

Interim condensed consolidated financial statements of
**State Corporation "Bank for Development and
Foreign Economic Affairs (Vnesheconombank)"
and its subsidiaries**
for the three-month period ended 31 March 2016
with report on review

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

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Review report on 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") that comprise the interim condensed consolidated statement of financial position as at 31 March 2016, and the related interim condensed consolidated statements of profit or loss, of comprehensive income, of changes in equity and of cash flows for the three-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 the accompanying 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 (ISRE) 2400 (Revised), *Engagements to Review Historical Financial Statements*.

A review of financial statements in accordance with ISRE 2400 (Revised) is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these interim condensed consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.

Other matters

The consolidated financial statements of the Group for the year ended 31 December 2015 were audited by another auditor who issued the audit report of 19 April 2016 and expressed an unmodified opinion, including the Emphasis of Matter paragraph drawing attention to the Group's accumulated liquidity deficit for the term of up to one year as at 31 December 2015 and to the fact that the Group's ability to continue as a going concern depends, to a significant extent, upon implementation of the measures taken by management to maintain financial stability of the Group and on the obtaining of other forms of financial support.



G.A. Shinin
Partner
Ernst & Young LLC

6 July 2016

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 dated 2 December 1990 *On Banks and Banking Activity*, 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*.
Record made in the State Register of Legal Entities on 8 June 2007; State Registration Number 1077711000102.
Address: Russia 107996, Moscow, Prospekt Akademika Sakharova, 9.

Details of the practitioner

Name: Ernst & Young LLC
Record made in the State Register of Legal Entities on 5 December 2002, State Registration Number 1027739707203.
Address: Russia 115035, Moscow, Sadovnicheskaya naberezhnaya, 77, building 1.
Ernst & Young LLC is a member of Self-regulatory organization of auditors "Russian Audit Chamber" (Association) ("SRO APR"). Ernst & Young LLC is included in the control copy of the register of auditors and audit organizations, main registration number 10201017420.

Interim condensed consolidated statement of financial position
As at 31 March 2016
(in billions of Russian rubles)

	Notes	31 March 2016 (Unaudited)	31 December 2015 (Restated)
Assets			
Cash and cash equivalents	8	287.1	373.0
Precious metals		0.3	0.3
Financial assets at fair value through profit or loss	9	55.1	52.6
Financial assets lent and pledged under repurchase agreements	10	36.4	78.0
Amounts due from banks	11	81.6	80.9
Non-current assets held for sale	14	137.2	137.2
Loans to customers	12	2,236.2	2,580.3
Net investments in leases	13	343.2	343.1
Investment financial assets:	15		
- available for sale		449.0	390.8
- held to maturity		6.6	27.5
Amounts due from the Russian Government		0.5	0.5
Subordinated loans to banks	11	51.0	50.4
Investments in associates and jointly controlled entities		10.5	9.9
Property and equipment		67.2	68.9
Income tax assets	20	6.9	11.3
Other assets	16	180.2	177.7
Total assets		3,949.0	4,382.4
Liabilities			
Amounts due to banks	17	850.2	1,019.4
Financial liabilities at fair value through profit or loss	9	1.2	2.8
Amounts due to the Russian Government and the Bank of Russia	7	612.0	706.4
Liabilities of disposal groups classified as held for sale	14	68.9	69.0
Amounts due to customers	18	566.4	642.3
Debt securities issued	19	1,074.1	1,179.9
Finance lease liabilities	22	95.9	105.9
Subordinated deposits	7	96.7	102.1
Income tax liabilities	20	4.9	10.5
Provisions	21	13.0	14.8
Other liabilities		54.2	48.5
Total liabilities		3,437.5	3,901.6
Equity			
Authorized capital	24	519.4	445.6
Additional paid-in capital	24	150.5	150.5
Uncovered loss		(213.3)	(154.2)
Unrealized revaluation of investment financial assets available for sale		59.2	35.3
Foreign currency translation reserve		(12.4)	(0.9)
Equity attributable to the Russian Government		503.4	476.3
Non-controlling interests		8.1	4.5
Total equity		511.5	480.8
Total equity and liabilities		3,949.0	4,382.4

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

Sergey N. Gorkov

Chairman of the Bank

Vladimir D. Shaprinsky

Chief Accountant

6 July 2016

The accompanying selected notes 1-28 are an integral part of these interim condensed consolidated financial statements.

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

	Notes	For the three-month period ended 31 March (Unaudited)	
		2016	2015 (Restated)
Interest income	23	89.6	79.7
Interest expense	23	(63.9)	(60.7)
Net interest income		25.7	19.0
Allowance for impairment of interest-earning assets	21	(176.2)	(8.9)
Net interest income/(expense) after allowance for impairment of interest-earning assets		(150.5)	10.1
Fee and commission income		2.9	3.0
Fee and commission expense		(0.8)	(0.6)
Net fee and commission income		2.1	2.4
Gains less losses / (losses less gains) from financial instruments at fair value through profit or loss		(0.4)	1.2
Gains less losses / (losses less gains) from investment financial assets available for sale		1.2	(18.6)
Gains less losses / (losses less gains) from foreign currencies			
- dealing		4.4	0.2
- translation differences		(32.2)	(0.7)
Losses on initial recognition of financial instruments, restructuring and early repayment		(2.7)	(1.2)
Share in net loss of associates and jointly controlled entities		(1.0)	(2.1)
Government grants	7, 14	135.9	13.1
Other operating income		5.3	3.4
Non-interest income/(expense)		110.5	(4.7)
Payroll and other staff costs		(7.0)	(6.0)
Occupancy and equipment		(2.0)	(1.8)
Depreciation of property and equipment		(1.5)	(0.8)
Taxes other than income tax		(0.6)	(0.8)
Other provisions and allowances for impairment of other assets	21	(0.1)	(1.1)
Other operating expenses		(10.6)	(6.6)
Non-interest expense		(21.8)	(17.1)
Loss before income tax		(59.7)	(9.3)
Income tax benefit/(expense)	20	1.4	(0.2)
Loss for the period		(58.3)	(9.5)
Attributable to:			
- the Russian Government		(58.2)	(9.3)
- non-controlling interests		(0.1)	(0.2)
		(58.3)	(9.5)

The accompanying selected notes 1-28 are an integral part of these interim condensed consolidated financial statements.

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

	For the three-month period ended 31 March	
	(Unaudited)	
Notes	2016	2015
Loss for the period	(58.3)	(9.5)
Other comprehensive income/(loss)		
<i>Other comprehensive income/(loss) 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	24.1	35.7
Translation differences	(11.7)	(14.8)
Income tax relating to components of other comprehensive income	(0.2)	(0.3)
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	12.2	20.6
Other comprehensive income for the period, net of tax	12.2	20.6
Total comprehensive (loss)/income for the period	(46.1)	11.1
Attributable to:		
- the Russian Government	(45.8)	11.4
- non-controlling interests	(0.3)	(0.3)
	(46.1)	11.1

The accompanying selected notes 1-28 are an integral part of these interim condensed consolidated financial statements.

**Interim condensed consolidated statement of changes in equity
for the three-month period ended 31 March 2016**
(in billions of Russian rubles)

	Attributable to the Russian Government					Total	Non- controlling interests	Total equity
	Authorized capital	Additional paid-in capital	Uncovered loss	Unrealized revaluation of investment financial assets available for sale	Foreign currency translation reserve			
31 December 2014	418.1	138.2	(169.0)	(14.0)	1.0	374.3	4.3	378.6
Loss for the period (Unaudited)	-	-	(9.3)	-	-	(9.3)	(0.2)	(9.5)
Other comprehensive income/(loss) (Unaudited)	-	-	-	35.5	(14.8)	20.7	(0.1)	20.6
Total comprehensive income/(loss) for the period (Unaudited)	-	-	(9.3)	35.5	(14.8)	11.4	(0.3)	11.1
Changes in ownership interests in existing subsidiaries (Unaudited)	-	-	(0.2)	-	-	(0.2)	0.1	(0.1)
31 March 2015 (Unaudited)	418.1	138.2	(178.5)	21.5	(13.8)	385.5	4.1	389.6
31 December 2015	445.6	150.5	(154.2)	35.3	(0.9)	476.3	4.5	480.8
Loss for the period (Unaudited)	-	-	(58.2)	-	-	(58.2)	(0.1)	(58.3)
Other comprehensive income/(loss) (Unaudited)	-	-	-	23.9	(11.5)	12.4	(0.2)	12.2
Total comprehensive income/(loss) for the period (Unaudited)	-	-	(58.2)	23.9	(11.5)	(45.8)	(0.3)	(46.1)
Contribution of the Russian Government (Note 24) (Unaudited)	73.8	-	-	-	-	73.8	-	73.8
Subsidiary acquired (Note 5) (Unaudited)	-	-	-	-	-	-	3.1	3.1
Changes in ownership interests in existing subsidiaries (Note 5) (Unaudited)	-	-	(0.9)	-	-	(0.9)	0.8	(0.1)
31 March 2016 (Unaudited)	519.4	150.5	(213.3)	59.2	(12.4)	503.4	8.1	511.5

The accompanying selected notes 1-28 are an integral part of these interim condensed consolidated financial statements.

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

	Notes	For the three-month period ended 31 March (Unaudited)	
		2016	2015 (Restated)
Cash flows from operating activities			
Loss for the period		(58.3)	(9.5)
<i>Adjustments:</i>			
Change in interest accruals		(17.4)	(21.2)
Impairment and other provisions	21	176.3	10.0
Changes in unrealized revaluation of trading securities and derivative financial instruments		(0.9)	(3.6)
Gains less losses / (losses less gains) from investment financial assets available for sale, net of impairment loss		(1.2)	0.1
Impairment of investment financial assets available for sale	15	–	18.5
Changes in translation differences		32.2	0.7
Losses on initial recognition of financial instruments, restructuring and early repayment		2.7	1.2
Government grants	7, 14	(135.9)	(13.1)
Share in net loss of associates and jointly controlled entities		1.0	2.1
Depreciation and amortization		1.8	1.1
Deferred income tax	20	(1.8)	(0.2)
Other changes		(1.8)	5.3
Cash flows from operating activities before changes in operating assets and liabilities		(3.3)	(8.6)
<i>Net (increase)/decrease in operating assets</i>			
Financial assets at fair value through profit or loss		(1.9)	(2.2)
Amounts due from banks		(0.2)	(11.6)
Loans to customers		51.8	(16.1)
Net investments in leases		(2.9)	5.4
Other assets		(0.6)	(7.5)
<i>Net increase/(decrease) in operating liabilities</i>			
Amounts due to banks, net of long-term interbank financing		(106.7)	(37.9)
Amounts due to the Russian Government and the Bank of Russia, net of long-term financing		(100.1)	12.0
Amounts due to customers		(71.1)	(6.3)
Debt securities issued, net of bonds		(0.1)	(2.5)
Finance lease liabilities		(2.8)	(2.1)
Other liabilities		6.8	0.2
Net cash used in operating activities		(231.1)	(77.2)

The accompanying selected notes 1-28 are an integral part of these interim condensed consolidated financial statements.

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

	Notes	For the three-month period ended 31 March (Unaudited)	
		2016	2015 (Restated)
Cash flows from investing activities			
Purchase of investment financial assets		(15.6)	(40.2)
Proceeds from sale and redemption of investment financial assets		41.8	52.8
Investments in associates and jointly controlled entities		0.1	–
Purchase of property and equipment		(0.6)	(0.3)
Proceeds from sale of property and equipment		0.1	–
Net cash from investing activities		25.8	12.3
Cash flows from financing activities			
Long-term interbank financing raised	17	2.4	4.1
Long-term interbank financing repaid	17	(44.1)	(35.5)
Long-term financing raised from the Bank of Russia and the Russian Government		231.0	5.2
Long-term financing repaid to the Bank of Russia		(89.9)	–
Placement of bonds	19	–	35.0
Redemption of bonds and Eurobonds	19	(44.1)	(33.1)
Purchase of bonds issued by the Group		(21.2)	(3.1)
Proceeds from sale of previously purchased bonds		5.9	7.2
Contribution of the Russian Government	24	73.8	–
Change in interest in existing subsidiaries	5	(0.1)	(0.1)
Government assistance received		–	4.5
Net cash from/(used in) financing activities		113.7	(15.8)
Effect of changes in foreign exchange rates against the Russian ruble on cash and cash equivalents		7.7	9.6
Net decrease in cash and cash equivalents		(83.9)	(71.1)
Cash and cash equivalents, beginning	8	373.0	325.9
Cash and cash equivalents, ending	8	287.1	254.8
Cash recognized in assets of disposal groups held for sale, beginning	14	4.1	–
Cash recognized in assets of disposal groups held for sale, ending		6.1	–
Supplemental information:			
Income tax paid		(0.6)	(0.4)
Interest paid		(61.2)	(51.3)
Interest received		68.6	49.8

The accompanying selected notes 1-28 are an integral part of these interim condensed consolidated financial statements.

