<b>Loans to customers including those pledged under repurchase agreements</b>	<b>2,233,768</b>	<b>2,262,236</b>

*(in millions of Russian rubles)***12. Loans to customers (continued)**

At 30 June 2015, reverse repurchase agreements with a carrying amount of RUB 11,874 million were signed primarily in respect of shares with a fair value of RUB 10,555 million, marketable corporate bonds with a fair value of RUB 1,084 million, and promissory notes of Russian banks with a fair value of RUB 118 million. At 31 December 2014, reverse repurchase agreements with a carrying amount of RUB 16,251 million were signed in respect of shares with a fair value of RUB 8,428 million, marketable corporate bonds with a fair value of RUB 7,159 million and promissory notes of Russian banks with a fair value of RUB 298 million.

Reverse repurchase agreements also include a loan to a state-related entity with a carrying amount of RUB 10,448 million as at 30 June 2015 (31 December 2014: RUB 9,965 million), and a loan to an entity not related to the Group with a carrying amount of RUB 14,933 million as at 30 June 2015 (31 December 2014: RUB 14,540 million). In 2014, the Bank provided RUB 25,081 million to the first borrower through acquisition of non-marketable shares of another state-related entity.

During the six-month period ended 30 June 2015, the Bank entered into a reverse repurchase agreement on non-market terms with a state-related entity. Loss on initial recognition in the amount of RUB 350 million was recognized in the consolidated statement of profit or loss. At 30 June 2015, the carrying value of the loan amounted to RUB 889 million.

During the six-month period ended 30 June 2015, the Bank entered into an agreement for providing project financing to a state-related entity at the below-market interest rate. Loss of RUB 1,617 million was recognized upon initial recognition of the respective commitment. At 30 June 2015, the carrying value of the loan amounted to RUB 4,552 million, the carrying value of the commitment to provide the loan at the below-market interest rate recognized in "Other liabilities" and amounted to RUB 1,075 million.

At 30 June 2015, loans in the amount of RUB 254,049 million related to project financing and corporate loans are provided as collateral under funds raised from the Bank of Russia (31 December 2014: RUB 18,687 million) (Note 7).

Loans were made principally in the following industry sectors:

	<b>30 June 2015</b>	<b>%</b>	<b>31 December 2014</b>	<b>%</b>
	<b>(Unaudited)</b>		<b>(Restated)</b>	
Manufacturing, including heavy machinery and the production of military-related goods	756,354	26	705,299	25
Finance	674,702	24	681,137	24
Real estate and construction	557,550	19	563,520	20
Agriculture	169,586	6	171,008	6
Electric energy	116,509	4	118,445	4
Transport	99,064	4	94,002	3
Trade	98,807	4	100,914	4
Individuals	76,947	3	77,988	3
Oil and gas	66,606	2	72,010	3
Mining	62,194	2	60,379	2
Metallurgy	57,950	2	56,321	2
Foreign states	31,932	1	26,492	1
Research and education	25,241	1	34,737	1
Telecommunications	16,567	1	20,437	1
Logistics	7,715	0	8,242	0
Regional authorities	4,858	0	9,248	0
Mass media	631	0	904	0
Other	41,039	1	43,503	1
	<b>2,864,252</b>	<b>100</b>	<b>2,844,586</b>	<b>100</b>

*(in millions of Russian rubles)***12. Loans to customers (continued)**

At 30 June 2015, the total outstanding amount of loans to three major borrowers/groups of related borrowers was RUB 476,412 million, equivalent to 16.6% of the Group's gross loan portfolio (31 December 2014: RUB 482,700 million or 17.0% of the Group's gross loan portfolio). At 30 June 2015, an allowance for impairment of RUB 166,118 million was made against these loans (31 December 2014: RUB 168,639 million). At 30 June 2015, these loans included loans issued to an associate of the Group involved in the real estate business, which accounted for 6.7% of the gross loan portfolio (31 December 2014: 6.8%).

At 30 June 2015 and 31 December 2014, in addition to the three major borrowers mentioned above, loans were issued to ten other major borrowers/groups of related borrowers in the amount of RUB 611,200 million and RUB 598,796 million or 21.3% and 21.1% of the Group's gross loan portfolio, respectively. At 30 June 2015 and 31 December 2014, an allowance for impairment was made against these loans in the total amount of RUB 143,757 million and RUB 151,274 million, respectively.

Loans were extended to the following types of customers:

	<b>30 June 2015</b> <b>(Unaudited)</b>	<b>31 December 2014</b> <b>(Restated)</b>
Private companies	2,284,363	2,290,075
State-controlled entities (Russian Federation)	401,493	380,555
Individuals	76,947	77,988
Companies under foreign state control	63,207	58,455
Foreign states	31,932	26,492
Regional authorities	4,858	9,248
Individual entrepreneurs	1,452	1,773
	<b>2,864,252</b>	<b>2,844,586</b>

**13. Net investments in leases**

Net investments in leases comprise:

	<b>30 June 2015</b> <b>(Unaudited)</b>	<b>31 December 2014</b> <b>(Restated)</b>
Gross investments in leases	487,091	505,046
Less unearned finance lease income	(111,573)	(120,212)
	<b>375,518</b>	<b>384,834</b>
Less allowance for impairment (Note 19)	(5,080)	(4,071)
<b>Net investments in leases</b>	<b>370,438</b>	<b>380,763</b>

As at 30 June 2015 and 31 December 2014, certain leased-out assets were pledged as collateral under loans received. At 30 June 2015 and 31 December 2014, the amount of net investments in leases related to assets pledged as collateral under loan agreements was RUB 44,635 million and RUB 49,968 million, respectively.

As at 30 June 2015, the share of the largest Russian lessee was RUB 82,500 million, or 22% of total net investments in leases before allowance for impairment. The second largest amount of investments in leases issued to the group of related lessees was RUB 58,337 million or 16% of total net investments in leases before allowance for impairment. As at 30 June 2015, the amount of allowance with respect to the assets attributable to the first lessee is RUB 247 million, attributable to the second lessee is RUB 465 million. The mentioned lessee and the group of related lessees operate in the transport sector.

*(in millions of Russian rubles)***13. Net investments in leases (continued)**

As at 31 December 2014, the share of the largest Russian lessee was RUB 87,558 million, or 23% of total net investments in leases before allowance for impairment. The amount of investments in leases issued to the group of related lessees was RUB 53,276 million or 14% of total net investments in leases before allowance for impairment. As at 31 December 2014, the amount of allowance with respect to the assets attributable to the first lessee is RUB 263 million, attributable to the second group is RUB 373 million. The mentioned lessee and the group of related lessees operate in the transport sector.

Below is the maturity profile of gross and net investments in leases as at 30 June 2015:

	Not later than 1 year	1 to 5 years	Later than 5 years	Total
	<b>(Unaudited)</b>			
Gross investments in leases	109,263	255,497	122,331	<b>487,091</b>
Less unearned finance lease income	(6,141)	(60,445)	(44,987)	<b>(111,573)</b>
<b>Net investments in leases before allowance</b>	<b>103,122</b>	<b>195,052</b>	<b>77,344</b>	<b>375,518</b>

Below is the maturity profile of gross and net investments in leases as at 31 December 2014:

	Not later than 1 year	1 to 5 years	Later than 5 years	Total
Gross investments in leases	104,781	264,621	135,644	<b>505,046</b>
Less unearned finance lease income	(6,426)	(63,138)	(50,648)	<b>(120,212)</b>
<b>Net investments in leases before allowance</b>	<b>98,355</b>	<b>201,483</b>	<b>84,996</b>	<b>384,834</b>

**14. Investment financial assets***Investment financial assets available for sale*

Investment financial assets available for sale comprise:

	30 June 2015 (Unaudited)	31 December 2014
<b>Debt securities</b>		
Corporate bonds	63,165	67,011
Debt instruments issued by foreign government bodies	21,675	20,649
Promissory notes	2,639	8,766
Russian state bonds (OFZ)	3,832	2,067
Municipal and sub-federal bonds	3,736	1,872
	<b>95,047</b>	<b>100,365</b>
Eurobonds of Russian and foreign issuers	23,923	35,179
Eurobonds issued by the Russian Federation	9,345	15,187
	<b>128,315</b>	<b>150,731</b>
<b>Equity securities</b>	197,478	181,812
<b>Other financial assets available for sale</b>	36,165	36,174
<b>Investment financial assets available for sale</b>	<b>361,958</b>	<b>368,717</b>

The Group recognized an impairment loss of RUB 18,957 million on available-for-sale financial assets for the six-month period ended 30 June 2015 (for the six-month period ended 30 June 2014: RUB 3,675 million) in "Gains less losses from investment financial assets available for sale" in the consolidated statement of profit or loss. Included above unrealized loss on revaluation in the amount of RUB 18,480 million was reclassified from equity.

