

Leasing

Russian Railways makes decisions to attract lease financing based on the general principles of the debt policy taking into account IFRS approaches for assessing the level of financial debt.

In 2016, the Company continued to implement a programme called 'Renovation of track maintenance equipment in 2012–2016' using the leasing mechanism.

Following an open competition in 2012, a long-term lease agreement was concluded with VEB Leasing for the supply of track maintenance equipment manufactured by the Rempumash plant in Kaluga

worth a total of RUB 90.6 bln including VAT in 2012–2016. The financing rate under the lease agreement was 11.4% p.a.

The track maintenance equipment supplied under the leasing agreement is being used for routine railway infrastructure maintenance work.

Track maintenance equipment worth a total of RUB 88.47 bln including VAT was leased in 2012–2016, including track machinery worth a total of RUB 20.1 bln including VAT in 2016.

As of 1 January 2016, Russian Railways had total lease obligations of RUB 47.1 bln

including VAT.

A total of RUB 21.93 bln including VAT was spent on lease payments in the reporting year.

Total lease obligations with maturity prior to 2024 amounted to RUB 54.0 bln including VAT as of 31 December 2016.

Dynamics of the leasing portfolio in 2015–2016. RUB bln including VAT

Indicator	2015	2016
Balance at start of year	42.3	47.1
Incurrence of obligations	25.3	28.8
Repayment of obligations	20.5	21.9
Balance at end of year	47.1	54.0

Information disclosure and reporting policy

Information is disclosed in accordance with the Regulation on the Information Policy adopted by the Russian Railways Board of Directors. The Company discloses financial and accounting statements in accordance with Russian (RAS) and international (IFRS) standards based on the requirements of legislation.

The Company's annual report contains a range of information that

is essential for stakeholders and meets the requirements of regulatory acts for the structure and content of annual reports provided to shareholders to prepare for general meetings. The Company's internal documents are available on its website. Part of the essential information about the Company's activities is disclosed in English.

Russian Railways has issued bonds that trade on the MICEX-RTS Moscow Exchange and discloses information online in accordance with the requirements of the legislation of the Russian Federation concerning securities.