Приложение № 6.

1) Открытое акционерное общество «Российский Сельскохозяйственный банк» Промежуточная сокращенная консолидированная финансовая отчетность группы с заключением по результатам обзорной проверки 31 марта 2015 года.

2) Промежуточная сокращенная консолидированная финансовая отчетность Группы Акционерное общество «Российский Сельскохозяйственный банк» с заключением по результатам обзорной проверки 30 сентября 2015 года.

Russian Agricultural Bank Group

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

31 March 2015

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Совершенствуя бизнес, улучшаем мир

Ernst & Young LLC
Sadovnicheskaya Nab., 77, bld. 1
Moscow, 115035, Russia
Tel: +7 (495) 705 9700
+7 (495) 755 9700
Fax: +7 (495) 755 9701
www.ey.com/ru

ООО «Эрнст энд Янг»
Россия, 115035, Москва
Садовническая наб., 77, стр. 1
Тел.: +7 (495) 705 9700
+7 (495) 755 9700
Факс: +7 (495) 755 9701
ОКПО: 59002827

Report on review of interim condensed consolidated financial statements

To the Shareholder and Supervisory Board of Russian Agricultural Bank Group

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of OJSC Russian Agricultural Bank and its subsidiaries (together the "Group") as at 31 March 2015, which comprise of the interim consolidated statement of financial position as at 31 March 2015 and the related interim consolidated statement of profit or loss and other comprehensive income for the three months then ended, interim consolidated statements of changes in equity and of cash flows for the three months then ended and selected explanatory notes.

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

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

Ernst & Young LLC

1 July 2015

Moscow, Russia

In millions of Russian Roubles	Note	31 March 2015 (unaudited)	31 December 2014
Assets			
Cash and cash equivalents		120 382	105 009
Mandatory cash balances with the Central Bank of the Russian Federation		9 262	9 373
Trading securities		3 192	2 090
Financial instruments designated at fair value through profit or loss		7 661	6 902
Due from other banks		49 976	34 036
Derivative financial instruments	15	146 191	131 819
Loans and advances to customers	5	1 453 827	1 416 463
Investment securities available for sale		77 721	113 638
Investment securities held to maturity		3 062	11 568
Investment securities pledged under repurchase agreements	14	78 479	26 278
Deferred income tax asset		15 910	13 317
Intangible assets		2 390	2 330
Premises and equipment		23 223	24 314
Current income tax assets		338	450
Other assets		18 883	17 819
Assets held for sale		394	411
Total assets		**2 010 891**	**1 915 817**
Liabilities			
Derivative financial instruments	15	722	1 207
Due to other banks	6	293 804	285 776
Customer accounts	7	844 998	761 595
Promissory notes issued and deposit certificates		13 332	18 680
Bonds issued	8	574 265	554 568
Deferred income tax liability		1 248	1 245
Current income tax liability		25	5
Other liabilities		10 663	10 481
Subordinated debts		88 959	84 261
Total liabilities		**1 828 016**	**1 717 818**
Equity			
Share capital		248 798	248 798
Revaluation reserve for premises		1 184	1 194
Revaluation reserve for investment securities available for sale		(8 206)	(12 403)
Accumulated loss		(59 620)	(39 922)
Equity attributable to the Bank's shareholder		**182 156**	**197 667**
Non-controlling interest		**719**	**332**
Total equity		**182 875**	**197 999**
Total liabilities and equity		**2 010 891**	**1 915 817**

Approved for issue and signed on behalf of the Management Board on 1 July 2015.

D.N. Patrushev
Chairman of the Management Board

E.A. Romankova
Deputy Chairman of the Management Board, Chief Accountant

The notes set out on pages 5 to 28 form an integral part of these interim condensed consolidated financial statements.

(Unaudited) *In millions of Russian Roubles*	Note	For the three months ended 31 March 2015	2014
Interest income	9	46 697	42 396
Interest expense	9	(43 107)	(22 559)
Net interest income		**3 590**	**19 837**
Provision for loan impairment		(19 957)	(10 547)
Net interest (expense)/income after provision for loan impairment		**(16 367)**	**9 290**
Fee and commission income	10	2 408	2 029
Fee and commission expense	10	(262)	(236)
Gains less losses/(losses net of gains) from trading securities		32	(5)
Gains less losses/(losses net of gains) from financial instruments designated at fair value through profit or loss		466	(449)
Losses net of gains from investment securities available for sale		(1 123)	(568)
Recovery of losses from impairment of investment securities available for sale		97	-
Foreign exchange translation losses net of gains		(14 602)	(14 621)
Gains less losses from derivative financial instruments		15 794	16 581
Gains less losses/(losses net of gains) from dealing in foreign currencies		504	(525)
Recovery of provision for credit related commitments and other assets impairment		152	141
Gains less losses from early redemption of borrowed funds		48	96
Gains from non-banking activities		1 581	1 175
Losses from non-banking activities		(1 953)	(2 307)
Loss on disposal of subsidiaries		(381)	-
Other operating income		215	250
Administrative and other operating expenses		(10 011)	(10 047)
(Loss)/profit before tax		**(23 402)**	**804**
Income tax credit/(expense)		3 610	(627)
(Loss)/profit for the period		**(19 792)**	**177**
(Loss)/profit is attributable to:			
Shareholder of the Bank		(19 708)	315
Non-controlling interest		(84)	(138)
(Loss)/profit for the period		**(19 792)**	**177**
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:			
Securities available for sale:			
- Revaluation of securities at fair value		4 123	(2 501)
- Realised revaluation reserve (at disposal)		1 123	568
Income tax		(1 049)	387
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods, net of tax		**4 197**	**(1 546)**
Total other comprehensive income/(loss)		**4 197**	**(1 546)**
Total comprehensive loss for the period		**(15 595)**	**(1 369)**
Total comprehensive loss is attributable to:			
Shareholder of the Bank		(15 511)	(1 231)
Non-controlling interest		(84)	(138)
Total comprehensive loss for the period		**(15 595)**	**(1 369)**

The notes set out on pages 5 to 28 form an integral part of these interim condensed consolidated financial statements.

	Attributable to Shareholder of the Bank						
In millions of Russian Roubles	**Share capital**	**Revaluation reserve for premises**	**Revaluation reserve for securities available for sale**	**Retained earnings/ (accumulated loss)**	**Total**	**Non-controlling interest**	**Total equity**
Balance at 31 December 2013	**218 798**	**1 232**	**(1 285)**	**7 863**	**226 608**	**1 175**	**227 783**
Profit/(loss) for the period, net of tax	-	-	-	315	315	(138)	177
Other comprehensive loss for the period, net of tax	-	-	(1 546)	-	(1 546)	-	(1 546)
Total comprehensive (loss)/income for the period, net of tax	**-**	**-**	**(1 546)**	**315**	**(1 231)**	**(138)**	**(1 369)**
Depreciation of revaluation reserve for premises	-	(9)	-	9	-	-	-
Balance at 31 March 2014 (unaudited)	**218 798**	**1 223**	**(2 831)**	**8 187**	**225 377**	**1 037**	**226 414**
Balance at 31 December 2014	**248 798**	**1 194**	**(12 403)**	**(39 922)**	**197 667**	**332**	**197 999**
Loss for the period, net of tax	-	-	-	(19 708)	(19 708)	(84)	(19 792)
Other comprehensive income for the period, net of tax	-	-	4 197	-	4 197	-	4 197
Total comprehensive income/(loss) for the period, net of tax	**-**	**-**	**4 197**	**(19 708)**	**(15 511)**	**(84)**	**(15 595)**
Disposal of subsidiaries	-	-	-	-	-	471	471
Depreciation of revaluation reserve for premises	-	(10)	-	10	-	-	-
Balance at 31 March 2015 (unaudited)	**248 798**	**1 184**	**(8 206)**	**(59 620)**	**182 156**	**719**	**182 875**