*(in millions of Russian rubles)***14. Investment financial assets (continued)*****Investment financial assets available for sale (continued)***

As a result of the sale of investment financial assets available for sale for the six-month period ended 30 June 2015, the Group recognized part of the accumulated revaluation previously recorded in equity and transferred it to "Gains less losses from investment financial assets available for sale" in the consolidated statement of profit or loss. The realized revaluation gain amounted to RUB 1,065 million (for the six-month period ended 30 June 2014, the amount of realized revaluation was immaterial).

***Investment financial assets held to maturity***

Investment financial assets held to maturity comprise:

	<b>30 June 2015 (Unaudited)</b>	<b>31 December 2014</b>
Corporate bonds	39,300	17,007
Municipal and sub-federal bonds	1,192	790
Russian state bonds (OFZ)	320	309
Promissory notes	237	–
	<b>41,049</b>	<b>18,106</b>
Eurobonds issued by the Russian Federation	204	–
Eurobonds of Russian and foreign issuers	5,921	3,422
	<b>47,174</b>	<b>21,528</b>
Less allowance for impairment (Note 19)	(74)	(81)
<b>Investment financial assets held to maturity</b>	<b>47,100</b>	<b>21,447</b>

The increase in the amount of investment financial assets held to maturity from RUB 21,477 million at 31 December 2014 to RUB 47,100 million at 30 June 2015 relates primarily to repurchase of securities under direct repurchase agreements.

**15. Amounts due to banks**

Amounts due to banks comprise:

	<b>30 June 2015 (Unaudited)</b>	<b>31 December 2014</b>
Correspondent loro accounts of Russian banks	86,281	98,994
Correspondent loro accounts of other banks	3,089	3,150
Loans and other placements from OECD-based banks	419,364	460,385
Loans and other placements from Russian banks	220,203	246,356
Loans and other placements from other banks	158,950	201,655
Repurchase agreements	3,908	–
<b>Amounts due to banks</b>	<b>891,795</b>	<b>1,010,540</b>
<b>Held as collateral against letters of credit</b>	<b>204</b>	<b>172</b>

At 30 June 2015, repurchase agreements with banks included loans of RUB 778 million received from Russian banks and collateralized by investment debt securities available for sale with a fair value of RUB 873 million (31 December 2014: no balances), loans of RUB 52 million received from Russian banks and collateralized by investment debt securities held to maturity with a fair value of RUB 57 million, and loans of RUB 3,078 million received from foreign banks and collateralized by investment equity securities available for sale with a fair value of RUB 4,064 million (31 December 2014: no balances) (Note 10).

*(in millions of Russian rubles)***15. Amounts due to banks (continued)**

At 30 June 2015, there were no loans and other placements from other banks, including loans from foreign banks collateralized by debt instruments issued by foreign government bodies.

At 31 December 2014, loans and other placements from other banks included loans from foreign banks in the amount of RUB 8,230 million collateralized by debt instruments issued by foreign government bodies with a collateral value of RUB 9,709 million.

For the six-month period of 2015, the Group raised long-term financing from OECD-based banks totaling RUB 4,994 million (for the six-month period of 2014: RUB 39,728 million) and repaid long-term financing of RUB 27,564 million (for the six-month period of 2014: RUB 113,142 million) in accordance with contractual terms.

For the six-month period of 2015, the Group raised long-term financing from non-OECD banks totaling RUB 1,276 million (for the six-month period of 2014: RUB 81,509 million) and repaid long-term financing of RUB 2,451 million (for the six-month period of 2014: RUB 4,914 million) in accordance with contractual terms.

For the six-month period of 2015, a leasing company of the Group repaid long-term financing from Russian and foreign banks in the amount of RUB 32,813 million (for the six-month period of 2014: RUB 25,219 million) in accordance with contractual terms. For the six-month period of 2015, the leasing company of the Group did not raise long-term financing from Russian and foreign banks. For the six-month period of 2014, the leasing company of the Group raised long-term financing from Russian and foreign banks in the amount of RUB 37,785 million.

As in 2014 and subsequently in January 2015 S&P downgraded the long-term foreign currency credit rating of Vnesheconombank to BBB- and BB+, respectively, and Moody's downgraded the long-term foreign currency issuer rating of Vnesheconombank to Ba1 in 2015, for a number of loan agreements, lending banks obtained the right to claim the early repayment of previously provided loans. At 30 June 2015, the liabilities of Vnesheconombank under these agreements totaled RUB 447,217 million (31 December 2014: RUB 124,945 million). As at the date of signing these interim condensed consolidated financial statements, Vnesheconombank did not receive notices demanding an acceleration previously provided loans. The creditors under agreements containing credit rating compliance conditions confirmed that they did not require the early repayment. The Bank's management is taking all appropriate liquidity management measures and expects the state to provide support, if necessary.

**16. Amounts due to customers**

Amounts due to customers comprise:

	<b>30 June 2015</b> <b>(Unaudited)</b>	<b>31 December</b> <b>2014</b>
Current accounts	150,861	162,530
Term deposits	395,999	345,551
Repurchase agreements	–	636
Other amounts due to customers	46	11
<b>Amounts due to customers</b>	<b>546,906</b>	<b>508,728</b>
<b>Held as collateral against guarantees</b>	<b>394</b>	<b>481</b>
<b>Held as collateral against letters of credit</b>	<b>5,022</b>	<b>5,459</b>

At 31 December 2014, repurchase agreements with customers include funds of RUB 367 million received from a Russian entity and collateralized by debt securities available for sale with a fair value of RUB 400 million (Note 10) and funds of RUB 269 received from a foreign entity and collateralized by equity securities available for sale with a fair value of RUB 255 million (Note 10).



*(in millions of Russian rubles)***17. Debt securities issued**

Debt securities issued comprise:

	<b>30 June 2015 (Unaudited)</b>	<b>31 December 2014</b>
Eurobonds	535,346	552,028
Domestic bonds	421,704	415,161
Promissory notes	17,415	15,948
Deposit and saving certificates	130	8
<b>Debt securities issued</b>	<b>974,595</b>	<b>983,145</b>
<b>Promissory notes held as collateral against guarantees</b>	<b>769</b>	<b>1,092</b>

For the six-month period ended 30 June 2015, the Group issued/reissued at the domestic market the following bonds:

Period of issue	Maturity	Issue currency	Nominal value of securities issued		
			Currency, million	At the placement date, RUB, million	Secondary placement
(Unaudited)					
January	December 2021	RUB	920	920	Yes
January-February	April 2022	RUB	559	559	Yes
January-March	April 2016	RUB	2,143	2,143	Yes
February	February 2018	RUB	5,000	5,000	–
February	February 2025	RUB	5,000	5,000	–
February	February 2025	RUB	5,000	5,000	–
March	December 2016	BYR	21,202	87	Yes
March	February 2025	RUB	5,000	5,000	–
March	February 2025	RUB	5,000	5,000	–
March	March 2017	RUB	5,000	5,000	–
March	March 2018	RUB	5,000	5,000	–
March	February 2032	RUB	828	828	Yes
March	November 2015	RUB	1,932	1,932	Yes
April	April 2021	RUB	125	125	Yes
April-May	March 2022	RUB	2,009	2,009	Yes
May	May 2017	USD	1	50	Yes
May	May 2018	RUB	5,000	5,000	–
May	September 2016	BYR	12,372	44	Yes
May	September 2017	BYR	14,965	53	Yes
May	December 2021	RUB	3,525	3,525	Yes
May	November 2015	RUB	189	189	Yes
June	June 2020	RUB	4,000	4,000	–

*(in millions of Russian rubles)***17. Debt securities issued (continued)**

For the six-month period ended 30 June 2015, the Group repaid/repurchased the following domestic bonds:

Period of issue	Period of repayment/ repurchase	Issue currency	Nominal value of securities repaid		Nominal value of securities in the portfolios of the Group repayment/repurchase date, RUB, million	Purchase under offering
			Currency, million	At the repayment/ repurchase date, RUB, million		
(Unaudited)						
July 2010	January	RUB	787	787	–	Yes
February 2012	February	RUB	2,000	2,000	–	–
February 2012	February	USD	500	31,065	–	–
December 2013	February	RUB	1,195	1,195	1,170	Yes
June 2012	February	BYR	20,210	85	–	Yes
December 2011	March	BYR	4,000	17	–	Yes
March 2012	March	RUB	828	828	–	Yes
November 2011	March	RUB	649	649	–	Yes
April 2011	April	RUB	125	125	–	Yes
May 2014	May	USD	334	16,669	–	Yes
November 2012	May	RUB	189	189	–	Yes
April 2013	May	RUB	3,209	3,209	–	Yes
November 2013	May	RUB	625	625	–	–
November 2013	May	RUB	625	625	–	–
December 2011	June	RUB	2,682	2,682	–	Yes
December 2011	June	BYR	2,770	10	–	Yes
October 2011	June	BYR	1,260	5	–	Yes
September 2012	June	BYR	14,600	52	–	Yes

