IMPORTANT NOTICE

IMPORTANT: You must read the following before continuing: The following applies to the attached document following this page, and you are therefore advised to read this carefully before reading, accessing or making any other use of this document. In accessing the attached document, you agree to be bound by the following terms and conditions, including any modifications to them, any time you receive any information from us as a result of such access. Definitions set out in this Important Notice apply only as used herein and not to the attached document following this page.

THE ATTACHED DOCUMENT MAY NOT BE FORWARDED OR DISTRIBUTED OTHER THAN AS PROVIDED BELOW AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. THE ATTACHED DOCUMENT MAY ONLY BE DISTRIBUTED OUTSIDE THE UNITED STATES TO PERSONS THAT ARE NOT U.S. PERSONS AS DEFINED IN, AND IN RELIANCE ON, REGULATION S UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR TO QIBS WHO ARE QUALIFIED PURCHASERS (EACH AS DEFINED BELOW) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**"). ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE ATTACHED DOCUMENT IN WHOLE OR IN PART IS PROHIBITED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION. THE SECURITIES MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVED TO BE QUALIFIED INSTITUTIONAL BUYERS (EACH A "**QIB**") WITHIN THE MEANING OF RULE 144A AND QUALIFIED PURCHASERS AS DEFINED IN SECTION 2(A)(51) OF THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED (EACH A "**QUALIFIED PURCHASER**") WHO REPRESENT THAT (A) THEY ARE QUALIFIED PURCHASERS WHO ARE QIBS WITHIN THE MEANING OF RULE 144A, (B) THEY ARE NOT BROKER DEALERS WHO OWN AND INVEST ON A DISCRETIONARY BASIS LESS THAN U.S.$25 MILLION IN SECURITIES OF UNAFFILIATED ISSUERS, (C) THEY ARE NOT A PARTICIPANT DIRECTED EMPLOYEE PLAN, SUCH AS A 401(K) PLAN, (D) THEY ARE ACTING FOR THEIR OWN ACCOUNT, OR THE ACCOUNT OF ONE OR MORE QIBS, EACH OF WHICH IS ALSO A QUALIFIED PURCHASER, (E) THEY ARE NOT FORMED FOR THE PURPOSE OF INVESTING IN THE SECURITIES OR THE ISSUER, (F) EACH ACCOUNT FOR WHICH THEY ARE PURCHASING WILL HOLD AND TRANSFER AT LEAST U.S.$100,000 IN PRINCIPAL AMOUNT OF SECURITIES AT ANY TIME, (G) THEY UNDERSTAND THAT THE ISSUER MAY RECEIVE A LIST OF PARTICIPANTS HOLDING POSITIONS IN ITS SECURITIES FROM ONE OR MORE BOOK ENTRY DEPOSITORIES AND (H) THEY WILL PROVIDE NOTICE OF THESE TRANSFER RESTRICTIONS TO ANY SUBSEQUENT TRANSFEREES OR (2) IN AN OFFSHORE TRANSACTION TO A PERSON THAT IS NOT A U.S. PERSON IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT.

Confirmation of your Representation: In order to be eligible to view the attached document or make an investment decision with respect to the securities, you must be (i) a person other than a U.S. person (within the meaning of Regulation S under the Securities Act) or (ii) a QIB who is a Qualified Purchaser. By accepting the e-mail and accessing the attached document, you shall be deemed to have represented to us that you are not a U.S. person or that you are a QIB that is Qualified Purchaser and that you consent to delivery of such document by electronic transmission.

The attached document may only be provided to persons in the United Kingdom in circumstances where Section 21(1) of the Financial Services and Markets Act 2000 does not apply to RSHB Capital S.A. and Russian Agricultural Bank. Accordingly, the attached document is being distributed only to and directed only at (i) persons who are outside the United Kingdom, (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, (the "**Order**"), (iii) high net worth entities and other persons falling within article 49(2)(a) to (d) of the Order, or (iv) those persons to whom it may otherwise lawfully be distributed in accordance with the Order (all such persons together being referred to as "**relevant persons**"). The document is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which the attached document relates is available only to relevant persons and will be engaged in only with relevant persons.

Under no circumstances shall the attached document constitute an offer to sell or the solicitation of an offer to buy, and there shall not be a sale of the securities being offered, in any jurisdiction in which such offer, solicitation or sale would be unlawful. Recipients of the attached document who intend to subscribe for or purchase the securities described herein (the "**New Series 14 Notes**") are reminded that any subscription or purchase may only be made on the basis of the information contained in the attached document.

The attached document does not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law.

If a jurisdiction requires that the offering be made by a licensed broker or dealer and J.P. Morgan Securities plc, The Royal Bank of Scotland plc or VTB Capital plc (each a "**Joint Lead Manager**" and together, the "**Joint Lead Managers**") or any of the affiliates of the relevant Joint Lead Manager is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by such Joint Lead Manager or its affiliate on behalf of the Issuer in that jurisdiction.

Under Russian law, the New Series 14 Notes are securities of a foreign issuer. The New Series 14 Notes are not eligible for "offering", advertisement", "placement" or "circulation" in the Russian Federation unless and to the extent otherwise permitted under Russian law. Neither the issue of the New Series 14 Notes nor a securities prospectus in respect of the New Series 14 Notes has been, or is intended to be, registered with the Central Bank of the Russian Federation and no decision to admit the New Series 14 Notes to placement or public circulation in the Russian Federation has been made, or is intended to be made, by the Central Bank of the Russian Federation or a Russian stock exchange. The information provided in the attached document is not an offer, or an invitation to make offers, to sell, exchange or otherwise transfer the New Series 14 Notes in the Russian Federation or to or for the benefit of any Russian person or entity.

You are reminded that the attached document has been delivered to you on the basis that you are a person into whose possession the attached document may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver the attached document to any other person.

The attached document has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of Russian Agricultural Bank, RSHB Capital S.A., the Joint Lead Managers nor any person who controls any of them nor any director, officer, employee nor agent of it or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the attached document distributed to you in electronic format and the hard copy version available to you on request from Russian Agricultural Bank, RSHB Capital S.A. or any of the Joint Lead Managers.

DRAWDOWN PROSPECTUS

dated 21 February 2014

prepared in connection with the

U.S.$500,000,000 5.10 per cent. Loan Participation Notes due 2018 (the "**New Series 14 Notes"**)

(to be consolidated and form a single series with the U.S.$800,000,000 5.10 per cent.

Loan Participation Notes due 2018 issued on 25 July 2013

(the "**Original Series 14 Notes**" and, together with the New Series 14 Notes, the "**Notes**"))

under the

U.S.$15,000,000,000

Programme (the "**Programme**") for the Issuance of Loan Participation Notes

to be issued by, but with limited recourse to,

RSHB CAPITAL S.A.

for the purpose of financing loans to

Russian Agricultural Bank

This Drawdown Prospectus (as read and construed as one document in conjunction with the entirety of the base prospectus dated 22 May 2013, as supplemented by the base prospectus supplement dated 28 January 2014 (the "**Base Prospectus Supplement**") prepared in connection with the Programme (together, the "**Base Prospectus**") incorporated herein by reference — see "*Documents Incorporated by Reference*" on page 19) (the "**Drawdown Prospectus**") is prepared in connection with the issue of the New Series 14 Notes by RSHB Capital S.A. (the "**Issuer**") under the Programme. The New Series 14 Notes are intended to be consolidated and to form a single series with the Original Series 14 Notes (i) in the case of the Regulation S Series 14 Notes (as defined below), on or after a date which is 40 days after 25 February 2014 (the "**Issue Date**"); and (ii) in the case of the Rule 144A Series 14 Notes (as defined below), on the Issue Date, and are being issued for the sole purpose of financing a new senior loan (the "**New Series 14 Loan**") to Russian Agricultural Bank ("**RAB**"), as borrower to be consolidated with an original senior loan of U.S.$800,000,000 (the "**Original Series 14 Loan**" and, together with the New Series 14 Loan, the "**Series 14 Loan**"). The Series 14 Loan is granted on the terms of an amended and restated facility agreement between the Issuer and RAB dated 22 May 2013 (the "**Facility Agreement**") as amended and supplemented by a senior loan supplement dated 22 July 2013 (the "**Original Series 14 Loan Supplement**") in respect of the Original Series 14 Loan, such Original Series 14 Loan Supplement as amended and restated in respect of the New Series 14 Loan by an amended and restated senior loan supplement dated 21 February 2014 (the "**New Series 14 Loan Supplement**") the form of which is reproduced herein (together with the Facility Agreement, the "**Series 14 Loan Agreement**").

Subject to the provisions of an amended and restated principal trust deed dated 22 May 2013 (the "**Principal Trust Deed**") between the Issuer and BNY Mellon Corporate Trustee Services Limited (the "**Trustee**") as supplemented by a supplemental trust deed dated 25 July 2013 and further supplemented by a further supplemental trust deed to be dated 25 February 2014 (together with the Principal Trust Deed, the "**Series 14 Trust Deed**"), the Issuer has (a) charged, in favour of the Trustee, by way of first fixed charge as security for its payment obligations in respect of the Series 14 Notes and under the Series 14 Trust Deed, certain of its rights and interests in respect of the Series 14 Loan Agreement; and (b) assign, in favour of the Trustee, certain of its other rights under the Series 14 Loan Agreement but excluding any Reserved Rights (as defined in the Terms and Conditions of the Series 14 Notes which are incorporated by reference herein), in each case for the benefit of the holders of the Series 14 Notes (the "**Noteholders**"), all as more fully described under "*Overview of the Programme*" in the Base Prospectus.

In each case where amounts of principal, interest and additional amounts (if any) are stated to be payable in respect of the Series 14 Notes, the obligation of the Issuer to make any such payment constitutes an obligation only to account to Noteholders, on each date upon which such amounts of principal, interest and additional amounts (if any) are due in respect of the Series 14 Notes, for an amount equivalent to all principal, interest and additional amounts (if any) actually received from RAB by or for the account of the Issuer pursuant to the Series 14 Loan Agreement. The Issuer will have no other financial obligation under the Series 14 Notes. **Noteholders will be deemed to have accepted and agreed that they will be relying solely on the credit and financial standing of RAB in respect of payment obligations of the Issuer under the Series 14 Notes**.

The Series 14 Loan will rank *pari passu* in right of payment with RAB's other outstanding unsecured and unsubordinated indebtedness. Other than as described in this Drawdown Prospectus and the Series 14 Trust Deed, Noteholders have no proprietary or other direct interest in the Issuer's rights under or in respect of the Series 14 Loan Agreement or the Series 14 Loan. Subject to the terms of the Series 14 Trust Deed, no Noteholder will have any rights to enforce any of the provisions in the Series 14 Loan Agreement or have direct recourse to RAB except through action by the Trustee.

This Drawdown Prospectus is to be read and construed in conjunction with the documents which are deemed to be incorporated herein by reference. See "*Documents Incorporated by Reference*" on page 19. AN INVESTMENT IN THE NEW SERIES 14 NOTES INVOLVES A HIGH DEGREE OF RISK. SEE "*RISK FACTORS*" ON PAGE 1.

THE NEW SERIES 14 NOTES AND THE NEW SERIES 14 LOAN HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, SUBJECT TO CERTAIN EXCEPTIONS, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("REGULATION S")). THE NEW SERIES 14 NOTES MAY ONLY BE OFFERED AND SOLD (I) TO QUALIFIED INSTITUTIONAL BUYERS ("QIBS"), AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), THAT ARE ALSO QUALIFIED PURCHASERS ("QPS"), AS DEFINED IN SECTION 2(A)(51) OF THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "INVESTMENT COMPANY ACT") IN RELIANCE ON THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144A (THE "RULE 144A SERIES 14 NOTES") AND (II) TO PERSONS WHO ARE NOT U.S. PERSONS IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATION S (THE "REGULATION S SERIES 14 NOTES"). THE ISSUER HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE INVESTMENT COMPANY ACT. PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT SELLERS OF THE RULE 144A SERIES 14 NOTES MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A. FOR A DESCRIPTION OF THESE AND CERTAIN FURTHER RESTRICTIONS, SEE "*SUBSCRIPTION AND SALE*" AND "*TRANSFER RESTRICTIONS*" IN THE BASE PROSPECTUS WHICH IS INCORPORATED BY REFERENCE HEREIN.

This Drawdown Prospectus has been approved by the Central Bank of Ireland, as competent authority under Directive 2003/71/EC as amended (the "**Prospectus Directive**"). The Central Bank of Ireland only approves this Drawdown Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Application has been made to The Irish Stock Exchange Limited (the "**Irish Stock Exchange**") for the New Series 14 Notes to be admitted to the Official List and trading on its regulated market (the "**Main Securities Market**"). The Main Securities Market is a regulated market for the purposes of Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments. References to the New Series 14 Notes being "listed" and all related references shall mean that the New Series 14 Notes have been admitted to trading on the Main Securities Market.

The New Series 14 Notes will be offered and sold in minimum denominations of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof. The Original Regulation S Series 14 Notes were, and the New Regulation S Series 14 Notes will be, sold to persons who are not U.S. persons (as defined in Regulation S) outside the United States in an "**offshore transaction**" within the meaning of Regulation S. The Original Regulation S Series 14 Notes were initially represented by interests in a global unrestricted note in registered form (the "**Original Series 14 Regulation S Global Note Certificate**"), without interest coupons and the New Regulation S Series 14 Notes will be initially represented by interests in a temporary global unrestricted note in registered form (the "**New Series 14 Temporary Regulation S Global Note Certificate**") without interest coupons. Interests in the New Series 14 Temporary Regulation S Global Note Certificate will be exchanged for interests in a permanent global unrestricted note in registered form (the "**New Series 14 Permanent Regulation S Global Note Certificate**" and together with the Original Series 14 Regulation S Global Note Certificate and the New Series 14 Temporary Regulation S Global Note Certificate, the "**Regulation S Global Note Certificates**") without interest coupons on or after a date which is 40 days after the Issue Date. The New Regulation S Series 14 Notes will be deposited with a common depositary for, and registered in the name of a nominee of, Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**") on or about the Issue Date. The Original Rule 144A Series 14 Notes were, and the New Rule 144A Series 14 Notes will be, sold to QIBs that are also QPs as referred to in, and subject to the transfer restrictions described in, "Subscription and Sale" and "Transfer Restrictions" in the Base Prospectus. The Original Rule 144A Series 14 Notes were, and the New Rule 144A Series 14 Notes will be, initially represented by a global restricted note in registered form (each, a "**Rule 144A Global Note Certificate**" and together with the Regulation S Global Note Certificates, the "**Global Note Certificates**"), without interest coupons, which in respect of the New Rule 144A Series 14 Notes will be deposited with a custodian for, and registered in the name of Cede & Co., as nominee of, The Depository Trust Company ("**DTC**") on or about the Issue Date. Beneficial interests in the Global Note Certificates will be shown on, and transfers thereof will be effected only through, records maintained by DTC, Euroclear or Clearstream, Luxembourg (as the case may be) and their respective participants. See "*Summary of the Provisions Relating to the Notes in Global Form*" in the Base Prospectus. Individual note certificates ("**Individual Note Certificates**") in registered form will only be available in certain limited circumstances as described herein.

Joint Lead Managers

J.P. Morgan	**The Royal Bank of Scotland**	**VTB Capital**

Drawdown Prospectus dated
21 February 2014

This Drawdown Prospectus (when read and construed in conjunction with the Base Prospectus and the other documents incorporated herein by reference) comprises a prospectus for the purposes of the Prospectus Directive and for the purpose of giving information with regard to the Issuer, RAB and RAB and its subsidiaries and associates taken as a whole (the "**RAB Group**") which, according to the particular nature of the Issuer, RAB, the RAB Group, the New Series 14 Notes and the New Series 14 Loan, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses or prospects of the Issuer, RAB and the RAB Group.

Each of the Issuer and RAB accepts responsibility for the information contained in this Drawdown Prospectus. To the best of the knowledge and belief of each of the Issuer and RAB (having taken all reasonable care to ensure that such is the case) the information contained in this Drawdown Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

RAB's legal name is Russian Agricultural Bank, and its registered address is 3 Gagarinsky Lane, 119034 Moscow, Russian Federation. RAB is registered under main state registration number 1027700342890. RAB may be reached at its principal office located at 1 Arbat, 119019 Moscow, Russian Federation and by telephone at +7 495 622 1599.

The Issuer's legal name is RSHB Capital S.A. and the Issuer is registered with the Register of Commerce and Companies of Luxembourg under number B.111.968, and its registered office is 46 A, Avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg. The Issuer may be reached by telephone at +352 42 71 71 1.

In this Drawdown Prospectus, the RAB Group refers to information regarding its business, the business of its competitors and the market in which it operates and competes. The RAB Group obtained this information in part from various third party sources and in part from the RAB Group's own internal estimates. The RAB Group has obtained market and industry data relating to the RAB Group's business from providers of industry and market data, namely the Central Bank of the Russian Federation (the "**CBR**"), the Federal State Statistics Service ("**Rosstat**"), Russian Federal Treasury the International Monetary Fund (the "**IMF**"), Open Joint Stock Company "Moscow Exchange MICEX – RTS" or its predecessors – MICEX or RTS stock exchanges, Service for Financial Markets of the Central Bank of the Russian Federation (the "**SFM**"), State Corporation "Agency for Deposits Insurance" ("**Deposit Insurance Agency**") and the Russian Federal Tax Service. In addition, the data released by the CBR ("**CBR data**") related to market shares referred to in this Base Prospectus is based on statutory accounting records, and market shares with respect to loans and deposits have been determined by value. The information from third party sources has been accurately reproduced herein and as far as the Issuer and the RAB Group are aware and are able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

To the extent there is any inconsistency between (a) any statement in this Drawdown Prospectus and (b) any statement in the Base Prospectus, the statement in this Drawdown Prospectus will prevail with respect to the New Series 14 Notes only.

This Drawdown Prospectus does not constitute an offer of, or an invitation by or on behalf of, the Issuer, RAB, the RAB Group, J.P. Morgan Securities plc, the Royal Bank of Scotland plc or VTB Capital plc (together, the "**Joint Lead Managers**") to subscribe for or purchase any of the New Series 14 Notes.

The distribution of this Drawdown Prospectus and the offer or sale of the New Series 14 Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Drawdown Prospectus comes are required by the Issuer, RAB, the RAB Group and each of the Joint Lead Managers to inform themselves about and to observe any such restrictions. Further information with regard to restrictions on offers and sales of the Notes and the distribution of this Drawdown Prospectus is set out under "*Issue Terms of the New Series 14 Notes*" herein and "*Subscription and Sale*" in the Base Prospectus.

Under Russian law, the New Series 14 Notes are securities of a foreign issuer. The New Series 14 Notes are not eligible for "offering", "advertisement", "placement" or "circulation" in the Russian Federation unless and to the extent otherwise permitted under Russian law. No sale, exchange or transfer of the New Series 14 Notes may take place in the Russian Federation or to or for the benefit of any Russian person or entity unless otherwise permitted by Russian law. Neither the issue of the New Series 14 Notes nor a securities prospectus in respect of the New Series 14 Notes has been, or is intended to be, registered with the CBR and no decision to admit the New Series 14 Notes to placement or public circulation in the

Russian Federation has been made, or is intended to be made, by the CBR or a Russian stock exchange. The information provided in this Drawdown Prospectus is not an offer, or an invitation to make an offer, to sell, exchange or otherwise transfer the New Series 14 Notes in the Russian Federation or to or for the benefit of any Russian person or entity. Information set forth in this Drawdown Prospectus is not an advertisement of the New Series 14 Notes in the Russian Federation and is not intended to create or maintain an interest in the Issuer or the New Series 14 Notes or to facilitate any sale, exchange or transfer of the New Series 14 Notes in the Russian Federation or to or for the benefit of any Russian person or entity.

No person is authorised to provide any information or make any representation not contained in this Drawdown Prospectus and any information or representation not contained in this Drawdown Prospectus must not be relied upon as having been authorised by or on behalf of the Issuer, RAB, the RAB Group, the Trustee, the Agents or the Joint Lead Managers. Neither the delivery of this Drawdown Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer, RAB or the RAB Group since the date hereof or that there has been no adverse change (financial or otherwise) in the condition of the Issuer, RAB or the RAB Group since the date hereof. The delivery of this Drawdown Prospectus at any time does not imply that the information contained in it is correct as at any time subsequent to its date.

The language of the Drawdown Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

None of the websites of RAB, any website of any member of the RAB Group nor any websites referred to in this Drawdown Prospectus form part of this Drawdown Prospectus.

This Drawdown Prospectus and the documents incorporated by reference herein contain ratings of RAB and the Issuer and the New Series 14 Notes, as well as ratings of securities or issues of securities held by RAB that are provided by rating agencies. The ratings of RAB and the Issuer by Moody's and Fitch contained in the documents incorporated by reference are modified by the information contained herein. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency. In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Community and registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council dated 16 September 2009 on credit rating agencies (as amended) (the "**CRA Regulation**") unless (1) the rating is provided by a credit rating agency not established in the EU but is endorsed by a credit rating agency established in the EU and registered under the CRA Regulation or (2) the rating is provided by a credit rating agency not established in the EU, but which is certified under the CRA Regulation. Fitch Ratings CIS Limited ("**Fitch**") is a credit rating agency established in the European Community and is registered under the CRA Regulation. Each of Moody's Investors Service, Inc. ("**Moody's**") and Standard & Poor's Rating Services, a division of The McGraw Hill Companies, Inc. ("**S&P**") is a credit rating agency established outside the European Community and is not registered under the CRA Regulation. The ratings issued by Moody's and S&P are endorsed in accordance with the CRA Regulation by Moody's Investors Service Ltd. and Standard & Poor's Credit Market Services Europe Limited, respectively, each of which is established in the European Union and registered under the CRA Regulation. The list of credit rating agencies registered in accordance with the CRA Regulation is available on the European Securities and Market Authority's website (http://www.esma.europa.eu/page/List-registered-and-certified-CRAs).

The Joint Lead Managers make no representation, express or implied, or accept any responsibility, with respect to the accuracy or completeness of any of the information in this Drawdown Prospectus. The Joint Lead Managers shall not be deemed to have approved the contents of this Drawdown Prospectus nor be deemed to have made any representation, express or implied, or accept any responsibility, with respect to the accuracy or completeness of any of the information in this Drawdown Prospectus. In particular, this Drawdown Prospectus is not intended, and does not, apply to any Notes issued under the Programme other than the New Series 14 Notes. This Drawdown Prospectus is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, RAB, the Trustee, the Agents or the Joint Lead Managers that any recipient of this Drawdown Prospectus or any financial statements should purchase the New Series 14 Notes. Any potential purchaser of the New Series 14 Notes should determine for itself the relevance of the information contained in this Drawdown Prospectus, read and construed in conjunction with the Base Prospectus and other documents deemed incorporated herein by reference, and its purchase of the New Series 14 Notes should be based upon such investigation as it deems necessary. The Joint Lead Managers have not undertaken to review the financial condition or affairs of RAB or the Issuer while the New Series 14 Notes are outstanding nor to advise any investor or potential investor in the New Series 14 Notes of any information coming to the attention of the Joint Lead Managers. Furthermore, none of the Issuer, RAB, the Trustee, the Agents, the Joint Lead Managers or any of their respective representatives is making any representation to any offeree or purchaser of the New Series 14 Notes regarding the legality of an investment by such offeree or purchaser under relevant legal investment or similar laws. Any investor should consult with its own advisers as to the legal, tax, business, financial and related aspects of purchase of the New Series 14 Notes.

Prospective purchasers must comply with all laws that apply to them in any place in which they buy, offer or sell any New Series 14 Notes or possess this Drawdown Prospectus or the Base Prospectus. Persons into whose possession this Drawdown Prospectus or the Base Prospectus comes are required by RAB, the RAB Group, the Issuer, the Trustee, the Agents and the Joint Lead Managers to inform themselves about and to observe such restrictions. Any consents or approvals that are needed in order to purchase any of the New Series 14 Notes must be obtained. RAB, the RAB Group, the Issuer, the Trustee, the Agents and the Joint Lead Managers are not responsible for compliance with these legal requirements. The appropriate characterisation of any of the New Series 14 Notes under various legal investment restrictions, and thus the ability of investors subject to these restrictions to purchase such New Series 14 Notes, is subject to significant interpretative uncertainties.

This Drawdown Prospectus is only being distributed to and is only directed at (i) persons who are outside the United Kingdom or (ii) to investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**") or (iii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "**relevant persons**"). The New Series 14 Notes are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such New Series 14 Notes will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this Drawdown Prospectus or any of its contents, or on the Base Prospectus.

In connection with the issue of the New Series 14 Notes, J.P. Morgan Securities plc (the "Stabilising Manager"), or persons acting on behalf of the Stabilising Manager, may over-allot the New Series 14 Notes or effect transactions with a view to supporting the market price of the New Series 14 Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the New Series 14 Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the Issue Date and 60 days after the date of allotment of the New Series 14 Notes. Any stabilisation action or over-allotment must be conducted by the Stabilising Manager (or any person(s) acting on behalf of any Stabilising Manager) in accordance with all applicable laws and rules.

NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, IS MADE BY THE TRUSTEE, THE AGENTS OR THE JOINT LEAD MANAGERS AS TO THE ACCURACY OR COMPLETENESS OF THE INFORMATION SET FORTH IN THIS DRAWDOWN PROSPECTUS, AND NOTHING CONTAINED IN THIS DRAWDOWN PROSPECTUS IS, OR SHALL BE RELIED UPON AS, A PROMISE OR REPRESENTATION, WHETHER AS TO THE PAST OR THE FUTURE. TO THE FULLEST EXTENT PERMITTED BY LAW, NONE OF THE TRUSTEE, THE AGENTS OR THE JOINT LEAD MANAGERS ACCEPTS ANY RESPONSIBILITY FOR THE CONTENTS OF THIS DRAWDOWN PROSPECTUS OR FOR ANY OTHER STATEMENT, MADE OR PURPORTED TO BE MADE BY THE JOINT LEAD MANAGERS OR ON THEIR BEHALF IN CONNECTION WITH THE ISSUER, RAB OR THE RAB GROUP OR IN CONNECTION WITH THE ISSUE AND OFFERING OF THE NEW SERIES 14 NOTES. THE TRUSTEE, THE AGENTS AND THE JOINT LEAD MANAGERS ACCORDINGLY DISCLAIM ALL AND ANY LIABILITY WHETHER ARISING IN TORT OR CONTRACT OR OTHERWISE (SAVE AS REFERRED TO ABOVE) WHICH THEY MIGHT OTHERWISE HAVE IN RESPECT OF THIS DRAWDOWN PROSPECTUS OR ANY SUCH STATEMENT.

ANY PERSON CONTEMPLATING MAKING AN INVESTMENT IN ANY NEW SERIES 14 NOTES MUST MAKE ITS OWN INVESTIGATION AND ANALYSIS OF THE CREDITWORTHINESS OF RAB, THE RAB GROUP AND THE ISSUER AND ITS OWN DETERMINATION OF THE SUITABILITY AND RISKS OF ANY SUCH INVESTMENT, WITH PARTICULAR REFERENCE TO ITS OWN INVESTMENT OBJECTIVES AND EXPERIENCE AND ANY OTHER FACTORS WHICH MAY BE RELEVANT TO IT IN CONNECTION WITH SUCH INVESTMENT.

THE NEW SERIES 14 NOTES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER U.S. REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THE NEW SERIES 14 NOTES OR THE ACCURACY OR THE ADEQUACY OF THIS DRAWDOWN PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENCE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES ("**RSA**") WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

ADDITIONAL INFORMATION

Neither the Issuer nor RAB is required to file periodic reports under Section 13 or 15 of the U.S. Securities Exchange Act of 1934, as amended (the "**Exchange Act**"). For so long as either the Issuer or RAB is not a reporting company under Section 13 or 15(d) of the Exchange Act, or exempt from reporting pursuant to Rule 12g3-2(b) thereunder, the Issuer or RAB, as the case may be, will, upon request, furnish to each holder or beneficial owner of Notes that are "restricted securities" (within the meaning of Rule 144(a)(3) under the Securities Act) and to each prospective purchaser thereof designated by such holder or beneficial owner upon request of such holder, beneficial owner or prospective purchaser, in connection with a transfer or proposed transfer of any such Notes pursuant to Rule 144A under the Securities Act or otherwise, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

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RISK FACTORS

Investment in the New Series 14 Notes involves a high degree of risk. Potential investors should carefully review this entire Drawdown Prospectus and the Base Prospectus and the other documents incorporated by reference herein (see "Documents Incorporated by Reference") and, in particular, should consider all the risks inherent in making a decision to invest. The risks highlighted below (individually or in aggregate) and in the Base Prospectus starting on page 17 could have a material adverse effect on RAB, the Issuer and/or their respective business, financial condition, results of operations and prospects which, in turn, could have a material adverse effect on RAB's ability to service payment obligations under the Series 14 Loan Agreement and, as a result, the Issuer's ability to pay amounts due on the New Series 14 Notes. In addition, the value of the New Series 14 Notes could decline due to any of these risks, and the Noteholders may lose some or all of their investment.

Prospective investors should note that the risks described below and in the Base Prospectus starting on page 17 are not the only risks that RAB and the Issuer may face. These are the risks that RAB and the Issuer currently consider to be material. There may be additional risks that RAB and the Issuer currently consider to be immaterial or of which RAB and the Issuer are currently unaware, and any of these risks could have similar effects to those set forth below.

The following information is in addition to the information set out in the section headed "*Risk Factors−Risks Related to RAB's Business and the Banking Sector*" starting on page 17 of the Base Prospectus:

Changes in regulation or consumer protection laws may affect adversely RAB's retail finance business

RAB operates in the regulated banking industry in Russia, and its operations are subject to legislation, regulations, rules, guidance, codes of conduct and government policies in relation to the products it markets and sells. Regulatory authorities have broad jurisdiction over many aspects of RAB's retail finance business, including capital adequacy requirements, marketing and sales practices, foreclosure procedures, advertising and terms of business. These requirements, the interpretations of which are often unclear, are typically designed to protect retail customers. The CBR has also been seeking to control growth of consumer lending by introducing measures to limit unsecured consumer lending, for example the increased risk-weighting coefficients to be applied to higher rate consumer loans for calculating the relevant bank's risk-weighted assets under the CBR mandatory economic ratios and increased provisioning levels for certain unsecured consumer loans. Such regulatory measures and requirements may limit RAB's activities, including its lending, and may increase its costs of doing business or affect the profitability of RAB's products.

Until December 2013, in the absence of specific consumer lending laws, the Law of the Russian Federation No. 2300-1 of February 7, 1992, "On Protection of Consumers Rights", as amended (the "**Consumer Protection Law**"), had provided general protection for consumers of banking services, including consumers of retail finance loans. In addition to the Consumer Protection Law, certain court decisions had established court practice in relation to consumer protection in the Russian banking sector. In particular, the Supreme Arbitration Court and the Supreme Court of the Russian Federation have issued rulings which increased the protection of retail customers' rights. These rulings were developed and codified in the new Federal Law No. 353-FZ dated 21 December 2013 "On consumer lending" (the "**Consumer Lending Law**") which will come into force on 1 July 2014 and will be applicable to consumer loan agreements entered into after 1 July 2014. Enactment of the Consumer Lending Law is intended to provide more specific regulation of consumer protection in the Russian banking sector, while the Consumer Protection Law contains more general regulations.

Amongst other things, the Consumer Lending Law limits penalties and effective interest rates on consumer loans (see "*Banking Regulation in Russia−Regulation of Consumer Lending−Limitation of Penalty and Effective Interest Rate*"). In addition, the Consumer Lending Law sets certain requirements in relation to terms of a consumer loan agreement and imposes additional obligations on lenders (such as relevant notifications and disclosure requirements). RAB will have to respond to such changes in legislation, which affect its business, by adapting its retail lending model and business practices. Although historically the share of retail loans in RAB's loan portfolio has been substantially lower than the share of corporate loans, new limitations and obligations may result in a decrease in interest income from retail lending and an increase in operating expenses for RAB, which could have a material adverse effect on RAB's business, results of operations, financial condition and prospects.

In addition, regulations on consumer lending may be further developed and could provide regulatory agencies with additional powers to regulate the consumer loan market and introduce mandatory rules on retail finance activities. RAB may not be able to respond effectively to any such changes, and its failure to do so could have a material adverse effect on RAB's business, results of operations, financial condition and prospects.

On page 18 of the Base Prospectus, the risk factor under the caption "*Turmoil in global credit markets has already adversely affected, and may continue to adversely affect, the Russian economy, the Russian banking industry in general and RAB in particular*" shall be deleted and replaced with:

Turmoil in global credit markets has already adversely affected, and may continue to adversely affect, the Russian economy, the Russian banking industry in general and RAB in particular

According to the latest estimates from Rosstat, Russia's GDP decreased by 7.8 per cent. in 2009. This was the first year of negative GDP growth since 1998. While Russia's GDP experienced positive growth of 4.3 per cent. in 2010, 4.3 per cent. in 2011, 3.4 per cent. in 2012 and 1.2 per cent. in the nine months ended 30 September 2013, there can be no assurance that GDP growth will not continue to slow or that growth will remain positive. According to provisional data from Rosstat, Russia's GDP growth was 1.3 per cent. in 2013. Russia has also historically experienced a relatively high level of inflation and experienced a large decrease in equity prices during the global financial crisis beginning in 2008, although equity prices have increased from the low levels reached in the beginning of 2009. Furthermore, during the global financial and economic crisis that commenced in 2008, there were periodic suspensions of Russian stock market trading, extreme volatility in the Russian equity markets and sharp declines in the share prices of Russian financial institutions.

The disruptions in the global markets have had a severe impact on liquidity of Russian banks and other financial institutions, as well as the availability of credit and the terms and cost of funding in Russia. Russian banks, including RAB, have experienced a reduction in available financing both in the interbank and short-term funding market, as well as in the longer-term capital markets and through bank finance instruments, and accessing funding in the capital markets has also been more costly. The Russian securitisation market has also been largely inaccessible as a result of the financial crisis. This unavailability of funding to the banking sector in the Russian Federation has negatively affected GDP growth in Russia.

Since October 2008, the Russian Government and the CBR have implemented measures intended to support the liquidity and solvency of Russian banks and to significantly increase the availability of credit to businesses, which have been seen as critical for restoring investor confidence and supporting the medium-term economic growth of the Russian economy. For a description of these measures, see "*Appendix A: Overview of the Russian Banking Sector and Regulation in the Russian Federation — Legislative Framework for the Russian Banking Sector — Measures to Support the Liquidity and Solvency of Russian Banks since October 2008*". There can be no assurance that the measures taken by the Russian Government and the CBR will succeed in the future, and materially improve the liquidity position and financial condition of Russian banks at a time of a financial crisis. If RAB were unable to rely on the capital markets as a source of funding, or if less funding were available than anticipated or more costly than anticipated, the size and nature of its operations could be adversely affected. If RAB's liquidity position deteriorates, this could have a material adverse effect on RAB's business, financial condition, results of operations and prospects.

In addition, a significant proportion of RAB's funding is obtained from the wholesale funding markets. Deterioration in the market for wholesale funding, or in RAB's ability to access the wholesale funding market on commercially reasonable terms or at all, could negatively impact RAB's financial condition and results of operations. Furthermore, according to the Bank for International Settlements, the Russian economy benefits from a significant amount of loans extended to it by international banks. Negative movements in international credit markets could adversely affect the availability of credit extended by such financial institutions to the Russian economy and Russian banks.

In large part as a result of the impact of the global financial and economic crisis on the Russian economy, including the RAB Group's borrowers, as well as the impact of the drought emergency in the Russian Federation in 2009 and 2010 on the RAB Group's borrowers, the RAB Group's overdue loans and non-performing loans increased significantly in 2009, 2010 and 2011. Due in part to another severe drought in 2012, and heavy rains and flooding in the Far-Eastern federal district in 2013, the RAB Group's overdue loans and non-performing loans continued to increase in 2012 and 2013, and no assurance can be given that this trend will not continue in the future. The RAB Group's provision for loan impairment as at 31 December 2012 represents 91.2 per cent. of its non-performing loans, however, if the amount of the RAB Group's non-performing loans were to continue to increase significantly, and the RAB Group were no longer able to maintain reasonable provisions in response to any such increase, this could have a material adverse effect on RAB's business, financial condition, results of operation or prospects.