(in billions 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 is presented in Note 4.

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 Russian companies, which have been assigned a long-term credit rating for liabilities denominated in Russian rubles or foreign currencies of an international credit rating agency accredited in accordance with the procedure established by the Russian legislation that is not lower than Russia's sovereign rating for liabilities denominated in Russian rubles or foreign currencies.

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 billions 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 authorized 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" (JSC 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 Public Joint-Stock Company Rostelecom (PJSC Rostelecom) to the authorized 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, Additional Agreement No. 5 dated 16 April 2014, and Additional Agreement No. 6 dated 1 October 2015 (collectively, "Agency Agreement"). Additional Agreement No. 7 is scheduled to be signed in 2016.

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 billions of Russian rubles)

1. Principal activities (continued)

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.

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 three-month period of 2016, the Bank, as a state management company, mainly invested pension savings in mortgage bonds denominated in Russian rubles, and corporate bonds of highly credible Russian issuers. As at 31 March 2016 and 31 December 2015, total funds of the State Pension Fund of the Russian Federation managed by the state management company amounted to RUB 1,812.5 billion and RUB 2,018.4 billion, 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, *On Additional Measures to Support the Financial System of the Russian Federation*, dated 13 October 2008 (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 three-month period ended 31 March 2016 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 2015. Operating results for the three-month period ended 31 March 2016 are not necessarily indicative of the results that may be expected for the year ending 31 December 2016.

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

(in billions of Russian rubles)

2. Basis of preparation (continued)

General (continued)

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.

Going concern

The interim condensed consolidated financial statements have been prepared based on the going concern assumption.

These interim condensed consolidated financial statements reflect management's current assessment of the impact of the Russian business environment on the performance and financial position of the Group. The future development of the Russian economy is largely dependent upon the effectiveness of measures undertaken by the Russian Government and other factors, including regulatory and political developments which are beyond the Group's control. The Group's management cannot predict the impact that the above factors may have on the financial position of the Group in the future.

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 2015, except for the adoption of new standards since 1 January 2016, noted below.

New adopted standards

In spite of the fact that the new and amended standards were applied for the first time in 2016, 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:

IFRS 14 Regulatory Deferral Accounts

IFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of IFRS. Entities that adopt IFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and in the statement of comprehensive income. The standard requires disclosure of the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. IFRS 14 is effective for annual periods beginning on or after 1 January 2016. Since the Group is an existing IFRS preparer and is not involved in any rate-regulated activities, this standard does not apply.

(in billions of Russian rubles)

2. Basis of preparation (continued)

Changes in accounting policies (continued)

Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests

The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business, must apply the relevant IFRS 3 *Business Combinations* principles for business combination accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation if joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after 1 January 2016. These amendments do not have any impact on the Group as there has been no interest acquired in a joint operation during the period.

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortization

The amendments clarify the principle in IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets* that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is a part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016. These amendments do not have any impact on the Group given that the Group has not used a revenue-based method to depreciate its non-current assets.

Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants

The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of IAS 41 *Agriculture*. Instead, IAS 16 will apply. After initial recognition, bearer plants will be measured under IAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of IAS 41 and will be measured at fair value less costs to sell. For government grants related to bearer plants, IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance* will apply. The amendments are retrospectively effective for annual periods beginning on or after 1 January 2016. These amendments do not have any impact on the Group as the Group does not have any bearer plants.

Amendments to IAS 27: Equity Method in Separate Financial Statements

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in their separate financial statements will have to apply that change retrospectively. First-time adopters of IFRS electing to use the equity method in their separate financial statements will be required to apply this method from the date of transition to IFRS. The amendments are effective for annual periods beginning on or after 1 January 2016. These amendments do not have any impact on the Group's consolidated financial statements.

(in billions of Russian rubles)

2. Basis of preparation (continued)

Changes in accounting policies (continued)

Annual improvements 2012-2014 cycle

These improvements are effective for annual periods beginning on or after 1 January 2016. They include:

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations

Assets (or disposal groups) are generally disposed of either through sale or distribution to owners. The amendment clarifies that changing from one of these disposal methods to the other would not be considered a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in IFRS 5. This amendment must be applied prospectively.

IFRS 7 Financial Instruments: Disclosures

(i) *Servicing contracts*

The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and the arrangement against the guidance for continuing involvement in IFRS 7 in order to assess whether the disclosures are required. The assessment of which servicing contracts constitute continuing involvement must be done retrospectively. However, the required disclosures would not need to be provided for any period beginning before the annual period in which the entity first applies the amendments.

(ii) *Applicability of the amendments to IFRS 7 to condensed interim financial statements*

The amendment clarifies that the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report. This amendment must be applied retrospectively.

IAS 19 Employee Benefits – regional market issue regarding discount rate

The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. This amendment is effective for annual periods beginning on or after 1 January 2016.

IAS 34 Interim Financial Reporting

The amendment clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. This amendment must be applied retrospectively.

These amendments do not have any impact on the Group.

(in billions of Russian rubles)

2. Basis of preparation (continued)

Changes in accounting policies (continued)

Amendments to IAS 1: Disclosure Initiative

The amendments to IAS 1 clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

- ▶ The materiality requirements in IAS 1
- ▶ That specific line items in the statements of profit or loss and other comprehensive income and the statement of financial position may be disaggregated
- ▶ That entities have flexibility as to the order in which they present the notes to financial statements
- ▶ That the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statements of profit or loss and other comprehensive income. These amendments are effective for annual periods beginning on or after 1 January 2016. These amendments do not have any impact on the Group.

Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exception

The amendments address issues that have arisen in applying the investment entities exception under IFRS 10 *Consolidated Financial Statements*. The amendments to IFRS 10 clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.

Furthermore, the amendments to IFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. The amendments to IAS 28 *Investments in Associates and Joint Ventures* allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries.

These amendments must be applied retrospectively and are effective for annual periods beginning on or after 1 January 2016. These amendments do not have any impact on the Group as the Group is not an investment entity.

Significant accounting judgments and estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts. Such estimates and assumptions are based on the information available as at the date of the financial statements. The actual results may significantly differ from these estimates and it is quite 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 the allowance for impairment of loans and receivables and the measurement of the 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 2015.

*(in billions of Russian rubles)***3. Reclassification of comparative information**

In the consolidated statement of financial position as at 31 March 2016, amounts on the correspondent account with the Bank of Russia intended for a designated purpose are included in amounts due from banks. The following reclassifications have been made to 2015 balances to ensure their comparability with the balances as at 31 March 2016:

	As previously reported	Reclassification amount	As reclassified
Consolidated statement of financial position as at 31 December 2015			
Cash and cash equivalents	400.5	(27.5)	373.0
Amounts due from banks	53.4	27.5	80.9

The effect of the change is also disclosed in Notes 8, 11 and 26.

The Group changed the presentation of the interim condensed consolidated statement of profit or loss for the three-month period ended 31 March 2015 in these interim condensed consolidated financial statements, as it has applied another method for the presentation of government grants in the consolidated financial statements since 31 December 2015:

	As previously reported	Reclassification amount	As reclassified
Interim condensed consolidated statement of profit or loss for the three-month period ended 31 March 2015			
Gains less losses / (Losses) on initial recognition of financial instruments, restructuring and early repayment	11.9	(13.1)	(1.2)
Government grants	-	13.1	13.1

The Group changed the presentation of the statement of cash flows for the three-month period ended 31 March 2015 in these interim condensed consolidated financial statements, as it has recorded cash flows from net investments in leases separately since 30 June 2015 and as it changed the method for the presentation of government grants in the consolidated financial statements on 31 December 2015:

	As previously reported	Reclassification amount	As reclassified
Interim condensed consolidated statement of cash flows for the three-month period ended 31 March 2015			
Cash flows from operating activities			
<i>Adjustments:</i>			
(Gains less losses) / Losses on initial recognition of financial instruments, restructuring and early repayment	(11.9)	13.1	1.2
Government grants	-	(13.1)	(13.1)
Cash flows from operating activities before changes in operating assets and liabilities	(8.6)	-	(8.6)
<i>Net (increase)/decrease in operating assets</i>			
Loans to customers	(10.7)	(5.4)	(16.1)
Net investments in leases	-	5.4	5.4
Net cash used in operating activities	(77.2)	-	(77.2)

*(in billions of Russian rubles)***4. Major 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
	31 March 2016 (Unaudited)	31 December 2015		
Bank BelVEB OJSC	97.52%	97.52%	Republic of Belarus	Banking
OJSC "VEB-Leasing"	99.11%	99.11%	Russia	Leasing
JSC SME Bank	100%	100%	Russia	Banking
Sviaz-Bank	99.65%	99.65%	Russia	Banking
PSC Prominvestbank	99.70%	99.39%	Ukraine	Banking
JSC "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)	68.28%	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 "North Caucasus Development Corporation"	100%	100%	Russia	Advisory services, investment project support
RDIF Management Company LLC	100%	100%	Russia	Management company
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
Infrastructure Molzhaninovo LLC (former Resad LLC)	99.99%	85%	Russia	Electric energy
Resort Zolotoe Koltso LLC	100%	100%	Russia	Real estate and construction
JSC Russian Export Center	100%	100%	Russia	Export support
Share of assets:				
Mutual Fund RDIF	100%	100%	Russia	Mutual fund

As at 31 March 2016 and 31 December 2015, the Group owns 100% of the voting shares of OJSC "VEB-Leasing".

In January 2016, the Bank purchased 45,800,000,000 shares additionally issued by JSC Russian Export Center for the total amount of RUB 45.8 billion. The Bank's interest in the share capital of JSC Russian Export Center remained unchanged at 100%.

In February 2016, Vnesheconombank made an additional contribution to the authorized capital of Resort Zolotoe Koltso LLC in the amount of RUB 7.9 billion. The Bank's share in the authorized capital of the company remained unchanged at 100%.

In February 2016, Vnesheconombank made an additional contribution to the authorized capital of Resad LLC in the amount of RUB 7.0 billion. The Bank's share in the authorized capital of the company is 99.99997%. In March 2016, Resad LLC was renamed as Infrastructure Molzhaninovo LLC.

*(in billions of Russian rubles)***4. Major subsidiaries (continued)**

In February 2016, Vnesheconombank made an additional cash contribution to the authorized capital of LLC "VEB-Capital" in the amount of RUB 40.4 billion and an asset contribution in the amount of RUB 1.7 billion. The Bank's share in the authorized capital of the company remained unchanged at 100%.

In February 2016, the Bank transferred funds in the amount of USD 0.5 billion (RUB 37.2 billion at the date of transfer) and EUR 0.2 billion (RUB 19.0 billion at the date of transfer) in payment for 1,999,984,200 shares additionally issued by PSC Prominvestbank.

5. Business combinations***Acquisitions in 2016***

On 30 March 2016, the Group increased its share in its associate LLC "VEB-Invest" from 19% to 100%. The cost of acquisition paid for in cash was insignificant. The fair value and the carrying amount of the previously recorded 19% share in the capital of LLC "VEB-Invest" amount to RUB 0.

LLC "VEB-Invest" is the parent company of a group of companies primarily engaged in the implementation of investment projects involving the development and construction of real estate properties of various classes in Moscow and Russian regions.

The Group increased its share in the authorized capital of LLC "VEB-Invest" in 2016, as the Bank participates in the financing of investment projects implemented by the LLC "VEB-Invest" Group.

The fair values of the acquired identifiable assets and liabilities of the LLC "VEB-Invest" Group were provisionally determined and are presented in the table below:

	Provisional fair value recognized on control acquisition
Cash and cash equivalents	2.0
Investments in associates and jointly controlled entities	0.4
Other assets	29.0
	31.4
Amounts due to banks	28.3
	28.3
Total identifiable net assets	3.1
Less liabilities to the Group	28.3
Less claims on the Group	(2.0)
Less non-controlling interest	(3.1)
Consideration transferred on acquisition	26.3

Based on the results of the fair value measurement procedures performed with regard to the acquired identifiable assets and liabilities, the financial result from the acquisition of control may be adjusted.

