RUSSIAN AGRICULTURAL BANK GROUP

International Financial Reporting Standards Condensed Consolidated Interim Financial Statements and Review Report

30 June 2012

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To the Shareholder and the Supervisory Board of Russian Agricultural Bank:

Introduction

1. We have reviewed the accompanying condensed consolidated interim statement of financial position of Open Joint-Stock Company Russian Agricultural Bank and its subsidiaries (hereinafter - the "Group") as at 30 June 2012, and the related condensed consolidated interim statement of comprehensive income for the three months and six months periods then ended, and related condensed consolidated interim statements of changes in equity and cash flows for the six-month period then ended. Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of Review

2. 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 statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with 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

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

ZAO PricewaterhouseCoopers Audit

28 September 2012

Moscow, Russian Federation

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In millions of Russian Roubles	Note	30 June 2012 (unaudited)	31 December 2011
ASSETS			
Cash and cash equivalents		96 940	133 959
Mandatory cash balances with the Central Bank of the Russian Federation		8 078	8 417
Trading securities		17 320	-
Repurchase receivables		27 005	2 369
Financial instruments designated at fair value through profit or loss	6	12 797	11 225
Derivative financial instruments	15	28 154	23 296
Due from other banks		38 097	39 569
Loans and advances to customers	7	972 612	903 697
Investment securities available for sale		37 757	76 595
Investment securities held to maturity		41 342	31 319
Deferred income tax asset		6 119	5 531
Intangible assets		1 604	1 531
Premises and equipment		23 533	25 093
Current income tax prepayment		2 473	820
Other assets		14 468	15 904
Assets of disposal groups held for sale	17	5 791	5 101
TOTAL ASSETS		**1 334 090**	**1 284 426**
LIABILITIES			
Derivative financial instruments	15	380	739
Due to other banks	8	152 582	90 417
Customer accounts		551 915	607 295
Promissory notes issued		17 991	20 129
Other borrowed funds	9	386 779	342 499
Deferred income tax liability		2 146	1 322
Current income tax liability		-	7
Other liabilities		6 135	6 769
Subordinated debts	9	57 897	57 192
Liabilities directly associated with disposal groups held for sale	17	1 369	1 282
TOTAL LIABILITIES		**1 177 194**	**1 127 651**
EQUITY			
Share capital		148 798	148 798
Revaluation reserve for premises		1 013	1 050
Revaluation reserve for investment securities available for sale		(871)	(898)
Retained earnings		7 144	7 017
Equity attributable to the Bank's shareholder		**156 084**	**155 967**
Non-controlling interest		**812**	**808**
TOTAL EQUITY		**156 896**	**156 775**
TOTAL LIABILITIES AND EQUITY		**1 334 090**	**1 284 426**

Approved for issue and signed on behalf of the Management Board on 28 September 2012.

D.N. Patrushev
Chairman of the Management Board

E.A. Romankova
Chief Accountant

(Unaudited) *In millions of Russian Roubles*	**Note**	**Six months ended 30 June 2012**	**Six months ended 30 June 2011**	**Three months ended 30 June 2012**	**Three months ended 30 June 2011**
Interest income	10	65 973	52 923	33 856	27 794
Interest expense	10	(38 139)	(26 649)	(19 353)	(13 863)
Net interest income		**27 834**	**26 274**	**14 503**	**13 931**
Provision for loan impairment		(15 458)	(12 686)	(7 565)	(2 792)
Net interest income after provision for loan impairment		**12 376**	**13 588**	**6 938**	**11 139**
Fee and commission income		2 799	1 986	1 597	1 116
Fee and commission expense		(338)	(231)	(199)	(144)
Losses net of gains from trading securities		(1)	(73)	-	(26)
Gains less losses/(losses net of gains) from financial instruments designated at fair value through profit or loss		1 280	824	(216)	38
(Losses net of gains)/gains less losses from disposal of investment securities available for sale		(136)	101	(69)	96
(Losses net of gains)/gains less losses from disposal of investment securities held to maturity		(39)	-	2	-
Foreign exchange translation (losses net of gains)/gains less losses		(7 397)	10 081	(17 429)	730
Gains less losses/(losses net of gains) from derivative financial instruments		5 057	(12 309)	16 249	(179)
Gains less losses from dealings in foreign currencies		4 277	305	982	205
Provision of other assets impairment		(9)	(55)	(6)	(31)
Losses from early redemption of other borrowed funds		(18)	(6)	(22)	(6)
Losses net of gains from non-banking activities	11	(1 336)	(675)	(1 217)	(187)
Gains on disposal of subsidiaries	17	135	21	-	21
Other operating income		140	185	78	132
Administrative and other operating expenses		(16 343)	(13 600)	(8 427)	(6 968)
Profit/(loss) before tax		**447**	**142**	**(1 739)**	**5 936**
Income tax (expense)/credit		(312)	(131)	294	(1 196)
Profit/(loss) for the period		**135**	**11**	**(1 445)**	**4 740**
Other comprehensive (loss)/income:					
Securities available for sale:					
- Revaluation of securities at fair value		(102)	609	(649)	271
- Realised revaluation reserve (at disposal)		136	(101)	69	(96)
Income tax recorded in other comprehensive income		(7)	(102)	116	(35)
Other comprehensive income/(loss) for the period, net of tax		**27**	**406**	**(464)**	**140**
Total comprehensive income/(loss) for the period		**162**	**417**	**(1 909)**	**4 880**
Profit/(loss) is attributable to:					
Shareholder of the Bank		408	225	(1 257)	4 808
Non-controlling interest		(273)	(214)	(188)	(68)
Profit/(loss) for the period		**135**	**11**	**(1 445)**	**4 740**
Total comprehensive income/(loss) is attributable to:					
Shareholder of the Bank		435	631	(1 721)	4 948
Non-controlling interest		(273)	(214)	(188)	(68)
Total comprehensive income/(loss) for the period		**162**	**417**	**(1 909)**	**4 880**