On page 19 of the Base Prospectus, the risk factor under the caption "*The quality of the RAB Group's loan portfolio may be adversely affected by weak economic conditions*" shall be deleted and replaced with:

The quality of the RAB Group's loan portfolio may be adversely affected by weak economic conditions

RAB is subject to risks regarding the credit quality and recovery of loans and advances to, as well as amounts due from, customers and market counterparties. Changes in the credit quality of RAB's borrowers and counterparties, or in their behaviour, or arising from systemic risks in the Russian or global financial systems, could significantly reduce the value of RAB's assets and increase RAB's write-downs and provisions for impairment losses. Factors including increased unemployment in Russia, high inflation, reduced corporate liquidity and profitability and increased number of corporate and personal insolvencies may reduce RAB's customers' and market counterparties' ability to repay loans. In addition, changes in economic conditions may result in a deterioration in the value of security held against lending exposures and increase the risk of loss in the event of a default by borrowers or counterparties.

There can be no assurance that the RAB Group's risk management strategies will protect it from increased levels of overdue loans, particularly in light of the significant increase in RAB Group's loan portfolio (net of provision for loan impairment), with loans and advances to customers as of 31 December 2012 increasing by 18.5 per cent. compared to loans and advances to customers as of 31 December 2011. Moreover, such strategies may not be effective when confronted with risks that the RAB Group did not identify or anticipate while its existing portfolio was being created. As of 31 December 2012, 20.8 per cent. (242,869 million roubles) of the RAB Group's gross loans and advances to customers were overdue, as compared to 15.9 per cent. (155,446 million roubles) as of 31 December 2011 and 14.6 per cent. (108,673 million roubles) as of 31 December 2010. Overdue loans represent not only past due payments but also the outstanding balance of such loans. Loans and advance to customers included in the watch list as of 31 December 2012, which are in the process of restructuring and/or renegotiation, includes loans and advances to customers overdue from 6 to 180 days in the amount of 9,051 million roubles, as compared to 14,879 million roubles as of 31 December 2011 and 26,878 million roubles as of 31 December 2010, and loans and advances to customers overdue more than 180 days in the amount of 89,672 million roubles as of 31 December 2012 as compared to 46,439 million roubles as of 31 December 2011 and 7,869 million roubles as of 31 December 2010. The remaining loans included in the watch list are not overdue.

The percentage of non-performing loans in the loan portfolio, as well as the nominal amount of such loans, increased in the periods under review, due to the growth of the overall loan portfolio. Provision for loan impairment amounted to 8.6 per cent., 8.3 per cent., 7.7 per cent. and 7.6 per cent. of the RAB Group's gross loans and advances to customers as of 30 September 2013, 31 December 2012, 31 December 2011 and 31 December 2010, respectively. The growth in provision for loan impairment reflects significant increases in overdue loans and non-performing loans in 2010 and 2011, principally as a result of the adverse impact of the global financial and economic crisis, the impact of the droughts in the different regions in the Russian Federation in 2010 and 2012, and the impact of heavy rains and flooding in the Far-Eastern federal district in 2013. Additionally, in 2012, the outbreak of African swine flu in 26 Russian regions resulted in the death of over half a million livestock. All of these circumstances adversely impacted customers to whom RAB had extended loans. If the economic downturn in the Russian Federation returns, characterised by a weakening of consumer spending, falling corporate profitability and increased insolvencies, RAB's loan portfolio could generate substantial increases in overdue and non-performing loans and RAB may be required to make greater provisions for loan impairment in respect of its loan portfolio, which could have a material adverse effect on RAB's business, financial condition, results of operations and prospects. See Note 6 to the Interim Financial Statements included in the Base Prospectus Supplement which is incorporated by reference herein and Note 12 to the RAB Group Financial Statements included in the Base Prospectus, which is incorporated by reference herein for additional information on loans and advances to customers.

On page 21 of the Base Prospectus, the risk factor under the caption "*RAB would be adversely affected if it did not continue to receive capital support from the Russian Government*" shall be deleted and replaced with:

RAB would be adversely affected if it did not continue to receive capital support from the Russian Government

To date, RAB has been dependent upon the Russian Government for its capital requirements. The most recent share capital increase in the amount of 30 billion roubles occurred in December 2013 pursuant to Decree No. 1660-r of the SPMA dated 18 December 2013. While also seeking to access alternative funding sources, such as the international and domestic capital markets, RAB will continue to seek to use the Russian federal budget as a significant source of capital funding in the future. There can be no assurance that RAB will be able to satisfy all or part of such funding requirements through capital contributions from the Russian Government, particularly if its access to alternate sources of funding such as international or domestic capital markets is limited or only available on unfavourable terms. The absence of such funding could have a material adverse effect on RAB's business, financial condition, results of operations and prospects. Furthermore, without such capital increase from the Russian Government, the RAB Group's total capital and CAR would have been lower.

On page 21 of the Base Prospectus, the risk factor under the caption "*The Russian Government may at its sole discretion privatise RAB, which may result in RAB's future equity funding being materially decreased*" shall be deleted and replaced with:

The Russian Government may at its sole discretion privatise RAB, which may result in RAB's future equity funding being materially decreased

100 per cent. of RAB's shares are held by the SPMA. The Russian Government has decided to partially privatise its shareholding in a number of companies, and while RAB is not currently on the list of companies to be privatized, the Russian government has in the past included RAB on the list of companies to be privatized, and may do so in the future. Any privatization of RAB may result in its future equity funding ceasing or being materially decreased, which could have a material adverse effect on RAB's business, financial condition, results of operations and prospects. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Funding — Capital contributions from the Russian Government*".

On page 21 of the Base Prospectus, the risk factor under the caption "*If RAB fails to manage its growth properly, the RAB Group's business, financial condition, results of operations and prospects may be materially adversely affected*" shall be deleted and replaced with:

If RAB fails to manage its growth properly, the RAB Group's business, financial condition, results of operations and prospects may be materially adversely affected

The RAB Group's loan portfolio (net of provision for loan impairment) has grown significantly in recent years. The RAB Group's loan portfolio (net of provision for loan impairment) increased to 1,222,046 million roubles as of 30 September 2013, as compared to 1,070,712 million roubles as of 31 December 2012, 903,697 million roubles as of 31 December 2011 and 688,556 million roubles as of 31 December 2010, which represented 79.9 per cent., 74.9 per cent., 70.4 per cent. and 74.0 per cent. of the RAB Group's total assets as of 30 September 2013, 31 December 2012, 31 December 2011 and 31 December 2010, respectively. See "*Business — Principal Activities — Loan Portfolio*".

The expansion of RAB's regional network and the rapid growth of RAB's loan portfolio entail significant investment, as well as increased operating costs. There is no assurance that RAB will be able to achieve a positive return on the investment it has made in the general expansion of its business. Moreover, overall growth in RAB's business requires greater allocation of management resources away from daily operations, continued development of RAB's financial and information management control systems, significant spending on information technology hardware and software, continued training of management and other personnel, adequate supervision and maintenance of consistency in the provision of client services. Furthermore, growth in RAB's business may create significant operational challenges, including the recruitment, training and retention of suitable staff and effective monitoring of employees' performance, the ability of the RAB Group's information technology systems to adequately handle the rapid rate of growth of RAB's operations, the ability to design, implement and follow appropriate risk management procedures in respect of a much larger loan portfolio and the ability to properly monitor the RAB Group's financial performance.

RAB's growth in recent years has resulted in a significant degree of decision making autonomy delegated by the head office of RAB to its regional branches and additional offices. Such decision making autonomy may limit RAB's ability to monitor and detect to fraudulent behaviour by RAB's clients and employees, with the effect of those actions currently not being known and being difficult to estimate.

A failure of the RAB Group to adequately manage its growth may have a material adverse effect on RAB's business, financial condition, results of operations and prospects.

On page 22 of the Base Prospectus, the risk factor under the caption "*Due to the concentration of the RAB Group's loans in the agricultural sector, a downturn in, or withdrawal of governmental support for, the agricultural sector could have a material adverse effect on the RAB Group's business, financial condition, results of operations and prospects*" shall be deleted and replaced with:

Due to the concentration of the RAB Group's loans in the agricultural sector, a downturn in, or withdrawal of governmental support for, the agricultural sector could have a material adverse effect on the RAB Group's business, financial condition, results of operations and prospects

As RAB was established to implement state policies in, and provide credit and other banking services to, the agricultural sector, its loan portfolio is characterised by high industry concentration levels. As at 30 September 2013, loan advances to customers (before impairment) in the agricultural sector accounted for 50.1 per cent. of the RAB Group's gross loans and advances to customers, as compared to 52.4 per cent. as of 31 December 2012, 55.5 per cent. as at 31 December 2011 and 62.8 per cent. as at 31 December 2010.

Out of the RAB Group's ten largest borrowers in terms of amounts borrowed from the RAB Group, four were operating in the agricultural sector, two were operating in the manufacturing sector, two were operating in the food processing sector and one was operating in the financing sector as at 31 December 2012. As of 30 September 2013, the RAB Group had loans (before impairment) to its ten largest borrowers (groups of borrowers) in the total amount of 149,850 million roubles, or 11.2 per cent., of gross loan portfolio as compared to 138,884 million roubles, or 11.9 per cent., of gross loan portfolio as of 31 December 2012. The RAB Group's focus on the provision of banking services to the agricultural sector does not allow it to build a fully-diversified loan portfolio that would minimise the risks of exposure to the performance of companies in the agricultural sector.

As a result of RAB's high level of credit exposure to the agricultural sector, its results can be significantly affected by seasonal and cyclical trends in the agricultural sector and decreases in the prices of food commodities or increases in production costs. In addition, severe weather, natural disasters and other adverse events beyond its control could have a significant impact on the ability of borrowers to repay loans, impair the value of collateral securing loans, cause significant property damage, result in loss of revenue for the RAB Group. For example, in the summer of 2010, the Government declared a drought emergency in several Russian regions. This event had several significant negative consequences, including increases in consumer prices for certain food products. The Russian Government announced state support for drought-affected regions. Borrowers in industry sectors such as food processing and in agricultural sectors such as farming and animal breeding were especially affected by the drought season in 2010. This in turn led to increases in the RAB Group's levels of overdue and non-performing loans. In July and August 2010, a series of fires broke out across Western Russia and around Moscow, covering at one stage over 193,000 hectares. Fires, combined with a summer of drought and record high temperatures in 2010, resulted in a significant decline in the Russian harvest, and, accordingly, an increase in demand for imported grain. In 2010 grain yield amounted to 61 million tonnes as compared to 97 million tonnes in 2009. However with the available grain reserves of about 90 million tonnes it was sufficient to meet the domestic demand. Although 2011 was a favourable year for the country's agricultural production, in 2012, another summer drought occurred which impacted 20 Russian regions and caused damage to approximately 6 million hectares of crops. During the same period, an outbreak of African swine flu in 26 Russian regions resulted in the death of over half a million livestock. In August 2013, heavy rains in the Far-Eastern federal district resulted in floods that caused serious damage to several regions where the RAB Group's branches, clients and borrowers are located. The impact of these events on RAB's customers contributed to an increase in RAB Group's level of overdue and non-performing loans in 2012 and 2013.

In addition, as part of Russia's agreement to join the World Trade Organisation, the Russian Government has committed to reducing tariffs on foreign manufactured imports, including agricultural products, which may have a negative impact on Russia's domestic producers, affecting a significant portion of the RAB borrower base by potentially hurting their credit worthiness, increasing the amount of non-performing loans and thereby causing the quality of the RAB Group's loan portfolio to deteriorate.

Furthermore, this sector has benefited from a number of initiatives by the Russian Government aimed at improving the agricultural sector and increasing the availability of affordable credit to businesses and individuals operating in the sector. A change or reversal in Russian Government policy could negatively affect this sector, which in turn could adversely affect the RAB Group's business, financial condition, results of operations and prospects. No assurances can be given that any major downturn or adverse event affecting a sector or sub-sector of the agricultural sector would not have a material adverse effect on the RAB Group's business, financial condition, results of operations and prospects. See "*Asset, Liability and Risk Management — Credit Risk*".

On page 23 of the Base Prospectus, the risk factor under the caption "*The RAB Group's loan portfolio may not continue to grow, or may grow more slowly, which may have a material adverse effect on the RAB Group's business, financial condition, results of operations and prospects*" shall be deleted and replaced with:

The RAB Group's loan portfolio may not continue to grow, or may grow more slowly, which may have a material adverse effect on the RAB Group's business, financial condition, results of operations and prospects

Since RAB's incorporation in 2000, its loan portfolio (net of provision for loan impairment) has expanded significantly. The RAB Group's loan portfolio (net of provision for loan impairment) increased to 1,222, 046 million roubles as of 30 September 2013, as compared to 1,070,712 million roubles as of 31 December 2012, 903,697 million roubles as of 31 December 2011 and 688,556 million roubles as of 31 December 2010. See "*Business — Loan Portfolio*". In addition, from 2000 and prior to the onset of the global financial and economic crisis in 2008, the Russian economy also continued to expand. The recent turmoil in the global and Russian credit markets, however, as well as the decreases in commodities exports and prices of such commodities have adversely affected GDP growth in Russia, while also contributing to the weakening of the rouble and increased inflation. Although 2010, 2011, 2012 and the nine months ended 30 September 2013 have seen some recovery in GDP growth, with growth of 4.3 per cent., 4.3 per cent., 3.4 per cent. and 1.2 per cent., respectively, continued weakening of the Russian economy may result in significantly slower growth of the RAB Group's loan portfolio and deteriorating loan quality. According to provisional data from Rosstat, Russia's GDP growth was 1.3 per cent. in 2013.

There is no assurance that the RAB Group's loan portfolio will continue to grow in the future, which may have a material adverse effect on the RAB Group's business, financial condition, results of operations and prospects. Further, RAB expects that it will need to further increase its capital in the future to continue to meet its capital adequacy standards if the current rate of growth of the loan portfolio is maintained, and there can be no assurance that RAB will be able to increase its capital to a sufficient extent or at all (see *"—RAB would be adversely affected if it did not continue to receive capital support from the Russian government*").

On page 23 of the Base Prospectus, the risk factor under the caption "*It may be difficult for RAB to accurately evaluate the credit risk of its clients, which may result in a material adverse effect on the RAB Group's business, financial condition, results of operations and prospects*" shall be deleted and replaced with:

It may be difficult for RAB to accurately evaluate the credit risk of its clients, which may result in a material adverse effect on the RAB Group's business, financial condition, results of operations and prospects

Due to unpredictable economic conditions in the Russian Federation and abroad, it is difficult for RAB to make an accurate assessment of default risk on loans and other financial instruments. The financial statements of the majority of RAB's corporate clients are not prepared in accordance with U.S. GAAP or IFRS and are not audited in accordance with United States generally accepted auditing standards or International Standards on Auditing. Although RAB requires regular disclosure of clients' financial information, such financial data may not always present a complete and comparable picture of each such client's financial condition. As of 31 December 2012, past due instalments and current portion of past due loans amounted to 242,869 million roubles or 20.8 per cent. of the RAB Group's gross loans and advances to customers, as compared to 155,446 million roubles or 15.9 per cent. as of 31 December 2011 and 108,673 million roubles or 14.6 per cent. as of 31 December 2010.

There can be no assurance that RAB's risk management strategies will protect it from increased levels of overdue loans, particularly when confronted with risks that RAB did not identify or anticipate while its existing portfolio was being created. Provision for loan impairment amounted to 8.6 per cent., 8.3 per cent., 7.7 per cent. and 7.6 per cent. of the RAB Group's gross loans and advances to customers as of 30 September 2013, 31 December 2012, 31 December 2011 and 31 December 2010, respectively. See Note 12 to the RAB Group Financial Statements included in the Base Prospectus, which is incorporated by reference herein and Note 6 to the Interim Financial Statements included in the Base Prospectus Supplement which is incorporated by reference herein for additional information on loans and advances to customers.

There can be no assurance that RAB's overdue loans and provisions for loan impairment will not continue to increase. Furthermore, there can be no assurance that the RAB Group's historic level of loan recovery will be maintained in the future. Furthermore, few of RAB's customers have long-term credit histories and credit bureaus are relatively new to Russia. RAB may be unable to evaluate the current financial condition of its current and prospective borrowers and their long-term financial outlook correctly, which may result in RAB facing credit delinquencies in its portfolio and ultimately in a material adverse effect on the RAB Group's business, financial condition, results of operations and prospects.

On page 25 of the Base Prospectus, the risk factor under the caption "*The RAB Group's inability to recover on security, guarantees and other third party credit support arrangements may lead to losses*" shall be deleted and replaced with:

The RAB Group's inability to recover on security, guarantees and other third party credit support arrangements may lead to losses

The RAB Group enters into security, guarantee or other third party credit support arrangements for loans made to individuals and legal entities. As of 31 December 2012, the amount of collateral repossessed by the RAB Group was 5,766 million roubles, as compared to 5,334 million roubles and 5,395 million roubles as of 31 December 2011 and 31 December 2010, respectively.

Under Russian law, security (which includes pledges and mortgages) and guarantees (other than bank guarantees) are considered secondary obligations, which automatically terminate if the secured or guaranteed obligation becomes void. A mortgage under Russian law is a pledge over real property such as land and buildings, and requires state registration to be valid. Such state registration may be difficult to obtain. Russian law has no pledge perfection system for collateral other than mortgages and pledges of participation interests in Russian limited liability companies, which may lead to unexpected and/or conflicting claims of secured creditors upon the pledged property. Therefore, the RAB Group may have difficulty foreclosing on collateral or enforcing guarantees or other third party credit support arrangements when clients default on their loans.

On 11 January 2009, a series of laws came into force significantly amending the rights of secured creditors under Russian law, and particularly the rights to enforcement of security. Further amendments to several Russian laws significantly developed the enforcement rules applicable to pledged property. In particular, the parties to a pledge agreement are now able, subject to statutory requirements and specific limitations to agree upon the out-of-court enforcement of the pledge. On 1 July 2014, further changes to the Civil Code of Russia will also become effective, amending the existing regulation of pledges as well as introducing certain new concepts to Russian law. Given that these changes have neither yet come into force, nor have been conclusively interpreted by Russian courts, they may be subject to various interpretations. In light of this, the full implications of these changes remain unclear. See "*Appendix A: Overview of the Russian Banking Sector and Regulation in the Russian Federation — Further Reform of the Russian Banking Sector — Developments in Regulation of Pledge and Pledge Enforcement*".

In connection with its lending secured by mortgages of agricultural land, even if RAB is able to foreclose, RAB is exposed to risks relating to the absence of a developed market for agricultural land in the Russian Federation. No assurance can be given that a secondary market for agricultural land will develop in the Russian Federation, that the RAB Group will be able to adequately assess the value of this type of collateral or will be able to sell such collateral for an adequate price in the event of foreclosure, each of which could result in RAB suffering losses.

Similarly, if RAB is successful in foreclosing on collateral, it may be difficult to find buyers for such collateral, and such collateral may be sold for significantly less than its appraised value. Failure to recover the expected value of collateral may expose the RAB Group to losses, which may materially adversely affect the RAB Group's business, financial position, results of operations and prospects.

A substantial proportion of the RAB Group's loans to legal entities and individuals in the Russian Federation is guaranteed or otherwise supported by individuals and other legal entities. While RAB generally subjects guarantors or providers of other credit support arrangements to the same credit analysis and criteria as borrowers, there can be no assurance that such person's or entity's financial condition will not deteriorate or that it will honour its obligations in case of a borrower's default or that the RAB Group will be able to recover the expected value of the collateral, or anything at all, if a borrower becomes subject to bankruptcy proceedings, which could have a material adverse effect on the RAB Group's business, results of operations, financial condition and prospects.

On page 30 of the Base Prospectus, the risk factor under the caption "*Any failure of RAB to comply with capital adequacy or other ratios may result in the revocation of RAB's licence and breach of loan covenants*" shall be deleted and replaced with:

Any failure of RAB to comply with capital adequacy or other ratios may result in the revocation of RAB's licence and breach of loan covenants

According to CBR regulation, banks are required to maintain a total capital adequacy (own funds) ratio of 10.0 per cent. of total risk-weighted assets, computed based on statutory accounting records. RAB is in compliance with the CBR requirements. (See "*Appendix A: Overview of the Russian Banking Sector and Regulation in the Russian Federation — Role of the CBR — Functions the CBR — Capital Requirements*".) Recent amendments to the CBR Instruction No. 139-I "On Banks' Mandatory Economic Ratios" dated 3 December 2012 (the "**Mandatory Economic Ratios Instruction**") introduced, among other changes, new capital adequacy ratios (effective from 1 January 2014) consisting of a base capital adequacy ratio (N1.1) ("**N1.1 Ratio**") and core capital adequacy ratio (N1.2) ("**N1.2 Ratio**") in addition to the total capital adequacy ratio (N1.0) ("**N1.0 Ratio**"). See "*Appendix A: Overview of the Russian Banking Sector and Regulation in the Russian Federation — Mandatory Economic Ratios*". The N1.1 Ratio and N1.2 Ratio, along with other ratios, must be reported to the CBR by RAB each month and shall not be less than 5.0 per cent. and 5.5 per cent., respectively (*see* "*Overview of the Russian Banking Sector and Regulation in the Russian Federation*").

In addition, the CBR requires Russian banks to comply with a number of other mandatory economic ratios, the most significant of which are described in "*Appendix A: Overview of the Russian Banking Sector and Regulation in the Russian Federation — Role of the CBR — Functions of the CBR — Mandatory economic ratios*". If RAB's capital adequacy ratios were to fall below the minimum CBR requirements or if it were not in compliance with the other mandatory economic ratios, the CBR could impose various administrative fines or, in the event of repeated violations, revoke RAB's general banking licence. Certain of RAB's loan agreements, including the Loan Agreement, contain covenants that require that its consolidated total capital ratio, as calculated in accordance with the regulations of the Bank of International Settlements ("**BIS**"), does not fall below 8.0 per cent. If RAB's consolidated total capital ratio were to fall below this threshold, it would breach its covenants under such agreements and be in default under the terms of these agreements, as well as the terms of other loan agreements to which it is a party that contain cross-default provisions. Any such default and/or cross-default would permit acceleration of amounts due under the loans, which could have a material adverse effect on the RAB Group's business, financial condition, results of operations and prospects.

On page 30 of the Base Prospectus, the risk factor under the caption "*If RAB fails to receive or maintain licences required to conduct its operations, or if any existing licences are revoked, its operations may be adversely affected*" shall be deleted and replaced with:

If RAB fails to receive or maintain licences required to conduct its operations, or if any existing licences are revoked, its operations may be adversely affected

All banking operations performed by Russian banks require licences from the CBR. From 1 September 2013, as a result of accession of the FSFM to the CBR, the CBR took on the functions previously conducted by the FSFM, including licensing of broker dealers, depositary and other activities of professional participants of the securities market in Russia. RAB has obtained a general banking licence in connection with its banking operations and its broker, dealer and depositary operations as well as its intermediary activities in futures and options transactions in commodities, and RAB's key licences do not have a specified expiration or termination date. Although RAB was successful in obtaining its respective banking and professional securities market participant licences, there is no assurance that it will be able to obtain or maintain such licences in the future. In the event that RAB loses a licence required to conduct its operations, including but not limited to, its general banking licence issued by the CBR, applying for a new licence would be a burdensome and time-consuming process. The CBR may, in its discretion, impose additional requirements or deny any request by RAB for licences, which could materially adversely affect its business, financial condition, results of operations and prospects. In particular, the loss of the general banking licence, a breach of the terms of the general banking licence by RAB or its failure to obtain such a licence in the future could result in RAB being unable to continue some or all of its banking activities, expand its business internationally and in penalties and fines being imposed on RAB by the CBR. Any such failure could, in turn, affect RAB's ability to fulfil payment obligations, either generally or under any Loan Agreement, and could have a material adverse effect on the RAB Group's business, financial condition, results of operations and prospects.

On page 36 of the Base Prospectus, the risk factor under the caption "*Exchange rate fluctuations, exchange controls and repatriation restrictions could restrict the growth of a market for the rouble*" shall be deleted and replaced with:

Exchange rate fluctuations, exchange controls and repatriation restrictions could restrict the growth of a market for the rouble

While the rouble appreciated against the U.S. dollar in real terms each year during the 2001 to 2007 period, it depreciated significantly against the U.S. dollar in 2008 and 2009, largely as a result of the ongoing global financial and economic crisis and the significant fall in prices of oil and commodities that are principal generators of Russia's export earnings. The nominal rouble to U.S. dollar exchange rate fluctuated dramatically in 2008 and 2009 ranging from 23.13 roubles per U.S.$1.00 as of 16 July 2008 to as low as 36.43 roubles per U.S.$1.00 as of 19 February 2009. The nominal exchange rate between the rouble and the U.S. dollar has since been volatile but generally exhibited gradual depreciation, decreasing to 30.24 roubles per U.S.$1.00 as of 31 December 2009, 30.48 roubles per U.S.$1.00 as of 31 December 2010 and 32.20 roubles per U.S.$1.00 as of 31 December 2011 before appreciating to 30.37 roubles per U.S.$1.00 as of 31 December 2012 and then depreciating again to 32.73 roubles per U.S.$1.00 as of 31 December 2013. The rouble depreciated significantly against the dollar in early 2014, reaching a rate of 35.77 roubles per U.S.$1.00 on 21 February 2014.

The exchange rate between the rouble and other currencies has in the past been affected by Russian government policy and it is likely to continue to be affected by such policies in the future. For example, the CBR has stated in the past that it may reset the upper limit of the rouble's trading band against the U.S. dollar/euro basket in the event of a significant and protracted decline in oil prices.

Significant depreciation of the rouble against the U.S. dollar or other major currencies could negatively affect RAB in a number of ways, including, among other things, by increasing the actual cost to RAB of financing its foreign currency-denominated liabilities and by making it more difficult for Russian borrowers to service their foreign currency-denominated loans. Accordingly, depreciation of the rouble against the U.S. dollar could have a material adverse effect on RAB's business, financial condition, results of operations and prospects. In addition, depreciation of the rouble against the U.S. dollar and other major currencies leads to the increases the value of liabilities denominated in such currencies when translated into Russian roubles.

Furthermore, although Russia's current international reserves may be sufficient to sustain the domestic currency market in the short term, there can be no assurance that the currency market will not deteriorate in the medium or long term due to the lack of foreign currency funding available in the global markets. The lack of growth of the Russian currency market in the medium or long term may adversely affect RAB's business, financial conditions, results of operations and prospects.

On page 36 of the Base Prospectus, the risk factor under the caption "*Inflation may result in decreased demand for the RAB Group's products and services*" shall be deleted and replaced with:

Inflation may result in decreased demand for the RAB Group's products and services

According to Russian Government estimates, inflation in the Russian Federation was 8.8 per cent. in 2010, 6.1 per cent. in 2011, 6.6 per cent. in 2012 and 6.5 per cent in 2013. Any return to significant and sustained inflation, similar to that which Russia experienced in the 1990s could lead to market instability, reductions in consumer purchasing power and an erosion of consumer confidence. Any one of these events could lead to decreased demand for RAB Group's products and services and have a material adverse effect on the RAB Group's business, results of operations, financial condition and prospects.

On page 40 of the Base Prospectus, the risk factor under the caption "*New Russian transfer pricing rules may subject RAB Group's transfer prices to challenge by the Russian tax authorities*" shall be deleted and replaced with:

New Russian transfer pricing rules may subject RAB Group's transfer prices to challenge by the Russian tax authorities.

Since 1 January 2012 new transfer pricing legislation has been introduced into Russian tax law.

In summary, this transfer pricing legislation results in new transfer pricing rules, in particular:

- the methods for monitoring the prices of controlled transactions have been expanded; and
- the list of controlled transactions currently includes:
  - cross-border transactions with certain types of commodities where the amount of income attributable to one counterparty exceeds 60 million roubles;
  - Russian domestic transactions between related entities if the total annual turnover of such transactions exceeds 1 billion roubles;
  - transactions with residents of offshore jurisdictions included in the list established by the Ministry of Finance of the Russian Federation where the amount of income attributable to one counterparty exceeds 60 million roubles; and
  - transactions between Russian legal entities and related foreign legal entities.

The amended transfer pricing law requires taxpayers to notify the Russian tax authorities as to all controlled transactions. Taxpayers must also be required to present to the Russian tax authorities transfer pricing documentation upon their request. The Russian transfer pricing law could have a material adverse effect on RAB Group's business, results of operations and financial condition.

On page 43 of the Base Prospectus, the risk factor under the caption "*Payments on the relevant Loan may be subject to Russian withholding tax*" shall be deleted and replaced with:

Payments on the relevant Loan may be subject to Russian withholding tax

In general, interest payments on borrowed funds made by a Russian legal entity to a non-resident legal entity or organisation are subject to Russian withholding tax at a rate of 20 per cent. for legal entities and 30 per cent. for non-resident individuals, unless such withholding is reduced or eliminated pursuant to the terms of an applicable double tax treaty. Based on professional advice received, RAB believes that interest payments on the relevant Loan made to the Issuer should not be subject to withholding tax under the terms of the applicable Convention between the Grand Duchy of Luxembourg and the Russian

Federation for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income and on Capital signed on 28 June 1993 (the "**Convention**").

The new protocol to the Convention was signed in 2011. On 30 December 2012 the President of the Russian Federation signed the law on ratification of this protocol. The protocol introduces certain changes to the provisions of the Convention. Such changes include, *inter alia*, a limitation of benefits for a resident of one contracting state if the main purpose or one of the main purposes of the establishment and existence of such resident is receipt of treaty benefits; further the procedures on exchange of information between the competent authorities of the contracting states are extended. The protocol has been ratified and became effective from 1 January 2014 and it may have an impact on future payments under the Series 14 Loan Agreement.

The application of tax benefits under the double tax treaty could be influenced by changes in the position of the Russian tax authorities to look beyond the mere form of the transaction while assessing the availability of treaty benefits.

The amendments to the Russian Tax Code introduced by the Federal Law No. 97 FZ dated 29 June 2012, (which was approved and became effective on 1 July 2012) as further amended with effect from 1 January 2014 (the "**Law 97-FZ**") (the "**Amendments**") should allow the interest on the Loans not to be subject to withholding. In particular, the Amendments introduced into the Russian Tax Code an exemption from the obligation to withhold tax from interest paid under transactions similar to the transactions described herein.

According to the Amendments, in respect of Eurobonds, Russian borrowers are exempted from the obligation to withhold Russian withholding tax from interest payments made to foreign companies on debt obligations arising in connection with issuances by these foreign companies of quoted bonds, provided that (i) there is a double tax treaty between the Russian Federation and the jurisdiction of tax residence of the issuer, and (ii) the issuer duly confirms its tax residence. The Amendments do not provide tax exemption for the holders of Eurobonds from Russian tax on interest payments, although at present there is no mechanism or requirement for non-residents to self-assess and pay the tax.

For the purpose of the Amendments "quoted bonds" mean bonds and other debt obligations which passed the listing procedure and/or were admitted to trading on one or more foreign stock exchanges and/or rights to which are recorded by a foreign depositary-clearing organisation, provided that such foreign stock exchanges and depositary-clearing organisations are specified in the list approved by the Federal Service for the FSFM in consultation with the Ministry of Finance of the Russian Federation (the "**List**"). The List, which became effective on 30 December 2012, includes the Irish Stock Exchange amongst the recognised foreign stock exchanges and Euroclear, Clearstream and The Depository Trust & Clearing Corporation ("**DTCC**") amongst the recognised foreign depositary-clearing organisations. Provided that the Notes have passed the listing procedure and/or were admitted to trading on the Irish Stock Exchange and/or the rights to the Notes are recorded by Euroclear, Clearstream (via Clearstream, Luxembourg) or DTCC (via DTC) or another recognised depositary-clearing organisation included on the List, the Notes should be recognised as "quoted bonds" for the purposes of the Amendments, therefore, payments under the relevant Loan should not be subject to Russian withholding tax.

According to the Amendments the above exemption established for interest payments is also applicable to (i) income payable by a Russian legal entity in connection with a guarantee, surety or other security granted by such Russian legal entity with respect to a debt obligation to a foreign organisation and/ or with respect to quoted bonds, and (ii) other income payable by a Russian legal entity, providing that the payment of such income is established by the provisions of the respective debt obligation or such income is paid due to a change in the terms and conditions of the respective quoted bonds and/or debt obligations including in the cases of their early repurchase or redemption.

If any payments under a Loan are subject to any Russian or Luxembourg withholding tax, RAB will be obliged to increase the amounts payable as may be necessary to ensure that the recipient receives a net amount equal to the amount it would have received in the absence of such withholding taxes. In addition, payments in respect of the Notes should, except in certain limited circumstances, be made without deduction or withholding for or on account of Luxembourg taxes except as required by law. Payments in respect of the Notes should only be subject to deduction or withholding for or on account of Luxembourg taxes as described in "*Taxation—Luxembourg*". In the event of such a deduction or withholding, the

Issuer will only be required to increase payments to the extent that it receives corresponding amounts from RAB under the relevant Loan Agreement. While the Loan Agreement provides for RAB to pay such corresponding amounts in these circumstances, there are some doubts as to whether a tax gross up clause such as that contained in the Loan Agreement is enforceable under Russian law. Due to the limited recourse nature of the Notes, if RAB fails to pay any such gross-up amounts, the amount payable by the Issuer under the Notes will be correspondingly reduced. Any failure by RAB to increase such payments would constitute an Event of Default under the Loan Agreement. In certain circumstances (including as a result of the application of, or any amendment or clarification to, or change in, including a change in the interpretation or application of) the double tax treaty between the Russian Federation and Grand Duchy of Luxembourg or the laws or regulations of the Russian Federation or the Grand Duchy of Luxembourg or of any political sub-division thereof or any authority therein or following enforcement of the security upon the occurrence of a Relevant Event as defined in the Trust Deed), in the event that RAB is obliged to increase the amounts payable pursuant to any Loan Agreement, it may prepay the principal amount of the relevant Loan together with accrued interest and/or additional amounts payable (if any) thereon, and all outstanding Notes corresponding to such Loans would be redeemed by the Issuer (to the extent that it has actually received the relevant funds from RAB).

The Issuer will grant security over certain of its rights in the Loan Agreement to the Trustee in respect of its obligations under the Notes. The security under the Trust Deed will become enforceable upon the occurrence of an Event of Default or a Relevant Event, as defined in the relevant Loan Agreement and the Trust Deed. In these circumstances, payments under the Loan Agreement (other than in respect of Reserved Rights) would be required to be made to, or to the order of, the Trustee. Under Russian tax law, payments of interest and other payments made by RAB to the Trustee will in general be subject to Russian income tax withholding at a rate of 20 per cent. (or, potentially, 30 per cent. in respect of non-resident individual Noteholders), unless an exemption applies. Under recent amendments to the Russian Tax Code which came into force on 1 January 2014, there is a possibility that the Trustee will benefit from a withholding tax exemption with respect to payments of interest made by RAB to the Trustee. However, there is some ambiguity with respect to the applicability of the new exemption in this situation. If the exemption is not applied and tax is withheld, it may be possible for a Noteholder who is eligible for an exemption from Russian withholding tax under a double tax treaty to claim a refund of tax withheld, although there would be considerable practical difficulties in obtaining any such refund.

There is a risk that under the Russian thin capitalisation rules in certain circumstances where parties related to RAB (i.e. any foreign corporate shareholder of RAB owning directly or indirectly more than 20 per cent. share in RAB's charter capital and, potentially, affiliates of such foreign corporate shareholder, collectively the "Related Parties") hold Notes part or all of the interest to be paid by RAB under the Loans could be reclassified as dividends for Russian tax purposes. This would occur if the overall amount of the "controlled debt" of RAB, calculated on an individual related party basis, exceeded 12.5 times the capital of RAB, calculated in accordance with the requirements of the Russian Tax Code. Interest in the amount of such excess would be reclassified as dividends for Russian tax purposes. There is a risk that the "controlled debt" of RAB may include all or part of the Loans, to the extent that any Related Parties acquire any portion of the Notes.