(in billions of Russian rubles)

5. Business combinations (continued)

Acquisitions in 2016 (continued)

Transactions representing previous relations between the participants of the Group within cash and amounts due to banks with the fair value of RUB 2.0 billion and RUB 28.3 billion, respectively, at the acquisition date were eliminated in the process of accounting for the business combination. Funds provided to and received from the Group were eliminated from the identifiable assets and liabilities of the LLC "VEB-Invest" Group, and the consideration transferred upon acquisition was adjusted by the fair value of the funds.

The contribution of the LLC "VEB-Invest" Group to the Group's financial result was insignificant. If the business combination had occurred at the beginning of the year, the Group's net loss would not have changed significantly.

Changes in ownership interests in 2016

In the first quarter of 2016, as a result of the additional issue of shares in PSC Prominvestbank, the carrying amount of the net assets of PSC Prominvestbank increased by RUB 51.5 billion and the contribution of non-controlling shareholders was insignificant. In addition, PSC Prominvestbank repurchased 4,080,103 shares from non-controlling shareholders. As a result of the reallocation of interests between the Bank and other shareholders, the non-controlling interest increased by RUB 0.3 billion and the Group's retained earnings decreased by RUB 0.4 billion.

In February 2016, Vnesheconombank made an additional contribution to the authorized capital of Resad LLC in the amount of RUB 7.0 billion. As a result of the reallocation of interests between participants, the non-controlling interest increased by RUB 0.5 billion and the Group's retained earnings decreased by RUB 0.5 billion.

Changes in ownership interests in 2015

In the first quarter of 2015, as a result of the additional issue of shares in PSC Prominvestbank which started in December 2014, the carrying amount of the net assets of PSC Prominvestbank increased by RUB 17.0 billion and the contribution of non-controlling shareholders was insignificant. In addition, during the first quarter of 2015, PSC Prominvestbank repurchased 1,939,372 shares from non-controlling shareholders. As a result of the reallocation of interests between the Bank and other shareholders, the non-controlling interest increased by RUB 0.2 billion and the Group's retained earnings decreased by RUB 0.2 billion.

In the first quarter of 2015, RDIF long-term direct investment mutual fund repurchased non-controlling interests in some of its subsidiaries. As a result of the reallocation of interests, non-controlling interests decreased by RUB 0.1 billion.

(in billions of Russian rubles)

6. Segment Information

For the management purposes the Group has six operating segments:

Segment 1	Vnesheconombank, JSC 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, RDIF long-term direct investment mutual fund, JSC "The Far East and Baikal Region Development Fund", VEB Asia Limited, Infrastructure Molzhaninovo LLC, Resort Zolotoe Koltso LLC, 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.

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 three-month periods ended 31 March 2016 and 31 March 2015, 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.

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

Information on the income and profit of the Group's operating segments is presented below:

	For the three-month period ended 31 March 2016						Total before adjustments	Adjustments	Total
	Segment 1	Segment 2	Segment 3	Segment 4	Segment 5	Segment 6			
Interest income on transactions with external clients	54.9	13.3	3.7	4.0	11.3	2.4	89.6	-	89.6
Interest expense on transactions with external clients	(43.9)	(10.4)	(1.2)	(1.1)	(6.2)	(1.1)	(63.9)	-	(63.9)
Net interest income on transactions with external clients	11.0	2.9	2.5	2.9	5.1	1.3	25.7	-	25.7
Intersegment net interest income/(expense)	4.1	(0.8)	(1.3)	(0.9)	(3.0)	2.9	1.0	(1.0)	-
Reversal of/(allowance for) impairment of interest-earning assets	(180.3)	(1.3)	4.3	(0.1)	(2.7)	(1.7)	(181.8)	5.6	(176.2)
Net interest income/(expense) after allowance for impairment of interest-earning assets	(165.2)	0.8	5.5	1.9	(0.6)	2.5	(155.1)	4.6	(150.5)
Net fee and commission income on transactions with external clients	1.0	0.3	0.3	0.5	-	-	2.1	-	2.1
Intersegment net fee and commission income/(expense)	-	-	-	(0.1)	-	-	(0.1)	0.1	-
Other non-interest income/(expense) on transactions with external clients	118.8	2.6	1.1	0.7	(4.0)	(8.7)	110.5	-	110.5
Non-interest expense on transactions with external clients	(6.2)	(4.7)	1.2	(1.2)	(6.6)	(4.3)	(21.8)	-	(21.8)
Other intersegment non-interest income/(expense)	(19.1)	(0.3)	0.4	(0.2)	0.2	0.4	(18.6)	18.6	-
Segment profit/(loss) before income tax	(70.7)	(1.3)	8.5	1.6	(11.0)	(10.1)	(83.0)	23.3	(59.7)
Income tax benefit									1.4
Loss for the period									(58.3)

	For the three-month period ended 31 March 2015						Total before adjustments	Adjustments	Total
	Segment 1	Segment 2	Segment 3	Segment 4	Segment 5	Segment 6			
Interest income on transactions with external clients	43.5	16.8	4.4	3.4	11.0	0.6	79.7	-	79.7
Interest expense on transactions with external clients	(39.1)	(13.5)	(1.5)	(1.4)	(5.1)	(0.1)	(60.7)	-	(60.7)
Net interest income on transactions with external clients	4.4	3.3	2.9	2.0	5.9	0.5	19.0	-	19.0
Intersegment net interest income/(expense)	3.4	(2.6)	(1.5)	(0.6)	(2.9)	3.9	(0.3)	0.3	-
Reversal of/(allowance for) impairment of interest-earning assets	6.0	(2.7)	(7.6)	(1.8)	(2.0)	(0.1)	(8.2)	(0.7)	(8.9)
Net interest income/(expense) after allowance for impairment of interest-earning assets	13.8	(2.0)	(6.2)	(0.4)	1.0	4.3	10.5	(0.4)	10.1
Net fee and commission income on transactions with external clients	0.6	0.5	0.8	0.5	-	-	2.4	-	2.4
Intersegment net fee and commission income/(expense)	0.1	-	-	(0.1)	-	-	-	-	-
Other non-interest income/(expense) on transactions with external clients	(15.9)	0.8	4.7	7.0	(0.2)	(1.1)	(4.7)	-	(4.7)
Non-interest expense on transactions with external clients	(5.8)	(3.8)	(1.4)	(1.2)	(2.9)	(2.0)	(17.1)	-	(17.1)
Other intersegment non-interest income/(expense)	(14.4)	(0.8)	(0.2)	(5.9)	0.1	0.4	(20.8)	20.8	-
Segment profit/(loss) before income tax	(21.6)	(5.3)	(2.3)	(0.1)	(2.0)	1.6	(29.7)	20.4	(9.3)
Income tax expense									(0.2)
Loss for the period									(9.5)

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

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

	31 March 2016	31 December 2015
	(Unaudited)	
Segment assets		
Segment 1	2,670.0	3,056.4
Segment 2	552.2	623.1
Segment 3	100.0	127.4
Segment 4	123.0	128.8
Segment 5	509.9	551.4
Segment 6	427.7	354.2
Total before deducting intersegment assets	4,382.8	4,841.3
Intersegment assets	(529.5)	(583.5)
Adjustments	95.7	124.6
Total assets	3,949.0	4,382.4

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

	31 March 2016	31 December 2015
	(Unaudited)	
Segment liabilities		
Segment 1	2,649.8	2,901.3
Segment 2	535.2	605.5
Segment 3	86.6	165.4
Segment 4	110.0	114.1
Segment 5	510.8	547.1
Segment 6	101.5	149.9
Total before deducting intersegment liabilities	3,993.9	4,483.3
Intersegment liabilities	(529.5)	(583.5)
Adjustments	(26.9)	1.8
Total liabilities	3,437.5	3,901.6

The adjustments of intersegment income and expenses, as well as the 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 the repurchase of debt securities issued by the Group entities or other deals with financial instruments between the Group entities
- ▶ Due to a reversal of allowances for the impairment of intersegment assets and investments in subsidiaries, created by the Group entities

*(in billions of Russian rubles)***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:

	31 March 2016 (Unaudited)	31 December 2015
Interest-bearing loans and deposits from the Federal Treasury	289.2	181.1
Interest-bearing loans and deposits from the Bank of Russia	242.1	374.3
Settlements related to redemption of Russian Government loans	64.0	63.0
Repurchase agreements with the Bank of Russia	14.1	64.1
Deposits of non-budgetary funds	0.4	23.6
Other amounts	2.2	0.3
Amounts due to the Russian Government, its institutions and the Bank of Russia	612.0	706.4

During the three-month period of 2016 as a part of the government support measures the Bank raised long-term and short-term financing on conditions that allowed the Bank to record a gain on initial recognition in the amount of RUB 134.9 billion within "Government grants" in the consolidated statement of profit or loss. As at 31 March 2016, the carrying amount of liabilities related to the funds raised amounts to RUB 90.2 billion and RUB 127.9 billion, respectively.

In February and March 2016, in accordance with Decree No. 1495 of the Russian Government, *On the Rules for Depositing Federal Budget Funds with State Corporation "Bank for Development and Foreign Economic Affairs (Vnesheconombank)"*, dated 30 December 2015, federal budget funds in the amount of RUB 45.0 billion and RUB 55.0 billion, respectively, were deposited for a period of up to 270 days at a rate equivalent to the key rate of the Bank of Russia in order to support liquidity.

In September 2014, an agreement for depositing the foreign currency funds of the National Welfare Fund ("NWF") with Vnesheconombank in the amount of USD 288 million (equivalent to RUB 11.0 billion as at the agreement date) was signed. These funds were deposited in accordance with Resolution No. 18 of the Russian Government dated 19 January 2008. As at 31 March 2016, the value of the deposit with a maturity of up to 26 September 2034 is RUB 4.7 billion (31 December 2015: RUB 5.0 billion).

As at 31 March 2016, interest-bearing loans and deposits from the Bank of Russia also include loans in the amount of RUB 19.5 billion (31 December 2015: RUB 294.3 billion) secured by the pledge of the rights of claim under loans to customers in the amount of RUB 26.4 billion (31 December 2015: RUB 434.9 billion) (Note 12).

During the first quarter of 2016, the Group repaid short-term and long-term interest-bearing loans and deposits of the Bank of Russia secured by bank guarantees (carrying amount as at 31 December 2015: RUB 77.3 billion).

As at 31 March 2016, under the repurchase agreements with the Bank of Russia, the Group sold debt securities with a fair value of RUB 16.1 billion (31 December 2015: RUB 67.8 billion), subject to repurchase (Note 10). As at 31 March 2016, pledged securities are classified as investment financial assets available for sale with a fair value of RUB 3.4 billion (31 December 2015: RUB 58.2 billion), investment financial assets held to maturity with a fair value of RUB 6.3 billion (31 December 2015: RUB 5.2 billion), amounts due from banks with a fair value of RUB 1.8 billion (31 December 2015: no balances), and loans to customers with a fair value of RUB 4.6 billion (31 December 2015: no balances). As at 31 March 2016, there were no pledged securities classified as trading financial assets (31 December 2015: RUB 4.4 billion).

*(in billions of Russian rubles)***7. Operations with the Russian Government, its authorized institutions and the Bank of Russia (continued)**

As at 31 March 2016, deposits of non-budgetary funds include RUB-denominated short-term deposits with the subsidiary banks in the amount of RUB 0.4 billion (31 December 2015: RUB 23.6 billion).

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 6.0 billion (equivalent to RUB 228.5 billion as at the agreement date) were signed.

In accordance with Resolution No. 2750-r of the Russian Government dated 30 December 2015, the terms of depositing the funds of the NWF with Vnesheconombank, which were previously provided in accordance with Resolution No. 1749-r of the Russian Government dated 6 September 2014 for the total nominal amount of USD 6.0 billion, were amended as follows: prolongation of the deposit period until 26 September 2034, reduction of the interest rate to 0.25% p.a. and introduction of a three-year grace period for interest payments. As at 31 March 2016, such deposits amounted to RUB 96.7 billion (31 December 2015: RUB 102.1 billion).

In September 2015, pursuant to Resolution No. 2756-r of the Russian Government dated 29 December 2014, a subsidiary bank entered into agreements with the State Corporation Deposit Insurance Agency under the state program for the additional capitalization of Russian banks. According to the terms of the agreements, the Bank received five subordinated loans in the total amount of RUB 11.9 billion carrying interest ranging from 13.3% p.a. to 14.3% p.a. and maturing from January 2025 through December 2034 in the form of Russian State Bonds (OFZ) of five issues which should be returned upon the maturity of subordinated loans. In accordance with IAS 39, securities received under an agreement stipulating for their return to the transferor, as well as a related liability to return, are not subject to recognition in the consolidated statement of financial position.