In millions of Russian Roubles	**Attributable to owner of the Bank** Share capital	Revaluation reserve for premises	Revaluation reserve for securities available for sale	Retained earnings	Total	**Non-controlling interest**	**Total equity**
Balance at 1 January 2011	**108 798**	**933**	**(101)**	**6 851**	**116 481**	**1 117**	**117 598**
Total comprehensive income/(loss) for the period, net of tax	-	-	406	225	631	(214)	417
Realised revaluation reserve for premises, net of tax	-	(39)	-	39	-	-	-
Dividends declared	-	-	-	(253)	(253)	-	(253)
Balance at 30 June 2011 (unaudited)	**108 798**	**894**	**305**	**6 862**	**116 859**	**903**	**117 762**
Balance at 1 January 2012	**148 798**	**1 050**	**(898)**	**7 017**	**155 967**	**808**	**156 775**
Total comprehensive income/(loss) for the period, net of tax	-	-	27	408	435	(273)	162
Change in ownership interests	-	-	-	-	-	277	277
Realised revaluation reserve for premises, net of tax	-	(37)	-	37	-	-	-
Dividends declared	-	-	-	(318)	(318)	-	(318)
Balance at 30 June 2012 (unaudited)	**148 798**	**1 013**	**(871)**	**7 144**	**156 084**	**812**	**156 896**

(Unaudited) *In millions of Russian Roubles*	**Six months ended 30 June 2012**	**Six months ended 30 June 2011**
Cash flows from operating activities		
Interest received	56 944	47 411
Interest paid	(33 386)	(25 463)
(Losses incurred)/income received from trading in securities and financial instruments designated at fair value through profit or loss	(161)	208
Losses incurred from derivative financial instruments	(161)	(667)
Income received from dealing in foreign currencies	4 277	305
Fees and commissions received	2 822	1 986
Fees and commissions paid	(338)	(231)
Other operating income received	-	432
Staff costs paid	(10 038)	(7 786)
Administrative and other operating expenses paid	(5 290)	(3 714)
Income tax paid	(1 764)	(2 044)
Cash flows from operating activities before changes in operating assets and liabilities	**12 905**	**10 437**
Changes in operating assets and liabilities		
Net decrease/(increase) in mandatory cash balances with the Central Bank of the Russian Federation	339	(3 775)
Net (increase)/decrease in trading securities	(16 764)	3 967
Net increase in financial instruments designated at fair value through profit or loss	-	(4 406)
Net decrease in due from other banks	1 807	494
Net increase in loans and advances to customers	(74 792)	(119 727)
Net decrease/(increase) in other assets	988	(3 696)
Net increase/(decrease) in due to other banks	58 687	(17 619)
Net (decrease)/increase in customer accounts	(59 095)	118 611
Net (decrease)/increase in promissory notes issued	(2 373)	5 194
Net decrease in other liabilities	(288)	(667)
Net cash used in operating activities	**(78 586)**	**(11 187)**
Cash flows from investing activities		
Acquisition of premises and equipment	(408)	(780)
Proceeds from disposal of premises and equipment	466	77
Acquisition of intangible assets	(317)	(215)
Acquisition of investment securities available for sale	(38 055)	(46 267)
Proceeds from disposal of investment securities available for sale	40 187	15 565
Acquisition of investment securities held to maturity	-	(1 132)
Proceeds from redemption of investment securities held to maturity	1 787	985
Cash outflow on disposal of subsidiaries, net of cash disposed of	-	(24)
Net cash from/(used in) investing activities	**3 660**	**(31 791)**
Cash flows from financing activities		
Proceeds from sale of previously bought back other borrowed funds	3 043	320
Buy back of other borrowed funds	(3 407)	-
Proceeds from other borrowed funds	46 587	32 143
Repayment of other borrowed funds	(4 859)	(7 000)
Proceeds from subordinated debts	-	22 434
Net cash from financing activities	**41 364**	**47 897**
Effect of exchange rate changes on cash and cash equivalents	**(3 452)**	**(1 901)**
Effect directly associated with disposal groups held for sale	**(5)**	**-**
Net (decrease)/increase in cash and cash equivalents	**(37 019)**	**3 018**
Cash and cash equivalents at the beginning of the period	133 959	81 010
Cash and cash equivalents at the end of the period	**96 940**	**84 028**

The notes set out on pages 5 to 23 form an integral part of these condensed consolidated interim financial statements

1 Introduction

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") for the six and three months ended 30 June 2012 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 Government of the Russian Federation represented by the Federal Agency for Managing State Property.

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 deposits up to RR 700 thousand per individual in case of the withdrawal of a licence of a bank or a CBRF imposed moratorium on payments.

The Bank has 78 (31 December 2011: 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 at 30 June 2012 was 35 531 (31 December 2011: 35 699).

Presentation currency. These condensed consolidated interim financial statements are presented in the currency of the Russian Federation, millions of Russian Roubles ("RR millions").

2 Operating Environment of the Group

Russian Federation. The Russian Federation displays certain characteristics of an emerging market. The international sovereign debt crisis, stock market volatility and other risks could have a negative effect on the Russian financial and corporate sectors.

Borrowers of the Group were adversely affected by the financial and economic environment, which in turn has had an impact on their ability to repay the amounts owed. Deteriorating economic conditions for borrowers were reflected in revised estimates of expected future cash flows in impairment assessments.