Such reclassification of all or a portion of the interest under the Loan as dividends could potentially lead to the imposition of Russian withholding tax on such reclassified interest at the rate of 15 per cent., subject to possible tax relief under the double tax treaty between the Russian Federation and Luxembourg, and the non-deductibility of such interest for Russian profit tax purposes by RAB. Also, such withholding on dividends would trigger the gross-up obligation of RAB discussed above.

Based on the assumption that the amount of RAB's "controlled debt" calculated in accordance with the requirements of Article 269 of the Russian Tax Code does not exceed 12.5 times the amount of "own capital" ("*sobstvennyi kapital*") of RAB calculated on an individual Related Party basis, the Russian thin capitalisation rules should not apply currently to the interest on the Loan. However, changes in these assumptions could result in all or a portion of such interest being subject to the thin capitalisation rules in the future so as to treat "excess interest" related to the Loan as a dividend under the double tax treaty between the Russian Federation and Luxembourg subject to 15 per cent. withholding tax applicable to dividends (subject to possible double tax treaty relief, if any) rather than zero withholding tax applicable to interest. Such withholding on dividends would trigger the gross-up obligation of RAB discussed above.

It is currently unclear whether the provisions obliging RAB to gross-up payments will be enforceable in the Russian Federation. If, in the case of litigation in the Russian Federation, a Russian court does not rule in favour of the Issuer or the Trustee and Noteholders, there is a risk that the tax gross-up for withholding tax will not take place and that payments made by RAB under the Loan Agreement will be reduced by Russian income tax withheld by RAB. See "*Taxation—The Russian Federation*".

RECENT DEVELOPMENTS

Debt Securities Issues

In October 2013, RSHB Capital S.A. issued U.S.$500 million of loan participation notes for the purpose of financing a subordinated loan to RAB, which mature in October 2023 with interest paid semi-annually at the rate of 8.50 per cent. per annum. In November 2013, the CBR qualified the loan as "subordinated" for Russian regulatory capital purposes and allowed its inclusion in RAB's Tier 2 (supplemental) capital (or "*dopolnitelniy kapital*"). The subordinated loan also matures in October 2023.

In October 2013, the Group repaid at maturity bonds denominated in roubles issued in November 2010 on the domestic market in the amount of 10,000 million roubles.

In November 2013, the RAB Group issued domestic bonds in the amount of 5,000 million roubles maturing in November 2023 with semi-annual payments of interest at a rate of 8.10 per cent. per annum for the first six semi-annual interest periods. The RAB Group has the 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 RAB Group to repurchase the bonds.

In December 2013, the Group repaid bonds denominated in roubles issued on the domestic market in the amount of 7,769 million roubles at the put option date.

In January 2014, the Group repaid at maturity tranche A loan participation notes originally issued in the aggregate principal amount of U.S.$750 million in May 2008.

In February 2014, the Group bought back bonds denominated in roubles issued on the domestic market in the amount of 7,027 million roubles at the put option date.

Share Capital

In December 2013, the Russian Government increased RAB’s share capital by 30 billion roubles through the issuance of 30,000 ordinary shares, which following the increase, amounts to 218,048 million roubles. All of the issued and outstanding shares in RAB are owned by the Russian Federation through the SPMA.

Dividends

On 15 May 2013, RAB's Supervisory Board recommended to the General Shareholders' Meeting of RAB to make a dividend payment in the aggregate amount of approximately RUB 130.9 million roubles in respect of 2012, subject to approval by RAB's General Shareholders' Meeting.

In November 2013, RAB's General Shareholders Meeting approved the payment of dividends recommended by RAB's Supervisory Board in the aggregate amount of approximately 130.9 million roubles in respect of 2012.

Management

In November 2013, the RAB Group implemented a new management structure, which, among other things, introduced the following two departments: the Department of Credit Card Business and Remote Banking Service, and the Call Center. In addition, in November 2013, RAB's Supervisory Board was elected. The Supervisory Board currently comprises 7 members: Artem D. Avetisyan, Anna G. Belova, Mikhail A. Eskindarov, Andrey Y. Ivanov, Ilya V. Lomakin-Rumyantsev, Dmitry N. Patrushev and Dmitry V. Yuriev. See "*Management*".

In February 2014, Mikhail A. Eskindarov was elected to the position of the Chairman of the Supervisory Board.

Privatisation

On 1 July 2013, the Russian Government adopted a new privatisation plan for 2014-2016, the "Forecast Plan for Privatisation of Federal Property and Principal Assets of Privatisation of Federal Property in 2014-2016", which was approved by Decree of the Russian Government No.1111-p. In the new forecast privatisation plan, RAB was removed from the list of entities to be privatised.

Environmental Conditions

In August 2013, heavy rains in the Far-Eastern federal district resulted in floods that caused serious damage to several regions where the RAB Group's branches, clients and borrowers are located. The RAB Group has been assessing the impact of these floods on the RAB Group's financial condition and results of operations. In particular, the RAB Group has taken measures such as restructuring loans to its customers in affected regions in order to extend their maturities.

Credit Ratings

On 2 April 2013, Moody's initiated a review and placed the long-term senior debt and deposit ratings of RAB (and at the same time Sberbank, VTB Bank and VTB24) on review for downgrade. On 5 July 2013, Moody's concluded its review by downgrading each of the banks reviewed to reflect its reassessment of the level of capacity of the Russian government (rated Baa1stable) to provide systemic support to these banks in case of need. Accordingly, RAB's long-term foreign currency senior debt and deposits rating was changed from Baa1 to Baa3 (outlook stable) on 5 July 2013. On the same date, Moody's also downgraded the subordinated debt ratings of RAB to Ba3 (from Baa2) to reflect Moody's global view on systemic support for junior debt instruments in light of heightened risk of burden-sharing for these types of instruments, and it downgraded the baseline credit assessment of RAB to b3 (from b1) mainly as a result of RAB reporting an increase of problem loans in 2012, of which a large portion have been restructured.

On 14 August 2013, Fitch downgraded RAB's Long-term Issuer Default Ratings to BBB- from BBB (Outlook Stable) to reflect its view that RAB has only moderate capital support made available to it relative to the quality of its assets, and its Viability Rating to b- from b to reflect its view on RAB's asset quality, capacity for limited absorption, pre-impairment profitability, financial performance and liquidity. On the same date, Fitch removed RAB from Rating Watch Negative. On 14 August 2013, Fitch took corresponding rating actions with respect to the Issuer, downgrading the Issuer's senior unsecured debt to BBB- from BBB and subordinated debt to BB+ from BBB-.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Please read the following in conjunction with "—*Presentation of Financial and Other Information*" starting on page viii of the Base Prospectus.

The financial information set forth herein has, unless otherwise indicated, been derived, subject to rounding, from the unaudited condensed consolidated financial statements of the RAB Group as of and for the nine months ended 30 September 2013 (the "**Interim Financial Statements**") and the audited consolidated financial statements of the RAB Group as of and for the year ended 31 December 2012 (the "**2012 Financial Statements**"). The Interim Financial Statements have been prepared in accordance with IAS 34, *Interim Financial Reporting*, as issued by International Accounting Standards Board ("**IAS 34**"). The 2012 Financial Statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("**IFRS**").

The Interim Financial Statements, together with the related independent auditor's review report thereon, are set out on pages F-2 to F-32 of the Base Prospectus Supplement which is incorporated by reference into and forms part of this Drawdown Prospectus.

The 2012 Financial Statements, together with the related independent auditor's report, are set out on pages F-2 to F-89 of the Base Prospectus which is incorporated by reference into and forms part of this Drawdown Prospectus.

The financial information in respect of the Issuer incorporated by reference herein has been derived from the Issuer's unaudited interim financial statements as of and for the six months ended 30 June 2013 prepared in accordance with EU IFRS (accessible from http://www.ise.ie/debt_documents/interim%20Report%2030%20June%202013_db9aebb2-ee3f-4b39-b336-d551d0f889ac.pdf) (the "**Issuer Interim Financial Statements**"). The other information included on or linked to through this website or in any website referred to in any document incorporated by reference into this Drawdown Prospectus is not a part of this Drawdown Prospectus.

The Issuer Interim Financial Statements shall be deemed to be incorporated by reference in, and to form part of, this Drawdown Prospectus and were (i) filed with the officially appointed mechanism operated by the Luxembourg Stock Exchange (OAM), (ii) filed with the *Commission de Surveillance du Secteur Financier* (CSSF) and (iii) forwarded for publication to the Luxembourg Stock Exchange on 30 August 2013 for the purposes of Luxembourg transparency law requirements.

The Issuer's financial statements as of and for the year ended 31 December 2012 prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("**EU IFRS**"), audited by L'Alliance Révision S.à.r.l (the "**Issuer 2012 Financial Statements**") as filed with the register of commerce and companies of Luxembourg, and which shall be deemed to be incorporated by reference in, and to form part of, this Drawdown Prospectus, contained an emphasis of matter relating to the impact of the change of the functional currency from EUR to USD and the reclassification of certain items in the corresponding financial statements as of 31 December 2011. See Note 20 to the Issuer 2012 Financial Statements for more information.

Independent Auditors

With respect to the Interim Financial Statements, Ernst & Young LLC ("**Ernst & Young**") of Sadovnicheskaya Nab., 77, bld. 1, Moscow, 115035, Russian Federation, conducted a review in accordance with International Standards on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. As stated in their review report dated 10 December 2013 appearing on page F-4 of the Base Prospectus Supplement which is incorporated by reference into and forms part of this Drawdown Prospectus, Ernst & Young did not audit and do not express an audit opinion on the RAB Group Interim Financial Statements. Accordingly, the degree of reliance on their review report on such unaudited interim condensed consolidated financial statements should be restricted in light of the limited nature of the review procedures applied. Ernst & Young is a member of the Self Regulated Organisation Non-profit Partnership "Audit Chamber of Russia" ("*Auditorskaya Palata Rossii*").

The 2012 Financial Statements have been audited by ZAO PricewaterhouseCoopers Audit ("**PwC**"), of Butyrsky Val 10, Moscow 125047, Russian Federation, independent auditor as stated in their independent auditor's report appearing in the Base Prospectus which is incorporated by reference into and forms part of this Drawdown Prospectus. PwC is a member of the Self Regulated Organisation Non-profit Partnership "Audit Chamber of Russia" ("*Auditorskaya Palata Rossii*").

The Issuer Financial Statements have been audited by L'Alliance Révision S.à.r.l, with its registered office at 1, rue des Glacis, 3rd Floor, L-1628, Luxembourg, Grand Duchy of Luxembourg and trade register number RCS Luxembourg B.46.498, independent auditor, as stated in their reports. The Issuer's independent auditor is a member of the *Institut des Réviseurs d'Entreprises* and is *a cabinet de revision agréé* that is subject to the supervision of the *Commission de Surveillance du Secteur Financier*.

Voluntary Changes in Presentation and Reclassifications

Please see "*Presentation of Financial and Other Information—Voluntary changes in presentation and reclassification*" on page 1 of the Base Prospectus Supplement, which is incorporated by reference herein, and Note 4 to the Interim Financial Statements included in the Base Prospectus Supplement, which is incorporated by reference herein.

Exchange Rates

The table below sets forth, for the periods indicated, certain information regarding the exchange rate between the rouble and the U.S. dollar, based on the official exchange rate quoted by the CBR. Fluctuations in the exchange rate between the rouble and the U.S. dollar in the past are not necessarily indicative of fluctuations that may occur in the future.

RAB prepares its consolidated financial statements in accordance with IFRS in Russian roubles. Solely for the convenience of the reader, certain of the RAB Group's consolidated historical financial information included in "*Capitalisation of the RAB Group", "Selected Consolidated Financial Information", "Management's Discussion and Analysis of Financial Condition and Results of Operations*" and elsewhere in this Drawdown Prospectus has been translated from roubles into U.S. dollars at the rate of 32.35 roubles per U.S.$1.00, the official exchange rate as published by the CBR on 30 September 2013 (the "**Financial Information in U.S. dollars**"). The Financial Information in U.S. dollars is not presented in line with IAS 21, *The Effects of Changes in Foreign Exchange Rates*, and has not been audited or reviewed. The reader should not rely on the Financial Information in U.S. dollars as being indicative of RAB's historical financial results, had RAB's reporting or functional currency been the U.S. dollar. The amounts translated in U.S. dollars should not be construed as representations that the rouble amounts have been or could be converted into U.S. dollars at that or any other rate.

The table below shows the high and low Russian Central Bank rates, average rate and period end for roubles versus U.S. dollars for each respective year and the rate at the end of the year.

	Rouble/U.S. dollar			
Year ended 31 December	**High**	**Low**	**Average**[(1)]	**Period end**
2009	36.43	28.67	31.77	30.24
2010	31.78	28.93	30.38	30.48
2011	32.68	27.76	29.39	32.20
2012	34.04	28.95	31.07	30.37
2013	33.47	29.93	31.91	32.73

Source: www.cbr.ru

(1) The average exchange rate is the arithmetic mean of the daily exchange rate announced on the working days of the given period.

The table below shows the monthly high and low Russian Central Bank rates, average rate and period end for the rouble versus the U.S. dollar for 2013 and each subsequent month prior to the date of this Drawdown Prospectus.

	Rouble/U.S. dollar			
Period	**High**	**Low**	**Average**[(1)]	**Period end**
January 2013	30.42	30.03	30.23	30.03
February 2013	30.62	29.93	30.16	30.62
March 2013	31.08	30.51	30.80	31.08
April 2013	31.72	30.88	31.35	31.26
May 2013	31.59	31.04	31.31	31.59

Period	Rouble/U.S. dollar High	Low	Average[(1)]	Period end
June 2013	32.91	31.68	32.31	32.71
July 2013	33.22	32.31	32.74	32.89
August 2013	33.25	32.86	33.02	33.25
September 2013	33.47	31.59	32.60	32.35
October 2013	32.48	31.66	32.10	32.06
November 2013	33.19	32.08	32.69	33.19
December 2013	33.26	32.63	32.88	32.73
January 2014	35.24	32.66	33.78	35.24
February 2014 (up through and including 21 February 2014)	35.77	34.60	35.09	35.77

Source: www.cbr.ru

(1) The average exchange rate is the arithmetic mean of the daily exchange rate announced on the working days of the given period.

The official rouble/U.S. dollar exchange rate quoted by the CBR on 21 February 2014 was 35.77 roubles per U.S.$1.00.

Average Balances, Average Interest Rates and Effective Interest Rates

This Drawdown Prospectus includes information on the average balances of interest-earning assets and interest-bearing liabilities of the RAB Group for the nine months ended 30 September 2013 and 30 September 2012 as well as the annualised average interest rate of interest income or expense for such assets and liabilities. Average balances in respect of the nine months ended 30 September 2013 and 30 September 2012 are calculated as the simple average of the opening balance as of 31 December of the previous year, and the 30 June balance and the 30 September balance for the applicable period. These average balances would likely be different if alternative or more frequent averaging methods were used and such differences could be material.

Prospective investors are cautioned that the average balances and related data presented in this Drawdown Prospectus are based on materially less frequent average methods than those used by other banks in the United States, Western Europe and other jurisdictions, including some banks in the Russian Federation, in connection with similar offers of securities. In particular, banks conducting a registered offering of securities in the United States are generally required to present average balances on the basis of daily data compiled through the financial year, in accordance with Industry Guide 3, *Statistical disclosure by bank holding companies*, under the Securities Act. In comparison with banks using more frequent average methods, the average balances presented in this Drawdown Prospectus are materially less likely to be indicative of RAB's actual volumes of assets and liabilities for any given day, and of its liquidity and overall financial condition through a financial year.

The average interest rates disclosed in this Drawdown Prospectus are calculated by dividing the aggregate interest income or expense for the relevant line item by the average balance for the same item for the applicable period and then multiplying by 4/3 to annualise the applicable rate. Average interest rates are distinct from the effective interest rates presented in the consolidated financial statements of the RAB Group prepared in accordance with IFRS. The effective interest method is a method of allocating interest income or interest expense over the relevant period so as to achieve a constant periodic rate of interest (effective interest rate) on the carrying amount. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts (excluding future credit losses) through the expected life of the financial instrument or a shorter period, if appropriate, to the net carrying amount of the financial instrument. The effective interest rate discounts cash flows of variable interest instruments to the next interest repricing date except for the premium or discount which reflects the credit spread over the floating rate specified in the instrument, or other variables that are not reset to market rates. Such premiums or discounts are amortised over the whole expected life of the instrument. The present value calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate.

IFRS require that effective interest rates be used in the preparation of IFRS compliant consolidated financial statements. RAB utilises the effective interest rate for its management's monitoring of RAB's operational results and effectiveness. As a complement to the effective interest rate, which is defined in accordance with IFRS, RAB performs analysis based on average interest rates. These average interest rate measures are not defined under IFRS or other generally accepted accounting principles, nor should they be considered as substitutes for the information contained in the Interim Financial Statements.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents shall be incorporated into and form part of this Drawdown Prospectus:

(a) the base prospectus dated 22 May 2013, (accessible from http://www.ise.ie/debt_documents/Base%20Prospectus_57a9fa10-5fed-4700-bfe0-593d3d58a9da.pdf);

(b) the base prospectus supplement dated 28 January 2014, which together with the base prospectus dated 22 May 2013 constitutes a base prospectus for the purposes of Article 5.4 of the Prospectus Directive (accessible from http://www.ise.ie/debt_documents/Financial%20Supplement_c12bebb3-08c6-491c-ae53-60ca6f5978ba.pdf);

(c) the Issuer's financial statements prepared in accordance with EU IFRS for the 2012 reporting year and IFRS for the 2011 and 2010 reporting years, each audited by L'Alliance Révision S.à.r.l as of and for the year ended:

- 31 December 2012 (accessible from http://www.ise.ie/debt_documents/Annual%20Financial%20Statement_985ff24c-9db9-410e-b65e-d49e43b78e62.pdf);
- 31 December 2011 (accessible from http://www.ise.ie/debt_documents/20120426_2011FS%20(signed%20with%20Audit%20Report)_4f3a8033-aca6-4937-9d2a-d3d4583b74da.pdf; and
- 31 December 2010 (accessible from http://www.ise.ie/debt_documents/FS_LUXGAAP_auditreport_a10e24bd-f6e3-43e4-8fca-386a165d349e.pdf),

(collectively, the "**Issuer Financial Statements**") and as filed with the register of commerce and companies in Luxembourg; and

(d) the Issuer's unaudited Interim Financial Statements as at and for the six months ended 30 June 2013 prepared in accordance with EU IFRS (accessible from http://www.ise.ie/debt_documents/interim%20Report%2030%20June%202013_db9aebb2-ee3f-4b39-b336-d551d0f889ac.pdf).

The other information included on or linked to through the above websites or in any website referred to in any document incorporated by reference into this Drawdown Prospectus is not a part of this Drawdown Prospectus.

Any statements contained in any of the documents incorporated by reference in this Drawdown Prospectus shall be deemed to be modified or superseded for the purpose of this Drawdown Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Drawdown Prospectus.

Terms used herein but not otherwise defined shall have the meanings given to them in the Base Prospectus. This Drawdown Prospectus must be read in conjunction with the Base Prospectus and the other documents incorporated by reference herein. Full information on RAB, the RAB Group, the Issuer and the New Series 14 Notes is only available on the basis of the combination of disclosure and provisions set out within this Drawdown Prospectus (including the Terms and Conditions of the New Series 14 Notes, the Issue Terms of the New Series 14 Notes and the Series 14 Loan Agreement, each of which is set out herein) and the Base Prospectus and the other documents incorporated by reference herein.

Copies of the documents incorporated by reference in this Drawdown Prospectus may be obtained in physical form free of charge at the specified offices of the Trustee and the Paying Agent in Dublin during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted). In addition, the Base Prospectus, the Issuer Financial Statements and the Issuer Interim Financial Statements are available for viewing on the website of the Irish Stock Exchange at the links provided above.

CAPITALISATION OF THE RAB GROUP

The table below sets out the RAB Group's consolidated capitalisation as of 30 September 2013. This information should be read in conjunction with "*Selected Consolidated Financial Information", "Management's Discussion and Analysis of Financial Condition and Results of Operations*" included elsewhere in this Drawdown Prospectus and the Interim Financial Statements included in the Base Prospectus Supplement which is incorporated by reference in this Drawdown Prospectus and the other information incorporated by reference into this Drawdown Prospectus, including the Base Prospectus.

	As of 30 September 2013	
	(in millions of roubles)	*(in millions of U.S.$)*[(1)]
	(unaudited)	
EQUITY		
Share capital	188,798	5,836
Revaluation reserve for premises	1,241	38
Revaluation reserve for investment securities available for sale	(665)	(20)
Retained earnings	8,059	249
Non-controlling interest	1,200	37
Total equity	**198,633**	**6,140**
LIABILITIES		
Derivative financial instruments	1,243	38
Due to other banks	106,812	3,302
Customer accounts	678,814	20,984
Promissory notes issued and deposit certificates	16,101	498
Bonds issued	459,026	14,189
Deferred income tax liability	1,104	34
Current income tax liability	68	2
Other liabilities	9,548	295
Subordinated debts	57,572	1,780
Liabilities directly associated with the disposal groups held for sale	1,269	39
Total liabilities	**1,331,557**	**41,161**
Total capitalisation[(2)]	**1,530,190**	**47,301**

(1) Solely for the convenience of the reader, financial information in roubles as of 30 September 2013 has been translated into U.S. dollars at 32.35 roubles per U.S.$1.00, the conversion rate quoted by the CBR as of 30 September 2013. See "*Presentation of Financial and Other Information — Exchange Rates*".

(2) Total capitalisation is the sum of total equity and total liabilities.

In October 2013, the RAB Group issued loan participation notes denominated in U.S. dollars for the purpose of financing a subordinated loan to RAB in an aggregate principal amount of U.S.$500 million maturing in October 2023 with semi-annual payments of interest at a rate of 8.50 per cent. per annum. In November 2013, the CBR qualified the loan as "subordinated" for Russian regulatory capital purposes and allowed its inclusion in RAB's Tier 2 (supplemental) capital (or "*dopolnitelniy kapital*"). The subordinated loan also matures in October 2023.

In October 2013, the Group repaid at maturity bonds denominated in roubles issued in November 2010 on the domestic market in the amount of 10,000 million roubles.

In November 2013, the RAB Group issued domestic bonds in the amount of 5,000 million roubles maturing in November 2023 with semi-annual payments of interest at a rate of 8.10 per cent. per annum for the first six semi-annual interest periods. The RAB Group has the 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 RAB Group to repurchase the bonds.

In November 2013, RAB's General Shareholders Meeting approved the payment of dividends recommended by RAB's Supervisory Board in the aggregate amount of approximately 130.9 million roubles in respect of 2012.

In December 2013, the Russian Government increased RAB's share capital in the amount of 30 billion roubles through the issuance of 30,000 additional ordinary shares. The placement report was registered with the CBR on 30 December 2013.

In December 2013, the Group repaid bonds denominated in roubles issued on the domestic market in the amount of 7,769 million roubles at the put option date.

In January 2014, the Group repaid at maturity tranche A loan participation notes originally issued in the aggregate principal amount of U.S.$750 million in May 2008.

In February 2014, the Group bought back bonds denominated in roubles issued on the domestic market in the amount of 7,027 million roubles at the put option date.

Save as described above, there have been no material adverse changes in the consolidated capitalisation, indebtedness, guarantees or contingent liabilities of the RAB Group since 30 September 2013.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following tables present selected consolidated financial information for the RAB Group as of and for the periods indicated. The selected interim consolidated statement of comprehensive income data for the nine months ended 30 September 2013 and 30 September 2012 and selected interim consolidated statement of financial position data as of 30 September 2013 has been derived, subject to rounding, from the Interim Financial Statements included in the Base Prospectus Supplement, which is incorporated by reference herein. The selected consolidated statement of financial position data as of 31 December 2012 has been derived, subject to rounding, from the 2012 Financial Statements included in the Base Prospectus, which is incorporated by reference herein. The following data should be read in conjunction with the information contained in the "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" included elsewhere herein, the Interim Financial Statements and the notes thereto included in the Base Prospectus Supplement, which is incorporated by reference herein and the other information incorporated by reference into this Drawdown Prospectus, including the Base Prospectus, which is incorporated by reference herein and the 2012 Financial Statements and the notes thereto, which are included in the Base Prospectus, incorporated by reference herein.

Selected Interim Consolidated Statement of Comprehensive Income Data

	For the nine months ended 30 September		
	2013(1)	**2013**	**2012**
	(in millions of U.S.$)	*(in millions of roubles)*	
	(unaudited)		
Net interest income	**1,487**	**48,113**	**41,100**
Provision for loan impairment	(636)	(20,567)	(29,588)
Net interest income after provision for loan impairment	**851**	**27,546**	**11,512**
Fee and commission income	206	6,663	4,817
Fee and commission expense	(20)	(637)	(544)
Gains less losses from trading securities	1	31	4
(Losses net of gains)/gains less losses from financial instruments designated at fair value through profit or loss	(10)	(326)	1,757
Gains less losses/(losses net of gains) from investment securities available for sale	2	51	(262)
Losses net of gains from investment securities held to maturity	-	-	(44)
Foreign exchange translation (losses net of gains)/gains less losses	(267)	(8,627)	1,946
Gains less losses/(losses net of gains) from derivative financial instruments	127	4,124	(3,330)
(Losses net of gains)/gains less losses from dealings in foreign currencies	(3)	(97)	4,433
Provision for other assets impairment	(5)	(171)	(370)
Losses net of gains from early redemption of bonds issued and subordinated debts	(1)	(34)	(11)
Gains from non-banking activities	117	3,769	4,527
Losses from non-banking activities	(144)	(4,652)	(6,970)
(Loss)/gain on disposal of subsidiaries	(17)	(551)	135
Other operating income	9	291	216
Administrative and other operating expenses	(821)	(26,573)	(24,416)
Profit/(loss) before tax	**25**	**807**	**(6,600)**
Income tax credit	5	152	1,066
Profit/(loss) for the period	**30**	**959**	**(5,534)**
Net other comprehensive (loss)/income	**(12)**	**(394)**	**480**
Total comprehensive income/(loss) for the period	**18**	**565**	**(5,054)**
Total comprehensive income/(loss) is attributable to:			
Shareholder of RAB	20	651	(4,664)
Non-controlling interest	(2)	(86)	(390)
Total comprehensive income/(loss) for the period	**18**	**565**	**(5,054)**

(1) Solely for the convenience of the reader, financial information in roubles for the nine months ended 30 September 2013 has been translated into U.S. dollars at 32.35 roubles per U.S.$1.00, the conversion rate quoted by the CBR as of 30 September 2013. See "*Presentation of Financial and Other Information — Exchange Rates*".

Selected Interim Consolidated Statement of Financial Position Data

	As of 30 September		As of 31 December
	2013[1]	2013	2012
	(in millions of U.S.$)	*(in millions of roubles)*	
	(unaudited)		
ASSETS			
Cash and cash equivalents	2,109	68,211	106,342
Mandatory cash balances with the Central Bank of the Russian Federation	332	10,738	9,153
Trading securities	84	2,727	19,220
Financial instruments designated at fair value through profit or loss	358	11,578	12,550
Due from other banks	656	21,210	45,930
Derivative financial instruments	741	23,969	18,659
Loans and advances to customers	37,776	1,222,046	1,070,712
Investment securities available for sale	1,731	56,010	44,036
Investment securities held to maturity	436	14,114	27,999
Investment securities pledged under repurchase agreements[2]	1,523	49,270	20,632
Deferred income tax asset	186	6,022	5,100
Intangible assets	53	1,721	1,723
Premises and equipment	687	22,231	23,068
Current income tax assets[3]	30	983	2,464
Other assets	434	14,022	15,724
Assets of the disposal groups held for sale	165	5,338	5,338
Total assets	**47,301**	**1,530,190**	**1,428,650**
LIABILITIES			
Derivative financial instruments	38	1,243	5,261
Due to other banks	3,302	106,812	136,343
Customer accounts	20,984	678,814	557,476
Promissory notes issued and deposit certificates[4]	498	16,101	23,234
Bonds issued [5]	14,189	459,026	440,866
Deferred income tax liability	34	1,104	2,065
Current income tax liability	2	68	-
Other liabilities	295	9,548	8,824
Subordinated debts	1,780	57,572	55,274
Liabilities directly associated with the disposal groups held for sale	39	1,269	1,410
Total liabilities	**41,161**	**1,331,557**	**1,230,753**
EQUITY			
Share capital	5,836	188,798	188,798
Revaluation reserve for premises	38	1,241	1,270
Revaluation reserve for investment securities available for sale	(20)	(665)	(271)
Retained earnings	249	8,059	7,117
Equity attributable to RAB's shareholder[6]	**6,103**	**197,433**	**196,914**
Non-controlling interest	**37**	**1,200**	**983**
Total equity	**6,140**	**198,633**	**197,897**
Total liabilities and equity	**47,301**	**1,530,190**	**1,428,650**

(1) Solely for the convenience of the reader, financial information in roubles as of 30 September 2013 has been translated into U.S. dollars at 32.35 roubles per U.S.$1.00, the conversion rate quoted by the CBR as of 30 September 2013. See "*Presentation of Financial and Other Information — Exchange Rates*".
(2) This line item is referred to as "Repurchase Receivables" in the 2012 Financial Statements.
(3) This line item is referred to as "Current income tax prepayment" in the 2012 Financial Statements.
(4) This line item is referred to as "Promissory notes issued" in the 2012 Financial Statements.
(5) This line item is referred to as "Debt securities issued" in the 2012 Financial Statements.
(6) This line item is referred to as "Equity attributable to RAB's owner" in the 2012 Financial Statements.

Selected Financial Ratios

	As of or for the nine months ended 30 September 2013	As of or for the year ended 31 December 2012
	(in percentages)	
	(unaudited)	
Profitability Ratios		
Return on average total assets (ROA)	0.1 [1]	0.0[2]
Return on average total equity (ROE)	0.6 [3]	0.1[4]
Internal capital generation ratio	0.4[5]	(0.1)[6]
Cost/income ratio[7]	55.4	55.2
Liquidity Ratios (at period end)		
Loans and advances to customers/Total assets	79.9	74.9
Loans and advances to customers/Customer accounts	180.0	192.1
Customer accounts/Total liabilities	51.0	45.3
Credit Quality Ratio (at period end)		
Non-performing loans[8]/Total loans and advances to customers (before impairment)	10.4	9.1
Capital Adequacy Ratios (at period end)		
Total Tier I capital divided by total risk weighted assets	12.7	12.6
Risk Adjusted Capital Ratio[9]	16.3	16.1

(1) Profit for the nine month period divided by average total assets and then multiplied by 4/3 to annualise it. Average total assets has been calculated using the simple average of the opening balance as of 31 December of the previous year, the unaudited 30 June balance for the period and the unaudited 30 September balance for the period.

(2) Profit for the year divided by average total assets. Average total assets has been calculated using the simple average of the opening balance for the year, the 30 June balance for the year and the closing balance for the year.

(3) Profit for the nine month period divided by average total equity for the nine month period and then multiplied by 4/3 to annualise it. Average total equity has been calculated using the simple average of the opening balance as of 31 December of the previous year, the unaudited 30 June balance for the period and the unaudited 30 September balance for the period.

(4) Profit for the year divided by average total equity. Average total equity has been calculated using the simple average of the opening balance for the year, the 30 June balance for the year and the closing balance for the year.

(5) Profit for the nine months less dividends declared during the period divided by total equity at the beginning of the period.

(6) Profit for the year less dividends declared during the year divided by total equity at the beginning of the year.

(7) Cost/income ratio is calculated as administrative and other operating expenses divided by profit before tax adjusted to add back administrative and other operating expenses, and provision for loan impairment.

(8) Non-performing loans are represented by loans with principal and/or interest overdue by more than 90 days (except for loans in the category watch list, which are in the process of restructuring or renegotiation), based on estimates by RAB's management.

(9) Total Tier I capital plus total Tier II capital divided by total risk-weighted assets.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of the consolidated financial condition and results of operations of the RAB Group covers the nine months ended 30 September 2013 and 30 September 2012 and the consolidated financial condition of the RAB Group as of 30 September 2013 and 31 December 2012. The financial information presented in this discussion as of 30 September 2013 and for the nine months ended 30 September 2013 and 30 September 2012 has been derived, unless otherwise indicated, from the Interim Financial Statements included in the Base Prospectus Supplement, which is incorporated by reference herein, and the financial information as of 31 December 2012 has been derived, unless otherwise indicated, from the 2012 Financial Statements included in the Base Prospectus, which is incorporated by reference herein. Other information has been derived from unaudited statutory accounting, internal management (financial and operating) records of RAB and the RAB Group and publicly available sources. This section should be read in conjunction with the Interim Financial Statements and the notes thereto included in the Base Prospectus Supplement, which is incorporated by reference herein, the 2012 Financial Statements and the notes thereto included in the Base Prospectus, which is incorporated by reference herein and the other financial information included elsewhere in this Document, including the section entitled "*Presentation of Financial and Other Information*", and the Base Prospectus (including the section entitled "*Presentation of Financial and Other Information*" therein). Certain information contained in the discussion and analysis set forth below and elsewhere in this Document includes "forward-looking statements". Such forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements. See the section in the Base Prospectus starting on page xii entitled "*Forward-Looking Statements*". The Interim Financial Statements include all adjustments consisting of normal recurring adjustments, necessary for a fair presentation of the results for the unaudited interim period. The interim results are not necessarily indicative of the results that may be expected for a full year.

Overview

The RAB Group provides a wide range of banking services to companies and individuals with a primary focus on lending to businesses and individuals operating in the Russian agricultural sector. RAB's credit policy provides that at least 70 per cent. of its loan portfolio (based on statutory accounting records) consist of loans to companies and individuals operating in the agricultural sector and related sub-sectors such as, for example, food processing and the production of agricultural machinery or fertilisers. The RAB Group participates in several programmes of the Russian Government to support the agricultural sector and related sub-sectors. The RAB Group's participation in such programmes includes lending to individuals involved in producing agricultural products on household land plots, lending for grain purchase interventions, providing loans to agricultural consumer and credit cooperatives, lending secured by mortgages on agricultural land plots in connection with the Russian Government's efforts to develop an agricultural land mortgage system in the Russian Federation and lending for the purchase or construction of residential buildings. The RAB Group also focuses on financing purchases of modern agricultural machinery and equipment and, since 2006, has placed a greater emphasis on making consumer loans to individuals residing in small towns and rural areas in the Russian Federation who are involved in agricultural production.

As of 30 September 2013, the RAB Group had 625,944 million roubles of gross loans and advances to customers, or 46.8 per cent. of the RAB Group's gross loans and advances to customers, to borrowers who are eligible for compensation by the Russian federal and/or regional authorities for a portion of the interest payable on the relevant loan.

As of 30 September 2013, RAB's network consisted of the head office in Moscow, 78 regional branches and 1,510 additional offices throughout Russia.

As of 30 September 2013, RAB's ownership share in its subsidiaries ranged from 51.0 per cent. to 100.0 per cent. RAB's shareholdings in most of these subsidiaries were acquired from the RAB Group's debtors in connection with loan restructuring and overdue debts and its insurance business.

As of 30 September 2013, the total number of the RAB Group's employees was 35,809, as compared to 35,458 as of 31 December 2012.

General Market Conditions and Operating Environment

Due to the substantial concentration of the assets of the RAB Group in Russia, the RAB Group is significantly affected by Russian macroeconomic conditions. While there had been improvements in the country's economic trends prior to the onset of the global financial and economic crisis in September 2008, the Russian Federation continues to display certain characteristics of an emerging market. These characteristics include, but are not limited to, the existence of a currency that is not widely convertible outside of the Russian Federation and relatively high inflation.