(Unaudited) *In millions of Russian Roubles*	Note	For the three months ended 31 March 2015	2014
Cash flows from operating activities			
Interest received		41 926	34 629
Interest paid		(38 350)	(19 894)
Expenses incurred from trading in securities and financial instruments designated at fair value through profit or loss		(917)	(891)
Income received/(expenses incurred) from derivative financial instruments		937	(3 707)
Income received/(expenses incurred) from dealing in foreign currencies		504	(525)
Fees and commissions received		2 457	2 263
Fees and commissions paid		(262)	(236)
Other operating income received		72	448
Net insurance income received		77	35
Income received from non-banking activities		1 014	1 096
Losses incurred from non-banking activities		(660)	(1 120)
Administrative and other operating expenses paid		(8 568)	(7 657)
Income tax paid		(25)	(1 350)
Cash flows from operating activities before changes in operating assets and liabilities		**(1 795)**	**3 091**
Changes in operating assets and liabilities			
Net decrease/(increase) in mandatory cash balances with the Central Bank of the Russian Federation		110	(3 549)
Net increase in trading securities		(1 058)	(934)
Net (increase)/decrease in due from other banks		(15 457)	20 005
Net (increase)/decrease in loans and advances to customers		(49 298)	2 430
Net (increase)/decrease in other assets		(1 349)	1 028
Net increase in due to other banks		4 094	1 123
Net increase/(decrease) in customer accounts		83 517	(14 250)
Net decrease in promissory notes issued and deposit certificates		(5 055)	(3 606)
Net decrease in other liabilities		(287)	(2 684)
Net cash from operating activities		**13 422**	**2 654**
Cash flows from investing activities			
Acquisition of premises and equipment		(481)	(673)
Proceeds from disposal of premises and equipment		90	67
Acquisition of intangible assets		(250)	(116)
Acquisition of investment securities available for sale		(20 645)	(26 053)
Proceeds from disposal of investment securities available for sale		19 984	21 214
Proceeds from redemption of investment securities held to maturity		225	2 795
Net cash used in investing activities		**(1 077)**	**(2 766)**
Cash flows from financing activities			
Proceeds from bonds issued	8	15 000	17 756
Repayment of bonds issued	8	(10 000)	(24 800)
Proceeds from sale of previously bought back bonds issued		1 313	3 251
Buy back of bonds issued		(1 528)	(9 795)
Net cash from/(used in) financing activities		**4 785**	**(13 588)**
Effect of exchange rate changes on cash and cash equivalents		**(1 757)**	**3 734**
Net increase/(decrease) in cash and cash equivalents		15 373	(9 966)
Cash and cash equivalents at the beginning of the period		105 009	128 444
Cash and cash equivalents at the end of the period		**120 382**	**118 478**

1 Introduction

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") for the three months ended 31 March 2015 for Open-Joint Stock Company Russian Agricultural Bank (the "Bank") and its subsidiaries (together referred to as the "Group").

The Bank was incorporated and is domiciled in the Russian Federation. The Bank is an open joint-stock company limited by shares and was set up in accordance with Russian regulations.

The Bank's only shareholder is the Russian Federation acting through the Federal Agency for Managing State Property which holds the Bank's issued and outstanding ordinary shares (89.92% from total share capital) and the Ministry of Finance of the Russian Federation which holds the Bank's issued and outstanding preference shares (10.08% from total share capital).

The Group's structure comprises of the Bank and its subsidiaries. Principal subsidiaries of the Bank are Closed Joint-Stock Company RSHB Insurance (ownership interest of the Bank is 100%), RSHB Capital S.A. (structured entity incorporated for Eurobonds issue for the Bank), Limited Liability Company RSHB Asset Management (ownership interest of the Bank is 100%) and 38 companies and funds operating in agricultural and other industries (ownership interest of the Bank is from 75% to 100%).

Disposal of subsidiaries. In March 2015 as a result of insolvency procedures the Group lost the control over LLC Dominant and recognized loss from disposal of subsidiary in the amount of RR 381 million.

Principal activity. The Bank's principal business activity is commercial and retail banking operations in the Russian Federation with emphasis on lending to agricultural enterprises. The main objectives of the Bank are:

- to participate in realisation of the monetary policy of the Russian Federation in the area of agricultural production;
- to develop within the agricultural industry a national system of lending to the domestic agricultural producers; and
- to maintain an effective and uninterrupted performance of the settlement system in the area of agricultural production across the Russian Federation.

The Bank has operated under a full banking license issued by the Central Bank of the Russian Federation ("CBRF") since 13 June 2000. The Bank participates in the State deposit insurance scheme, which was introduced by Federal Law # 177-FZ *Deposits of individuals insurance in Russian Federation* dated 23 December 2003. The State Deposit Insurance Agency guarantees repayment of 100% of individual and/or individual entrepreneur current accounts and deposits up to RR 1 400 thousand per individual or individual entrepreneur in case of the withdrawal of a licence of a bank or a CBRF imposed moratorium on payments.

The Bank has 78 (31 December 2014: 78) branches within the Russian Federation. The Bank's registered address is 119034 Russia, Moscow, Gagarinsky Pereulok, 3. The Bank's principal place of business is 119019 Russia, Moscow, Arbat, 1.

The number of the Group's employees as at 31 March 2015 was 31 495 (31 December 2014: 35 945).

Presentation currency. These interim condensed consolidated financial statements are presented in Russian Roubles ("RR"). All amounts are expressed in RR millions unless otherwise stated.

2 Operating Environment of the Group

Russian Federation. The Russian Federation displays certain characteristics of an emerging market. Its economy is particularly sensitive to oil and gas prices. The legal, tax and regulatory frameworks continue to develop and are subject to varying interpretation. The Russian Federation is continuing economic reforms and the development of its legal, tax and regulatory frameworks as required by a market economy. The future stability of the Russian economy is largely dependent upon these reforms and developments and the effectiveness of economic, financial and monetary measures undertaken by the government.

2 Operating Environment of the Group (Continued)

In 2015 the Russian economy continued to be negatively impacted by a significant drop in crude oil prices, a significant devaluation of the Russian Rouble, ongoing political tension and international sanctions imposed against certain Russian companies and individuals. In July-September 2014, several countries imposed limited sectoral sanctions on state-owned Russian banks, including OJSC Russian Agricultural Bank. Sanctions forbidden financing for the period exceeding 30 days with state-owned Russian banks. The Group considers these sanctions in its activities, continuously monitors them and analyses the effect of the sanctions on the Group's financial position and its financial performance.

The Rouble interest rates remained high after the Central Bank of Russia raised its key rate in December 2014, with subsequent gradual decrease in 2015. In February and March 2015 the CBRF decreased key interest rate from 17.0% p.a. to 14.0% p.a.

In January 2015 Russia's credit rating was downgraded by Fitch Ratings to BBB-, whilst Standard & Poor's cut it to BB+, putting it below investment grade. In February 2015 Moody's downgraded Russia's rating to Ba1 from Baa3, also putting it below investment grade. Fitch Ratings maintains Russia's credit rating at investment grade.

The combination of the above resulted in reduced access to capital, a higher cost of capital, increased inflation and uncertainty regarding economic growth, which could negatively affect the Group's future financial position, results of operations and business prospects.

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

3 Summary of Significant Accounting Policies

Basis of preparation. These interim condensed consolidated financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2014, which have been prepared in accordance with IFRS.

The functional currency of the Bank and its subsidiaries, and the Group's presentation currency is the national currency of the Russian Federation, Russian Roubles. As at 31 March 2015 the principal rates of exchange used for translating foreign currency balances were USD 1 = RR 58.4643 (31 December 2014: USD 1 = RR 56.2584), EUR 1 = RR 63.3695 (31 December 2014: EUR 1 = RR 68.3427).

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2014, except for the adoption of new Standards and Interpretations as of 1 January 2015, noted below:

Amendments to IAS 19 Defined Benefit Plans: Employee Contributions. IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is not relevant to the Group, since none of the entities in the Group has defined benefit plans with contributions from employees or third parties.

Annual improvements 2010-2012 Cycle. These improvements are effective from 1 July 2014 and the Group has applied these amendments for the first time in these interim condensed consolidated financial statements. They include:

3 Summary of Significant Accounting Policies (Continued)

IFRS 2 Share-based Payment. This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:

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

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

IFRS 3 Business Combinations. The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IFRS 9 (or IAS 39, as applicable). This is consistent with the Group's current accounting policy, and thus this amendment does not impact the Group's accounting policy.

IFRS 8 Operating Segments. The amendments are applied retrospectively and clarifies that:

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

The Group has not applied the aggregation criteria in paragraph 12 IFRS 8. The Group has presented the reconciliation of segment assets to total assets in its annual consolidated financial statements. The Group ceased to present reconciliation of segment assets to total assets in these interim condensed consolidated financial statements as the reconciliation is not reported to the CODM for the purpose of decision making.

