PJSC “Bank “Saint Petersburg” Group

International Financial Reporting Standards
Condensed Consolidated Interim Financial Information and Independent Auditors’ Report on Review

30 June 2017
## CONTENTS

Independent Auditors’ Report on Review of Condensed Consolidated Interim Financial Information

### CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

- Condensed Consolidated Interim Statement of Financial Position ................................................................. 1
- Condensed Consolidated Interim Statement of Comprehensive Income ......................................................... 2
- Condensed Consolidated Interim Statement of Changes in Equity ................................................................. 3
- Condensed Consolidated Interim Statement of Cash Flows ........................................................................... 5

### Notes to the Condensed Consolidated Interim Financial Information

<table>
<thead>
<tr>
<th>Note</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Background</td>
<td>7</td>
</tr>
<tr>
<td>2</td>
<td>Operating Environment of the Group</td>
<td>8</td>
</tr>
<tr>
<td>3</td>
<td>Basis of Preparation and short description of Significant Accounting Policies</td>
<td>8</td>
</tr>
<tr>
<td>4</td>
<td>Critical Accounting Estimates and Judgements in Applying Accounting Policies</td>
<td>9</td>
</tr>
<tr>
<td>5</td>
<td>Adoption of New or Revised Standards and Interpretations</td>
<td>9</td>
</tr>
<tr>
<td>6</td>
<td>Trading securities</td>
<td>10</td>
</tr>
<tr>
<td>7</td>
<td>Securities Pledged Under Sale and Repurchase Agreements and Loaned</td>
<td>12</td>
</tr>
<tr>
<td>8</td>
<td>Reverse Sale and Repurchase Agreements</td>
<td>15</td>
</tr>
<tr>
<td>9</td>
<td>Loans and Advances to Customers</td>
<td>15</td>
</tr>
<tr>
<td>10</td>
<td>Investment Securities Available-For-Sale</td>
<td>23</td>
</tr>
<tr>
<td>11</td>
<td>Customer Accounts</td>
<td>24</td>
</tr>
<tr>
<td>12</td>
<td>Bonds Issued</td>
<td>25</td>
</tr>
<tr>
<td>13</td>
<td>Other Borrowed Funds</td>
<td>26</td>
</tr>
<tr>
<td>14</td>
<td>Share Capital</td>
<td>26</td>
</tr>
<tr>
<td>15</td>
<td>Other Comprehensive Income Recognised Directly in Equity</td>
<td>27</td>
</tr>
<tr>
<td>16</td>
<td>Interest Income and Expense</td>
<td>28</td>
</tr>
<tr>
<td>17</td>
<td>Earnings per Share</td>
<td>28</td>
</tr>
<tr>
<td>18</td>
<td>Dividends</td>
<td>29</td>
</tr>
<tr>
<td>19</td>
<td>Segment Analysis</td>
<td>29</td>
</tr>
<tr>
<td>20</td>
<td>Risk Management, Corporate Governance and Internal Control</td>
<td>33</td>
</tr>
<tr>
<td>21</td>
<td>Management of Capital</td>
<td>42</td>
</tr>
<tr>
<td>22</td>
<td>Fair Value of Financial Instruments</td>
<td>44</td>
</tr>
<tr>
<td>23</td>
<td>Related Party Transactions</td>
<td>49</td>
</tr>
<tr>
<td>24</td>
<td>Consolidation of Companies</td>
<td>51</td>
</tr>
<tr>
<td>25</td>
<td>Events occurring after the reporting date</td>
<td>52</td>
</tr>
</tbody>
</table>
Independent Auditors' Report on Review of Condensed Consolidated Interim Financial Information

To the Shareholders and Supervisory Board PJSC of "Bank Saint Petersburg"

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of PJSC "Bank Saint Petersburg" (the "Bank") and its subsidiaries (the "Group") as at 30 June 2017, and the related condensed consolidated interim statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and notes to the condensed consolidated interim financial information (the "condensed consolidated interim financial information"). Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting. Our responsibility is to express a conclusion on this (consolidated) interim condensed financial information 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 condensed consolidated 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 condensed consolidated interim financial information as at 30 June 2017 and for the six-month period then ended is not prepared, in all material respects, in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting.

Lukashova N.V.
Director
JSC “KPMG”
Moscow, Russian Federation
28 August 2017
**PJSC “Bank “Saint Petersburg” Group**

**Condensed Consolidated Interim Statement of Financial Position as at 30 June 2017**

*(in thousands of Russian Roubles)*

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>Note</th>
<th>30 June 2017 (unaudited)</th>
<th>31 December 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>60 284 668</td>
<td>33 881 204</td>
<td></td>
</tr>
<tr>
<td>Mandatory reserve deposits with the Central Bank of the Russian Federation</td>
<td>2 884 554</td>
<td>3 220 803</td>
<td></td>
</tr>
<tr>
<td>Trading securities</td>
<td>14 252 938</td>
<td>17 126 047</td>
<td></td>
</tr>
<tr>
<td>Securities pledged under sale and repurchase agreements and loaned</td>
<td>80 370 415</td>
<td>61 800 246</td>
<td></td>
</tr>
<tr>
<td>Reverse sale and repurchase agreements</td>
<td>42 251 112</td>
<td>58 499 452</td>
<td></td>
</tr>
<tr>
<td>Derivative financial assets</td>
<td>702 622</td>
<td>5 537 975</td>
<td></td>
</tr>
<tr>
<td>Due from banks</td>
<td>11 344 490</td>
<td>33 371 758</td>
<td></td>
</tr>
<tr>
<td>Loans and advances to customers</td>
<td>247 484 369</td>
<td>256 602 220</td>
<td></td>
</tr>
<tr>
<td>- loans and advances to corporate customers</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- loans and advances to individuals</td>
<td>63 606 909</td>
<td>58 108 845</td>
<td></td>
</tr>
<tr>
<td>Investment securities available-for-sale</td>
<td>11 266 994</td>
<td>26 477 508</td>
<td></td>
</tr>
<tr>
<td>Investment property</td>
<td>5 582 001</td>
<td>5 726 225</td>
<td></td>
</tr>
<tr>
<td>Premises and equipment and intangible assets</td>
<td>14 888 950</td>
<td>14 304 980</td>
<td></td>
</tr>
<tr>
<td>Other assets</td>
<td>3 691 811</td>
<td>4 553 272</td>
<td></td>
</tr>
<tr>
<td>Long-term assets held-for-sale</td>
<td>1 071 738</td>
<td>1 076 965</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td><strong>559 683 571</strong></td>
<td><strong>580 287 520</strong></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Due to banks</td>
<td>147 937 530</td>
</tr>
<tr>
<td>Customer accounts</td>
<td>315 405 976</td>
</tr>
<tr>
<td>Financial liabilities recognised at fair value</td>
<td>6 652 190</td>
</tr>
<tr>
<td>Derivative financial liabilities</td>
<td>2 552 920</td>
</tr>
<tr>
<td>Bonds issued</td>
<td>11 333 070</td>
</tr>
<tr>
<td>Promissory notes and deposit certificates issued</td>
<td>7 350 876</td>
</tr>
<tr>
<td>Other borrowed funds</td>
<td>2 227 652</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>2 171 699</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td><strong>495 631 913</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EQUITY</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Share capital</td>
<td>3 721 734</td>
</tr>
<tr>
<td>Share premium</td>
<td>21 393 878</td>
</tr>
<tr>
<td>Revaluation reserve of premises</td>
<td>3 816 120</td>
</tr>
<tr>
<td>Revaluation reserve for investment securities available-for-sale</td>
<td>1 654 972</td>
</tr>
<tr>
<td>Foreign currency translation reserve</td>
<td>(1 339)</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>32 975 594</td>
</tr>
<tr>
<td><strong>TOTAL EQUITY ATTRIBUTABLE TO: OWNERS OF THE BANK</strong></td>
<td><strong>64 051 658</strong></td>
</tr>
</tbody>
</table>

| NON-CONTROLLING INTEREST | **490 699** |

| TOTAL EQUITY | **64 051 658** | **60 868 966** |

| TOTAL LIABILITIES AND EQUITY | **559 683 571** | **580 287 520** |

Approved for issue and signed on behalf of the Management Board on 28 August 2017.

A.V. Saveliev
Chairman of the Management Board

N.G. Tomilina
Chief Accountant

The notes are an integral part of this condensed consolidated interim financial information.
PJSC “Bank “Saint Petersburg” Group
Condensed Consolidated Interim Statement of Comprehensive Income for the six-month period ended 30 June 2017

<table>
<thead>
<tr>
<th>(in thousands of Russian Roubles)</th>
<th>Six-month period ended 30 June 2017 (unaudited)</th>
<th>Six-month period ended 30 June 2016 (unaudited)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest income</td>
<td>16 23 790 751</td>
<td>26 001 120</td>
</tr>
<tr>
<td>Interest expense</td>
<td>16 (14 560 727)</td>
<td>(15 620 280)</td>
</tr>
<tr>
<td>Net interest income</td>
<td>9 230 024</td>
<td>10 380 840</td>
</tr>
<tr>
<td>Provision for loan impairment</td>
<td>(5 203 133)</td>
<td>(6 131 320)</td>
</tr>
<tr>
<td>Net interest income after provision for loan impairment</td>
<td>4 026 891</td>
<td>4 249 520</td>
</tr>
<tr>
<td>Net (losses) gains from trading securities</td>
<td>(155 134)</td>
<td>370 795</td>
</tr>
<tr>
<td>Net gains from investment securities available-for-sale</td>
<td>303 533</td>
<td>578 254</td>
</tr>
<tr>
<td>Net gains from trading in foreign currencies and foreign exchange revaluation</td>
<td>10 184 190</td>
<td>4 770 309</td>
</tr>
<tr>
<td>Net losses from derivatives</td>
<td>(6 260 481)</td>
<td>(3 210 957)</td>
</tr>
<tr>
<td>Fee and commission income</td>
<td>3 105 233</td>
<td>2 768 826</td>
</tr>
<tr>
<td>Fee and commission expense</td>
<td>(671 498)</td>
<td>(472 848)</td>
</tr>
<tr>
<td>Impairment allowance for long-term assets held-for-sale</td>
<td>-</td>
<td>(348 018)</td>
</tr>
<tr>
<td>Impairment allowance for credit related commitments and non-financial liabilities</td>
<td>(425 486)</td>
<td>(443 371)</td>
</tr>
<tr>
<td>Other net operating income</td>
<td>449 453</td>
<td>155 331</td>
</tr>
<tr>
<td>Administrative and other operating expenses:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- staff costs</td>
<td>(2 980 706)</td>
<td>(2 693 046)</td>
</tr>
<tr>
<td>- costs related to premises and equipment</td>
<td>(799 387)</td>
<td>(812 310)</td>
</tr>
<tr>
<td>- other administrative and operating expenses</td>
<td>(2 642 264)</td>
<td>(2 485 996)</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>4 134 344</td>
<td>2 423 287</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>(810 180)</td>
<td>(427 480)</td>
</tr>
<tr>
<td>Profit for the period attributable to:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Owners of the Bank</td>
<td>17 3 295 241</td>
<td>1 995 807</td>
</tr>
<tr>
<td>Non-controlling interest</td>
<td>28 923</td>
<td>-</td>
</tr>
<tr>
<td>Profit for the period</td>
<td>3 324 164</td>
<td>1 995 807</td>
</tr>
</tbody>
</table>

Other comprehensive (loss) income

Items of comprehensive (loss) income that are or will be reclassified subsequently to profit or loss:
- Revaluation of investment securities available-for-sale transferred to profit or loss upon disposal | (303 533)                                    | (578 254)                       |
- Net result from revaluation of investment securities available-for-sale | 130 826                                        | 1 480 081                       |
- Deferred income tax recognised in equity related to components of other comprehensive (loss) income | 34 541                                        | (180 366)                       |
- Exchange differences on translation | (1 339)                                       |                                 |

Other comprehensive (loss) income for the period after tax | 15 (139 505)                                  | 721 461                         |

Total comprehensive income for the period attributable to:
- Owners of the Bank | 3 155 736                                   | 2 717 268                       |
- Non-controlling interest | 28 923                                   | -                               |

Total comprehensive income for the period | 3 184 659                                   | 2 717 268                       |

Basic and diluted earnings per share (in Russian Roubles per share) | 17 7.49                                    | 4.54                             |

A.V. Savelyev
Chairman of the Management Board

N.G. Tomilina
Chief Accountant

The notes are an integral part of this condensed consolidated interim financial information.
## PJSC “Bank “Saint Petersburg” Group
Condensed Consolidated Interim Statement of Changes in Equity for the six-month period ended 30 June 2017

<table>
<thead>
<tr>
<th>(in thousands of Russian Roubles)</th>
<th>Note</th>
<th>Share capital</th>
<th>Share premium</th>
<th>Revaluation reserve for investment securities available-for-sale</th>
<th>Retained earnings</th>
<th>Total equity</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance as at 1 January 2016</strong></td>
<td></td>
<td>3 721 734</td>
<td>21 393 878</td>
<td>3 820 496</td>
<td>1 596 286</td>
<td>26 251 090</td>
</tr>
<tr>
<td><strong>Other comprehensive income recognised directly in equity (unaudited)</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>721 461</td>
<td>-</td>
<td>721 461</td>
</tr>
<tr>
<td><strong>Profit for the period (unaudited)</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1 995 807</td>
<td>1 995 807</td>
</tr>
<tr>
<td><strong>Total comprehensive income for the six-month period ended 30 June 2016 (unaudited)</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>721 461</td>
<td>1 995 807</td>
<td>2 717 268</td>
</tr>
<tr>
<td><strong>Purchase of treasury shares (unaudited)</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(580 202)</td>
<td></td>
</tr>
<tr>
<td><strong>Sales of treasury shares (unaudited)</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>652 546</td>
<td>652 546</td>
</tr>
<tr>
<td><strong>Dividends declared (unaudited)</strong></td>
<td></td>
<td></td>
<td></td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- ordinary shares</td>
<td>18</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(459 313)</td>
<td></td>
</tr>
<tr>
<td>- preference shares</td>
<td>18</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(2 211)</td>
<td></td>
</tr>
<tr>
<td><strong>Balance as at 30 June 2016 (unaudited)</strong></td>
<td>3 721 734</td>
<td>21 393 878</td>
<td>3 820 496</td>
<td>2 317 747</td>
<td>27 857 717</td>
<td>59 111 572</td>
</tr>
</tbody>
</table>

The notes are an integral part of this condensed consolidated interim financial information.
PJSC “Bank “Saint Petersburg” Group
Condensed Consolidated Interim Statement of Changes in Equity for the six-month period ended 30 June 2017

<table>
<thead>
<tr>
<th>(in thousands of Russian Roubles)</th>
<th>Note</th>
<th>Share capital</th>
<th>Share premium</th>
<th>Revaluation reserve for premises</th>
<th>Revaluation reserve for investment securities available-for-sale</th>
<th>Foreign currency translation reserve</th>
<th>Retained earnings</th>
<th>Total equity attributable to owners of the Bank</th>
<th>Non-controlling interest</th>
<th>Total equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as at 1 January 2017</td>
<td></td>
<td>3 721 734</td>
<td>21 393 878</td>
<td>3 820 496</td>
<td>1 793 138</td>
<td></td>
<td>- 30 139 720</td>
<td>60 868 966</td>
<td>-</td>
<td>60 868 966</td>
</tr>
<tr>
<td>Other comprehensive loss recognised directly in equity (unaudited)</td>
<td></td>
<td></td>
<td></td>
<td>(4 376)</td>
<td>(138 166)</td>
<td></td>
<td>4 376</td>
<td>(139 505)</td>
<td>-</td>
<td>(139 505)</td>
</tr>
<tr>
<td>Profit for the period (unaudited)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>3 395 241</td>
<td>3 295 241</td>
<td>28 923</td>
<td>3 324 164</td>
</tr>
<tr>
<td>Total comprehensive income for the six-month period ended 30 June 2017 (unaudited)</td>
<td></td>
<td></td>
<td></td>
<td>(4 376)</td>
<td>(138 166)</td>
<td></td>
<td>(139 505)</td>
<td>3 295 241</td>
<td>28 923</td>
<td>3 324 164</td>
</tr>
</tbody>
</table>

Dividends declared (unaudited)
- ordinary shares                  | 18   |               |               |                                  |                                                               |                                   | (461 532)        | (461 532)                                  | -                         | (461 532)   |
- preference shares                 | 18   |               |               |                                  |                                                               |                                   | (2 211)          | (2 211)                                    | -                         | (2 211)     |
Acquisition of a subsidiary         | 24   |               |               |                                  |                                                               |                                   |                  | -                                           | 461 776                    | 461 776     |

Balance as at 30 June 2017 (unaudited) |      | 3 721 734     | 21 393 878    | 3 816 120                        | 1 654 972                                                     | (1 339)                          | 32 975 594       | 63 560 959                                  | 490 699                   | 64 051 658 |

The notes are an integral part of this condensed consolidated interim financial information.
**PJSC “Bank “Saint Petersburg” Group**

**Condensed Consolidated Interim Statement of Cash Flows for the six-month period ended 30 June 2017**

<table>
<thead>
<tr>
<th>Cash flows from operating activities</th>
<th>Six-month period ended 30 June 2017 (unaudited)</th>
<th>Six-month period ended 30 June 2016 (unaudited)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest received on loans and correspondent accounts</td>
<td>17 343 038</td>
<td>19 839 449</td>
</tr>
<tr>
<td>Interest received on securities</td>
<td>3 681 370</td>
<td>5 245 610</td>
</tr>
<tr>
<td>Interest received on amounts receivable under reverse sale and repurchase agreements</td>
<td>1 993 329</td>
<td>558 470</td>
</tr>
<tr>
<td>Interest paid on due to banks</td>
<td>(5 875 590)</td>
<td>(6 127 334)</td>
</tr>
<tr>
<td>Interest paid on customer accounts</td>
<td>(7 850 446)</td>
<td>(9 474 088)</td>
</tr>
<tr>
<td>Interest paid on other debt securities issued</td>
<td>(123 995)</td>
<td>(546 457)</td>
</tr>
<tr>
<td>Net losses from securities trading</td>
<td>(434 463)</td>
<td>(648 996)</td>
</tr>
<tr>
<td>Net gains from trading in foreign currencies</td>
<td>7 062 518</td>
<td>8 690 752</td>
</tr>
<tr>
<td>Net losses from transactions with derivatives</td>
<td>(1 601 960)</td>
<td>(2 596 179)</td>
</tr>
<tr>
<td>Fees and commissions received</td>
<td>3 100 008</td>
<td>2 736 408</td>
</tr>
<tr>
<td>Fees and commissions paid</td>
<td>(671 498)</td>
<td>(472 848)</td>
</tr>
<tr>
<td>Other operating income received</td>
<td>449 453</td>
<td>156 930</td>
</tr>
<tr>
<td>Staff costs</td>
<td>(3 173 243)</td>
<td>(2 705 735)</td>
</tr>
<tr>
<td>Premises and equipment costs</td>
<td>(205 004)</td>
<td>(251 124)</td>
</tr>
<tr>
<td>Administrative and other operating expenses</td>
<td>(2 490 899)</td>
<td>(2 471 384)</td>
</tr>
<tr>
<td>Income tax paid</td>
<td>(589 883)</td>
<td>(1 453 886)</td>
</tr>
</tbody>
</table>