The following table sets forth certain Russian economic indicators as of or for the nine months ended 30 September 2013 and 30 September 2012.

	As of or for the nine months ended 30 September	
	2013	2012
GDP (in billions of roubles at current prices)	49,032	45,165
Real GDP growth (in %)	1.2	3.0
Surplus of federal budget of the Russian Federation (in billions of roubles)	652.9	671.2
Official reserves (in billions of U.S. dollars)	522.6	529.9
Inflation[(1)] (in %)	4.7	5.2
Nominal depreciation of the Russian rouble against the U.S. dollar[(2)] (in %)	(1.7)	(7.4)
Real appreciation/(depreciation) of the Russian rouble against the U.S. dollar[(2),(3)] (in %)	3.5	(5.2)

Sources: CBR, Russian Federal State Statistics Service, Russian Federal Treasury

(1) Inflation is measured as change in the consumer price index.

(2) Nominal and real depreciation of the Russian rouble against the U.S. dollar are measured by comparing the change in the reporting period with the change in the corresponding period of the previous year.

(3) Real depreciation is distinguished from nominal depreciation because the former also takes into account inflation in Russia and the United States, as well as certain other macroeconomic parameters that are calculated by the CBR.

Russia's real GDP growth was 4.5 per cent. in 2010, declining to 4.3 per cent. in 2011 and 3.4 per cent. in 2012 and further to 1.2 per cent. in the first nine months of 2013, in part due to the impact of the sovereign debt crisis on the European and U.S. economies, which adversely affected demand for Russian exports to these regions. Inflation was moderate during the same period, decreasing to 6.1 per cent. in 2011 from 8.8 per cent. in 2010 and then slightly increasing to 6.6 per cent. in 2012. In the first nine months of 2013 inflation was 5.1 per cent. as compared to 4.7 per cent. in the first nine months of 2012. The unemployment rate fell from 7.5 per cent. in 2010 to 6.6 per cent. in 2011 and further to 5.5 per cent. in 2012 and to 5.3 per cent. as of 30 September 2013. In addition, the price of Urals blend oil, which was one of the most important factors affecting the Russian economy, fluctuated in 2011 between U.S.$91 and U.S.$123 per barrel and in 2012 between U.S.$87 and U.S.$126 per barrel. In the nine months ended 30 September 2013, the average price of Urals blend oil was U.S.$107.73 per barrel.

In the first nine months of 2013, there was volatility in the rate of exchange of the rouble to the U.S. dollar. Within that period, the rouble appreciated to a high of RUB 29.93 per U.S. dollar on 5 February 2013 and then depreciated to a low of RUB 33.47 per U.S. dollar on 5 September 2013.

The Russian banking sector is particularly sensitive to economic conditions in Russia and fluctuations in the value of the rouble. See "*Risk Factors — Risks Related to RAB's Business and the Banking Sector — The continuation of turmoil in global credit markets may continue to adversely affect RAB's business, financial condition, results of operations and prospects*" and "*Risk Factors — Turmoil in global credit markets has already adversely affected, and may continue to adversely affect, the Russian economy, the Russian banking industry in general and RAB in particular*". In addition, the lack of well-developed bankruptcy laws, the absence of formalised procedures for the registration and enforcement of certain categories of collateral, and other legal and fiscal impediments also contribute to difficulties experienced by banks currently operating in Russia. The stability of the Russian economy will be significantly affected by the Government's continued implementation of administrative, legal and economic reforms.

Significant Factors Affecting Results of Operations

The following discussion reviews significant factors affecting the RAB Group's results of operations and financial condition, and should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations — Significant Factors Affecting Results of Operations" in the Base Prospectus.

The Impact of Changes in Average Balances of the RAB Group's Interest-Earning Assets and Interest-Bearing Liabilities and Interest Rates on Its Net Interest Spread and Net Interest Margin

The RAB Group defines net interest spread as the difference between the average interest rate on the average balance of interest-earning assets and the average interest rate on the average balance of interest-bearing liabilities, and, in respect of the nine months ended 30 September 2013 and 30 September 2012, defines net interest margin as net interest income for the period (defined as interest income less interest expense) multiplied by 4/3 expressed as a percentage of the average balance of total interest-earning assets for the period.

The following table sets out information on RAB Group's interest income, interest income on loans and advances to customers, interest income on loans and advances to customers as a share of total interest income, average interest rate on the average balance of loans and advances to customers and average balances of loans and advances to customers for the nine months ended 30 September 2013 and 30 September 2012:

	For the nine months ended 30 September	
	2013	**2012**
	(unaudited)	
Interest income (in millions of roubles)	112,765	99,847
Interest income on loans and advances to customers (in millions of roubles)	103,217	89,952
Interest income on loans and advances to customers (in % of total interest income)	91.5	90.1
Average interest rate on the average balance of loans and advances to customers (in %)[(1)]	11.9	12.5
Average balance of loans and advances to customers (in millions of roubles)[(1)]	1,153,344	958,348

(1) See "*Presentation of Financial and Other Information — Average Balances, Average Interest Rates and Effective Interest Rates*".

During the first nine months of 2013, the RAB Group continued to generate a substantial majority of its interest income from loans and advances to customers, most of which were provided to companies and individuals operating in the Russian agricultural sector and related sectors. The increase in interest income on loans and advances to customers in the first nine months of 2013 compared to the first nine months of 2012 was primarily a result of the increase of the average balance of loans and advances to customers reflecting the continued expansion of the RAB Group's business. The decrease in the average interest rate on the average balance of loans and advances to customers in the first nine months of 2013 as compared to the first nine months of 2012 reflected the RAB Group's strategy to enlarge its loan portfolio.

The following table sets out the RAB Group's interest expense, average interest rate on the average balance of total interest-bearing liabilities, average balance of total interest-bearing liabilities, net interest income, average balance of total interest-earning assets and net interest margin for the nine months ended 30 September 2013 and 30 September 2012:

	For the nine months ended 30 September	
	2013	**2012**
	(unaudited)	
Interest expense (in millions of roubles)	(64,652)	(58,747)
Average interest rate on the average balance of total interest-bearing liabilities (in %)[(1)]	6.7	6.8
Average balance of total interest-bearing liabilities (in millions of roubles)[(1)]	1,286,840	1,152,983
Net interest income (in millions of roubles)	48,113	41,100
Average balance of total interest-earning assets (in millions of roubles)[(1)]	1,364,776	1,184,380
Net interest margin (in %)[(2)]	4.7	4.6

(1) See "*Presentation of Financial and Other Information — Average Balances, Average Interest Rates and Effective Interest Rates*".

(2) Net interest income for the period multiplied by 4/3 expressed as a percentage of the average balance of total interest-earning assets for the period.

The average balance of the RAB Group's total interest-bearing liabilities increased in the first nine months of 2013 as compared to the first nine months of 2012 principally due to the increase in the average balances of both customer accounts and average balance of bonds issued and subordinated debts in the first nine months of 2013 as compared to the first nine months of 2012.

The average balance of the RAB Group's total interest-earning assets increased in the nine months ended 30 September 2013 as compared to the nine months ended 30 September 2012, principally reflecting growth in the average balance of loans and advances to customers resulting from the continued expansion of the RAB Group's business in the first nine months of 2013 as compared to the first nine months of 2012.

The following table sets out the average interest rate on the average balance of the RAB Group's total interest-earning assets and total interest-bearing liabilities and the net interest spread for the nine month periods ended 30 September 2013 and 30 September 2012:

	For the nine months ended 30 September	
	2013	**2012**
	(unaudited)	
Average interest rate on the average balance of total interest-earning assets (in %)[1]	11.0	11.2
Average interest rate on the average balance of total interest-bearing liabilities (in %)[1]	6.7	6.8
Net interest spread (in %)[2]	4.3	4.4

(1) See "*Presentation of Financial and Other Information — Average Balances, Average Interest Rates and Effective Interest Rates*".

(2) The difference between the average interest rate on the average balance of total interest-earning assets and the average interest rate on the average balance of total interest-bearing liabilities.

The average interest rate on the average balance of the RAB Group's total interest-earning assets decreased to 11.0 per cent. for the nine months ended 30 September 2013 as compared to 11.2 per cent. for the nine months ended 30 September 2012. The decrease in average interest rates on the average balance of the RAB Group's total interest-earning assets in the nine months ended 30 September 2013 in comparison to the nine months ended 30 September 2012 was principally a result of the decrease of the lending interest rates of major Russian banks and the RAB Group's intention to increase the availability of loans to companies and individuals in the agricultural sector and related sub-sectors.

The average interest rate on the average balance of the RAB Group's interest-bearing liabilities slightly decreased from 6.8 per cent. for the nine months ended 30 September 2012 to 6.7 per cent. for the nine months ended 30 September 2013.

Net interest spread decreased to 4.3 per cent. for the nine months ended 30 September 2013 as compared to 4.4 per cent. for the nine months ended 30 September 2012. The decrease in net interest spread mainly resulted from the decrease of average interest rates on the average balance of the RAB Group's total interest-earning assets.

Critical Accounting Estimates and Judgements in Applying Accounting Policies

The accounting estimates and judgements applied in the preparation of the Interim Financial Statements included in the Base Prospectus Supplement, which is incorporated by reference herein, are consistent with those applied in the preparation of the 2012 Financial Statements included in the Base Prospectus, which is incorporated by reference herein.

Judgements that have the most significant effect on the amounts recognised in the 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

The RAB Group's management applies judgment 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 RAB 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 amortised cost.

Impairment losses on loans and advances

The RAB Group regularly reviews its loan portfolio to assess impairment. In determining whether an impairment loss should be recorded in the profit or loss, the RAB 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.

The RAB Group's 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.

The RAB Group's 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.

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 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. A key assumption in the business plan is to obtain profits in the current and subsequent financial years through widening of product range and client base.

Selected Statistical Information

Average Balances and Interest Rates Data

The following table sets forth the unaudited consolidated average balances of interest-earning assets and interest-bearing liabilities of the RAB Group for the periods ended 30 September 2013 and 30 September 2012 and also sets forth the amount of interest income and interest expense, respectively, as well as the annualised average interest rate of such interest income or expense for such assets and liabilities. For the purposes of this table, the consolidated average balances of assets and liabilities represent, in respect of the periods ended 30 September 2013 and 30 September 2012, the simple average of the opening balance as of 31 December of the previous year, and the 30 June balance and the 30 September balance for the applicable period. The results of the analysis would likely be different if alternative or more frequent averaging methods were used, and such differences could be material. Prospective investors are cautioned that the average balances and related data presented in this Base Prospectus are based on materially less frequent averaging methods than those used by other banks in the United States, Western Europe and other jurisdictions, including some banks in the Russian Federation, in connection with similar offers of securities. The average interest rates below are calculated by dividing the aggregate interest income or expense for the relevant line item by the average balance for the same item for the applicable period and then multiplying by 4/3 to annualise the amount. Average interest rates are distinct from the effective interest rates presented in the consolidated financial statements of the RAB Group prepared in accordance with IFRS. See "*Presentation of Financial and Other Information — Average Balances, Average Interest Rates and Effective Interest Rates*".

	For the nine months ended 30 September					
	2013			2012		
	Average Balance	Interest Income/ Expense	Average Interest Rate (%)	Average Balance	Interest Income/ Expense	Average Interest Rate (%)
	(in millions of roubles, except percentages)					
	(unaudited)					
Interest-earning assets						
Loans and advances to customers	1,153,344	103,217	11.9	958,348	89,952	12.5
Cash equivalents[(1)]	50,123	601	1.6	60,589	913	2.0
Investment securities available for sale including pledged under repurchase agreements[(2)]	60,648	3,505	7.7	58,940	3,165	7.2
Investment securities held to maturity including pledged under repurchase agreements	48,489	2,454	6.7	44,575	2,505	7.5
Due from other banks	31,942	1,807	7.5	38,046	1,769	6.2
Financial instruments designated at fair value through profit or loss	12,009	777	8.6	12,161	833	9.1
Trading securities including pledged under repurchase agreements	8,221	404	6.6	11,721	710	8.1
Total interest-earning assets	**1,364,776**	**112,765**	**11.0**	**1,184,380**	**99,847**	**11.2**
Interest-bearing liabilities						
Customer accounts	638,143	29,750	6.2	567,157	26,793	6.3
of which						
Term deposits of individuals	172,204	9,543	7.4	135,351	6,344	6.2
Term deposits of legal entities[(3)]	365,789	19,633	7.2	340,657	19,908	7.8
Current/settlement accounts	100,150	574	0.8	91,149	541	0.8
Bonds issued and subordinated debts[(4)]	500,159	26,996	7.2	443,384	24,274	7.3
Due to other banks[(5)]	126,290	6,189	6.5	122,639	6,457	7.0
Promissory notes issued and deposit certificates	22,248	1,717	10.3	19,803	1,223	8.2
Total interest-bearing liabilities	**1,286,840**	**64,652**	**6.7**	**1,152,983**	**58,747**	**6.8**
Net interest spread[(6)]			4.3			4.4
Net interest income		48,113			41,100	
Net interest margin[(7)]			4.7			4.6

(1) Excludes cash in hand, cash balances with the CBR and settlement accounts with stock and currency exchanges as these balances are not interest-earning.

(2) Excludes corporate shares as these securities are not interest-earning.

(3) Includes sale and repurchase agreements with respect to securities with legal entities.

(4) Includes subordinated debts, Eurobonds issued and domestic bonds issued.

(5) Includes term deposits of other banks, term deposits of the CBR, correspondent accounts and overnight placements of other banks.

(6) The difference between the average interest rate on the average balance of total interest-earning assets and the average interest rate on the average balance of total interest-bearing liabilities.

(7) Net interest income for the period multiplied by 4/3 expressed as a percentage of the average balance of total interest-earning assets.

The increase in the average balance of the RAB Group's total interest-earning assets for the nine months ended 30 September 2013 was principally due to the increase by 194,996 million roubles in the average balance of loans and advances to customers to 1,153,344 million roubles for the nine months ended 30 September 2013 from 958,348 million roubles for the nine months ended 30 September 2012. The increase in the average balance of loans and advances to customers for the nine months ended 30 September 2013 as compared to the nine months ended 30 September 2012 mainly reflected the growth in the RAB Group's loan portfolio.

The average interest rate on the average balance of the RAB Group's total interest-earning assets decreased to 11.0 per cent. for the nine months ended 30 September 2013 as compared to 11.2 per cent. for the nine months ended 30 September 2012. This decrease resulted mainly from a decrease in the average interest rate on the average balance of loans and advances to customers from 12.5 per cent. for the nine months ended 30 September 2012 to 11.9 per cent. for the nine months ended 30 September 2013, reflecting decreases in lending interest rates by RAB in line with other major Russian banks and the RAB Group's reduction in rates so as to increase the affordability of loans to companies and individuals in the agricultural sector and related subsectors.

The increase in the average balance of the RAB Group's total interest-bearing liabilities from 1,152,983 million roubles for the nine months ended 30 September 2012 to 1,286,840 million roubles for the nine months ended 30 September 2013 was primarily attributable to an increase in the average balances of both bonds issued and subordinated debts and customer accounts. The increase in average balances of bonds issued and subordinated debts reflected the RAB Group's issuances of Eurobonds and rouble-denominated bonds in the domestic market. The increase in the average balance of customer accounts by 70,986 million roubles for the nine months ended 30 September 2013 as compared to the nine months ended 30 September 2012 mainly resulted from an increase in the average balance of term deposits of individuals by 36,853 million roubles from 135,351 million roubles for the nine months ended 30 September 2012 to 172,204 million roubles for the nine months ended 30 September 2013 and the increase in average balances of term deposits of legal entities from 340,657 million roubles for the nine months ended 30 September 2012 to 365,789 million roubles for the nine months ended 30 September 2013. The increase in the average balance of term deposits of individuals in the nine months ended 30 September 2013 as compared to the nine months ended 30 September 2012 can be attributed, in management's view, to the perceived greater reliability of state-owned banks among the Russian population as well as attractive interest rates offered by the RAB Group on term deposits of individuals.

The average interest rate on the average balance of the RAB Group's total interest-bearing liabilities was 6.8 per cent. for the nine months ended 30 September 2012 and 6.7 per cent. for the nine months ended 30 September 2013.

For a discussion of certain changes in the line items above, see "— *Results of Operations for the Nine months ended 30 September 2013 and 30 September 2012*".

Net Changes in Interest Income and Interest Expense — Volume and Rate Analysis

The following table sets forth an unaudited comparative analysis of net changes in interest income and interest expense by reference to changes in average volume and average interest rates in the nine months ended 30 September 2013 and 30 September 2012. Net changes in net interest income or expense are attributed to either changes in average balances (volume change) or changes in average interest rates without rounding (rate change) for interest-earning assets or interest-bearing liabilities, respectively. Volume change is calculated as the change in volume multiplied by the previous annualised average interest rate divided by 4/3, while rate change is calculated as the change in annualised average interest rate without rounding multiplied by the volume for the more recent period divided by 4/3. Average balances used for calculating the information for the table below represent, in respect of the nine month periods ended 30 September 2013 and 30 September 2012, the simple average of the opening balance as of 31 December of the previous year, and the 30 June balance and the 30 September balance for the applicable period.

Prospective investors are cautioned that the average balances and related data presented in this Document are based on materially less frequent average methods than those used by other banks in the United States, Western Europe and other jurisdictions, including some banks in the Russian Federation, in connection with similar offers of securities.

	Nine months ended 30 September 2013/2012		
	Increase/(decrease) due to changes in		
	Volume	**Rate**	**Net Change**
	(in millions of roubles)		
	(unaudited)		
Interest income			
Loans and advances to customers	18,303	(5,038)	13,265
Cash equivalents[1]	(158)	(154)	(312)
Investment securities available for sale including pledged under repurchasing agreements [2]	91	249	340
Investment securities held to maturity including pledged under repurchasing agreements	220	(271)	(51)
Due from other banks	(284)	322	38

	Nine months ended 30 September 2013/2012		
	Increase/(decrease) due to changes in		
	Volume	**Rate**	**Net Change**
	(in millions of roubles)		
	(unaudited)		
Financial instruments designated at fair value through profit or loss	(10)	(46)	(56)
Trading securities including pledged under repurchasing agreements	(212)	(94)	(306)
Total interest income	**17,950**	**(5,032)**	**12,918**
Interest expense			
Customer accounts	3,250	(293)	2,957
of which			
Term deposits of individuals	1,727	1,472	3,199
Term deposits of legal entities(3)	1,470	(1,745)	(275)
Current/settlement accounts	53	(20)	33
Bonds issued and subordinated debts(4)	3,108	(386)	2,722
Due to other banks(5)	192	(460)	(268)
Promissory notes issued and depository certificates	151	343	494
Total interest expense	**6,701**	**(796)**	**5,905**
Net change in net interest income	**11,249**	**(4,236)**	**7,013**

(1) Excludes cash in hand, cash balances with the CBR and settlement accounts with stock and currency exchanges as these balances are not interest-earning.
(2) Excludes corporate shares as these securities are not interest-earning.
(3) Includes sale and repurchase agreements with respect to securities with legal entities.
(4) Includes subordinated debts, Eurobonds issued and domestic bonds issued.
(5) Includes term deposits of other banks, term deposits of the CBR, correspondent accounts and overnight placements of other banks.

Results of Operations

Results of Operations for the Nine months ended 30 September 2013 and 30 September 2012

The following table sets forth selected consolidated statement of comprehensive income data for the RAB Group for the nine months ended 30 September 2013 and 30 September 2012.

	For the nine months ended 30 September		Change from prior period
	2013	**2012**	
	(in millions of roubles)		*(percentages)*
	(unaudited)		
Interest income	112,765	99,847	12.9
Interest expense	(64,652)	(58,747)	10.1
Net interest income	**48,113**	**41,100**	17.1
Provision for loan impairment	(20,567)	(29,588)	(30.5)
Non-interest (loss)/income, net	(166)	6,304	(102.6)
Administrative and other operating expenses	(26,573)	(24,416)	8.8
Profit/(loss) before tax	**807**	**(6,600)**	(112.2)
Income tax expense	152	1,066	(85.7)
Profit/(loss) for the period	**959**	**(5,534)**	(117.3)

Interest income, interest expense, net interest income and provision for loan impairment

The following table sets forth the components of the RAB Group's net interest income after provision for loan impairment for the nine months ended 30 September 2013 and 30 September 2012.

	For the nine months ended 30 September		Change from prior period
	2013	2012	
	(in millions of roubles) *(unaudited)*		*(percentages)*
Total interest income	112,765	99,847	12.9
Total interest expense	(64,652)	(58,747)	10.1
Net interest income	48,113	41,100	17.1
Provision for loan impairment	(20,567)	(29,588)	(30.5)
Net interest income after provision for loan impairment	**27,546**	**11,512**	139.3

The amount of net interest income earned by the RAB Group is affected by a number of factors. It is primarily determined by the volumes of interest-earning assets and interest-bearing liabilities, as well as the differential between interest rates earned on interest-earning assets and interest rates paid on interest-bearing liabilities. Interest-earning assets are composed primarily of the RAB Group's loan portfolio as well as investment securities available for sale including pledged under repurchase agreements, cash equivalents, investment securities held to maturity including pledged under repurchase agreements, due from other banks, financial instruments designated at fair value through profit or loss and trading securities including pledged under repurchase agreements. Interest-bearing liabilities consist primarily of customer accounts (term deposits and current/settlement accounts), bonds issued and subordinated debts (consisting of subordinated debts, Eurobonds and domestic bonds issued), amounts due to other banks (interbank borrowings) and promissory notes issued and deposit certificates.

Interest Income

The following table sets forth the principal components of the RAB Group's interest income and average interest-earning assets for the nine months ended 30 September 2013 and 30 September 2012.

	For the nine months ended 30 September		Change from prior period
	2013	2012	
	(in millions of roubles) *(unaudited)*		*(percentages)*
Interest income			
of which			
Loans and advances to customers	103,217	89,952	14.7
Investment securities available for sale including pledged under repurchase agreements	3,505	3,165	10.7
Investment securities held to maturity including pledged under repurchase agreements	2,454	2,505	(2.0)
Due from other banks	1,807	1,769	2.1
Financial instruments designated at fair value through profit or loss	777	833	(6.7)
Cash equivalents	601	913	(34.2)
Trading securities including pledged under repurchasing agreements	404	710	(43.1)
Total interest income	**112,765**	**99,847**	12.9
	(unaudited)		
Average interest-earning assets			
Loans and advances to customers	1,153,344	958,348	20.3
Investment securities available for sale including pledged under repurchase agreements [1]	60,648	58,940	2.9
Investment securities held to maturity including pledged under repurchase agreements	48,489	44,575	8.8
Due from other banks	31,942	38,046	(16.0)
Financial instruments designated at fair value through profit or loss	12,009	12,161	(1.2)
Cash equivalents[2]	50,123	60,589	(17.3)
Trading securities including pledged under repurchase agreements	8,221	11,721	(29.9)
Total average interest-earning assets	**1,364,776**	**1,184,380**	15.2

(1) Excludes corporate shares as these securities are not interest-earning.

(2) Excludes cash on hand, cash balances with the CBR and settlement accounts with stock and currency exchanges as these balances are not interest-earning.

Interest income increased by 12,918 million roubles, or 12.9 per cent., to 112,765 million roubles for the nine months ended 30 September 2013 as compared to 99,847 million roubles for the nine months ended 30 September 2012.

The increase in interest income for the nine months ended 30 September 2013 as compared to the nine months ended 30 September 2012 was principally a result of the increase of interest income on loans and advances to customers by 13,265 million roubles, or 14.7 per cent., from 89,952 million roubles for the nine months ended 30 September 2012 to 103,217 million roubles for the nine months ended 30 September 2013. Interest income on loans and advances to customers represented 91.5 per cent. and 90.1 per cent. of the RAB Group's total interest income for the nine months ended 30 September 2013 and for the nine months ended 30 September 2012, respectively. In the nine months ended 30 September 2013, interest income on loans and advances to customers increased due to an increase in the average balance of loans and advances to customers, reflecting the RAB Group's policy of providing loans to companies and individuals in the agricultural sector and related sub-sectors and the growth in the business. The decrease in the average interest rate on the average balance of loans and advances to customers over the period from 12.5 per cent. for the nine months ended 30 September 2012 to 11.9 per cent. for the nine months ended 30 September 2013 reflected the decrease of RAB's lending interest rates in line with other major Russian banks and the RAB Group's intention to increase the affordability of loans to companies and individuals in the agricultural sector and related sub-sectors.

Interest expense

Interest expense principally consists of amounts paid by the RAB Group as interest on (a) customer accounts, which include term deposits and current/settlement accounts; (b) debt securities issued and subordinated debts, which include proceeds from the issuance of U.S. dollar-denominated, Swiss franc-denominated, Chinese yuan-denominated and rouble-denominated Eurobonds as well as rouble-denominated domestic bonds; (c) due to other banks (interbank borrowings); and (d) promissory notes issued.

The following table sets forth the principal components of the RAB Group's consolidated interest expense and average interest-bearing liabilities for the nine months ended 30 September 2013 and 30 September 2012.

	For the nine months ended 30 September		**Change from prior period**
	2013	**2012**	
	(in millions of roubles)		*(percentages)*
	(unaudited)		
Interest expense			
Customer accounts	29,750	26,793	11.0
of which			
Term deposits of legal entities	19,633	19,908	(1.4)
Term deposits of individuals	9,543	6,344	50.4
Current/settlement accounts	574	541	6.1
Due to other banks	6,189	6,457	(4.2)
Bonds issued and subordinated debts[(1)]	26,996	24,274	11.2
Promissory notes issued and deposit certificates	1,717	1,223	40.4
Total interest expense	**64,652**	**58,747**	10.1
	(unaudited)		
Average interest-bearing liabilities			
Customer accounts	638,143	567,157	12.5
Bonds issued and subordinated debts[(1)]	500,159	443,384	12.8
Due to other banks[(2)]	126,290	122,639	3.0
Promissory notes issued and deposit certificates	22,248	19,803	12.3
Total average interest-bearing liabilities	**1,286,840**	**1,152,983**	11.6

(1) Includes subordinated debts, Eurobonds issued and domestic bonds issued.
(2) Includes term deposits of other banks and term deposits of the CBR, correspondent accounts and overnight placements of other banks.

The increase in interest expense for the nine months ended 30 September 2013 compared to the nine months ended 30 September 2012 by 5,905 million roubles, or 10.1 per cent., from 58,747 million roubles for the nine months ended 30 September 2012 to 64,652 million roubles for the nine months ended 30 September 2013 was primarily due to the increase in interest expense on customer accounts by 2,957 million roubles, or 11.0 per cent., from 26,793 million roubles for the nine months ended 30 September 2012 to 29,750 million roubles for the nine months ended 30 September 2013 and in interest expense on bonds issued and subordinated debts by 2,722 million roubles from 24,274 million roubles for the nine months ended 30 September 2012 to 26,996 million roubles for the nine months ended 30 September 2013.

The increase in interest expense on customer accounts for the nine months ended 30 September 2013 compared to the nine months ended 30 September 2012 was primarily a result of an increase in interest expenses on term deposits of individuals from 6,344 million roubles for the nine months ended 30 September 2012 to 9,543 million roubles for the nine months ended 30 September 2013. Interest expense on term deposits of individuals increased for the nine months ended 30 September 2013 compared to the corresponding period of 2012, due to both an increase in the volume of term deposits of individuals, and an increase in the average interest rate on the average balance of term deposits of individuals, which increased from 6.2 per cent. for the nine months ended 30 September 2012 to 7.4 per cent. for the nine months ended 30 September 2013.

The RAB Group actively solicited deposits from State and political organisations through auction processes in the first nine months of 2013 compared to the corresponding period of 2012 and as a result was able to maintain a relatively stable average balance of term deposits of legal entities while achieving a slightly lower cost of funding on such deposits.

Interest expense on bonds issued and subordinated debt increased for the nine months ended 30 September 2013 compared to the corresponding period of 2012 due to an increase in the average balance of bonds issued and subordinated debts by 56,775 million roubles from 443,384 million roubles for the nine months ended 30 September 2012 to 500,159 million roubles for the nine months ended 30 September 2013, reflecting increased volumes of borrowings, partially offset by a decrease in the average interest rate on the average balances of bonds issued and subordinated debts.

Net Interest Income before Provision for Loan Impairment and Net Interest Margin

Net interest income before provision for loan impairment increased by 7,013 million roubles, or 17.1 per cent., to 48,113 million roubles for the nine months ended 30 September 2013 from 41,100 million roubles for the nine months ended 30 September 2012.

The RAB Group's net interest margin, defined, in respect of the nine months ended 30 September 2013 and 30 September 2012, as net interest income for the period multiplied by 4/3 expressed as a percentage of the average balance of total interest-earning assets, was 4.7 per cent. for the nine months ended 30 September 2013 and 4.6 per cent. for the nine months ended 30 September 2012. The increase in net interest margin in the nine months ended 30 September 2013 as compared to the nine months ended 30 September 2012 was mainly due to a higher proportional increase in the average balance of total interest-earning assets compared to the average balance of total interest-bearing liabilities when compared to the prior period. The increase in average balances of total interest-earning assets was primarily attributable to an increase in the average balance of loans and advances to customers from 958,348 million roubles for the nine months ended 30 September 2012 to 1,153,344 million roubles for the nine months ended 30 September 2013.

The RAB Group's net interest spread, defined as the difference between the average annualised interest rate on the average balance of total interest-earning assets and the average annualised interest rate on the average balance of total interest-bearing liabilities, was 4.3 per cent. for the nine months ended 30 September 2013 as compared to 4.4 per cent. for the nine months ended 30 September 2012. The decrease in net interest spread for the nine months ended 30 September 2013 as compared to the nine months ended 30 September 2012 was principally attributable to the decrease in the average interest rate earned on the average balance of total interest-bearing assets to 11.0 per cent. for the nine months ended 30 September 2013 from 11.2 per cent. for the nine months ended 30 September 2012 while the average interest rate charged on the average balance of total interest-bearing liabilities slightly decreased to 6.7 per cent. for the nine months ended 30 September 2013 from 6.8 per cent. for the nine months ended 30 September 2012.

Provision for Loan Impairment

Provision for loan impairment consists of provision for loan impairment for loans and advances to customers and provision for loan impairment for due from other banks.

The following table sets forth movements in the RAB Group's provision for loan impairment relating to the RAB Group's gross loans and advances to customers for the nine months ended 30 September 2013 and 30 September 2012.

	As of or for the nine months ended 30 September	
	2013	2012
	(in millions of roubles, except percentages)	
	(unaudited)	
Provision for loan impairment at 1 January	**97,365**	**75,911**
Provision for loan impairment during the period	20,570	29,577
Provision for loans sold during the period	(471)	(887)
Loans and advances to customers written off during the period as uncollectible	(2,737)	(1,370)
Disposal of subsidiaries	(448)	-
Provision for loan impairment at 30 September	**114,279**	**103,231**
Gross loans and advances to customers	**1,336,325**	**1,101,966**
Provision for loan impairment as a percentage of gross loans and advances to customers as of 30 September (in %)	8.6	9.4

As of 30 September 2013, provision for loan impairment as a proportion of gross loans and advances to customers was 8.6 per cent., compared to 9.4 per cent. as of 30 September 2012. Provision for loan impairment in 2012 was negatively affected by the decreased creditworthiness of borrowers due to the severe drought in 2012 in 20 Russian regions, which damaged approximately six million hectares of crops and the outbreak of African swine fever in the same period in 26 Russian regions, which resulted in the death of over half a million livestock. In 2013 heavy rains in the Far-Eastern federal district resulted in floods that caused serious damages to several regions where the Group's branches, clients and borrowers are located. While flooding adversely affected borrowers and led to provisions, the overall level of provisions for loan impairment during the nine months ended 30 September 2013 decreased as compared to the corresponding period in 2012.

As of 30 September 2013, non-performing loans (calculated based on estimates by RAB's management) as a proportion of loans and advances to customers (before impairment) was 10.4 per cent. which was an increase from 9.1 per cent. as of 31 December 2012. The primary reason for the increase was challenging climatic conditions, specifically the heavy rains in the Far-Eastern federal district in 2013.

Non-interest income and expense

The following table sets forth the principal components of the RAB Group's non-interest income and expense for the nine months ended 30 September 2013 and 30 September 2012.

	For the nine months ended 30 September		Change from prior period
	2013	2012	
	(in millions of roubles)		*(percentages)*
	(unaudited)		
Non-interest income and expense			
Fee and commission income	6,663	4,817	38.3
Gains less losses /(Losses net of gains) from derivative financial instruments	4,124	(3,330)	(223.8)
Gains from non-banking activities	3,769	4,527	(16.7)
(Loss)/gain on disposals of subsidiaries	(551)	135	(508.1)
Other operating income	291	216	34.7
Gains less losses/(Losses net of gains) from investment securities available for sale	51	(262)	(119.5)
(Losses net of gains)/Gains less losses from dealings in foreign currencies	(97)	4,433	(102.2)
Gains less losses from trading securities	31	4	675.0
Losses net of gains from early redemption of bonds issued and subordinated debts	(34)	(11)	209.1

	For the nine months ended 30 September		Change from prior period
	2013	2012	
	(in millions of roubles)		*(percentages)*
	(unaudited)		
Losses net of gains from investment securities held to maturity	-	(44)	(100.0)
Provision for other assets impairment	(171)	(370)	(53.8)
(Losses net of gains)/Gains less losses from financial instruments designated at fair value through profit or loss	(326)	1,757	(118.6)
Fee and commission expense	(637)	(544)	17.1
Losses from non-banking activities	(4,652)	(6,970)	(33.3)
Foreign exchange translation (losses net of gains)/gains less losses	(8,627)	1,946	(543.3)
Administrative and other operating expenses	(26,573)	(24,416)	8.8
Total non-interest expense less income	**(26,739)**	**(18,112)**	47.6

Net effect of changes in line items related to currency fluctuations and foreign exchange operations of the RAB Group

The following table sets forth a summary of the RAB Group's gains less losses from dealing in foreign currency, gains less losses from derivative financial instruments and foreign exchange translation losses net of gains for the nine months ended 30 September 2013 and 30 September 2012.

	For the nine months ended 30 September		Change from prior period
	2013	2012	
	(in millions of roubles)		*(percentages)*
	(unaudited)		
Gains less losses /(Losses net of gains) from derivative financial instruments	4,124	(3,330)	(223.8)
(Losses net of gains)/Gains less losses from dealings in foreign currencies	(97)	4,433	(102.2)
Foreign exchange translation (losses net of gains)/gains less losses	(8,627)	1,946	(543.3)

The net effect of gains less losses from derivative financial instruments, losses net of gains from dealing in foreign currencies, and foreign exchange translation losses net of gains resulted in a net loss of 4,600 million roubles for the nine months ended 30 September 2013, as compared with a net gain (net effect of losses net of gains from derivative financial instruments, gains net of losses from dealing in foreign currencies, and foreign exchange translation gains less losses) of 3,049 million roubles for the nine months ended 30 September 2012. The RAB Group recorded foreign exchange translation losses net of gains of 8,627 million roubles for the nine months ended 30 September 2013, compared to foreign exchange translation gains less losses of 1,946 million roubles in the nine months ended 30 September 2012.

The net loss in the nine months ended 30 September 2013 arose primarily from the losses net of gains from foreign exchange translation and reflected the depreciation of the rouble against the U.S. dollar during the nine months ended 30 September 2013, resulting in an increase in the value of the RAB Group's U.S. dollar-denominated liabilities when translated into roubles, compared to an appreciation of the rouble against the U.S. dollar during the nine months ended 30 September 2012, resulting in a decrease in the value of the RAB Group's U.S. dollar-denominated liabilities when translated into roubles.

Fee and commission income and expense

The increase in total fee and commission income in the nine months ended 30 September 2013 by 1,846 million roubles, or 38.3 per cent., to 6,663 million roubles for the nine months ended 30 September 2013 from 4,817 million roubles for the nine months ended 30 September 2012 was principally a result of increasing agency fees attributable to increased sale of insurance contracts and commission on cash transactions.