IFRS 13 Short-term Receivables and Payables — Amendments to IFRS 13. This amendment to IFRS 13 clarifies in the Basis for Conclusions that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. This is consistent with the Group's current accounting policy, and thus this amendment does not impact the Group's accounting policy.

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets. The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset. The Group did not record any revaluation adjustments during the current interim period.

IAS 24 Related Party Disclosures. The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. This amendment is not relevant for the Group as it does not receive any management services from other entities.

3 Summary of Significant Accounting Policies (Continued)

Annual improvements to IFRSs 2011-2013 Cycle (issued in December 2013 and effective for annual periods beginning on or after 1 July 2014). The Group has applied these amendments for the first time in these interim condensed consolidated financial statements. The improvements consist of changes in four standards:

- IFRS 1 *First-time Adoption of International Financial Reporting Standards*. The basis for conclusions on IFRS 1 is amended to clarify that, where a new version of a standard is not yet mandatory but is available for early adoption; a first-time adopter can use either the old or the new version, provided the same standard is applied in all periods presented.
- IFRS 3 *Business Combinations* was amended to clarify that it does not apply to the accounting for the formation of any joint arrangement under IFRS 11 *Joint Arrangements*. The amendment also clarifies that the scope exemption only applies in the financial statements of the joint arrangement itself. The Group is not a joint arrangement, and thus this amendment is not relevant for the Group and its subsidiaries.
- IFRS 13 *Fair Value Measurement*. The amendment of IFRS 13 clarifies that the portfolio exception in IFRS 13, which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts (including contracts to buy or sell non-financial items) that are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* or IFRS 9 *Financial Instruments*. The Group does not apply the portfolio exception in IFRS 13.
- IAS 40 *Investment Property* was amended to clarify that IAS 40 and IFRS 3 *Business Combinations* are not mutually exclusive. The guidance in IAS 40 assists preparers to distinguish between investment property and owner-occupied property. The amendment is applied prospectively and clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or business combination. In previous periods, the Group has relied on IFRS 3, not IAS 40, in determining whether an acquisition is of an asset or is a business acquisition. Thus, this amendment does not impact the accounting policy of the Group.

Meaning of effective IFRSs — Amendments to IFRS 1. The amendment clarifies in the Basis for Conclusions that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first IFRS financial statements. This amendment to IFRS 1 had no impact on the Group, since the Group is an existing IFRS preparer.

4 Critical Accounting Estimates and Judgements in Applying Accounting Policies

The accounting estimates and judgments applied in the preparation of these interim condensed consolidated financial statements are consistent with those applied in the preparation of the annual consolidated financial statements of the Group for the year ended 31 December 2014.

Judgements that have the most significant effect on the amounts recognized in the interim condensed consolidated financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial period include:

Impairment losses on loans and advances. The Group regularly reviews its loan portfolios to assess impairment. In determining whether an impairment loss should be recorded in the profit or loss, the Group makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in a particular group.

Management determined loan impairment provisions using the "incurred loss" model required by the applicable accounting standards. These standards require recognition of impairment losses that arose from past events and prohibit recognition of impairment losses that could arise from future events, including future changes in the economic environment, no matter how likely those future events are. Thus final impairment losses from financial assets could differ significantly from the current level of provisions.

4 Critical Accounting Estimates and Judgements in Applying Accounting Policies (Continued)

Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Held-to-maturity financial assets. Management applies judgment in assessing whether financial assets can be categorized as held-to-maturity, in particular its intention and ability to hold the assets to maturity. If the Group fails to keep these investments to maturity other than in certain specific circumstances — for example, selling an insignificant amount or a sale close to maturity — it will be required to reclassify the entire class as available-for-sale. The investments would therefore be measured at fair value rather than amortized cost.

Fair value of derivatives. The fair values of financial derivatives that are not quoted in active markets are determined by using valuation techniques. Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of the area that created them. To the extent practical, models use only observable data, however areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect fair reported values.

Deferred income tax asset recognition. The recognized deferred tax asset represents income taxes recoverable through future deductions from taxable profits, and is recorded in the statement of financial position. Deferred income tax assets are recorded to the extent that realisation of the related tax benefit is probable. The future taxable profits and the amount of tax benefits that are probable in the future are based on a medium term business plan prepared by management and extrapolated results thereafter. The business plan is based on management expectations that are believed to be reasonable under the circumstances and approved by the management of the Bank. Key assumption in the business plan is to obtain profits in subsequent financial years through widening of product range and client base.

Structured entities. The Group considers RSHB Capital S.A. incorporated for Eurobonds issue for the Bank as consolidated structured entity under IFRS 12 requirements. As at 31 March 2015 the Group guarantees all obligations of the consolidated structured entity represented by Eurobonds issued in the amount of RR 393 322 million and subordinated debts in the amount of RR 76 986 million (31 December 2014: Eurobonds issued in the amount of RR 379 609 million and subordinated debts in the amount of RR 72 827 million). During three months ended 31 March 2015 and the year 2014 the Group did not provide any other financial support to the consolidated structured entity. The Group has no current obligation or intention neither to provide financial or other support to the consolidated structured entity nor to assist it in obtaining financial support.

Holding Corporate Eurobonds in the trading and investment portfolios of the Group is considered under IFRS 12 requirements as interest in unconsolidated structured entities. Maximum exposure equals to carrying value of Corporate Eurobonds.

5 Loans and Advances to Customers

In millions of Russian Roubles	**31 March 2015 (unaudited)**	**31 December 2014**
Loans to legal entities		
- Loans to corporates	1 314 205	1 261 960
- Lending for food interventions	10 725	10 097
- Deals with securities purchased under “reverse-repo agreements”	1 500	425
- Investments in agricultural cooperatives	396	395
Loans to individuals	270 312	281 065
Total loans and advances to customers (before impairment)	**1 597 138**	**1 553 942**
Less: Provision for loan impairment	(143 311)	(137 479)
Total loans and advances to customers	**1 453 827**	**1 416 463**

5 Loans and Advances to Customers (Continued)

Lending for food interventions is represented by loans to the company under the control of the Russian Federation.

As at 31 March 2015, the Group has loans to ten largest borrowers (groups of borrowers) in the total amount of RR 255 272 million (before impairment), or 16% of total loans and advances to customers (before impairment) (31 December 2014: the Group has loans to ten largest borrowers (groups of borrowers) in the total amount of RR 243 100 million (before impairment), or 16% of total loans and advances to customers (before impairment)).

Analysis of the movements in the provision for loan impairment is as follows:

	For the three months ended 31 March 2015				For the three months ended 31 March 2014			
(Unaudited) *In millions of Russian Roubles*	Loans to corporates	Invest-ments in agricultural coope-ratives	Loans to individuals	Total	Loans to corporates	Invest-ments in agricultural coope-ratives	Loans to individuals	Total
Provision for loan impairment at 1 January	**129 678**	**26**	**7 775**	**137 479**	**108 964**	**26**	**5 403**	**114 393**
Provision/(recovery of provision) for loan impairment during the period	18 910	(1)	1 048	**19 957**	11 531	1	(1 033)	**10 499**
Recovery of provision for loans sold during the period	(768)	-	-	**(768)**	(7 833)	-	-	**(7 833)**
Loans and advances to customers written off during the period as uncollectible	(13 340)	-	(10)	**(13 350)**	(1 252)	-	(5)	**(1 257)**
Recovery of provision due to disposal of subsidiaries	(7)	-	-	**(7)**	-	-	-	**-**
Provision for loan impairment at 31 March	**134 473**	**25**	**8 813**	**143 311**	**111 410**	**27**	**4 365**	**115 802**

No provision for “Lending for food interventions” and “Reverse repo agreements” was recorded as at 31 March 2015 and 31 December 2014.

Refer to Note 16 for the disclosure of fair value of each class of loans and advances to customers and fair value hierarchy for loans and advances to customers. The information on related party transactions is disclosed in Note 17.