**18. Taxation**

Income tax assets and liabilities comprise:

	30 June 2015 (Unaudited)	31 December 2014
Current income tax asset	2,205	2,395
Deferred income tax asset	6,126	5,113
<b>Income tax assets</b>	<b>8,331</b>	<b>7,508</b>
Current income tax liability	166	178
Deferred income tax liability	10,122	7,151
<b>Income tax liabilities</b>	<b>10,288</b>	<b>7,329</b>

Income tax recorded in the consolidated statement of profit or loss comprises:

	For the six-month period ended 30 June	
	2015 (Unaudited)	2014 (Unaudited)
Current tax expense	871	1,447
Deferred tax expense/(benefit) – origination and reversal of temporary differences in the statement of profit or loss	1,284	(957)
<b>Income tax expense</b>	<b>2,155</b>	<b>490</b>

*(in millions of Russian rubles)***19. Allowance for impairment and provisions**

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

	Amounts due from banks	Loans to customers, including those pledged under repurchase agreements (Restated)	Net investments in leases (Restated)	Total
<b>31 December 2013</b>	<b>1,082</b>	<b>289,586</b>	<b>1,903</b>	<b>292,571</b>
Charge (Unaudited)	453	98,575	869	<b>99,897</b>
Write-offs (Unaudited)	–	(3,584)	(168)	<b>(3,752)</b>
Reversal of allowance previously written off (Unaudited)	–	403	–	<b>403</b>
Interest accrued on impaired loans (Unaudited)	–	(4,752)	–	<b>(4,752)</b>
<b>30 June 2014 (Unaudited, restated)</b>	<b>1,535</b>	<b>380,228</b>	<b>2,604</b>	<b>384,367</b>
<b>31 December 2014 (Restated)</b>	<b>2,535</b>	<b>582,350</b>	<b>4,071</b>	<b>588,956</b>
Charge/(reversal) (Unaudited, restated)	290	75,643	1,009	<b>76,942</b>
Write-offs (Unaudited)	–	(9,937)	–	<b>(9,937)</b>
Reversal of allowance previously written off (Unaudited)	–	79	–	<b>79</b>
Interest accrued on impaired loans (Unaudited)	–	(17,651)	–	<b>(17,651)</b>
<b>30 June 2015 (Unaudited)</b>	<b>2,825</b>	<b>630,484</b>	<b>5,080</b>	<b>638,389</b>

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

	Investment financial assets	Investments in associates	Other assets	Claims	Insurance activities	Guarantees and commitments	Total
<b>31 December 2013</b>	<b>74</b>	<b>–</b>	<b>4,309</b>	<b>85</b>	<b>902</b>	<b>470</b>	<b>5,840</b>
Charge/(reversal) (Unaudited)	–	–	2,347	(23)	189	(293)	<b>2,220</b>
<b>30 June 2014 (Unaudited)</b>	<b>74</b>	<b>–</b>	<b>6,656</b>	<b>62</b>	<b>1,091</b>	<b>177</b>	<b>8,060</b>
<b>31 December 2014</b>	<b>81</b>	<b>–</b>	<b>11,249</b>	<b>341</b>	<b>2,440</b>	<b>3,664</b>	<b>17,775</b>
Charge (Unaudited)	–	47	1,724	59	582	2,706	<b>5,118</b>
Write-offs (Unaudited)	(7)	–	(11)	(120)	–	(522)	<b>(660)</b>
Reversal of allowance previously written off (Unaudited)	–	–	146	–	–	–	<b>146</b>
<b>30 June 2015 (Unaudited)</b>	<b>74</b>	<b>47</b>	<b>13,108</b>	<b>280</b>	<b>3,022</b>	<b>5,848</b>	<b>22,379</b>

Allowances for impairment of assets are deducted from the carrying amounts of the related assets. Provisions for claims, insurance activities, guarantees and commitments are recorded within liabilities.

*(in millions of Russian rubles)***20. Interest income and expense**

Interest income and expense comprise:

	For the three-month period ended 30 June (Unaudited)		For the six-month period ended 30 June (Unaudited)	
	2015	2014	2015	2014
<b>Interest income</b>				
Loans to customers	59,471	40,938	115,525	79,931
Amounts due from banks and cash equivalents	5,658	9,902	12,192	20,075
Investment securities	5,917	5,109	12,055	10,184
	<b>71,046</b>	<b>55,949</b>	<b>139,772</b>	<b>110,190</b>
Finance leases	9,370	8,318	19,293	16,266
Financial assets at fair value through profit or loss	237	521	410	1,145
Other investment financial assets available for sale	811	811	1,612	1,612
Government grant used	72	19	114	19
	<b>81,536</b>	<b>65,618</b>	<b>161,201</b>	<b>129,232</b>
<b>Interest expense</b>				
Amounts due to banks and the Bank of Russia	(23,027)	(14,723)	(46,457)	(29,212)
Amounts due to customers and the Russian Government	(18,653)	(16,450)	(38,798)	(32,464)
Debt securities issued	(17,438)	(9,524)	(34,286)	(19,422)
Finance lease liabilities	(193)	(117)	(422)	(198)
	<b>(59,311)</b>	<b>(40,814)</b>	<b>(119,963)</b>	<b>(81,296)</b>

**21. Equity*****Charter capital***

In accordance with Article 18 of the Federal Law, the Bank's charter capital is formed, in particular, from asset contributions of the Russian Federation made according to resolutions of the Russian Government.

In accordance with the Federal Law No. 109-FZ, dated 2 May 2015, *On the particulars of transfer in 2015 of profits received by the Central Bank of the Russian Federation as a result of the year 2014*, in May 2015 the Bank of Russia made an asset contribution of RUB 27,502 million (15% of the income) to the charter capital of Vnesheconombank.

***Additional paid-in capital***

In December 2014, in accordance with the Federal Law No. 349-FZ, dated 2 December 2013, *On the Federal Budget for 2014 and the Planned Period of 2015 and 2016*, the Bank received a subsidy from the Russian Ministry of Finance in the form of an asset contribution of RUB 2,328 million to purchase 2,129 units additionally issued by Mutual Fund RDIF. In April 2015, these funds were fully used as intended and recognized in "Additional paid-in capital".

In June 2015, in accordance with the Federal Law No. 384-FZ, dated 1 January 2014, *On the Federal Budget for 2015 and the Planned Period of 2016 and 2017*, Vnesheconombank received a subsidy of RUB 10,000 million from the federal budget in the form of an asset contribution of the Russian Federation to purchase shares of EXIAR in order to increase the charter capital of EXIMBANK OF RUSSIA under subprogram "Establishing the National System to Support the Development of the Foreign Economic Activity" of the state program of the Russian Federation "Development of the Foreign Economic Activity". These funds were fully used by Vnesheconombank to acquire 10,000,000 shares of EXIAR.

(in millions of Russian rubles)

## 22. Commitments and contingencies

### *Operating environment*

The Russian, Belarusian and Ukrainian economies are vulnerable to the market downturns and economic slowdowns elsewhere in the world.

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

In 2014, certain sectoral sanctions against Russia were imposed by several countries. In July and September 2014, Vnesheconombank and its subsidiaries became subject to these sanctions. The sanctions mainly affect the ability of Vnesheconombank Group to attract equity and debt financing in the USA, Canada and EU countries for more than 30 days.

In 2015, a significant drop in crude oil prices and a significant devaluation of the Russian ruble, as well as sanctions imposed on Russia continued to have an adverse effect on the Russian economy. The ruble interest rates remained high as a result of raising the key interest rate by the Central Bank of Russia in December 2014 with an incremental decrease in 2015. In January 2015, Russia's credit rating was downgraded by Fitch Ratings to BBB-; Moody's assigned a Baa3 rating, whilst Standard & Poor's cut it to BB+ for the first time in a decade. In February 2015, Moody's downgraded Russia's rating from Baa3 to Ba1. The forecast of all agencies is negative, meaning that the situation will likely deteriorate further.

In January 2015, international rating agencies downgraded the ratings of Vnesheconombank to BBB- (long-term foreign currency issuer's default rating assigned by Fitch), Baa3 (long-term foreign currency issuer credit rating assigned by Moody's) and BB+ (long term foreign currency debt rating assigned by S&P). In February 2015, international rating agency Moody's downgraded the long-term foreign currency credit rating of Vnesheconombank to Ba1.

In combination, these factors resulted in reduced access to capital, a higher cost of capital, higher inflation and uncertainty about economic growth, which could adversely affect the Group's financial position, results of operations and business prospects.