8. Cash and cash equivalents

Cash and cash equivalents comprise:

	31 March 2016 (Unaudited)	31 December 2015 (Restated)
Cash on hand	18.0	24.0
Current accounts with the Bank of Russia	23.1	41.0
Correspondent nostro accounts with banks and current accounts with other non-banking organizations:		
- the Russian Federation	32.6	79.2
- other countries	69.3	144.3
Interest-bearing loans and deposits with banks maturing within 90 days	122.6	62.7
Other cash equivalents	–	0.8
Reverse repurchase agreements with banks for up to 90 days	21.5	21.0
Cash and cash equivalents	287.1	373.0

As at 31 March 2016, reverse repurchase agreements included loans in the amount of RUB 11.1 billion (31 December 2015: RUB 11.5 billion) provided to banks and secured by corporate bonds with a fair value of RUB 12.5 billion (31 December 2015: RUB 13.5 billion), as well as loans in the amount of RUB 10.4 billion (31 December 2015: RUB 9.5 billion) provided to banks and secured by corporate shares with a fair value of RUB 12.5 billion (31 December 2015: RUB 11.3 billion).

*(in billions of Russian rubles)***9. Financial assets and liabilities at fair value through profit or loss**

Financial assets at fair value through profit or loss comprise:

	31 March 2016 (Unaudited)	31 December 2015
Trading financial assets	7.5	8.8
Derivative financial assets	3.3	2.7
Financial assets designated as at fair value through profit or loss	44.3	41.1
Financial assets at fair value through profit or loss	55.1	52.6

Trading financial assets

Trading financial assets held by the Group comprise:

	31 March 2016 (Unaudited)	31 December 2015
Equity securities	6.9	6.8
Debt securities		
Russian State Bonds (OFZ)	–	0.6
Eurobonds issued by the Russian Federation	–	0.4
Eurobonds of Russian and foreign issuers	0.1	0.5
	0.1	1.5
Other debt financial assets	0.5	0.5
	0.6	2.0
Trading financial assets	7.5	8.8

Financial assets at fair value through profit or loss pledged under repurchase agreements comprise:

	31 March 2016 (Unaudited)	31 December 2015
Financial assets at fair value through profit or loss pledged under repurchase agreements		
Russian State Bonds (OFZ)	–	4.0
Corporate bonds	–	0.4
	–	4.4
Eurobonds issued by the Russian Federation	0.2	–
Equity securities	0.3	–
Total financial assets at fair value through profit or loss pledged under repurchase agreements (Note 10)	0.5	4.4

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

As at 31 March 2016 and 31 December 2015, derivative financial instruments consist of:

	31 March 2016 (Unaudited)			31 December 2015		
	Notional principal	Fair value		Notional principal	Fair value	
		Asset	Liability		Asset	Liability
Foreign exchange contracts						
Forwards and swaps – foreign	25.2	0.3	0.3	48.2	0.1	–
Forward contracts for securities						
Equity securities	1.2	0.4	–	1.1	0.3	–
Interest rate swaps						
Foreign contracts	8.7	–	0.5	10.1	–	0.5
Domestic contracts				–	–	–
Option contracts with foreign currency	6.1	2.6	–	4.9	2.3	–
Cross-currency interest rate swap	0.3	–	0.4	38.2	–	2.3
Total derivative assets/liabilities		3.3	1.2		2.7	2.8

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 16.4 billion (31 December 2015: RUB 17.0 billion) and jointly controlled entities in the amount of RUB 17.3 billion (31 December 2015: RUB 13.4 billion) 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.

10. Financial assets lent and pledged under repurchase agreements

Financial assets lent and pledged under repurchase agreements comprise:

	31 March 2016 (Unaudited)	31 December 2015
Financial assets at fair value through profit or loss (Note 9)	0.5	4.4
Investment financial assets available for sale (Note 15)	5.7	62.9
Investment financial assets held to maturity (Note 15)	19.7	9.5
Amounts due from banks (Note 11)	2.6	0.3
Loans to customers (Note 12)	8.0	0.9
Less allowance for impairment (Note 21)	(0.1)	–
Total loans to customers (Note 12)	7.9	0.9
Total financial assets lent and pledged under repurchase agreements	36.4	78.0

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

Amounts due from banks comprise:

	31 March 2016 (Unaudited)	31 December 2015 (Restated)
Obligatory reserve with central banks	3.2	3.5
Non-interest-bearing deposits	54.3	54.8
Interbank loans and term interest-bearing deposits with banks	20.0	18.2
Mortgage bonds	7.3	7.6
	84.8	84.1
Less allowance for impairment (Note 21)	(3.2)	(3.2)
Amounts due from banks	81.6	80.9
Amounts due from banks pledged under repurchase agreements (Note 10)	2.6	0.3
Amounts due from banks, including those pledged under repurchase agreements	84.2	81.2

As at 31 March 2016, non-interest-bearing deposits include amounts placed on the correspondent account with the Bank of Russia for a designated purpose in the total amount of RUB 40.4 billion (31 December 2015: RUB 40.6 billion) (Note 27).

As at 31 March 2016, interbank loans and term interest-bearing deposits with banks with a carrying amount of RUB 1.3 billion (31 December 2015: RUB 1.6 billion) were pledged as collateral for loans received from the Bank of Russia.

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

Subordinated loans to banks

As at 31 March 2016, subordinated loans issued to banks include loans in the amount of RUB 51.0 billion (31 December 2015: RUB 50.4 billion) issued to eleven Russian banks in accordance with Federal Law No. 173-FZ in rubles at 6.5% p.a. and 7.5% p.a. and maturing from November 2017 through December 2020.

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

Loans to customers comprise:

	31 March 2016 (Unaudited)	31 December 2015
Project financing	1,369.4	1,652.3
Commercial loans, including loans to individuals	1,063.0	1,106.9
Financing of operations with securities	306.3	327.1
Export and pre-export financing	93.8	100.9
Reverse repurchase agreements	42.7	46.0
Back-to-back financing	36.7	36.5
Claims under letters of credit	18.2	19.6
Mortgage bonds	6.6	7.1
Promissory notes	3.6	3.6
Other	33.7	43.4
	2,974.0	3,343.4
Less allowance for impairment (Note 21)	(737.8)	(763.1)
Loans to customers	2,236.2	2,580.3
Loans to customers pledged under repurchase agreements (Note 10)		
Other	8.0	0.9
Less allowance for impairment (Note 21)	(0.1)	-
Total loans to customers pledged under repurchase agreements	7.9	0.9
Loans to customers, including those pledged under repurchase agreements	2,244.1	2,581.2

As at 31 March 2016, reverse repurchase agreements with a carrying amount of RUB 11.1 billion were signed primarily in respect of shares with a fair value of RUB 4.3 billion. As at 31 December 2015, reverse repurchase agreements with a carrying amount of RUB 13.7 billion were signed in respect of shares with a fair value of RUB 9.9 billion and marketable corporate bonds with a fair value of RUB 0.1 billion.

Reverse repurchase agreements also include a loan to a state-related entity with a carrying amount of RUB 11.3 billion as at 31 March 2016 (31 December 2015: RUB 11.0 billion), and a loan to an entity not related to the Group with a carrying amount of RUB 19.3 billion as at 31 March 2016 (31 December 2015: RUB 20.4 billion). The Bank provided RUB 25.1 billion to the first borrower through acquisition of non-marketable shares of another state-related entity.

As at 31 March 2016, reverse repurchase agreements also include a loan with a carrying amount of RUB 1.0 billion (31 December 2015: RUB 0.9 billion).

As at 31 March 2016, loans in the amount of RUB 26.4 billion primarily related to project financing and commercial loans are provided as collateral for funds raised from the Bank of Russia (31 December 2015: RUB 434.9 billion) (Note 7).

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

Loans were made principally in the following industry sectors:

	31 March 2016	%	31 December	
	(Unaudited)		2015	%
Manufacturing, including heavy machinery and production of military-related goods	874.8	29	922.3	28
Finance	787.8	26	829.5	25
Real estate and construction	378.1	13	612.4	18
Agriculture	190.7	6	196.5	6
Electric energy	107.8	4	113.0	3
Transport	107.7	4	115.9	3
Individuals	90.6	3	87.2	3
Trade	89.3	3	92.0	3
Oil and gas	85.4	3	83.8	3
Mining	81.2	3	83.7	3
Metallurgy	63.2	2	65.0	2
Foreign states	42.9	1	45.7	1
Research and education	18.6	1	18.5	1
Telecommunications	13.4	1	18.7	0
Logistics	8.5	0	8.6	0
Other	42.0	1	51.5	1
	2,982.0	100	3,344.3	100

As at 31 March 2016, the total outstanding amount of loans to three major borrowers / groups of related borrowers was RUB 453.9 billion, equivalent to 15.2% of the Group's gross loan portfolio (31 December 2015: RUB 579.8 billion or 17.3% of the gross loan portfolio). As at 31 March 2016, an allowance for impairment of RUB 206.5 billion was made against these loans (31 December 2015: RUB 201.0 billion). As at 31 December 2015, these loans included loans to an associate company controlled by the Group since March 2016, which accounted for 6.7% of the gross loan portfolio.

As at 31 March 2016 and 31 December 2015, 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 611.8 billion and RUB 722.7 billion, or 20.5% and 21.6% of the Group's gross loan portfolio, respectively. As at 31 March 2016 and 31 December 2015, an allowance for impairment was made against these loans in the total amount of RUB 122.9 billion and RUB 158.9 billion, respectively.

Loans were extended to the following types of customers:

	31 March 2016	31 December
	(Unaudited)	2015
Private companies	2,389.8	2,729.7
State-controlled entities (Russian Federation)	383.8	403.8
Individuals	90.6	87.2
Companies under foreign state control	73.0	75.8
Foreign states	42.9	45.7
Individual entrepreneurs	1.3	1.3
Regional authorities	0.6	0.8
	2,982.0	3,344.3

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

Net investments in leases comprise:

	31 March 2016 (Unaudited)	31 December 2015
Gross investments in leases	460.1	453.7
Less unearned finance lease income	(110.1)	(107.1)
	350.0	346.6
Less allowance for impairment (Note 21)	(6.8)	(3.5)
Net investments in leases	343.2	343.1

As at 31 March 2016 and 31 December 2015, certain leased-out assets were pledged as collateral under loans received. As at 31 March 2016 and 31 December 2015, the amount of net investments in leases related to assets pledged as collateral under loan agreements was RUB 56.1 billion and RUB 59.1 billion, respectively.

As at 31 March 2016, the share of the largest Russian lessee was RUB 92.0 billion, or 26% of total net investments in leases before allowance for impairment. The second largest amount of net investments in leases issued to the group of related lessees was RUB 38.5 billion or 11% of total net investments in leases before allowance for impairment. As at 31 March 2016, the amount of allowance with respect to the assets attributable to the first lessee is RUB 0.7 billion, and the amount of allowance with respect to the assets attributable to the second group of related lessees is RUB 1.0 billion. The mentioned lessee and the group of related lessees operate in the transport sector.

As at 31 December 2015, the share of the largest Russian lessee was RUB 101.4 billion, or 29% of total net investments in leases before allowance for impairment. The second largest amount of net investments in leases issued to the group of related lessees was RUB 36.7 billion or 11% of total net investments in leases before allowance for impairment. As at 31 December 2015, the amount of allowance with respect to the assets attributable to the first lessee is RUB 0.3 billion, and the amount of allowance with respect to the assets attributable to the second lessee is RUB 0.3 billion. 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 31 March 2016:

	Not later than 1 year	1 to 5 years	Later than 5 years	Total
	(Unaudited)			
Gross investments in leases	89.7	251.5	118.9	460.1
Less unearned finance lease income	(5.9)	(59.2)	(45.0)	(110.1)
Net investments in leases before allowance	83.8	192.3	73.9	350.0

Below is the maturity profile of gross and net investments in leases as at 31 December 2015:

	Not later than 1 year	1 to 5 years	Later than 5 years	Total
Gross investments in leases	91.0	245.5	117.2	453.7
Less unearned finance lease income	(6.4)	(58.3)	(42.4)	(107.1)
Net investments in leases before allowance	84.6	187.2	74.8	346.6

*(in billions of Russian rubles)***14. Assets held for sale and disposal groups**

Non-current assets held for sale comprise:

	31 March 2016 (Unaudited)	31 December 2015
Non-current assets held for sale:		
Assets of disposal groups	124.0	122.8
Assets held for sale	13.2	14.4
Total non-current assets held for sale	137.2	137.2

The Group's management intends to dispose 100% shares of JSC SME Bank within 1 year from the initial classification of this subsidiary as a disposal group.