**Cash flows from operating activities before changes in operating assets and liabilities** | 10 412 626 | 10 479 668 |

**Changes in operating assets and liabilities**

| Note | Six-month period ended 30 June 2017 (unaudited) | Six-month period ended 30 June 2016 (unaudited) |
| Net decrease (increase) in mandatory reserve deposits with the Central Bank of the Russian Federation | 336 249 | (163 637) |
| Net decrease in trading securities | (18 422 906) | (21 143 079) |
| Net decrease (increase) in amounts receivable under reverse sale and repurchase agreements | 16 054 572 | (8 874 092) |
| Net decrease in due from banks | 22 017 909 | 30 552 563 |
| Net increase in loans and advances to customers | (1 248 721) | (10 503 898) |
| Net (increase) decrease in other assets | (489 482) | 504 869 |
| Net increase in due to banks | 16 722 961 | 29 240 576 |
| Net (decrease) increase in customer accounts | (34 266 274) | 17 549 194 |
| Net increase (decrease) in financial liabilities at fair value | 2 429 026 | (6 348 808) |
| Net decrease in other debt securities issued | (547 038) | (6 687 455) |
| Net (decrease) increase in other liabilities | (887 187) | 90 318 |

**Net cash from operating activities** | 12 111 735 | 30 696 219 |

**Cash flows from investing activities**

| Note | Six-month period ended 30 June 2017 (unaudited) | Six-month period ended 30 June 2016 (unaudited) |
| Acquisition of premises and equipment and intangible assets | (368 734) | (867 926) |
| Proceeds from disposal of premises and equipment and intangible assets | 1 068 | 1 149 |
| Net decrease (increase) in investment securities available-for-sale | 17 380 985 | (2 060 585) |
| Net proceeds from disposal of investment securities available-for-sale | 303 533 | 578 254 |
| Proceeds from sale of long-term assets held-for-sale | 313 542 | - |
| Net cash paid for acquisition of a subsidiary | (359 724) | - |
| Net cash paid for acquisition of associates | (211 379) | - |
| Dividends received | 1 240 | 1 501 |

**Net cash from (used in) investing activities** | 17 060 531 | (2 347 607) |

The notes are an integral part of this condensed consolidated interim financial information.
PJSC “Bank “Saint Petersburg” Group
Condensed Consolidated Interim Statement of Cash Flows for the six-month period ended 30 June 2017

(In thousands of Russian Roubles)

<table>
<thead>
<tr>
<th>Cash flows from financing activities</th>
<th>Note</th>
<th>Six-month period ended 30 June 2017 (unaudited)</th>
<th>Six-month period ended 30 June 2016 (unaudited)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase of treasury shares</td>
<td>-</td>
<td>(580 202)</td>
<td></td>
</tr>
<tr>
<td>Sale of treasury shares</td>
<td>-</td>
<td>652 546</td>
<td></td>
</tr>
<tr>
<td>Proceeds from other borrowed funds</td>
<td>-</td>
<td>377 013</td>
<td></td>
</tr>
<tr>
<td>Repayment of other borrowed funds</td>
<td></td>
<td>(295 711)</td>
<td>(206 841)</td>
</tr>
<tr>
<td>Redemption of bonds issued</td>
<td>(4 151 173)</td>
<td>(774 762)</td>
<td></td>
</tr>
<tr>
<td>Interest paid on bonds issued</td>
<td>(537 157)</td>
<td>(901 739)</td>
<td></td>
</tr>
<tr>
<td>Interest paid on other borrowed funds</td>
<td>(133 118)</td>
<td>(61 660)</td>
<td></td>
</tr>
<tr>
<td>Dividends paid</td>
<td>18</td>
<td>(463 004)</td>
<td>(459 412)</td>
</tr>
</tbody>
</table>

Net cash used in financing activities                        | (5 580 163) | (1 955 057)                                  |

Effects of exchange rate changes on cash and cash equivalents| 2 811 361   | (1 991 526)                                  |

Net increase in cash and cash equivalents                    | 26 403 464 | 24 402 029                                   |

Cash and cash equivalents at the beginning of the period     | 33 881 204 | 36 558 917                                   |

Cash and cash equivalents at the end of the period           | 60 284 668 | 60 960 946                                   |

A.V. Savelyev
Chairman of the Management Board

N.G. Tomilina
Chief Accountant

The notes are an integral part of this condensed consolidated interim financial information.
1 Background

This condensed consolidated interim financial information for the six-month period ended 30 June 2017 for PJSC “Bank “Saint Petersburg” (the “Bank”) and its subsidiaries, together referred to as the “Group” or PJSC “Bank “Saint Petersburg” Group is prepared in accordance with International Financial Reporting Standards. A list of subsidiaries is disclosed in note 24.

The Bank was formed in 1990 as an open joint stock company under the Laws of the Russian Federation as a result of the privatisation process of the former Leningrad regional office of Zhilsotsbank. In 2014 the Bank was reorganised from Open Joint-Stock Company “Bank “Saint Petersburg” to Public Joint-Stock Company “Bank “Saint Petersburg” following the decision made at the extraordinary General Shareholders’ Meeting.

As at 30 June 2017, management of the Bank controls 52.50% (unaudited) of the ordinary shares of the Bank (31 December 2016: 52.50%), of which 23.70% (unaudited) of the ordinary shares are controlled by Mr. A.V. Savel'ev (31 December 2016: 23.70%), 28.80% (unaudited) are controlled by the management of the Bank, including 28.74% (unaudited) of the ordinary shares controlled by LLC “Vernye Druzya” Management Company” (31 December 2016: 28.80% were controlled by management of the Bank, including 28.74% of the ordinary shares controlled by LLC “Vernye Druzya” Management Company”). NOROYIA ASSETS LIMITED, ZERILOD HOLDINGS LIMITED and CARISTAS LIMITED companies own 26.58% (unaudited) of the share capital of LLC "Vernye Druzya" Management Company” each (31 December 2016: NOROYIA ASSETS LIMITED, ZERILOD HOLDINGS LIMITED and CARISTAS LIMITED owned 26.58% of the share capital of LLC "Vernye Druzya" Management Company” each).

Mrs. O.A. Savel'eva owns indirectly 19.95% (unaudited) in LLC “Vernye Druzya” Management Company” and has a perpetual option to purchase a 100% interest in NOROYIA ASSETS LIMITED, ZERILOD HOLDINGS LIMITED, CARISTAS LIMITED companies (31 December 2016: Mrs. O.A. Savel'eva owned indirectly 19.95% in LLC “Vernye Druzya” Management Company” and had a perpetual option to purchase a 100% interest in NOROYIA ASSETS LIMITED, ZERILOD HOLDINGS LIMITED, CARISTAS LIMITED companies). The ultimate owners of NOROYIA ASSETS LIMITED, ZERILOD HOLDINGS LIMITED, CARISTAS LIMITED are the following representatives of the Bank’s Management: K.B. Mironova, P.V. Filimonenok, V.G. Reutov (31 December 2016: the ultimate owners of NOROYIA ASSETS LIMITED, ZERILOD HOLDINGS LIMITED, CARISTAS LIMITED were the following representatives of the Bank’s Management: K.B. Mironova, P.V. Filimonenok, V.G. Reutov).

The remaining ordinary shares of the Bank are owned as follows: 6.58% (unaudited) of the ordinary shares are owned by East Capital Group (31 December 2016: 7.40%), 5.49% (unaudited) of the ordinary shares are owned by the EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT (EBRD) (31 December 2016: 5.49%).

The remaining 35.43% (unaudited) of the ordinary shares are widely held (31 December 2016: 34.61%).

Principal activity. The Bank’s principal business activity is commercial banking operations within the Russian Federation. The Bank has operated under a general banking license issued by the Central Bank of the Russian Federation (the “CBRF”) since 1997. The Bank takes part in the state deposit insurance system introduced by Federal Law No.177-FZ dated 23 December 2003 On Retail Deposit Insurance in the Russian Federation. The state deposit insurance system guarantees payment in the amount of 100% of total deposits placed with the bank, but limited to RR 1,400 thousand, in the event the bank’s license is revoked or the CBRF imposes a moratorium on payments.

As at 30 June 2017, the Bank had 4 branches within the Russian Federation (3 branches in the North-West region of Russia and 1 branch in Moscow), 60 outlets and 1 representative office in Novosibirsk (unaudited) (31 December 2016: 4 branches within the Russian Federation (3 branches in the North-West region of Russia and 1 branch in Moscow) and 63 outlets).

Registered address and place of business. The Bank’s registered address and place of business is 64A, Malookhtinsky Prospect, Saint Petersburg, 195112, Russian Federation.

Presentation currency of the condensed consolidated interim financial information. This condensed consolidated interim financial information is presented in thousands of Russian Roubles (RR thousand).
Notes to the Condensed Consolidated Interim Financial Information as at 30 June 2017

2 Operating Environment of the Group

**Russian Federation.** In the first half of 2017 Russian economy was characterised by the recovery of economic activity, enhancement of positive processes in manufacturing industry and beginning of the recovery in construction. Along with the increase in investment and production, the growth rates of household consumption expenditures were increased. As a result, according to the estimates of the Federal State Statistics Service, the growth of the Russian economy at the end of the first half of 2017 amounted to 1.7% year-on-year.

The CBRF followed a moderately tight monetary policy in order to achieve the inflation target at the level of 4%. The key interest rate was decreased from 10% at the end of 2016 to 9% in June 2017. Monetary factors and the savings-oriented behavioral model of the population in combination with local factors (low RUB exchange rate, high crop yield in 2016) led to the reduction of inflation to 4.4% at the end of June from 5.4% in the beginning of the year.

The consistently high real interest rates of the CBRF together with the expected reduction of the key interest rate (after the inflation decrease) made high-yield Rouble-denominated assets particularly attractive to foreign investors. This, in its turn, was reflected in capital inflows in the financial account of balance of payments and caused the strengthening of the Rouble notwithstanding low oil prices. The nominal volume of federal loan bonds held by non-residents reached a record high of 30.7. URALS oil quotations fluctuated within the range of 44-45 USD per barrel (51 USD per barrel in average) while the six-month average Rouble exchange rate amounted to 58 RUB/USD. Additional positive influence on the exchange rate was made by the global downward trend in the USD exchange rate due to the considerable revision of expectations regarding the tightening of the US FRS policy caused by the lack of progress in implementation of the reforms announced by the newly elected President of the United States.

In the first half of the year the MICEX index decreased by 17.8%, the RTS by 15.8%. The sharp decline in the indexes was largely caused by the strengthening of the Rouble exchange rate (negative impact on exporters’ earnings) and the growing improbability of lifting of the United States’ sanctions against Russia.

The legal, tax and regulatory frameworks continue development, but are subject to varying interpretations and frequent changes which together with other legal and fiscal impediments contribute to the challenges faced by entities operating in the Russian Federation. In addition, the recent contraction in the capital and credit markets have further increased the level of economic uncertainty. In general, the current economic environment the Group operates in is characterised by significant growth of risks of different nature and general uncertainty, bounding the strategic horizon for market participants and aggregated risk appetite.

The accompanied condensed consolidated interim financial information reflect management’s assessment of the possible impact of the Russian business environment on the operations and the financial position of the Group. The future business environment may differ from management’s assessment.

Management of the Group believes that it makes all the necessary efforts to support the economic stability of the Group in the current environment.

3 Basis of Preparation and short description of Significant Accounting Policies

**Basis of preparation.** As permitted by IAS 34 *Interim Financial Reporting*, an entity may decide to provide less information at interim dates as compared to its annual financial statements. This condensed consolidated interim financial information is prepared in accordance with IAS 34. The accounting policies and estimates applied in the preparation of this condensed consolidated interim financial information are consistent with those disclosed in the annual consolidated financial statements of the Group for the year ended 31 December 2016. These policies are consistently applied to all the periods presented. The condensed consolidated interim financial information does not contain all the Notes as required for a full set of consolidated financial statements.

The preparation of this condensed consolidated interim financial information in conformity with IAS 34 requires management of the Group to make estimates and exercise professional judgement. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to this condensed consolidated interim financial information are disclosed in Note 4.
3 Basis of Preparation and short description of Significant Accounting Policies (continued)

The Group's operations are not of a seasonal or cyclical nature.

As at 30 June 2017, the official exchange rates used for translating foreign currency balances are USD 1 = RR 59.0855 and Euro 1 = RR 67.4993 (31 December 2016: 60.6569 RR/USD and 63.8111 RR/EUR).

4 Critical Accounting Estimates and Judgements in Applying Accounting Policies

The Group makes estimates and assumptions that affect the amounts of assets and liabilities recognised in the condensed consolidated interim financial information. Estimates and judgements are continually evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes professional judgements and estimates in the process of applying accounting policies. Professional judgements that have the most significant effect on the amounts recognised in the condensed consolidated interim financial information and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities during the following financial year include:

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

Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience. To the extent that a one month delay in repayment of principal and interest of 5% of the total loans and advances to customers occurred, the allowance would be approximately RR 148 582 thousand higher (31 December 2016: RR 156 328 thousand higher).

**Revaluation of investment securities available-for-sale.** Investment securities available-for-sale are carried at fair value.

Certain types of equity securities available-for-sale are carried at initial cost when it is not possible to measure their fair value with the sufficient level of reliability (there are no quoted prices on an active market or other observable inputs, such as prices for an identical instrument on an active market).

**Revaluation of premises.** The fair values of the Group premises are determined by using valuation methods. Market value is used as valuation basis. Market values of premises are obtained from the report of an independent appraiser, who holds a recognised and relevant professional qualification and who has recent experience in valuation of premises of similar location and category. The market value was assessed based on direct comparison of the item with other premises that were sold or are offered for sale. To the extent that the assessed change in the fair value of the Group premises differs by 10%, their carrying amounts would be changed by RR 1 367 093 thousand (before deferred tax) as at 30 June 2017 (31 December 2016: RR 1 215 342 thousand higher).

5 Adoption of New or Revised Standards and Interpretations

A number of new standards, amendments and interpretations became effective as at 1 January 2017, and the Group has been applying them since they became effective. These changes do not have significant impact on the condensed consolidated interim financial information of the Group.
5 Adoption of New or Revised Standards and Interpretations (continued)

IFRS 9 *Financial Instruments* published in July 2014, replaces the existing guidance in IAS 39 “Financial Instruments: Recognition and Measurement”, and includes requirements for classification and measurement of financial instruments, impairment of financial assets and hedge accounting. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018. Early adoption of the standard is permitted. The Group does not intend to adopt the standard earlier.

Currently, the Group is in the process of implementing IFRS 9 transition plan. The Group started an assessment of potential impact of IFRS 9 requirements on its consolidated financial statements. Accordingly, it is not possible from a practical point of view to assess the impact of IFRS 9 adoption on the consolidated financial statements of the Group.

6 Trading securities

<table>
<thead>
<tr>
<th>(in thousands of Russian Roubles)</th>
<th>30 June 2017 (unaudited)</th>
<th>31 December 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate bonds</td>
<td>9 237 356</td>
<td>12 957 090</td>
</tr>
<tr>
<td>Corporate Eurobonds</td>
<td>3 570 701</td>
<td>3 341 132</td>
</tr>
<tr>
<td>Federal loan bonds</td>
<td>468 138</td>
<td>41 346</td>
</tr>
<tr>
<td>Russian Federation Eurobonds</td>
<td>297 583</td>
<td>-</td>
</tr>
<tr>
<td>Municipal bonds</td>
<td>235 713</td>
<td>496 343</td>
</tr>
<tr>
<td><strong>Total debt securities</strong></td>
<td><strong>13 809 491</strong></td>
<td><strong>16 835 911</strong></td>
</tr>
<tr>
<td>Corporate shares</td>
<td>443 447</td>
<td>290 136</td>
</tr>
<tr>
<td><strong>Total trading securities</strong></td>
<td><strong>14 252 938</strong></td>
<td><strong>17 126 047</strong></td>
</tr>
</tbody>
</table>

Debt trading securities of the Group are divided by the credit rating of the issuer assigned by rating agencies Moody’s, S&P and Fitch into the following groups:

Group A - debt securities with credit rating of the issuer at least BBB-, according to S&P rating agency or equivalent rating of other agencies.

Group B - debt securities with credit rating of the issuer between BB- and BB+, according to S&P rating agency or equivalent rating of other agencies.

Group C - debt securities with credit rating of the issuer between B- and B+, according to S&P rating agency or equivalent rating of other agencies.

Group D - debt securities with credit rating of the issuer below B-, according to S&P rating agency or equivalent rating of other agencies or without credit rating.
6 Trading securities (continued)

Analysis by credit quality of debt trading securities outstanding at 30 June 2017 is as follows (unaudited):

<table>
<thead>
<tr>
<th>(in thousands of Russian Roubles)</th>
<th>Corporate bonds</th>
<th>Corporate Eurobonds</th>
<th>Federal loan bonds</th>
<th>Russian Federation Eurobonds</th>
<th>Municipal bonds</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not overdue or impaired</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Group A</td>
<td>104 710</td>
<td>1 445 565</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1 550 275</td>
</tr>
<tr>
<td>Group B</td>
<td>8 443 468</td>
<td>1 678 978</td>
<td>468 138</td>
<td>297 583</td>
<td>204 793</td>
<td>11 092 960</td>
</tr>
<tr>
<td>Group C</td>
<td>16 335</td>
<td>65 656</td>
<td>-</td>
<td>-</td>
<td>16 545</td>
<td>98 536</td>
</tr>
<tr>
<td>Group D</td>
<td>672 843</td>
<td>380 502</td>
<td>-</td>
<td>-</td>
<td>14 375</td>
<td>1 067 720</td>
</tr>
<tr>
<td>Total debt trading securities</td>
<td>9 237 356</td>
<td>3 570 701</td>
<td>468 138</td>
<td>297 583</td>
<td>235 713</td>
<td>13 809 491</td>
</tr>
</tbody>
</table>

Analysis by credit quality of debt trading securities outstanding at 31 December 2016 is as follows:

<table>
<thead>
<tr>
<th>(in thousands of Russian Roubles)</th>
<th>Corporate bonds</th>
<th>Corporate Eurobonds</th>
<th>Municipal bonds</th>
<th>Federal loan bonds</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not overdue or impaired</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Group A</td>
<td>806 950</td>
<td>154 869</td>
<td>-</td>
<td>-</td>
<td>961 819</td>
</tr>
<tr>
<td>Group B</td>
<td>10 529 569</td>
<td>2 816 708</td>
<td>418 727</td>
<td>41 346</td>
<td>13 806 350</td>
</tr>
<tr>
<td>Group C</td>
<td>513 183</td>
<td>-</td>
<td>43 186</td>
<td>-</td>
<td>556 369</td>
</tr>
<tr>
<td>Group D</td>
<td>1 107 388</td>
<td>369 555</td>
<td>34 430</td>
<td>-</td>
<td>1 511 373</td>
</tr>
<tr>
<td>Total debt trading securities</td>
<td>12 957 090</td>
<td>3 341 132</td>
<td>496 343</td>
<td>41 346</td>
<td>16 835 911</td>
</tr>
</tbody>
</table>


Currency and maturity analyses of trading securities are disclosed in Note 20.
## Securities Pledged Under Sale and Repurchase Agreements and Loaned