The market in Russia for many types of collateral, especially real estate, has been severely affected by the volatile global financial markets, resulting in a low level of liquidity for certain types of assets. As a result, the actual realisable value on future foreclosures may differ from the value ascribed in estimating allowances for impairment at the end of the reporting period.

2 Operating Environment of the Group (Continued)

Under International Financial Reporting Standards ("IFRS"), impairment losses on financial assets expected as a result of future events, no matter how likely, cannot be recognised until such events arise.

The tax, currency and customs legislation within the Russian Federation is subject to varying interpretations and frequent changes. Furthermore, the need for further developments in the bankruptcy laws, the absence of formalised procedures for the registration and enforcement of collateral, and other legal and fiscal impediments contribute to the challenges faced by banks currently operating in the Russian Federation. The future economic direction of the Russian Federation is largely dependent upon the effectiveness of economic, financial and monetary measures undertaken by the Government, together with tax, legal, regulatory and political developments.

Management is unable to reliably determine the effects on the Group's future financial position of any potential further deterioration in the liquidity of the financial markets and the increased volatility in the currency and equity markets. Management believes it is taking all necessary measures to support the sustainability and development of the Group's business in the current circumstances.

3 Summary of Significant Accounting Policies

***Basis of preparation*.** These condensed consolidated interim 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 2011, which have been prepared in accordance with IFRS.

The Group's presentation currency is the national currency of the Russian Federation, Russian Roubles ("RR"). At 30 June 2012 the principal rate of exchange used for translating foreign currency balances was USD 1 = RR 32.8169 (31 December 2011: USD 1 = RR 32.1961).

***Changes in accounting policies*.** The accounting policies and methods of computation applied in the preparation of these condensed consolidated interim financial statements are consistent with the accounting policies applied in the preparation of the consolidated financial statements of the Group for the year ended 31 December 2011. Certain new standards, interpretations and amendments to the existing standards, as disclosed in the consolidated financial statements for the year ended 31 December 2011, became effective for the Group from 1 January 2012. These have not significantly affected the condensed consolidated interim financial statements of the Group.

Interim period tax measurement. The Group applied for the purposes of these condensed consolidated interim financial statements the income tax rate that is expected to be applied during the whole fiscal period, while the effects of individual transactions resulting in tax non-deductible expenditures or non-taxable income are taken into account in the period in which they occur.

4 Critical Accounting Estimates and Judgements in Applying Accounting Policies

The accounting estimates and judgments applied in the preparation of these condensed consolidated interim 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 2011.

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

Held-to-maturity financial assets. Management applies judgement in assessing whether financial assets can be categorised 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 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 amortised cost. As at 30 June 2012 the fair value of held-to-maturity securities was RR 50 969 million, including related repurchase receivables in the amount of RR 9 535 million (31 December 2011: RR 32 107 million, including related repurchase receivables in the amount of RR 1 036 million).

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 the group.

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. As at 30 June 2012 a 5% increase or decrease in actual loss given default compared to estimated loss given default used would result in an increase or decrease in loan impairment losses of RR 2 660 million (31 December 2011: RR 2 045 million).

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. All models are calibrated to ensure that outputs reflect actual data and comparative market prices. 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 values reported in the condensed consolidated interim financial statements.

Deferred income tax asset recognition. The recognised 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. Key assumptions in the business plan is to obtain profits in the current and subsequent financial years.

5 New Accounting Pronouncements

Since the Group published its last annual consolidated financial statements, certain new standards and interpretations have been issued which are effective for the annual periods beginning on or after 1 January 2012 and which the Group has not early adopted:

Amendments to IFRS 1 First-time adoption of International Financial Reporting Standards - Government loans. The amendments, dealing with loans received from governments at a below market rate of interest, give first-time adopters of IFRSs relief from full retrospective application of IFRSs when accounting for these loans on transition. This will give first-time adopters the same relief as existing preparers.

Improvements to International Financial Reporting Standards (issued in May 2012 and effective for annual periods beginning 1 January 2013). The improvements consist of changes to five standards.

- IFRS 1 was amended to (i) clarify that an entity that resumes preparing its IFRS financial statements may either repeatedly apply IFRS 1 or apply all IFRSs retrospectively as if it had never stopped applying them, and (ii) to add an exemption from applying IAS 23, *Borrowing costs,* retrospectively by first-time adopters.
- IAS 1 was amended to clarify that explanatory notes are not required to support the third balance sheet presented at the beginning of the preceding period when it is provided because it was materially impacted by a retrospective restatement, changes in accounting policies or reclassifications for presentation purposes, while explanatory notes will be required when an entity voluntarily decides to provide additional comparative statements.
- IAS 16 was amended to clarify that servicing equipment that is used for more than one period is classified as property, plant and equipment rather than inventory.
- IAS 32 was amended to clarify that certain tax consequences of distributions to owners should be accounted for in the income statement as was always required by IAS 12.
- IAS 34 was amended to bring its requirements in line with IFRS 8. IAS 34 will require disclosure of a measure of total assets and liabilities for an operating segment only if such information is regularly provided to chief operating decision maker and there has been a material change in those measures since the last annual financial statements.

Transition Guidance Amendments to IFRS 10, IFRS 11 and IFRS 12 (issued on 28 June 2012 and effective for annual periods beginning 1 January 2013). The amendments clarify the transition guidance in IFRS 10 *Consolidated Financial Statements*. Entities adopting IFRS 10 should assess control at the first day of the annual period in which IFRS 10 is adopted, and if the consolidation conclusion under IFRS 10 differs from IAS 27 and SIC 12, the immediately preceding comparative period (that is, year 2012 for a calendar year-end entity that adopts IFRS 10 in 2013) is restated, unless impracticable. The amendments also provide additional transition relief in IFRS 10, IFRS 11, *Joint Arrangements*, and IFRS 12*, Disclosure of Interests in Other Entities*, by limiting the requirement to provide adjusted comparative information only for the immediately preceding comparative period. Further, the amendments will remove the requirement to present comparative information for disclosures related to unconsolidated structured entities for periods before IFRS 12 is first applied. The Group is currently assessing the impact of the amendments on its financial statements.