6 Due to Other Banks

In millions of Russian Roubles	31 March 2015 (unaudited)	31 December 2014
Correspondent accounts and overnight placements of other banks	27 866	17 415
Borrowings from other banks with term to maturity:		
- sale and repurchase agreements less than 30 days	4 650	5 107
- sale and repurchase agreements from 31 to 180 days	8 215	-
- sale and repurchase agreements from 181 days to 1 year	8 215	14 902
- less than 30 days	29 122	8 780
- from 31 to 180 days	1 113	7 701
- from 181 days to 1 year	646	1 183
- from 1 year to 3 years	25 093	25 214
- more than 3 years	3 046	1 742
Borrowings from the CBRF with term to maturity:		
- sale and repurchase agreements less than 30 days	46 189	-
- less than 30 days	19 672	17 440
- from 31 to 180 days	110 646	127 830
- from 181 days to 1 year	-	10 000
- from 1 year to 3 years	9 331	48 462
Total due to other banks	**293 804**	**285 776**

Refer to Note 16 for the disclosure of the fair value and fair value hierarchy for due to other banks. The information on related party transactions is disclosed in Note 17.

7 Customer Accounts

In millions of Russian Roubles	31 March 2015 (unaudited)	31 December 2014
State and public organisations		
- Current/settlement accounts	39 487	15 421
- Term deposits	134 666	85 837
Other legal entities		
- Current/settlement accounts	81 777	65 796
- Term deposits	254 694	287 768
- Sale and repurchase agreements with securities	58	15
Individuals		
- Current/demand accounts	25 352	32 395
- Term deposits	308 964	274 363
Total customer accounts	**844 998**	**761 595**

State and public organisations exclude state-controlled joint-stock companies.

Economic sector concentrations within customer accounts are as follows:

	31 March 2015 (unaudited)		31 December 2014	
In millions of Russian Roubles	Amount	%	Amount	%
Individuals	334 316	39	306 758	40
State and public organisations	174 153	21	101 258	13
Financial services and pension funds	89 559	10	93 468	12
Agriculture	57 775	7	46 234	6
Construction	46 824	5	58 996	8
Manufacturing	44 047	5	60 105	8
Insurance	33 383	4	31 552	4
Trading	30 015	4	29 232	4
Telecommunication	2 410	1	2 316	1
Other	32 516	4	31 676	4
Total customer accounts	**844 998**	**100**	**761 595**	**100**

Refer to Note 16 for the disclosure of the fair value and fair value hierarchy for customer accounts. The information on related party transactions is disclosed in Note 17.

8 Bonds Issued

In millions of Russian Roubles	31 March 2015 (unaudited)	31 December 2014
Eurobonds issued	393 322	379 609
Bonds issued on domestic market	180 943	174 959
Total bonds issued	**574 265**	**554 568**

As at 31 March 2015 and 31 December 2014, bonds issued consist of US Dollars, Russian Roubles, Swiss Francs and Chinese Yuan denominated Eurobonds issued by the Group through its structured entity RSHB Capital S.A. as well as Russian Roubles denominated bonds issued on domestic market.

8 Bonds Issued (Continued)

In February 2015 the Group issued RR 10 000 million bonds (placed at par) maturing in January 2025 with quarterly payments of coupon at 15.0% p.a. for the first twenty quarterly interest periods. The Group has a right to change the interest rate and determine the number of subsequent interest periods on a new interest rate, while bondholders have a right to require the Group to repurchase the bonds.

In February 2015 the Group issued RR 5 000 million bonds (placed at par) maturing in February 2025 with quarterly payments of coupon at 15.25% p.a. for the first four quarterly interest periods. The Group has a right to change the interest rate and determine the number of subsequent interest periods on a new interest rate, while bondholders have a right to require the Group to repurchase the bonds.

In February 2015, the Group repaid at the maturity date bonds denominated in RR issued in February 2012 on the domestic market in the amount of RR 10 000 million.

Refer to Note 16 for the disclosure of the fair value and fair value hierarchy for bonds issued. Refer to Note 18 for information on issues/redemptions after the end of the reporting period.

9 Interest Income and Expense

(Unaudited)	**For the three months ended 31 March**	
In millions of Russian Roubles	**2015**	**2014**
Interest income on financial instruments carried at fair value through profit or loss		
Financial instruments designated at fair value through profit or loss	144	286
Trading securities	131	74
Total interest income on financial instruments carried at fair value through profit or loss	**275**	**360**
Interest income on other financial instruments		
Loans and advances to legal entities	30 864	29 598
Loans and advances to individuals	9 888	9 336
Investment securities available for sale including pledged under repurchase agreements	3 090	1 758
Due from other banks	630	347
Investment securities held to maturity including pledged under repurchase agreements	517	725
Cash equivalents	1 433	272
Total interest income on other financial instruments	**46 422**	**42 036**
Total interest income	**46 697**	**42 396**
Interest expense		
Term deposits of legal entities	(14 617)	(6 723)
Bonds issued	(10 735)	(7 984)
Term deposits of individuals	(7 182)	(4 001)
Term deposits of the CBRF	(5 645)	(664)
Term deposits of other banks	(1 781)	(1 199)
Subordinated debts	(1 530)	(1 255)
Current/settlement accounts	(639)	(251)
Promissory notes issued and deposit certificates	(978)	(482)
Total interest expense	**(43 107)**	**(22 559)**
Net interest income	**3 590**	**19 837**

The information on related party transactions is disclosed in Note 17.

10 Fee and Commission Income and Expense

(Unaudited)	For the three months ended 31 March	
In millions of Russian Roubles	2015	2014
Fee and commission income		
Commission on cash transactions	1 170	1 026
Commission on guarantees issued	528	181
Commission on settlement transactions	242	245
Fees for sale of insurance contracts	236	371
Commission on banking cards	105	104
Fees for currency control	37	30
Other	90	72
Total fee and commission income	**2 408**	**2 029**
Fee and commission expense		
Commission on settlement transactions	(151)	(115)
Commission on cash collection	(103)	(92)
Other	(8)	(29)
Total fee and commission expense	**(262)**	**(236)**
Net fee and commission income	**2 146**	**1 793**

11 Losses Net of Gains from Non-banking Activities

(Unaudited)	For the three months ended 31 March	
In millions of Russian Roubles	2015	2014
Sales of goods	1 047	769
Cost of goods sold	(970)	(871)
Impairment charge of trade receivables and prepayments	(15)	(64)
Net income from insurance operations	114	268
Other non-banking income	259	164
Other non-banking expenses	(807)	(1 398)
Total losses net of gains from non-banking activities	**(372)**	**(1 132)**

Sales of goods mainly represent sales of grain, sugar, meat and milk products, animal feedstuff and other non-foods agriculturals.

Net income from insurance operations is as follows:

(Unaudited)	For the three months ended 31 March	
In millions of Russian Roubles	2015	2014
Insurance premiums		
Premium earned	524	387
Reinsurers share in premiums earned	(249)	(145)
Net insurance premiums earned	**275**	**242**
Insurance benefits and claims		
Claims incurred during the period	(111)	(8)
Acquisition costs	(51)	(52)
Reinsurers share in claims incurred during the period	1	86
Net insurance benefits and claims	**(161)**	**26**
Net income from insurance operations	**114**	**268**

12 Significant Risk Concentrations

As at 31 March 2015, correspondent accounts and deposits with other banks with original maturities less than one month included the balances with one counterparty individually above 10% of the Group’s equity with rating A+ (Fitch) in the amount of RR 25 269 million, or 21% of total cash and cash equivalents. As at 31 December 2014, cash and cash equivalents included no balances with other banks each above 10% of the Group's equity. As at 31 December 2014, correspondent accounts and deposits with other banks with original maturities less than one month included the balances with five counterparties (four counterparties with rating not less than BB- (S&P) and one non-rated counterparty) in the amount of RR 23 638 million, or 23% of total cash and cash equivalents, in aggregate above 10% of the Group’s equity.

As at 31 March 2015, cash and cash equivalents included the balances with CBRF in the total amount of RR 18 358 million, or 15% of total cash and cash equivalents (31 December 2014: RR 37 930 million, or 36% of total cash and cash equivalents).

As at 31 March 2015 and 31 December 2014, due from other banks included no balances with other banks each above 10% of the Group’s equity. As at 31 March 2015, due from other banks included the balances with two counterparties with rating Ba3 (Moody’s) in the amount of RR 26 487 million, or 53% of total due from other banks (31 December 2014: two counterparties with rating Ba3 (Moody’s) in the amount of RR 20 599 million, or 61% of total due from other banks), in aggregate above 10% of the Group’s equity.