Total fee and commission expense increased by 93 million roubles, or 17.1 per cent., to 637 million roubles in the nine months ended 30 September 2013 from 544 million roubles in the nine months ended 30 September 2012. The increase was mainly due to the increase in commission on cash collection and commission on settlement transactions which were partially offset by a decrease in commission on cash transactions.

Losses net of gains or gains less losses from financial instruments designated at fair value through profit or loss

The RAB Group incurred losses net of gains from financial instruments designated at fair value through profit or loss of 326 million roubles for the nine months ended 30 September 2013, compared to gains less losses from financial instruments designated at fair value through profit or loss of 1,757 million roubles for the nine months ended 30 September 2012 due to changes in the fair value of such instruments.

Losses net of gains from non-banking activities

The following table sets out the components of the RAB Group's losses net of gains from non-banking activities for the nine months ended 30 September 2013 and 30 September 2012:

	For the nine months ended 30 September		**Change from prior period**
	2013	**2012**	
	(in millions of roubles)		*(percentages)*
	(unaudited)		
Sales of goods	2,377	3,391	(29.9)
Costs of goods sold	(2,595)	(3,438)	(24.5)
Net income from insurance operations	266	187	42.2
Impairment charge of trade receivables and prepayment	(395)	(1,256)	(68.6)
Other non-banking income	584	830	(29.6)
Other non-banking expenses	(1,120)	(2,157)	(48.1)
Total losses net of gains from non-banking activities	**(883)**	**(2,443)**	**(63.9)**

The RAB Group's losses net of gains from non-banking activities decreased by 1,560 million roubles, or 63.9 per cent., to 883 million roubles for the nine months ended 30 September 2013 from 2,443 million roubles for the nine months ended 30 September 2012. The decrease was primarily due to the decreases in other non-banking expenses, non-production expenses of other subsidiaries and impairment charge against trade receivables and prepayment.

Profit/(Loss) for the Period

As a result of the foregoing, the RAB Group's profit amounted to 959 million roubles for the nine months ended 30 September 2013 as compared to a loss in the amount of 5,534 million roubles for the nine months ended 30 September 2012.

Liquidity and Capital Resources

Liquidity

The RAB Group's liquidity needs arise primarily from making loans and advances to customers, principally in the agricultural sector and related sub-sectors. The RAB Group's liquidity needs have been funded largely through (1) customer accounts (consisting of client's balances in current accounts and term deposits), (2) bonds issued (including proceeds from the issuance of U.S. dollar, Swiss franc, Chinese yuan, rouble-denominated Eurobonds and rouble-denominated domestic bonds), (3) promissory notes issued and deposit certificates, (4) interbank borrowings (including borrowings from the CBR), (5) subordinated debts and (6) capital contributions from the Russian Government.

Cash Flows

The following table sets forth the RAB Group's main sources and uses of cash for the nine months ended 30 September 2013 and 30 September 2012.

	For the nine months ended 30 September	
	2013	2012
	(in millions of roubles)	
	(unaudited)	
Cash flows from operating activities before changes in operating assets and liabilities	14,394	23,314
Net cash used in operating activities	(18,675)	(141,114)
Net cash (used in)/from investing activities	(26,643)	15,500
Net cash from financing activities..	4,771	92,457
Effect of exchange rate changes on cash and cash equivalents	2,548	(5,461)
Net decrease in cash and cash equivalents	(38,131)	(38,653)
Cash and cash equivalents at the end of the period	68,211	95,306

For the nine months ended 30 September 2013, net cash used in operating activities was 18,675 million roubles, as compared to 141,114 million roubles for the nine months ended 30 September 2012. The decrease in net cash used in operating activities in the nine months ended 30 September 2013 as compared to the nine months ended 30 September 2012 principally reflected changes in operating assets and liabilities, and in particular, a net increase in customer accounts of 117,543 million roubles during the nine months ended 30 September 2013 as compared to a net decrease in customer accounts in the amount of 71,167 million roubles for the nine months ended 30 September 2012. The increase in customer accounts in the nine months ended 30 September 2013 as compared to the nine months ended 30 September 2012 was mainly a result of an increase in term deposits of state and public organisations and term deposits of individuals.

The RAB Group recorded net cash used in investing activities for the nine months ended 30 September 2013 in the amount of 26,643 million roubles as compared to net cash from investing activities in the amount of 15,500 million roubles for the nine months ended 30 September 2012. This result was mainly due to an increase in acquisitions of investment securities available for sale to 98,377 million roubles for the nine months ended 30 September 2013 from 52,039 million roubles for the nine months ended 30 September 2012. The cash used in acquisitions of investment securities available for sale for the nine months ended 2013 mainly reflects the RAB Group's acquisition of corporate Eurobonds and Federal loan bonds (*Obligatsyi Federal'novo Zaima*, or "OFZ").

The RAB Group's net cash from financing activities amounted to 4,771 million roubles for the nine months ended 30 September 2013 as compared to net cash from financing activities in the amount of 92,457 million roubles for the nine months ended 30 September 2012. The decrease in net cash from financing activities was principally due to an increase in repayments of bonds issued from 4,858 million roubles for the nine months ended 30 September 2012 as compared to 64,715 million roubles for the nine months ended 30 September 2013 as well as lower proceeds from bonds issued in the nine months ended 30 September 2013 compared to the nine months ended 30 September 2012.

Funding

The principal sources of funding for the RAB Group are (1) customer accounts (consisting of client balances in current accounts and term deposits), (2) debt securities issued (including proceeds from the issuance of U.S. dollar, Swiss franc, Chinese yuan and rouble-denominated Eurobonds and rouble-denominated domestic bonds), (3) promissory notes issued and deposit certificates, (4) interbank borrowings (including borrowings from the CBR), (5) subordinated debts and (6) capital contributions from the Russian Government.

The following table sets forth the RAB Group's sources of funding, other than capital contributions from the Russian Government, as of 30 September 2013 and 31 December 2012.

	As of 30 September 2013		As of 31 December 2012	
	Amount	% of total	Amount	% of total
	(in millions of roubles, except percentages)			
	(unaudited)			
Customer accounts				
Term deposits	581,671	44.1	449,485	37.0

	As of 30 September 2013		As of 31 December 2012	
	Amount	% of total	Amount	% of total
	(in millions of roubles, except percentages)			
	(unaudited)			
Current/demand/settlement accounts	97,143	7.4	107,991	8.9
Total for customer accounts	**678,814**	**51.5**	**557,476**	**45.9**
Due to other banks				
Term borrowings from other banks	78,180	5.9	125,770	10.4
Term borrowings from the CBR	25,305	1.9	10,022	0.8
Correspondent accounts and overnight placement of other banks	3,327	0.3	551	0.1
Total for due to other banks	**106,812**	**8.1**	**136,343**	**11.3**
Promissory notes issued				
Promissory notes issued	16,101	1.2	23,234	1.9
Total for promissory notes issued	**16,101**	**1.2**	**23,234**	**1.9**
Other				
Subordinated debts	57,572	4.4	55,274	4.6
Bonds issued[(1)]	459,026	34.8	440,866	36.3
Total for other	**516,598**	**39.2**	**496,140**	**40.9**
Total for all categories of funding	**1,318,325**	**100.0**	**1,213,193**	**100.0**

(1) This line item is referred to as "Debt securities issued" in the 2012 Financial Statements.

Customer Accounts

Customer accounts continue to be one of the RAB Group's main sources of funding.

The following table sets forth the RAB Group's customer accounts by type of depositor and deposit as of 30 September 2013 and 31 December 2012.

	As of 30 September 2013		As of 31 December 2012	
	Amount	% of total	Amount	% of total
	(in millions of roubles, except percentages)			
	(unaudited)			
State and public organisations[(1)]				
Term deposits	189,783	28.0	67,549	12.1
Current/settlement accounts	5,016	0.7	9,672	1.7
Other legal entities				
Term deposits	205,327	30.2	226,981	40.7
Current/settlement accounts	60,460	8.9	65,379	11.8
Individuals				
Term deposits	186,561	27.5	154,955	27.8
Current/demand accounts	31,667	4.7	32,940	5.9
Total customer accounts	**678,814**	**100.0**	**557,476**	**100.0**

(1) State and public organisations exclude state-controlled companies.

As of 30 September 2013, customer accounts held with the RAB Group amounted to 678,814 million roubles, which represented 51.0 per cent. of the RAB Group's total liabilities, as compared to 557,476 million roubles as of 31 December 2012, representing 45.3 per cent. of the RAB Group's total liabilities.

The following table sets forth the RAB Group's customer accounts by sector as of 30 September 2013 and 31 December 2012.

	As of 30 September 2013		As of 31 December 2012	
	Amount	% of total	Amount	% of total
	(in millions of roubles, except percentages)			
	(unaudited)			
Individuals	218,228	32.1	187,895	33.7
State and public organisations	194,799	28.7	77,221	13.9
Financial services and pension funds	123,626	18.2	121,474	21.8
Agriculture	28,943	4.3	36,189	6.5
Insurance	26,946	4.0	35,579	6.4
Manufacturing	26,280	3.9	25,382	4.5
Trading	18,052	2.6	18,292	3.3
Construction	9,383	1.4	17,766	3.2
Telecommunication	6,523	1.0	5,605	1.0
Leasing	818	0.1	1,591	0.3
Other	25,216	3.7	30,482	5.4
Total customer accounts	**678,814**	**100.0**	**557,476**	**100.0**

As of 30 September 2013, 32.1 per cent. of the aggregate balance of all customer accounts of the RAB Group was held by individuals, 28.7 per cent. by state and public organisations and 18.2 per cent. by financial services and pension funds.

As of 30 September 2013, customer accounts held by individuals increased by 30,333 million roubles, or 16.1 per cent., to 218,228 million roubles from 187,895 million roubles as of 31 December 2012. The increase in customer accounts held by individuals as of 30 September 2013 as compared to 31 December 2012 can be attributed, in management's view, to the greater perceived reliability of state-owned banks among the Russian population, with many privately-owned Russian banks experiencing a large volume of deposit withdrawals after the global financial and economic crisis. Also during this period, the RAB Group sought to attract deposits by increasing the average interest rates paid on term deposits of individuals.

Customer accounts of state and public organisations increased by 117,578 million roubles, or 152.3 per cent., to 194,799 million roubles as of 30 September 2013 from 77,221 million roubles as of 31 December 2012. The increase as of 30 September 2013 as compared to 31 December 2012 in customer accounts of State and public organisations was due to the RAB Group's actively seeking to attract deposits of federal and municipal organisations primarily through auction processes.

Bonds Issued

As of 30 September 2013, the RAB Group's bonds issued amounted to 459,026 million roubles and included U.S. dollar-denominated, Swiss franc-denominated, Chinese yuan-denominated and rouble-denominated Eurobonds that were issued by the RAB Group through the Issuer in the total amount of 297,419 million roubles, as well as rouble-denominated bonds issued in the domestic market by the RAB Group through RAB in the total amount of 161,607 million roubles.

The following table sets forth certain information on the RAB Group's outstanding Eurobond issues and rouble-denominated bonds as of 30 September 2013 (unaudited):

Currency of denomination	Nominal value, in millions of relevant currency units, in circulation	Issue date	Maturity date	Put option date	Annual coupon rate	Coupon payment frequency
Eurobond issues						
U.S. dollars	1,148	14 May 2007	15 May 2017	—	6.299%	6 months
U.S. dollars						
- tranche A	702	29 May 2008	14 January 2014	—	7.125%	6 months
- tranche B	901	29 May 2008	29 May 2018	—	7.750%	6 months
U.S. dollars	1,000	11 June 2009	11 June 2014	—	9.000%	6 months
Russian roubles	20,000	17 March 2011	17 March 2016	—	8.700%	6 months
Russian roubles	12,000	20 April 2011	17 March 2016	—	8.700%	6 months

Currency of denomination	Nominal value, in millions of relevant currency units, in circulation	Issue date	Maturity date	Put option date	Annual coupon rate	Coupon payment frequency
Russian roubles	20,000	23 November 2011	23 November 2016	—	7.400%	6 months
Russian roubles	10,000	17 February 2012	17 February 2017	—	8.625%	6 months
U.S. dollars	500	27 June 2012	27 December 2017	—	5.298%	6 months
U.S. dollars	350	5 July 2012	27 December 2017	—	5.298%	6 months
Russian roubles	10,000	26 July 2012	17 February 2017	—	8.625%	6 months
Swiss Francs	450	17 August 2012	17 August 2015	—	3.125%	1 year
U.S. dollars	450	31 August 2012	27 December 2017	—	5.298%	6 months
Chinese yuan	1,000	4 February 2013	4 February 2016	—	3.600%	6 months
Russian roubles	10,000	7 February 2013	7 February 2018	—	7.875%	6 months
U.S. dollars	800	25 July 2013	25 July 2018	—	5.100%	6 months
Bonds issued in domestic market						
Russian roubles	10,000	22 February 2007	9 February 2017	17 February 2014	9.250%	6 months
Russian roubles	10,000	11 October 2007	27 September 2017	4 October 2013	7.500%	6 months
Russian roubles	5,000	22 February 2008	9 February 2018	19 August 2014	7.800%	6 months
Russian roubles	3,300	17 June 2008	5 June 2018	10 December 2015	7.850%	6 months
Russian roubles	10,000	10 December 2008	27 November 2018	5 December 2013	8.750%	6 months
Russian roubles	5,000	26 November 2009	14 November 2019	26 May 2014	8.400%	6 months
Russian roubles	5,000	26 November 2009	14 November 2019	26 May 2014	8.400%	6 months
Russian roubles	10,000	10 February 2010	29 October 2013	—	8.200%	6 months
Russian roubles	5,000	11 February 2010	29 January 2020	6 February 2015	8.200%	6 months
Russian roubles	5,000	12 February 2010	30 January 2020	2 February 2015	8.200%	6 months
Russian roubles	10,000	12 July 2011	29 June 2021	9 July 2015	7.700%	6 months
Russian roubles	5,000	14 July 2011	1 July 2021	13 July 2015	7.700%	6 months
Russian roubles	5,000	15 July 2011	2 July 2021	14 July 2015	7.700%	6 months
Russian roubles	10,000	8 November 2011	26 October 2021	7 November 2013	8.750%	6 months
Russian roubles	5,000	7 February 2012	3 February 2015	—	7.700%	6 months
Russian roubles	5,000	9 February 2012	5 February 2015	—	7.700%	6 months
Russian roubles	10,000	16 April 2012	4 April 2022	15 April 2015	8.550%	6 months
Russian roubles	10,000	23 October 2012	11 October 2022	23 October 2014	8.350%	6 months
Russian roubles	5,000	25 October 2012	13 October 2022	27 October 2014	8.350%	6 months
Russian roubles	10,000	23 April 2013	11 April 2023	21 April 2016	7.990%	6 months
Russian roubles	10,000	30 July 2013	11 April 2023	30 July 2023	7.850%	6 months
Russian roubles	5,000	30 September 2013	28 September 2016	—	7.900%	6 months

All of the Eurobond issues included in the table above are loan participation notes issued by the Issuer, and all loan participation notes issued by the Issuer are included as bonds issued by the RAB Group in the Interim Financial Statements.

In October 2013, RSHB Capital S.A. issued U.S.$500 million of loan participation notes for the purpose of financing a subordinated loan to RAB, which mature in October 2023 with interest paid semi-annually at the rate of 8.50 per cent. per annum. In November 2013, the CBR qualified the loan as "subordinated" for Russian regulatory capital purposes and allowed its inclusion in RAB's Tier 2 (supplemental) capital (or "*dopolnitelniy kapital*"). The subordinated loan also matures in October 2023.

In October 2013, the Group repaid at maturity bonds denominated in roubles issued in November 2010 on the domestic market in the amount of 10,000 million roubles.

In November 2013, the RAB Group issued domestic bonds in the amount of 5,000 million roubles maturing in November 2023 with semi-annual payments of interest at a rate of 8.10 per cent. per annum for the first six semi-annual interest periods. The RAB Group has the 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 RAB Group to repurchase the bonds.

In December 2013, the Group repaid bonds denominated in roubles issued on the domestic market in the amount of 7,769 million roubles at the put option date.

In January 2014, the Group repaid at maturity tranche A loan participation notes originally issued in the aggregate principal amount of U.S.$750 million in May 2008.

In February 2014, the Group bought back bonds denominated in roubles issued on the domestic market in the amount of 7,027 million roubles at the put option date.

Interbank Borrowing (Due to Other Banks)

The following table sets forth the RAB Group's amounts due to other banks as of 30 September 2013 and 31 December 2012.

	As of 30 September 2013	As of 31 December 2012
	(in millions of roubles)	
	(unaudited)	
Borrowings from other banks with term to maturity:		
- sale and repurchase agreements less than 30 days	536	-
- sale and repurchase agreements from 31 to 180 days	7,763	-
- sale and repurchase agreements from 181 days to 1 year	9,076	17,161
- less than 30 days	33,413	33,100
- from 31 to 180 days	7,594	32,538
- from 181 days to 1 year	7,665	23,783
- from 1 year to 3 years	4,294	5,526
- more than 3 years	7,839	13,662
Borrowings from the CBRF with term to maturity:		
- sale and repurchase agreements less than 30 days	24,904	-
- less than 30 days	1	22
- from 31 to 180 days	-	10,000
from 181 days to 1 year	400	-
Correspondent accounts and overnight placements of other banks	3,327	551
Total due to other banks	**106,812**	**136,343**

As of 30 September 2013, the total amount of due to other banks was 106,812 million roubles, representing 8.0 per cent. of the RAB Group's total liabilities as compared to 136,343 million roubles, or 11.1 per cent. of the RAB Group's total liabilities as of 31 December 2012.

As of 30 September 2013, the RAB Group had balances due to the CBR in the total amount of 25,305 million roubles, or 23.7 per cent. of the total due to other banks, as compared to balances due to the CBR in the total amount of 10,022 million roubles, or 7.4 per cent. of the total due to other banks, as of 31 December 2012.

Subordinated Debts

As of 30 September 2013, subordinated debts of the RAB Group totalled 57,572 million roubles as compared to 55,274 million roubles as of 31 December 2012. In October 2013, RSHB Capital S.A. issued U.S.$500 million of loan participation notes for the purpose of financing a subordinated loan to RAB, which mature in October 2023 with interest paid semi-annually at the rate of 8.50 per cent. per annum. In November 2013, the CBR qualified the loan as "subordinated" for Russian regulatory capital purposes and allowed its inclusion in RAB's Tier 2 (supplemental) capital (or "*dopolnitelniy kapital*"). The subordinated loan also matures in October 2023.

Assets

Set forth below are discussions of the RAB Group's loan portfolio, securities portfolio (trading securities, investment securities pledged under repurchase agreements, investment securities available for sale, investment securities held to maturity), interbank borrowings (due from other banks), financial instruments designated at fair value through profit or loss, and assets of the disposal groups classified as held for sale.

Loan Portfolio

The following table sets forth information on the RAB Group's loans and advances to customers by type of borrower as of 30 September 2013 and 31 December 2012.

	As of 30 September 2013		As of 31 December 2012	
	Amount	% of total	Amount	% of total
	(in millions of roubles, except percentages)			
	(unaudited)			
Loans to legal entities				
- Loans to corporates	1,082,328	81.0	946,315	81.0
- Lending for food interventions[1]	9,579	0.7	21,794	1.9
- Deals with securities purchased under "reverse-repo agreements"	2,806	0.2	-	-
- Investments in agricultural cooperatives	391	0.0	396	0.0
Loans to individuals	241,221	18.1	199,572	17.1
Total loans and advances to customers (before impairment)	**1,336,325**	**100.0**	**1,168,077**	**100.0**
Less: Provision for loan impairment	(114,279)		(97,365)	
Total loans and advances to customers	**1,222,046**		**1,070,712**	

(1) As of 30 September 2013 and 31 December 2012, lending for food intervention is represented by loans to a company owned by the federal government of the Russian Federation.

The increases in the overall loan portfolio of the RAB Group as of 30 September 2013 compared to 31 December 2012 reflected the RAB Group's strategy of growing its loan portfolio.

The following table sets forth information on the RAB Group's loans and advances to customers before provision for loan impairment by sector as of 30 September 2013 and 31 December 2012.

	As of 30 September 2013		As of 31 December 2012	
	Amount	% of total	Amount	% of total
	(in millions of roubles, except percentages)			
	(unaudited)			
Loans				
Agriculture	669,612	50.1	613,089	52.4
Individuals	241,221	18.1	199,572	17.1
Manufacturing	177,947	13.3	150,113	12.9
Trading	113,390	8.5	103,387	8.9
Construction	41,960	3.1	40,169	3.4
Other	92,195	6.9	61,747	5.3
Total loans and advances to customers (before impairment)	**1,336,325**	**100.0**	**1,168,077**	**100.0**

The following table sets forth the RAB Group's net loan portfolio (loans and advances to customers, net of provision for loan impairment) by remaining maturity as of 30 September 2013 and 31 December 2012.

	As of 30 September 2013		As of 31 December 2012	
	Amount	% of total	Amount	% of total
	(in millions of roubles, except percentages)			
	(unaudited)			
Demand and less than 1 month	211,456	17.3	143,692	13.4
From 1 to 6 months	212,902	17.4	241,670	22.6
From 6 to 12 months	185,434	15.2	188,281	17.6
Over 12 months	612,254	50.1	497,069	46.4
Total loans and advances to customers	**1,222,046**	**100.0**	**1,070,712**	**100.0**

The following table sets forth the RAB Group's net loan portfolio (loans and advances to customers, net of provision for loan impairment) by currency as of 30 September 2013 and 31 December 2012.

	As of 30 September 2013		As of 31 December 2012	
	Amount	% of total	Amount	% of total
	(in millions of roubles, except percentages)			
	(unaudited)			
Roubles	1,145,262	93.7	1,030,312	96.2
U.S. dollars	68,675	5.7	33,320	3.1
Euro	7,872	0.6	7,046	0.7
Other	237	0.0	34	0.0
Total loans and advances to customers	**1,222,046**	**100.0**	**1,070,712**	**100.0**

The following table sets forth an analysis of movements in the provision for loan impairment for the nine months ended 30 September 2013 and 30 September 2012.

	Nine months ended 30 September 2013				Nine months ended 30 September 2012			
	Loans to corporates	Investments in agricultural cooperatives	Loans to individuals	Total	Loans to corporates	Investments in agricultural cooperatives	Loans to individuals	Total
	(in millions of roubles)							
	(unaudited)							
Provision for loan impairment as of 1 January	**92,257**	**16**	**5,092**	**97,365**	**73,084**	**18**	**2,809**	**75,911**
Provision/(recovery of provision) for loan impairment during the period	17,102	33	3,435	20,570	27,907	(1)	1,671	29,577
Provision for loans sold during the period	(471)	-	-	(471)	(887)	-	-	(887)
Loans and advances to customers written off during the period as uncollectible	(2,716)	-	(21)	(2,737)	(1,362)	-	(8)	(1,370)
Disposal of subsidiaries	(448)	-	-	(448)	-	-	-	-
Provision for loan impairment as of 30 September	**105,724**	**49**	**8,506**	**114,279**	**98,742**	**17**	**4,472**	**103,231**

No provision for impairment for "Lending for food interventions" and "Reverse repo agreement" was recorded as of 30 September 2013, 31 December 2012 or 30 September 2012.

Securities Portfolio

The following table sets forth information on the RAB Group's securities portfolio as of 30 September 2013 and 31 December 2012.

	As of 30 September 2013	% of total	As of 31 December 2012	% of total
	(in millions of roubles, except percentages)			
	(unaudited)			
Investment securities available for sale	56,010	45.9	44,036	39.4
Investment securities pledged under repurchase agreements(1)	49,270	40.3	20,632	18.4
Investment securities held to maturity	14,114	11.6	27,999	25.0
Trading securities	2,727	2.2	19,220	17.2
Total securities portfolio	**122,121**	**100.0**	**111,887**	**100.0**

(1) This line item is referred to as "Repurchase Receivables" in the 2012 Financial Statements.

Financial Instruments Designated at Fair Value through Profit or Loss

"Financial instruments designated at fair value through profit or loss" are not part of the RAB Group's trading book and are designated irrevocably at the initial recognition into this category. The RAB Group's management designates financial instruments into this category only if (a) such classification eliminates or significantly reduces an accounting mismatch that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases; or (b) a group of financial assets, financial liabilities or both is managed and performance of these investments is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information on that basis is regularly provided to and reviewed by the RAB Group's key management personnel.

The following table sets forth the carrying amount of the RAB Group's financial instruments designated at fair value through profit or loss as of 30 September 2013 and 31 December 2012.

	As of 30 September	As of 31 December
	2013	**2012**
	(in millions of roubles)	
	(unaudited)	
Due from other banks	10,542	11,514
Credit Linked Notes	1,036	1,036
Total financial instruments designated at fair value through profit or loss	**11,578**	**12,550**

As of 30 September 2013 and 31 December 2012, the international credit ratings of issuers of the notes and of counterparty banks were not less than BB-, as rated by S&P.

No additional financial instruments designated at fair value through profit or loss were recognised as at 30 September 2013.

In March 2013, the RAB Group received funds originally placed in April 2010 under a contract with an embedded derivative linked to the credit risk of a quasi-sovereign issuer. Funds were placed with one OECD bank in the amount of U.S.$40 million (equivalent to 1,230 million roubles) as of the maturity date and an interest rate of 10.3 per cent. per annum. See Note 5 to the Interim Financial Statements included in the Base Prospectus Supplement, which is incorporated by reference herein, for further information on the RAB Group's financial instruments designated at fair value through profit or loss.

Disposal Groups Classified as Held for Sale

As of 30 September 2013 and 31 December 2012, the major classes of assets of the disposal groups held for sale are:

	As of 30 September	As of 31 December
	2013	**2012**
	(in millions of roubles)	
	(unaudited)	
Premises and equipment	3,078	3,032
Trade receivables	1,056	957
Inventory	687	792
Loans and advances to customers	20	117
Cash and cash equivalents	4	6
Other	493	434
Total assets of the disposal groups held for sale	**5,338**	**5,338**

The table below sets forth the major classes of liabilities directly associated with the disposal groups held for sale as of 30 September 2013 and 31 December 2012.

	As of 30 September 2013	As of 31 December 2012
	(in millions of roubles)	
	(unaudited)	
Trade payables	547	731
Deferred income tax liability	274	280
Due to other banks	-	7

	As of 30 September 2013	As of 31 December 2012
	(in millions of roubles)	
	(unaudited)	
Other	448	392
Total liabilities directly associated with the disposal groups held for sale	**1,269**	**1,410**

Capital Adequacy

Basel Capital Adequacy

RAB's capital adequacy ratio ("**CAR**") is calculated in accordance with the international framework for capital measurement and capital standards for banking institutions set by the Basel Committee on Banking Supervision. Since 2010, the RAB Group has calculated the value of the CAR based on Basel II.

The following table sets forth the principal components of RAB's CAR as of 30 September 2013 and 31 December 2012, calculated on the basis of the RAB Group's IFRS financial information.

	As of 30 September 2013	As of 31 December 2012
	(in millions of roubles, except percentages)	
	(unaudited)	
Tier I capital		
Share capital	188,798	188,798
Retained earnings	8,059	7,117
Goodwill	(8)	(8)
Total Tier I capital	**196,849**	**195,907**
Tier II capital		
Revaluation reserves	576	999
Subordinated debts	55,565	54,335
Total Tier II capital	**56,141**	**55,344**
Total capital	**252,990**	**251,241**
Total Risk-Weighted Assets[(1)] (unaudited)	**1,548,423**	**1,559,999**
Basel II Capital Adequacy Ratios (unaudited)		
Total Tier I capital divided by total risk-weighted assets (in %)	12.7	12.6
Risk Adjusted Capital Ratio (in %)[(2)]	16.3	16.1

(1) Total risk-weighted assets are determined by multiplying the capital requirement for market risk and operational risk by 12.5 and adding the resulting figures to the sum of risk-weighted assets for credit risk. Risk-weighted assets for credit risk are calculated as the sum of weighted banking and trading book values. Banking book value takes into account assets and off-balance sheet exposure weighted according to credit risk and is calculated as the sum of the values of assets and off-balance sheet items after each such value is multiplied by the relevant risk factor. Weighting factors for assets and conversion factors for off-balance sheet items are determined in accordance with the Basel framework. Trading book value takes into account assets and off-balance sheet exposure weighted according to market risks, i.e. interest rate, equity, and commodity risks. RAB uses the standardised approach to market risks assessment, which involves separate assessment of specific and general market risks.

(2) Total Tier I capital plus total Tier II capital divided by total risk-weighted assets.

Capital Adequacy under CBR Regulations

Regulation 395-P, which applies for prudential purposes from 1 January 2014, distinguishes between core capital (Tier 1 capital, or "*osnovnoi kapital*") and supplemental capital (Tier 2 capital, or "*dopolnitelniy kapital*") (together, own funds or regulatory capital). Core capital is further divided into base capital (CET 1, or "*bazovyi kapital*") and additional capital (additional Tier 1 capital, or "*dobavochnyi kapital*").

RAB's capital adequacy ratios under Regulation No. 395-P are calculated by the RAB Group's management. The underlying components of such ratios are calculated in accordance with Russian Accounting Standards ("**RAS**"), and are derived from RAB's standalone financial statements prepared in accordance with RAS. Financial information calculated under RAS differs materially from, and is not comparable to, financial information calculated under IFRS. RAB's management believes that RAB is in compliance with the applicable capital adequacy ratios.

Contingencies and Commitments

Certain commitments and contingencies are anticipated by the RAB Group.

Legal Proceedings

From time to time in the normal course of business, claims against the RAB Group are received. As of 30 September 2013, based on its own estimates and both internal and external professional advice, the RAB 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 the Interim Financial Statements.

Tax Contingencies

Russian tax and customs legislation which was enacted or substantively enacted on 30 September 2013 is subject to varying interpretations when being applied to the transactions and activities of the RAB 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 non-compliant 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 on 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 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 implementation practices for the new Russian transfer pricing rules have not yet developed, the consequences of any challenge of the RAB Group's transfer prices cannot be reliably estimated, and may have an impact on the financial condition and/or the overall operations of the RAB Group.

The management of the RAB Group believes that its interpretation of the relevant legislation is appropriate and that the RAB Group's tax, currency and customs positions will be sustained. Therefore, as of 30 September 2013, that management has not created any provision for potential tax liabilities.

Capital Expenditure Commitments

As of 30 September 2013, the RAB Group had contractual capital expenditure commitments of 480 million roubles, as compared to 1 million roubles as of 31 December 2012. The contractual expenditure commitments as of 30 September 2013 were mainly spent on software for the regional branches.

Contractual Obligations

Operating Lease Commitments

The table below sets forth the future minimum lease payments under non-cancellable operating leases of premises of the RAB Group, where the RAB Group is the lessee, by maturity as of 30 September 2013 and 31 December 2012.

	As of 30 September 2013	**As of 31 December 2012**
	(in millions of roubles)	
	(unaudited)	
Not later than 1 year	2,697	2,506
Later than 1 year and not later than 5 years	7,956	7,007
Later than 5 years	1,930	2,478
Total operating lease commitments	**12,583**	**11,991**

Compliance with covenants

The RAB Group is subject to certain covenants primarily relating to its borrowings. Non-compliance with such covenants may result in negative consequences for the RAB Group, including an increase in borrowing costs, an announcement of default and cross-default and cross-acceleration of financing arrangements. Management believes that the RAB Group is currently in compliance with the covenants.

Credit Related Commitments

Credit related commitments consist of undrawn credit lines, import letters of credit and issued financial guarantees. 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 RAB 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 RAB Group on behalf of a customer authorising a third party to draw drafts on the RAB Group up to a stipulated amount under specific terms and conditions, are collateralised by the underlying shipments of goods to which they relate or cash deposits and therefore carry less risk than a direct borrowing.

Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans, guarantees or letters of credit. In respect of credit risk on commitments to extend credit, the RAB 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 RAB 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.

The following table sets forth the RAB Group's outstanding credit related commitments as of 30 September 2013 and 31 December 2012.

	As of 30 September 2013	**As of 31 December 2012**
	(in millions of roubles)	
	(unaudited)	
Undrawn credit lines	43,413	29,127
Financial guarantees issued	21,695	20,535
Letters of credit	16,787	11,286
Total credit related commitments	**81,895**	**60,948**

As of 30 September 2013, the RAB Group had 81,895 million roubles of outstanding credit related commitments, as compared to 60,948 million roubles as of 31 December 2012. The increase of 34.4 per cent. or 20,947 million roubles as of 30 September 2013 as compared to 31 December 2012 was mainly due to an increase of 14,286 million roubles in the outstanding balance of undrawn credit lines as of 30 September 2013 as compared to 31 December 2012 and an increase of 5,501 million roubles in the outstanding balance of letters of credit as of 30 September 2013 as compared to 31 December 2012.

Derivative Financial Instruments

Foreign exchange derivative financial instruments entered into by the RAB Group are generally traded in an over-the-counter market with professional market counterparties on standardised contractual terms and conditions. Derivative financial instruments have potentially favourable (assets) or unfavourable (liabilities) conditions as a result of fluctuations in market interest rates, foreign exchange rates or other variables relative to their terms.

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 RAB Group's Treasury and the Capital Markets Department. Management of derivative financial instrument portfolio risks is carried out by authorized RAB Group bodies through establishing limits.

Foreign exchange swaps with original settlement dates of more than 30 working days are structured as loans issued by the RAB Group in U.S. dollars, euros, Swiss francs, Chinese yuans and Japanese yen to large OECD banks and one Russian banking group with maturities as of 30 September 2013 from October 2013 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 RAB Group.

The table below reflects gross positions in derivative financial instruments before netting of any counterparty positions at 30 September 2013 and covers contracts with settlement dates after the end of the reporting period.

	As of 30 September 2013			
	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**
	(in millions of roubles)			
	(unaudited)			
Forwards and swaps				
Currency				
- purchase RUB/sale U.S.$	193,799	(173,826)	21,003	(1,030)
- purchase U.S.$/sale RUB	15,204	(15,318)	99	(213)
- purchase EUR/sale RUB	76	(76)	-	-
- purchase U.S.$/sale EUR	2,009	(2,009)	-	-
- purchase RUB/sale EUR	921	(842)	79	-
- purchase RUB/sale JPY	4,646	(3,649)	997	-
- purchase RUB/sale CHF	16,398	(15,410)	988	-
- purchase JPY/sale GBP	104	(104)	-	-
- purchase GBP/sale JPY	104	(103)	1	-
- purchase RUB/sale CNY	5,310	(4,799)	511	-
Securities				
- interest rate swaps	1,195	(904)	291	-
Securities				
- purchase securities/sale U.S.$	33	(33)	-	-
- Purchase U.S.$/sale securities	33	(33)	-	-
Total	**239,832**	**(217,106)**	**23,969**	**(1,243)**

The table below reflects gross positions in derivative financial instruments before netting of any counterparty positions at 31 December 2012 and covers contracts with settlement dates after the end of the reporting period.

	As of 31 December 2012			
	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**
	(in millions of roubles)			
Forwards and swaps				
Currency				
- purchase RUB/sale U.S.$	214,817	(201,747)	17,742	(4,672)
- purchase U.S.$/sale RUB	33,587	(34,141)	-	(554)
- purchase EUR/sale U.S.$	1,207	(1,206)	2	(1)
- purchase U.S.$/sale EUR	1,486	(1,489)	-	(3)
- purchase RUB/sale EUR	824	(831)	-	(7)
- purchase RUB/sale JPY	4,734	(3,891)	843	-
- purchase RUB/sale CHF	15,922	(15,874)	72	(24)
Total	**272,577**	**(259,179)**	**18,659**	**(5,261)**

Significant Risk Concentrations

As of 30 September 2013, cash and cash equivalents and placement with other banks included no balances with other banks above 10.0 per cent. of the RAB Group’s equity as compared to balances with one Russian banking group (state-owned) and one foreign bank each above 10.0 per cent. of the RAB

Group's equity and rated not less than BBB (S&P) of 47,381 million roubles, or 31.1 per cent., of total cash and cash equivalents and due from other banks as of 31 December 2012.