The Group's management takes into consideration the factors above and believes it is taking appropriate measures to support the sustainability of the Group's business in the current circumstances.

As an emerging market, the Republic of Belarus does not possess a well-developed business and regulatory infrastructure that would generally exist in more mature market economies. The economy of the Republic of Belarus ceased to be hyperinflationary from 1 January 2015. The future stability of the Belarusian economy depends to a large extent on the reforms and developments and the effectiveness of the economic, financial and monetary measures taken by the Belarusian Government.

In 2015, the Government of the Republic of Belarus continued to apply stabilization measures aimed at the support of the economy in order to overcome the consequences of the world financial crisis. The world financial crisis led to an uncertainty in respect of further economic growth, availability of financing and cost of capital, which could adversely affect the Group's financial position, results of operations and business prospects.

In 2014-2015, political and economic uncertainty in Ukraine increased significantly. This uncertainty was taken into account at estimating assets and liabilities of the Group that are related to its activities in Ukraine as at 30 June 2015.

(in millions of Russian rubles)

## 22. Commitments and contingencies (continued)

### *Operating environment (continued)*

In 2014, the economic and political situation in Ukraine deteriorated significantly. This resulted in the decrease of gross domestic product, significant deficit of external balance and drastic reduction of foreign currency reserves. Moreover, during the period from 1 January 2014 to 27 August 2015, the Ukrainian hryvnia depreciated against major currencies approximately by 36%, and the National Bank of Ukraine imposed certain restrictions on transactions in foreign currencies, as well as on certain international settlements including dividend payments. International rating agencies downgraded the Ukraine's sovereign debt rating. In March 2015, Ukraine completed negotiations on the program of extending loans with the International Monetary Fund, the results of which require the Government of Ukraine to take certain austerity measures. The combination of these events resulted in deterioration of liquidity and tighter credit conditions when lending is available.

Information about the risk the Group is exposed to in Ukraine as at 30 June 2015 is provided in Note 6 "Segment information". As disclosed earlier, Segment 3 includes PSC Prominvestbank: its income/expenses, profit/loss, assets and liabilities; and represents the Group's banking activity in Ukraine. As at 30 June 2015, assets of the Group exposed to risks of consequences arising from the situation in the Ukraine comprise loans provided by the Group's subsidiary with a carrying amount of RUB 18,665 million (before allowance for impairment of these loans in the amount of RUB 5,444 million as at 30 June 2015), and other assets in the amount of RUB 4,757 million (before allowance for impairment of RUB 3,402 million). As at 31 December 2014, loans to customers of the Group's subsidiary amounted to RUB 17,124 million (allowance for impairment amounted to RUB 4,410 million), and other assets in the amount of RUB 4,656 million (allowance for impairment amounted to RUB 2,774 million).

The Group's management also believes that as at 30 June 2015, the loans with a carrying amount of RUB 469,595 million (before allowance for impairment) (as at 31 December 2014: RUB 474,495 million) provided to the third parties for purchasing securities and financing the Ukrainian metallurgical enterprises are exposed to risks of consequences arising from the situation in the Ukraine. As at 30 June 2015, an allowance for impairment of these loans amounted RUB 144,622 million (as at 31 December 2014: RUB 149,559 million).

The Group continues to monitor the situation in Ukraine and take corresponding measures to minimize the effect of these risks. Further potential deterioration of the current situation in Ukraine may have a negative impact on the Group's financial position, which at present is hardly determinable.

### *Legal issues*

The Group is involved in a number of legal actions related to the Group's ordinary activities. Management believes that the ultimate liability, if any, arising from such actions or complaints will not have a material adverse effect on the financial condition or the results of future operations of the Group. Movements in provisions for legal claims are disclosed in Note 19.

### *Taxation*

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

*(in millions of Russian rubles)***22. Commitments and contingencies (continued)*****Taxation (continued)***

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

As at 30 June 2015, the Group's management believes that its interpretation of the relevant legislation is appropriate and that the Group's tax, currency and customs positions will be sustained.

***Commitments and contingencies***

The Group's commitments and contingencies comprise the following:

	<b>30 June 2015 (Unaudited)</b>	<b>31 December 2014</b>
Undrawn loan commitments	556,640	590,772
Guarantees	388,523	482,391
Letters of credit	14,575	22,727
	<b>959,738</b>	<b>1,095,890</b>
<b>Operating lease commitments</b>		
Not later than 1 year	3,113	2,981
Later than 1 year but not later than 5 years	7,446	7,294
Later than 5 years	3,671	3,923
	<b>14,230</b>	<b>14,198</b>
Co-investment commitments	4,397	4,619
Capital expenditure commitments	51,339	54,009
	<b>1,029,704</b>	<b>1,168,716</b>
Less provisions (Note 19)	(5,848)	(3,664)
<b>Commitments and contingencies (before deducting collateral)</b>	<b>1,023,856</b>	<b>1,165,052</b>
Less cash and promissory notes held as collateral against guarantees and letters of credit	(6,389)	(7,204)
<b>Commitments and contingencies</b>	<b>1,017,467</b>	<b>1,157,848</b>

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

*(in millions of Russian rubles)***23. Fair value of financial instruments (continued)**

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

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
<b>30 June 2015 (Unaudited)</b>				
<b><i>Assets measured at fair value</i></b>				
<b>Trading financial assets</b>	<b>12,962</b>	<b>1,639</b>	<b>-</b>	<b>14,601</b>
- Corporate bonds	4,060	1,489	-	5,549
- Russian state bonds (OFZ)	1,163	-	-	1,163
- Eurobonds issued by the Russian Federation	330	-	-	330
- Eurobonds of Russian and foreign issuers	710	-	-	710
- Other debt financial assets	519	-	-	519
- Equity securities	6,180	150	-	6,330
<b>Derivative financial instruments</b>	<b>-</b>	<b>10,642</b>	<b>-</b>	<b>10,642</b>
- Foreign exchange contracts: foreign	-	653	-	653
- Foreign exchange contracts: domestic	-	1	-	1
- Forward contracts: debt securities	-	1	-	1
- Forward contracts: equity securities	-	299	-	299
- Option contracts with securities	-	3,040	-	3,040
- Option contracts with foreign currency	-	925	-	925
- Cross-currency interest rate swap	-	5,723	-	5,723
<b>Financial assets designated as at fair value through profit or loss</b>	<b>3,202</b>	<b>-</b>	<b>20,449</b>	<b>23,651</b>
<b>Trading financial assets pledged under repurchase agreements</b>	<b>577</b>	<b>-</b>	<b>-</b>	<b>577</b>
- Eurobonds of Russian and foreign issuers	577	-	-	577
<b>Investment financial assets available for sale</b>	<b>257,914</b>	<b>55,678</b>	<b>48,366</b>	<b>361,958</b>
- Corporate bonds	36,101	27,064	-	63,165
- Debt instruments issued by foreign government bodies	2,507	19,168	-	21,675
- Promissory notes	-	2,639	-	2,639
- Russian state bonds (OFZ)	3,832	-	-	3,832
- Municipal and sub-federal bonds	3,637	99	-	3,736
- Eurobonds of Russian and foreign issuers	22,447	1,476	-	23,923
- Eurobonds issued by the Russian Federation	5,928	3,417	-	9,345
- Equity securities	183,462	1,815	12,201	197,478
- Other financial assets available for sale	-	-	36,165	36,165
<b>Investment financial assets available for sale pledged under repurchase agreements</b>	<b>19,560</b>	<b>49,169</b>	<b>-</b>	<b>68,729</b>
- Corporate bonds	2,189	49,169	-	51,358
- Eurobonds issued by the Russian Federation	2,911	-	-	2,911
- Eurobonds of Russian and foreign issuers	10,222	-	-	10,222
- Russian state bonds (OFZ)	174	-	-	174
- Equity securities	4,064	-	-	4,064
<b>Investment property (within "Other assets")</b>	<b>-</b>	<b>-</b>	<b>7,234</b>	<b>7,234</b>
<b><i>Assets for which fair values are disclosed</i></b>				
<b>Cash and cash equivalents</b>	<b>-</b>	<b>311,856</b>	<b>-</b>	<b>311,856</b>
<b>Amounts due from banks</b>	<b>-</b>	<b>-</b>	<b>191,115</b>	<b>191,115</b>
<b>Loans to customers including those pledged under repurchase agreements</b>	<b>-</b>	<b>38,490</b>	<b>2,130,178</b>	<b>2,168,668</b>
<b>Net investments in leases</b>	<b>-</b>	<b>-</b>	<b>333,419</b>	<b>333,419</b>
<b>Investment financial assets held to maturity</b>	<b>27,884</b>	<b>18,860</b>	<b>238</b>	<b>46,982</b>
<b>Investment financial assets held to maturity pledged under repurchase agreements</b>	<b>3,428</b>	<b>-</b>	<b>-</b>	<b>3,428</b>
	<b>325,527</b>	<b>486,334</b>	<b>2,730,999</b>	<b>3,542,860</b>