*(in thousands of Russian Roubles)*

<table>
<thead>
<tr>
<th></th>
<th>30 June 2017 (unaudited)</th>
<th>31 December 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Debt trading securities pledged under sale and repurchase agreements and loaned</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corporate Eurobonds</td>
<td>25 058 799</td>
<td>18 580 867</td>
</tr>
<tr>
<td>Corporate bonds</td>
<td>18 265 351</td>
<td>4 153 814</td>
</tr>
<tr>
<td>Federal loan bonds</td>
<td>547 432</td>
<td>550</td>
</tr>
<tr>
<td><strong>Total debt trading securities pledged under sale and repurchase agreements and loaned</strong></td>
<td>43 871 582</td>
<td>22 735 231</td>
</tr>
<tr>
<td>Corporate shares</td>
<td>593 425</td>
<td>194 612</td>
</tr>
<tr>
<td><strong>Total trading securities pledged under sale and repurchase agreements and loaned</strong></td>
<td>44 465 007</td>
<td>22 929 843</td>
</tr>
<tr>
<td><strong>Debt investment securities available-for-sale pledged under sale and repurchase agreements and loaned</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corporate bonds</td>
<td>22 004 500</td>
<td>6 493 109</td>
</tr>
<tr>
<td>Corporate Eurobonds</td>
<td>13 898 446</td>
<td>32 026 175</td>
</tr>
<tr>
<td>Federal loan bonds</td>
<td>2 462</td>
<td>351 119</td>
</tr>
<tr>
<td><strong>Total debt investment securities available-for-sale pledged under sale and repurchase agreements and loaned</strong></td>
<td>35 905 408</td>
<td>38 870 403</td>
</tr>
<tr>
<td><strong>Total securities pledged under sale and repurchase agreements and loaned</strong></td>
<td>80 370 415</td>
<td>61 800 246</td>
</tr>
</tbody>
</table>
### 7 Securities Pledged Under Sale and Repurchase Agreements and Loaned (continued)

Analysis of debt securities pledged under sale and repurchase agreements and loaned outstanding at 30 June 2017 by their credit quality is as follows (unaudited):

<table>
<thead>
<tr>
<th></th>
<th>Corporate bonds</th>
<th>Corporate Eurobonds</th>
<th>Federal loan bonds</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Debt trading securities pledged under sale and repurchase agreements and loaned</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Not overdue or impaired</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Group A</td>
<td>233 705</td>
<td>2 628 692</td>
<td>-</td>
<td>2 862 397</td>
</tr>
<tr>
<td>Group B</td>
<td>17 423 319</td>
<td>22 430 107</td>
<td>547 432</td>
<td>40 400 858</td>
</tr>
<tr>
<td>Group D</td>
<td>608 327</td>
<td>-</td>
<td>-</td>
<td>608 327</td>
</tr>
<tr>
<td><strong>Total debt trading securities</strong></td>
<td><strong>18 265 351</strong></td>
<td><strong>25 058 799</strong></td>
<td><strong>547 432</strong></td>
<td><strong>43 871 582</strong></td>
</tr>
<tr>
<td><strong>Debt investment securities available-for-sale pledged under sale and repurchase agreements and loaned</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Not overdue or impaired</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Group A</td>
<td>331 470</td>
<td>546 471</td>
<td>-</td>
<td>877 941</td>
</tr>
<tr>
<td>Group B</td>
<td>21 673 030</td>
<td>13 351 975</td>
<td>2 462</td>
<td>35 027 467</td>
</tr>
<tr>
<td><strong>Total debt investment securities</strong></td>
<td><strong>22 004 500</strong></td>
<td><strong>13 898 446</strong></td>
<td><strong>2 462</strong></td>
<td><strong>35 905 408</strong></td>
</tr>
</tbody>
</table>

### Total debt securities pledged under sale and repurchase agreements and loaned

<table>
<thead>
<tr>
<th></th>
<th>Corporate bonds</th>
<th>Corporate Eurobonds</th>
<th>Federal loan bonds</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total debt securities</strong></td>
<td><strong>40 269 851</strong></td>
<td><strong>38 957 245</strong></td>
<td><strong>549 894</strong></td>
<td><strong>79 776 990</strong></td>
</tr>
</tbody>
</table>
7 Securities pledged under sale and repurchase agreements and loaned (continued)

Analysis of debt securities pledged under sale and repurchase agreements and loaned outstanding at 31 December 2016 by their credit quality is as follows:

<table>
<thead>
<tr>
<th>(in thousands of Russian Roubles)</th>
<th>Corporate Eurobonds</th>
<th>Corporate bonds</th>
<th>Federal loan bonds</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt trading securities pledged under sale and repurchase agreements and loaned</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Not overdue or impaired</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Group A</td>
<td>627 873</td>
<td>-</td>
<td>-</td>
<td>627 873</td>
</tr>
<tr>
<td>Group B</td>
<td>17 952 994</td>
<td>4 153 814</td>
<td>550</td>
<td>22 107 358</td>
</tr>
<tr>
<td>Total debt trading securities pledged under sale and repurchase agreements and loaned</td>
<td>18 580 867</td>
<td>4 153 814</td>
<td>550</td>
<td>22 735 231</td>
</tr>
</tbody>
</table>

| Debt investment securities available-for-sale pledged under sale and repurchase agreements and loaned |                      |                 |                    |       |
| Not overdue or impaired |                      |                 |                    |       |
| Group A | 831 811 | - | - | 831 811 |
| Group B | 31 194 364 | 6 493 109 | 351 119 | 38 038 592 |
| Total debt investment securities available-for-sale pledged under sale and repurchase agreements and loaned | 32 026 175 | 6 493 109 | 351 119 | 38 870 403 |

For definition of groups refer to Note 6.
7 Securities pledged under sale and repurchase agreements and loaned (continued)

Securities transferred or sold under sale and repurchase agreements are transferred to a third party as collateral for borrowed funds. These financial assets may be repledged or resold by counterparties in the absence of default by the Group, but the counterparty has an obligation to return the securities at the maturity of the contract. The Group has determined that it retains substantially all the risks and rewards of these securities and therefore has not derecognised them. In addition, the Group recognises financial liabilities for the cash received in financial liabilities at fair value.

These transactions are conducted under terms that are usual and customary to standard lending, and securities borrowing and lending activities, as well as the requirements determined by exchanges where the Group acts as an intermediary.

Currency and maturity analyses of securities pledged under sale and repurchase agreements and loaned are disclosed in Note 20.

8 Reverse Sale and Repurchase Agreements

(in thousands of Russian Roubles)

<table>
<thead>
<tr>
<th></th>
<th>30 June 2017 (unaudited)</th>
<th>31 December 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reverse sale and repurchase agreements with banks</td>
<td>40 909 038</td>
<td>2 566 373</td>
</tr>
<tr>
<td>Reverse sale and repurchase agreements with customers</td>
<td>1 342 074</td>
<td>55 933 079</td>
</tr>
<tr>
<td><strong>Total reverse sale and repurchase agreements</strong></td>
<td><strong>42 251 112</strong></td>
<td><strong>58 499 452</strong></td>
</tr>
</tbody>
</table>

As at 30 June 2017, reverse sale and repurchase agreements represent agreements with customers and banks that are secured by Federal loan bonds, corporate Eurobonds, corporate bonds and corporate shares (31 December 2016: Federal loan bonds, corporate Eurobonds, corporate bonds and corporate shares).

As at 30 June 2017, the fair value of securities that serve as collateral under reverse sale and repurchase agreements amounts to RR 44 044 863 thousand (unaudited) (31 December 2016: RR 65 879 880 thousand), including the securities with a fair value of RR 17 896 490 thousand (unaudited) pledged under sale and repurchase agreements (31 December 2016: RR 29 444 135 thousand), and securities with a fair value of RR 6 652 190 thousand (unaudited) sold by the Group (31 December 2016: RR 4 223 164 thousand). In all cases the value of collateral under separate transactions equals or exceeds the amount due from the transaction.

Currency and maturity analyses of amounts receivable under reverse sale and repurchase agreements are disclosed in Note 20.

9 Loans and Advances to Customers

(in thousands of Russian Roubles)

<table>
<thead>
<tr>
<th></th>
<th>30 June 2017 (unaudited)</th>
<th>31 December 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans and advances to corporate customers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- loans to finance working capital</td>
<td>187 406 595</td>
<td>193 343 047</td>
</tr>
<tr>
<td>- investment loans</td>
<td>91 856 607</td>
<td>92 693 285</td>
</tr>
<tr>
<td>- loans to entities financed by the government</td>
<td>9 673 823</td>
<td>8 150 996</td>
</tr>
<tr>
<td>Loans and advances to individuals</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- mortgage loans</td>
<td>47 095 038</td>
<td>42 447 553</td>
</tr>
<tr>
<td>- car loans</td>
<td>1 696 368</td>
<td>1 704 418</td>
</tr>
<tr>
<td>- consumer loans to VIP clients</td>
<td>4 746 000</td>
<td>5 704 343</td>
</tr>
<tr>
<td>- other consumer loans</td>
<td>12 649 243</td>
<td>10 270 229</td>
</tr>
<tr>
<td>Impairment allowance</td>
<td>(44 032 396)</td>
<td>(39 602 806)</td>
</tr>
<tr>
<td><strong>Total loans and advances to customers</strong></td>
<td><strong>311 091 278</strong></td>
<td><strong>314 711 065</strong></td>
</tr>
</tbody>
</table>
9 Loans and advances to customers (continued)

As at 30 June 2017, the carrying value of securities reclassified from trading securities to loans and advances to customers in 2014 amounts to RR 592 115 thousand (unaudited) before provision for impairment (31 December 2016: RR 963 529 thousand). Reclassified securities with a carrying value of RR 592 115 thousand (unaudited) are securities pledged under sale and repurchase agreements in due to banks. As at 30 June 2017, the fair value of these securities amounts to RR 626 546 thousand (unaudited) (31 December 2016: reclassified securities with a carrying value of RR 963 529 thousand were securities pledged under sale and repurchase agreements in due to banks. The fair value of these securities amounted to RR 1 026 817 thousand).

Movements in the allowance for loan impairment during the six-month period ended 30 June 2017 are as follows (unaudited):  

<table>
<thead>
<tr>
<th>(in thousands of Russian Roubles)</th>
<th>Loans and advances to corporate customers</th>
<th>Loans and advances to individuals</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allowance for impairment at 1 January 2017</td>
<td>37 585 108</td>
<td>2 017 698</td>
<td>39 602 806</td>
</tr>
<tr>
<td>Provision for impairment during the period</td>
<td>4 446 969</td>
<td>758 663</td>
<td>5 205 632</td>
</tr>
<tr>
<td>Loans written off during the period as non-recoverable</td>
<td>(554 315)</td>
<td>(192 484)</td>
<td>(746 799)</td>
</tr>
<tr>
<td>Loans sold during the period</td>
<td>(25 106)</td>
<td>(4 137)</td>
<td>(29 243)</td>
</tr>
<tr>
<td>Allowance for impairment at 30 June 2017 (unaudited)</td>
<td>41 452 656</td>
<td>2 579 740</td>
<td>44 032 396</td>
</tr>
</tbody>
</table>

Movements in the allowance for loan impairment during the six-month period ended 30 June 2016 are as follows (unaudited):  

<table>
<thead>
<tr>
<th>(in thousands of Russian Roubles)</th>
<th>Loans and advances to corporate customers</th>
<th>Loans and advances to individuals</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allowance for impairment at 1 January 2016</td>
<td>33 207 923</td>
<td>1 756 676</td>
<td>34 964 599</td>
</tr>
<tr>
<td>Provision for impairment during the period</td>
<td>5 794 099</td>
<td>361 345</td>
<td>6 155 444</td>
</tr>
<tr>
<td>Loans written off during the period as non-recoverable</td>
<td>(190 287)</td>
<td>(76 128)</td>
<td>(266 415)</td>
</tr>
<tr>
<td>Loans sold during the period</td>
<td>(116 568)</td>
<td>-</td>
<td>(116 568)</td>
</tr>
<tr>
<td>Allowance for impairment at 30 June 2016 (unaudited)</td>
<td>38 695 167</td>
<td>2 041 893</td>
<td>40 737 060</td>
</tr>
</tbody>
</table>
9 Loans and advances to customers (continued)

Economic sector risk concentrations within the customer loan portfolio are as follows:

<table>
<thead>
<tr>
<th>Economic Sector</th>
<th>Amount 30 June 2017 (in thousands of Russian Roubles)</th>
<th>% 30 June 2017</th>
<th>Amount 31 December 2016</th>
<th>% 31 December 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individuals</td>
<td>66 186 649</td>
<td>18,6</td>
<td>60 126 543</td>
<td>17,0</td>
</tr>
<tr>
<td>Construction</td>
<td>46 958 256</td>
<td>13,2</td>
<td>43 572 746</td>
<td>12,3</td>
</tr>
<tr>
<td>Real estate</td>
<td>32 527 046</td>
<td>9,2</td>
<td>34 747 634</td>
<td>9,8</td>
</tr>
<tr>
<td>Heavy machinery and shipbuilding</td>
<td>31 717 002</td>
<td>8,9</td>
<td>36 334 463</td>
<td>10,3</td>
</tr>
<tr>
<td>Trade</td>
<td>31 572 820</td>
<td>8,9</td>
<td>29 059 438</td>
<td>8,2</td>
</tr>
<tr>
<td>Production and food industry</td>
<td>31 429 887</td>
<td>8,9</td>
<td>43 703 763</td>
<td>12,3</td>
</tr>
<tr>
<td>Oil and gas extraction and transportation</td>
<td>28 315 874</td>
<td>8,0</td>
<td>18 228 508</td>
<td>5,1</td>
</tr>
<tr>
<td>Leasing and financial services</td>
<td>26 730 210</td>
<td>7,5</td>
<td>28 042 497</td>
<td>7,9</td>
</tr>
<tr>
<td>Transport</td>
<td>11 428 461</td>
<td>3,2</td>
<td>12 982 384</td>
<td>3,7</td>
</tr>
<tr>
<td>Entities financed by the government</td>
<td>9 673 823</td>
<td>2,7</td>
<td>8 150 996</td>
<td>2,3</td>
</tr>
<tr>
<td>Telecommunications</td>
<td>8 239 388</td>
<td>2,3</td>
<td>7 556 166</td>
<td>2,1</td>
</tr>
<tr>
<td>Sports and health and entertainment organisations</td>
<td>7 917 402</td>
<td>2,2</td>
<td>7 844 731</td>
<td>2,2</td>
</tr>
<tr>
<td>Chemical industry</td>
<td>6 790 983</td>
<td>1,9</td>
<td>6 813 799</td>
<td>1,9</td>
</tr>
<tr>
<td>Energy</td>
<td>4 067 254</td>
<td>1,1</td>
<td>3 607 036</td>
<td>1,0</td>
</tr>
<tr>
<td>Other</td>
<td>11 568 619</td>
<td>3,4</td>
<td>13 543 167</td>
<td>3,9</td>
</tr>
</tbody>
</table>

Total loans and advances to customers (before allowance for impairment of loan portfolio) 355 123 674 100,0 354 313 871 100,0

As at 30 June 2017, the 20 largest groups of the Group’s borrowers have aggregate loan amount of RR 100 823 799 thousand (unaudited) (31 December 2016: RR 99 999 403 thousand), or 28.4% (31 December 2016: 28,2%) of the loan portfolio before impairment allowance.
9 Loans and advances to customers (continued)

Loans and advances to customers and the related allowance for impairment and an analysis of their credit quality as at 30 June 2017 are as follows (unaudited):

<table>
<thead>
<tr>
<th>Loans and advances to customers (before impairment allowance)</th>
<th>Impairment allowance</th>
<th>Loans and advances to customers (after impairment allowance)</th>
<th>Impairment allowance to loans and advances to customers, %</th>
</tr>
</thead>
<tbody>
<tr>
<td>(in thousands of Russian Roubles)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loans and advances to corporate customers:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loans collectively assessed for impairment, not individually impaired</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Standard loans not past due</td>
<td>233 364 562</td>
<td>(7 825 394)</td>
<td>225 539 168</td>
</tr>
<tr>
<td>Watch list loans not past due</td>
<td>3 943 892</td>
<td>(284 866)</td>
<td>3 659 026</td>
</tr>
<tr>
<td>Individually assessed loans, for which specific indications of impairment have been identified</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Not past due</td>
<td>26 860 472</td>
<td>(15 821 699)</td>
<td>11 038 773</td>
</tr>
<tr>
<td>Overdue:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- less than 5 calendar days</td>
<td>882 493</td>
<td>(872 082)</td>
<td>10 411</td>
</tr>
<tr>
<td>- 6 to 30 calendar days</td>
<td>177 467</td>
<td>(151 024)</td>
<td>26 443</td>
</tr>
<tr>
<td>- 31 to 60 calendar days</td>
<td>1 304 503</td>
<td>(753 025)</td>
<td>551 478</td>
</tr>
<tr>
<td>- 61 to 90 calendar days</td>
<td>2 010 529</td>
<td>(1 317 959)</td>
<td>692 570</td>
</tr>
<tr>
<td>- 91 to 180 calendar days</td>
<td>5 010 339</td>
<td>(3 790 352)</td>
<td>1 219 987</td>
</tr>
<tr>
<td>- 181 to 365 calendar days</td>
<td>3 546 032</td>
<td>(2 066 117)</td>
<td>1 479 915</td>
</tr>
<tr>
<td>- more than 365 calendar days</td>
<td>11 836 736</td>
<td>(8 570 138)</td>
<td>3 266 598</td>
</tr>
<tr>
<td>Total loans and advances to corporate customers</td>
<td>288 937 025</td>
<td>(41 452 656)</td>
<td>247 484 369</td>
</tr>
</tbody>
</table>

Loans and advances to individuals:

| | | | |
| - mortgage loans | 47 095 038 | (461 322) | 46 633 716 | 0.98 |
| - car loans | 1 696 368 | (42 393) | 1 653 975 | 2.50 |
| - consumer loans to VIP clients | 4 746 000 | (1 132 614) | 3 613 386 | 23.86 |
| - other consumer loans | 12 649 243 | (943 411) | 11 705 832 | 7.46 |
| Total loans and advances to individuals | 66 186 649 | (2 579 740) | 63 606 909 | 3.90 |

Total loans and advances to customers | 355 123 674 | (44 032 396) | 311 091 278 | 12.40 |
9 Loans and advances to customers (continued)

<table>
<thead>
<tr>
<th>(in thousands of Russian Roubles)</th>
<th>Mortgage loans</th>
<th>Car loans</th>
<th>Consumer loans to VIP clients</th>
<th>Other loans to individuals</th>
<th>Total loans and advances to individuals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans and advances to individuals:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Standard loans not past due</td>
<td>45 974 002</td>
<td>1 578 327</td>
<td>3 982 169</td>
<td>11 600 275</td>
<td>63 134 773</td>
</tr>
<tr>
<td>Overdue:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- less than 5 calendar days</td>
<td>35 671</td>
<td>6 320</td>
<td>6</td>
<td>11 275</td>
<td>53 272</td>
</tr>
<tr>
<td>- 6 to 30 calendar days</td>
<td>122 073</td>
<td>2 686</td>
<td>2 998</td>
<td>29 110</td>
<td>156 867</td>
</tr>
<tr>
<td>- 31 to 60 calendar days</td>
<td>72 143</td>
<td>5 128</td>
<td>10 125</td>
<td>53 854</td>
<td>141 250</td>
</tr>
<tr>
<td>- 61 to 90 calendar days</td>
<td>77 866</td>
<td>3 020</td>
<td>-</td>
<td>26 323</td>
<td>107 209</td>
</tr>
<tr>
<td>- 91 to 180 calendar days</td>
<td>134 633</td>
<td>9 862</td>
<td>187 359</td>
<td>58 348</td>
<td>390 202</td>
</tr>
<tr>
<td>- 181 to 365 calendar days</td>
<td>203 420</td>
<td>12 899</td>
<td>73 000</td>
<td>131 641</td>
<td>420 960</td>
</tr>
<tr>
<td>- more than 365 calendar days</td>
<td>475 230</td>
<td>78 126</td>
<td>490 343</td>
<td>738 417</td>
<td>1 782 116</td>
</tr>
<tr>
<td>Total loans and advances to</td>
<td>47 095 038</td>
<td>1 696 368</td>
<td>4 746 000</td>
<td>12 649 243</td>
<td>66 186 649</td>
</tr>
<tr>
<td>individuals (before impairment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>allowance)</td>
<td>(461 322)</td>
<td>(42 393)</td>
<td>(1 132 614)</td>
<td>(943 411)</td>
<td>(2 579 740)</td>
</tr>
<tr>
<td>Impairment allowance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total loans and advances to</td>
<td>46 633 716</td>
<td>1 653 975</td>
<td>3 613 386</td>
<td>11 705 832</td>
<td>63 606 909</td>
</tr>
<tr>
<td>individuals (after impairment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>allowance)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
9 Loans and advances to customers (continued)