Unless otherwise described above, the new standards and interpretations did not significantly affect the Group's financial reporting.

6 Financial Instruments Designated at Fair Value through Profit or Loss

In millions of Russian Roubles	**30 June 2012 (unaudited)**	**31 December 2011**
Credit Linked Notes	878	848
Due from other banks	11 919	10 377
Total financial instruments designated at fair value through profit or loss	**12 797**	**11 225**

International credit ratings of issuers of the notes and of counterparty banks were not less than BB- (S&P) as at 30 June 2012 (31 December 2011: not less than BB- (S&P)).

No additional financial instruments designated at fair value through profit or loss were recognised during six months ended 30 June 2012.

7 Loans and Advances to Customers

In millions of Russian Roubles	**30 June 2012 (unaudited)**	**31 December 2011**
Loans to legal entities		
- Loans to corporates	855 462	796 450
- Lending for food interventions	28 244	33 256
- Deals with securities purchased under reverse-repo agreements	3 434	1 990
- Investments in agricultural cooperatives	409	509
Loans to individuals	174 974	147 403
Total loans and advances to customers (before impairment)	**1 062 523**	**979 608**
Less: Provision for loan impairment	(89 911)	(75 911)
Total loans and advances to customers	**972 612**	**903 697**

Lending for food interventions is represented by loans to a company, which is 100% owned by the Government of the Russian Federation.

As at 30 June 2012 the Group has loans to ten largest borrowers (groups of borrowers) in the total amount of RR 134 532 million (before impairment), or 13% of total loans and advances to customers (2011: the Group has loans to ten largest borrowers (groups of borrowers) in the total amount of RR 118 011 million (before impairment), or 12% of total loans and advances to customers).

Movements in provisions for loan impairment during six months ended 30 June are as follows:

(Unaudited) *In millions of Russian Roubles*	**Six months ended 30 June 2012**	**Six months ended 30 June 2011**
Provision for loan impairment at 1 January	**75 911**	**57 029**
Provision for loan impairment during the period	15 460	12 696
Sale of loans	(773)	-
Loans and advances to customers written off during the period as uncollectible	(687)	-
Reclassification to assets of disposal groups held for sale	-	(12)
Provision for loan impairment at 30 June	**89 911**	**69 713**

7 Loans and Advances to Customers (Continued)

Movements in provisions for loan impairment during three months ended 30 June are as follows:

(Unaudited) *In millions of Russian Roubles*	**Three months ended 30 June 2012**	**Three months ended 30 June 2011**
Provision for loan impairment at 31 March	**83 639**	**66 930**
Provision for loan impairment during the period	7 565	2 795
Sale of loans	(773)	-
Loans and advances to customers written off during the period as uncollectible	(520)	-
Reclassification to assets of disposal groups held for sale	-	(12)
Provision for loan impairment at 30 June	**89 911**	**69 713**

The information on related party transactions is disclosed in Note 16.

8 Due to Other Banks

In millions of Russian Roubles	**30 June 2012 (unaudited)**	**31 December 2011**
Borrowings from other banks with term to maturity		
- sale and repurchase agreements less than 30 days	533	2 006
- less than 30 days	15 604	3 090
- from 31 to 180 days	13 296	2 678
- from 181 days to 1 year	29 669	14 297
- from 1 year to 3 years	26 141	49 504
- more than 3 years	15 315	18 490
Borrowings from the CBRF with term to maturity		
- sale and repurchase agreements less than 30 days	22 026	-
- less than 30 days	29	-
- from 31 to 180 days	24 515	-
Correspondent accounts and overnight placements of other banks	5 454	352
Total due to other banks	**152 582**	**90 417**

9 Other Borrowed Funds and Subordinated Debts

In millions of Russian Roubles	**30 June 2012 (unaudited)**	**31 December 2011**
Eurobonds issued	254 896	231 155
Bonds issued on domestic market	131 883	111 344
Total other borrowed funds	**386 779**	**342 499**
Subordinated debts	**57 897**	**57 192**

Other borrowed funds. As at 30 June 2012, other borrowed funds consist of US Dollars and Russian Roubles denominated Eurobonds issued by the Group through its special purpose entity, RSHB Capital S.A. as well as Russian Roubles denominated bonds issued on domestic market.

In February 2012, the Group issued RR 10 000 million Eurobonds (loan participation notes) (placed at par) maturing in February 2017 with semi-annual payment of coupon at 8.625% p.a.

In February 2012, the Group issued RR 10 000 million through two series of bonds (placed at par) maturing in February 2015 with semi-annual payment of coupon at 8.2% p.a. for the first three semi-annual interest periods. The Group has a right to change the interest rate and the number of subsequent interest periods, while bondholders have a right to require the Group to repurchase the bonds.

In April 2012, the Group repaid Eurobonds denominated in Swiss Francs in the amount of CHF 150 million issued in April 2008.

In April 2012, the Group issued RR 10 000 million bonds (placed at par) maturing in April 2022 with semi-annual payment of coupon at 8.55% p.a. for the first six semi-annual interest periods. The Group has a right to change the interest rate and the number of subsequent interest periods, while bondholders have a right to require the Group to repurchase the bonds.