*(in millions of Russian rubles)***23. Fair value of financial instruments (continued)**

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
<b>30 June 2015 (Unaudited)</b>				
<i>Liabilities measured at fair value</i>				
<b>Derivative financial liabilities</b>	-	1,026	-	1,026
- Foreign exchange contracts: foreign	-	0	-	0
- Foreign exchange contracts: domestic	-	0	-	0
- Forward contracts: debt securities	-	1	-	1
- Interest rate swaps: foreign	-	491	-	491
- Cross-currency interest rate swap	-	534	-	534
<i>Liabilities for which fair values are disclosed</i>				
<b>Amounts due to banks</b>	-	-	870,592	870,592
<b>Amounts due to the Russian Government and the Bank of Russia</b>	-	-	604,848	604,848
<b>Amounts due to customers</b>	-	-	547,919	547,919
<b>Debt securities issued</b>	234,893	604,402	80,295	919,590
<b>Finance lease liabilities</b>	-	-	68,162	68,162
<b>Subordinated deposits</b>	-	-	249,470	249,470
	<b>234,893</b>	<b>605,428</b>	<b>2,421,286</b>	<b>3,261,607</b>

*(in millions of Russian rubles)***23. Fair value of financial instruments (continued)**

31 December 2014	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
<b>Assets measured at fair value</b>				
<b>Trading financial assets</b>	<b>11,954</b>	<b>80</b>	<b>-</b>	<b>12,034</b>
- Corporate bonds	3,942	80	-	4,022
- Russian state bonds (OFZ)	88	-	-	88
- Eurobonds issued by the Russian Federation	347	-	-	347
- Eurobonds of Russian and foreign issuers	706	-	-	706
- Other debt financial assets	626	-	-	626
- Equity securities	6,245	-	-	6,245
<b>Derivative financial instruments</b>	<b>-</b>	<b>11,220</b>	<b>-</b>	<b>11,220</b>
- Foreign exchange contracts: foreign	-	14	-	14
- Foreign exchange contracts: domestic	-	329	-	329
- Forward contracts: debt securities	-	58	-	58
- Forward contracts: equity securities	-	253	-	253
- Cross-currency interest rate swap	-	6,540	-	6,540
- Option contracts with securities	-	3,293	-	3,293
- Option contracts with foreign currency	-	733	-	733
<b>Financial assets designated as at fair value through profit or loss</b>	<b>2,767</b>	<b>-</b>	<b>18,325</b>	<b>21,092</b>
<b>Trading financial assets pledged under repurchase agreements</b>	<b>451</b>	<b>-</b>	<b>-</b>	<b>451</b>
<b>Investment financial assets available for sale</b>	<b>241,070</b>	<b>79,962</b>	<b>47,685</b>	<b>368,717</b>
- Corporate bonds	25,731	41,280	-	67,011
- Debt instruments issued by foreign government bodies	3,103	17,546	-	20,649
- Promissory notes	-	8,764	2	8,766
- Russian state bonds (OFZ)	2,067	-	-	2,067
- Municipal and sub-federal bonds	1,872	-	-	1,872
- Eurobonds of Russian and foreign issuers	27,972	7,207	-	35,179
- Eurobonds issued by the Russian Federation	11,904	3,283	-	15,187
- Equity securities	168,421	1,882	11,509	181,812
- Other financial assets available for sale	-	-	36,174	36,174
<b>Investment financial assets available for sale pledged under repurchase agreements</b>	<b>24,807</b>	<b>34,717</b>	<b>-</b>	<b>59,524</b>
- Corporate bonds	12,201	34,717	-	46,918
- Eurobonds issued by the Russian Federation	10,198	-	-	10,198
- Eurobonds of Russian and foreign issuers	1,555	-	-	1,555
- Russian state bonds (OFZ)	501	-	-	501
- Equity securities	255	-	-	255
- Municipal and sub-federal bonds, bonds of the Bank of Russia	97	-	-	97
<b>Investment property (within "Other assets")</b>	<b>-</b>	<b>-</b>	<b>8,309</b>	<b>8,309</b>
<b>Assets for which fair values are disclosed</b>				
<b>Cash and cash equivalents</b>	<b>-</b>	<b>325,927</b>	<b>-</b>	<b>325,927</b>
<b>Amounts due from banks including the amounts pledged under repurchase agreements</b>	<b>-</b>	<b>-</b>	<b>179,199</b>	<b>179,199</b>
<b>Loans to customers including those pledged under repurchase agreements</b>	<b>-</b>	<b>33,201</b>	<b>2,151,719</b>	<b>2,184,920</b>
<b>Net investments in leases</b>	<b>-</b>	<b>-</b>	<b>346,391</b>	<b>346,391</b>
<b>Investment financial assets held to maturity</b>	<b>9,410</b>	<b>9,665</b>	<b>106</b>	<b>19,181</b>
<b>Investment financial assets held to maturity pledged under repurchase agreements</b>	<b>16,038</b>	<b>13,172</b>	<b>-</b>	<b>29,210</b>
	<b>306,497</b>	<b>507,944</b>	<b>2,751,734</b>	<b>3,566,175</b>

*(in millions of Russian rubles)***23. Fair value of financial instruments (continued)**

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
<b>31 December 2014</b>				
<i>Liabilities measured at fair value</i>				
<b>Derivative financial liabilities</b>	-	2,670	-	2,670
- Foreign exchange contracts: foreign	-	0	-	0
- Foreign exchange contracts: domestic	-	195	-	195
- Forward contracts: equity securities	-	21	-	21
- Interest rate swaps: foreign	-	596	-	596
- Interest rate swaps: domestic	-	5	-	5
- Cross-currency interest rate swap	-	1,853	-	1,853
<i>Liabilities for which fair values are disclosed</i>				
<b>Amounts due to banks</b>	-	-	962,649	962,649
<b>Amounts due to the Russian Government and the Bank of Russia</b>	-	-	559,380	559,380
<b>Amounts due to customers</b>	-	34,145	475,555	509,700
<b>Debt securities issued</b>	648,268	165,790	25,834	839,892
<b>Finance lease liabilities</b>	-	-	71,571	71,571
<b>Subordinated deposits</b>	-	-	303,015	303,015
	<u>648,268</u>	<u>202,605</u>	<u>2,398,004</u>	<u>3,248,877</u>

*Items measured at fair value on a regular basis*

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

*Derivatives*

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

Derivative instruments valued using a valuation technique with significant non-market observable inputs in general are primarily long-term option contracts. Such options are valued using binominal valuation models, which imply using various non-observable inputs, including market rate volatility. However, as at the reporting date, there were no such options and principal inputs for valuation of the options made included market observable quoted shares, which are the underlying asset.

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

Trading financial assets and investment financial assets available for sale and related to Levels 2 and 3 valued using a valuation technique are represented mainly by unquoted equity and debt securities. Such assets are valued using models which incorporate either only observable data or both observable and non-observable data. The non-observable inputs include assumptions regarding the future financial performance of the investee, its risk profile, and economic assumptions regarding the industry and geographical jurisdiction in which the investee operates.

*(in millions of Russian rubles)***23. Fair value of financial instruments (continued)*****Items measured at fair value on a regular basis (continued)****Movements in Level 3 financial instruments measured at fair value*

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

	1 January 2015	Gains recorded in the statement of profit or loss (Unaudited)	Gains recorded in other comprehen- sive income (Unaudited)	Disposals/ Redemptions (Unaudited)	Acquisitions (Unaudited)	Other changes (Unaudited)	30 June 2015 (Unaudited)
<b>Assets</b>							
Financial assets designated as at fair value through profit or loss	18,325	9	-	-	2,115	-	20,449
Investment financial assets available for sale	47,685	1,589	814	(1,722)	-	-	48,366
Investment property (within "Other assets")	8,309	-	-	(31)	144	(1,188)	7,234
<b>Total Level 3 assets</b>	<b>74,319</b>	<b>1,598</b>	<b>814</b>	<b>(1,753)</b>	<b>2,259</b>	<b>(1,188)</b>	<b>76,049</b>

Unrealized gains on financial assets designated as at fair value through profit or loss in the amount of RUB 9 million are recognized in the consolidated statement of profit or loss in "Gains less losses/ (losses less gains) from financial instruments at fair value through profit or loss".

Gains on investment financial assets available for sale in the amount of RUB 1,611 million are recognized in the consolidated statement of profit or loss in "Interest income".