As of 30 September 2013, cash and cash equivalents included cash balances with the CBR (other than mandatory reserve deposits) in the total amount of 16,819 million roubles, or 24.7 per cent. of total cash and cash equivalents as compared to cash balances with the CBR (other than mandatory reserve deposits) in the amount of 46,266 million roubles, or 43.5 per cent., of total cash and cash equivalents as of 31 December 2012.

As of 30 September 2013, the RAB Group's borrowings from the CBR were 25,305 million roubles, or 23.7 per cent. of total due to other banks, as compared to 10,022 million roubles, or 7.4 per cent. of total due to other banks as of 31 December 2012.

As of 30 September 2013, the RAB Group had no balance due to other banks above 10.0 per cent. of the RAB Group’s equity as compared with balances above 10.0 per cent. of the RAB Group's equity due to two foreign banks in the aggregate amount of 52,087 million roubles, or 38.2 per cent., of the total due to other banks as of 31 December 2012.

As of 30 September 2013, the RAB Group had four customers with balances above 10.0 per cent. of the RAB Group’s equity as compared to four customers as of 31 December 2012. The aggregate balance of such customer accounts was 193,563 million roubles, or 28.5 per cent. of total customer accounts as of 30 September 2013, as compared to 119,756 million roubles, or 21.5 per cent., of total customer accounts as of 31 December 2012.

As of 30 September 2013, other assets included receivables and prepayments related to trade activity of subsidiaries in the total amount of 1,823 million roubles as compared to 1,969 million roubles as of 31 December 2012.

As of 30 September 2013, other liabilities included payables related to activity of subsidiaries in the total amount of 158 million roubles as compared to 368 million roubles as of 31 December 2012.

As of 30 September 2013, the RAB Group had loans (before impairment) to its ten largest borrowers (groups of borrowers) in the total amount of 149,850 million roubles, or 11.2 per cent., of gross loan portfolio as compared to 138,884 million roubles, or 11.9 per cent., of gross loan portfolio as of 31 December 2012.

Summary of Significant Accounting Policies

The accounting policies adopted in the preparation of the Interim Financial Statements included in the Base Prospectus Supplement which is incorporated by reference herein are consistent with those followed in the preparation of the 2012 Financial Statements included in the Base Prospectus which is incorporated by reference herein, except for the application of the new standards and interpretations as of 1 January 2013, noted below:

IFRS 10 Consolidated Financial Statements and IAS 27 Separate Financial Statements

IFRS 10 establishes a single control model that applies to all entities including special purpose entities. IFRS 10 replaces the parts of previously existing IAS 27 Consolidated and Separate Financial Statements that dealt with consolidated financial statements and SIC-12 *Consolidation — Special Purpose Entities*. IFRS 10 changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. To meet the definition of control in IFRS 10, all three criteria must be met, including: (a) an investor has power over an investee; (b) the investor has exposure, or rights, to variable returns from its involvement with the investee; and (c) the investor has the ability to use its power over the investee to affect the amount of the investor’s returns. IFRS 10 had no impact on the consolidation of investments held by the RAB Group.

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The application of IFRS 13 has not materially impacted the fair value measurements carried out by the RAB Group.

IFRS 13 also requires specific disclosures on fair values, some of which replace existed disclosure requirements in other standards, including IFRS 7 Financial Instruments: Disclosures. Some of these disclosures are specifically required for financial instruments by IAS 34.16A(j), thereby affecting the Interim Financial Statements.

Amendments to IAS 19 Employee Benefits

The IASB has published amendments to IAS 19 *Employee Benefits*, effective for annual periods beginning on or after 1 January 2013, which involve major changes to the accounting for employee benefits, including the removal of the option for deferred recognition of changes in pension plan assets and liabilities (known as the “corridor approach”). In addition, these amendments will limit the changes in the net pension asset (liability) recognised in profit or loss to net interest income (expense) and service costs. These amendments had no impact on the RAB Group's financial position.

Amendments to IAS 1 Changes to the Presentation of Other Comprehensive Income

The amendments to IAS 1 change the grouping of items presented in other comprehensive income. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, net losses or gains on available-for-sale financial assets) would be presented separately from items that will never be reclassified (for example, revaluation of buildings). The amendment affects presentation only and has no impact on the RAB Group’s financial position or performance.

Amendments to IFRS 7 Financial Instrument: Disclosures — Offsetting Financial assets and Financial Liabilities

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

Amendment to IAS 32 Financial Instruments: Presentation

This amendment clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 *Income Taxes*. The amendment removes existing income tax requirements from IAS 32 and requires entities to apply the requirements in IAS 12 to any income tax arising from distributions to equity holders. The amendment did not have an impact on the Interim Financial Statements, as there are no tax consequences attached to cash or non-cash distribution.

Amendment to IAS 34 Interim Financial Reporting

The amendment clarifies the requirements in IAS 34 relating to segment information for total assets and liabilities for each reportable segment to enhance consistency with the requirements in IFRS 8 *Operating Segments*. Total assets and liabilities for a reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total amount disclosed in the entity’s previous annual consolidated financial statements for that reportable segment. The RAB Group provides this disclosure as total segment assets were reported to the chief operating decision maker.

RELATED PARTY TRANSACTIONS

In the ordinary course of business, the RAB Group enters into transactions with companies controlled by its controlling shareholder, its directors and managers and associated parties. These transactions include settlements, loans, securities trading, deposit taking, guarantees, trade finance and foreign currency transactions. RAB believes that these transactions are entered into on an "arm's length" basis and their terms do not substantially differ from standard market terms.

For the purposes of the RAB Group Interim Financial Statements, parties are considered to be related in line with the requirements of IAS 24 (Revised) 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 RAB Group's only shareholder is the Government of the Russian Federation represented by the SPMA. Currently the Government of the Russian Federation does not provide to the general public or entities under its ownership/control a complete list of the entities which are owned or controlled directly or indirectly by the Russian state. Judgment is applied by the RAB Group's management in the identification of related parties to be disclosed in its consolidated financial statements prepared in accordance with IFRS. The RAB Group has decided to apply the exemption from disclosure of individually insignificant transactions and balances with state-owned entities and parties that are related to such entities because the Russian state has control, joint control or significant influence over such parties.

In the RAB Group Interim Financial Statements, individually and collectively significant balances and transactions with related parties controlled by the Russian Federation and balances and transactions with related parties represented by key management personnel and their family members are described. The RAB Group has included in key management personnel only members of the Supervisory Board, the Management Board and the Chief Accountant.

In October 2008, the RAB Group raised 25,000 million roubles in subordinated debt from Vnesheconombank with a maturity in December 2019 and an interest rate of 6.5 per cent. per annum; this item represents an individually significant balance with a related party controlled by the Russian Federation. The outstanding balance of the subordinated debt was 25,000 million roubles as at 30 September 2013 and 25,009 million roubles as at 31 December 2012. Interest expense on this subordinated debt for the nine months ended 30 September 2013 was 1,215 million roubles and 1,212 million roubles for the nine months ended 30 September 2012.

The following table sets forth collectively significant outstanding balances with related parties controlled by the Russian Federation and with related parties represented by key management personnel and their family members as of 30 September 2013 and 31 December 2012.

	As of 30 September 2013	**As of 31 December 2012**
	(in millions of roubles)	
	(unaudited)	
Cash and cash equivalents		
State-controlled banks[1]	12,055	16,878
Loans and advances to customers (before impairment)		
State-controlled entities[1]	22,460	30,222
Provision for loan impairment at the end of the period		
State-controlled entities[1]	(29)	(15)
Securities		
Securities issued by the Russian Federation[2]	22,144	17,042
Securities of state-controlled entities and banks	23,144	32,747
Due from other banks		
State-controlled banks[1]	2,314	5,075
Customer accounts		
State-controlled entities[1]	227,178	87,135
Key management and their family members	146	59
Due to other banks		
State-controlled banks[1]	18,039	8,525

(1) State-controlled entities and state-controlled banks are referred to as state-owned entities in the 2012 Financial Statements.

(2) Securities issued by the Russian Federation are the sum of investment securities available for sale and investment securities held to maturity outstanding balances as of 31 December 2012 in the 2012 Financial Statements.

The following table sets forth income and expense items on collectively significant operations with related parties for the nine months ended 30 September 2013 and 30 September 2012.

	For the nine months ended 30 September	
	2013	**2012**
	(in millions of roubles) *(unaudited)*	
Interest income on cash and cash equivalents		
State-controlled banks	217	150
Interest income on due from other banks		
State-controlled banks	19	-
Interest income on loans and advances to customers		
State-controlled entities	1,735	2,120
Interest income on securities		
Securities issued by the Russian Federation	843	835
Securities of state-controlled entities	1,351	1,886
Interest expense on customer accounts		
State-controlled entities	(8,129)	(7,402)
Key management and their family members	(5)	(2)
Interest expense on due to other banks		
State-controlled banks	(353)	(176)

Short-term benefits of the members of the RAB Group's Supervisory Board, Management Board and the Chief Accountant amounted to 263 million roubles and 156 million roubles for the nine months ended 30 September 2013 and 30 September 2012, respectively.

For further information on related party transactions, see Note 16 to the Interim Financial Statements included in the Base Prospectus Supplement which is incorporated by reference herein.

TAXATION

The following, together with the information in the Base Prospectus starting on page 244, is a general description of certain Russian, Luxembourg and U.S. tax considerations relating to the New Series 14 Notes and the New Series 14 Loan. It does not purport to be a complete analysis of all tax considerations relating to the New Series 14 Notes, whether in those countries or elsewhere. Prospective purchasers of the New Series 14 Notes should consult their own tax advisors as to which countries' tax law could be relevant to acquiring, holding and disposing of the New Series 14 Notes and receiving payments of interest, principal and/or other amounts under the New Series 14 Notes and the consequences of such actions under the laws of those countries. This summary is based upon the law as in effect on the date of this Drawdown Prospectus. The information and analysis contained within this section are limited to taxation issues, and prospective investors should not apply any information or analysis set out below to other areas, including (but not limited to) the legality of transactions involving the New Series 14 Notes.

The additional information below is to be read in conjunction with the information under the caption "—*The Russian Federation—Taxation of the Notes—Taxation of Interest Income on the Loans*" starting on page 247 of the Base Prospectus:

The second sentence of the eighth paragraph (starting with the words "The new protocol to the Convention") on page 247 of the Base Prospectus shall be removed. The following sentence shall be added after the last sentence of the eighth paragraph on page 247 of the Base Prospectus: "The protocol has been ratified and became effective from 1 January 2014 and it may have an impact on future payments under the Series 14 Loan Agreement".

The following words shall be added before the words "(the "**Amendments**")" in the first sentence of the ninth paragraph (starting with the words "The amendments to the Russian Tax Code") on page 247 of the Base Prospectus: ", as amended with effect from 1 January 2014 (the "**Law 97-FZ**")".

The words "issued prior to 1 January 2014" in the first line of the last paragraph on page 247 of the Base Prospectus shall be deleted.

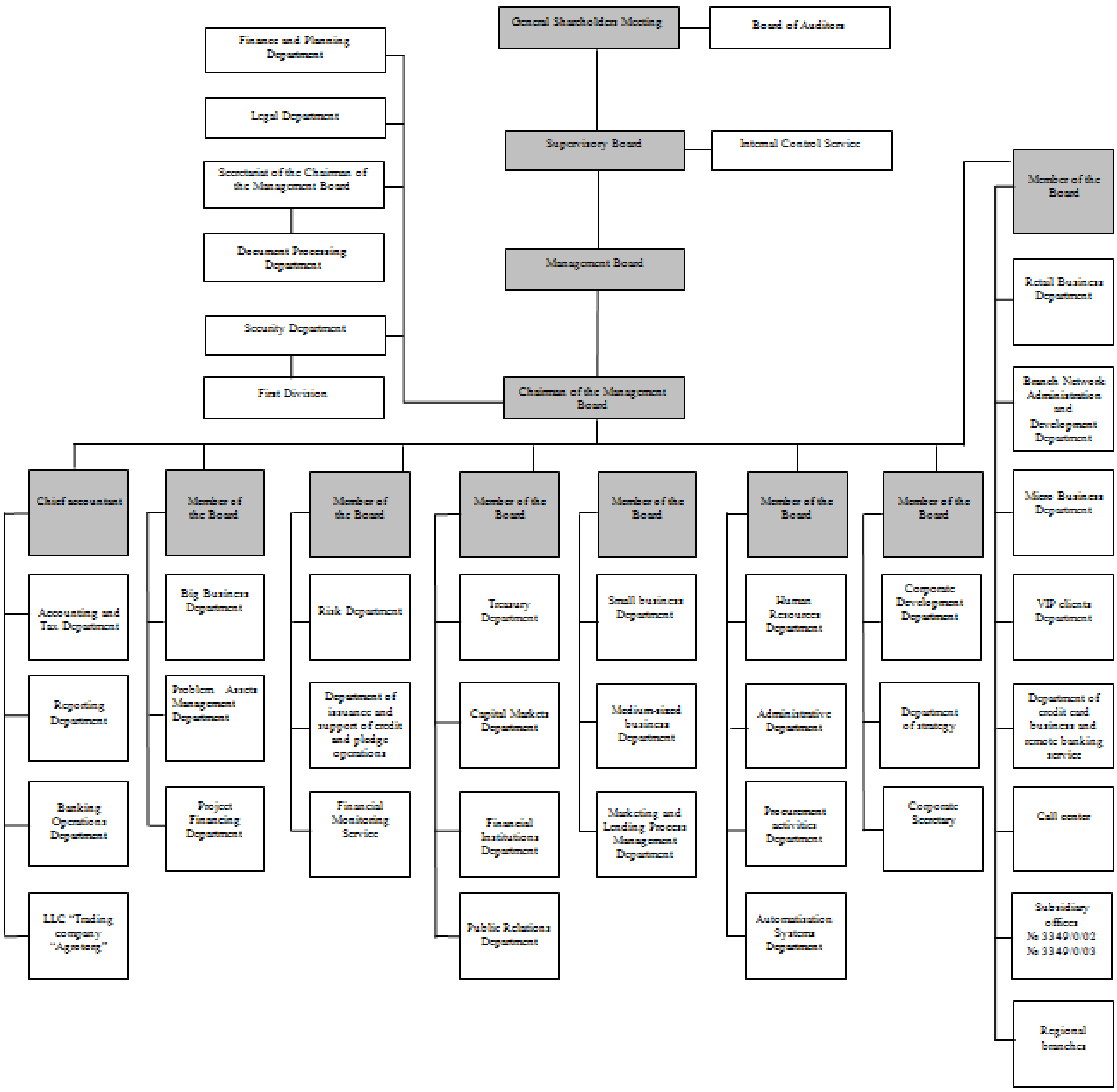
The third paragraph on page 248 of the Base Prospectus shall be deleted.

The additional information is to be read in conjunction with the information under the caption "—*U.S. Withholding Tax Under FATCA*" on page 253 of the Base Prospectus:

In addition, as of the date of this Drawdown Prospectus, FATCA withholding will generally be required in respect of certain U.S. source payments made on or after 1 July 2014 (extended from 1 January 2014).

MANAGEMENT

A diagrammatic overview of the management structure of RAB is set out below:



On 5 November 2013, the RAB Group implemented a new management structure. Two new departments were established: the Department of Credit Card Business and Remote Banking Service, and the Call Center. Both departments report to Mr. Eduard A. Issopov. The Finance and Planning Department now reports directly to the Chairman of the Management Board.

Chairman of the Supervisory Board and the Supervisory Board

On 26 November 2013, RAB's Supervisory Board was elected. The Supervisory Board consists of seven members, the names and brief biographies of whom are set out below.

Name	Age	Position	Date of Appointment
Mikhail A. Eskindarov	62	Member, Chairman	26 November 2013
Artem D. Avetisyan............................	37	Member	26 November 2013
Anna G. Belova	53	Member	26 November 2013
Andrey Y. Ivanov	38	Member	26 November 2013
Ilya V. Lomakin-Rumyantsev	55	Member	26 November 2013
Dmitry N. Patrushev...........................	36	Member	26 November 2013
Dmitry V. Yuriev	32	Member	26 November 2013

Mikhail A. Eskindarov Mr. Eskindarov graduated from the Moscow Finance Institute in 1976. Since 2006, Mr. Eskindarov has been the head of the Financial University under the Government of the Russian Federation. In 2013 Mr. Eskindarov became the Chairman of the OJSC Moscow Industrial Bank.

Artem D. Avetisyan Mr. Avetisyan graduated from the Financial Academy under the Government of the Russian Federation in 1998. From 2000 to 2003 he worked at the Financial Academy under the Government of the Russian Federation. In 1997 he founded CJSC "Independent Expert Assessment Centre", which was reorganized into the consulting group "NEO Center" in 2004. He was the president of "NEO Center" until 2011. Since 2011, Mr. Avetisyan has been the head of the "New business" Department in the Agency for Strategic Initiatives.

Anna G. Belova Mrs. Belova graduated from the Moscow Engineering Physics Institute in 1984. Prior to joining RAB in 2011, Mrs. Belova worked for the Siberian Coal Energy Company from 2007 to 2011. Since 2011, Mrs. Belova has been the head of LLC "The center of new and innovative technologies of SUEK". Since 2012, Mrs. Belova has been professor at The Higher School of Economics.

Andrey Y. Ivanov Mr. Ivanov graduated from Krasnoyarsk State University in 1997. Mr. Ivanov has worked in the Ministry of Finance of the Russian Federation since 2008, and in 2012, Mr. Ivanov became the Deputy Head of the Ministry of Finance of the Russian Federation.

Ilya V. Lomakin-Rumyantsev Mr. Lomakin-Rumyantsev graduated from Moscow State University in 1979. In 2004 he became the Head of the Federal Insurance Supervision Service. In 2009, Mr. Lomakin-Rumyantsev became the head of the Presidential Experts' Directorate. From 2011 to 2013 he was the Head of the Expert Board of Rosgosstrakh (RGS). In 2011 Mr. Lomakin-Rumyantsev was appointed as the Head of the Supervisory Board of the Agency for Housing Mortgage Lending (AHML). In 2013 Mr. Lomakin-Rumyantsev was also appointed as a member of the Supervisory Board of Sberbank of Russia. Since 2013, he has also been the Deputy Head of the Economics Department of Moscow State University.

Dmitry N. Patrushev Mr. Patrushev graduated from the State University of Management in 1999 and the Diplomatic Academy of the Russian Ministry of Foreign Affairs in 2004, majoring in Management and International Economics. Mr. Patrushev has a Doctor of Science degree in Economics. From 1999 to 2002, he worked for the Ministry of Transport of the Russian Federation. From 2004 to 2010, Mr. Patrushev worked for VTB as the Assistant to the Chairman of the Board, subsequently as the Managing Director, and then later as the Senior Vice-President, Head of Corporate Segment.

Dmitry V. Yuriev Mr. Yuriev graduated from Novosibirsk State Agricultural University in 2003. From 2007 to 2012 he worked in the Executive Office of the President of the Russian Federation. In 2012, Mr. Yuriev became the Deputy Head of the Ministry of Agriculture of the Russian Federation.

The business address of each of the members of the Supervisory Board of RAB is the principal office of RAB, located at 1 Arbat, 119019 Moscow, Russian Federation.

The Management Board

On 6 November 2013, the member of the Management Board Andrey A. Alyakin terminated his employment contract with RAB.

TERMS AND CONDITIONS OF THE NEW SERIES 14 NOTES

The terms and conditions of the New Series 14 Notes are the Terms and Conditions which are set out on pages 210 to 227 (inclusive) of the Base Prospectus which are incorporated by reference herein, as modified and completed by the Issue Terms in respect of the New Series 14 Notes set out in the "Issue Terms of the New Series 14 Notes" section (the "**Issue Terms of the** New **Series 14 Notes**") and as further modified as set out below.

All references in this Drawdown Prospectus or (in respect of the New Series 14 Notes only) in the Base Prospectus to "**Conditions**" or to a numbered "**Condition**" shall be to the Terms and Conditions or the relevant numbered provision thereof, respectively, as modified and completed by the Issue Terms of the New Series 14 Notes. References in the Terms and Conditions, this Drawdown Prospectus and (in respect of the New Series 14 Notes only) the Base Prospectus to "**Final Terms**" shall be to the Issue Terms of the New Series 14 Notes.

ISSUE TERMS OF THE NEW SERIES 14 NOTES

Issue Terms dated 21 February 2014

RUSSIAN AGRICULTURAL BANK

Issue of U.S.$ 500,000,000 5.10 per cent. Loan Participation Notes due 2018 (the "**New Series 14 Notes**") by RSHB Capital S.A. (the "**Issuer**") (to be consolidated and form a single series with the Series 14 U.S.$800,000,000 5.10 per cent. Loan Participation Notes due 2018 issued on 25 July 2013 (the "**Original Series 14 Notes**" and, together with the New Series 14 Notes, the "**Notes**")) for the purpose of financing a new senior loan (the "**New Series 14 Senior Loan**") to RUSSIAN AGRICULTURAL BANK ("**RAB**") as borrower, to be consolidated with an original senior loan of U.S.$800,000,000 (the "**Original Series 14 Senior Loan**" and, together with the New Series 14 Senior Loan, the "**Series 14 Senior Loan**") under a U.S.$15,000,000,000 Programme for the Issuance of Loan Participation Notes (the "**Programme**"). Application has been made to The Irish Stock Exchange Limited (the "**Irish Stock Exchange**") for Notes issued under the Programme within 12 months of the Base Prospectus to be admitted to the Official List and to trading on its regulated market.

PART A — CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions (the "**Conditions**") set forth in the Base Prospectus dated 22 May 2013 as supplemented by a supplementary prospectus dated 28 January 2014 (the "**Base Prospectus**") and incorporated in relation to the New Series 14 Notes only into a drawdown prospectus dated 21 February 2014 (the "**Drawdown Prospectus**") which constitutes a base prospectus for the purposes of the Prospectus Directive 2003/71/EC (the "**Prospectus Directive**"). These Issue Terms modify and complete the Conditions in relation to the New Series 14 Notes only.

1.	(i)	Issuer:	RSHB Capital S.A.
	(ii)	Borrower:	Russian Agricultural Bank
2.	(i)	Series Number:	14
	(ii)	Tranche Number:	2
			The New Series 14 Notes will (i) in the case of the New Series 14 Notes represented by the New Series 14 Temporary Regulation S Global Note Certificate (as defined below), on the forty-first day after the Issue Date (the **Regulation S Exchange Date**); and (ii) in the case of the New Series 14 Notes represented by the Rule 144A Global Note Certificate (as defined below), on the Issue Date be consolidated and form a single series with the Original Series 14 Notes.
3.	Specified Currency:		U.S.$
4.	(i)	Aggregate Nominal Amount of Notes (Series):	U.S.$ 1,300,000,000
	(ii)	Aggregate Nominal Amount of New Series 14 Notes:	U.S.$ 500,000,000
	(iii)	Principal Amount of the Series 14 Senior Loan:	U.S.$ 1,300,000,000
	(iv)	Principal Amount of the New Series 14 Senior Loan :	U.S.$ 500,000,000

5.	Issue Price:		101.575 per cent. of the Aggregate Nominal Amount of the New Series 14 Notes plus 30 days of accrued interest for the period from and including 25 January 2014 to, but excluding, the Issue Date (amounting to U.S.$ 2,125,000).
6.	Specified Denominations:		U.S.$ 200,000 and integral multiples of U.S.$ 1,000 in excess thereof.
7.	(i)	Issue Date:	25 February 2014
	(ii)	Interest Commencement Date (New Series 14 Notes):	25 January 2014
8.	Maturity Date:		25 July 2018
9.	Interest Basis:		5.10 per cent. Fixed Rate
10.	Redemption/Payment Basis:		Redemption at par
11.	Change of Interest:		Not Applicable
12.	Put/Call Options:		Change of Control Put Option
13.	(i)	Status of the New Series 14 Notes:	Senior
	(ii)	Status of the New Series 14 Senior Loan:	Senior
	(iii)	Dates of Board approval for issuance of Notes and borrowing of the Series 14 Senior Loan obtained:	The issue of the Original Series 14 Notes and the making of the Original Series 14 Senior Loan were approved by the Board of Directors of the Issuer on 19 July 2013 and by the Management Board of RAB on 18 July 2013. The issue of the New Series 14 Notes and the making of the New Series 14 Senior Loan were approved by the Board of Directors of the Issuer on 19 February 2014 and by the Management Board of RAB on 19 February 2014.
14.	Method of distribution:		Syndicated
15.	Financial Centres:		London and New York City

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

16.	Fixed Rate Note Provisions:		Applicable
	(i)	Rate of Interest:	5.10 per cent. per annum payable in arrear on each Interest Payment Date
	(ii)	Interest Payment Dates:	25 January and 25 July in each year not adjusted
	(iii)	Fixed Coupon Amount:	U.S.$ 25.50 per U.S.$ 1,000 in Principal Amount
	(iv)	Broken Amount:	Not Applicable
	(v)	Day Count Fraction:	30/360

	(vi) Determination Dates:	Not Applicable
17.	Floating Rate Note Provisions:	Not Applicable

PROVISIONS RELATING TO REDEMPTION

18.	Final Redemption Amount of each Note:	U.S.$ 1,000 per U.S.$ 1,000 in Principal Amount
19.	Early Redemption Amount(s) per U.S.$ 1,000 in Principal Amount payable on redemption for taxation reasons or on event of default or other early redemption (other than pursuant to the exercise of a Call Option):	As set out in the Conditions
20.	Call Option	Not Applicable
21.	Put Option	Not Applicable
22.	Change of Control Put Option:	Applicable

GENERAL PROVISIONS APPLICABLE TO THE NEW SERIES 14 NOTES

23.	Form of the New Series 14 Notes:	Registered Notes The New Series 14 Notes will be initially represented by a temporary Regulation S global note certificate (the **New Series 14 Temporary Regulation S Global Note Certificate**) and a Rule 144A global note certificate (the **Rule 144A Global Note Certificate** and, together with the New Series 14 Temporary Regulation S Global Note Certificate and the New Series 14 Permanent Regulation S Global Note Certificate (as defined below), the **Global Note Certificates**). Interests in the New Series 14 Temporary Regulation S Global Note Certificate will be exchanged for interests in a permanent Regulation S global note certificate (the **New Series 14 Permanent Regulation S Global Note Certificate**) on the Regulation S Exchange Date in accordance with the terms of the New Series 14 Temporary Regulation S Global Note Certificate. The Global Note Certificates will be exchangeable for Individual Note Certificates in the limited circumstances set out therein.
24.	U.S. dollar payment option:	Condition 7(g) (*U.S. Dollar Payment Election*) is not applicable.

Signed on behalf of **RSHB Capital S.A.**:

By: ....
Duly authorised

Signed on behalf of **Russian Agricultural Bank**:

By: ....
Duly authorised

PART B — OTHER INFORMATION

1. **LISTING AND ADMISSION TO TRADING**

(i)	Listing and admission to trading:	Application has been made by the Issuer (or on its behalf) for the New Series 14 Notes to be admitted to trading on the Main Market of the Irish Stock Exchange with effect from 25 February 2014. The Original Series 14 Notes were admitted to trading on the regulated market of the Irish Stock Exchange with effect from 25 July 2013.
(ii)	Estimate of total expenses related to admission to trading:	EUR 2,541.20

2. **RATINGS**

Ratings: The New Series 14 Notes to be issued are expected to be rated:

Moody's: Baa3

Fitch: BBB–

A rating is not recommendation to buy, sell or hold securities and can be revised, suspended or withdrawn at any time by the assigning rating agency. Similar ratings of different types of notes may not necessarily bear the same meanings.

In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Community and registered under Regulation (EC) No. 1060/2009 of the European Parliament and of the Council dated 16 September 2009 on credit rating agencies as amended (the "**CRA Regulation**") unless the rating is provided by a credit rating agency operating in the European Community before 7 June 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration is not refused.

Moody's Investors Service, Inc. ("**Moody's")** is a credit rating agency established outside the European Union and is not registered under the CRA Regulation.

Fitch Ratings CIS Limited ("**Fitch**") is a credit rating agency established in the European Union and is registered under the CRA Regulation.

3. **INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER**

Save as discussed in "*Subscription and Sale*" in the Base Prospectus, so far as the Issuer is aware, no person involved in the offer of the New Series 14 Notes has an interest material to the offer. The Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer, RAB and their affiliates in the ordinary course of business.

4. **ESTIMATED PROCEEDS OF THE NEW SERIES 14 SENIOR LOAN**

Estimated proceeds of the New Series 14 Senior Loan from the Issuer to the Borrower, less the estimated fees and expenses payable by the Borrower in connection with the New Series 14 Senior Loan:	U.S.$ 500,000,000

5. **FIXED RATE NOTES ONLY — YIELD**

Indication of yield:	5.10 per cent. per annum The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield

6. **OPERATIONAL INFORMATION**

Series 14 permanent Regulation S ISIN Code:	XS0955232854
New Series 14 Regulation S ISIN Code:	The New Series 14 Notes will bear the following Regulation S ISIN Code, XS1037940993, until the Regulation S Exchange Date. After the Regulation S Exchange Date, the New Series 14 Notes will bear the Series 14 permanent Regulation S ISIN Code, being XS0955232854.
Series 14 permanent Regulation S Common Code:	095523285
New Series 14 Regulation S Common Code:	The New Series 14 Notes will bear the following Regulation S Common Code, 103794099, until the Regulation S Exchange Date. After the Regulation S Exchange Date, the New Series 14 Notes will bear the Series 14 permanent Regulation S Common Code, being 095523285.
Series 14 permanent Rule 144A ISIN Code.	US74973DAH26
Series 14 permanent Rule 144A Common Code.	095556060
CUSIP:	74973DAH2
CFI Code:	DTFXFB

Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking société anonyme and the relevant identification number(s):	The Depository Trust Company (DTC)
Delivery:	Regulation S Notes: Delivery against payment
	Rule 144A Notes: Delivery free of payment
If syndicated, names of Managers:	J.P. Morgan Securities plc
	The Royal Bank of Scotland plc
	VTB Capital plc
Stabilising (if any):	J.P. Morgan Securities plc
If non-syndicated, name of Dealer:	Not Applicable
Names and addresses of initial Paying Agent(s):	As stated in the Base Prospectus
Names and addresses of additional Paying Agent(s) (if any):	Not Applicable
Currency Agent (if any):	Not Applicable

7. **THE NEW SERIES 14 SENIOR LOAN**

Terms of the New Series 14 Senior Loan

New Series 14 Senior Loan:	U.S.$ 500,000,000
Date of Drawdown:	25 February 2014
Date of Repayment:	25 July 2018

Interest

The New Series 14 Senior Loan is a Fixed Rate Loan. Interest shall be calculated as set out below.

Fixed Rate Senior Loan Provisions		Applicable
(i)	Rate of Interest:	5.10 per cent. per annum payable semi-annually in arrear
(ii)	Interest Payment Date(s):	25 January and 25 July in each year not adjusted
(iii)	(a) Fixed Amount in respect of the Original Series 14 Senior Loan:	U.S.$ 25.50 per U.S.$ 1,000 in Principal Amount
	(b) Fixed Amount in respect of the New Series 14 Senior Loan:	U.S.$ 25.50 per U.S.$ 1,000 in Principal Amount of the New Series 14 Senior Loan payable in respect of each Interest Payment Date other than the Interest Payment Date falling on 25 July 2014
(iv)	(a) Broken Amount(s) in respect of the Original Series 14 Senior Loan:	Not Applicable
	(b) Broken Amount(s) in respect	U.S.$ 21.25 per U.S.$ 1,000 in Principal Amount

	of the New Series 14 Senior Loan:	of the New Series 14 Senior Loan, payable in respect of the Interest Payment Date falling on 25 July 2014
(v)	Day Count Fraction:	30/360
(vi)	Determination Date(s):	Not Applicable
Floating Rate Senior Loan Provisions		Not Applicable

NEW SERIES 14 LOAN SUPPLEMENT

The New Series 14 Loan Supplement will be entered into between the Issuer and RAB in or substantially in the form set out below:

THIS AMENDED AND RESTATED SENIOR LOAN SUPPLEMENT is made on 21 February 2014

BETWEEN:

(1) **RSHB CAPITAL S.A.**, a public limited liability company (*société anonyme*), incorporated in Luxembourg, whose registered office is at 46 A, Avenue J.F. Kennedy, L-1855 Luxembourg, The Grand Duchy of Luxembourg and registered with the Register of Commerce and Companies of Luxembourg under number B111.968 (the **Lender**); and

(2) **RUSSIAN AGRICULTURAL BANK**, a company established under the laws of the Russian Federation whose registered office is at 3 Gagarinsky Pereulok, Moscow 119034, Russian Federation (**RAB**).

WHEREAS:

(A) RAB has entered into an amended and restated facility agreement dated 22 May 2013 (as may be amended or supplemented from time to time, the **Senior Facility Agreement**) with the Lender in respect of RAB's U.S.$15,000,000,000 Programme for the Issuance of Loan Participation Notes (the **Programme**).

(B) RAB entered into a senior loan supplement dated 22 July 2013 (the **Original Series 14 Senior Loan Supplement**) in respect of a U.S.$800,000,000 loan (the **Original Series 14 Senior Loan**).

(C) RAB proposes to borrow a further U.S.$ 500,000,000 (the **New Series 14 Senior Loan**, and together with the Original Series 14 Senior Loan, the **Series 14 Senior Loan**) and the Lender wishes to make such New Series 14 Senior Loan on the terms set out in the Senior Facility Agreement and this Amended and Restated Senior Loan Supplement.

IT IS AGREED as follows:

1. DEFINITIONS

Capitalised terms used but not defined in this Amended and Restated Senior Loan Supplement shall have the meaning given to them in the Senior Facility Agreement save to the extent supplemented or modified herein.

2. ADDITIONAL DEFINITIONS

For the purpose of this Amended and Restated Senior Loan Supplement, the following expressions used in the Senior Facility Agreement shall have the following meanings:

Account means the account in the name of the Lender (account number 6749918400, with the Bank of New York Mellon, London);

Closing Date means 25 February 2014;

New Series 14 Notes means U.S.$ 500,000,000 5.10 per cent. loan participation notes due 2018 issued by the Lender as tranche 2 of Series 14 under the Programme;

Original Series 14 Senior Loan Agreement means the Senior Facility Agreement as amended and supplemented by the Original Series 14 Senior Loan Supplement;

RAB Account means the account in the name of RAB (account number 400-807408, SWIFT RUAGRUMM) with JPMorgan Chase Bank, New York;

Repayment Date means 25 July 2018;

New Series 14 Senior Loan Agreement means the Senior Facility Agreement as amended and supplemented by this Amended and Restated Senior Loan Supplement;

Specified Currency means U.S. Dollars;

Subscription Agreement means each of (i) the subscription agreement between the Lender, RAB and J.P. Morgan Securities plc, The Royal Bank of Scotland plc and VTB Capital plc dated 22 July 2013 and (ii) the subscription agreement between the Lender, RAB and J.P. Morgan Securities plc, The Royal Bank of Scotland plc and VTB Capital plc dated 21 February 2014 relating to the New Series 14 Notes; and

Trust Deed means the Amended and Restated Principal Trust Deed between the Lender and the Trustee dated 22 May 2013, as supplemented by a supplemental trust deed dated 25 July 2013 and as further supplemented by the further supplemental trust deed to be dated 25 February 2014 (each as may be amended or supplemented from time to time), constituting and securing the New Series 14 Notes.

3. INCORPORATION BY REFERENCE

Except as otherwise provided, the terms of the Senior Facility Agreement shall apply to this Amended and Restated Senior Loan Supplement as if they were set out herein and the Senior Facility Agreement shall be read and construed, only in relation to the Series 14 Senior Loan constituted hereby, as one document with this Amended and Restated Senior Loan Supplement.