Loans and advances to customers and the related allowance for impairment and an analysis of their credit quality as at 31 December 2016 are as follows:

<table>
<thead>
<tr>
<th>Loans and advances to customers (before impairment allowance)</th>
<th>Impairment allowance</th>
<th>Loans and advances to customers (after impairment allowance)</th>
<th>Impairment allowance to loans and advances to customers, %</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Loans and advances to corporate customers:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loans collectively assessed for impairment, but not individually impaired</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Standard loans not past due</td>
<td>240 269 192</td>
<td>(7 330 010)</td>
<td>232 939 182</td>
</tr>
<tr>
<td>Watch list loans not past due</td>
<td>3 644 947</td>
<td>(288 780)</td>
<td>3 356 167</td>
</tr>
<tr>
<td>Individually assessed loans, for which specific indications of impairment have been identified</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Not past due</td>
<td>32 510 074</td>
<td>(18 927 653)</td>
<td>13 582 421</td>
</tr>
<tr>
<td>Overdue:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- less than 5 calendar days</td>
<td>907 511</td>
<td>(236 400)</td>
<td>671 111</td>
</tr>
<tr>
<td>- 6 to 30 calendar days</td>
<td>314 740</td>
<td>(225 606)</td>
<td>89 134</td>
</tr>
<tr>
<td>- 31 to 60 calendar days</td>
<td>992 028</td>
<td>(292 877)</td>
<td>699 151</td>
</tr>
<tr>
<td>- 61 to 90 calendar days</td>
<td>499 165</td>
<td>(54 406)</td>
<td>444 759</td>
</tr>
<tr>
<td>- 91 to 180 calendar days</td>
<td>2 214 907</td>
<td>(1 375 608)</td>
<td>839 299</td>
</tr>
<tr>
<td>- 181 to 365 calendar days</td>
<td>1 911 246</td>
<td>(1 242 157)</td>
<td>669 089</td>
</tr>
<tr>
<td>- over 365 calendar days</td>
<td>10 923 518</td>
<td>(7 611 611)</td>
<td>3 311 907</td>
</tr>
<tr>
<td><strong>Total loans and advances to corporate customers</strong></td>
<td>294 187 328</td>
<td>(37 585 108)</td>
<td>256 602 220</td>
</tr>
<tr>
<td><strong>Loans and advances to individuals:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- mortgage loans</td>
<td>42 447 553</td>
<td>(450 179)</td>
<td>41 997 374</td>
</tr>
<tr>
<td>- car loans</td>
<td>1 704 418</td>
<td>(43 992)</td>
<td>1 660 426</td>
</tr>
<tr>
<td>- consumer loans to VIP clients</td>
<td>5 704 343</td>
<td>(611 299)</td>
<td>5 093 044</td>
</tr>
<tr>
<td>- other consumer loans</td>
<td>10 270 229</td>
<td>(912 228)</td>
<td>9 358 001</td>
</tr>
<tr>
<td><strong>Total loans and advances to individuals</strong></td>
<td>60 126 543</td>
<td>(2 017 698)</td>
<td>58 108 845</td>
</tr>
<tr>
<td><strong>Total loans and advances to customers</strong></td>
<td>354 313 871</td>
<td>(39 602 806)</td>
<td>314 711 065</td>
</tr>
</tbody>
</table>
9 Loans and Advances to Customers (continued)

<table>
<thead>
<tr>
<th>(in thousands of Russian Roubles)</th>
<th>Mortgage loans</th>
<th>Car loans</th>
<th>Consumer loans to VIP clients</th>
<th>Other consumer loans</th>
<th>Total loans and advances to individuals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans and advances to individuals</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Standard loans not past due</td>
<td>41 374 258</td>
<td>1 579 265</td>
<td>4 305 661</td>
<td>9 253 047</td>
<td>56 512 231</td>
</tr>
<tr>
<td>Overdue:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- less than 5 calendar days</td>
<td>33 720</td>
<td>2 357</td>
<td>685 370</td>
<td>7 495</td>
<td>728 942</td>
</tr>
<tr>
<td>- 6 to 30 calendar days</td>
<td>77 180</td>
<td>8 459</td>
<td>-</td>
<td>27 623</td>
<td>113 262</td>
</tr>
<tr>
<td>- 31 to 60 calendar days</td>
<td>143 265</td>
<td>5 195</td>
<td>-</td>
<td>30 921</td>
<td>179 381</td>
</tr>
<tr>
<td>- 61 to 90 calendar days</td>
<td>44 411</td>
<td>3 684</td>
<td>-</td>
<td>23 162</td>
<td>71 257</td>
</tr>
<tr>
<td>- 91 to 180 calendar days</td>
<td>154 707</td>
<td>7 666</td>
<td>73 000</td>
<td>92 991</td>
<td>328 364</td>
</tr>
<tr>
<td>- 181 to 365 calendar days</td>
<td>152 328</td>
<td>11 246</td>
<td>145 678</td>
<td>169 288</td>
<td>478 540</td>
</tr>
<tr>
<td>- over 365 calendar days</td>
<td>467 684</td>
<td>86 546</td>
<td>494 634</td>
<td>665 702</td>
<td>1 714 566</td>
</tr>
</tbody>
</table>

| Total loans and advances to individuals (before impairment allowance) | 42 447 553 | 1 704 418 | 5 704 343 | 10 270 229 | 60 126 543 |
| Allowance for impairment | (450 179) | (43 992) | (611 299) | (912 228) | (2 017 698) |
| Total loans and advances to individuals (after impairment allowance) | 41 997 374 | 1 660 426 | 5 093 044 | 9 358 001 | 58 108 845 |

The Group estimates the amount of impairment allowance on individually assessed commercial loans to corporate customers, for which specific indications of impairment have been identified, based on an analysis of the expected future cash flows based primarily on collateral. The principal collateral taken into account in the estimation of future cash flows is real estate. Valuations for real estate are discounted by 30-50 percent to reflect current market conditions.

For portfolios of standard loans not past due in determining the impairment allowance, the Group estimated impairment allowance based on previous experience of incurred losses by industry for loans portfolios adjusted to factor the deterioration/improvement of the loan portfolio, as evidenced by the rate of increase/decrease in the level of impaired and overdue loans arising from current market conditions. The impairment allowance reflects management’s estimate of the losses in the portfolio as at 30 June 2017 and 30 June 2016.

The Group estimates the amount of impairment allowance on loans and advances to individuals, for which no signs of impairment are identified, management adjusts historic loss rates to factor in the current changes of the loan portfolio, if necessary. The principal collateral taken into account in the estimation of future cash flows comprises mainly real estate and cars. Valuations for real estate and cars are discounted by 10-20 per cent to reflect current market conditions.

Loans and advances to customers are classified as “Standard loans not past due” when they do not have any overdue payments as at the reporting date and management of the Group does not have any information indicating that the borrower is not able to repay the loan in full and in time.

Loans and advances to customers are classified as “Watch list loans not past due” when they have moderate credit risk. The comprehensive analysis of operating and financial position of the borrowers and other information, including the external environment, indicates the stable position of the borrowers, however there are some negative factors that may have an impact on the ability of the borrowers to repay their loans in the future on a timely basis.
9 Loans and Advances to Customers (continued)

The primary factors that the Group considers when deciding whether a loan is individually impaired are its overdue/restructured status and/or occurrence of any factors that may make it doubtful whether the borrowers are able to repay the full amounts owed on a timely basis.

The recoverability of loans to corporate customers which are neither past due nor impaired is primarily dependent on the creditworthiness of the borrowers rather than the value of collateral, and the Group does not necessarily update the valuation of collateral as at each reporting date.

The Group has standard loans not past due, for which fair value of collateral was assessed at the loan inception date and not updated for further changes, and loans for which fair value of collateral is not determined. For certain loans the fair value of collateral is updated as at the reporting date.

There are highly reliable borrowers included in loans to finance working capital, for which the Group considers it appropriate to issue loans without collateral.

Mortgage loans are secured by the underlying real estate. Mortgage loans amount does not exceed 85% of real estate cost. Car loans are secured by the underlying cars.

Management estimates that the impairment allowance on loans to corporate customers would have been RR 14 727 192 thousand (unaudited) higher without taking into consideration collateral value (31 December 2016: RR 15 609 949 thousand).

Interest income received on overdue and impaired loans during the six-month period ended 30 June 2017 amounts to RR 292 595 thousand (six-month period ended 30 June 2016: RR 479 050 thousand) (unaudited).

As at 30 June 2017, the Group has mortgages in the amount of RR 3 261 400 thousand (unaudited) (31 December 2016: RR 3 760 505 thousand) transferred to the mortgage agent “MA BSPB” LLC, a structured company founded for the financing purposes. As at 30 June 2017, such mortgages are pledged as collateral for the mortgage secured bonds with a carrying value of RR 2 981 055 (unaudited) issued by the mortgage agent of which bonds with a carrying value of RR 2 175 906 thousand (unaudited) were repurchased by the Bank (31 December 2016: bonds with a carrying value of RR 3 718 451 thousand issued by the mortgage agent of which bonds with a carrying value of RR 2 714 151 thousand were repurchased by the Bank). Refer to Note 12.

Currency and maturity analyses of loans and advances to customers are disclosed in Note 20. Fair value analysis of loans and advances to customers is disclosed in Note 22. Information on related party transactions is disclosed in Note 23.
### 10 Investment Securities Available-For-Sale

<table>
<thead>
<tr>
<th></th>
<th>30 June 2017 (unaudited)</th>
<th>31 December 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate bonds</td>
<td>9 234 544</td>
<td>19 673 844</td>
</tr>
<tr>
<td>Municipal bonds</td>
<td>903 200</td>
<td>2 141 496</td>
</tr>
<tr>
<td>Corporate Eurobonds</td>
<td>373 431</td>
<td>3 269 715</td>
</tr>
<tr>
<td>Federal loan bonds</td>
<td>38 815</td>
<td>984 945</td>
</tr>
<tr>
<td><strong>Total debt securities</strong></td>
<td><strong>10 549 990</strong></td>
<td><strong>26 070 000</strong></td>
</tr>
<tr>
<td>Equity securities</td>
<td>717 004</td>
<td>407 508</td>
</tr>
<tr>
<td><strong>Total investment securities available-for-sale</strong></td>
<td><strong>11 266 994</strong></td>
<td><strong>26 477 508</strong></td>
</tr>
</tbody>
</table>

Debt investment securities available-for-sale are carried at fair value, which also reflects the credit risk of these securities.

For definition of groups see Note 6.

The analysis of debt investment securities available-for-sale at 30 June 2017 by their credit quality is as follows (unaudited):

<table>
<thead>
<tr>
<th></th>
<th>Corporate bonds</th>
<th>Municipal bonds</th>
<th>Corporate Eurobonds</th>
<th>Federal loan bonds</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not overdue or impaired</td>
<td>181 197</td>
<td>-</td>
<td>-</td>
<td>38 815</td>
<td>181 197</td>
</tr>
<tr>
<td>Group A</td>
<td>7 805 977</td>
<td>541 493</td>
<td>373 431</td>
<td>8 759 716</td>
<td>9 736 067</td>
</tr>
<tr>
<td>Group C</td>
<td>804 291</td>
<td>184 595</td>
<td>-</td>
<td>-</td>
<td>988 886</td>
</tr>
<tr>
<td>Group D</td>
<td>443 079</td>
<td>177 112</td>
<td>-</td>
<td>-</td>
<td>620 191</td>
</tr>
</tbody>
</table>

| Total debt investment securities available-for-sale | 9 234 544 | 903 200 | 373 431 | 38 815 | 10 549 990 |
10 Investment Securities Available-For-Sale (continued)

The analysis of debt investment securities available-for-sale as at 31 December 2016 by their credit quality is as follows:

<table>
<thead>
<tr>
<th>(in thousands of Russian Roubles)</th>
<th>Corporate bonds</th>
<th>Corporate Eurobonds</th>
<th>Municipal bonds</th>
<th>Federal loan bonds</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not overdue or impaired</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Group A</td>
<td>123 492</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>123 492</td>
</tr>
<tr>
<td>Group B</td>
<td>19 122 136</td>
<td>3 269 715</td>
<td>1 678 892</td>
<td>984 945</td>
<td>25 055 688</td>
</tr>
<tr>
<td>Group C</td>
<td>308 904</td>
<td>-</td>
<td>368 696</td>
<td>-</td>
<td>677 600</td>
</tr>
<tr>
<td>Group D</td>
<td>119 312</td>
<td>-</td>
<td>93 908</td>
<td>-</td>
<td>213 220</td>
</tr>
<tr>
<td>Total debt investment securities available-for-sale</td>
<td>19 673 844</td>
<td>3 269 715</td>
<td>2 141 496</td>
<td>984 945</td>
<td>26 070 000</td>
</tr>
</tbody>
</table>

Currency and maturity analyses of investment securities available-for-sale are disclosed in Note 20.

11 Customer Accounts

<table>
<thead>
<tr>
<th>(in thousands of Russian Roubles)</th>
<th>30 June 2017 (unaudited)</th>
<th>31 December 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>State and public organisations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Current/settlement accounts</td>
<td>19 994</td>
<td>8 372</td>
</tr>
<tr>
<td>- Term deposits</td>
<td>40 424</td>
<td>-</td>
</tr>
<tr>
<td>Other legal entities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Current/settlement accounts</td>
<td>59 490 430</td>
<td>58 527 163</td>
</tr>
<tr>
<td>- Term deposits</td>
<td>57 558 194</td>
<td>87 481 283</td>
</tr>
<tr>
<td>- Sale and repurchase agreements</td>
<td>9 861</td>
<td>16 508 702</td>
</tr>
<tr>
<td>Individuals</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Current accounts/demand accounts</td>
<td>47 135 811</td>
<td>45 663 539</td>
</tr>
<tr>
<td>- Term deposits</td>
<td>151 151 262</td>
<td>141 755 809</td>
</tr>
<tr>
<td>Total customer accounts</td>
<td>315 405 976</td>
<td>349 944 868</td>
</tr>
</tbody>
</table>

State and public organisations exclude government owned profit oriented businesses.

As at 30 June 2017, within customer accounts there were no securities sale and repurchase agreements with legal entities (31 December 2016: customer accounts included securities sale and repurchase agreements with legal entities in the amount of 16 508 702 thousand).

As at 30 June 2017, customer accounts includes a compensation deposit in the amount of RR 9 861 thousand (unaudited) provided by a counterparty under reverse sale and repurchase agreements (31 December 2016: none).
11 Customer accounts (continued)

As at 31 December 2016, securities pledged under sale and repurchase agreements and loaned were represented by the following securities:

- own portfolio securities with fair value of RR 351,669 thousand;
- received by the Group under reverse sale and repurchase agreements (without initial recognition) with fair value of RR 17,036,991 thousand.

Economic sector concentrations within customer accounts are as follows:

<table>
<thead>
<tr>
<th>Economic Sector</th>
<th>30 June 2017 (unaudited)</th>
<th>31 December 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amount</td>
<td>%</td>
</tr>
<tr>
<td>Individuals</td>
<td>198,287,073</td>
<td>62,9</td>
</tr>
<tr>
<td>Trade</td>
<td>23,731,503</td>
<td>7,5</td>
</tr>
<tr>
<td>Construction</td>
<td>18,959,837</td>
<td>6,0</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>15,536,404</td>
<td>4,9</td>
</tr>
<tr>
<td>Real estate</td>
<td>14,918,798</td>
<td>4,7</td>
</tr>
<tr>
<td>Art, science and education</td>
<td>12,556,454</td>
<td>4,0</td>
</tr>
<tr>
<td>Financial services</td>
<td>12,082,191</td>
<td>3,8</td>
</tr>
<tr>
<td>Transport</td>
<td>7,597,749</td>
<td>2,4</td>
</tr>
<tr>
<td>Communications</td>
<td>1,096,244</td>
<td>0,3</td>
</tr>
<tr>
<td>Energy</td>
<td>743,299</td>
<td>0,2</td>
</tr>
<tr>
<td>Medical institutions</td>
<td>722,910</td>
<td>0,2</td>
</tr>
<tr>
<td>Cities and municipalities</td>
<td>670,992</td>
<td>0,2</td>
</tr>
<tr>
<td>Public utilities</td>
<td>525,680</td>
<td>0,2</td>
</tr>
<tr>
<td>Other</td>
<td>7,976,842</td>
<td>2,7</td>
</tr>
<tr>
<td><strong>Total customer accounts</strong></td>
<td>315,405,976</td>
<td>100,0</td>
</tr>
</tbody>
</table>

As at 30 June 2017, customer accounts include deposits in the amount of RR 1,870,901 thousand (unaudited) representing security for irrevocable liabilities under guarantees (31 December 2016: RR 2,145,390 thousand) and RR 912,125 thousand (unaudited) representing security under letters of credit (31 December 2016: RR 1,048,874 thousand).

Currency and maturity analyses of customer accounts are disclosed in Note 20. Fair value analysis of customer accounts is disclosed in Note 22. The information on related party transactions is disclosed in Note 23.

12 Bonds Issued

<table>
<thead>
<tr>
<th>Bond Type</th>
<th>30 June 2017 (unaudited)</th>
<th>31 December 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subordinated Eurobonds</td>
<td>10,527,921</td>
<td>14,878,415</td>
</tr>
<tr>
<td>Mortgage secured bonds issued by the mortgage agent</td>
<td>805,149</td>
<td>1,004,300</td>
</tr>
<tr>
<td><strong>Total bonds issued</strong></td>
<td>11,333,070</td>
<td>15,882,715</td>
</tr>
</tbody>
</table>

Currency and maturity analyses of bonds issued are disclosed in Note 20.
13 Other Borrowed Funds

<table>
<thead>
<tr>
<th>(in thousands of Russian Roubles)</th>
<th>30 June 2017 (unaudited)</th>
<th>31 December 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subordinated loans</td>
<td>1 565 933</td>
<td>1 565 972</td>
</tr>
<tr>
<td>AKA AFK</td>
<td>661 719</td>
<td>938 171</td>
</tr>
<tr>
<td><strong>Total other borrowed funds</strong></td>
<td><strong>2 227 652</strong></td>
<td><strong>2 504 143</strong></td>
</tr>
</tbody>
</table>

In March 2017 scheduled partial repayment of the current credit line from AKA Ausfuhrkredit-Gesellschaft m.b.H. in the amount of 4 880 thousand euros (unaudited) was made. The maturity date of the credit line is 30 March 2018. As at 30 June 2017, the carrying amount of all tranches of this loan was 9 804 thousand euros (unaudited), which is equivalent to RR 661 719 thousand (unaudited) (31 December 2016: 14 703 thousand euros, which is equivalent to 938 171 thousand). The loan was obtained at the rate of EURIBOR + 1.75% p.a., as at 30 June 2017 the interest rate was 1.75% p.a.

In case of liquidation of the Bank, the claims for repayment of subordinated loans are subordinated to the claims of any other creditors and depositors of the Bank.