In June 2012 the Group issued USD 500 million Eurobonds (loan participation notes) (placed at par) maturing in December 2017 with semi-annual payments of coupon at 5.298% p.a.

Refer to Note 18 for information on issues after the end of the reporting period.

Subordinated debt. In June 2007, the Group attracted a subordinated debt totalling USD 200 million maturing in June 2017 and bearing an interest rate of Libor +1.875% p.a. In June 2012 the Group decided not to use its option to terminate this subordinated debt and interest rate was stepped up to Libor +3.375% p.a.

The information on related party transactions is disclosed in Note 16.

10 Interest Income and Expense

(Unaudited)	Six months ended 30 June		Three months ended 30 June	
In millions of Russian Roubles	2012	2011	2012	2011
Interest income				
Loans and advances to customers	59 370	48 460	30 533	25 382
Investment securities available for sale and related repurchase receivables	2 241	1 648	1 105	957
Investment securities held to maturity and related repurchase receivables	1 650	467	843	234
Due from other banks	1 223	1 247	619	620
Cash equivalents	560	266	157	146
Financial instruments designated at fair value through profit or loss	548	522	282	262
Trading securities and related repurchase receivables	381	313	317	193
Total interest income	**65 973**	**52 923**	**33 856**	**27 794**
Interest expense				
Other borrowed funds	(13 756)	(10 432)	(7 151)	(5 438)
Term deposits of legal entities	(13 160)	(7 156)	(6 111)	(4 008)
Term deposits of individuals	(4 097)	(3 936)	(2 076)	(1 846)
Term deposits of other banks	(3 659)	(2 915)	(1 943)	(1 434)
Subordinated debts	(1 697)	(1 470)	(910)	(781)
Promissory notes issued	(833)	(374)	(399)	(212)
Current/settlement accounts	(354)	(329)	(201)	(143)
Term deposits of the CBRF	(583)	(37)	(562)	(1)
Total interest expense	**(38 139)**	**(26 649)**	**(19 353)**	**(13 863)**
Net interest income	**27 834**	**26 274**	**14 503**	**13 931**

11 Losses Net of Gains from Non-banking Activities

(Unaudited)	Six months ended 30 June		Three months ended 30 June	
In millions of Russian Roubles	2012	2011	2012	2011
Sales of goods	2 445	2 286	1 120	1 424
Cost of goods sold	(2 455)	(2 304)	(1 143)	(1 402)
Net amount insurance premium written	156	-	93	-
Net amount insurance claims	(10)	-	(4)	-
Impairment charge on trade receivables and prepayments	(788)	(406)	(775)	(182)
Other non-banking income	634	245	36	146
Other non-banking expenses	(1 318)	(496)	(544)	(173)
Total losses net of gains from non-banking activities	**(1 336)**	**(675)**	**(1 217)**	**(187)**

Sales of goods mainly represent sales of grain, sugar, meat and milk products, animal feedstuff and other nonfoods.

12 Significant Risk Concentrations

As at 30 June 2012, cash and cash equivalents and placements with other banks included the balances with one Russian banking group and one foreign bank rated not less than BBB (S&P) in the total amount of RR 67 336 million, or 50% of total cash and cash equivalents and due from other banks (31 December 2011: balances with one Russian banking group and one foreign bank rated not less than BBB (S&P) totalled RR 74 587 million, or 43% of total cash and cash equivalents and due from other banks).

As at 30 June 2012, cash and cash equivalents included the balances with the CBRF in the total amount of RR 19 093 million, or 20% of total cash and cash equivalents (31 December 2011: RR 33 015 million, or 25% of total cash and cash equivalents).

As at 30 June 2012, financial instruments designated at fair value through profit or loss included the balances with one foreign bank rated not less than BB- (S&P) in the total amount of RR 9 446 million, or 74% of total financial instruments designated at fair value through profit or loss (31 December 2011: balances with the same bank totalled RR 8 193 million, or 73% of total financial instruments designated at fair value through profit or loss).

As at 30 June 2012, the Group's loan portfolio included loans issued to a state-controlled borrower in the total amount of RR 28 244 million, or 3% of the gross loan portfolio (31 December 2011: loans issued to the same borrower in the total amount of RR 33 256 million, or 3% of the gross loan portfolio).

As at 30 June 2012, the Group's had the balances due to CBRF in the total amount of RR 46 570 million, or 31% of total due to other banks (31 December 2011: no balances due to CBRF).

As at 30 June 2012, the Group had the balances due to three foreign banks with the balance above 10% of the Group's equity each and the aggregate amount of RR 65 745 million, or 43% of total due to other banks (31 December 2011: due to the same banks with the balance above 10% of the Group's equity each and the aggregate amount of RR 64 750 million, or 72% of total due to other banks).

As at 30 June 2012, the Group had four customers with the balance above 10% of the Group's equity (31 December 2011: four customers). The aggregate balance of such customer accounts was RR 131 839 million, or 24% of total customer accounts (31 December 2011: RR 197 372 million, or 33% of total customer accounts).

As at 30 June 2012, other assets included receivables and prepayments related to trade activity of subsidiaries in the total amount of RR 2 594 million (31 December 2011: RR 3 825 million).

As at 30 June 2012, other liabilities included payables related to activity of subsidiaries in the total amount of RR 300 million (31 December 2011: RR 949 million).

As at 30 June 2012, the Group issued guarantees to one company of RR 4 000 million, or 29% of total guarantees issued (31 December 2011: guarantees issued to the same company of RR 4 000 million, or 52% of total guarantees issued).

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 these condensed consolidated interim financial statements.