4. THE SENIOR LOAN

4.1 Drawdown

Subject to the terms and conditions of the Original Series 14 Senior Loan Agreement, the Lender made the Original Series 14 Senior Loan on 25 July 2013 to RAB and RAB made a single drawing in the full amount of the Original Series 14 Senior Loan being U.S.$800,000,000. Subject to the terms and conditions of the New Series 14 Senior Loan Agreement, the Lender agrees to make the New Series 14 Senior Loan in the amount of U.S.$ 500,000,000 on the Closing Date to RAB and RAB shall make a single drawing in the full amount of the New Series 14 Senior Loan, so that the aggregate Series 14 Senior Loan is U.S.$ 1,300,000,000.

4.2 Interest

The Series 14 Senior Loan is a Fixed Rate Senior Loan. Interest shall be calculated, and the following terms used in the Senior Facility Agreement shall have the meanings, as set out below:

4.2.1 Fixed Rate Senior Loan Provisions	Applicable
(i) Rate of Interest:	5.10 per cent. per annum payable semi-annually in arrear
(ii) Interest Payment Date(s):	25 January and 25 July in each year not adjusted
(iii) (a) Interest Commencement Date in respect of the Original Senior Loan:	25 July 2013
(b) Interest Commencement Date in respect of the New Series 14 Senior Loan:	25 February 2014
(iv) (a) Fixed Amount in respect of the Original Series 14 Series Loan:	U.S.$ 25.50 per U.S.$ 1,000 in Principal Amount
(b) Fixed Amount in respect of the New Series 14 Senior Loan:	U.S.$ 25.50 per U.S.$ 1,000 in Principal Amount payable in respect of each Interest Payment Date other than the Interest Payment Date falling on 25 July 2014
(v) (a) Broken Amount(s) in respect of the Original Series 14 Senior Loan:	Not Applicable
(b) Broken Amount(s) in respect of the New Series 14 Senior Loan:	U.S.$ 21.25 per U.S.$ 1,000 in Principal Amount of the New Series 14 Senior Loan, payable in respect of the Interest Payment Date falling on 25 July 2014
(vi) Day Count Fraction:	30/360
(vii) Determination Date(s):	Not Applicable
(viii) Other terms relating to the method of calculating interest for Fixed Rate Senior Loans:	Not Applicable
4.2.2 Floating Rate Senior Loan Provisions	Not Applicable
4.2.3 Call Option	Not Applicable
4.2.4 Put Option	Not Applicable
4.2.5 Change of Control Put Option	Applicable

4.3 Use of Proceeds

The proceeds of the New Series 14 Senior Loan will be applied to general corporate purposes.

5. ORIGINAL SERIES 14 SENIOR LOAN SUPPLEMENT

The Original Series 14 Senior Loan Agreement shall be further amended and restated on the terms of this Amended and Restated Senior Loan Supplement.

6. FEES AND EXPENSES

6.1 Original Series 14 Senior Loan

Pursuant to Clause 3.2 of the Senior Facility Agreement and in consideration of the Lender making the Original Series 14 Senior Loan to RAB, on 25 July 2013, RAB paid to the Lender, in Same-Day Funds, the Facility Fee in relation to the Original Series 14 Senior Loan as increased by the front end fees, commissions and expenses incurred by the Lender in connection with financing the Original Series 14 Loan.

6.2 New Series 14 Senior Loan

The Lender agrees that no facility fee in respect of the New Series 14 Senior Loan shall be paid.

7. NON-TRADING INCENTIVISATION PAYMENT

The Lender agrees to pay to RAB in Same Day Funds on the Closing Date a non-trading incentivisation payment of U.S.$ 5,724,611.06 as consideration for RAB agreeing to borrow the New Series 14 Senior Loan.

8. GOVERNING LAW

This Amended and Restated Senior Loan Supplement and any non-contractual obligations arising herefrom shall be governed by and construed in accordance with English law.

9. ARBITRATION

Clause 14.10 of the Senior Facility Agreement shall also apply to this Agreement as if set out in full herein.

SIGNATORIES

RUSSIAN AGRICULTURAL BANK

By:

Title:

RSHB CAPITAL S.A.

By:

Title:

GENERAL INFORMATION

(1) Except as set out in "*Recent Developments*" in this Drawdown Prospectus and in the Base Prospectus, there has been no significant change in the financial or trading position or prospects of the Issuer since 30 June 2013 or RAB or the RAB Group since 30 September 2013 and no material adverse change in the financial or trading position or prospects of the Issuer, RAB or the RAB Group since 31 December 2012. The Issuer has no subsidiaries.

(2) Neither RAB nor any of its subsidiaries is involved in, or has been involved in, any governmental, legal or arbitration proceedings that may have had in the twelve months before the date of this Drawdown Prospectus, a significant effect on the financial position or profitability of the RAB Group, nor, so far as RAB is aware, are any such proceedings pending or threatened.

(3) The Issuer has not been involved in any governmental, legal or arbitration proceedings that may have had, in the twelve months before the date of this Drawdown Prospectus, a significant effect on the Issuer's financial position or profitability, nor, so far as the Issuer is aware, are any such proceedings pending or threatened.

(4) For so long as any of the Notes is outstanding, copies (and English translations where the documents in question are not in English) of the following documents may be obtained in physical form free of charge at the specified offices of the Trustee and the Paying Agent in Dublin during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted):

- the audited consolidated financial statements of the RAB Group as of and for each of the years ended 31 December 2010, 2011 and 2012 prepared in accordance with IFRS, including the independent auditor's reports thereon;
- the Interim Financial Statements;
- the Issuer Financial Statements, including the independent auditor's reports thereon; and
- the Issuer Interim Financial Statements;

and copies of the following documents will be available for inspection at the specified offices of the Trustee and the Paying Agent in Dublin during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted):

- the Memorandum and Articles of Incorporation of the Issuer;
- RAB's Articles of Association (charter) together with any amendment thereto;
- the Series 14 Loan Agreement;
- the Series 14 Trust Deed in respect of the Series 14 Notes (including the forms of the Global Note Certificates and Individual Note Certificates);
- the Paying Agency Agreement; and
- a copy of the Base Prospectus and this Drawdown Prospectus, together with any supplement to the Base Prospectus or this Drawdown Prospectus.

(5) As of the date of this Drawdown Prospectus, RAB is in compliance with applicable Russian law corporate governance requirements in all material respects.

(6) The Issuer does not intend to provide any post issuance information in respect of the New Series 14 Notes or the New Series 14 Loan.

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Russian Agricultural Bank Group

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

30 September 2013

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INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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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 30 September 2013, comprising of the interim consolidated statement of financial position as at 30 September 2013 and the related interim consolidated statements of comprehensive income for the three months and the nine months then ended, interim consolidated statements of changes in equity and of cash flows for the nine 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.

Ernst & Young LLC

10 December 2013

In millions of Russian Roubles	Note	30 September 2013 (unaudited)	31 December 2012
ASSETS			
Cash and cash equivalents		68 211	106 342
Mandatory cash balances with the Central Bank of the Russian Federation		10 738	9 153
Trading securities		2 727	19 220
Financial instruments designated at fair value through profit or loss	5	11 578	12 550
Due from other banks		21 210	45 930
Derivative financial instruments	14	23 969	18 659
Loans and advances to customers	6	1 222 046	1 070 712
Investment securities available for sale		56 010	44 036
Investment securities held to maturity		14 114	27 999
Investment securities pledged under repurchase agreements	13	49 270	20 632
Deferred income tax asset		6 022	5 100
Intangible assets		1 721	1 723
Premises and equipment		22 231	23 068
Current income tax assets		983	2 464
Other assets		14 022	15 724
Assets of the disposal groups held for sale	17	5 338	5 338
TOTAL ASSETS		**1 530 190**	**1 428 650**
LIABILITIES			
Derivative financial instruments	14	1 243	5 261
Due to other banks	7	106 812	136 343
Customer accounts		678 814	557 476
Promissory notes issued and deposit certificates		16 101	23 234
Bonds issued	8	459 026	440 866
Deferred income tax liability		1 104	2 065
Current income tax liability		68	-
Other liabilities		9 548	8 824
Subordinated debts		57 572	55 274
Liabilities directly associated with the disposal groups held for sale	17	1 269	1 410
TOTAL LIABILITIES		**1 331 557**	**1 230 753**
EQUITY			
Share capital		188 798	188 798
Revaluation reserve for premises		1 241	1 270
Revaluation reserve for investment securities available for sale		(665)	(271)
Retained earnings		8 059	7 117
Equity attributable to the Bank's shareholder		**197 433**	**196 914**
Non-controlling interest		**1 200**	**983**
TOTAL EQUITY		**198 633**	**197 897**
TOTAL LIABILITIES AND EQUITY		**1 530 190**	**1 428 650**

Approved for issue and signed on behalf of the Management Board on 10 December 2013.

D.N. Patrushev
Chairman of the Management Board

E.A. Romankova
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	Nine months ended 30 September 2013	Nine months ended 30 September 2012	Three months ended 30 September 2013	Three months ended 30 September 2012
Interest income	9	112 765	99 847	39 011	33 874
Interest expense	9	(64 652)	(58 747)	(22 213)	(20 608)
Net interest income		**48 113**	**41 100**	**16 798**	**13 266**
Provision for loan impairment		(20 567)	(29 588)	(10 535)	(14 130)
Net interest income/(loss) after provision for loan impairment		**27 546**	**11 512**	**6 263**	**(864)**
Fee and commission income		6 663	4 817	2 516	2 018
Fee and commission expense		(637)	(544)	(249)	(206)
Gains less losses from trading securities		31	4	11	5
(Losses net of gains)/gains less losses from financial instruments designated at fair value through profit or loss		(326)	1 757	(75)	477
Gains less losses/(losses net of gains) from investment securities available for sale		51	(262)	(54)	(126)
Losses net of gains from investment securities held to maturity		-	(44)	-	(5)
Foreign exchange translation (losses net of gains)/gains less losses		(8 627)	1 946	1 218	9 343
Gains less losses/(losses net of gains) from derivative financial instruments		4 124	(3 330)	157	(8 387)
(Losses net of gains)/gains less losses from dealings in foreign currencies		(97)	4 433	(144)	156
Provision for other assets impairment		(171)	(370)	(125)	(361)
(Losses net of gains)/gains less losses from early redemption of bonds issued and subordinated debts		(34)	(11)	4	7
Gains from non-banking activities		3 769	4 527	1 496	1 292
Losses from non-banking activities		(4 652)	(6 970)	(1 788)	(2 399)
(Loss)/gain on disposal of subsidiaries		(551)	135	(1 044)	-
Other operating income		291	216	88	76
Administrative and other operating expenses		(26 573)	(24 416)	(8 286)	(8 073)
Profit/(loss) before tax		**807**	**(6 600)**	**(12)**	**(7 047)**
Income tax credit		152	1 066	368	1 378
Profit/(loss) for the period		**959**	**(5 534)**	**356**	**(5 669)**
Profit/(loss) is attributable to:					
Shareholder of the Bank		1 045	(5 144)	386	(5 552)
Non-controlling interest		(86)	(390)	(30)	(117)
Profit/(loss) for the period		**959**	**(5 534)**	**356**	**(5 669)**
Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods, net of tax:					
Securities available for sale:					
- Revaluation of securities at fair value		(442)	336	192	438
- Realised revaluation reserve (at disposal)		(51)	262	54	126
Income tax recorded in other comprehensive income		99	(118)	(49)	(111)
Net other comprehensive (loss)/income		**(394)**	**480**	**197**	**453**
Total comprehensive income/(loss) for the period		**565**	**(5 054)**	**553**	**(5 216)**
Total comprehensive income/(loss) is attributable to:					
Shareholder of the Bank		651	(4 664)	583	(5 099)
Non-controlling interest		(86)	(390)	(30)	(117)
Total comprehensive income/(loss) for the period		**565**	**(5 054)**	**553**	**(5 216)**

In millions of Russian Roubles	Attributable to shareholder 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 31 December 2011	**148 798**	**1 050**	**(898)**	**7 017**	**155 967**	**808**	**156 775**
Total comprehensive income/(loss) for the period, net of tax	-	-	480	(5 144)	**(4 664)**	(390)	**(5 054)**
Change in ownership interests and disposal of subsidiaries	-	-	-	-	**-**	277	**277**
Depreciation of revaluation reserve	-	(31)	-	31	**-**	-	**-**
Dividends declared	-	-	-	(318)	**(318)**	-	**(318)**
Balance at 30 September 2012 (unaudited)	**148 798**	**1 019**	**(418)**	**1 586**	**150 985**	**695**	**151 680**
Balance at 31 December 2012	**188 798**	**1 270**	**(271)**	**7 117**	**196 914**	**983**	**197 897**
Total comprehensive (loss)/income for the period, net of tax	-	-	(394)	1 045	**651**	(86)	**565**
Change in ownership interests and disposal of subsidiaries	-	-	-	(1)	**(1)**	303	**302**
Depreciation of revaluation reserve	-	(29)	-	29	**-**	-	**-**
Dividends declared	-	-	-	(131)	**(131)**	-	**(131)**
Balance at 30 September 2013 (unaudited)	**188 798**	**1 241**	**(665)**	**8 059**	**197 433**	**1 200**	**198 633**

(Unaudited) *In millions of Russian Roubles*	**Nine months ended 30 September 2013**	**Nine months ended 30 September 2012**
Cash flows from operating activities		
Interest received	98 226	86 223
Interest paid	(59 369)	(48 178)
Income received/(expenses incurred) from trading in securities and financial instruments designated at fair value through profit or loss	82	(287)
(Expenses incurred)/income received from derivative financial instruments	(5 205)	1 037
(Expenses incurred)/income received from dealing in foreign currencies	(97)	4 433
Fees and commissions received	6 622	4 784
Fees and commissions paid	(637)	(544)
Other operating income received	283	205
Net insurance income received	415	619
Income received from non-banking activities	910	2 338
Losses incurred from non-banking activities	(1 420)	(3 347)
Administrative and other operating expenses paid	(25 252)	(22 169)
Income tax paid	(164)	(1 800)
Cash flows from operating activities before changes in operating assets and liabilities	**14 394**	**23 314**
Changes in operating assets and liabilities		
Net increase in mandatory cash balances with the Central Bank of the Russian Federation	(1 585)	(599)
Net decrease/(increase) in trading securities	15 505	(17 158)
Net decrease in financial instruments designated at fair value through profit or loss	1 230	-
Net decrease in due from other banks	26 698	1 283
Net increase in loans and advances to customers	(152 885)	(112 642)
Net decrease in other assets	1 223	433
Net (decrease)/increase in due to other banks	(33 267)	34 609
Net increase/(decrease) in customer accounts	117 543	(71 167)
Net (decrease)/increase in promissory notes issued and deposit certificates	(7 330)	724
Net (decrease)/increase in other liabilities	(201)	89
Net cash used in operating activities	**(18 675)**	**(141 114)**
Cash flows from investing activities		
Acquisition of premises and equipment	(733)	(654)
Proceeds from disposal of premises and equipment	217	564
Acquisition of intangible assets	(413)	(420)
Acquisition of investment securities available for sale	(98 377)	(52 039)
Proceeds from disposal of investment securities available for sale	71 662	65 693
Acquisition of investment securities held to maturity	(596)	-
Proceeds from redemption of investment securities held to maturity	1 597	2 356
Net cash (used in)/from investing activities	**(26 643)**	**15 500**
Cash flows from financing activities		
Proceeds from bonds issued	65 695	97 799
Repayment of bonds issued	(64 715)	(4 858)
Proceeds from sale of previously bought back bonds issued	7 533	3 390
Buy back of bonds issued	(3 731)	(3 556)
Proceeds from sale of previously bought back subordinated debts	1	-
Buy back of subordinated debts	(73)	-
Proceeds from sale of interest in subsidiary	61	-
Dividends paid	-	(318)
Net cash from financing activities	**4 771**	**92 457**
Effect of exchange rate changes on cash and cash equivalents	**2 548**	**(5 461)**
Cash and cash equivalents classified as part of disposal groups held for sale	**(132)**	**(35)**
Net decrease in cash and cash equivalents	**(38 131)**	**(38 653)**
Cash and cash equivalents at the beginning of the period	106 342	133 959
Cash and cash equivalents at the end of the period	**68 211**	**95 306**

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 nine and three months ended 30 September 2013 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.

In April 2013 the Bank received a license to take deposits and make placements in precious metals. This license gives the Bank the right to perform all kinds of operations with precious metals and coins of foreign issuers made of precious metals.

The Bank has 78 (31 December 2012: 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 30 September 2013 was 35 809 (31 December 2012: 35 458).

Presentation currency. These financial statements are presented in Russian Roubles ("RR"), 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.

In August 2013 heavy rains in the Far-Eastern federal district resulted in floods that caused serious damages to several regions where the Group's branches, clients and borrowers are located.

In the summer 2012, several Russian regions were affected by abnormal climate conditions (drought). This event had significant negative consequences, including a decrease of wheat harvest, that affected financial state of Bank's borrowers and consequently loan loss provision rates. The Russian Government announced state support for drought-affected regions.

The ongoing uncertainty and volatility of the financial markets, in particular in Europe, and other risks could have significant negative effects on the Russian financial and corporate sectors.

2 Operating Environment of the Group (Continued)

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 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 2012, 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 30 September 2013 the principal rates of exchange used for translating foreign currency balances were USD 1 = RR 32.3451 (31 December 2012: USD 1 = RR 30.3727), EUR 1 = RR 43.6497 (31 December 2012: EUR 1 = RR 40.2286).

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

The accounting policies adopted in the preparation of these 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 2012, except for the application of new Standards and Interpretations as of 1 January 2013, noted below:

IFRS 10 Consolidated Financial Statements and IAS 27 Separate Financial Statements. IFRS 10 establishes a single control model that applies to all entities including special purpose entities. IFRS 10 replaces the parts of previously existing IAS 27 *Consolidated and Separate Financial Statements* that dealt with consolidated financial statements and SIC-12 *Consolidation — Special Purpose Entities*. IFRS 10 changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. To meet the definition of control in IFRS 10, all three criteria must be met, including: (a) an investor has power over an investee; (b) the investor has exposure, or rights, to variable returns from its involvement with the investee; and (c) the investor has the ability to use its power over the investee to affect the amount of the investor's returns. IFRS 10 had no impact on the consolidation of investments held by the Group.

IFRS 13 Fair Value Measurement. IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The application of IFRS 13 has not materially impacted the fair value measurements carried out by the Group.

IFRS 13 also requires specific disclosures on fair values, some of which replace existed disclosure requirements in other standards, including IFRS 7 *Financial Instruments: Disclosures*. Some of these disclosures are specifically required for financial instruments by IAS 34.16A(j), thereby affecting the interim condensed consolidated financial statements. The Group provides these disclosures in Note 15.

3 Summary of Significant Accounting Policies (Continued)

Amendments to IAS 19 Employee Benefits. The IASB has published amendments to IAS 19 *Employee Benefits*, effective for annual periods beginning on or after 1 January 2013, which involve major changes to the accounting for employee benefits, including the removal of the option for deferred recognition of changes in pension plan assets and liabilities (known as the "corridor approach"). In addition, these amendments will limit the changes in the net pension asset (liability) recognised in profit or loss to net interest income (expense) and service costs. These amendments had no impact on the Group's financial position.

Amendments to IAS 1 Changes to the Presentation of Other Comprehensive Income. The amendments to IAS 1 change the grouping of items presented in other comprehensive income. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, net losses or gains on available-for-sale financial assets) would be presented separately from items that will never be reclassified (for example, revaluation of buildings). The amendment affects presentation only and has no impact on the Group's financial position or performance.

Amendments to IFRS 7 Financial Instrument: Disclosures — Offsetting Financial assets and Financial Liabilities. These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognized financial instruments that are set off in accordance with IAS 32 *Financial Instruments: Presentation*. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreements, irrespective of whether they are set off in accordance with IAS 32. These amendments had no impact on the Group's financial position or performance.

Amendment to IAS 32 Financial Instruments: Presentation. This amendment clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 *Income Taxes*. The amendment removes existing income tax requirements from IAS 32 and requires entities to apply the requirements in IAS 12 to any income tax arising from distributions to equity holders. The amendment did not have an impact on the interim condensed consolidated financial statements of the Group, as there is no tax consequences attached to cash or non-cash distribution.

Amendment to IAS 34 Interim Financial Reporting. The amendment clarifies the requirements in IAS 34 relating to segment information for total assets and liabilities for each reportable segment to enhance consistency with the requirements in IFRS 8 *Operating Segments*. Total assets and liabilities for a reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total amount disclosed in the entity's previous annual consolidated financial statements for that reportable segment. The Group provides this disclosure as total segment assets were reported to the chief operating decision maker. Refer to Note 12.

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 2012.

Judgements that have the most significant effect on the amounts recognised 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:

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.

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

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.

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.

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 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 assumption in the business plan is to obtain profits in the current and subsequent financial years through widening of product range and client base.

Changes in presentation and reclassifications. The Group has changed disclosure of results from non-banking activities. The presentation of the comparative figures has been adjusted to be consistent with the new presentation. The effect of changes on the interim consolidated statement of comprehensive income for the nine months ended 30 September 2012 is as follows:

	As previously reported		**Reclassification**		**As adjusted**	
(Unaudited) *In millions of Russian Roubles*	**For the nine months ended 30 September 2012**	**For the three months ended 30 September 2012**	**For the nine months ended 30 September 2012**	**For the three months ended 30 September 2012**	**For the nine months ended 30 September 2012**	**For the three months ended 30 September 2012**
Consolidated Statement of Comprehensive Income						
Losses net of gains from non-banking activities	(2 443)	(1 107)	2 443	1 107	-	-
Gains from non-banking activities	-	-	4 527	1 292	4 527	1 292
Losses from non-banking activities	-	-	(6 970)	(2 399)	(6 970)	(2 399)

The Group has changed disclosure of cash flows from non-banking activities and cash flows on staff costs paid. The presentation of the comparative figures has been adjusted to be consistent with the new presentation.

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

The effect of changes on the interim consolidated statement of cash flows for the nine months ended 30 September 2012 is as follows:

(Unaudited) *In millions of Russian Roubles*	**As previously reported**	**Reclassification**	**As adjusted**
Consolidated Statement of Cash Flows			
Administrative and other operating expenses paid	(7 859)	(14 310)	(22 169)
Staff costs paid	(14 700)	14 700	-
Income received from non-banking activities	-	2 338	2 338
Losses incurred from non-banking activities	-	(3 347)	(3 347)
Net insurance income received	-	619	619

5 Financial Instruments Designated at Fair Value through Profit or Loss

In millions of Russian Roubles	**30 September 2013 (unaudited)**	**31 December 2012**
Credit Linked Notes	1 036	1 036
Due from other banks	10 542	11 514
Total financial instruments designated at fair value through profit or loss	**11 578**	**12 550**

International credit ratings of issuers of the notes and of counterparty banks were not less than BB- (S&P) as at 30 September 2013 (31 December 2012: not less than BB- (S&P)).

No additional financial instruments designated at fair value through profit or loss were recognised during nine months ended 30 September 2013.

In March 2013 the Group received funds placed in April 2010 under the contract with embedded derivative linked to a credit risk of a quasi-sovereign issuer. Funds were placed with one OECD bank in the amount of USD 40 million equivalent to RR 1 230 million as at maturity date and interest rate of 10.3% p.a.

6 Loans and Advances to Customers

In millions of Russian Roubles	**30 September 2013 (unaudited)**	**31 December 2012**
Loans to legal entities		
- Loans to corporates	1 082 328	946 315
- Lending for food interventions	9 579	21 794
- Deals with securities purchased under “reverse-repo agreements”	2 806	-
- Investments in agricultural cooperatives	391	396
Loans to individuals	241 221	199 572
Total loans and advances to customers (before impairment)	**1 336 325**	**1 168 077**
Less: Provision for loan impairment	(114 279)	(97 365)
Total loans and advances to customers	**1 222 046**	**1 070 712**

Lending for food interventions is represented by loans to the company under the control of the Russian Federation (31 December 2012: to the company under the control of the Russian Federation).

6 Loans and Advances to Customers (Continued)

As at 30 September 2013, the Group has loans to ten largest borrowers (groups of borrowers) in the total amount of RR 149 850 million (before impairment), or 11% of total loans and advances to customers (2012: the Group has loans to ten largest borrowers (groups of borrowers) in the total amount of RR 138 884 million (before impairment), or 12% of total loans and advances to customers).

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

	Nine months ended 30 September 2013				Nine months ended 30 September 2012			
(Unaudited) *In millions of Russian Roubles*	**Loans to corporates**	**Investments in agricultural cooperatives**	**Loans to individuals**	**Total**	**Loans to corporates**	**Investments in agricultural cooperatives**	**Loans to individuals**	**Total**
Provision for loan impairment at 1 January	**92 257**	**16**	**5 092**	**97 365**	**73 084**	**18**	**2 809**	**75 911**
Provision / (recovery of provision) for loan impairment during the period	17 102	33	3 435	**20 570**	27 907	(1)	1 671	**29 577**
Provision for loans sold during the period	(471)	-	-	**(471)**	(887)	-	-	**(887)**
Loans and advances to customers written off during the period as uncollectible	(2 716)	-	(21)	**(2 737)**	(1 362)	-	(8)	**(1 370)**
Disposal of subsidiaries	(448)	-	-	**(448)**	-	-	-	**-**
Provision for loan impairment at 30 September	**105 724**	**49**	**8 506**	**114 279**	**98 742**	**17**	**4 472**	**103 231**

	Three months ended 30 September 2013				Three months ended 30 September 2012			
(Unaudited) *In millions of Russian Roubles*	**Loans to corporates**	**Investments in agricultural cooperatives**	**Loans to individuals**	**Total**	**Loans to corporates**	**Investments in agricultural cooperatives**	**Loans to individuals**	**Total**
Provision for loan impairment at 1 July	**96 345**	**44**	**7 588**	**103 977**	**86 321**	**7**	**3 583**	**89 911**
Provision / (recovery of provision) for loan impairment during the period	9 598	5	932	**10 535**	13 212	10	895	**14 117**
Provision for loans sold during the period	278	-	-	**278**	(114)	-	-	**(114)**
Loans and advances to customers written off during the period as uncollectible	(394)	-	(14)	**(408)**	(677)	-	(6)	**(683)**
Disposal of subsidiaries	(103)	-	-	**(103)**	-	-	-	**-**
Provision for loan impairment at 30 September	**105 724**	**49**	**8 506**	**114 279**	**98 742**	**17**	**4 472**	**103 231**

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

7 Due to Other Banks

In millions of Russian Roubles	**30 September 2013 (unaudited)**	**31 December 2012**
Borrowings from other banks with term to maturity:		
- sale and repurchase agreements less than 30 days	536	-
- sale and repurchase agreements from 31 to 180 days	7 763	-
- sale and repurchase agreements from 181 days to 1 year	9 076	17 161
- less than 30 days	33 413	33 100
- from 31 to 180 days	7 594	32 538
- from 181 days to 1 year	7 665	23 783
- from 1 year to 3 years	4 294	5 526
- more than 3 years	7 839	13 662
Borrowings from the CBRF with term to maturity:		
- sale and repurchase agreements less than 30 days	24 904	-
- less than 30 days	1	22
- from 31 to 180 days	-	10 000
from 181 days to 1 year	400	-
Correspondent accounts and overnight placements of other banks	3 327	551
Total due to other banks	**106 812**	**136 343**

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

8 Bonds Issued

In millions of Russian Roubles	**30 September 2013 (unaudited)**	**31 December 2012**
Eurobonds issued	297 419	293 678
Bonds issued on domestic market	161 607	147 188
Total bonds issued	**459 026**	**440 866**

As at 30 September 2013, bonds issued consist of US Dollars, CHF, CNY 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 2013, the Group issued CNY 1 000 million Eurobonds (loan participation notes) (placed at par) equivalent to RR 4 818 million as at the date of issue maturing in February 2016 with semi-annual payments of coupon at 3.6% p.a.

In February 2013, the Group issued RR 10 000 million Eurobonds (loan participation notes) (placed at par) maturing in February 2018 with semi-annual payments of coupon at 7.875% p.a.

In March 2013, the Group repaid Eurobonds denominated in Russian Roubles in the amount of RR 30 000 million issued in March 2010.

In April 2013, the Group issued RR 10 000 million bonds (placed at par) maturing in April 2023 with semi-annual payments of coupon at 7.99% p.a. for the first six semi-annual 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 May 2013, the Group repaid Eurobonds denominated in US Dollars in the amount of USD 630 million equivalent to RR 19 715 million as at maturity date issued in May 2006.

In June 2013, the Group repaid bonds denominated in RR issued on the domestic market in the amount of RR 3 573 million at the put option date.

8 Bonds Issued (Continued)

During nine months 2013, the Group re-issued on the domestic market RR 7 277 million of previously bought back bonds issued on the domestic market maturing in September 2017, February 2018 and June 2018 with semi-annual payments of coupon at 7.5% p.a., 7.8% p.a. and 7.85% p.a., respectively.

In July 2013, the Group issued USD 800 million Eurobonds (loan participation notes) (placed at par) equivalent to RR 25 877 million maturing in July 2018 with semi-annual payments of coupon at 5.1% p.a.

In July 2013, the Group issued RR 10 000 million bonds (placed at par) maturing in July 2023 with semi-annual payments of coupon at 7.85% p.a. for the first four semi-annual 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 August 2013, the Group repaid at the maturity date bonds denominated in RR issued on the domestic market in the amount of RR 15 000 million issued in September 2010.

In September 2013, the Group issued RR 5 000 million bonds (placed at par) maturing in September 2023 with semi-annual payments of coupon at 7.9% p.a. for the first four semi-annual 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.

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

9 Interest Income and Expense

(Unaudited)	**Nine months ended 30 September**		**Three months ended 30 September**	
In millions of Russian Roubles	**2013**	**2012**	**2013**	**2012**
Interest income				
Loans and advances to customers	103 217	89 952	35 957	30 582
Investment securities available for sale including pledged under repurchase agreements	3 505	3 165	1 435	924
Investment securities held to maturity including pledged under repurchase agreements	2 454	2 505	804	855
Due from other banks	1 807	1 769	378	546
Financial instruments designated at fair value through profit or loss	777	833	258	285
Cash equivalents	601	913	138	353
Trading securities	404	710	41	329
Total interest income	**112 765**	**99 847**	**39 011**	**33 874**
Interest expense				
Bonds issued	(24 488)	(21 584)	(8 312)	(7 828)
Term deposits of legal entities	(19 633)	(19 908)	(7 264)	(6 748)
Term deposits of individuals	(9 543)	(6 344)	(3 541)	(2 247)
Term deposits of other banks	(5 528)	(5 584)	(1 338)	(1 925)
Subordinated debts	(2 508)	(2 690)	(854)	(993)
Promissory notes issued and deposit certificates	(1 717)	(1 223)	(402)	(390)
Current/settlement accounts	(574)	(541)	(190)	(187)
Term deposits of the CBRF	(661)	(873)	(312)	(290)
Total interest expense	**(64 652)**	**(58 747)**	**(22 213)**	**(20 608)**
Net interest income	**48 113**	**41 100**	**16 798**	**13 266**

10 Losses Net of Gains from Non-banking Activities

(Unaudited)	Nine months ended 30 September		Three months ended 30 September	
In millions of Russian Roubles	**2013**	**2012**	**2013**	**2012**
Sales of goods	2 377	3 391	1 142	946
Cost of goods sold	(2 595)	(3 438)	(1 104)	(983)
Net income from insurance operations	266	187	102	60
Impairment charge of trade receivables and prepayments	(395)	(1 256)	(76)	(468)
Other non-banking income	584	830	36	196
Other non-banking expenses	(1 120)	(2 157)	(392)	(858)
Total losses net of gains from non-banking activities	**(883)**	**(2 443)**	**(292)**	**(1 107)**

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

Net income from insurance operations is as follows:

(Unaudited)	Nine months ended 30 September		Three months ended 30 September	
In millions of Russian Roubles	**2013**	**2012**	**2013**	**2012**
Insurance premiums				
Premium earned	1 340	443	535	238
Reinsurers share in premiums earned	(532)	(137)	(217)	(88)
Net insurance premiums earned	**808**	**306**	**318**	**150**
Insurance benefits and claims				
Claims incurred during the period	(640)	(210)	(196)	(162)
Acquisition costs	(183)	(67)	(71)	(48)
Reinsurers share in claims incurred during the period	281	158	51	120
Net insurance benefits and claims	**(542)**	**(119)**	**(216)**	**(90)**
Net income from insurance operations	**266**	**187**	**102**	**60**

11 Significant Risk Concentrations

As at 30 September 2013, cash and cash equivalents and placement with other banks included no balances with other banks each above 10% of the Group's equity (31 December 2012: balances with one Russian banking group (state-owned) and one foreign bank rated not less than BBB (S&P) totalled RR 47 381 million, or 31% of total cash and cash equivalents and due from other banks).

As at 30 September 2013, cash and cash equivalents included the balances with the CBRF in the total amount of RR 16 819 million, or 25% of total cash and cash equivalents (31 December 2012: RR 46 266 million, or 44% of total cash and cash equivalents).

As at 30 September 2013, the Group had the balances due to CBRF in the total amount of RR 25 305 million, or 24% of total due to other banks (31 December 2012: balances due to CBRF in the total amount of RR 10 022 million, or 7% of total due to other banks).

11 Significant Risk Concentration (Continued)

As at 30 September 2013, due to other banks included no balances with other banks each above 10% of the Group's equity (31 December 2012: the Group had the balances due to two foreign banks with the balance above 10% of the Group's equity each and the aggregate amount of RR 52 087 million, or 38% of total due to other banks).

As at 30 September 2013, the Group had four customers with the balance above 10% of the Group's equity each (31 December 2012: four customers). The aggregate balance of such customer accounts was RR 193 563 million, or 29% of total customer accounts (31 December 2012: RR 119 756 million, or 21% of total customer accounts).

As at 30 September 2013, other assets included receivables and prepayments related to trade activity of subsidiaries in the total amount of RR 1 823 million (31 December 2012: RR 1 969 million).

As at 30 September 2013, other liabilities included payables related to activity of subsidiaries in the total amount of RR 158 million (31 December 2012: RR 368 million).

12 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 interim condensed consolidated financial statements and in Group's last annual consolidated financial statements.