Pursuant to Decree No. 287 of the President of the Russian Federation dated 5 June 2015 and Federal Law No. 156-FZ dated 29 June 2015, Concerning Introducing Amendments to Certain Legislative Acts of the Russian Federation Regarding Measures for Further Development of Small and Medium Enterprises in the Russian Federation, Vnesheconombank shall pay for an additional issue of shares of JSC "Federal Corporation for Development of Small and Medium Enterprises" with the shares of JSC SME Bank.

Below are the assets and liabilities of JSC SME Bank classified as a disposal group held for sale as at 31 March 2016 and 31 December 2015:

	31 March 2016 (Unaudited)	31 December 2015
Cash and cash equivalents	6.1	4.1
Financial assets at fair value through profit or loss	15.1	13.0
Amounts due from banks	81.0	85.5
Loans to customers	9.0	9.2
Net investments in leases	0.1	0.1
Investment financial assets:		
- available for sale	8.1	6.3
- held to maturity	0.4	0.4
Property and equipment	0.2	0.2
Other assets	4.0	4.0
Assets of disposal group held for sale	124.0	122.8
Amounts due to banks	15.4	16.5
Amounts due to the Russian Government and the Bank of Russia	36.6	36.1
Amounts due to customers	3.0	3.0
Securities issued	11.3	11.3
Income tax liabilities	1.7	1.5
Provisions	0.4	-
Other liabilities	0.5	0.6
Liabilities of disposal group held for sale	68.9	69.0
Net assets of disposal group held for sale	55.1	53.8

Loss of RUB 0.5 billion on initial recognition of loans issued under the program of extending loans to small and medium enterprises through JSC SME Bank was recorded in line "Losses on initial recognition of financial instruments, restructuring and early repayment" of the consolidated statement of profit or loss for the three-month period ended 31 March 2016.

*(in billions of Russian rubles)***14. Assets held for sale and disposal groups (continued)**

Gain of RUB 1.0 billion on initial recognition of loans granted by the Bank of Russia for the purposes of further issue to banks through JSC SME Bank under the program of extending loans to small and medium enterprises was also recorded in line "Government grants" of the consolidated statement of profit or loss for the three-month period ended 31 March 2016.

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

Investment financial assets available for sale comprise:

	31 March 2016 (Unaudited)	31 December 2015
Equity securities	217.9	202.6
Debt securities		
Corporate bonds	96.3	52.6
Russian State Bonds (OFZ)	41.7	35.0
Debt instruments issued by foreign government bodies	21.7	22.5
Municipal and sub-federal bonds	2.4	4.8
	162.1	114.9
Eurobonds of Russian and foreign issuers	28.8	32.6
Eurobonds issued by the Russian Federation	7.4	8.8
	198.3	156.3
Other financial assets available for sale	32.8	31.9
Investment financial assets available for sale	449.0	390.8

Investment financial assets available for sale pledged under repurchase agreements comprise:

	31 March 2016 (Unaudited)	31 December 2015
Corporate bonds	3.4	55.4
Russian State Bonds (OFZ)	0.4	4.5
	3.8	59.9
Eurobonds issued by the Russian Federation	1.7	1.1
Eurobonds of Russian and foreign issuers	–	1.9
	5.5	62.9
Equity securities	0.2	–
Total investment financial assets available for sale pledged under repurchase agreements	5.7	62.9

As a result of the sale of investment financial assets available for sale for the three-month period ended 31 March 2016, the Group realized part of the accumulated revaluation previously recorded in equity and transferred it to "Gains less losses/(losses less gains) from investment financial assets available for sale" in the consolidated statement of profit or loss. The realized revaluation gain amounted to RUB 0.7 billion (for the three-month period ended 31 March 2015, the realized revaluation loss amounted to RUB 0.9 billion).

*(in billions of Russian rubles)***15. Investment financial assets (continued)*****Investment financial assets available for sale (continued)***

The Group recognized an impairment loss of RUB 18.5 billion on available-for-sale financial assets for the three-month period ended 31 March 2015 in "Gains less losses from investment financial assets available for sale" in the consolidated statement of profit or loss. There is no impairment for the three-month period ended 31 March 2016.

As at 31 March 2016, the Group pledged securities included in the category "Debt instruments issued by foreign government bodies" with a fair value of RUB 0.6 billion (31 December 2015: RUB 1.1 billion) as collateral for interbank loans in the amount of RUB 0.5 billion (31 December 2015: RUB 0.8 billion) (Note 17).

Investment financial assets held to maturity

Investment financial assets held to maturity comprise:

	31 March 2016 (Unaudited)	31 December 2015
Corporate bonds	5.1	19.3
Russian State Bonds (OFZ)	0.3	0.3
Municipal and sub-federal bonds	–	0.4
	5.4	20.0
Eurobonds of Russian and foreign issuers	1.2	7.5
Total investment financial assets held to maturity	6.6	27.5

Investment financial assets held to maturity pledged under repurchase agreements comprise:

	31 March 2016 (Unaudited)	31 December 2015
Corporate bonds	12.7	6.4
Municipal and sub-federal bonds	1.2	0.8
Eurobonds of Russian and foreign issuers	5.8	2.3
Total investment financial assets held to maturity pledged under repurchase agreements	19.7	9.5

16. Other assets

As at 31 March 2016, other assets include investment property with a fair value of RUB 31.6 billion and real property under construction with a value of RUB 12.5 billion (31 December 2015: RUB 8.4 billion and RUB 7.3 billion, respectively). The change was primarily due to a business combination (Note 5).

As at 31 March 2016, receivables related to equipment purchased for leasing purposes decreased by RUB 22.6 billion primarily due to the transfer of the equipment purchased by a subsidiary leasing company to lessees as per lease contracts.

*(in billions of Russian rubles)***17. Amounts due to banks**

Amounts due to banks comprise:

	31 March 2016 (Unaudited)	31 December 2015
Correspondent loro accounts of Russian banks	16.3	113.2
Correspondent loro accounts of other banks	3.3	2.7
Loans and other placements from OECD-based banks	358.4	418.5
Loans and other placements from Russian banks	253.4	257.0
Loans and other placements from other banks	200.8	219.4
Collateral on securities lent	0.5	–
Repurchase agreements	17.5	8.6
Amounts due to banks	850.2	1,019.4
Held as collateral against letters of credit	0.2	0.2

As at 31 March 2016, loans and other placements from other banks include loans from foreign banks in the amount of RUB 0.5 billion collateralized by debt instruments issued by foreign government bodies with the collateral value of RUB 0.6 billion. As at 31 December 2015, loans and other placements from other banks included loans from foreign banks in the amount of RUB 0.8 billion collateralized by debt instruments issued by foreign government bodies with the collateral value of RUB 1.1 billion (Note 15).

As at 31 March 2016, amounts due to banks include collateral on securities lent in the amount of RUB 0.5 billion received from a Russian bank. The securities lent are represented by debt securities available for sale with a fair value of RUB 0.5 billion (Note 10).

As at 31 March 2016, repurchase agreements with banks include loans of RUB 1.3 billion collateralized by debt securities available for sale with a fair value of RUB 1.5 billion, loans of RUB 0.2 billion collateralized by debt securities at fair value through profit or loss with a fair value of RUB 0.2 billion, loans of RUB 12.0 billion collateralized by debt securities held to maturity with a fair value of RUB 13.8 billion, loans of RUB 0.2 billion collateralized by equity securities available for sale with a fair value of RUB 0.2 billion, and loans of RUB 0.3 billion collateralized by equity securities at fair value through profit or loss with a fair value of RUB 0.3 billion. As at 31 December 2015, repurchase agreements with banks include loans of RUB 4.0 billion collateralized by debt securities available for sale with a fair value of RUB 4.7 billion and loans of RUB 3.7 billion collateralized by debt securities held to maturity with a fair value of RUB 4.4 billion (Note 10).

As at 31 March 2016, repurchase agreements with banks include loans of RUB 2.7 billion collateralized by debt securities and included in loans to customers with a fair value of RUB 3.2 billion and loans of RUB 0.8 billion collateralized by debt securities and included in amounts due from banks with a fair value of RUB 0.9 billion. As at 31 December 2015, repurchase agreements with banks include loans of RUB 0.6 billion collateralized by debt securities and included in loans to customers with a fair value of RUB 0.9 billion and loans of RUB 0.3 billion collateralized by debt securities and included in amounts due from banks with a fair value of RUB 0.3 billion (Note 10).

For the three-month period of 2016, the Group raised long-term financing from OECD-based banks totaling RUB 0.9 billion (for the three-month period of 2015: RUB 4.0 billion) and repaid long-term financing of RUB 20.8 billion (for the three-month period of 2015: RUB 11.7 billion) in accordance with contractual terms.

*(in billions of Russian rubles)***17. Amounts due to banks (continued)**

For the three-month period of 2016, the Group raised long-term financing from non-OECD banks totaling RUB 1.5 billion (for the three-month period of 2015: RUB 0.1 billion) and repaid long-term financing of RUB 0.9 billion (for the three-month period of 2015: RUB 1.5 billion) in accordance with contractual terms.

For the three-month period of 2016, the Group's leasing company repaid long-term financing from Russian and foreign banks totaling RUB 22.4 billion (for the three-month period of 2015: RUB 22.3 billion) in accordance with contractual terms.

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. As at 31 March 2016, the liabilities of Vnesheconombank under these agreements totaled RUB 442.1 billion (31 December 2015: RUB 491.4 billion). 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.

18. Amounts due to customers

Amounts due to customers comprise:

	31 March 2016 (Unaudited)	31 December 2015
Current accounts	224.1	205.0
Term deposits	342.2	437.2
Repurchase agreements	-	0.1
Other amounts due to customers	0.1	-
Amounts due to customers	566.4	642.3
Held as collateral against guarantees	0.2	0.6
Held as collateral against letters of credit	2.6	3.0

As at 31 March 2016, the amount of repurchase agreements is insignificant, and the fair value of collateral for such agreements is insignificant. As at 31 December 2015, repurchase agreements with customers include funds of RUB 0.1 billion received from a Russian entity and collateralized by debt securities available for sale with a fair value of RUB 0.1 billion (Note 10).

*(in billions of Russian rubles)***19. Debt securities issued**

Debt securities issued comprise:

	31 March 2016	31 December 2015
	(Unaudited)	
Eurobonds	618.7	702.9
Domestic bonds	440.3	457.6
Promissory notes	14.2	18.4
Deposit and saving certificates	0.9	1.0
Debt securities issued	1,074.1	1,179.9
Promissory notes held as collateral against guarantees	0.8	0.9

For the three-month period ended 31 March 2016, the Group issued / reissued the following bonds at the domestic market:

Period of issue	Maturity	Issue currency	Nominal value of securities issued		Nominal value of securities in the portfolios of the Group entities at the issue / placement date,		Secondary placement
			Currency, billion (Unaudited)	At the placement date, RUB, billion	the issue / placement date, RUB, billion		
February	February 2025	RUB	19.6	19.6	19.6	–	–
February	January 2025	RUB	0.6	0.6	–	–	Yes
February	January 2025	RUB	3.0	3.0	3.0	–	Yes
February	February 2025	RUB	3.1	3.1	3.1	–	Yes
March	February 2018	RUB	0.4	0.4	–	–	Yes
March	March 2021	RUB	3.0	3.0	–	–	Yes

For the three-month period ended 31 March 2016, the Group repaid / repurchased the following securities:

Type of securities	Period of issue	Period of repayment / repurchase	Issue currency	Nominal value of securities repaid		Purchase under offering
				Currency, billion (Unaudited)	At the repayment/repurchase date, RUB, billion	
Eurobond	February 2011	February	CHF	0.5	40.8	–
Bond	February 2015	February	RUB	3.6	3.6	Yes
Bond	February 2015	February	RUB	5.0	5.0	Yes
Bond	February 2012	February	RUB	2.0	2.0	–
Bond	February 2015	March	RUB	5.0	5.0	Yes
Bond	March 2015	March	RUB	4.1	4.1	Yes
Bond	March 2011	March	RUB	3.0	3.0	Yes
Bond	March 2015	March	RUB	1.3	1.3	–

*(in billions of Russian rubles)***20. Taxation**

Income tax assets and liabilities comprise:

	31 March 2016 (Unaudited)	31 December 2015
Current income tax asset	2.0	2.0
Deferred income tax asset	4.9	9.3
Income tax assets	6.9	11.3
Current income tax liability	0.2	0.3
Deferred income tax liability	4.7	10.2
Income tax liabilities	4.9	10.5