As at 31 March 2015, the Group had the balances due to CBRF in the total amount of RR 185 838 million, or 63% of total due to other banks (31 December 2014: balances due to CBRF in the total amount of RR 203 732 million, or 71% of total due to other banks).

As at 31 March 2015 and 31 December 2014, due to other banks included no balances with other banks each above 10% of the Group’s equity. As at 31 March 2015, due to other banks included the balances with two counterparties with rating not less than Ba2 (Moody’s) in the amount of RR 31 535 million, or 11% of total due to other banks (31 December 2014: two counterparties with rating not less than Ba1 (Moody’s) in the amount of RR 28 053 million, or 10% of total due to other banks), in aggregate above 10% of the Group’s equity.

As at 31 March 2015, customer accounts included balances with four customers each above 10% of the Group’s equity (31 December 2014: balances with five customers each above 10% of the Group’s equity). The aggregate balance of these customers was RR 186 230 million, or 22% of total customer accounts (31 December 2014: RR 131 328 million, or 17% of total customer accounts).

13 Segment Analysis

An operating segment is a component of the Group that engages in business activities from which it earns revenues and incurs expenses whose operating results are regularly reviewed by the Group’s Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. The Management Board has been identified as the CODM.

The Management Board of the Bank performs geographic analysis of the Bank’s operations and therefore the Bank’s regional branches have been designated as operating segments.

Taking into account the administrative-territorial division of Russia, federal districts of the Russian Federation have been designated as reportable segments.

The Management Board of the Bank assesses efficiency of operating segments based on a financial performance measure prepared from statutory accounting data.

The accounting policy of the operating segments is based on Russian Accounting Rules (RAR) and thus significantly differs from policies described in the summary of significant accounting policies in the Group’s last annual consolidated financial statements.

As at 31 March 2015 Krasnodar branch does not meet criteria of defining it as a separate reportable segment. CODM does not treat Krasnodar branch as separate reportable segment, therefore it was included in Southern federal district. The presentation of the comparative figures for the three months ended 31 March 2014 has been adjusted to be consistent with the new presentation.

13 Segment Analysis (Continued)

Segment reporting of the Group's revenue and profit/(loss) for the three months ended 31 March 2015 and for the three months ended 31 March 2014 and segment reporting of the Group's assets at 31 March 2015 and 31 December 2014 are as follows:

In millions of Russian Roubles	Head office	Central federal district	Far-Eastern federal district	Volga federal district	North-West federal district	North-Caucasian federal district	Siberian federal district	Ural federal district	Southern federal district	Total
For the three months ended 31 March 2015 (unaudited)										
Revenue from external customers:	**4 174**	**12 765**	**1 778**	**9 968**	**3 377**	**2 646**	**4 792**	**1 871**	**5 084**	**46 455**
- Interest income from loans and advances to customers, due from other banks and other placed funds	6 700	11 703	1 629	9 299	3 129	2 418	4 439	1 757	4 815	**45 889**
- Net fee and commission income from credit related operations	(2 526)	1 062	149	669	248	228	353	114	269	**566**
(Losses net of gains)/gains less losses arising from securities, derivative financial instruments and foreign currency	(5 400)	4 090	107	(1)	7	41	31	873	(535)	**(787)**
Interest expenses from due to other banks, customer accounts and bonds issued	(24 209)	(5 736)	(956)	(3 532)	(2 976)	(485)	(1 692)	(909)	(1 979)	**(42 474)**
Provision (charge)/recovery for impairment	(12)	(456)	(127)	(290)	(93)	(832)	(324)	18	(834)	**(2 950)**
Administrative and maintenance expense	(6 688)	(545)	(152)	(445)	(164)	(178)	(326)	(126)	(199)	**(8 823)**
- Including depreciation charge	(122)	(66)	(16)	(55)	(21)	(29)	(40)	(10)	(22)	**(381)**
(Other expenses less other income)/other income less other expenses	(276)	(25)	(2)	(1 799)	(7)	11	10	(51)	362	**(1 777)**
Current income tax expense	(62)	-	-	-	-	-	-	-	-	**(62)**
Intersegment income/(expense)*	**16 646**	**(3 811)**	**(439)**	**(4 444)**	**(142)**	**(1 835)**	**(2 272)**	**(469)**	**(3 234)**	**-**
(Loss)/profit of reportable segments	**(32 473)**	**10 093**	**648**	**3 901**	**144**	**1 203**	**2 491**	**1 676**	**1 899**	**(10 418)**

* Intersegment income and expense are used by CODM for information purpose only and not for identification of profit or loss of the operating segments.

13 Segment Analysis (Continued)

In millions of Russian Roubles	Head office	Central federal district	Far-Eastern federal district	Volga federal district	North-West federal district	North-Caucasian federal district	Siberian federal district	Ural federal district	Southern federal district)	Total
For the three months ended 31 March 2014 (unaudited)										
Revenue from external customers:	**4 165**	**9 547**	**1 659**	**9 311**	**2 377**	**3 094**	**4 651**	**1 397**	**5 970**	**42 171**
- Interest income from loans and advances to customers, due from other banks and other placed funds	3 916	8 792	1 511	8 691	2 154	2 872	4 282	1 283	5 696	**39 197**
- Net fee and commission income from credit related operations	249	755	148	620	223	222	369	114	274	**2 974**
(Losses net of gains)/gains less losses arising from securities, derivative financial instruments and currency	(937)	(176)	252	(606)	(432)	(553)	(76)	210	128	**(2 190)**
Interest expenses from due to other banks, customer accounts and bonds issued	(15 696)	(2 306)	(455)	(1 738)	(744)	(219)	(695)	(230)	(504)	**(22 587)**
Provision (charge)/recovery for impairment	(923)	(2 281)	(288)	(1 243)	(237)	(2 199)	(112)	(79)	2 255	**(5 107)**
Administrative and maintenance expense	(6 172)	(441)	(141)	(412)	(155)	(163)	(284)	(104)	(194)	**(8 066)**
- Including depreciation charge for the reporting period	(51)	(55)	(11)	(45)	(17)	(24)	(31)	(7)	(21)	**(262)**
(Other expenses less other income)/other income less other expenses	(179)	99	9	72	(153)	(66)	191	6	(2 880)	**(2 901)**
Current income tax expense	(657)	-	-	-	-	-	-	-	-	**(657)**
Intersegment income/(expense)*	**23 920**	**(6 037)**	**(939)**	**(5 447)**	**(1 568)**	**(2 160)**	**(3 069)**	**(823)**	**(3 877)**	**-**
(Loss)/profit of reportable segments	**(20 399)**	**4 442**	**1 036**	**5 384**	**656**	**(106)**	**3 675**	**1 200**	**4 775**	**663**
Total assets										
31 March 2015 (unaudited)	1 472 962	506 309	60 684	338 747	135 954	115 932	165 912	75 977	211 787	**3 084 264**
31 December 2014	1 864 277	677 014	81 092	387 803	184 891	144 581	194 953	102 318	253 131	**3 890 060**

* Intersegment income and expense are used by CODM for information purpose only and not for identification of profit or loss of the operating segments.

In the third quarter 2014 the Bank changed its approach to intersegment income and expense calculation that resulted in changes in expenses allocation to operating segments. Intersegment income and expense were adjusted to include, in addition to transfer income and expenses, insurance premiums earned and staff costs. The presentation of the comparative figures for the three months ended 31 March 2014 has been adjusted to be consistent with the new presentation.

13 Segment Analysis (Continued)

Reconciliation of (loss)/profit of the reportable segments is as follows:

(Unaudited) *In millions of Russian Roubles*	**For the three months ended 31 March** **2015**	**2014**
Total (loss)/profit of reportable segments (after tax)	**(10 418)**	**663**
Adjustments of provision for impairment	(15 895)	(1 306)
Results of non-reportable segments, including the effect of consolidation*	(1 296)	(470)
Accounting for financial instruments at fair value	3 573	2 401
Adjustment of deferred tax	4 452	(412)
(Losses less gains)/gains less losses from revaluation of other financial instruments at fair value through profit or loss	466	(449)
Accrued staff costs	(536)	(1 430)
Adjustments of financial assets and liabilities carried at amortized cost	415	859
Other	(553)	321
The Group's (loss)/profit under IFRS (after tax)	**(19 792)**	**177**

* Non-reportable segments are represented by subsidiaries of the Group.