The Group is required to meet certain covenants attached to subordinated loans and funds from AKA Ausfuhrkredit-Gesellschaft m.b.H. Non-compliance with such covenants may result in negative consequences for the Group including an increase in the cost of borrowings and declaration of default (except for subordinated loans). As at 30 June 2017 and 31 December 2016, the Group fully meets all covenants of the loan agreements.

Currency and maturity analyses of other borrowed funds are disclosed in note 20. The information on related party transactions is disclosed in Note 20.

14 Share Capital

<table>
<thead>
<tr>
<th>(in thousands of Russian Roubles)</th>
<th>Number of outstanding ordinary shares (thousands)</th>
<th>Number of outstanding preference shares (thousands)</th>
<th>Ordinary shares</th>
<th>Preference shares</th>
<th>Share premium</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>As at 1 January 2016</td>
<td>439 554</td>
<td>20 100</td>
<td>3 544 283</td>
<td>177 451</td>
<td>21 393 878</td>
<td>25 115 612</td>
</tr>
<tr>
<td>As at 31 December 2016</td>
<td>439 554</td>
<td>20 100</td>
<td>3 544 283</td>
<td>177 451</td>
<td>21 393 878</td>
<td>25 115 612</td>
</tr>
<tr>
<td>As at 30 June 2017</td>
<td>439 554</td>
<td>20 100</td>
<td>3 544 283</td>
<td>177 451</td>
<td>21 393 878</td>
<td>25 115 612</td>
</tr>
</tbody>
</table>

As at 30 June 2017, the nominal registered amount of issued share capital of the Bank prior to restatement of capital contributions made before 1 January 2003 to the purchasing power of the Russian Rouble at 31 December 2002, is RR 459 654 thousand (31 December 2016: RR 459 654 thousand). As at 30 June 2017, all of the outstanding shares of the Bank are authorised, issued and fully paid in.

As at 30 June 2017, all ordinary shares have a nominal value of RR 1 (one) per share (31 December 2016: RR 1 (one) per share). Each share carries one vote.

As at 30 June 2017, the Bank has one type of preference shares with a nominal value of RR 1 (one) in the amount of 20 100 000 shares.

Preference shares carry voting rights allowing to take part in and to vote at the General Shareholders’ Meeting on all issues within its authority starting from the meeting following the annual General Shareholders’ Meeting where, regardless of the reasons, no decision was made to declare dividend or partial dividend was declared on preference shares. Preference shares are not cumulative.
14 Share Capital (continued)

Share premium represents the excess of contributions received over the nominal value of shares issued.

On 18 May 2017 the Supervisory Board of the Bank made a resolution to increase the share capital by means of placement of 60 000 000 additional ordinary registered non-certificated shares of the Bank through public offering. State registration of the additional Bank’s securities issue was carried out on 20 June 2017 (state registration number 10300436B) (Note 25).

15 Other Comprehensive Income Recognised Directly in Equity

The analysis of other comprehensive income by items of each component of equity is as follows:

<table>
<thead>
<tr>
<th>(in thousands of Russian Roubles)</th>
<th>Foreign currency translation reserve (unaudited)</th>
<th>Revaluation reserve for investment securities available-for-sale (unaudited)</th>
<th>Total other comprehensive (loss) income (unaudited)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Six-month period ended 30 June 2016</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Items of comprehensive income that are or will be reclassified subsequently to profit or loss:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revaluation of investment securities available-for-sale transferred to profit or loss upon disposal</td>
<td></td>
<td>(578 254)</td>
<td>(578 254)</td>
</tr>
<tr>
<td>Net result from revaluation of investment securities available-for-sale</td>
<td></td>
<td>1 480 081</td>
<td>1 480 081</td>
</tr>
<tr>
<td>Deferred income tax recognised in equity related to components of other comprehensive income</td>
<td></td>
<td>(180 366)</td>
<td>(180 366)</td>
</tr>
<tr>
<td>Total other comprehensive income</td>
<td></td>
<td></td>
<td>721 461</td>
</tr>
<tr>
<td>Six-month period ended 30 June 2017</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Items of comprehensive loss that are or will be reclassified subsequently to profit or loss:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revaluation of investment securities available-for-sale transferred to profit or loss upon disposal</td>
<td></td>
<td>(303 533)</td>
<td>(303 533)</td>
</tr>
<tr>
<td>Net result from revaluation of investment securities available-for-sale</td>
<td></td>
<td>130 826</td>
<td>130 826</td>
</tr>
<tr>
<td>Exchange differences on translation</td>
<td></td>
<td>(1 339)</td>
<td>-</td>
</tr>
<tr>
<td>Deferred income tax recognised in equity related to components of other comprehensive (loss) income</td>
<td></td>
<td>34 541</td>
<td>34 541</td>
</tr>
<tr>
<td>Total other comprehensive loss</td>
<td></td>
<td></td>
<td>(1 339)</td>
</tr>
</tbody>
</table>
16 Interest Income and Expense

(in thousands of Russian Roubles)

<table>
<thead>
<tr>
<th>Interest income</th>
<th>Six-month period ended 30 June 2017 (unaudited)</th>
<th>Six-month period ended 30 June 2016 (unaudited)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans and advances to customers</td>
<td>17 874 807</td>
<td>19 403 124</td>
</tr>
<tr>
<td>Investment securities available-for-sale</td>
<td>2 227 296</td>
<td>3 984 535</td>
</tr>
<tr>
<td>Reverse sale and repurchase agreements</td>
<td>1 837 424</td>
<td>552 635</td>
</tr>
<tr>
<td>Trading securities</td>
<td>1 297 211</td>
<td>1 205 814</td>
</tr>
<tr>
<td>Due from banks</td>
<td>551 843</td>
<td>852 286</td>
</tr>
<tr>
<td>Correspondent accounts with other banks</td>
<td>2 170</td>
<td>2 726</td>
</tr>
<tr>
<td><strong>Total interest income</strong></td>
<td><strong>23 790 751</strong></td>
<td><strong>26 001 120</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Interest expense</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Due to banks</td>
<td>5 922 547</td>
<td>5 811 141</td>
</tr>
<tr>
<td>Term deposits of individuals</td>
<td>4 380 338</td>
<td>4 851 284</td>
</tr>
<tr>
<td>Term deposits of legal entities</td>
<td>3 118 412</td>
<td>3 462 799</td>
</tr>
<tr>
<td>Bonds issued</td>
<td>618 784</td>
<td>942 635</td>
</tr>
<tr>
<td>Current/settlement accounts</td>
<td>308 401</td>
<td>209 318</td>
</tr>
<tr>
<td>Other debt securities issued</td>
<td>153 103</td>
<td>281 550</td>
</tr>
<tr>
<td>Other borrowed funds</td>
<td>59 142</td>
<td>61 553</td>
</tr>
<tr>
<td><strong>Total interest expense</strong></td>
<td><strong>14 560 727</strong></td>
<td><strong>15 620 280</strong></td>
</tr>
</tbody>
</table>

| **Net interest income**                 | **9 230 024**                                 | **10 380 840**                                |

Information on related party transactions is disclosed in Note 23.

17 Earnings per Share

Basic earnings per share are calculated by dividing the net profit attributable to the shareholders of the Bank by the weighted average number of ordinary shares in issue during the year less treasury shares.

As at 30 June 2017, the Bank has no potentially dilutive type preference shares. Thus, diluted earnings per share equals to basic earnings per share.

Basic earnings per share are calculated as follows:

(in thousands of Russian Roubles)

<table>
<thead>
<tr>
<th></th>
<th>Six-month period ended 30 June 2017 (unaudited)</th>
<th>Six-month period ended 30 June 2016 (unaudited)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit attributable to shareholders of the Bank</td>
<td>3 295 241</td>
<td>1 995 807</td>
</tr>
<tr>
<td>Less preference dividends</td>
<td>(2 211)</td>
<td>(2 211)</td>
</tr>
<tr>
<td><strong>Profit attributable to ordinary shareholders of the Bank</strong></td>
<td><strong>3 293 030</strong></td>
<td><strong>1 993 596</strong></td>
</tr>
</tbody>
</table>

Weighted average number of ordinary shares in issue (thousands) 439 554 439 554

Basic earnings per share (in RR per share) 7.49 4.54
18 Dividends

<table>
<thead>
<tr>
<th>(in thousands of Russian Roubles)</th>
<th>Ordinary shares</th>
<th>Preference shares</th>
<th>Ordinary shares</th>
<th>Preference shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividends payable as at 1 January</td>
<td>6 054</td>
<td>-</td>
<td>5 785</td>
<td>-</td>
</tr>
<tr>
<td>Dividends declared during the period</td>
<td>461 532</td>
<td>2 211</td>
<td>459 313</td>
<td>2 211</td>
</tr>
<tr>
<td>Dividends paid during the period</td>
<td>(460 793)</td>
<td>(2 211)</td>
<td>(457 201)</td>
<td>(2 211)</td>
</tr>
<tr>
<td>Dividends payable as at 30 June</td>
<td>6 793</td>
<td>-</td>
<td>7 897</td>
<td>-</td>
</tr>
<tr>
<td>Dividends per share declared during the period (in RR per share)</td>
<td>1,05</td>
<td>0,11</td>
<td>1,04</td>
<td>0,11</td>
</tr>
</tbody>
</table>

All dividends were declared and paid in Russian Roubles.

19 Segment Analysis

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the chief operating decision maker and for which discrete financial information is available. The Bank’s Management Board performs the responsibilities of the chief operating decision maker.

Description of products and services that constitute sources of revenues of the reporting segments

The Group is organised on a basis of three main business segments:

- Corporate banking – settlement and current accounts, deposits, credit lines, loans and other credit facilities, foreign currency transactions with commercial and state entities.
- Operations on financial markets – financial instruments trading, loans and deposits on the interbank market, dealing in foreign exchange and derivative financial instruments.
- Retail banking – private banking services, private customer current accounts, deposits, retail investment products, custody services, credit and debit cards, consumer loans, mortgages and other loans to individual and VIP clients.

Transactions between the business segments are concluded at arm’s length. Funds are ordinarily reallocated between segments, resulting in funding cost transfers, i.e. balance of transfer income/expense from reallocated financial resources among internal segments, disclosed in operating income/expense. Interest charged for these funds is based on market interest rates. There are no other material items of income or expense between the business segments. Segment assets and liabilities comprise operating assets and liabilities, being the majority of assets and liabilities of the Group, but excluding some premises, equipment and intangible assets, long-term assets held-for-sale, investment property, other assets and liabilities and balances on taxation settlements.
19 Segment Analysis (continued)

Factors used by management to define reporting segments

The Group’s segments are groups of strategic business units targeting different clients. They are managed separately because they require different technology, marketing strategies and level of service.

Evaluation of profit or loss and assets of operating segments

The Bank’s Management Board analyses the financial information prepared in accordance with the requirements of Russian accounting standards. This financial information differs in some aspects from the information prepared in accordance with IFRS:

(i) resources are usually redistributed among segments using internal interest rates set by the Treasury Department. These interest rates are calculated based on the basic market interest rates, contractual maturity dates and observable actual maturity dates of customer accounts balances

(ii) differences in the classification of securities to portfolios

(iii) income tax is not allocated to segments

(iv) provision for loan impairment is recognised based on Russian legislation, and not on the basis of the model of “incurred losses” specified in IAS 39

(v) fee and commission income on lending operations is recognised immediately and not in the future periods using the effective interest method

(vi) there is no data on consolidated companies.

The Management Board evaluates the business segment results based on the amount of profit before income taxes paid.
**Segment Analysis (continued)**

**Information on profit or loss, assets and liabilities of reporting segments**

Segment information for the main reporting business segments for the six-month period ended 30 June 2017 and the six-month period ended 30 June 2016 is set out below (in accordance with the management information).

<table>
<thead>
<tr>
<th>(in thousands of Russian Roubles)</th>
<th>Corporate banking</th>
<th>Operations on financial markets</th>
<th>Retail banking</th>
<th>Unallocated</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Six-month period ended 30 June 2017 (unaudited)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>External revenues</td>
<td>15 242 188</td>
<td>6 227 426</td>
<td>4 763 886</td>
<td>-</td>
<td>26 233 500</td>
</tr>
<tr>
<td>Internal funding charge</td>
<td>(6 648 479)</td>
<td>2 515 760</td>
<td>4 132 719</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total revenues</strong></td>
<td><strong>8 593 709</strong></td>
<td><strong>8 743 186</strong></td>
<td><strong>8 896 605</strong></td>
<td>-</td>
<td><strong>26 233 500</strong></td>
</tr>
</tbody>
</table>

Total revenues comprise:
- External interest income 13 492 116 6 224 507 3 623 971 - 23 340 594
- Fee and commission income 1 740 802 2 919 1 138 953 - 2 882 674
- Other operating income 9 270 - 962 - 10 232

<table>
<thead>
<tr>
<th>Segment results</th>
<th>(612 120)</th>
<th>5 306 357</th>
<th>1 905 791</th>
<th>-</th>
<th>6 600 028</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unallocated costs</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(2 657 193)</td>
<td>(2 657 193)</td>
</tr>
<tr>
<td>Profit (loss) before tax</td>
<td>(612 120)</td>
<td>5 306 357</td>
<td>1 905 791</td>
<td>(2 657 193)</td>
<td>3 942 835</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(783 849)</td>
<td>(783 849)</td>
</tr>
<tr>
<td>Profit (loss) for the period</td>
<td>(612 120)</td>
<td>5 306 357</td>
<td>1 905 791</td>
<td>(3 441 042)</td>
<td>3 158 986</td>
</tr>
</tbody>
</table>

As at 30 June 2017 (unaudited)

| Total segment assets (before provision for impairment) | 294 703 546 | 225 951 826 | 62 400 991 | 26 155 920 | 609 212 283 |

Other segment items for the six-month period ended 30 June 2017 (unaudited)

| Depreciation and amortisation charge | (107 764) | (40 234) | (119 640) | (147 503) | (415 141) |
| Provision for loan impairment | (4 644 449) | (7 103) | (342 021) | - | (4 993 573) |
19  Segment Analysis (continued)

<table>
<thead>
<tr>
<th>Segment Analysis (continued)</th>
<th>Corporate banking</th>
<th>Operations on financial markets</th>
<th>Retail banking</th>
<th>Unallocated</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Six-month period ended 30 June 2016 (unaudited)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>External revenues</td>
<td>17 434 723</td>
<td>6 677 210</td>
<td>4 346 160</td>
<td>72 344</td>
<td>28 530 437</td>
</tr>
<tr>
<td>Internal funding charge</td>
<td>(6 873 256)</td>
<td>2 036 713</td>
<td>4 836 543</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total revenues</td>
<td>10 561 467</td>
<td>8 713 923</td>
<td>9 182 703</td>
<td>72 344</td>
<td>28 530 437</td>
</tr>
<tr>
<td>Total revenues comprise:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Interest income</td>
<td>15 484 667</td>
<td>6 675 746</td>
<td>3 505 488</td>
<td>-</td>
<td>25 665 901</td>
</tr>
<tr>
<td>- Fee and commission income</td>
<td>1 769 310</td>
<td>1 464</td>
<td>837 669</td>
<td>-</td>
<td>2 608 443</td>
</tr>
<tr>
<td>- Other operating income</td>
<td>180 746</td>
<td>-</td>
<td>3 003</td>
<td>72 344</td>
<td>256 093</td>
</tr>
<tr>
<td>Segment results</td>
<td>(1 121 148)</td>
<td>4 273 585</td>
<td>2 108 688</td>
<td>-</td>
<td>5 261 125</td>
</tr>
<tr>
<td>Unallocated costs</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(2 918 281)</td>
<td>(2 918 281)</td>
</tr>
<tr>
<td>Profit (loss) before tax</td>
<td>(1 121 148)</td>
<td>4 273 585</td>
<td>2 108 688</td>
<td>(2 918 281)</td>
<td>2 342 844</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(1 012 504)</td>
<td>(1 012 504)</td>
</tr>
<tr>
<td>Profit (loss) for the period</td>
<td>(1 121 148)</td>
<td>4 273 585</td>
<td>2 108 688</td>
<td>(3 930 785)</td>
<td>1 330 340</td>
</tr>
</tbody>
</table>

As at 31 December 2016

<table>
<thead>
<tr>
<th>Total segment assets (before provision for impairment)</th>
<th>299 219 048</th>
<th>232 242 047</th>
<th>56 332 236</th>
<th>28 409 712</th>
<th>616 203 043</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other segment items for the six-month period ended 30 June 2016 (unaudited)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortisation charge</td>
<td>(120 836)</td>
<td>(34 620)</td>
<td>(86 069)</td>
<td>(169 535)</td>
<td>(411 060)</td>
</tr>
<tr>
<td>Provision for loan impairment</td>
<td>(5 292 117)</td>
<td>(1)</td>
<td>(481 393)</td>
<td>-</td>
<td>(5 773 511)</td>
</tr>
</tbody>
</table>
19  Segment Analysis (continued)

A reconciliation of assets according to management information with IFRS results as at 30 June 2017 and 31 December 2016 is set out below:

<table>
<thead>
<tr>
<th>(in thousands of Russian Roubles)</th>
<th>30 June 2017 (unaudited)</th>
<th>31 December 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total segment assets (before provision for impairment)</td>
<td>609 212 283</td>
<td>616 203 043</td>
</tr>
<tr>
<td>Adjustment of provision for loan impairment</td>
<td>(44 766 456)</td>
<td>(39 642 550)</td>
</tr>
<tr>
<td>Adjustments of income/expense accruals</td>
<td>1 220 714</td>
<td>1 286 129</td>
</tr>
<tr>
<td>Premises, equipment and intangible assets depreciation and fair value adjustment</td>
<td>1 531 433</td>
<td>1 559 913</td>
</tr>
<tr>
<td>Fair value and amortised cost adjustments</td>
<td>1 042 079</td>
<td>1 524 379</td>
</tr>
<tr>
<td>Income tax adjustments</td>
<td>(2 004 686)</td>
<td>(523 304)</td>
</tr>
<tr>
<td>Elimination of assets additionally recognised in management accounting</td>
<td>(5 553 826)</td>
<td>(1 248 595)</td>
</tr>
<tr>
<td>Other adjustments</td>
<td>181 630</td>
<td>248 974</td>
</tr>
<tr>
<td>Consolidation effect</td>
<td>(1 179 600)</td>
<td>879 531</td>
</tr>
<tr>
<td><strong>Total assets under IFRS</strong></td>
<td>559 683 571</td>
<td>580 287 520</td>
</tr>
</tbody>
</table>

A reconciliation of profit before tax according to management information with IFRS for the six-month period ended 30 June 2017 and for the six-month period ended 30 June 2016:

<table>
<thead>
<tr>
<th>(in thousands of Russian Roubles)</th>
<th>Six-month period ended 30 June 2017 (unaudited)</th>
<th>Six-month period ended 30 June 2016 (unaudited)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total profit for the reporting segments (before tax)</td>
<td>3 942 835</td>
<td>2 342 844</td>
</tr>
<tr>
<td>Adjustment of provision for loan impairment</td>
<td>(360 102)</td>
<td>(156 636)</td>
</tr>
<tr>
<td>Adjustments of income/expense accruals</td>
<td>567 002</td>
<td>557 393</td>
</tr>
<tr>
<td>Premises, equipment and intangible assets depreciation and fair value adjustment</td>
<td>(28 480)</td>
<td>(350 424)</td>
</tr>
<tr>
<td>Fair value and amortised cost adjustments</td>
<td>290 656</td>
<td>329 886</td>
</tr>
<tr>
<td>Consolidation effect</td>
<td>227 916</td>
<td>(5 300)</td>
</tr>
<tr>
<td>Other adjustments</td>
<td>(505 483)</td>
<td>(294 476)</td>
</tr>
<tr>
<td><strong>Total profit before tax under IFRS</strong></td>
<td>4 134 344</td>
<td>2 423 287</td>
</tr>
</tbody>
</table>

20  Risk Management, Corporate Governance and Internal Control

**Geographical information.** The major part of the Group’s activity is concentrated in the North-West region of the Russian Federation. Activities are also carried out in Moscow.