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

	For the three-month period ended 31 March	
	2016 (Unaudited)	2015 (Unaudited)
Current tax expense	0.4	0.4
Deferred tax benefit – origination and reversal of temporary differences in the statement of profit or loss	(1.8)	(0.2)
Income tax expense/(benefit)	(1.4)	0.2

21. 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	Assets of disposal group	Net investments in leases	Total
31 December 2014 (Restated)	2.5	582.3	-	4.1	588.9
Charge/(reversal) (Unaudited, restated)	(0.1)	7.9	-	1.1	8.9
Write-offs (Unaudited)	-	(1.5)	-	-	(1.5)
Reversal of allowance previously written off (Unaudited)	-	0.1	-	-	0.1
Interest accrued on impaired loans (Unaudited)	-	(8.8)	-	-	(8.8)
31 March 2015 (Unaudited, restated)	2.4	580.0	-	5.2	587.6
31 December 2015	3.2	763.1	8.4	3.5	778.2
Charge (Unaudited)	-	172.3	0.6	3.3	176.2
Write-offs (Unaudited)	-	(1.7)	-	-	(1.7)
Interest accrued on impaired loans (Unaudited)	-	(10.6)	-	-	(10.6)
Effect of business combination (IFRS 3) (Note 5) (Unaudited)	-	(185.2)	-	-	(185.2)
31 March 2016 (Unaudited)	3.2	737.9	9.0	6.8	756.9

*(in billions of Russian rubles)***21. Allowance for impairment and provisions (continued)**

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	Assets and liabilities of disposal group	Claims	Insurance activities	Guarantees and commitments	Total
31 December 2014	0.1	-	11.2	-	0.3	2.4	3.7	17.7
Charge (Unaudited)	-	-	0.8	-	0.1	-	0.2	1.1
Write-offs (Unaudited)	-	-	-	-	(0.1)	-	(0.5)	(0.6)
31 March 2015 (Unaudited)	0.1	-	12.0	-	0.3	2.4	3.4	18.2
31 December 2015	0.1	0.7	18.9	0.9	0.8	4.0	10.0	35.4
Charge/(reversal) (Unaudited)	(0.1)	-	1.7	0.3	0.5	-	(2.3)	0.1
31 March 2016 (Unaudited)	-	0.7	20.6	1.2	1.3	4.0	7.7	35.5

22. Finance lease liabilities

The Group's finance lease liabilities decreased from RUB 105.9 billion as at 31 December 2015 to RUB 95.9 billion as at 31 March 2016 due to the currency revaluation under foreign currency agreements concluded by a subsidiary leasing company.

23. Interest income and expense

Interest income and expense comprise:

	For the three-month period ended 31 March (Unaudited)	
	2016	2015
Interest income		
Loans to customers	64.0	56.1
Amounts due from banks and cash equivalents	7.8	6.6
Investment securities	6.7	6.1
	78.5	68.8
Finance leases	9.7	9.9
Financial assets at fair value through profit or loss	0.3	0.2
Other investment financial assets available for sale	0.8	0.8
Government grant used	0.3	-
	89.6	79.7
Interest expense		
Amounts due to banks and the Bank of Russia	(26.4)	(23.4)
Amounts due to customers and the Russian Government	(17.5)	(20.2)
Debt securities issued	(19.6)	(16.9)
Finance lease liabilities	(0.4)	(0.2)
	(63.9)	(60.7)

(in billions of Russian rubles)

24. Equity

Authorized capital

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

In March 2016, Vnesheconombank received a subsidy from the Russian Ministry of Finance in the form of an asset contribution of RUB 73.8 billion to compensate for part of costs related to the fulfillment of obligations in 2016 arising from foreign borrowings in the capital markets. The total amount of subsidies to be provided for these purposes is RUB 150.0 billion.

25. 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 January 2015, international rating agencies downgraded the ratings of Vnesheconombank to BBB- (long-term foreign currency issuer 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 July 2015, following Vnesheconombank, the Group's subsidiaries became subject to the US sectoral sanctions.

In 2016, 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.

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 billions of Russian rubles)

25. Commitments and contingencies (continued)

Operating environment (continued)

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 31 March 2016.

Information about the risk the Group is exposed to in Ukraine as at 31 March 2016 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 31 March 2016, 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 26.2 billion (before allowance for impairment of these loans in the amount of RUB 15.6 billion), and other assets in the amount of RUB 5.0 billion (before allowance for impairment of RUB 5.0 billion). As at 31 December 2015, loans to customers of the Group's subsidiary amounted to RUB 27.0 billion (allowance for impairment: RUB 20.0 billion), and other assets amounted to RUB 5.3 billion (allowance for impairment: RUB 4.8 billion).

The Group's management also believes that as at 31 March 2016, the loans with a carrying amount of RUB 453.8 billion (before allowance for impairment) (31 December 2015: RUB 618.2 billion) provided by Vnesheconombank 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 31 March 2016, an allowance for impairment of these loans amounted to RUB 212.5 billion (31 December 2015: RUB 183.0 billion).

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 21.

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 is vaguely drafted and is subject to varying interpretations, selective and inconsistent application and changes which can occur frequently and may apply retrospectively. In addition, the provisions of Russian tax legislation applicable to financial instruments (including transactions with derivative financial instruments and securities) are subject to significant uncertainty and lack of interpretive guidance. 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.

*(in billions of Russian rubles)***25. Commitments and contingencies (continued)*****Taxation (continued)***

The interpretation of such provisions of the Russian tax legislation and the latest trends in judicial practice indicate a potential increase in taxes payable and penalties assessed, including due to the fact that the tax authorities and courts may take a more assertive position in applying the legislation and reviewing tax calculations. Consequently, the tax authorities may challenge the transactions and operations of the Group which have not been challenged before at any time in the future. Thus, the relevant authorities may impose significant additional taxes, penalties and fines. However, it is not possible to determine their amounts or evaluate the probability of a negative outcome in the event of claims brought by the tax authorities. Fiscal periods remain open and subject to review by the tax authorities for a period of three calendar years immediately preceding the year of review. Under certain circumstances, reviews may cover earlier periods.

As at 31 March 2016, 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:

	31 March 2016 (Unaudited)	31 December 2015
Undrawn loan commitments	480.0	535.4
Guarantees	351.4	428.7
Letters of credit	12.5	19.1
	843.9	983.2
Operating lease commitments		
Not later than 1 year	2.9	3.1
Later than 1 year but not later than 5 years	5.6	6.2
Later than 5 years	4.4	4.7
	12.9	14.0
Co-investment commitments	5.3	5.7
Capital expenditure commitments	76.1	82.8
	938.2	1,085.7
Less provisions (Note 21)	(7.7)	(10.0)
Commitments and contingencies (before deducting collateral)	930.5	1,075.7
Less cash and promissory notes held as collateral against guarantees and letters of credit	(3.8)	(4.7)
Commitments and contingencies	926.7	1,071.0

26. Fair value measurement

The Group uses the following hierarchy for determining and disclosing the fair value 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 billions of Russian rubles)***26. Fair value measurement (continued)**

The following tables show an analysis of 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)	
31 March 2016 (Unaudited)				
<i>Assets measured at fair value</i>				
Trading financial assets	7.0	0.5	–	7.5
- Equity securities	6.9	–	–	6.9
- Eurobonds of Russian and foreign issuers	0.1	–	–	0.1
- Other debt financial assets	–	0.5	–	0.5
Derivative financial instruments	–	3.3	–	3.3
- Foreign exchange contracts: foreign	–	0.3	–	0.3
- Forward contracts: equity securities	–	0.4	–	0.4
- Option contracts with foreign currency	–	2.6	–	2.6
Financial assets designated as at fair value through profit or loss	–	–	44.3	44.3
Trading financial assets pledged under repurchase agreements	0.5	–	–	0.5
- Equity securities	0.3	–	–	0.3
- Eurobonds issued by the Russian Federation	0.2	–	–	0.2
Investment financial assets available for sale	277.9	128.7	42.4	449.0
- Equity securities	205.1	3.2	9.6	217.9
- Corporate bonds	23.7	72.6	–	96.3
- Debt instruments issued by foreign government bodies	0.6	21.1	–	21.7
- Promissory notes	–	–	–	–
- Russian State Bonds (OFZ)	19.2	22.5	–	41.7
- Municipal and sub-federal bonds	2.4	–	–	2.4
- Eurobonds of Russian and foreign issuers	23.8	5.0	–	28.8
- Eurobonds issued by the Russian Federation	3.1	4.3	–	7.4
- Other financial assets available for sale	–	–	32.8	32.8
Investment financial assets available for sale pledged under repurchase agreements	4.1	1.6	–	5.7
- Corporate bonds	1.8	1.6	–	3.4
- Eurobonds issued by the Russian Federation	1.7	–	–	1.7
- Russian State Bonds (OFZ)	0.4	–	–	0.4
- Equity securities	0.2	–	–	0.2
Investment property (within other assets)	–	–	31.6	31.6
<i>Assets for which fair values are disclosed</i>				
Cash and cash equivalents	–	287.1	–	287.1
Amounts due from banks, including those pledged under repurchase agreements	–	–	84.3	84.3
Subordinated loans to banks	–	–	55.7	55.7
Loans to customers, including those pledged under repurchase agreements	5.0	90.0	2,124.1	2,219.1
Net investments in leases	–	–	307.9	307.9
Investment financial assets held to maturity	2.6	4.2	–	6.8
Investment financial assets held to maturity pledged under repurchase agreements	8.3	11.8	–	20.1
	305.4	527.2	2,690.3	3,522.9

*(in billions of Russian rubles)***26. Fair value measurement (continued)**

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
31 March 2016 (Unaudited)				
<i>Liabilities measured at fair value</i>				
Derivative financial liabilities	-	1.2	-	1.2
- Foreign exchange contracts:	-	0.3	-	0.3
- Interest rate swaps: foreign	-	0.5	-	0.5
- Cross-currency interest rate swap	-	0.4	-	0.4
<i>Liabilities for which fair values are disclosed</i>				
Amounts due to banks	-	-	844.0	844.0
Amounts due to the Russian Government and the Bank of Russia	-	-	608.0	608.0
Amounts due to customers	-	-	571.0	571.0
Debt securities issued	421.1	557.7	78.3	1,057.1
Finance lease liabilities	-	-	78.7	78.7
Subordinated deposits	-	-	103.0	103.0
	421.1	558.9	2,283.0	3,263.0

(in billions of Russian rubles)

26. Fair value measurement (continued)

	Fair value measurement using			Total (Restated)
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2) (Restated)	Significant unobservable inputs (Level 3) (Restated)	
31 December 2015				
<i>Assets measured at fair value</i>				
Trading financial assets	8.3	0.5	-	8.8
- Equity securities	6.8	-	-	6.8
- Russian State Bonds (OFZ)	0.6	-	-	0.6
- Eurobonds issued by the Russian Federation	0.4	-	-	0.4
- Eurobonds of Russian and foreign issuers	0.5	-	-	0.5
- Other debt financial assets	-	0.5	-	0.5
Derivative financial instruments	-	2.7	-	2.7
- Foreign exchange contracts: foreign	-	0.1	-	0.1
- Forward contracts: equity securities	-	0.3	-	0.3
- Option contracts with foreign currency	-	2.3	-	2.3
Financial assets designated as at fair value through profit or loss	-	-	41.1	41.1
Trading financial assets pledged under repurchase agreements	4.4	-	-	4.4
- Russian State Bonds (OFZ)	4.0	-	-	4.0
- Corporate bonds	0.4	-	-	0.4
Investment financial assets available for sale	281.0	68.0	41.8	390.8
- Equity securities	190.7	2.0	9.9	202.6
- Corporate bonds	33.4	19.2	-	52.6
- Debt instruments issued by foreign government bodies	2.6	19.9	-	22.5
- Promissory notes				
- Russian State Bonds (OFZ)	14.2	20.8	-	35.0
- Municipal and sub-federal bonds	4.6	0.2	-	4.8
- Eurobonds of Russian and foreign issuers	31.1	1.5	-	32.6
- Eurobonds issued by the Russian Federation	4.4	4.4	-	8.8
- Other financial assets available for sale	-	-	31.9	31.9
Investment financial assets available for sale pledged under repurchase agreements	10.9	52.0	-	62.9
- Corporate bonds	5.2	50.2	-	55.4
- Eurobonds issued by the Russian Federation	1.1	-	-	1.1
- Eurobonds of Russian and foreign issuers	0.1	1.8	-	1.9
- Russian State Bonds (OFZ)	4.5	-	-	4.5
Investment property (within other assets)	-	-	8.4	8.4
<i>Assets for which fair values are disclosed</i>				
Cash and cash equivalents	-	373.0	-	373.0
Amounts due from banks, including those pledged under repurchase agreements	-	-	81.4	81.4
Investment financial assets held to maturity	18.0	9.3	0.3	27.6
Investment financial assets held to maturity pledged under repurchase agreements	4.6	5.0	-	9.6
Subordinated loans to banks	-	-	54.4	54.4
Loans to customers, including those pledged under repurchase agreements	0.7	34.5	2,507.3	2,542.5
Net investments in leases	-	-	301.8	301.8
	327.9	545.0	3,036.5	3,909.4

*(in billions of Russian rubles)***26. Fair value measurement (continued)**

31 December 2015	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
<i>Liabilities measured at fair value</i>				
Derivative financial liabilities	-	2.8	-	2.8
- Interest rate swaps: foreign	-	0.5	-	0.5
- Cross-currency interest rate swap	-	2.3	-	2.3
<i>Liabilities for which fair values are disclosed</i>				
Amounts due to banks	-	-	1,012.8	1,012.8
Amounts due to the Russian Government and the Bank of Russia	-	-	700.1	700.1
Amounts due to customers	-	-	646.3	646.3
Debt securities issued	440.4	606.9	102.3	1,149.6
Subordinated deposits	-	-	102.1	102.1
	440.4	609.7	2,563.6	3,613.7

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 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 unobservable inputs in general are primarily long-term option contracts. Such derivative products are valued using binomial option pricing models, which imply using various non-observable inputs, including market rate volatility. However, as at the reporting date, there were no such options.