13 Segment Analysis (Continued)

Segment reporting of the Group's revenue and profit/(loss) for the six months ended 30 June 2012 and for the six months ended 30 June 2011 and segment reporting of the Group's assets at 30 June 2012 and 31 December 2011 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	Krasnodar branch	Southern federal district (without Krasnodar branch)	Total
For the six months ended 30 June 2012 (unaudited)											
Revenue from external customers:	**7 555**	**15 479**	**2 153**	**12 798**	**3 896**	**5 437**	**7 180**	**1 497**	**2 783**	**3 392**	**62 170**
- Income from loans and advances to customers, due from other banks and other placed funds	7 511	14 795	2 024	12 222	3 714	5 258	6 896	1 426	2 675	3 230	59 751
- Fee and commission income from credit related operations	44	684	129	576	182	179	284	71	108	162	2 419
Intersegment income/(expense)*	29 243	(6 296)	(1 128)	(6 749)	(2 082)	(3 431)	(3 771)	(800)	(3 088)	(1 898)	-
(Loss)/profit of the reportable segments	**(26 898)**	**9 220**	**506**	**6 139**	**2 092**	**3 782**	**3 582**	**842**	**219**	**2 202**	**1 686**
For the six months ended 30 June 2011 (unaudited)											
Revenue from external customers:	**7 005**	**12 395**	**1 871**	**10 843**	**3 047**	**4 327**	**5 423**	**1 074**	**3 790**	**2 234**	**52 009**
- Income from loans and advances to customers, due from other banks and other placed funds	6 941	11 753	1 728	10 331	2 895	4 125	5 105	1 025	3 591	2 105	49 599
- Fee and commission income from credit related operations	64	642	143	512	152	202	318	49	199	129	2 410
Intersegment income/(expense)*	25 052	(5 812)	(820)	(5 540)	(1 679)	(2 617)	(2 930)	(602)	(3 829)	(1 223)	-
(Loss)/profit of the reportable segments	**(19 249)**	**7 191**	**325**	**8 694**	**539**	**3 226**	**3 206**	**154**	**(4 139)**	**1 354**	**1 301**
Total assets											
30 June 2012 (unaudited)	1 726 450	468 108	61 976	327 149	118 014	132 578	176 193	39 560	133 492	79 378	3 262 898
31 December 2011	1 577 279	443 342	58 505	303 908	107 959	129 403	168 682	35 754	163 520	69 749	3 058 101

* Intersegment income/(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)

Segment reporting of the Group's revenue and profit/(loss) for the three months ended 30 June 2012 and for the three months ended 30 June 2011:

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	Krasnodar branch	Southern federal district (without Krasnodar branch)	Total
For the three months ended 30 June 2012 (unaudited)											
Revenue from external customers:	**3 741**	**7 594**	**1 117**	**6 645**	**1 980**	**2 742**	**3 626**	**783**	**1 272**	**1 799**	**31 299**
- Income from loans and advances to customers, due from other banks and other placed funds	3 715	7 267	1 050	6 365	1 885	2 648	3 484	748	1 218	1 713	30 093
- Fee and commission income from credit related operations	26	327	67	280	95	94	142	35	54	86	1 206
Intersegment income/(expense)*	14 633	(2 900)	(588)	(3 535)	(1 007)	(1 760)	(1 873)	(425)	(1 538)	(1 007)	-
(Loss)/profit of the reportable segments	**(14 627)**	**5 299**	**235**	**3 594**	**1 005**	**1 794**	**1 287**	**421**	**2**	**1 068**	**78**
For the three months ended 30 June 2011 (unaudited)											
Revenue from external customers:	**3 496**	**6 399**	**956**	**6 057**	**1 582**	**2 280**	**2 863**	**565**	**1 869**	**1 185**	**27 252**
- Income from loans and advances to customers, due from other banks and other placed funds	3 456	6 045	883	5 769	1 490	2 155	2 680	536	1 734	1 108	25 856
- Fee and commission income from credit related operations	40	354	73	288	92	125	183	29	135	77	1 396
Intersegment income/(expense)*	13 118	(3 032)	(434)	(2 935)	(890)	(1 359)	(1 523)	(326)	(1 974)	(645)	-
(Loss)/profit of the reportable segments	**(11 130)**	**3 715**	**132**	**5 388**	**113**	**1 682**	**1 575**	**(92)**	**(1 352)**	**705**	**736**

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

Majority of expenses of Head offices relates to interest expense.

13 Segment Analysis (Continued)

Reconciliation of reportable segments results is as follows:

Unaudited *In millions of Russian Roubles*	Six months ended 30 June 2012	Six months ended 30 June 2011	Three months ended 30 June 2012	Three months ended 30 June 2011
Total profit of reportable segments (after tax)	**1 686**	**1 301**	**78**	**736**
Adjustment of deferred tax	113	2 108	(726)	115
Adjustments of provision for impairment	(5 242)	(1 848)	(2 673)	2 438
Accounting for derivative financial instruments at fair value	3 789	(1 442)	863	1 291
Gains less losses/(losses less gains) from revaluation of other financial instruments at fair value through profit or loss	1 280	824	(216)	38
Accounting for financial assets and liabilities carried at amortised cost	(3 388)	1 068	(587)	377
Adjustment of income tax expense	2 255	(367)	2 403	88
Other income/(expense) of non-reportable segments, including effect of consolidation*	1 443	(840)	(286)	(386)
Accrued staff costs	(1 142)	(652)	(280)	53
Other	(659)	(141)	(21)	(10)
The Group's profit/(loss) under IFRS (after tax)	**135**	**11**	**(1 445)**	**4 740**

* 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 gross settled swap transactions are recognised as back-to-back deposits, whereas in the IFRS financial statement such transactions are recognised at fair value.