12 Segment Analysis (Continued)

Segment reporting of the Group's revenue and profit/(loss) for the nine months ended 30 September 2013 and for the nine months ended 30 September 2012 and segment reporting of the Group's assets at 30 September 2013 and 31 December 2012 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 nine months ended 30 September 2013 (unaudited)											
Revenue from external customers:	**12 310**	**27 622**	**5 494**	**25 776**	**7 629**	**9 942**	**11 874**	**3 647**	**4 627**	**7 228**	**116 149**
- Interest income from loans and advances to customers, due from other banks and other placed funds	12 223	24 991	4 887	23 549	6 890	9 027	10 536	3 306	4 312	6 578	**106 299**
- Net fee and commission income from credit related operations	87	2 631	607	2 227	739	915	1 338	341	315	650	**9 850**
(Losses net of gains) / gains less losses arising from securities, derivative financial instruments and currency	(3 569)	79	114	(81)	(51)	(182)	50	(79)	(3)	(53)	**(3 775)**
Interest expenses from due to other banks, customer accounts and bonds issued	(46 284)	(7 334)	(884)	(3 623)	(1 573)	(556)	(1 717)	(740)	(649)	(757)	**(64 117)**
Provision (charge)/recovery for impairment	(5 929)	5 276	(2 640)	(1 117)	(1 316)	(1 510)	(1 362)	(273)	(9 869)	(2 154)	**(20 894)**
Administrative and maintenance expense	(19 095)	(1 279)	(414)	(1 185)	(454)	(510)	(848)	(255)	(259)	(310)	**(24 609)**
- Including depreciation charge for the reporting period	(114)	(159)	(35)	(136)	(55)	(66)	(91)	(17)	(34)	(26)	**(733)**
Other income less other expenses	(474)	(261)	(38)	137	29	139	475	23	486	18	**534**
Current income tax expense	(1 656)	-	-	-	-	-	-	-	-	-	**(1 656)**
Intersegment income and expense*	**57 153**	**(13 798)**	**(2 024)**	**(13 461)**	**(4 001)**	**(5 683)**	**(7 000)**	**(1 606)**	**(5 424)**	**(4 156)**	**-**
(Loss)/profit of the reportable segments	**(64 697)**	**24 103**	**1 632**	**19 907**	**4 264**	**7 323**	**8 472**	**2 323**	**(5 667)**	**3 972**	**1 632**

12 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	Krasnodar branch	Southern federal district (without Krasnodar branch)	Total
For the nine months ended 30 September 2012 (unaudited)											
Revenue from external customers:	**13 259**	**24 171**	**3 642**	**20 645**	**6 285**	**8 720**	**11 604**	**2 472**	**4 144**	**5 574**	**100 516**
- Interest income from loans and advances to customers, due from other banks and other placed funds	12 083	22 180	3 198	18 997	5 718	8 031	10 604	2 244	3 811	5 087	**91 953**
- Net fee and commission income from credit related operations	1 176	1 991	444	1 648	567	689	1 000	228	333	487	**8 563**
(Losses net of gains) / gains less losses arising from securities, derivative financial instruments and currency	(4 326)	61	16	20	15	4	18	5	17	8	**(4 162)**
Interest expenses from due to other banks, customer accounts and bonds issued	(41 935)	(6 403)	(686)	(2 824)	(1 142)	(439)	(1 432)	(444)	(600)	(632)	**(56 537)**
Provision recovery/(charge) for impairment	759	(4 911)	(445)	(3 300)	(634)	(2 014)	(2 839)	(64)	(2 799)	(442)	**(16 689)**
Administrative and maintenance expense	(17 022)	(1 212)	(367)	(1 083)	(427)	(482)	(773)	(210)	(240)	(278)	**(22 094)**
- Including depreciation charge for the reporting period	(130)	(178)	(43)	(158)	(61)	(78)	(107)	(21)	(39)	(29)	**(844)**
Other income less other expenses	(115)	855	14	91	87	85	95	10	116	31	**1 269**
Current income tax expense	(456)	-	-	-	-	-	-	-	-	-	**(456)**
Intersegment income and expense*	**45 590**	**(9 851)**	**(1 805)**	**(10 626)**	**(3 240)**	**(5 320)**	**(5 917)**	**(1 194)**	**(4 657)**	**(2 980)**	**-**
(Loss)/profit of the reportable segments	**(49 836)**	**12 561**	**2 174**	**13 549**	**4 184**	**5 874**	**6 673**	**1 769**	**638**	**4 261**	**1 847**
Total assets											
30 September 2013 (unaudited)	2 225 224	678 766	88 609	432 677	164 005	159 268	255 767	88 590	128 516	110 898	**4 332 320**
31 December 2012	1 418 521	419 974	59 391	278 982	108 575	123 741	165 569	44 612	102 840	76 109	**2 798 314**

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

12 Segment Analysis (Continued)

Segment reporting of the Group's revenue and profit/(loss) for the three months ended 30 September 2013 and for the three months ended 30 September 2012 are as follows:

(Unaudited) *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 September 2013											
Revenue from external customers:	**3 865**	**9 675**	**1 884**	**9 335**	**2 688**	**3 447**	**4 072**	**1 329**	**1 996**	**2 561**	**40 852**
- Interest income from loans and advances to customers, due from other banks and other placed funds	3 906	8 593	1 658	8 487	2 427	3 096	3 568	1 202	1 876	2 297	**37 110**
- Net fee and commission income from credit related operations	(41)	1 082	226	848	261	351	504	127	120	264	**3 742**
(Losses net of gains) / gains less losses arising from securities, derivative financial instruments and currency	(207)	(18)	(28)	2	(20)	(21)	-	(53)	5	(36)	**(376)**
Interest expenses from due to other banks, customer accounts and bonds issued	(16 386)	(2 546)	(316)	(1 358)	(526)	(198)	(610)	(265)	(223)	(253)	**(22 681)**
Provision (charge)/recovery for impairment	24	(1 277)	(2 511)	(473)	(793)	(646)	(412)	(225)	(1 744)	(131)	**(8 188)**
Administrative and maintenance expense	(6 735)	(458)	(148)	(417)	(161)	(179)	(304)	(91)	(91)	(108)	**(8 692)**
- Including depreciation charge for the reporting period	(38)	(53)	(11)	(44)	(17)	(22)	(30)	(6)	(11)	(9)	**(241)**
Other income less other expenses	(128)	26	2	71	15	73	211	3	163	5	**441**
Current income tax expense	(708)	-	-	-	-	-	-	-	-	-	**(708)**
Intersegment income and expense*	**20 297**	**(4 929)**	**(713)**	**(4 886)**	**(1 418)**	**(1 971)**	**(2 444)**	**(585)**	**(1 851)**	**(1 500)**	**-**
(Loss)/profit of the reportable segments	**(20 275)**	**5 402**	**(1 117)**	**7 160**	**1 203**	**2 476**	**2 957**	**698**	**106**	**2 038**	**648**

12 Segment Analysis (Continued)

(Unaudited) *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 September 2012											
Revenue from external customers:	**4 828**	**8 087**	**1 341**	**7 363**	**2 223**	**3 034**	**4 082**	**903**	**1 251**	**2 045**	**35 157**
- Interest income from loans and advances to customers, due from other banks and other placed funds	4 020	7 385	1 174	6 775	2 004	2 773	3 708	818	1 136	1 857	**31 650**
- Net fee and commission income from credit related operations	808	702	167	588	219	261	374	85	115	188	**3 507**
(Losses net of gains) / gains less losses arising from securities, derivative financial instruments and currency	(2 173)	21	4	8	6	1	7	3	7	3	**(2 113)**
Interest expenses from due to other banks, customer accounts and bonds issued	(14 636)	(2 261)	(238)	(934)	(439)	(148)	(493)	(200)	(210)	(224)	**(19 783)**
Provision recovery/(charge) for impairment	498	(3 778)	(14)	(292)	(244)	(1 302)	(1 675)	(8)	(853)	(132)	**(7 800)**
Administrative and maintenance expense	(5 952)	(400)	(118)	(352)	(143)	(158)	(246)	(72)	(82)	(97)	**(7 620)**
- Including depreciation charge for the reporting period	(31)	(55)	(13)	(50)	(20)	(25)	(34)	(6)	(13)	(9)	**(256)**
Other income less other expenses	155	55	9	34	34	46	31	3	31	22	**420**
Current income tax credit	1 900	-	-	-	-	-	-	-	-	-	**1 900**
Intersegment income and expense*	**16 347**	**(3 555)**	**(677)**	**(3 877)**	**(1 158)**	**(1 889)**	**(2 146)**	**(394)**	**(1 569)**	**(1 082)**	**-**
(Loss)/profit of the reportable segments	**(15 380)**	**1 724**	**984**	**5 827**	**1 437**	**1 473**	**1 706**	**629**	**144**	**1 617**	**161**

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

12 Segment Analysis (Continued)

At the end of 2012 the Bank centralized the payroll function in the Head office that resulted in changes in expenses allocation to operating segments. The presentation of the comparative figures for the nine and three months ended 30 September 2012 has been adjusted to be consistent with the new presentation.

Reconciliation of reportable segments results is as follows:

(Unaudited)	**Nine months ended 30 September**		**Three months ended 30 September**	
In millions of Russian Roubles	**2013**	**2012**	**2013**	**2012**
Total profit of reportable segments (after tax)	**1 632**	**1 847**	**648**	**161**
Adjustment of deferred tax	2 658	1 670	595	1 557
Adjustments of provision for impairment	(431)	(13 725)	(3 065)	(8 483)
Adjustments of derivative financial instruments at fair value	(970)	6 395	1 721	2 606
(Losses less gains) / gains less losses from revaluation of other financial instruments at fair value through profit or loss	(326)	1 757	(75)	477
Adjustments of financial assets and liabilities carried at amortised cost	(5 879)	(3 645)	(80)	(235)
Adjustment of income tax expense	(68)	300	56	(1 955)
Results of non-reportable segments, including the effect of consolidation*	5 482	1 844	227	401
Accrued staff costs	(950)	(1 255)	349	(113)
Other	(189)	(722)	(20)	(85)
The Group's profit/(loss) under IFRS (after tax)	**959**	**(5 534)**	**356**	**(5 669)**

* 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 which have the legal form of deposits are recognised as back-to-back deposits, whereas in the IFRS financial statement such transactions are recognised at fair value. 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 amortised 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 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.

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.

13 Contingencies and Commitments

Legal proceedings. From time to time in the normal course of business, claims against the Group are received. As at 30 September 2013, 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 2012: nil).

13 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.

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 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 30 September 2013 the management has not created any provision for potential tax liabilities (31 December 2012: nil).

Capital expenditure commitments. As at 30 September 2013, the Group had contractual capital expenditure commitments of RR 480 million (31 December 2012: RR 1 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	**30 September 2013 (unaudited)**	**31 December 2012**
Not later than 1 year	2 697	2 506
Later than 1 year and not later than 5 years	7 956	7 007
Later than 5 years	1 930	2 478
Total operating lease commitments	**12 583**	**11 991**

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.

Credit related commitments. Outstanding credit related commitments are as follows:

In millions of Russian Roubles	**30 September 2013 (unaudited)**	**31 December 2012**
Undrawn credit lines	43 413	29 127
Financial guarantees issued	21 695	20 535
Letters of credit	16 787	11 286
Total credit related commitments	**81 895**	**60 948**

13 Contingencies and Commitments (Continued)

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

In millions of Russian Roubles	**30 September 2013 (unaudited)**	**31 December 2012**
State Eurobonds pledged under term deposits from clients	**7 176**	**6 659**
Under repo agreements		
- Corporate Eurobonds	20 415	20 632
- Corporate bonds	22 727	-
- Municipal and subfederal bonds	2 527	-
- State Eurobonds	849	-
- Federal loan bonds (OFZ)	2 752	-
Total assets pledged under repo agreements	**49 270**	**20 632**
Security deposit under the lease agreement	**202**	**202**

As at 30 September 2013, mandatory cash balances with the CBRF of RR 10 738 million (31 December 2012: RR 9 153 million) represent mandatory reserve deposits which are not available to finance the Group's day to day operations.

As at 30 September 2013, the Bank's subsidiaries pledged production premises and equipment under loan agreements with other banks in the total amount of RR 807 million (31 December 2012: RR 1 378 million).

14 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 on standardised contractual terms and conditions. Derivative financial instruments have potentially favourable (assets) or unfavourable (liabilities) conditions as a result of fluctuations in market interest rates, foreign exchange rates or other variables relative to their terms.

The aggregate fair values of derivative financial instruments 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, Euros, Swiss Francs, Chinese Yuans and Japanese yens to large OECD banks and one of the Russian banking groups with maturities from October 2013 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 on the exchange of resources provide termination of liabilities with a mark-to-market payment in the case of a relevant event (e.g., a default event).

14 Derivative Financial Instruments (Continued)

The table below reflects gross positions in derivative financial instruments before the netting of any counterparty positions as at 30 September 2013 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	193 799	(173 826)	21 003	(1 030)
- purchase USD / sale RUB	15 204	(15 318)	99	(213)
- purchase EUR / sale RUB	76	(76)	-	-
- purchase USD / sale EUR	2 009	(2 009)	-	-
- purchase RUB / sale EUR	921	(842)	79	-
- purchase RUB / sale JPY	4 646	(3 649)	997	-
- purchase RUB / sale CHF	16 398	(15 410)	988	-
- purchase JPY / sale GBP	104	(104)	-	-
- purchase GBP / sale JPY	104	(103)	1	-
- purchase RUB / sale CNY	5 310	(4 799)	511	-
Interest rate				
-interest rate swaps	1 195	(904)	291	-
Securities				
- purchase securities / sale USD	33	(33)	-	-
- purchase USD / sale securities	33	(33)	-	-
Total	**239 832**	**(217 106)**	**23 969**	**(1 243)**

The table below reflects gross positions before the netting of any counterparty positions as at 31 December 2012 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	214 817	(201 747)	17 742	(4 672)
- purchase USD / sale RUB	33 587	(34 141)	-	(554)
- purchase EUR / sale USD	1 207	(1 206)	2	(1)
- purchase USD / sale EUR	1 486	(1 489)	-	(3)
- purchase RUB / sale EUR	824	(831)	-	(7)
- purchase RUB / sale JPY	4 734	(3 891)	843	-
- purchase RUB / sale CHF	15 922	(15 874)	72	(24)
Total	**272 577**	**(259 179)**	**18 659**	**(5 261)**

15 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.

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 Bank 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 amortised cost which approximates current fair value.

Loans and receivables carried at amortised 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 amortised cost. The fair value for held to maturity securities and related investment securities pledged under repurchase agreements is based on market price.

Liabilities carried at amortised 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.

15 Fair Value of Financial Instruments (Continued)

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

	30 September 2013 (unaudited)		31 December 2012	
In millions of Russian Roubles	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
FINANCIAL ASSETS CARRIED AT AMORTISED COST				
Cash and cash equivalents	68 211	68 211	106 342	106 342
Mandatory cash balances with the CBRF	10 738	10 738	9 153	9 153
Due from other banks	21 210	21 358	45 930	46 646
Loans and advances to customers				
- Loans to corporates	976 604	963 027	854 058	849 537
- Lending for food interventions	9 579	9 579	21 794	21 794
- Reverse repo agreements	2 806	2 806	-	-
- Investments in agricultural cooperatives	342	342	380	380
- Loans to individuals	232 715	232 200	194 480	191 913
Investment securities held to maturity including pledged under repurchase agreements				
- Corporate bonds	14 394	14 357	14 916	14 723
- State Eurobonds	7 176	7 424	6 659	7 575
- Municipal and subfederal bonds	3 331	3 345	3 403	3 413
- Federal Loan bonds (OFZ)	2 283	2 168	2 754	2 691
- Corporate Eurobonds	20 908	21 061	20 899	19 801
Other financial assets	6 849	6 849	8 065	8 065
TOTAL FINANCIAL ASSETS CARRIED AT AMORTISED COST	**1 377 146**	**1 363 465**	**1 288 833**	**1 282 033**
FINANCIAL ASSETS CARRIED AT FAIR VALUE	**109 576**	**109 576**	**94 465**	**94 465**
TOTAL FINANCIAL ASSETS	**1 486 722**	**1 473 041**	**1 383 298**	**1 376 498**
FINANCIAL LIABILITIES CARRIED AT AMORTISED COST				
Due to other banks				
- Term borrowings from other banks	78 180	81 990	125 770	131 727
- Term borrowings from the CBRF	25 305	25 305	10 022	10 022
- Correspondent accounts and overnight placements of other banks	3 327	3 327	551	551
Customer accounts	678 814	678 673	557 476	557 657
Promissory notes issued and deposit certificates	16 101	16 101	23 234	23 234
Bonds issued				
- Eurobonds issued	297 419	308 585	293 678	314 302
- Bonds issued on domestic market	161 607	162 858	147 188	148 124
Other financial liabilities	3 544	3 544	4 040	4 040
Subordinated debts	57 572	57 582	55 274	56 630
TOTAL FINANCIAL LIABILITIES CARRIED AT AMORTISED COST	**1 321 868**	**1 337 965**	**1 217 233**	**1 246 287**
FINANCIAL LIABILITIES CARRIED AT FAIR VALUE	**1 243**	**1 243**	**5 261**	**5 261**
TOTAL FINANCIAL LIABILITIES	**1 323 111**	**1 339 208**	**1 222 494**	**1 251 548**

15 Fair Value of Financial Instruments (Continued)

b) Analysis by fair value hierarchy of financial instruments carried at fair value

Analysis of financial instruments at fair value at 30 September 2013 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)**	**Total**
Financial assets			
Trading securities	442	2 285	**2 727**
Financial instruments designated at fair value through profit or loss	-	11 578	**11 578**
Investment securities available for sale pledged under repurchase agreements	15 292	-	**15 292**
Investment securities available for sale	56 010	-	**56 010**
Derivative financial instruments assets	-	23 969	**23 969**
Financial liabilities			
Derivative financial instruments liabilities	-	(1 243)	**(1 243)**

Analysis of financial instruments at fair value at 31 December 2012 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)**	**Total**
Financial assets			
Trading securities	-	19 220	**19 220**
Financial instruments designated at fair value through profit or loss	-	12 550	**12 550**
Investment securities available for sale	44 036	-	**44 036**
Derivative financial instruments assets	-	18 659	**18 659**
Financial liabilities			
Derivative financial instruments liabilities	-	(5 261)	**(5 261)**

There were no financial instruments carried at fair value based on a valuation technique with non-observable inputs (Level 3) at 30 September 2013 (31 December 2012: nil).

16 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. Refer to Note 1.

The Group decided to apply the exemption from disclosure of individually insignificant transactions and balances with the state-controlled entities and parties that are related to such entities because the Russian state has control, joint control or significant influence over such parties.

In these interim condensed consolidated financial statements, individually and collectively significant balances and transactions with related parties controlled by the Russian State and balances and transactions with related parties represented by key management and their family members are disclosed.

16 Related Party Transactions (Continued)

Subordinated debt attracted from Vnesheconombank with maturity in December 2019 and an interest rate of 6.5% p.a. represent the individually significant balance with the related party controlled by the Russian Federation. The outstanding balance of the subordinated debt as at 30 September 2013 was RR 25 000 million (31 December 2012: RR 25 009 million). Interest expense on the subordinated debt for the nine months ended 30 September 2013 was RR 1 215 million and for the three months ended 30 September 2013 was RR 409 million (for the nine months ended 30 September 2012: RR 1 212 million, for the three months ended 30 September 2012: RR 404 million).

Collectively significant balances with related parties controlled by the Russian State and with related parties represented by key management and their family members were as follows:

In millions of Russian Roubles	**30 September 2013 (unaudited)**	**31 December 2012**
Cash and cash equivalents		
State-controlled banks	12 055	16 878
Loans and advances to customers (before impairment)		
State-controlled entities	22 460	30 222
Provision for loan impairment at the end of the period		
State-controlled entities	(29)	(15)
Securities		
Securities issued by Russian Federation	22 144	17 042
Securities of state-controlled entities and banks	23 144	32 747
Due from other banks		
State-controlled banks	2 314	5 075
Customer accounts		
State-controlled entities	227 178	87 135
Key management and their family members	146	59
Due to other banks		
State-controlled banks	18 039	8 525

The income and expense items on collectively significant operations with related parties were as follows:

(Unaudited)	**Nine months ended 30 September**		**Three months ended 30 September**	
In millions of Russian Roubles	**2013**	**2012**	**2013**	**2012**
Interest income on cash and cash equivalents				
State-controlled banks	217	150	30	34
Interest income on due from other banks				
State-controlled banks	19	-	13	-
Interest income on loans and advances to customers				
State-controlled entities	1 735	2 120	461	620
Interest income on securities				
Securities issued by Russian Federation	843	835	334	242
Securities of state-controlled entities	1 351	1 886	639	984
Interest expense on customer accounts				
State-controlled entities	(8 129)	(7 402)	(3 452)	(2 681)
Key management and their family members	(5)	(2)	(2)	(1)
Interest expense on due to other banks				
State-controlled banks	(353)	(176)	(160)	(61)

16 Related Party Transactions (Continued)

Balances with the CBRF are disclosed in notes 7 and 11.

The Group has also the following insignificant income and expense items on operations with related parties:

- results from operations with trading securities and securities available for sale; and
- other.

Key management of the Group represents members of the Supervisory Board, the Management Board and Chief Accountant of the Bank. For the nine months ended 30 September 2013 short-term benefits of the key management amounted to RR 263 million (for the nine months ended 30 September 2012: RR 156 million), for the three months ended 30 September 2013: RR 101 million (for the three months ended 30 September 2012: RR 55 million).

17 Disposal of Subsidiaries and Groups Classified as Held for Sale

a) Disposal of Subsidiaries

In January 2013 as a result of insolvency procedures the Group lost the control over OOO “Agrostar” and recognized gain from disposal of subsidiary in the amount of RR 24 million.

In February 2013 as a result of insolvency procedures the Group lost the control over OOO “Agroinvest” and recognized loss from disposal of subsidiary in the amount of RR 720 million.

In September 2013 as a result of insolvency procedures the Group lost the control over ZAO “Agroproekt” and recognized gain from disposal of subsidiary in the amount of RR 145 million.

b) Groups Classified as Held for Sale

As at 30 September 2013 the Group classified the assets and liabilities related to companies in Bashkortostan and Leningrad Region as disposal groups held for sale (31 December 2012: the assets and liabilities related to companies in Bashkortostan and Leningrad Region as disposal groups held for sale).

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

In millions of Russian Roubles	**30 September 2013 (unaudited)**	**31 December 2012**
Premises and equipment	3 078	3 032
Trade receivables	1 056	957
Inventory	687	792
Loans and advances to customers	20	117
Cash and cash equivalents	4	6
Other	493	434
Total assets of the disposal groups held for sale	**5 338**	**5 338**

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

In millions of Russian Roubles	**30 September 2013 (unaudited)**	**31 December 2012**
Due to other banks	-	7
Trade payables	547	731
Deferred income tax liability	274	280
Other	448	392
Total liabilities directly associated with disposal groups held for sale	**1 269**	**1 410**

18 Events after the End of the Reporting Period

In October 2013, the Group attracted a subordinated debt totalling USD 500 million equivalent to RR 16 134 million in Eurobonds issued by the Group through its special purpose entity, RSHB Capital S.A. The Eurobonds mature in October 2023 and have contractual interest rate of 8.5% p.a.

In October 2013, the Group repaid at the maturity date bonds denominated in RR issued in November 2010 on the domestic market in the amount of RR 10 000 million.

In November 2013, the Group issued RR 5 000 million bonds (placed at par) maturing in November 2023 with semi-annual payments of coupon at 8.1% p.a. for the first six semi-annual 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 October and November 2013, the Group re-issued on the domestic market RR 1 700 million of previously bought back bonds maturing in June 2018, with semi-annual payments of coupon at 7.85% p.a.

In December 2013, the Group repaid bonds denominated in RR issued on the domestic market in the amount of RR 7 769 million at the put option date.

APPENDIX A –
OVERVIEW OF THE RUSSIAN BANKING SECTOR AND REGULATION IN THE RUSSIAN FEDERATION

The following information is to be read in conjunction with the information in Appendix A "*Overview of the Russian Banking Sector and Regulation in the Russian Federation*" on pages A-1 to A-25 of the Base Prospectus:

On 23 July 2013, a set of amendments was introduced to legislation relating to the creation of a financial "megaregulator" in Russia. According to these amendments, the most significant of which came into force on 1 September 2013, the Federal Service For Financial Markets ("**FSFM**") was integrated into the CBR and all of the FSFM's functions, including registration of securities issues, ensuring the disclosure of information on securities markets and control and supervision of securities issuers and professional securities market participants, were transferred to the CBR.

Regulation of Consumer Lending

General

Until December 2013, in the absence of specific consumer lending laws, the Law of the Russian Federation No. 2300-1 of February 7, 1992, "On Protection of Consumers Rights", as amended (the "**Consumer Protection Law**"), had provided general protection for consumers of banking services, including consumers of retail finance loans. In addition to the Consumer Protection Law, certain court decisions had established court practice in relation to consumer protection in the Russian banking sector. In particular, the Supreme Arbitration Court and the Supreme Court of the Russian Federation have increased the protection of retail customers' rights. In March 2010, the Supreme Arbitration Court of the Russian Federation ruled that charging a loan account fee to retail borrowers is invalid. In October 2010, it clarified that any provision requiring payment of penalties in priority to interest and principal under loan agreements in the event of insufficiency of borrowers' funds is void. In September 2011, it prohibited charging a number of retail banking fees and compound interest to retail borrowers, allowed retail borrowers to prepay loans in full or in part and prohibited charging fees for early repayment. In May 2013, the Supreme Court of the Russian Federation prohibited making the availability of retail loan products conditional on the purchase of insurance coverage. These rulings were developed and codified in the new Federal Law No. 353-FZ dated 21 December 2013 "On consumer lending" (the "**Consumer Lending Law**") which will come into force on 1 July 2014 and will be applicable to consumer loan agreements entered into after 1 July 2014. Enactment of the Consumer Lending Law is intended to provide more specific regulation of consumer protection in the Russian banking sector, while the Consumer Protection Law contains more general regulations. Certain provision of the Consumer Lending Law will also apply to retail mortgage loans.

The Consumer Lending Law sets forth requirements in relation to the terms of a consumer loan agreement. In particular, according to the Consumer Lending Law, the consumer loan agreement must contain general and specific terms. General terms of the consumer loan agreement are set out at the lender's discretion, and the specific terms are agreed between the lender and the borrower. The Consumer Lending Law sets, among others, the following specific terms of the consumer loan agreement: (i) amount of the loan or lending limit (and the procedure for changing the lending limit), (ii) term of the loan and repayment date, (iii) currency of the loan, (iv) payment schedule of the loan and (v) purpose of the loan.

The Consumer Lending Law sets the priority for applying a payment made by the borrower under the loan to discharge its payment obligations under the loan if such payment is insufficient to discharge all relevant payment obligations. In particular, the Consumer Lending Law sets out the following priority of payments: (i) overdue interest payments, (ii) overdue principal payments, (iii) penalty, (iv) current interest payments and (v) current principal payments.

Limitation of Penalty and Effective Interest Rate

In addition, the Consumer Lending Law sets out limits on the penalty under the consumer loan agreement in case of the borrower's payment default. According to the Consumer Lending Law, the penalty shall not exceed (i) 20 per cent. per annum., if the consumer loan agreement specifies that interest continues to accrue on the overdue payment of the principal of the loan, or (ii) 0.1 per cent. per day, if the consumer loan agreement specifies that interest ceases to accrue on the overdue payment of the principal of the loan, after the payment default of the borrower has occurred.

The Consumer Lending Law sets out the formula for calculating the effective interest rate under the consumer loan agreement and sets the limit of such effective interest rate. The calculation of the effective interest rate reflects the following payments to be made by the borrower: (i) repayment of the principal amount of the loan; (ii) interest payments; (iii) payments by the borrower in favour of the lender, if those payments are stipulated by the consumer loan agreement, or, if the financing of the loan by the lender is conditioned on the borrower's payment in its favour; (iv) payment for the issuance and service of an electronic payment instrument in relation to execution and performance under the consumer loan agreement; (v) payments by the borrower in favour of third parties, if those payments are stipulated by the consumer loan agreement or if the financing of the loan by the lender is conditioned on the borrower's payments in favour of third parties; (vi) insurance premium under an insurance agreement, if the beneficiary under the insurance agreement is not the borrower or his close relative; and (vii) insurance premium under a voluntary insurance agreement, if the terms of the consumer loan agreement (including maturity date or effective interest rate) depend on execution of such voluntary insurance agreement. The penalty for payment default by the borrower under the consumer loan agreement is not taken into account for calculation of the effective interest rate.

According to the Consumer Lending Law, the effective interest rate of the loan shall not exceed by more than one-third the mid-market effective interest rate for the relevant category of consumer loans established by the CBR quarterly. The CBR shall establish categories of consumer loans on the basis of the following parameters: (i) amount of the loan; (ii) maturity of the loan; (iii) availability of collateral; (iv) type of lender; (v) purpose of the loan; (vi) use of an electronic payment instrument; and (vii) existence of lending limit.

The mid-market effective interest rate shall be determined by the CBR 45 calendar days prior to each quarter with respect to which the relevant mid-market effective interest rate limitation will apply. The CBR shall calculate the effective interest rate using weighted average interest rate of (i) not less than the 100 largest lenders in respect of the relevant category of loan or (ii) not less than one-third of all lenders in respect of the relevant category of loan. The first determination of the mid-market effective interest rate shall be published by the CBR no later than 14 November 2014.

The following information is to be read in conjunction with the information in the subsection with the caption "*Capital Requirements*" on pages A-11 to A-12 of the Base Prospectus:

Basel Implementation in Russia

Russian regulation of capital is generally based on the recommendations of the Basel Committee, starting from the "International Convergence of Capital Measurement and Capital Standards" adopted in July 1988 and updated in April 1998. It is, however, less sophisticated in certain respects. In recent years, the CBR in cooperation with Russian banks, has started preparing the implementation of international approaches to capital adequacy of credit organisations under "Basel II: International Convergence of Capital Measurement and Capital Standards: a Revised Framework" ("**Basel II**"), as issued by the Basel Committee. Currently, the standardised approach for credit risks of Basel II as set forth in Pillar 1 "Minimum Capital Requirements", is being applied in Russia. The CBR has also started preparing the implementation of the internal ratings based approach of Basel II Pillar 1. As part of this preparation, in January 2013, the CBR published letter No. 192-T of 29 December 2012 "On Methodological Recommendations for implementation of approach to calculation of credit risks on the basis of banks' internal ratings".

As part of introducing Basel II Pillar 2 "Supervisory Review Process", the CBR issued Letter No. 96-T of 29 June 2011 "On Methodological Recommendations for Credit Organisation on Arranging Internal Procedures for Capital Adequacy Assessment" (the "**Methodological Recommendations**"). Under the Methodological Recommendations, credit organisations are recommended to elaborate and use internal procedures for capital adequacy assessment which comprise the process of assessment by a credit organisation of adequacy of its own capital, i.e. its internal capital to cover accepted and potential risks, as well as constitute a part of such credit organisation's corporate culture. Under the declaration on "The Strategy of the Developments of the Banking Sector of Russia for the period till 2015", issued by the Russian Government and the CBR on 5 April 2011 ("**2011 Russian Banking Sector Strategy**"), the implementation of Basel II Pillar 2 and the internal ratings based approach of Basel II Pillar 1 in Russia may begin approximately in 2014 and 2015, respectively.

The 2011 Russian Banking Sector Strategy also contemplates a gradual introduction in Russia of "International Regulatory Framework for Banks" ("**Basel III**") in the following periods: (1) requirements for capital between 2013 and 2015; (2) capital conservation buffer between 2016 and 2018; (3) leverage ratio starting from 1 January 2018; (4) liquidity coverage ratio commencing from 1 January 2015; and (5) net stable funding ratio starting from 1 January 2018. As part of the implementation of Basel III in Russia, Regulation 395-P setting out new capital definitions for Russian banks entered into force on 1 March 2013 (with certain provisions effective from 1 January 2014 and onwards). For monitoring purposes, the new rules generally became effective from 1 March 2013, and reporting pursuant to Regulation 395-P was required from the reporting quarter as of 1 April 2013. Pursuant to amendments introduced to Regulation 395-P by CBR Directive No. 3096-U dated 25 October 2013, which came into effect on 1 January 2014, Regulation 395-P has become effective for prudential purposes from 1 January 2014.

Prior to the enactment of Regulation 395-P, Russian banks' capital calculations used, among other things, in CBR mandatory ratio reporting, as well as requirements for subordinated debt to qualify as part of a bank's capital, were primarily set out in CBR Regulation No. 215-P dated 10 February 2003, as amended, which now continues to apply for certain limited purposes.

Regulation 395-P distinguishes between core capital (Tier 1 capital, or "*osnovnoi kapital*") and supplemental capital (Tier 2 capital, or "*dopolnitelniy kapital*") (together, own funds or regulatory capital). Core capital is further divided into base capital (CET 1, or "*bazovyi kapital*") and additional capital (additional Tier 1 capital, or "*dobavochnyi kapital*"). Pursuant to Regulation 395-P, the own funds of Russian banks is determined as the amount of its Tier 1 capital and Tier 2 capital less certain items listed in Regulation 395-P. Regulation 395-P sets out requirements for subordinated financings (in the form of a loan, a deposit or debt securities) which may be included in additional Tier 1 capital and those which may be included in Tier 2 capital of a credit organisation. Amongst other changes, Regulation 395-P introduces to Russian banking legislation the concept of conversion of subordinated debt into equity (while retaining the concept of write-down and cancellation of subordinated debt instruments), which features have been derived from the Basel III regulations.

As part of the implementation of Basel III with respect to the leverage ratio, the CBR issued Letter No. 142-T dated 30 July 2013 "On Calculation of Leverage Ratio", which sets out the recommended methodology for calculating the leverage ratio and the form for disclosure of information on its components together with the procedure for its completion. Starting from the financial statements as of 1 August 2013, the CBR began collecting data received from banks on the results of the leverage ratio calculation. According to the CBR, mandatory public disclosure by credit organisations of information on the leverage ratio and its components according to the standard form is expected to commence from 1 January 2015, and the application of the leverage ratio for prudential purposes is expected to begin from 1 January 2018.

According to the CBR it is currently considering implementing the regulations introducing the new liquidity ratios contemplated by Basel III, in particular, the regulation on the calculation of the liquidity coverage ratio for monitoring purposes, the application of which for prudential purposes is currently expected to start from 1 January 2015.

The following information is to be read in conjunction with the information under the caption "*Mandatory Economic Ratios*" on pages A-14 to A-16 of the Base Prospectus:

As part of the implementation of Basel III capital requirements in Russia, in October 2013, the Mandatory Economic Ratios Instruction was amended by CBR Regulation No. 3097-U dated 25 October 2013 ("**Regulation 139-I Amendments**") to introduce, among other things, new capital adequacy ratios and establish the basis of their calculation and minimum values in conjunction with the application of Regulation 395-P for prudential purposes. In accordance with the Mandatory Economic Ratios Instruction, as amended by the Regulation 139-1 Amendments, capital adequacy ratios include base capital adequacy ratio (N1.1) ("**N1.1 Ratio**"), (ii) a core capital adequacy ratio (N1.2) ("**N1.2 Ratio**") and (iii) an own funds adequacy ratio (N1.0) ("**N1.0 Ratio**"). The new rules on mandatory economic ratios calculation introduced by Regulation 139-I Amendments apply for prudential purposes with effect from 1 January 2014 (with limited exceptions).

Mandatory Economic Ratios	Description	CBR Mandatory Economic Ratio Requirements
N1.1 Ratio	This ratio is formulated as a ratio of a bank's base capital (calculated in accordance with Regulation 395-P (as amended, supplemented or replaced from time to time)) to: the aggregate of (i) credit risk on on-balance sheet assets, (ii) credit risk on off-balance sheet items, (iii) credit risk on derivatives, (iv) credit valuation adjustment (expected to start applying for prudential purposes from 1 October 2014), (v) operational risk and (vi) market risk.	Minimum 5.0 per cent.
N1.2 Ratio	This ratio is formulated as the ratio of a bank's core capital (calculated in accordance with Regulation No. 395-P) to: the aggregate of (i) credit risk on on-balance sheet assets, (ii) credit risk on off-balance sheet items, (iii) credit risk on derivatives, (iv) credit valuation adjustment (expected to start applying for prudential purposes from 1 October 2014), (v) operational risk and (vi) market risk.	Minimum 5.5 per cent. (to be increased to 6.0 per cent. from 1 January 2015)
N1.0 Ratio	This ratio is formulated as a ratio of a bank's own funds (i.e. core capital and supplemental capital together, calculated in accordance with the Regulation No. 395-P) to: the aggregate of (i) credit risk on on-balance sheet assets, (ii) credit risk on off-balance sheet items, (iii) credit risk on derivatives, (iv) credit valuation adjustment (expected to start applying for prudential purposes from 1 October 2014), (v) operational risk and (vi) market risk.	Minimum 10.0 per cent.

In addition, with effect from 1 January 2014, the CBR’s Regulation No. 3090-U dated 25 October 2013 ("**Regulation 3090-U**") introduced mandatory ratios with respect to banking groups, which are to be calculated on a consolidated basis and reported to the CBR by the parent credit organisation for the banking group. Such ratios include, among others, base capital adequacy ratio (N20.1), core capital adequacy ratio (N20.2) and own funds adequacy ratio (H20.0) with minimum values set at 5 per cent., 5.5 per cent (to be increased to 6.0 per cent from 1 January 2015) and 10.0 per cent., respectively. The procedure for calculating these ratios is generally based on Regulation 139-I, with adjustments contemplated by Regulation 3090-U.

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