Adjustments of provision for impairment are related to the difference between the methodology applied to calculate provisions for loan impairment under RAR used for preparation of management reporting and the methodology used for IFRS reporting. The provision under RAR is calculated based mainly on formal criteria depending on the financial position of the borrower, quality of debt service and collateral, whereas the provision under IFRS requirement is calculated based on incurred loss model.

Adjustments of derivative financial instruments to their fair value arise from the difference in the accounting treatment of currency swaps under RAR (which are the basis for management reporting) and IFRS reporting. Under RAR foreign exchange swaps are recognized as back-to-back deposits, whereas in the IFRS financial statement such transactions are recognized at fair value. Refer to Note 15. Providing reconciliation, accounting for deals described above under RAR assumes also adjustments related to interest income/expense and total assets of reportable segments.

Adjustments to financial assets and liabilities carried at amortized cost resulted from accruals of interest income/expenses using effective interest rate method in IFRS, whereas there is nominal rate accrual approach under RAR.

Adjustments of deferred income tax expense and accrued staff costs arise from the timing difference in recognition of certain expenses (mainly related to unused vacations provision) under RAR compared to IFRS and regulatory requirements of tax-filing date. Deferred tax accounting in RAR for credit organizations was introduced from 1 April 2014.

All other adjustments also result from the differences between RAR (used as the basis for management reporting) and IFRS.

14 Contingencies and Commitments

Legal proceedings. From time to time in the normal course of business, claims against the Group are received. As at 31 March 2015, based on its own estimates and both internal and external professional advice the Group's management is of the opinion that no material losses will be incurred in respect of claims and accordingly no provision for cover of such losses has been made in these interim condensed consolidated financial statements (31 December 2014: Group's management is of the opinion that no material losses will be incurred in respect of claims and accordingly no provision for cover of such losses has been made in annual consolidated financial statements).

Tax contingencies. Russian tax and customs legislation which was enacted or substantively enacted at the end of the reporting period, is subject to varying interpretations when being applied to the transactions and activities of the Group. Consequently, tax positions taken by management and the formal documentation supporting the tax positions may be successfully challenged by relevant authorities. Russian tax administration is gradually strengthening, including the fact that there is a higher risk of review of tax transactions without a clear business purpose or with tax incompliant counterparties. Fiscal periods remain open to review by the authorities in respect of taxes for three calendar years preceding the year of review. Under certain circumstances reviews may cover longer periods.

Amended Russian transfer pricing legislation took effect from 1 January 2012.The new transfer pricing rules appear to be more technically elaborate and, to a certain extent, better aligned with the international transfer pricing principles developed by the Organisation for Economic Cooperation and Development (OECD). The new legislation provides the possibility for tax authorities to make transfer pricing adjustments and impose additional tax liabilities in respect of controlled transactions (transactions with related parties and some types of transactions with unrelated parties), provided that the transaction price is not arm's length.

Given that the practice of implementation of the new Russian transfer pricing rules has not yet developed, the consequences of any challenge of the Group's transfer prices cannot be reliably estimated; however, it may have an impact on the financial conditions and/or the overall operations of the Group.

The management of the Group believes that its interpretation of the relevant legislation is appropriate and the Group's tax, currency and customs positions will be sustained. Therefore, as at 31 March 2015 the management has not created any provision for potential tax liabilities (31 December 2014: none).

Capital expenditure commitments. As at 31 March 2015, the Group has contractual capital expenditure commitments of RR 217 million (31 December 2014: RR 266 million).

Operating lease commitments. Where the Group is the lessee, the future minimum lease payments under non-cancellable operating leases are as follows:

In millions of Russian Roubles	**31 March 2015 (Unaudited)**	**31 December 2014**
Not later than 1 year	4 441	4 351
Later than 1 year and not later than 5 years	9 815	10 365
Later than 5 years	2 058	2 266
Total operating lease commitments	**16 314**	**16 982**

Compliance with covenants. The Group is subject to certain covenants primarily relating to its borrowings. Non-compliance with such covenants may result in negative consequences for the Group including an increase of the borrowing costs and announcement of the default. The Group's Management believes that the Group is in compliance with the covenants.

Credit related commitments. The primary purpose of these instruments is to ensure that funds are available to a customer as required. Financial guarantees and standby letters of credit, which represent irrevocable assurances that the Group will make payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans. Documentary and commercial letters of credit, which are written undertakings by the Group on behalf of a customer authorizing a third party to draw drafts on the Group up to a stipulated amount under specific terms and conditions, are collateralized by the underlying shipments of goods to which they relate or cash deposits and therefore carry less risk than a direct borrowing.

14 Contingencies and Commitments (Continued)

Commitments to extend credit represent unused portions of authorizations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Group is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments since most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Group monitors the term to maturity of credit related commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

Outstanding credit related commitments are as follows:

In millions of Russian Roubles	**31 March 2015 (Unaudited)**	**31 December 2014**
Financial guarantees issued	133 988	150 415
Undrawn credit lines	42 690	37 506
Letters of credit	15 005	18 542
Total credit related commitments	**191 683**	**206 463**

As at 31 March 2015, credit related commitments included commitments for one Russian bank above 10% of the Group's equity in the amount of RR 21 798 million, or 11% of total credit related commitments (31 December 2014: credit related commitments included commitments for one Russian bank above 10% of the Group's equity in the amount of RR 22 554 million, or 11% of total credit related commitments). As at 31 March 2015, the amount of financial guarantees issued to the CBRF for Russian banks was RR 51 759 million, or 27% of total credit related commitments (31 December 2014: the amount of financial guarantees issued to the CBRF for Russian banks was RR 61 264 million, or 30% of total credit related commitments).

Undrawn credit lines are represented by revocable credit lines. The Group has the right to revoke unused portion of credit line in response to a material adverse change of the borrower. As at 31 March 2015 and 31 December 2014, there were no grounds for cancellation of disclosed amount of unused credit lines.

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

Credit related commitments are denominated in currencies as follows:

In millions of Russian Roubles	**31 March 2015 (Unaudited)**	**31 December 2014**
Russian Roubles	165 415	175 201
Euros	22 764	25 167
US Dollars	3 504	6 080
Other currencies	-	15
Total credit related commitments	**191 683**	**206 463**

Assets pledged and restricted. The Group had the following assets pledged and restricted:

In millions of Russian Roubles	**31 March 2015 (Unaudited)**	**31 December 2014**
Assets pledged under loan agreements with banks (including CBRF)	170 139	237 396
Security deposit under the lease agreement	1 260	202

As at 31 March 2015, mandatory cash balances with the CBRF of RR 9 262 million (31 December 2014: RR 9 373 million) represent mandatory reserve deposits which are not available to finance the Group's day to day operations.

14 Contingencies and Commitments (Continued)

As at 31 March 2015 and 31 December 2014 assets pledged under loan agreements with banks (including CBRF) mainly include loans and advances to customers pledged to CBRF under loan agreements in accordance with the CBRF Act #312-P “On the procedures of granting loans secured by assets or guarantees by CBRF to credit organisations” dated 12 November 2007.

Financial assets transferred without derecognition

Transferred financial assets that are not derecognized in their entirety are represented by securities transferred without derecognition and pledged under repurchase agreements. As at 31 March 2015, the associated liabilities of these agreements in the current amount of RR 67 269 million are included in due to other banks (31 December 2014: RR 20 009 million) and RR58 million are included in customer accounts (31 December 2014: RR 15 million).

The following table provides a summary of financial assets transferred without derecognition:

	31 March 2015 (Unaudited)		**31 December 2014**	
In millions of Russian Roubles	**Carrying amount assets**	**Carrying amount associated liabilities**	**Carrying amount assets**	**Carrying amount associated liabilities**
Repurchase agreements				
Corporate Eurobonds	24 205	19 688	20 396	15 019
Corporate bonds	38 853	33 566	3 034	2 729
Federal loan bonds (OFZ)	7 526	6 978	1 362	1 116
Municipal and subfederal bonds	5 795	5 239	1 486	1 160
State Eurobonds	2 100	1 856	-	-
Total	**78 479**	**67 327**	**26 278**	**20 024**

15 Derivative Financial Instruments

Foreign exchange derivative financial instruments entered into by the Group are generally traded in an over-the-counter market with professional market counterparties. As a result of fluctuations in market interest rates, foreign exchange rates or other variables relative to their terms, derivative financial instruments are recognized as assets (in case of positive fair value) or liabilities (in case of negative fair value).