Adjustments to financial assets and liabilities carried at amortised cost resulted from accruals of interest income/expenses using effective interest rate method.

There is no concept of deferred tax accounting in RAR for credit organizations.

All other differences also resulted 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 30 June 2012, 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 condensed consolidated interim financial statements (31 December 2011: nil).

14 Contingencies and Commitments (Continued)

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.

Russian transfer pricing legislation enacted during 2011 is effective prospectively to new transactions from 1 January 2012. It introduces significant reporting and documentation requirements. The transfer pricing legislation that is applicable to transactions on or prior to 31 December 2011, provides the possibility for tax authorities to make transfer pricing adjustments and impose additional tax liabilities in respect of all controllable transactions, provided that the transaction price differs from the market price by more than 20%. Controllable transactions include transactions with interdependent parties, as determined under the Russian Tax Code, all cross-border transactions (irrespective of whether performed between related or unrelated parties), transactions where the price applied by a taxpayer differs by more than 20% from the price applied in similar transactions by the same taxpayer within a short period of time, and barter transactions. Significant difficulties exist in interpreting and applying the transfer pricing legislation in practice. Any prior existing court decisions may provide guidance, but are not legally binding for decisions by other or higher level courts in the future.

Tax liabilities arising from transactions between companies are determined using actual transaction prices. It is possible with the evolution of the interpretation of the transfer pricing rules that such transfer prices could be challenged. The impact of any such challenge cannot be reliably estimated; however, it may be significant to the financial position 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 30 June 2012 the management has not created any provision for potential tax liabilities (31 December 2011: nil).

Capital expenditure commitments. As at 30 June 2012, the Group has contractual capital expenditure commitments of RR 66 million (31 December 2011: RR 135 million).

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

In millions of Russian Roubles	**30 June 2012 (unaudited)**	**31 December 2011**
Not later than 1 year	2 457	2 433
Later than 1 year and not later than 5 years	7 213	6 977
Later than 5 years	2 957	3 591
Total operating lease commitments	**12 627**	**13 001**

Compliance with covenants. The Group is subject to certain covenants related primarily 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.

14 Contingencies and Commitments (Continued)

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

In millions of Russian Roubles	**30 June 2012 (unaudited)**	**31 December 2011**
Under secured loans from the CBRF		
- Loans to customers	25 737	-
Under term deposits from clients		
- State Eurobonds	7 195	7 058
Under repo agreements		
- Corporate bonds	18 435	1 878
- Federal loan bonds (OFZ)	5 825	443
- Municipal and subfederal bonds	2 745	48
Restricted cash	202	202

In addition, as at 30 June 2012 mandatory cash balances with the CBRF in the amount of RR 8 078 million (31 December 2011: RR 8 417 million) represent mandatory reserve deposits which are not available to finance the Group's day to day operations.

As at 30 June 2012, the Bank's subsidiaries pledged production premises and equipment under loan agreements with other banks for the total amount of RR 1 359 million (31 December 2011: RR 1 375 million).

15 Derivative Financial Instruments

Foreign exchange swaps with original settlement dates of more than 30 working days are structured as loans issued by the Bank in US Dollars, Euros and Japanese yen to six OECD banks and one Russian banking group with maturities from August 2012 to May 2023, and deposits in Russian Roubles received from the same seven counterparties with the same maturities ("back to back loans"). These transactions are aimed at economically hedging the currency exposure of the Group.

As at 30 June 2012, international credit ratings of these banks were not less than BBB (S&P) (31 December 2011: not less than BB- (S&P)).

Most of these agreements contain special procedures for counterparties upon the occurrence of a credit event or an event of default (including bankruptcy, failure to pay, obligation acceleration, repudiation/moratorium or restructuring of any Bank's obligation on its debts, falling of ratings, providing incorrect and/or misleading representation). The subjects of such events are the Group, in some instances, the counterparty of the agreement, and/or the Russian Federation. No further mutual payment obligation between the parties is due, if a credit event or default event happens and the Group receives a formal Event Notice from its counterparty. Other of these swaps agreements, in case of a default event, will be terminated with a mark-to-market payment.

15 Derivative Financial Instruments (Continued)

The table below reflects gross positions in derivative financial instruments before the netting of any counterparty positions as at 30 June 2012 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				
- purchase RUB/sale USD	213 476	(186 292)	27 308	(124)
- purchase USD/sale RUB	21 267	(21 444)	2	(179)
- purchase EUR/sale USD	1 484	(1 475)	9	-
- purchase EUR/sale RUB	22	(28)	-	(6)
- purchase USD/sale EUR	2 385	(2 389)	-	(4)
- purchase RUB/sale EUR	2 763	(2 829)	-	(66)
- purchase RUB/sale JPY	4 761	(3 926)	835	-
Securities				
- purchase securities/sale USD	332	(332)	-	-
- purchase USD/sale securities	160	(161)	-	(1)
Total	**246 650**	**(218 876)**	**28 154**	**(380)**

15 Derivative Financial Instruments (Continued)

The table below reflects gross positions before the netting of any counterparty positions as at 31 December 2011 and covers the contracts with settlement dates after the respective end of 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				
- purchase RUB/sale USD	160 693	(140 229)	21 129	(665)
- purchase USD/sale RUB	3 860	(3 878)	-	(18)
- purchase RUB/sale EUR	2 770	(2 816)	-	(46)
- purchase RUB/sale JPY	4 317	(3 877)	440	-
- purchase RUB/sale CHF	5 411	(3 684)	1 727	-
Futures				
Currency				
purchase USD/sale RUB	966	(976)	-	(10)
Total	**178 017**	**(155 460)**	**23 296**	**(739)**

16 Related Party Transactions

For the purposes of these condensed consolidated interim 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 (Refer to Note 1).