There are no external customers (groups of related customers) with individual income from operations exceeding 10% of the total income from operations with such customers.
20  Risk Management, Corporate Governance and Internal Control (continued)

Corporate governance and internal control

Corporate governance system of the Group is based on full compliance with requirements of statutory legislation and the CBRF and protection of the shareholders’ interests and considers world best practices to the largest possible extent. The Group fully complies with the legislation requirements concerning shareholders’ rights observance.

The supreme managing body of the Bank is the General Shareholders’ Meeting that makes strategic decisions on the Bank’s operations in accordance with Federal Law No. 208-FZ dated 26 December 1995 On Joint Stock Companies and the Charter.

Functions of the counting commission of the General Shareholders’ Meeting are performed by the Independent Registrar – JSC “Independent Registrar Company”.

General activities of the Bank are managed by the Supervisory Board, except for areas that are in competence of the General Shareholders’ Meeting. The Supervisory Board is elected and approved by the General Shareholders’ Meeting. The Supervisory Board sets the key strategic directions of the Group’s activity and supervises the performance of the executive management bodies.

On 18 May 2017, the annual General Shareholders’ Meeting of PJSC “Bank “Saint-Petersburg” and the Supervisory Board meeting were held. According to the resolutions of these meetings the Supervisory Board members were elected and the Committees of the Supervisory Board were deemed necessary and created in accordance with the tasks and objectives of PJSC “Bank “Saint Petersburg”.

As at 30 June 2017, the composition of the Supervisory Board is as follows:

Elena Viktorovna Ivannikova – Chairperson of the Supervisory Board, member of the Supervisory Board since 2005; Vladislav Stanislavovich Guz – Deputy Chairman of the Supervisory Board, member of the Supervisory Board since June 2014; Alexander Vasilyevich Savelyev – Chairman of the Management Board, elected to the Supervisory Board in 2001, Chairman of the Strategy Committee since June 2015; Susan Gail Buyske – member of the Bank’s Supervisory Board since April 2012, Chairperson of the Risk Management Committee since August 2012; Andrey Pavlovich Bychkov – member of the Bank’s Supervisory Board since April 2010, Chairperson of the Audit Committee since May 2016; Alexey Andreeevich Germanovich – member of the Bank’s Supervisory Board since June 2014; Andrey Taledovich Ibragimov – member of the Bank’s Supervisory Board since 2005; Alexander Ivanovich Polukeev – member of the Bank’s Supervisory Board since June 2014; Alexander Vadimovich Pustovalov – member of the Bank’s Supervisory Board since April 2012; Andrey Mikhaylovich Zvyozdochkin – member of the Bank’s Supervisory Board since May 2017.

As at 30 June 2017, Alexey Andreeevich Germanovich, Alexander Ivanovich Polukeev, Andrey Mikhaylovich Zvyozdochkin, members of the Supervisory Board, proved their compliance with independence requirements of PJSC MICEX Listing Rules. Andrey Pavlovich Bychkov, member of the Supervisory Board, was approved as an independent director by the resolution of the Supervisory Board dated 18 May 2017, in accordance with p.2 of chapter 2.18 of Appendix 2 to PJSC MICEX Listing Rules approved by the Supervisory Board of PJSC MICEX on 3 February 2017.

The Supervisory Board includes Committees established for the purpose of review and analysis of matters in competence of the Supervisory Board, preparation of recommendations on these matters for the Supervisory Board and execution of other functions vested to these Committees.

The primary objective of the Strategy Committee is to assist the Supervisory Board of the Bank in determining the Bank’s long-term and mid-term strategy and priority business areas and to review major innovation and investment programs of the Bank.
20 Risk Management, Corporate Governance and Internal Control (continued)

The primary objective of the Risk Management Committee is to assist the Supervisory Board of the Bank in determining priority areas for the Bank’s banking risk management efforts and to support appropriate risk management function within the Group.

The primary objectives of the Human Resources and Remuneration Committee are to support of the efficient HR policy of the Bank, recruitment of qualified experts to management positions and creation of necessary incentives for their successful work, preparation of recommendations for the Supervisory Board on applicants for the key management positions and development of principles and criteria for remuneration rates for the key management (personnel) of the Bank.

The primary objective of the Audit Committee is to assist the Supervisory Board in efficient assessment of and control over the Bank’s business and to control the completeness and fairness of the Bank’s consolidated financial statements and the process of their preparation and presentation, and the performance of internal control and internal audit functions.

The Corporate Secretary’s Office is responsible for compliance with the requirements of current legislation, the Charter and other internal policies of the Bank concerning shareholders’ rights and protection of their interests during preparation and implementation of corporate action by the Bank. The Corporate Secretary’s Office also supports communications between the Bank and its shareholders, holding of General Shareholders’ Meetings and performance of the Supervisory Board and its Committees.

Operating activities of the Bank are managed by the sole executive body – the Chairman of the Management Board and the collective executive body – the Management Board of the Bank.

As at 30 June 2017, the composition of the Management Board is as follows:

Alexander Vasilyevich Savelyev is the Chairman of the Bank’s Management Board.

Members of the Management Board: Maris Mancinskis, First Deputy Chairman of the Management Board and Chief Executive Officer, member of the Management Board since September 2016; Vladimir Pavlovich Skatin, Deputy Chairman of the Management Board, member of the Management Board since June 2008; Konstantin Yurievich Balandin, Deputy Chairman of the Management Board, member of the Management Board since January 2008; Tatyana Yurievna Bogdanovich, Senior Vice President, Director of the Moscow Branch, member of the Management Board since March 2016; Vladimir Konstantinovich Likhodievsky, Deputy Chairman of the Management Board, member of the Management Board since April 2015; Kristina Borisovna Mironova, Deputy Chairperson of the Management Board, member of the Management Board since August 2013; Oksana Nikolaevna Panchenko, Deputy Chairperson of the Management Board, member of the Management Board since June 2017, Vladimir Grigoryevich Reutov, Deputy Chairman of the Management Board, member of the Management Board since July 2004; Oksana Sivokobilska, Deputy Chairperson of the Management Board, member of the Management Board since November 2011; Pavel Vladimirovich Filimonenok, Deputy Chairman of the Management Board, member of the Management Board since December 2003.

On 23 March 2017 the Supervisory Board of the Bank passed a resolution to withdraw Alexander Sergeevich Konyshkov from the Management Board.
20  Risk Management, Corporate Governance and Internal Control (continued)

Internal control

The Internal Audit Function is a structural unit of the Bank in charge of internal audit and an internal control body of the Bank. The Function operates under direct supervision of the Supervisory Board. The Function reports directly to the Supervisory Board. Remuneration and labour discipline matters of the Internal Audit Function employees are within the authority of the Chairman of the Bank’s Management Board.

The Function submits quarterly reports on its performance and monitoring of the internal control system of the Bank to the Supervisory Board and the Management Board of the Bank, and monthly reports to the Audit Committee of the Supervisory Board of the Bank. The Function operates on an ongoing basis independently and without any bias while monitoring the internal control system of the Bank. The Function performs reviews of all business areas of the Bank. Any department or employee of the Bank may be a subject of the Internal Audit Function review.

Controller of the professional participant of the securities market (the “Head of the Department”) and the Internal Control Department of the professional participant of the securities market (the “Department”), which is a structural unit of the Bank, report directly to the Chairman of the Management Board. The Controller and the Department submit quarterly reports on the results of internal control to the Chairman of the Management Board and the Supervisory Board of the Bank.

The Department controls:

- compliance of the Bank’s activities as a professional participant of the securities market with the RF statutory legislation requirements for operations in securities market, including regulations on financial markets, the RF legislation on enforcement of investors’ rights and legitimate interests on the securities market, and the legislation requirements on advertising, as well as compliance with the Bank’s internal documents related to its activities in the securities market;
- observance by the Bank and its officials of the RF statutory legislation requirements for countermeasures against unlawful insider information use and market abuse.

The Financial Monitoring Directorate is a structural unit of the Bank reporting directly to Chairman of the Management Board.

Main functions of the Financial Monitoring Directorate:

- arrangement of activities in the Bank aimed at prevention of legalisation (laundering) of income obtained by criminal means and countering of terrorism financing (the “AML/CTF”);
- implementation of the Internal Control Regulations for the purposes of the AML/CTF.

The Compliance Department is an internal control body of the Bank reporting to the Chairman of the Management Board. The Department assists the Bank’s management in developing a compliance control system and efficient management of compliance risk the Group faces in the course of its business activity by creating mechanisms for detecting, identifying, analysing, assessing, minimising, monitoring and controlling compliance risk.

Risk management

The Group’s risk management function is carried out in respect of significant risks:

- credit risk (including concentration risk),
- market risk (including currency, equity, commodity, and interest rate risks),
- liquidity risk (including concentration risk),
- operational risk (including legal risk);

as well as other types of risk (compliance risk, strategic risk, reputational risk).
20 Risk Management, Corporate Governance and Internal Control (continued)

For each significant type of risk a corresponding management system was created to provide adequate risk assessment, including measures for its mitigation. The Group compares the amount of accepted risks with the size of its equity to guarantee its sufficiency at the level required by the CBRF, needed for performance of its obligations, including covenants, and for efficient use of equity.

Policy and procedures of financial assets management comply with the policy and procedures described and obligations, including covenants, and for efficient use of equity.

Currency risk

Currency risk is the risk of changes in income or carrying value of the Group's financial instruments due to exchange rate fluctuations.

The table below summarises the exposure to foreign currency exchange rate risk of the Group as at 30 June 2017 (unaudited). The Group does not use this currency risk analysis for management purposes.

(Notes to the Condensed Consolidated Interim Financial Information as at 30 June 2017)

<table>
<thead>
<tr>
<th>Assets</th>
<th>RR</th>
<th>USD</th>
<th>EUR</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>22 856 717</td>
<td>2 911 571</td>
<td>34 041 882</td>
<td>474 498</td>
<td>60 284 668</td>
</tr>
<tr>
<td>Mandatory reserve deposits with the Central Bank of the Russian Federation</td>
<td>2 884 554</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2 884 554</td>
</tr>
<tr>
<td>Trading securities</td>
<td>9 336 956</td>
<td>4 817 104</td>
<td>98 878</td>
<td>-</td>
<td>14 252 938</td>
</tr>
<tr>
<td>Securities pledged under sale and repurchase agreements and loaned</td>
<td>38 909 718</td>
<td>24 801 156</td>
<td>16 659 541</td>
<td>-</td>
<td>80 370 415</td>
</tr>
<tr>
<td>Reverse sale and repurchase agreements</td>
<td>33 872 420</td>
<td>4 730 554</td>
<td>3 648 138</td>
<td>-</td>
<td>42 251 112</td>
</tr>
<tr>
<td>Derivative financial assets</td>
<td>702 622</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>702 622</td>
</tr>
<tr>
<td>Due from banks</td>
<td>4 080 098</td>
<td>6 589 961</td>
<td>674 431</td>
<td>-</td>
<td>11 344 490</td>
</tr>
<tr>
<td>Loans and advances to customers</td>
<td>184 236 603</td>
<td>48 388 789</td>
<td>14 858 977</td>
<td>-</td>
<td>247 484 369</td>
</tr>
<tr>
<td>- loans and advances to corporate customers</td>
<td>62 308 387</td>
<td>536 592</td>
<td>761 930</td>
<td>-</td>
<td>63 606 909</td>
</tr>
<tr>
<td>Investment securities available-for-sale</td>
<td>10 291 992</td>
<td>973 472</td>
<td>1 530</td>
<td>-</td>
<td>11 266 994</td>
</tr>
<tr>
<td>Investment property</td>
<td>5 582 001</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>5 582 001</td>
</tr>
<tr>
<td>Premises, equipment and intangible assets</td>
<td>14 888 950</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>14 888 950</td>
</tr>
<tr>
<td>Other assets</td>
<td>3 410 396</td>
<td>254 635</td>
<td>23 249</td>
<td>3 531</td>
<td>3 691 811</td>
</tr>
<tr>
<td>Long-term assets held-for-sale</td>
<td>1 071 738</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1 071 738</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>394 433 152</td>
<td>94 003 834</td>
<td>70 768 556</td>
<td>478 029</td>
<td>559 683 571</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities</th>
<th>RR</th>
<th>USD</th>
<th>EUR</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Due to banks</td>
<td>143 948 082</td>
<td>2 984 606</td>
<td>1 004 842</td>
<td>-</td>
<td>147 937 530</td>
</tr>
<tr>
<td>Customer accounts</td>
<td>235 184 920</td>
<td>55 568 958</td>
<td>24 340 831</td>
<td>311 267</td>
<td>315 405 976</td>
</tr>
<tr>
<td>Financial liabilities at fair value</td>
<td>6 326 943</td>
<td>325 247</td>
<td>-</td>
<td>-</td>
<td>6 652 190</td>
</tr>
<tr>
<td>Derivative financial liabilities</td>
<td>2 552 920</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2 552 920</td>
</tr>
<tr>
<td>Bonds issued</td>
<td>805 149</td>
<td>10 527 921</td>
<td>-</td>
<td>-</td>
<td>11 333 070</td>
</tr>
<tr>
<td>Promissory notes and deposit certificates</td>
<td>3 025 097</td>
<td>3 228 897</td>
<td>1 096 882</td>
<td>-</td>
<td>7 350 876</td>
</tr>
<tr>
<td>issued</td>
<td>1 565 933</td>
<td>-</td>
<td>661 719</td>
<td>-</td>
<td>2 227 652</td>
</tr>
<tr>
<td>Other borrowed funds</td>
<td>2 143 519</td>
<td>11 482</td>
<td>16 618</td>
<td>80</td>
<td>2 171 699</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>395 552 563</td>
<td>72 647 111</td>
<td>27 120 892</td>
<td>311 347</td>
<td>495 631 913</td>
</tr>
</tbody>
</table>

| Less fair value of currency derivatives     | 1 850 298 | -  | -  | -  | 1 850 298 |

| Net recognised position, excluding currency derivative financial instruments | 730 887 | 21 356 723 | 43 647 664 | 166 682 | 65 901 956 |

| Currency derivatives                       | 63 963 822 | (21 457 516) | (44 020 121) | (336 483) | (1 850 298) |

| Net recognised position, including currency derivative financial instruments | 64 694 709 | (100 793) | (372 457) | (169 801) | 64 051 658 |
The table below summarises the exposure to foreign currency exchange rate risk as at 31 December 2016. The Group does not use this currency risk analysis for management purposes.

<table>
<thead>
<tr>
<th>In thousands of Russian Roubles</th>
<th>RR</th>
<th>USD</th>
<th>EUR</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>17 905 311</td>
<td>3 161 924</td>
<td>12 464 431</td>
<td>349 538</td>
<td>33 881 204</td>
</tr>
<tr>
<td>Mandatory reserve deposits with the Central Bank of the Russian Federation</td>
<td>3 220 803</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3 220 803</td>
</tr>
<tr>
<td>Trading securities</td>
<td>13 555 223</td>
<td>2 917 879</td>
<td>5 893</td>
<td>650 052</td>
<td>17 126 047</td>
</tr>
<tr>
<td>Securities pledged under sale and repurchase agreements and loaned</td>
<td>11 026 097</td>
<td>33 349 243</td>
<td>17 200 368</td>
<td>224 548</td>
<td>61 800 246</td>
</tr>
<tr>
<td>Reverse sale and repurchase agreements</td>
<td>52 738 237</td>
<td>5 761 215</td>
<td>-</td>
<td>-</td>
<td>58 499 452</td>
</tr>
<tr>
<td>Derivative financial assets</td>
<td>5 537 975</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>5 537 975</td>
</tr>
<tr>
<td>Due from banks</td>
<td>28 034 337</td>
<td>4 063 081</td>
<td>1 274 340</td>
<td>-</td>
<td>33 371 758</td>
</tr>
<tr>
<td>Loans and advances to customers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- loans and advances to corporate customers</td>
<td>200 918 114</td>
<td>40 277 345</td>
<td>15 406 761</td>
<td>-</td>
<td>256 602 220</td>
</tr>
<tr>
<td>- loans and advances to individuals</td>
<td>56 647 486</td>
<td>653 017</td>
<td>808 342</td>
<td>-</td>
<td>58 108 845</td>
</tr>
<tr>
<td>Investment securities available-for-sale</td>
<td>22 326 916</td>
<td>4 149 146</td>
<td>1 446</td>
<td>-</td>
<td>26 477 508</td>
</tr>
<tr>
<td>Investment property</td>
<td>5 726 225</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>5 726 225</td>
</tr>
<tr>
<td>Premises, equipment and intangible assets</td>
<td>14 304 980</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>14 304 980</td>
</tr>
<tr>
<td>Other assets</td>
<td>4 294 375</td>
<td>224 347</td>
<td>31 698</td>
<td>2 852</td>
<td>4 553 272</td>
</tr>
<tr>
<td>Long-term assets held-for-sale</td>
<td>1 076 985</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1 076 985</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>437 310 054</td>
<td>94 557 197</td>
<td>47 193 279</td>
<td>1 226 990</td>
<td>580 287 520</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Due to banks</td>
<td>84 090 274</td>
<td>45 837 837</td>
<td>1 793 656</td>
<td>-</td>
<td>131 721 767</td>
</tr>
<tr>
<td>Customer accounts</td>
<td>269 937 962</td>
<td>54 721 107</td>
<td>25 035 446</td>
<td>250 353</td>
<td>349 944 868</td>
</tr>
<tr>
<td>Financial liabilities at fair value</td>
<td>4 223 164</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>4 223 164</td>
</tr>
<tr>
<td>Derivative financial liabilities</td>
<td>2 929 752</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2 929 752</td>
</tr>
<tr>
<td>Bonds issued</td>
<td>1 004 300</td>
<td>14 878 415</td>
<td>-</td>
<td>-</td>
<td>15 882 715</td>
</tr>
<tr>
<td>Promissory notes and deposit certificates issued</td>
<td>2 720 233</td>
<td>3 576 550</td>
<td>1 585 501</td>
<td>-</td>
<td>7 882 284</td>
</tr>
<tr>
<td>Other borrowed funds</td>
<td>1 565 972</td>
<td>-</td>
<td>938 171</td>
<td>-</td>
<td>2 504 143</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>4 192 834</td>
<td>119 731</td>
<td>17 296</td>
<td>-</td>
<td>4 329 861</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>370 664 491</td>
<td>119 133 640</td>
<td>29 370 070</td>
<td>250 353</td>
<td>519 418 554</td>
</tr>
<tr>
<td><strong>Less fair value of currency derivatives</strong></td>
<td>(2 608 223)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(2 608 223)</td>
</tr>
<tr>
<td><strong>Net recognised position, excluding currency derivative financial instruments</strong></td>
<td>64 037 340</td>
<td>(24 576 443)</td>
<td>17 823 209</td>
<td>976 637</td>
<td>58 260 743</td>
</tr>
<tr>
<td><strong>Currency derivatives</strong></td>
<td>(4 847 538)</td>
<td>24 254 858</td>
<td>(15 929 230)</td>
<td>(869 867)</td>
<td>2 608 223</td>
</tr>
<tr>
<td><strong>Net recognised position, including currency derivative financial instruments</strong></td>
<td>59 189 802</td>
<td>(321 585)</td>
<td>1 893 979</td>
<td>106 770</td>
<td>60 868 966</td>
</tr>
</tbody>
</table>
20  Risk Management, Corporate Governance and Internal Control (continued)

Liquidity risk.