The aggregate fair values of derivative financial assets and liabilities can fluctuate significantly from time to time. Liquidity risk on derivative financial instruments is managed by the Group’s Treasury and the Capital Markets Department within powers of departments. Management of derivative financial instrument portfolio risks is carried out by authorized Group’s bodies through establishing limits.

In the aggregate amount of foreign exchange swaps with original settlement dates of more than 30 working days prevails swaps structured as loans issued by the Group in US Dollars, Swiss Francs, Chinese Yuans and Japanese Yens to six large OECD banks and one of the Russian banking groups with maturities from July 2015 to May 2023, and deposits in Russian Roubles received from the same counterparties with the same maturities (“back-to-back loans”). These transactions are aimed at economically hedging the currency exposure of the Group.

Most of these agreements contain special procedures for counterparties upon the occurrence of a credit event or an event of default (for example bankruptcy, failure to pay, obligation acceleration, repudiation/moratorium or restructuring external unsubordinated public liabilities, falling of ratings, providing incorrect or misleading representation). The subjects of such events are the Group, and in some instances, the counterparty of the agreement, and/or the Russian Federation. Some of the agreements provide that no further mutual payment obligation between the parties is due, if a credit event or default event happens. Some agreements provide termination of liabilities with a mark-to-market payment in the case of a relevant event (e.g., a default event).

As at 31 March 2015, international credit ratings of these counterparties were not less than BB- (S&P) (31 December 2014: not less than BB- (S&P)).

15 Derivative Financial Instruments (Continued)

Interest rate swaps entered into by the Group has underlying assets of RR and USD floating interest rates and are entered into with the aim of interest rate risk management.

The table below reflects gross positions in derivative financial instruments before netting of any counterparty positions as at 31 March 2015 and covers the contracts with settlement dates after the respective end of the reporting period:

(Unaudited) *In millions of Russian Roubles*	**Principal or agreed amount at fair value of assets receivable**	**Principal or agreed amount at fair value of assets payable**	**Positive fair value**	**Negative fair value**
Forwards and swaps				
- Currency	314 136	(181 208)	133 572	(644)
- Interest rate	29 938	(17 319)	12 619	-
Options	231	(396)	-	(78)
Total	**344 305**	**(198 923)**	**146 191**	**(722)**

The table below reflects gross positions in derivative financial instruments before netting of any counterparty positions as at 31 December 2014 and covers the contracts with settlement dates after the respective end of the reporting period:

In millions of Russian Roubles	**Principal or agreed amount at fair value of assets receivable**	**Principal or agreed amount at fair value of assets payable**	**Positive fair value**	**Negative fair value**
Forwards and swaps				
- Currency	258 636	(140 614)	119 132	(1 110)
- Interest rate	30 484	(17 894)	12 590	-
Options	892	(892)	97	(97)
Total	**290 012**	**(159 400)**	**131 819**	**(1 207)**

As at 31 March 2015, the Group had one foreign exchange swap with one foreign bank with rating not lower than BB- (S&P) with fair value above 10% of the Group’s equity (31 December 2014: one foreign exchange swap with one foreign bank with rating not lower than BB- (S&P) with fair value above 10% of the Group’s equity). As at 31 March 2015, receivables and payables on settlement of this foreign exchange swap amounted to RR 90 085 million and RR 40 396 million, respectively, or 36% of total receivables or 35% of total payables on settlement of foreign exchange swaps (31 December 2014: RR 80 334 million and RR 36 234 million, respectively, or 36% of total receivables or 34% of total payables on settlement of foreign exchange swaps).

Refer to Note 16 for the disclosure of fair value hierarchy for derivative financial instruments. The information on related party transactions is disclosed in Note 17.

16 Fair Value of Financial Instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The estimated fair values of financial instruments have been determined by the Group using available market information, where it exists, and appropriate valuation methodologies. However, judgement is necessarily required to interpret market data to determine the estimated fair value. The Russian Federation continues to display some characteristics of an emerging market and economic conditions continue to limit the volume of activity in the financial markets. Market quotations may be outdated or reflect distress sale transactions and therefore not represent fair values of financial instruments. Management has used all available market information in estimating the fair value of financial instruments.

Financial instruments carried at fair value. Trading securities, securities available for sale, and related investment securities pledged under repurchase agreements are carried on the consolidated statement of financial position at their fair value based on quoted market prices and valuation techniques with all material inputs observable.

Financial instruments designated at fair value through profit or loss and derivative financial instruments are carried on the consolidated statement of financial position at their fair value based on valuation technique with inputs observable in markets. Derivative financial instruments are measured at fair value as assets when fair value is positive and as liabilities when fair value is negative. The Group uses discounted cash flow techniques with observable market data inputs as offshore and onshore yield curves, as well as market data, reflecting the distribution of the probability of default over time.

Cash and cash equivalents are carried at amortized cost which approximates current fair value.

Loans and receivables carried at amortized cost. The fair value of floating rate instruments is normally their carrying amount. The estimated fair value of fixed interest rate bearing placements is based on discounted cash flows using current market interest rates for instruments with similar credit risk and similar maturity.

Held to maturity securities carried at amortized cost. The fair value for held to maturity securities and securities held to maturity pledged under repurchase agreements is based on market price.

Liabilities carried at amortized cost. The fair value of bonds issued is based on market prices, if available. The estimated fair value of fixed interest rate instruments with stated maturity, for which a quoted market price is not available, was estimated based on expected cash flows discounted at current interest rates for new instruments with similar credit risk and similar remaining maturity.

16 Fair Value of Financial Instruments (Continued)

(a) Fair value of financial instruments carried at amortized cost and at fair value

	31 March 2015 (Unaudited)		31 December 2014	
In millions of Russian Roubles	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Financial assets carried at amortized cost				
Cash and cash equivalents	120 382	120 382	105 009	105 009
Mandatory cash balances with the CBRF	9 262	9 262	9 373	9 373
Due from other banks	49 976	48 728	34 036	31 790
Loans and advances to customers				
- Loans to corporates	1 179 732	1 080 242	1 132 282	1 078 121
- Lending for food interventions	10 725	10 725	10 097	10 097
- Reverse repo agreements	1 500	1 500	425	425
- Investments in agricultural cooperatives	371	371	369	369
- Loans to individuals	261 499	208 707	273 290	252 732
Investment securities held to maturity including pledged under repurchase agreements				
- Corporate bonds	8 710	7 669	8 920	7 430
- Municipal and subfederal bonds	330	321	325	317
- Federal Loan bonds (OFZ)	2 291	1 643	2 323	1 681
- Corporate Eurobonds	20 724	19 495	20 396	19 785
Other financial assets	4 698	4 698	5 161	5 161
Total financial assets carried at amortized cost	**1 670 200**	**1 513 743**	**1 602 006**	**1 522 290**
Financial assets carried at fair value	**284 251**	**284 251**	**260 331**	**260 331**
Total financial assets	**1 954 451**	**1 797 994**	**1 862 337**	**1 782 621**
Financial liabilities carried at amortized cost				
Due to other banks				
- Term borrowings from other banks	80 100	80 899	64 629	63 804
- Term borrowings from the CBRF	185 838	185 838	203 732	203 732
- Correspondent accounts and overnight placements of other banks	27 866	27 866	17 415	17 415
Customer accounts				
- State and public organisations	174 153	178 607	101 258	100 362
- Other legal entities	336 529	339 336	353 579	349 516
- Individuals	334 316	333 975	306 758	302 146
Promissory notes issued and deposit certificates	13 332	13 332	18 680	18 680
Bonds issued				
- Eurobonds issued	393 322	375 980	379 609	337 719
- Bonds issued on domestic market	180 943	177 521	174 959	169 641
Other financial liabilities	2 064	2 064	2 651	2 651
Subordinated debts	88 959	75 083	84 261	62 393
Total financial liabilities carried at amortized cost	**1 817 422**	**1 790 501**	**1 707 531**	**1 628 059**
Financial liabilities carried at fair value	**722**	**722**	**1 207**	**1 207**
Total financial liabilities	**1 818 144**	**1 791 223**	**1 708 738**	**1 629 266**

16 Fair Value of Financial Instruments (Continued)

(b) Analysis by fair value hierarchy of financial instruments

Fair value measurements are analysed by level in the fair value hierarchy as follows:

(i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities;

(ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and

(iii) level three measurements are valuations not based on observable market data (that is, unobservable inputs).