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. These assets are valued using models which incorporate either only observable market data or both observable and unobservable data. The unobservable 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 billions of Russian rubles)***26. Fair value measurement (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 2016	Gains recorded in the statement of profit or loss (Unaudited)	Gains recorded in other comprehensive income (Unaudited)	Acquisitions (Unaudited)	Other changes (Unaudited)	31 March 2016 (Unaudited)
Assets						
Financial assets designated as at fair value through profit or loss	41.1	(0.8)	-	4.0	-	44.3
Investment financial assets available for sale	41.8	0.8	(0.2)	-	-	42.4
Investment property (within other assets)	8.4	-	-	23.6	(0.4)	31.6
	91.3	-	(0.2)	27.6	(0.4)	118.3

Unrealized losses on financial assets designated as at fair value through profit or loss in the amount of RUB 0.8 billion 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 0.8 billion 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 0.2 billion 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".

During the three-month period of 2016, there were no transfers of financial assets from Level 3 to Level 1 and Level 2 and from Level 1 and Level 2 to Level 3.

The following table shows a reconciliation of the 2015 opening and closing amounts of Level 3 assets which were recorded at fair value:

	1 January 2015	Gains/(losses) recorded in of profit or loss	Gains/(losses) recorded in other comprehen- sive income	Disposals	Acquisitions	Transfer to Level 1	Other changes	31 December 2015
Assets								
Financial assets designated as at fair value through profit or loss	18.3	(0.7)	-	-	23.6	-	(0.1)	41.1
Investment financial assets available for sale	47.7	(1.0)	(0.5)	(3.4)	0.1	(1.1)	-	41.8
Investment property (within other assets)	8.3	-	-	(0.1)	0.6	-	(0.4)	8.4
Total Level 3 assets	74.3	(1.7)	(0.5)	(3.5)	24.3	(1.1)	(0.5)	91.3

*(in billions of Russian rubles)***26. Fair value measurement (continued)*****Items measured at fair value on a regular basis (continued)***

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

As at 31 March 2016 and 31 December 2015, 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:

31 March 2016 (Unaudited)	Carrying amount	Valuation technique	Unobservable inputs	Range (weighted average)
Financial assets designated as at fair value through profit or loss				
Group 1 of financial assets	31.1	Other valuation techniques	Not applicable	Not applicable
Group 2 of financial assets	13.2	Discounted cash flows	WACC Terminal period growth	12.3%-16.5% 3.0%-4.3%
Investment financial assets available for sale				
Group 3 of equity securities	4.0	Other valuation techniques	Not applicable	Not applicable
Group 4 of other financial assets available for sale	32.8	Multiplier	Fair value/Net assets	0.56
Group 5 of equity securities	2.9	Discounted cash flows	WACC Terminal period growth	12.2%-15.1% 2.0%-4.0%
Group 6 of equity securities	2.7	Weighted average multiplier EV/PAX (PAX-passenger traffic)	EV/EBITDA EV/Sales	0.01 11.30 3.73
Investment property (within other assets)				
Group 1 of investment property	2.2	Other valuation techniques	Not applicable	Not applicable
Group 2 of investment property	1.4	Discounted cash flows	Cost of 1 sqm	RUB 342 thousand – RUB 418 thousand
Group 3 of investment property	1.8	Discounted cash flows	Discount rate	18%
Group 4 of investment property	2.8	Sales comparison method	Discount Cost of 1 sqm	8.0%-12.8% RUB 8.04 thousand – RUB 22.21 thousand
Group 5 of investment property	15.7	Discounted cash flows	Discount rate	17.02%-19.96%
Group 6 of investment property	7.7	Other valuation techniques	Not applicable	Not applicable

*(in billions of Russian rubles)***26. Fair value measurement (continued)*****Items measured at fair value on a regular basis (continued)***

31 December 2015	Carrying amount	Valuation technique	Unobservable inputs	Range (weighted average)
Financial assets designated as at fair value through profit or loss				
Group 1 of financial assets	27.8	Other valuation techniques	Not applicable	Not applicable
Group 2 of financial assets	13.3	Discounted cash flows	WACC Terminal period growth	12.8%-16.5% 1.0%-3.0%
Investment financial assets available for sale				
Group 3 of equity securities	4.3	Other valuation techniques	Not applicable	Not applicable
Group 4 of other financial assets available for sale	31.9	Multiplier	Fair value/Net assets	0.56
Group 5 of equity securities	2.9	Discounted cash flows	WACC Terminal period growth	11.7%-14.3% 2.0%-4.0%
Group 6 of equity securities	2.7	Weighted average multiplier	EV/PAX (PAX-passenger traffic) EV/EBITDA EV/Sales	0.01 11.3 3.7
Investment property (within other assets)				
Group 1 of investment property	2.5	Other valuation techniques	Not applicable	Not applicable
Group 2 of investment property	1.3	Discounted cash flows	Cost of 1 sqm	RUB 342 thousand – RUB 418 thousand
Group 3 of investment property	1.8	Discounted cash flows	Discount rate	18%
Group 4 of investment property	2.8	Sales comparison method	Discount Cost of 1 sqm	8.0%-12.8% RUB 8.0 thousand – RUB 22.2 thousand

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 1 of financial assets, 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 it by 3%
- ▶ For the financial instrument in Group 2 of financial assets, 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 assets 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 financial instruments in Group 5 of financial assets, 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%
- ▶ For the assets in Group 2, included in investment property, the Group adjusted the cost of land / real properties used for discounting expected cash flows by 5%
- ▶ For the assets in Group 3, included in investment property, the Group adjusted the discount rate used for discounting expected cash flows by 1%
- ▶ For the assets in Group 4, included in investment property, the Group adjusted the cost of land / real properties used for discounting expected cash flows by 5% and the discount (minimum by 2%/ maximum by 5%)
- ▶ For the assets in Group 5, included in investment property, the Group adjusted the discount rate used for discounting expected cash flows by 1%

*(in billions of Russian rubles)***26. Fair value measurement (continued)***Items measured at fair value on a regular basis (continued)*

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

	31 March 2016	
	(Unaudited)	
	Carrying amount	Effect of reasonably
	(Unaudited)	possible alternative
		assumptions
Financial assets designated as at fair value through profit or loss	44.3	(0.1)
Investment financial assets available for sale	42.4	(0.8)
Investment property (within other assets)	31.6	(2.1)
	31 December 2015	
	(Unaudited)	
	Carrying amount	Effect of reasonably
	(Unaudited)	possible alternative
		assumptions
Financial assets designated as at fair value through profit or loss	41.1	(0.1)
Investment financial assets available for sale	41.8	(0.8)
Investment property (within other assets)	8.4	(0.6)

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 31 March 2016 would have amounted to RUB 0.8 billion (31 December 2015: RUB 0.8 billion).

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:

	Transfers from Level 2 to Level 1	
	for the three-month period ended 31 March	
	2016	2015
	(Unaudited)	(Unaudited)
Financial assets		
Investment financial assets available for sale (including those pledged under repurchase agreements)	6.1	11.0
	Transfers from Level 1 to Level 2	
	for the three-month period ended 31 March	
	2016	2015
	(Unaudited)	(Unaudited)
Financial assets		
Trading financial assets (including those pledged under repurchase agreements)	–	0.9
Investment financial assets available for sale (including those pledged under repurchase agreements)	10.1	1.7

*(in billions of Russian rubles)***26. Fair value measurement (continued)*****Items measured at fair value on a regular basis (continued)***

During the three-month period of 2016 and 2015, 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 three-month period of 2016 and 2015, 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 subsequently obtained through valuation techniques using observable market inputs.

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	Fair value	Unrecognized gain/(loss)	Carrying amount (Restated)	Fair value (Restated)	Unrecognized gain/(loss) (Restated)
	31 March 2016 (Unaudited)	31 March 2016 (Unaudited)	31 March 2016 (Unaudited)	2015	2015	2015
Financial assets						
Cash and cash equivalents	287.1	287.1	–	373.0	373.0	–
Amounts due from banks	81.6	81.7	0.1	80.9	81.1	0.2
Loans to customers	2,236.2	2,211.3	(24.9)	2,580.3	2,541.6	(38.7)
Net investments in leases	343.2	307.9	(35.3)	343.1	301.8	(41.3)
Investment financial assets held to maturity	6.6	6.8	0.2	27.5	27.6	0.1
Subordinated loans	51.0	55.7	4.7	50.4	54.4	4.0
Financial assets lent and pledged under repurchase agreements:						
- investment financial assets held to maturity	19.7	20.1	0.4	9.5	9.6	0.1
- loans to customers	7.9	7.8	(0.1)	0.9	0.9	–
- amounts due from banks	2.6	2.6	–	0.3	0.3	–
Financial liabilities						
Amounts due to banks	850.2	844.0	6.2	1,019.4	1,012.8	6.6
Amounts due to the Russian Government and the Bank of Russia	612.0	608.0	4.0	706.4	700.1	6.3
Amounts due to customers	566.4	571.0	(4.6)	642.3	646.3	(4.0)
Debt securities issued	1,074.1	1,057.1	17.0	1,179.9	1,149.6	30.3
Finance lease liabilities	95.9	78.7	17.2	105.9	85.5	20.4
Subordinated deposits	96.7	103.0	(6.3)	102.1	102.1	–
Total unrecognized change in unrealized fair value			(21.4)			(16.0)

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.

(in billions of Russian rubles)

26. Fair value measurement (continued)

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

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.

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.

27. 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, not merely the legal form.

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

Related parties include the state, key management of the Group, 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.

*(in billions of Russian rubles)***27. Related party transactions (continued)***Transactions with associates, jointly controlled entities and key management personnel*

Outstanding balances of transactions with associates, jointly controlled entities and key management personnel as at 31 March 2016 and 31 December 2015 are as follows:

	31 March 2016 (Unaudited)			31 December 2015		
	Associates	Jointly controlled entities	Key management personnel	Associates	Jointly controlled entities	Key management personnel
Assets						
Loans to customers, net	6.7	6.8	0.1	116.2	6.9	0.1
Financial assets designated as at fair value through profit or loss	16.4	17.3	-	17.0	13.4	-
Liabilities						
Amounts due to customers	11.5	-	2.5	9.7	-	4.5

The related income and expense from transactions with associates, jointly controlled entities and key management personnel for the three-month periods ended 31 March 2016 and 31 March 2015 are as follows:

	For the three-month period ended 31 March 2016 (Unaudited)			For the three-month period ended 31 March 2015 (Unaudited)		
	Associates	Jointly controlled entities	Key management personnel	Associates	Jointly controlled entities	Key management personnel
Interest income on loans to customers	2.4	0.4	-	1.4	0.2	-
Interest expense on amounts due to customers	(0.3)	-	(0.1)	(0.4)	-	(0.1)
Reversal of/(allowance for) impairment of interest-earning assets	(77.3)	0.3	-	(1.9)	-	-

Cost of services rendered by the key management personnel for the reporting period comprises the following:

	For the three-month period ended 31 March (Unaudited)	
	2016	2015
Salaries and other short-term benefits	0.6	0.6
Mandatory contributions to the pension fund	0.1	-
Compensation to key management personnel	0.7	0.6

*(in billions of Russian rubles)***27. Related party transactions (continued)*****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, as at 31 March 2016 transactions with state-related entities include cash non-interest-bearing deposits (obligatory reserves) maintained by Vnesheconombank's subsidiary banks with the Bank of Russia in the amount of RUB 3.0 billion (31 December 2015: RUB 3.2 billion).