The purpose of liquidity management is to create and maintain the structure of assets and liabilities of the Group by categories and maturities, which will enable the Group to ensure timely payments of its obligations and meeting demands of the Group’s customers. The Group forms liquidity reserves sufficient to provide normal operation of the Bank during a certain period in case of unforeseen outflow of resources caused by macroeconomic events or events directly connected with the Bank. In accordance with the results of analysis of the macroeconomic conditions or the state of the banking market, as well as the general trends in the Group’s activity, management may demand higher amounts of liquidity, if required.

The Group seeks to maintain a diversified and stable structure of funding sources. The Group invests the funds in diversified portfolios of liquid assets in order to be able to respond quickly and smoothly to unforeseen liquidity requirements. In spite of a substantial portion of customer accounts being on demand, diversification of these deposits by number and type of depositors, and past experience indicate that these customer accounts provide a long-term and stable source of funding for active operations of the Group.

Long-term (over 3 three months) liquidity monitoring is based on analysis of the Group’s liquidity gaps. The Group evaluates the liquidity gap through comparison of assets and liabilities by their terms (maturity). When attributing assets and liabilities to different term categories the Group takes into account both the contractual term and expected maturity and the statistical data on sustainability, and for securities it uses estimated disposal period of the portfolio without significant effect on the market price. The Group regards equity as a long-term funding source and, therefore, accounts for it by the longest remaining maturity period.

Results of liabilities attribution by terms (maturity) and liquidity indices calculation are presented in the general report for all currencies and in individual reports for each currency where total amount of liabilities exceeded 5% of the total assets. Bank’s regulations state minimum values of liquidity indices.

The IFRS liquidity position of the Group at 30 June 2017 is presented below (unaudited). The Group does not use the presented analysis by contractual maturity for liquidity management purposes. The following table shows assets and liabilities of the Group by their remaining contractual maturity, with the exception of financial instruments carried at fair value, changes of which are recognised in profit and loss, and investment securities available-for-sale, which are shown in the category “Demand and less than 1 month”.

### Notes to the Condensed Consolidated Interim Financial Information as at 30 June 2017

#### 20 Risk Management, Corporate Governance and Internal Control (continued)

<table>
<thead>
<tr>
<th>Assets</th>
<th>Demand and less than 1 month</th>
<th>From 1 to 6 months</th>
<th>From 6 to 12 months</th>
<th>From 1 to 5 years</th>
<th>More than 5 years or no maturity</th>
<th>Total (unaudited)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>60 284 668</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>60 284 668</td>
</tr>
<tr>
<td>Mandatory reserve deposits with the Central Bank of the Russian Federation</td>
<td>1 402 392</td>
<td>794 904</td>
<td>486 213</td>
<td>201 026</td>
<td>19</td>
<td>2 884 554</td>
</tr>
<tr>
<td>Trading securities</td>
<td>14 252 938</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>14 252 938</td>
</tr>
<tr>
<td>Securities pledged under sale and repurchase agreements and loaned</td>
<td>80 370 415</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>80 370 415</td>
</tr>
<tr>
<td>Reverse sale and repurchase agreements</td>
<td>36 948 956</td>
<td>5 260 518</td>
<td>41 638</td>
<td>-</td>
<td>-</td>
<td>42 251 112</td>
</tr>
<tr>
<td>Derivative financial assets</td>
<td>433 476</td>
<td>212 712</td>
<td>55 354</td>
<td>1 080</td>
<td>-</td>
<td>702 622</td>
</tr>
<tr>
<td>Due from banks</td>
<td>8 207 811</td>
<td>3 136 679</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>11 344 490</td>
</tr>
<tr>
<td>Loans and advances to customers</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>- loans and advances to corporate customers</td>
<td>7 361 097</td>
<td>45 132 975</td>
<td>61 909 223</td>
<td>127 591 792</td>
<td>5 489 282</td>
<td>247 484 369</td>
</tr>
<tr>
<td>Investment securities</td>
<td>125 844</td>
<td>697 671</td>
<td>2 428 619</td>
<td>17 041 905</td>
<td>43 312 870</td>
<td>63 606 909</td>
</tr>
<tr>
<td>available-for-sale</td>
<td>11 266 994</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>11 266 994</td>
</tr>
<tr>
<td>Investment property</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Premises, equipment and intangible assets</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other assets</td>
<td>627 730</td>
<td>1 554 474</td>
<td>241 449</td>
<td>885 177</td>
<td>382 981</td>
<td>3 691 811</td>
</tr>
<tr>
<td>Long-term assets held-for-sale</td>
<td>-</td>
<td>1 071 738</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1 071 738</td>
</tr>
<tr>
<td>Total assets</td>
<td>221 282 321</td>
<td>56 789 933</td>
<td>66 234 234</td>
<td>145 720 980</td>
<td>69 656 103</td>
<td>559 683 571</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities</th>
<th>Demand and less than 1 month</th>
<th>From 1 to 6 months</th>
<th>From 6 to 12 months</th>
<th>From 1 to 5 years</th>
<th>More than 5 years or no maturity</th>
<th>Total (unaudited)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Due to banks</td>
<td>139 518 475</td>
<td>78 184</td>
<td>7 153 706</td>
<td>1 187 165</td>
<td>-</td>
<td>147 937 530</td>
</tr>
<tr>
<td>Customer accounts</td>
<td>152 049 000</td>
<td>87 571 317</td>
<td>53 615 899</td>
<td>22 167 682</td>
<td>2 078</td>
<td>315 405 976</td>
</tr>
<tr>
<td>Financial liabilities at fair value</td>
<td>6 652 190</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>6 652 190</td>
</tr>
<tr>
<td>Derivative financial liabilities</td>
<td>2 222 030</td>
<td>236 423</td>
<td>93 724</td>
<td>743</td>
<td>-</td>
<td>2 552 920</td>
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<td>Bonds issued</td>
<td>2 672 335</td>
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<td>-</td>
<td>7 855 886</td>
<td>805 149</td>
<td>11 333 070</td>
</tr>
<tr>
<td>Promissory notes and deposit certificates issued</td>
<td>1 827 985</td>
<td>2 593 497</td>
<td>1 888 373</td>
<td>1 037 887</td>
<td>3 134</td>
<td>7 350 876</td>
</tr>
<tr>
<td>Other borrowed funds</td>
<td>-</td>
<td>329 405</td>
<td>332 314</td>
<td>1 566 933</td>
<td>-</td>
<td>2 227 652</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>782 103</td>
<td>1 153 726</td>
<td>88 535</td>
<td>8 951</td>
<td>138 384</td>
<td>2 171 699</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>305 724 118</td>
<td>91 962 552</td>
<td>63 172 551</td>
<td>33 823 947</td>
<td>948 745</td>
<td>495 631 913</td>
</tr>
</tbody>
</table>

| Net liquidity gap | (84 441 797) | (35 172 619) | 3 061 683 | 111 897 033 | 68 707 358 | 64 051 658 |

| Cumulative liquidity gap as at 30 June 2017 | (84 441 797) | (119 614 416) | (116 552 733) | (4 655 700) | 64 051 658 |
20 Risk management, corporate governance and internal control (continued)

The Group’s IFRS liquidity position as at 31 December 2016 is presented below:

<table>
<thead>
<tr>
<th>In thousands of Russian Roubles</th>
<th>Demand and less than 1 month</th>
<th>From 1 to 6 months</th>
<th>From 6 to 12 months</th>
<th>From 1 to 5 years</th>
<th>More than 5 years or no maturity</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>33 881 204</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>33 881 204</td>
</tr>
<tr>
<td>Mandatory reserve deposits with the Central Bank of the Russian Federation</td>
<td>1 762 109</td>
<td>850 960</td>
<td>429 984</td>
<td>177 731</td>
<td>19</td>
<td>3 220 803</td>
</tr>
<tr>
<td>Trading securities</td>
<td>17 126 047</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>17 126 047</td>
</tr>
<tr>
<td>Securities pledged under sale and repurchase agreements and loaned</td>
<td>61 800 246</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>61 800 246</td>
</tr>
<tr>
<td>Reverse and sale repurchase agreements</td>
<td>39 333 604</td>
<td>19 123 279</td>
<td>-</td>
<td>42 569</td>
<td>-</td>
<td>58 499 452</td>
</tr>
<tr>
<td>Derivative financial assets</td>
<td>1 875 171</td>
<td>3 653 475</td>
<td>9 297</td>
<td>32</td>
<td>-</td>
<td>5 537 975</td>
</tr>
<tr>
<td>Due from banks</td>
<td>1 662 715</td>
<td>28 613 834</td>
<td>3 105 209</td>
<td>-</td>
<td>-</td>
<td>33 371 758</td>
</tr>
<tr>
<td>Loans and advances to customers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- loans and advances to corporate customers</td>
<td>14 795 549</td>
<td>28 729 630</td>
<td>43 296 567</td>
<td>156 390 283</td>
<td>13 390 191</td>
<td>256 602 220</td>
</tr>
<tr>
<td>- loans and advances to individuals</td>
<td>423 798</td>
<td>664 072</td>
<td>2 384 238</td>
<td>16 285 632</td>
<td>38 351 105</td>
<td>58 108 845</td>
</tr>
<tr>
<td>Investment securities available-for-sale</td>
<td>26 477 508</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>26 477 508</td>
</tr>
<tr>
<td>Investment property</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Premises, equipment and intangible assets</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>14 304 980</td>
<td>14 304 980</td>
</tr>
<tr>
<td>Other assets</td>
<td>2 019 526</td>
<td>938 373</td>
<td>786 430</td>
<td>799 101</td>
<td>9 842</td>
<td>4 553 272</td>
</tr>
<tr>
<td>Long-term assets held-for-sale</td>
<td>-</td>
<td>-</td>
<td>1 076 985</td>
<td>-</td>
<td>-</td>
<td>1 076 985</td>
</tr>
<tr>
<td>Total assets</td>
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<td>82 573 623</td>
<td>51 088 710</td>
<td>173 695 348</td>
<td>71 782 362</td>
<td>580 287 520</td>
</tr>
</tbody>
</table>

| Liabilities                    |                               |                   |                     |                  |                               |       |
| Due to banks                   | 125 370 901                   | 122 584           | 55 264              | 4 159 109        | 2 013 909                     | 131 721 767 |
| Customer accounts              | 191 398 389                   | 92 487 031        | 46 733 035          | 19 316 797       | 9 616                         | 349 944 868 |
| Financial liabilities at fair value | 4 222 611 | 553 | - | - | - | 4 222 164 |
| Derivative financial liabilities | 2 278 179 | 616 954 | 33 886 | 733 | - | 2 929 752 |
| Bonds issued                   | -                             | -                 | 3 752 304           | 11 126 111       | 1 004 300                     | 15 882 715 |
| Promissory notes and deposit certificates issued | 949 520 | 2 499 825 | 3 185 513 | 1 245 083 | 2 343 | 7 882 284 |
| Other borrowed funds           | -                             | 311 906           | 313 358             | 1 878 879        | -                             | 2 504 143 |
| Other liabilities              | 1 314 138                     | 2 329 235         | 51 517              | 10 256           | 624 715                       | 4 329 561 |
| Total liabilities              | 325 533 738                   | 98 368 088        | 54 124 877          | 37 736 968       | 3 654 883                     | 519 418 554 |

| Net liquidity gap              | (124 386 261)                 | (15 794 465)      | (3 036 167)         | 135 958 380      | 68 127 479                    | 60 868 966 |

| Cumulative liquidity gap as at 31 December 2016 | (124 386 261) | (140 180 726) | (143 216 893) | (7 258 513) | 60 868 966 |
21 Management of Capital

The Group Management believes that available undrawn credit lines opened for the Group in the amount of RR 112 780 000 thousand (unaudited) (31 December 2016: RR 108 178 000 thousand) and assessment of stability of customer accounts in unstable environment will fully cover the Group’s liquidity gap specified in the tables above.

The objectives when managing the Group’s capital are (i) to comply with the capital requirements set by the CBRF, (ii) to safeguard the Group's ability to continue as a going concern and (iii) to maintain a sufficient capital base to achieve a capital adequacy ratio of at least 8% based on the April 1998 Basel Prudential Requirements for Banks (Basel I), to comply with capital requirements and capital adequacy ratio requirements in accordance with financial covenants set in agreements signed by the Group in order to raise funds.

(i) Under the current capital requirements set by the CBRF banks have to maintain a ratio of regulatory capital to risk weighted assets ("capital adequacy ratio" N 1.0) of at least 8.0%, base capital adequacy ratio (N 1.1) of at least 4.5%, core capital adequacy ratio (N 1.2) of at least 6.0%. Banks have to maintain a level additional to the capital adequacy requirements as set by the CBRF in addition to the values above. In 2017 the Bank had to comply with an additional level of 1.25% to all capital adequacy ratios as well as the countercyclical buffer. As at 30 June 2017, countercyclical buffer was 0.0%. Core capital, base capital and own funds and capital adequacy ratios based on reports prepared by the Bank under Russian statutory accounting standards are presented in the table below:

<table>
<thead>
<tr>
<th>(in thousands of Russian Roubles)</th>
<th>30 June 2017 (unaudited)</th>
<th>31 December 2016 (unaudited)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total capital</td>
<td>68 469 982</td>
<td>68 117 402</td>
</tr>
<tr>
<td>Base capital</td>
<td>43 761 251</td>
<td>42 029 839</td>
</tr>
<tr>
<td>Core capital</td>
<td>43 761 251</td>
<td>42 029 839</td>
</tr>
<tr>
<td>Capital adequacy ratio N 1.0</td>
<td>13.90%</td>
<td>14.33%</td>
</tr>
<tr>
<td>Base capital adequacy ratio N 1.1</td>
<td>8.95%</td>
<td>8.91%</td>
</tr>
<tr>
<td>Core capital adequacy ratio N 1.2</td>
<td>8.95%</td>
<td>8.91%</td>
</tr>
</tbody>
</table>

The capital adequacy ratio set by the CBRF is managed by the Treasury Department through monitoring and forecasting its components.

The Accounting Department performs calculations of the capital adequacy ratios on a daily basis. As at 30 June 2017 and 31 December 2016 the capital adequacy ratios were within limits established by the CBRF.

In September 2015 the Group attracted a subordinated loan from the State Corporation “Deposit Insurance Agency” in the form of federal loan bonds in the total nominal amount of RR 14 594 500 thousand. As at 30 June 2017, the fair value of these bonds is RR 16 828 334 thousand (unaudited) (31 December 2016: RR 16 588 599 thousand). The interest rate is the coupon rate on the federal loan bonds plus 1% p.a. The loan maturity is from 2025 to 2034, depending on the terms of bond issue.

The Group is required to meet certain covenants attached to the subordinated loan from the State Corporation “Deposit Insurance Agency”. As at 30 June 2017 and 31 December 2016, the Group fully meets these covenants, with the exception of the level-of-the-payroll-of-other-employees indicator as at 31 December 2016. The consolidated statement of comprehensive income for 6 months ended 30 June 2017 (unaudited) contains a reserve for potential penalty in the amount of RR 291 890 thousand (6 months ended 30 June 2016: no reserve).

(ii) Arrangements to safeguard the Group’s ability to continue as a going concern are performed under the Strategic Development Plan and divided into long-term and short-term capital management.
21 Management of Capital (continued)

In the long-term the Bank plans its business scope under strategic and financial plans developed along with identification of the risks and corresponding capital requirements for three years and one year, respectively. When the required amount of capital is defined the Bank determines the sources of its increase: borrowings on capital markets, share issue and approximate scope thereof. The target scope of business and the amount of capital, as well as the sources of the capital increase are approved collegially by the following management bodies in order of the established priority: the Asset and Liability Management Committee, the Management Board of the Bank, the Supervisory Board of the Bank.

In the short-term the Bank determines the capital surplus/deficit within the period from one to three months and develops the respective plan to increase assets in order to comply with the CBRF requirements. In some cases management uses administrative measures to influence the structure of assets and liabilities through interest rate policy, and in exceptional cases, through setting limits for certain banking transactions. The limits are established when the economic instruments are insufficient in terms of timing and the extent of influence.

Below is the capital and capital adequacy ratio of the Bank calculated in accordance with Basel I:

<table>
<thead>
<tr>
<th>(in thousands of Russian Roubles)</th>
<th>30 June 2017 (unaudited)</th>
<th>31 December 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Capital</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tier 1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Paid-in share capital</td>
<td>58 467 032</td>
<td>55 255 332</td>
</tr>
<tr>
<td>Reserves and profit</td>
<td>54 369 472</td>
<td>51 533 598</td>
</tr>
<tr>
<td>Including:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Share premium</td>
<td>21 393 878</td>
<td>21 393 878</td>
</tr>
<tr>
<td>- Retained earnings</td>
<td>32 975 594</td>
<td>30 139 720</td>
</tr>
<tr>
<td>Non-controlling interest</td>
<td>490 699</td>
<td>-</td>
</tr>
<tr>
<td>Goodwill</td>
<td>(114 873)</td>
<td>-</td>
</tr>
<tr>
<td>Tier 2</td>
<td>24 431 372</td>
<td>26 370 067</td>
</tr>
<tr>
<td>Revaluation reserve for premises</td>
<td>3 816 120</td>
<td>3 820 496</td>
</tr>
<tr>
<td>Revaluation reserve for investment securities available-for-sale</td>
<td>1 654 972</td>
<td>1 793 138</td>
</tr>
<tr>
<td>Subordinated loans</td>
<td>18 960 280</td>
<td>20 756 433</td>
</tr>
<tr>
<td>Risk weighted assets</td>
<td>495 988 752</td>
<td>502 372 930</td>
</tr>
<tr>
<td>Risk weighted banking assets</td>
<td>383 779 092</td>
<td>416 867 183</td>
</tr>
<tr>
<td>Risk weighted trading assets</td>
<td>76 822 725</td>
<td>52 505 588</td>
</tr>
<tr>
<td>Risk weighted unrecognised exposures</td>
<td>35 386 935</td>
<td>33 000 159</td>
</tr>
<tr>
<td><strong>Total capital adequacy ratio</strong></td>
<td>16.71%</td>
<td>16.25%</td>
</tr>
<tr>
<td><strong>Tier 1 capital adequacy ratio</strong></td>
<td>11.79%</td>
<td>11.00%</td>
</tr>
</tbody>
</table>

The Group was in compliance with the minimum capital adequacy ratio agreed with the creditors as at 30 June 2017 and 31 December 2016.
22 Fair Value of Financial Instruments

Methods and assumptions used in calculation of the fair value.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal market at the measurement date under current market conditions. The best evidence of fair value is price quotations in an active market.

The estimated fair values of financial instruments are determined using available market information, where it exists, and appropriate valuation methodologies. However, judgment 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 uses all available market information in estimating the fair value of financial instruments.

The fair value of instruments with floating interest rates usually equals their carrying amount. The fair value of instruments with fixed interest rates and fixed maturity dates that do not have market prices is based on discounted cash flows using current interest rates for instruments with similar credit risk and maturity date.

The Group measures fair values for financial instruments recorded in the condensed consolidated interim statement of financial position at fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- **Level 1**: Quoted market price (unadjusted) in an active market for an identical instrument;

- **Level 2**: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

- **Level 3**: Valuation techniques using significant unobservable market inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Management uses professional judgment for classification of financial instruments between categories of the fair value evaluation hierarchy. If the observable data used for fair value evaluation require significant adjustments they are categorised as Level 3.