Unrealized gains from revaluation of investment assets available for sale in the amount of RUB 814 million are recorded in the consolidated statement of comprehensive income in "Change in unrealized gains/(losses) on investment financial assets available for sale, including reclassification of such gains/(losses) to profit or loss due to impairment and/or disposals".

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

	1 January 2014	Gains/ (losses) recorded in the statement of profit or loss	Gains/ (losses) recorded in other comprehen- sive income	Disposals	Acquisitions	Transfers from Level 1 and Level 2	31 December 2014
<b>Assets</b>							
Financial assets designated as at fair value through profit or loss	11,521	2,408	-	(2,983)	3,203	4,176	18,325
Investment financial assets available for sale	51,190	205	(5,891)	(80)	2,261	-	47,685
Investment property (within "Other assets")	7,551	262	-	(205)	197	504	8,309
<b>Total Level 3 assets</b>	<b>70,262</b>	<b>2,875</b>	<b>(5,891)</b>	<b>(3,268)</b>	<b>5,661</b>	<b>4,680</b>	<b>74,319</b>

*(in millions of Russian rubles)***23. Fair value of financial instruments (continued)*****Items measured at fair value on a regular basis (continued)***

In 2014, the Group transferred certain financial instruments from Level 1 to Level 3 of the fair value hierarchy. The total amount of assets transferred was RUB 4,176 million. The reason for the transfers from Level 1 to Level 3 is that the market for these securities has become inactive, which has led to a change in the method used to determine fair value. Prior to the transfer, the fair value of the financial instruments was determined using unobservable market transactions. Since the transfer, these financial instruments have been valued using valuation models incorporating significant non-market observable inputs.

Transfers between levels of the fair value hierarchy are considered performed at the end of the reporting period.

As at 30 June 2015 and 31 December 2014, there were no Level 3 financial liabilities recorded at fair value.

***Effect of changes in significant unobservable inputs on the measurement of financial instruments categorized within Level 3 of the fair value hierarchy***

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

30 June 2015 (Unaudited)	Carrying amount	Valuation technique	Unobservable inputs	Range (weighted average)
<b>Financial assets designated as at fair value through profit or loss</b>				
Group of financial assets 1	16,273	Other valuation techniques	Not applicable	Not applicable
Group of financial assets 2	4,176	Discounted cash flows	WACC Terminal period growth	11.26%-15.29% 3.00%
<b>Investment financial assets available for sale</b>				
Group 3 of equity securities	4,563	Other valuation techniques	Not applicable	Not applicable
Group 4 of other financial assets available for sale	36,165	Multiplier	Fair value / Net assets	0.793
Group 5 of equity securities	4,931	Discounted cash flows	WACC Terminal period growth Discount for non-controlling interest Assets growth rate	11.78%-21.01% 2%-3% 10%-15% 6.06%
Group 6 of equity securities	2,707	Weighted average multiplier	EV/PAX (PAX-passenger traffic) EV/EBITDA EV/Sales	0.007 11.740 3.646

*(in millions of Russian rubles)***23. Fair value of financial instruments (continued)***Items measured at fair value on a regular basis (continued)*

31 December 2014	Carrying amount	Valuation technique	Unobservable inputs	Range (weighted average)
<b>Financial assets designated as at fair value through profit or loss</b>				
Group of financial assets 1	14,150	Other valuation techniques	Not applicable	Not applicable
Group of financial assets 2	4,175	Discounted cash flows	WACC Terminal period growth	11.26%-15.30% 2.30%- 3.00%
<b>Investment financial assets available for sale</b>				
Group 3 of equity securities	3,581	Other valuation techniques	Not applicable	Not applicable
Group 4 of other financial assets available for sale	36,174	Multiplier	Fair value / Net assets	0.767
Group 5 of equity securities	5,221	Discounted cash flows	WACC Terminal period growth Discount for non-controlling interest Assets growth rate	11.78%-21.01% 2%-3% 10%-15% 6.06%
Group 6 of equity securities	2,707	Weighted average multiplier	EV/PAX (PAX-passenger traffic) EV/EBITDA EV/Sales	0.007 11.740 3.646
Group 7 of promissory notes	2	Other valuation techniques	Not applicable	Not applicable

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

- ▶ For one financial instrument in Group of financial assets 1, designated as at fair value through profit or loss, the Group adjusted the value of the underlying asset comprising units of the closed-end mutual fund by decreasing its main pricing adjustments by 3%.
- ▶ For the financial instrument in Group of financial assets 2, the Group adjusted the weighted average cost of capital and the terminal growth rate used for discounting expected cash flows, by 0.5%.
- ▶ For the financial asset in Group 4 designated as other financial assets available for sale, the Group adjusted the value of the multiplier Fair value / Net assets used for determining the fair value of investments by 2%.
- ▶ For the first financial instrument in Group of financial assets 5, classified into investment financial assets available for sale, the Group adjusted the weighted average cost of capital used for discounting expected cash flows by 2%.
- ▶ For the second financial instrument in Group of financial assets 5, the Group adjusted the weighted average cost of capital and the terminal growth rate used for discounting expected cash flows, by 0.5%.
- ▶ For the financial asset in Group 6, included in investment financial assets available for sale, the Group adjusted the weighted average value of multipliers by increasing and decreasing the values by 2%.

*(in millions of Russian rubles)***23. Fair value of financial instruments (continued)*****Items measured at fair value on a regular basis (continued)***

The following table shows the effect of reasonably possible alternative assumptions on the fair value of Level 3 financial instruments:

	<b>30 June 2015</b>	
	<b>(Unaudited)</b>	
	<b>Carrying amount</b>	<b>Effect of reasonably</b>
	<b>(Unaudited)</b>	<b>possible alternative</b>
		<b>assumptions</b>
<b>Financial assets</b>		
Financial assets designated as at fair value through profit or loss	20,449	(42)
Investment financial assets available for sale	48,366	(1,199)
<b>31 December 2014</b>		
	<b>Carrying amount</b>	<b>Effect of reasonably</b>
	<b>(Unaudited)</b>	<b>possible alternative</b>
		<b>assumptions</b>
<b>Financial assets</b>		
Financial assets designated as at fair value through profit or loss	18,325	(42)
Investment financial assets available for sale	47,685	(1,108)

To determine the impacts of possible alternative assumptions relating to investment financial assets available for sale, the Group took a prudent approach and adjusted key unobservable inputs at the lower interval boundary of possible assumptions. If the upper interval boundary of possible assumptions were applied, their positive impacts as at 30 June 2015 would have amounted to RUB 1,035 million (31 December 2014: RUB 1,188 million).

***Transfers between Level 1 and Level 2***

The following table shows transfers between Level 1 and Level 2 of the fair value hierarchy for financial assets and liabilities which are recorded at fair value, during the reporting period:

	<b>Transfers from Level 2 to Level 1</b>	
	<b>for the six-month period ended 30 June</b>	
	<b>2015</b>	<b>2014</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Financial assets</b>		
Trading financial assets (including those pledged under repurchase agreements)	-	1,943
Investment financial assets available for sale (including those pledged under repurchase agreements)	5,936	676
<b>Transfers from Level 1 to Level 2</b>		
<b>for the six-month period ended 30 June</b>		
	<b>2015</b>	<b>2014</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Financial assets</b>		
Trading financial assets (including those pledged under repurchase agreements)	592	678
Investment financial assets available for sale (including those pledged under repurchase agreements)	3,467	25,690

During the six-month period of 2015 and 2014, the above financial assets were transferred from Level 2 to Level 1, as they became actively traded during the reporting period and their fair values were subsequently determined based on quoted prices in active market for identical assets.

During the six-month period of 2015 and 2014, the above financial assets were transferred from Level 1 to Level 2 as they ceased to be actively traded during the year and their fair values were consequently obtained through valuation techniques using observable market inputs.