In these condensed consolidated interim financial statements the most significant balances (in the aggregate amount of more than RR 1 000 million) with related parties controlled by the Russian State and balances with related parties represented by key management and their family members are disclosed.

In millions of Russian Roubles	**30 June 2012 (unaudited)**	**31 December 2011**
Loans and advances to customers (before impairment)		
State-controlled companies (contractual interest rate: 3%-12% p.a. (2011: 7%-12% p.a.))	36 637	39 233
Provision for loan impairment at period end		
State-controlled companies	(61)	(11)
Customer accounts		
State-controlled companies (contractual interest rate for term deposits: 5%-10% p.a. (2011: 4%-10% p.a.))	116 414	225 451
Key management and their family members (contractual interest rate for term deposits: 1%-10% p.a. (2011: 1%-10% p.a.))	48	24
Subordinated debts		
State-controlled companies (contractual interest rate: 6.5% p.a. (2011: 6.5% p.a.))	25 004	25 004

16 Related Party Transactions (Continued)

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

(Unaudited) *In millions of Russian Roubles*	**Six months ended 30 June** **2012**	**2011**	**Three months ended 30 June** **2012**	**2011**
Interest income on loans and advances to customers				
State-controlled companies	1 500	1 567	727	739
Interest expense on customer accounts				
State-controlled companies	(4 721)	(3 526)	(1 609)	(2 145)
Key management and their family members	(1)	(6)	(1)	(2)
Interest expense on subordinated debts				
State-controlled companies	(808)	(806)	(404)	(405)

The Group also has the following insignificant transactions with related parties controlled by the state:

- interest income on cash equivalents, trading securities, due from other banks;
- interest expenses on due to other banks;
- results from operations with trading securities and available for sale; and
- other.

Key management of the Group represents members of the Management Board of the Bank and Chief Accountant. For the six months ended 30 June 2012 short-term benefits of the key management amounted to RR 82 million and for the three months then ended 30 June 2012: RR 51 million (for the six months ended 30 June 2011: RR 60 million, for the three months ended 30 June 2011: RR 27 million).

As at 30 June 2012, investment securities available for sale and investment securities held to maturity included securities issued by Russian Federation in the total amount of RR 20 403 million (31 December 2011: RR 19 403 million); interest income from these securities for the six months ended 30 June 2012 amounted to RR 593 million and for three months then ended 30 June 2012: RR 296 million (for the six months ended 30 June 2011: RR 444 million, for the three months ended 30 June 2011: RR 228 million).

17 Disposal of Subsidiaries and Groups Classified as Held for Sale

a) Disposal of Subsidiaries

In March 2012 the Group lost the control over ZAO “Agroholding “SP-Holod” as a result of insolvency procedures in respect of this entity.

In millions of Russian Roubles	**31 March 2012 (unaudited)**
Premises and equipment	23
Other assets	12
Current income tax liability	(6)
Trade payables	(193)
Other liabilities	(3)
Net liabilities of subsidiary	**(167)**
Less: non-controlling interest	32
Carrying amount of disposed net liabilities	**(135)**

17 Disposal of Subsidiaries and Groups Classified as Held for Sale (Continued)

The gain on disposal of the subsidiary comprises:

In millions of Russian Roubles	**Gain on disposal of subsidiary**
Consideration for disposal of the subsidiary	-
Less: Carrying amount of net liabilities disposed of	(135)
Gains on disposal of subsidiary	**135**

b) Groups Classified as Held for Sale

As at 30 June 2012 the Group has classified the assets and liabilities related to companies in Bashkortostan and Leningrad Region as disposal groups held for sale (31 December 2011: the assets and liabilities related to companies in Bashkortostan and Leningrad Region as disposal groups held for sale).

Major classes of assets of disposal groups held for sale are as follows:

In millions of Russian Roubles	**30 June 2012 (unaudited)**	**31 December 2011**
Premises and equipment	3 000	2 861
Trade receivables	1 235	1 119
Inventory	1 011	745
Loans and advances to customers	141	108
Cash and cash equivalents	1	6
Other	403	262
Total assets of disposal groups held for sale	**5 791**	**5 101**

Major classes of liabilities directly associated with disposal groups held for sale are as follows:

In millions of Russian Roubles	**30 June 2012 (unaudited)**	**31 December 2011**
Trade payables	702	639
Deferred income tax liability	303	301
Other	364	342
Total liabilities directly associated with disposal groups held for sale	**1 369**	**1 282**

18 Events after the End of the Reporting Period

In July 2012, the Group issued USD 350 million Eurobonds (loan participation notes) in addition to the Eurobonds issued in June 2012. The issue which was placed at 100.5% to par, matures in December 2017 and has a coupon of 5.298% p.a. payable semi-annually.

In July 2012, the Group issued RR 10 000 million Eurobonds (loan participation notes) in addition to the Eurobonds issued in February 2012. The issue which was placed at 101.0% to par, matures in February 2017 and has a coupon of 8.625% p.a. payable semi-annually.

In August 2012, the Group issued CHF 450 million Eurobonds (loan participation notes) (placed at par) maturing in August 2015 with annual payment of coupon at 3.125% p.a.

In August 2012, the Group issued USD 450 million Eurobonds (loan participation notes) in addition to the Eurobonds issued in June 2012. The issue which was placed at 105.0% to par, matures in December 2017 and has a coupon of 5.298% p.a. payable semi-annually.

In August 2012, dividends for the year ended 31 December 2011 in the amount of RR 318 million were paid to the Bank’s shareholder.