As at 31 March 2016, non-interest-bearing deposits also include amounts placed on the correspondent account with the Bank of Russia for a designated purpose in the total amount of RUB 40.4 billion (31 December 2015: RUB 40.6 billion).

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 as at 31 March 2016 and 31 December 2015 comprise the following:

Bank	Type of transaction	Amounts due from banks	
		31 March 2016 (Unaudited)	31 December 2015
Bank 1	Interest-bearing loans and deposits with banks maturing within 90 days	48.9	23.5
Bank 2	Interest-bearing loans and deposits with banks maturing within 90 days	8.5	6.8
Bank 3	Interest-bearing loans and deposits with banks maturing within 90 days	6.5	-
Bank 4	Term interest-bearing deposits with banks	6.1	6.4
Bank 4	Interest-bearing loans and deposits with banks maturing within 90 days	5.0	-
Bank 5	Interest-bearing loans and deposits with banks maturing within 90 days	-	7.0
		75.0	43.7

Bank	Type of transaction	Amounts due to banks	
		31 March 2016 (Unaudited)	31 December 2015
Bank 1	Loans and other placements from Russian banks	141.9	152.8
Bank 5	Loans and other placements from Russian banks	59.6	60.3
Bank 2	Loans and other placements from Russian banks	5.4	5.4
Bank 6	Loans and other placements from Russian banks	5.1	-
		212.0	218.5

*(in billions of Russian rubles)***27. Related party transactions (continued)*****Transactions with the state, state institutions and state-related entities (continued)***

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 as at 31 March 2016 and 31 December 2015 comprise the following:

Borrower	Industry	Loans to customers	Undrawn loan commitments	Loans to customers	Undrawn loan commitments
		31 March 2016 (Unaudited)		31 December 2015	
Customer 1	Manufacturing, including heavy machinery and production of military-related goods	110.7	9.3	120.0	11.6
Customer 2	Manufacturing, including heavy machinery and production of military-related goods	80.6	21.4	86.6	23.7
Customer 3	Real estate and construction	48.8	–	48.8	–
Customer 4	Finance	40.8	–	40.7	–
Customer 5	Transport	37.1	–	40.4	–
Customer 6	Manufacturing, including heavy machinery and production of military-related goods	30.5	18.1	28.2	20.9
Customer 7	Oil and gas	29.6	–	30.4	–
Customer 8	Manufacturing, including heavy machinery and production of military-related goods	28.7	–	27.7	–
Customer 9	Electric energy	27.7	–	27.9	–
Customer 10	Transport	22.1	3.6	21.5	3.6
Customer 11	Manufacturing, including heavy machinery and production of military-related goods	18.3	–	18.1	–
Customer 12	Research and education	13.2	–	13.2	–
Customer 13	Manufacturing, including heavy machinery and production of military-related goods	12.8	–	13.6	–
Customer 14	Manufacturing, including heavy machinery and production of military-related goods	11.3	–	22.7	–
Customer 15	Transport	9.8	–	9.5	–
Customer 16	Finance	9.2	–	9.1	–
Customer 17	Electric energy	8.0	–	8.0	–
Customer 18	Other	7.6	–	8.0	–
Customer 19	Trade	6.6	–	6.5	–
Customer 20	Finance	6.6	–	5.9	1.1
Customer 21	Manufacturing, including heavy machinery and production of military-related goods	6.3	8.0	6.3	8.0
Customer 22	Telecommunications	5.5	–	5.5	–
Customer 23	Manufacturing, including heavy machinery and production of military-related goods	5.5	–	3.2	–
Customer 24	Electric energy	5.3	6.8	5.2	6.8
Customer 25	Manufacturing, including heavy machinery and production of military-related goods	5.1	–	5.1	–
Customer 26	Transport	4.4	–	9.4	–
Customer 27	Manufacturing, including heavy machinery and production of military-related goods	3.3	4.6	3.0	4.8
Customer 28	Telecommunications	–	14.6	5.0	4.4
		595.4	86.4	629.5	84.9

*(in billions of Russian rubles)***27. Related party transactions (continued)***Transactions with the state, state institutions and state-related entities (continued)*

Customer	Industry	Net investments in leases	
		31 March 2016 (Unaudited)	31 December 2015
Customer 26	Transport	92.0	101.4
Customer 29	Transport	29.1	32.7
Customer 30	Transport	6.2	6.8
Customer 31	Transport	6.2	6.7
		133.5	147.6

Customer	Industry	Amounts due to customers	
		31 March 2016 (Unaudited)	31 December 2015
Customer 32	Manufacturing, including heavy machinery and production of military-related goods	54.5	76.4
Customer 22	Telecommunications	39.2	38.7
Customer 14	Manufacturing, including heavy machinery and production of military-related goods	22.2	–
Customer 33	Finance	7.0	7.5
Customer 34	Telecommunications	5.4	5.0
Customer 11	Manufacturing, including heavy machinery and production of military-related goods	5.2	–
Customer 35	Finance	5.1	5.5
Customer 36	Transport	–	9.5
Customer 26	Transport	–	7.0
Customer 37	Infrastructure development	–	5.9
Customer 38	Oil and gas	–	5.0
		138.6	160.5

Customer	Industry	Guarantees issued	
		31 March 2016 (Unaudited)	31 December 2015
Customer 32	Manufacturing, including heavy machinery and production of military-related goods	157.7	198.6
Customer 39	Other	5.5	4.4
		163.2	203.0

*(in billions of Russian rubles)***27. Related party transactions (continued)*****Transactions with the state, state institutions and state-related entities (continued)***

As at 31 March 2016 and 31 December 2015, the Group's investments in debt securities issued by the Russian Government and other governmental authorities comprise the following:

	31 March 2016 (Unaudited)	31 December 2015
Financial assets at fair value through profit or loss	–	1.0
Financial assets at fair value through profit or loss pledged under repurchase agreements	0.2	4.0
Investment financial assets:		
- available for sale	51.5	48.7
- held to maturity	0.3	0.7
Investment financial assets pledged under repurchase agreements		
- available for sale	2.1	5.6
- held to maturity	1.2	0.8

As at 31 March 2016 and 31 December 2015, 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, 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 31 March 2016 and 31 December 2015, the Group's investments in securities issued by state-related issuers, as well as transactions involving derivative financial instruments with such counterparties comprise the following:

	31 March 2016 (Unaudited)		31 December 2015	
	Equity securities	Debt securities	Equity securities	Debt securities
Financial assets at fair value through profit or loss	17.8	–	19.0	0.3
Financial assets pledged under repurchase agreements:				
- at fair value through profit or loss	0.3	–	–	0.4
- available for sale	–	9.3	–	57.7
- held to maturity	–	2.2	–	1.4
Investment financial assets available for sale	185.1	92.4	153.9	49.6
Investment financial assets held to maturity	–	2.3	–	11.3

As at 31 March 2016, investment financial assets available for sale also include a financial asset issued by a state-related bank with a fair value of RUB 32.8 billion (31 December 2015: RUB 32.0 billion).

*(in billions of Russian rubles)***27. Related party transactions (continued)*****Transactions with the state, state institutions and state-related entities (continued)***

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

	For the three-month period ended 31 March (Unaudited)	
	2016	2015
Interest expense		
Amounts due to the Bank of Russia	(12.1)	(10.9)
Amounts due to the Russian Government	(7.4)	(9.0)
Government grants	135.9	13.1

Government grants recorded in the consolidated statement of profit or loss for the reporting period ended 31 March 2016 include a gain from government grants in the amount of RUB 134.9 billion related to the funds recorded within operations with the Russian Government, its authorized institutions and the Bank of Russia in the consolidated statement of financial position.

Government grants recorded in the consolidated statement of profit or loss for the three-month period ended 31 March 2016 also include a gain of RUB 1.0 billion on initial recognition of loans raised from the Bank of Russia for the purpose of their subsequent issue to banks through JSC SME Bank under the program of extending loans to small and medium enterprises.

28. Subsequent events

In April 2016, a subsidiary bank fulfilled its obligations to purchase its own Series 04 and 05 bonds totaling RUB 3.6 billion under the respective offer. During the period from April to June 2016, the bank made a secondary placement of the bonds of these series with a nominal value of RUB 2.2 billion.

In April 2016, the Bank made a secondary placement of previously purchased BO-02 Series exchange-traded bonds with a total nominal value of RUB 2.8 billion, maturing in November 2017.

In April 2016, the Group's leasing company fulfilled its obligations to purchase its own Series 03, 04 and 05 bonds totaling RUB 8.4 billion under the respective offer. Simultaneously, the Group's leasing company made a secondary placement of Series 04 bonds with a total value of RUB 2.5 billion, maturing in April 2021.

In April 2016, a subsidiary bank fully redeemed Series BO-02 exchange-traded bonds with a total nominal value of RUB 3.3 billion in accordance with the terms of the issue. The bonds with a total nominal value of RUB 0.5 billion were part of the portfolio of the Group's entities.

In April 2016, in accordance with the share purchase agreement, Vnesheconombank transferred 19,240 shares (100%) of JSC SME Bank in payment for 3 million shares additionally issued by JSC "Federal Corporation for Development of Small and Medium Enterprises" (JSC SME Corporation) with a total value of RUB 30 billion (Note 14). The shares of JSC SME Corporation were purchased in April 2016. The Bank's interest in the share capital of the company is 37.5%. The Group is assessing the financial result of the disposal of the subsidiary bank.

(in billions of Russian rubles)

28. Subsequent events (continued)

In April 2016, the Group's leasing company made a secondary placement of previously purchased BO-05 Series exchange-traded bonds with a total value of RUB 1.0 billion, maturing in February 2025.

In May 2016, the Bank issued Series PBO-001R-02 exchange-traded bonds with a nominal value of RUB 15.0 billion, maturing in May 2019. This issue is not subject to an offer.

In May 2016, the Bank fulfilled its obligations to purchase its own Series BO-16v bonds with a total nominal value of USD 39.0 million (equivalent to RUB 2.6 billion at the date of purchase).

In May 2016, the National Securities and Stock Market Commission of Ukraine registered the report on the results of PSC Prominvestbank's placement of additionally issued shares. The Bank paid for the shares in February 2016 (Note 4).

In May 2016, the Bank placed discount promissory notes with a total nominal value of USD 0.6 billion (equivalent to RUB 37.4 billion at the date of placement), maturing from November 2016 through May 2019.

In May 2016, the Group's leasing company redeemed Eurobonds with a total nominal value of USD 0.4 billion (equivalent to RUB 26.1 billion at the date of redemption) in accordance with the terms of the issue.

In May 2016, the Bank raised a loan from a Russian bank equivalent to RUB 22.0 billion at the loan date at a fixed rate with a maturity of 3 years.

In June 2016, as part of its export support activities, the Bank issued a guarantee in favor of a Russian company in the amount of USD 3.0 billion (equivalent to RUB 193.0 billion at the date of issue).

In June 2016, the Bank transferred RUB 1.6 billion, received by the Bank in December 2015 as an asset contribution of the Russian Federation for the implementation of priority investment projects in the Baikal region under the state program "Social and Economic Development of the Far East and the Baikal Region", in payment for the shares additionally issued by JSC "The Far East and Baikal Region Development Fund". The Bank's share in the authorized capital of the company remained unchanged at 100%.

In June 2016, Vnesheconombank received a subsidy from the federal budget in the form of an asset contribution of the Russian Federation in the amount of RUB 35.7 billion as compensation for part of costs related to the fulfillment of obligations in 2016 arising from foreign borrowings in the capital markets. Previously, in March 2016, Vnesheconombank received the first part of this subsidy in the amount of RUB 73.8 billion. The total amount of subsidies to be provided for these purposes is RUB 150.0 billion.

In June 2016, Vnesheconombank exercised its preemptive right to purchase additional shares of PSC Prominvestbank and paid for 160,682,620 shares additionally issued by PSC Prominvestbank in the amount of USD 64.6 million and EUR 0.04 million (equivalent to RUB 4.2 billion at the date of purchase).