*(in millions of Russian rubles)***23. Fair value of financial instruments (continued)*****Financial instruments not recorded at fair value in the statement of financial position***

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

	Carrying amount at 30 June 2015 (Unaudited)	Fair value at 30 June 2015 (Unaudited)	Unrecognized gain/(loss) at 30 June 2015 (Unaudited)	Carrying amount 2014	Fair value 2014	Unrecognized gain/(loss) 2014
<b>Financial assets</b>						
Cash and cash equivalents	311,856	311,856	-	325,927	325,927	-
Amounts due from banks including those pledged under repurchase agreements	195,488	191,115	(4,373)	180,143	179,199	(944)
Loans to customers, including those pledged under repurchase agreements	2,233,768	2,168,668	(65,100)	2,262,236	2,184,920	(77,316)
Net investments in leases	370,438	333,419	(37,019)	380,763	346,391	(34,372)
Investment financial assets held to maturity	47,100	46,982	(118)	21,447	19,181	(2,266)
Investment financial assets held to maturity pledged under repurchase agreements	3,336	3,428	92	30,828	29,210	(1,618)
<b>Financial liabilities</b>						
Amounts due to banks	891,795	870,592	21,203	1,010,540	962,649	47,891
Amounts due to the Russian Government and the Bank of Russia	614,537	604,848	9,689	559,278	559,380	(102)
Amounts due to customers	546,906	547,919	(1,013)	508,728	509,700	(972)
Debt securities issued	974,595	919,590	55,005	983,145	839,892	143,253
Finance lease liabilities	84,497	68,162	16,335	89,785	71,571	18,214
Subordinated deposits	307,293	249,470	57,823	303,015	303,015	-
<b>Total unrecognized change in unrealized fair value</b>			<b>52,524</b>			<b>91,768</b>

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

***Assets for which fair value approximates carrying amount***

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

***Fixed and variable rate financial instruments***

For quoted debt instruments, fair values are calculated 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 millions of Russian rubles)***23. Fair value of financial instruments (continued)*****Financial instruments not recorded at fair value in the statement of financial position (continued)***

The fair value of floating interest rate instruments is generally their carrying amount. Interest rates on loans to customers and amounts due from banks bearing a fixed interest rate may be revised in case of material changes in the market situation. Consequently, interest rates on loans issued shortly before the reporting date do not differ materially from interest rates applicable to new instruments with similar credit risk and maturity. If the Group determines that interest rates on previously issued loans differ materially from those applicable to similar instruments at the reporting date, the Group estimates the fair value of these loans. Such estimates are based on the discounted cash flow method using discount rates which are determined from the current yield on government bonds with similar maturity, and credit spreads.

**24. Related party transactions**

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

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

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

Outstanding balances of transactions with associates, jointly controlled entities and key management personnel as at 30 June 2015 and 31 December 2014 are as follows:

	30 June 2015 (Unaudited)			31 December 2014		
	Associates	Jointly controlled entities	Key management personnel	Associates	Jointly controlled entities	Key management personnel
<b>Assets</b>						
Loans to customers, net	95,850	10,844	92	94,049	10,845	100
<b>Liabilities</b>						
Amounts due to customers	16,621	–	3,608	18,124	–	4,022
<b>Credit related commitments and contingencies</b>						
	–	–	16	1,467	–	18

The related income and expense from transactions with associates, jointly controlled entities and key management personnel for the six-month periods ended 30 June 2015 and 2014 are as follows:

	For the six-month period ended 30 June 2015 (Unaudited)			For the six-month period ended 30 June 2014 (Unaudited)		
	Associates	Jointly controlled entities	Key management personnel	Associates	Jointly controlled entities	Key management personnel
Interest income on loans to customers	2,858	448	6	2,189	427	5
Interest expense on amounts due to customers	(756)	–	(179)	(664)	(12)	(126)
Reversal of/ (provision for) impairment of interest earning assets	371	0	(1)	(921)	(850)	(1)

*(in millions of Russian rubles)***24. Related party transactions (continued)**

Compensation to key management personnel comprised the following:

	For the six-month period ended 30 June (Unaudited)	
	2015	2014
Salaries and other short-term benefits	1,179	900
Mandatory contributions to the pension fund	81	79
Social security contributions	45	25
<b>Compensation to key management personnel</b>	<b>1,305</b>	<b>1,004</b>

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

The information about transactions with the Russian Government, its authorized institutions and the Bank of Russia is provided in Note 7.

In addition, at 30 June 2015 transactions with state-related entities include cash non-interest-bearing deposits (obligatory reserves) maintained by the Vnesheconombank's subsidiary banks with the Bank of Russia in the amount of RUB 4,535 million (31 December 2014: RUB 4,388 million). At 31 December 2014, transactions with state-related entities include Group's deposits and current accounts with the Bank of Russia that mature within 90 days totaling RUB 8,500 million (Note 8).

At 30 June 2015, transactions with state-related entities include cash non-interest-bearing deposits at correspondent account with the Bank of Russia in the amount of RUB 11,775 million (Note 11).

In the normal course of business, the Bank and its subsidiaries grant loans to state-related banks, as well as raise financing and issue guarantees to these banks (the list of transactions with the banks is not complete). These transactions are carried out primarily under market conditions, except for those disclosed in Note 11. Transactions with state-related banks account for the major portion of all of the Group's operations on granting loans to banks and the minor portion of financing raised from banks and guarantees issued.

Balances of significant transactions with state-related banks at 30 June 2015 and 31 December 2014 comprise the following:

Bank	Type of transaction	Amounts due from banks	
		30 June 2015 (Unaudited)	31 December 2014
Bank 1	Interest-bearing loans and deposits with banks maturing within 90 days	38,277	22,378
Bank 2	Term interest-bearing deposits with banks	14,351	14,055
Bank 2	Interest-bearing loans and deposits with banks maturing within 90 days	-	21,500
		<b>52,628</b>	<b>57,933</b>

  

Bank	Type of transaction	Amounts due to banks	
		30 June 2015 (Unaudited)	31 December 2014
Bank 1	Loans and other placements from Russian banks	115,072	126,647
Bank 3	Loans and other placements from Russian banks	50,335	59,335
Bank 4	Loans and other placements from Russian banks	10,224	-
Bank 5	Loans and other placements from Russian banks	0	6,676
		<b>175,631</b>	<b>192,658</b>

*(in millions of Russian rubles)***24. Related party transactions (continued)*****Transactions with the state, state institutions and state-related entities (continued)***

At 30 June 2015, the Bank provided guarantees in the amount of RUB 69,188 million to state-related banks under an agreement to secure loans provided by the Bank of Russia (31 December 2014: RUB 121,476 million).

In the normal course of business, the Bank and its subsidiaries grant loans to state-related customers, as well as issue guarantees to these customers, maintain their current accounts and raise deposits from them (the list of transactions with customers is not complete). These transactions are carried out primarily under market conditions, except for those disclosed in Note 12. Transactions with state-related customers account for the major portion of all of the Group's operations with customers. Balances of the most significant transactions with state-related institutions and entities at 30 June 2015 and 31 December 2014 comprise the following:

Borrower	Industry	Loans to	Undrawn loan	Loans to	Undrawn loan
		customers	commitments	customers	commitments
		30 June 2015		31 December 2014	
		(Unaudited)			
Customer 1	Manufacturing, including heavy machinery and the production of military-related goods	78,664	21,084	74,218	26,675
Customer 2	Manufacturing, including heavy machinery and the production of military-related goods	61,521	22,492	59,726	25,715
Customer 3	Real estate and construction	51,325	-	51,583	-
Customer 4	Financing	40,637	-	40,641	-
Customer 5	Transport	31,579	-	32,552	-
Customer 6	Electric energy	28,249	-	28,642	-
Customer 7	Manufacturing, including heavy machinery and the production of military-related goods	24,908	9,041	25,414	-
Customer 8	Oil and gas	23,489	-	26,103	-
Customer 9	Manufacturing, including heavy machinery and the production of military-related goods	21,560	27,610	9,669	35,489
Customer 10	Manufacturing, including heavy machinery and the production of military-related goods	20,992	5,398	14,649	10,927
Customer 11	Manufacturing, including heavy machinery and the production of military-related goods	19,400	2,214	19,032	2,243
Customer 12	Transport	17,246	7,800	15,045	10,000
Customer 13	Research and education	13,200	-	13,200	-
Customer 14	Financing	11,122	0	7,434	2,339
Customer 15	Manufacturing, including heavy machinery and the production of military-related goods	10,823	1,945	-	-
Customer 16	Transport	9,593	-	9,641	-
Customer 17	Electric energy	9,057	-	9,178	-
Customer 18	Manufacturing, including heavy machinery and the production of military-related goods	8,784	9,312	5,995	12,101
Customer 19	Electric energy	8,038	-	9,187	-
Customer 20	Other	6,905	-	8,305	0
Customer 21	Financing	6,058	1,089	5,686	1,851
Customer 22	Manufacturing, including heavy machinery and the production of military-related goods	5,629	0	4,884	0
Customer 23	Telecommunications	5,500	0	5,500	0
Customer 24	Electric energy	5,240	-	5,239	6,821
Customer 25	Transport	5,059	-	-	-
Customer 26	Manufacturing, including heavy machinery and the production of military-related goods	4,552	9,877	-	-
Customer 27	Manufacturing, including heavy machinery and the production of military-related goods	1,811	5,983	1,294	6,502
Customer 28	Telecommunications	376	5,427	3,007	2,798
		<b>531,317</b>	<b>129,272</b>	<b>485,824</b>	<b>143,461</b>

*(in millions of Russian rubles)***24. Related party transactions (continued)***Transactions with the state, state institutions and state-related entities (continued)*

Customer	Industry	Net investments in leases	
		30 June 2015 (Unaudited)	31 December 2014
Customer 25	Transport	82,500	87,558
Customer 29	Transport	27,932	28,940
Customer 30	Transport	5,311	5,515
Customer 31	Transport	5,267	5,472
		<b>121,010</b>	<b>127,485</b>

The Bank has a significant influence on Customer 11, investments in shares of which are recorded in financial assets designated as at fair value through profit or loss (Note 9).