Liabilities to banks and customers for refund of securities under sale and repurchase agreements received and sold by the Group are recognised at fair value.
22  Fair Value of Financial Instruments (continued)

The following table provides an analysis of financial instruments recognised at fair value by evaluation categories as at 30 June 2017 (unaudited):

<table>
<thead>
<tr>
<th>In thousands of Russian Roubles</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FINANCIAL ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Trading securities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Corporate bonds</td>
<td>9 237 356</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>- Corporate Eurobonds</td>
<td>3 570 701</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>- Federal loan bonds</td>
<td>468 138</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>- Corporate shares</td>
<td>443 447</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>- Russian Federation Eurobonds</td>
<td>297 583</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>- Municipal bonds</td>
<td>233 634</td>
<td>2 079</td>
<td>-</td>
</tr>
<tr>
<td><strong>Securities pledged under sale and repurchase agreements and loaned</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Corporate bonds</td>
<td>40 269 851</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>- Corporate Eurobonds</td>
<td>38 957 245</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>- Corporate shares</td>
<td>593 425</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>- Federal loan bonds</td>
<td>549 894</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Investment securities available-for-sale</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Corporate bonds</td>
<td>9 234 544</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>- Municipal bonds</td>
<td>824 424</td>
<td>78 776</td>
<td>-</td>
</tr>
<tr>
<td>- Corporate Eurobonds</td>
<td>373 431</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>- Equity securities</td>
<td>340 286</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>- Federal loan bonds</td>
<td>38 815</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Derivative financial assets</strong></td>
<td>-</td>
<td>702 622</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL FINANCIAL ASSETS AT FAIR VALUE</strong></td>
<td>105 432 774</td>
<td>783 477</td>
<td>-</td>
</tr>
</tbody>
</table>

| **FINANCIAL LIABILITIES**      |         |         |         |
| **Financial liabilities at fair value** | 6 652 190 | -       | -       |
| **Derivative financial liabilities** | -       | 2 552 920 | -       |
| **TOTAL FINANCIAL LIABILITIES AT FAIR VALUE** | 6 652 190 | 2 552 920 | -       |
22 Fair Value of Financial Instruments (continued)

The following table provides an analysis of financial instruments recognised at fair value by evaluation categories as at 31 December 2016:

<table>
<thead>
<tr>
<th>In thousands of Russian Roubles</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FINANCIAL ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Trading securities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Corporate bonds</td>
<td>12 310 951</td>
<td>646 139</td>
<td>-</td>
</tr>
<tr>
<td>- Corporate Eurobonds</td>
<td>3 341 132</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>- Municipal bonds</td>
<td>496 343</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>- Corporate shares</td>
<td>290 136</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>- Federal loan bonds</td>
<td>41 346</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Securities pledged under sale and repurchase agreements and loaned</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Corporate Eurobonds</td>
<td>50 607 042</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>- Corporate bonds</td>
<td>10 646 923</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>- Federal loan bonds</td>
<td>351 669</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>- Corporate shares</td>
<td>194 612</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Investment securities available-for-sale</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Corporate bonds</td>
<td>19 670 342</td>
<td>3 502</td>
<td>-</td>
</tr>
<tr>
<td>- Corporate Eurobonds</td>
<td>3 269 715</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>- Municipal bonds</td>
<td>2 141 496</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>- Federal loan bonds</td>
<td>984 945</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>- Equity securities</td>
<td>292 075</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Derivative financial assets</strong></td>
<td>-</td>
<td>5 537 975</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL FINANCIAL ASSETS AT FAIR VALUE</strong></td>
<td>104 638 727</td>
<td>6 187 616</td>
<td>-</td>
</tr>
</tbody>
</table>

| **FINANCIAL LIABILITIES**      |              |              |              |
| **Financial liabilities at fair value** | 4 223 164      | -            | -            |
| **Derivative financial liabilities** | -        | 2 929 752    | -            |
| **TOTAL FINANCIAL LIABILITIES AT FAIR VALUE** | 4 223 164      | 2 929 752    | -            |
22 Fair Value of Financial Instruments (continued)

The following table provides fair values of financial assets carried at amortised cost as at 30 June 2017 and 31 December 2016:

<table>
<thead>
<tr>
<th>Financial assets carried at amortised cost</th>
<th>30 June 2017 (unaudited)</th>
<th>31 December 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Carrying amount</td>
<td>Fair value</td>
</tr>
<tr>
<td><strong>Carrying amount</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial assets carried at amortised cost</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loans and advances to customers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loans to corporate customers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- loans to finance working capital</td>
<td>157 586 412</td>
<td>161 556 665</td>
</tr>
<tr>
<td>- investment loans</td>
<td>80 516 243</td>
<td>84 192 666</td>
</tr>
<tr>
<td>- loans to entities financed by the government</td>
<td>9 381 714</td>
<td>9 439 512</td>
</tr>
<tr>
<td>Loans to individuals</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- mortgage loans</td>
<td>46 633 716</td>
<td>45 628 187</td>
</tr>
<tr>
<td>- car loans</td>
<td>1 653 975</td>
<td>1 647 970</td>
</tr>
<tr>
<td>- consumer loans to VIP clients</td>
<td>3 613 386</td>
<td>3 355 179</td>
</tr>
<tr>
<td>- other consumer loans</td>
<td>11 705 832</td>
<td>12 094 307</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>311 091 278</td>
<td>317 914 486</td>
</tr>
</tbody>
</table>

The following table provides fair values of financial liabilities carried at amortised cost as at 30 June 2017 and 31 December 2016:

<table>
<thead>
<tr>
<th>Financial liabilities carried at amortised cost</th>
<th>30 June 2017 (unaudited)</th>
<th>31 December 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Carrying amount</td>
<td>Fair value</td>
</tr>
<tr>
<td><strong>Carrying amount</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial liabilities carried at amortised cost</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Customer accounts</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>State and public organisations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Current/settlement accounts</td>
<td>19 994</td>
<td>19 994</td>
</tr>
<tr>
<td>- Term deposits</td>
<td>40 424</td>
<td>40 436</td>
</tr>
<tr>
<td>Other legal entities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Current/settlement accounts</td>
<td>59 490 430</td>
<td>59 490 430</td>
</tr>
<tr>
<td>- Term deposits</td>
<td>57 558 194</td>
<td>58 642 474</td>
</tr>
<tr>
<td>- Sale and repurchase agreements</td>
<td>9 861</td>
<td>9 861</td>
</tr>
<tr>
<td>Individuals</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Current accounts/demand deposits</td>
<td>47 135 811</td>
<td>47 135 811</td>
</tr>
<tr>
<td>- Term deposits</td>
<td>151 151 262</td>
<td>154 759 763</td>
</tr>
<tr>
<td><strong>Bonds issued</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subordinated Eurobonds</td>
<td>10 527 921</td>
<td>11 570 548</td>
</tr>
<tr>
<td>Mortgage-secured bonds issued by the mortgage agent</td>
<td>805 149</td>
<td>826 876</td>
</tr>
<tr>
<td><strong>Promissory notes and deposit certificates issued</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Promissory notes</td>
<td>7 350 874</td>
<td>7 556 666</td>
</tr>
<tr>
<td>Deposit certificates</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td><strong>Other borrowed funds</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subordinated loans</td>
<td>1 565 933</td>
<td>1 508 974</td>
</tr>
<tr>
<td>AKA AFK</td>
<td>661 719</td>
<td>658 848</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>336 317 574</td>
<td>342 220 685</td>
</tr>
</tbody>
</table>


22  Fair Value of Financial Instruments (continued)

Trading securities, securities pledged under sale and repurchase agreements and loaned, investment securities available-for-sale, derivative financial instruments are carried at fair value in the condensed consolidated interim financial information.

According to the Group estimates, fair values of financial assets and liabilities, except for those disclosed in the tables above, do not differ significantly from their carrying amounts.

Fair value hierarchy for assets and liabilities disclosed in the tables above is as follows: bonds issued – Level 1, promissory notes and deposit certificates issued – Level 2, customer accounts - Level 2, other borrowed funds – Level 3, loans and advances to customers – Level 3.

**Loans and receivables carried at amortised cost.**
The fair value of instruments with floating interest rates usually equals their carrying amount. If the market situation significantly changes the interest rates on loans and advances to customers and loans to banks with fixed interest rate may be revised. Interest rates on loans and advances to customers issued just before the reporting date do not significantly differ from current interest rates on new instruments with similar credit risk and maturity date. If interest rates on earlier issued loans, according to the Group’s estimates, significantly differ from current interest rates for similar instruments as at the reporting date, the Group determines estimated fair value for these loans. The estimate is based on discounted cash flows using current interest rates for new instruments with similar credit risk and maturity date. Discounting rates depend on currency, maturity date and counterparty.

The following table provides an analysis of interest rates on loans and advances to customers as at 30 June 2017 and 31 December 2016:

<table>
<thead>
<tr>
<th></th>
<th>30 June 2017 (unaudited)</th>
<th>31 December 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans and advances to customers:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loans and advances to corporate customers</td>
<td>1.25% - 11.60% p.a.</td>
<td>3.65% - 20.09% p.a.</td>
</tr>
<tr>
<td>Loans and advances to individuals</td>
<td>1.25% - 20.83% p.a.</td>
<td>2.79% - 21.95% p.a.</td>
</tr>
</tbody>
</table>

**Financial liabilities carried at amortised cost.** The estimated fair value of instruments with fixed interest rates and fixed maturity dates that do not have market prices is based on discounted cash flows using current interest rates for new instruments with similar credit risk and maturity date. Discounting interest rates depend on currency, maturity date and as at 30 June 2017 range from 0.01% to 10.00% p.a. (31 December 2016: from 0.03% to 10.00% p.a.).

The estimated fair values of other financial assets, including trade receivables, approximates their amortised cost due to their short-term nature.
23 Related Party Transactions

For the purposes of this condensed consolidated interim financial information, 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 and operational decisions. In considering each possible related party relationship, attention is directed to the economic substance of the relationship, not merely to the legal form. The family of Mr. A.V. Savelyev, through the ownership of the Bank’s shares and the option to purchase interest in the companies currently controlled by the members of the Bank’s management (see Note 1), is the majority ultimate beneficiary of the Bank.

In the normal course of business the Group enters into transactions with shareholders, Group’s management and other related parties.

As at 30 June 2017, the outstanding balances with related parties are as follows (unaudited):

<table>
<thead>
<tr>
<th>(in thousands of Russian Roubles)</th>
<th>Shareholders</th>
<th>Key management personnel</th>
<th>Other related parties</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans and advances to customers (contractual interest rates 3.00% - 23.90% p.a.)</td>
<td>-</td>
<td>49,965</td>
<td>116,554</td>
</tr>
<tr>
<td>Impairment allowance for loans and advances to customers</td>
<td>-</td>
<td>(258)</td>
<td>(30,304)</td>
</tr>
<tr>
<td>Customer accounts (contractual interest rates 0.01% - 12.40% p.a.)</td>
<td>3,621,168</td>
<td>1,729,818</td>
<td>692,213</td>
</tr>
</tbody>
</table>

The income and expense items under transactions with related parties, other than compensation to the members of the Supervisory and the Management Boards, for the six-month period ended 30 June 2017 (unaudited) are as follows:

<table>
<thead>
<tr>
<th>(in thousands of Russian Roubles)</th>
<th>Shareholders</th>
<th>Key management personnel</th>
<th>Other related parties</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest income</td>
<td>1</td>
<td>5,539</td>
<td>-</td>
</tr>
<tr>
<td>Interest expense</td>
<td>(95,463)</td>
<td>(42,700)</td>
<td>(21,768)</td>
</tr>
<tr>
<td>Charge for loan impairment provision</td>
<td>-</td>
<td>(42)</td>
<td>(6,974)</td>
</tr>
<tr>
<td>Fee and commission income</td>
<td>77</td>
<td>556</td>
<td>1,354</td>
</tr>
</tbody>
</table>
23 Related Party Transactions (continued)

Aggregate amounts lent to and repaid by related parties during the six-month period ended 30 June 2017 (unaudited) are:

<table>
<thead>
<tr>
<th>(in thousands of Russian Roubles)</th>
<th>Shareholders</th>
<th>Key management personnel</th>
<th>Other related parties</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amounts lent to related parties during the period</td>
<td>3 676</td>
<td>80 788</td>
<td>5</td>
</tr>
<tr>
<td>Amounts repaid by related parties during the period</td>
<td>3 720</td>
<td>119 707</td>
<td>100</td>
</tr>
</tbody>
</table>

As at 31 December 2016, the outstanding balances with related parties are as follows:

<table>
<thead>
<tr>
<th>(in thousands of Russian Roubles)</th>
<th>Shareholders</th>
<th>Key management personnel</th>
<th>Other related parties</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans and advances to customers (contractual interest rates 2.00% – 27.00% p.a.)</td>
<td>44</td>
<td>88 884</td>
<td>116 649</td>
</tr>
<tr>
<td>Impairment allowance for loans and advances to customers</td>
<td>-</td>
<td>(216)</td>
<td>(23 330)</td>
</tr>
<tr>
<td>Customer accounts (contractual interests rates 0.01% - 12.4% p.a.)</td>
<td>2 918 979</td>
<td>1 571 052</td>
<td>162 552</td>
</tr>
</tbody>
</table>

The income and expense items under transactions with related parties, other than compensation to the members of the Supervisory and the Management Boards, for the six-month period ended 30 June 2016 (unaudited) are as follows:

<table>
<thead>
<tr>
<th>(in thousands of Russian Roubles)</th>
<th>Shareholders</th>
<th>Key management personnel</th>
<th>Other related parties</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest income</td>
<td>9</td>
<td>2 463</td>
<td>1 051</td>
</tr>
<tr>
<td>Interest expense</td>
<td>(19 007)</td>
<td>(17 203)</td>
<td>(13 195)</td>
</tr>
<tr>
<td>Recovery of (charge for) loan impairment provision</td>
<td>1</td>
<td>(3)</td>
<td>930</td>
</tr>
<tr>
<td>Fee and commission income</td>
<td>148</td>
<td>780</td>
<td>1 426</td>
</tr>
</tbody>
</table>

Aggregate amounts lent to and repaid by related parties during the six-month period ended 30 June 2016 (unaudited) are as follows:

<table>
<thead>
<tr>
<th>(in thousands of Russian Roubles)</th>
<th>Shareholders</th>
<th>Key management personnel</th>
<th>Other related parties</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amounts lent to related parties during the period</td>
<td>356</td>
<td>63 348</td>
<td>95</td>
</tr>
<tr>
<td>Amounts repaid by related parties during the period</td>
<td>601</td>
<td>57 536</td>
<td>28 083</td>
</tr>
</tbody>
</table>

For the six-month period ended 30 June 2017 (unaudited), total remuneration for members of the Supervisory Board and the Management Board of the Bank, including pension contributions and discretionary bonuses, amounts to RR 353 167 thousand (for the six-month period ended 30 June 2016: RR 286 738 thousand (unaudited)).
Consolidation of Companies

The Group’s condensed consolidated interim financial statements include the following subsidiaries:

<table>
<thead>
<tr>
<th>Name</th>
<th>Country of incorporation</th>
<th>Ownership, %</th>
<th>Principal activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>LLC BSPB Trading</td>
<td>Russian Federation</td>
<td>100%</td>
<td>Operations on financial market</td>
</tr>
<tr>
<td>LLC BSPB Capital</td>
<td>Russian Federation</td>
<td>100%</td>
<td>Securities management</td>
</tr>
<tr>
<td>4th Nevsky Real Estate Fund, Real Estate CEIF</td>
<td>Russian Federation</td>
<td>100%</td>
<td>Real estate investment</td>
</tr>
<tr>
<td>10th Nevsky Real Estate Fund, Real Estate CEIF</td>
<td>Russian Federation</td>
<td>100%</td>
<td>Real estate investment</td>
</tr>
<tr>
<td>13th Nevsky Fund, Combined CEIF</td>
<td>Russian Federation</td>
<td>100%</td>
<td>Direct investment</td>
</tr>
<tr>
<td>Venture Project, Investment CEIF</td>
<td>Russian Federation</td>
<td>100%</td>
<td>Direct and venture capital investment</td>
</tr>
<tr>
<td>BSPB CAPITAL VPF L.P.</td>
<td>Jersey, Channel Islands</td>
<td>100%</td>
<td>Direct and venture capital investment</td>
</tr>
</tbody>
</table>

In accordance with Article 12 of Federal Law No. 325-FZ dated 21 November 2011 On Regulated Trading, BSPB Trading Systems changed its name to LLC BSPB-Trading.

In accordance with the resolution of its sole member dated 28 June 2017, LLC Nevskaya Upravlyayushchaya Kompaniya was renamed to LLC BSPB Capital.

LLC BSPB Capital is an entity specialised in asset management. The Bank uses this entity to expand the portfolio of investment products, including trust management of customers’ assets.

4th Nevsky Real Estate Fund, Real Estate CEIF, 10th Nevsky Real Estate Fund, Real Estate CEIF and 13th Nevsky Fund, Combined CEIF are funds specialised in real estate and other assets management to increase their value.

Venture Project, Investment CEIF is a fund established for investing in ventures.

BSPB CAPITAL VPF L.P operates as an investor, sells, exchanges and distributes investments in accordance with the investment policy under management of BSPB Capital GP Ltd.

The Bank uses structured entity BSPb Finance PLC for issue of bonds on the international capital market (refer to Note 12).
24 Consolidation of Companies (continued)

BSPb Finance PLC is the issuer of a structured debt – loan participation notes issued solely to finance loans to the Bank. Loan participation notes represent secured debt, where the issuer pledges all amounts received and/or receivable under loan agreements with the Bank. The Bank compensates to the issuer for all one-off and current expenses related to issuance and servicing of the loans.

The Bank uses structured entity MA BSPB LLC under the securitisation programme sponsored by the Group. MA BSPB LLC operates in accordance with pre-determined criteria that are part of the initial structure of the company.

During the six-month period ended 30 June 2017 the Group, acting though Venture Project, Investment CEIF, acquired 51% of the shares in JSC Cargo Terminal Pulkovo for cash consideration in the amount of RR 595 500 thousand. Fair value of net assets attributable to shareholders of the Bank amounted to RR 480 627 thousand at acquisition date.

25 Events occurring after the reporting date

In July 2017 the subordinated Eurobonds in quantity of 1 000, placed by the Group in July 2007 and denominated in US dollars (one bond – 100 000 USD), were repaid in accordance with schedule. The Joint Managers of the issue were J.P. Morgan and UBS. This issue was registered on the Irish Stock Exchange. As at 31 December 2016 the carrying amount of these bonds was 61 861 thousand US dollars (equivalent to RR 3 752 304 thousand), nominal coupon rate amounted to 7.63% p.a., effective interest rate – 8.71% p.a.

On 11 August 2017 the placement of the additional issue of ordinary registered shares of PJSC “Bank “Saint Petersburg” (individual state registration number – 10300436B dated 20 June 2017) with total nominal value of RR 60 000 000 was completed. The payment for the additional shares was made in cash in the currency of the Russian Federation.

On 16 August 2017 the Notice of the result of additional issue of securities was filed with the CBRF and the funds in the amount of RR 3 180 000 000 received as payment for shares were classified as to the Bank’s core capital. As a result of the placement the Bank’s nominal share capital amounted to RR 519 654 000.

On 20 July 2017 the Supervisory Board of the Bank passed a resolution to withdraw Maris Manchinskins, first Deputy Chairman of the Management Board and CEO, and Oksana Nikolaevna Panchenko, Deputy Chairperson of the Management Board from the Management Board.