Management applies judgement in categorising financial instruments using the fair value hierarchy. If a fair value measurement uses observable inputs that require significant adjustment, that measurement is a Level 3 measurement. The significance of a valuation input is assessed against the fair value measurement in its entirety.

Fair value hierarchy

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

16 Fair Value of Financial Instruments (Continued)

Analysis of financial and non-financial instruments as at 31 March 2015 is as follows:

(Unaudited) *In millions of Russian Roubles*	**Quoted price in an active market (Level 1)**	**Valuation technique with inputs observable in markets (Level 2)**	**Valuation technique with non-observable inputs (Level 3)**	**Total**
Assets measured at fair value				
Trading securities	171	3 021	-	**3 192**
Financial instruments designated at fair value through profit or loss	-	7 661	-	**7 661**
Investment securities available for sale, including investment securities available for sale pledged under repurchase agreements	123 722	3 485	-	**127 207**
Derivative financial instruments	-	146 191	-	**146 191**
Office premises	-	-	8 518	**8 518**
Assets for which fair values are disclosed				
Cash and cash equivalents	-	120 382	-	**120 382**
Mandatory cash balances with the Central Bank of the Russian Federation	-	-	9 262	**9 262**
Due from other banks	-	48 728	-	**48 728**
Loans and advances to customers	-	-	1 301 545	**1 301 545**
Investment securities held to maturity, including investment securities held to maturity pledged under repurchase agreements	9 633	19 495	-	**29 128**
Other financial assets carried at amortized cost	-	-	4 698	**4 698**
Total financial and non-financial assets	**133 526**	**348 963**	**1 324 023**	**1 806 512**
Liabilities measured at fair value				
Derivative financial instruments	-	722	-	**722**
Liabilities for which fair values are disclosed				
Due to other banks	-	294 603	-	**294 603**
Customer accounts	-	-	851 918	**851 918**
Promissory notes issued and deposit certificates	-	-	13 332	**13 332**
Bonds issued				
- Eurobonds issued	356 480	19 500	-	**375 980**
- Bonds issued on domestic market	157 528	19 993	-	**177 521**
Subordinated debts	64 543	10 540	-	**75 083**
Other financial liabilities	-	-	2 064	**2 064**
Total financial liabilities	**578 551**	**345 358**	**867 314**	**1 791 223**

16 Fair Value of Financial Instruments (Continued)

Analysis of financial and non-financial instruments as at 31 December 2014 is as follows:

In millions of Russian Roubles	Quoted price in an active market (Level 1)	Valuation technique with inputs observable in markets (Level 2)	Valuation technique with non-observable inputs (Level 3)	Total
Assets measured at fair value				
Trading securities	391	1 699	-	**2 090**
Financial instruments designated at fair value through profit or loss	-	6 902	-	**6 902**
Investment securities available for sale, including investment securities available for sale pledged under repurchase agreements	115 371	4 149	-	**119 520**
Derivative financial instruments	-	131 819	-	**131 819**
Office premises	-	-	8 636	**8 636**
Assets for which fair values are disclosed				
Cash and cash equivalents	-	105 009	-	**105 009**
Mandatory cash balances with the Central Bank of the Russian Federation	-	-	9 373	**9 373**
Due from other banks	-	31 790	-	**31 790**
Loans and advances to customers	-	-	1 341 744	**1 341 744**
Investment securities held to maturity, including investment securities held to maturity pledged under repurchase agreements	9 428	19 785	-	**29 213**
Other financial assets carried at amortized cost	-	-	5 161	**5 161**
Total financial and non-financial assets	**125 190**	**301 153**	**1 364 914**	**1 791 257**
Liabilities measured at fair value				
Derivative financial instruments	-	1 207	-	**1 207**
Liabilities for which fair values are disclosed				
Due to other banks	-	284 951	-	**284 951**
Customer accounts	-	-	752 024	**752 024**
Promissory notes issued and deposit certificates	-	-	18 680	**18 680**
Bonds issued				
- Eurobonds issued	317 929	19 790	-	**337 719**
- Bonds issued on domestic market	160 720	8 921	-	**169 641**
Subordinated debts	51 641	10 752	-	**62 393**
Other financial liabilities	-	-	2 651	**2 651**
Total financial liabilities	**530 290**	**325 621**	**773 355**	**1 629 266**

There were no financial instruments carried at fair value based on a valuation technique with non-observable inputs (Level 3) as at 31 March 2015 (31 December 2014: none).

There were no transfers between levels of the fair value hierarchy during three months ended 31 March 2015. During 2014 the Group transferred part of its investment securities available for sale from Level 1 to Level 2 of the fair value hierarchy due to the absence of quoted prices in an active market for these securities. There were no other transfers between levels of the fair value hierarchy during 2014.

17 Related Party Transactions

For the purposes of these interim condensed consolidated financial statements, parties are considered to be related if one party has the ability to control the other party, is under common control, or can exercise significant influence over the other party in making financial or operational decisions. The Bank's only shareholder is the Government of the Russian Federation represented by the Federal Agency for Managing State Property and the Ministry of Finance of the Russian Federation. Refer to Note 1.

In these interim condensed consolidated financial statements, significant balances and transactions with the state-controlled entities and parties that are related to such entities and balances and transactions with related parties represented by key management and their family members are disclosed.

The outstanding balances with related parties were as follows:

In millions of Russian Roubles	**31 March 2015 (Unaudited)**	**31 December 2014**
Cash and cash equivalents		
CBRF	18 358	37 930
Other banks	11 013	15 199
Loans and advances to customers		
Loans and advances to customers (before impairment)	85 746	60 580
Less: provision for loan impairment	(2 609)	(2 453)
Derivative financial instruments — assets	29 003	27 658
Securities		
Securities issued by Russian Federation	22 257	23 623
Securities of entities and banks	64 082	52 924
Due from other banks	8 510	1 903
Other assets		
State Corporation Deposit Insurance Agency	615	1 239
Customer accounts		
Entities	219 103	170 898
Key management and their family members	986	956
Due to other banks		
CBRF	185 838	203 732
Other banks	67 450	33 210
Derivative financial instruments — liabilities	644	246
Credit related commitments		
Undrawn credit lines	12 478	7 222
Guarantees issued	40 918	41 449
Guarantees received	14 911	16 860

17 Related Party Transactions (Continued)

The income and expense items with related parties were as follows:

(Unaudited) *In millions of Russian Roubles*	For the three months ended 31 March 2015	2014
Interest income on cash and cash equivalents		
CBRF	180	23
Other banks	460	18
Interest income on due from other banks	122	-
Interest income on loans and advances to customers	1 744	921
Interest income on securities		
Securities issued by Russian Federation	587	568
Securities of entities and banks	1 857	714
(Losses net of gains)/gains less losses from securities		
Securities issued by Russian Federation	(933)	(206)
Securities of entities and banks	(212)	7
Gains less losses from derivative financial instruments	5 246	832
Interest expense on customer accounts		
Entities	(5 978)	(3 687)
Key management and their family members	(17)	(3)
Interest expense on subordinated debts	-	(401)
Interest expense on due to other banks		
CBRF	(5 645)	(664)
Other banks	(546)	(111)
Administrative and other operating expenses		
Payments to the Deposit Insurance Fund (SC DIA)	(311)	(224)

During three months ended 31 March 2015 and 31 March 2014, the only transactions with the shareholder were taxes paid.

Key management of the Group represents members of the Supervisory Board, the Management Board and Chief Accountant of the Bank. For the three months ended 31 March 2015 total remuneration of the key management amounted to RR 71 million (for the three months ended 31 March 2014: RR 107 million).

18 Events after the End of the Reporting Period

In May and June 2015 the CBRF decreased key interest rate from 14.0% p.a. to 11.5% p.a.

In June 2015 the Bank increased its share capital by issuing 10 000 ordinary shares with the total nominal amount of RR 10 000 million.

In May 2015, the Group repaid bonds denominated in RR issued on the domestic market in the amount of RR 195 million at the put option date.

In May and June 2015, the Group re-issued on the domestic market RR 195 million of previously bought back bonds maturing in November 2019, with semi-annual payments of coupon at 10% p.a.

In June 2015, the Group repaid bonds denominated in RR issued on the domestic market in the amount of RR 1 657 million at the put option date.