Customer	Industry	Amounts due to customers	
		30 June 2015 (Unaudited)	31 December 2014
Customer 23	Telecommunications	47,360	35,911
Customer 4	Financing	25,549	8,670
Customer 32	Manufacturing, including heavy machinery and the production of military-related goods	12,641	48,170
Customer 25	Transport	11,632	0
Customer 33	Other	6,768	7,117
Customer 34	Electric energy	5,739	0
Customer 35	Financing	5,575	-
Customer 36	Financing	3,602	8,603
Customer 37	Electric energy	1,261	12,131
Customer 38	Infrastructure development	1,012	6,022
Customer 10	Manufacturing, including heavy machinery and the production of military-related goods	0	5,520
		<b>121,139</b>	<b>132,144</b>

Customer	Industry	Guarantees issued	
		30 June 2015 (Unaudited)	31 December 2014
Customer 32	Manufacturing, including heavy machinery and the production of military-related goods	109,602	130,248
		<b>109,602</b>	<b>130,248</b>

As at 30 June 2015 and 31 December 2014, the Group's investments in debt securities issued by the Russian Government comprise the following:

	30 June 2015 (Unaudited)	31 December 2014
Financial assets at fair value through profit or loss	1,493	435
Investment financial assets:		
- available for sale	16,913	19,126
- held to maturity	1,716	1,099
Investment financial assets pledged under repurchase agreements		
- available for sale	3,085	10,796
- held to maturity	196	438

*(in millions of Russian rubles)***24. Related party transactions (continued)*****Transactions with the state, state institutions and state-related entities (continued)***

As at 30 June 2015 and 31 December 2014, there were no transactions involving derivative financial instruments with the Russian Government.

The Bank is servicing, in an agency capacity, government foreign financial assets and, until the date determined by the Russian Government, the government foreign debt of the former USSR and the Russian Federation.

In the normal course of business, the Group invests in securities issued by state-related issuers and enters into derivative contracts with such counterparties. As at 30 June 2015 and 31 December 2014, the Group's investments into securities issued by state-related issuers, as well as transactions involving derivative financial instruments with such counterparties comprise the following:

	30 June 2015 (Unaudited)			31 December 2014		
	Equity securities	Debt securities	Derivative financial instruments	Equity securities	Debt securities	Derivative financial instruments
Financial assets at fair value through profit or loss	11,042	3,344	3,040	9,853	2,076	3,619
Financial assets pledged under repurchase agreements	4,064	63,318	–	255	48,077	–
Investment financial assets:						
- available for sale	146,585	46,691	–	134,682	75,462	–
- held to maturity	–	19,179	–	–	6,783	–
Financial liabilities at fair value through profit or loss	–	–	–	–	–	193

As at 30 June 2015, investment financial assets available for sale also include a financial asset issued by a state-related bank with a fair value of RUB 36,165 million (31 December 2014: RUB 36,174 million).

In March and June 2015, the Group received subsidies from the federal budget in the form of asset contributions of the Russian Federation as compensation for part of the costs to incur within activity to support the manufacturers of high-tech products in the amount of RUB 4,466 million and RUB 3,000 million, respectively. The Group received subsidies in accordance with Resolutions of the Russian Government No. 1302 dated 13 December 2012 and No. 566 dated 8 June 2015, respectively, and are recorded in "Other liabilities" in the consolidated statement of financial position.

Significant financial results related to transactions with the state are presented below:

	For the six-month period ended 30 June (Unaudited)	
	2015	2014
<b>Interest expense</b>		
Amounts due to the Bank of Russia	(22,093)	(13,905)
Amounts due to the Russian Government	(17,270)	(21,197)
Gains less losses on initial recognition of financial instruments, restructuring and early repayment	13,146	82,912
Other operating expenses	–	(2,451)

(in millions of Russian rubles)

## 25. Subsequent events

In July 2015, a leasing company of the Group placed exchange-traded Series BO-03 bonds with a nominal value of RUB 1,000 million, maturing in June 2020 and thus completed placing an issue of securities. This issue is not subject to an offer.

In July 2015, Vnesheconombank's subsidiary purchased 85% voting shares of Luxembourg-registered holding company United Group S.A. United Group S.A. is a beneficiary owner of Czech metallurgy enterprises (Pilsen Steel s.r.o. and Pilsen Estates s.r.o.). The Group's participation in the charter capital of United Group S.A. resulted from the Bank's financing of the investment project in the Czech Republic. Currently the Group is in the process of determining the fair value of assets, liabilities and contingencies of the acquiree.

In July 2015, a leasing company of the Group placed an issue of exchange-traded Series 001R-01 bonds with a nominal value of USD 200 million, maturing in July 2025. This issue is subject to a 1,5 year offer.

In July 2015, Vnesheconombank transferred funds in the amount of RUB 10,000 million to purchase 1,304,291 shares additionally issued by OJSC "VEB-Leasing". As a result the additional issue of shares, the Group's share in the charter capital of the subsidiary comprises 99.11%.

In July 2015, the title to 637,761,278 shares additionally issued by PSC Prominvestbank was transferred to the Bank as. In May 2015 the Bank transferred a total of USD 303 million (RUB 15,844 million at the date of transfer) in payment for these shares (Note 4). As at the date of signing these interim condensed consolidated financial statements, a report on the results of PSC Prominvestbank's placement of additionally issued shares was not registered.

In July 2015, the Group's leasing company fulfilled its obligations to purchase its own Series 01 bonds totaling RUB 673 million under the respective offer. The subsidiary also made a secondary placement of bonds with a total nominal value of RUB 4,665 million, maturing in July 2020.

In July 2015, the Bank made a secondary placement of Series BO-16v bonds with a nominal value of USD 73 million (equivalent to RUB 4,249 million at the placement date), maturing in May 2017. This issue provides for an offer maturing in May 2016.

In July 2015, the Bank fulfilled its obligations to purchase 281,111 exchange-traded bonds with a nominal value of RUB 281 million under the respective offer to purchase Series BO-01 bonds. All of the purchased bonds were further placed in the market on the same day.

In July 2015, the Bank placed exchange-traded Series BO-03 bonds with a nominal value of RUB 10,000 million on Moscow Exchange. The bonds mature in July 2018. This issue is subject to a 1,5 year offer.

In July 2015, following Vnesheconombank, the Group's subsidiaries became subject to the US sectoral sanctions. Management of the Bank believes that the extended sanctions will not have a material impact on the Group's business.

In July 2015, Vnesheconombank acquired shares in its associate for the amount of RUB 7,300 million under an additional issue of shares. The investments in the associate are designated at fair value through profit or loss. As at the date of signing these interim condensed consolidated financial statements, the placement of additionally issued shares was not completed.

In July 2015, the President of the Russian Federation signed Federal Law No. 224-FZ, dated 13 July 2015, *On Public-Private Partnership, Municipal-Private Partnership in the Russian Federation and Amendments to Certain Legislative Acts of the Russian Federation*, Pursuant to Article 46 of this law the Federal Law No.173-FZ is amended. The amendments provide for ability to defer repayment of subordinated loans issued by Vnesheconombank (Note 11) and deposits placed with Vnesheconombank, financed through the NWF funds (Note 7).

*(in millions of Russian rubles)*

## **25. Subsequent events (continued)**

In August 2015, a subsidiary bank made a secondary placement of exchange-traded Series 3 bonds with a nominal value of RUB 1,210 million, maturing in December 2021. This issue provides for a one-year offer.

In August 2015, the Bank started placement of exchange-traded Series BO-05 bonds with a total nominal value of RUB 20,000 million, maturing in August 2020.

In August 2015, a subsidiary bank made a secondary placement of 2,000,000 exchange-traded Series BO-09 bonds maturing in December 2016, that were previously repurchased under the offer. The selling price was RUB 2,000 million.

In August 2015, a subsidiary bank fulfilled its obligations to purchase 393,077 bonds with a nominal value of RUB 393 million under the respective offer to purchase Series 02 bonds.

In August 2015, a subsidiary bank fulfilled its obligations to purchase 3,000,000 exchange-traded bonds with a nominal value of RUB 3,000 million under the respective offer to purchase Series BO-01 bonds.

In August 2015, a subsidiary bank fulfilled its obligations to purchase 3,000,000 exchange-traded bonds with a nominal value of RUB 3,000 million under the respective offer to purchase Series BO-02 bonds.