

**PSC “ORIENT EXPRESS BANK”**

**International Financial Reporting Standards  
Consolidated Condensed Interim Financial  
Information (Unaudited)**

**30 September 2016**

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**PSC Orient Express Bank**  
**Consolidated Condensed Interim Statement of Financial Position (Unaudited)**

<i>In thousands of Russian Roubles</i>	Note	30 September 2016	31 December 2015
<b>ASSETS</b>			
Cash and cash equivalents	6	13 104 156	18 736 126
Mandatory balances with the CBRF		837 886	783 522
Securities	7	16 842 968	18 262 558
Securities pledged under repurchase agreements	7	11 761 058	32 209 279
Due from other banks	8	15 449 645	850 049
Loans and advances to customers	9	73 816 155	87 568 069
Investment properties	10	1 491 000	1 491 000
Premises and equipment		3 180 197	3 460 925
Intangible assets		490 320	607 980
Deferred income tax asset	21	6 910 373	6 737 575
Other assets	11	2 340 015	4 660 793
<b>TOTAL ASSETS</b>		<b>146 223 773</b>	<b>175 367 876</b>
<b>LIABILITIES</b>			
Due to other banks	12	13 659 047	30 557 911
Customer accounts	13	102 384 195	117 935 620
Debt securities in issue	14	34 372	267 315
Other liabilities	15	1 781 963	1 578 847
Subordinated debt	16	13 286 715	15 447 268
<b>TOTAL LIABILITIES</b>		<b>131 146 292</b>	<b>165 786 961</b>
<b>EQUITY</b>			
Share capital	17	6 421 528	3 421 528
Share premium		11 601 336	11 601 336
Retained loss		(3 465 272)	(5 591 915)
Revaluation reserve for available for sale securities		336 380	(31 675)
Translation reserve		(72)	(1 940)
Equity component of convertible debt	16	183 581	183 581
<b>TOTAL EQUITY</b>		<b>15 077 481</b>	<b>9 580 915</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>146 223 773</b>	<b>175 367 876</b>

Approved for issue and signed on 29 November 2016.

  
A.S. Kordichev,  
Chief Executive Officer



  
K.V. Rogov,  
Chief Financial Officer

**PSC Orient Express Bank**  
**Consolidated Condensed Interim Statement of Profit or Loss and Other Comprehensive Income**  
**(Unaudited)**

<i>In thousands of Russian Roubles</i>	Note	Nine-Month Period Ended 30 September		Three-Month Period Ended 30 September	
		2016	2015	2016	2015
Interest income	18	21 485 641	29 824 349	6 946 452	9 869 047
Interest expense	18	(10 534 868)	(14 611 060)	(3 109 076)	(4 579 164)
<b>Net interest income</b>		<b>10 950 773</b>	<b>15 213 289</b>	<b>3 837 376</b>	<b>5 289 883</b>
Provision for loan impairment	9	(8 516 567)	(22 712 526)	(1 800 918)	(5 405 740)
<b>Net interest income/(loss) after provision for loan impairment</b>		<b>2 434 206</b>	<b>(7 499 237)</b>	<b>2 036 458</b>	<b>(115 857)</b>
Fee and commission income	19	3 822 419	3 919 061	1 552 843	1 171 429
Fee and commission expense	19	(826 305)	(715 241)	(343 022)	(253 423)
Result on sale of loans	9	95 428	441 838	18 639	123 047
Gains less losses from operations with securities, net		3 984 760	1 190 937	3 808 625	143 159
Gains less losses from foreign currencies, net		1 011 551	321 067	40 916	77 327
Foreign exchange translation gains less losses / (losses less gains)		67 813	519 794	(11 898)	356 950
Other operating income		53 260	230 177	8 933	118 433
Administrative and other operating expenses	20	(6 961 078)	(6 853 743)	(2 460 413)	(1 982 630)
Other provisions		(782 890)	(100 688)	(439 520)	(10 596)
<b>Profit/(loss) before tax</b>		<b>2 899 164</b>	<b>(8 546 035)</b>	<b>4 211 561</b>	<b>(372 161)</b>
Income tax (charge)/benefit	21	(772 521)	1 664 639	(873 943)	85 442
<b>PROFIT/(LOSS) FOR THE PERIOD</b>		<b>2 126 643</b>	<b>(6 881 396)</b>	<b>3 337 618</b>	<b>(286 719)</b>
<b>Other comprehensive income/(loss):</b> <i>Items that may be reclassified subsequently to profit or loss:</i>					
Revaluation of available for sale securities, net of tax		368 055	(31 711)	(2 391 382)	(31 711)
Exchange differences on translation to presentation currency		1 868	1 661	479	2 988
<b>Other comprehensive income/(loss) for the period</b>		<b>369 923</b>	<b>(30 050)</b>	<b>(2 390 903)</b>	<b>(28 723)</b>
<b>TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD</b>		<b>2 496 566</b>	<b>(6 911 446)</b>	<b>946 715</b>	<b>(315 442)</b>

The notes set out on pages 5 to 50 form an integral part of this consolidated condensed interim financial information.

**PSC Orient Express Bank**  
**Consolidated Condensed Interim Statement of Changes in Equity (Unaudited)**

	Note	Share capital	Share premium	Retained earnings	Revaluation reserve for available for sale securities	Translation reserve	Equity-settled employee benefits reserve	Equity component of convertible debt	Total Equity
<i>In thousands of Russian Roubles</i>									
<b>Balance at 1 January 2015</b>		<b>863 528</b>	<b>11 601 286</b>	<b>5 061 833</b>	-	<b>702</b>	<b>12 500</b>	<b>183 581</b>	<b>17 723 430</b>
Loss for the period		-	-	(6 881 396)	-	-	-	-	(6 881 396)
Other comprehensive loss for the period		-	-	-	(31 711)	1 661	-	-	(30 050)
Total comprehensive loss for the period		-	-	(6 881 396)	(31 711)	1 661	-	-	(6 911 446)
Issue of shares	17	2 558 000	50	-	-	-	-	-	2 558 050
Cancellation of share-based payment		-	-	-	-	-	-	-	-
<b>Balance at 30 September 2015</b>		<b>3 421 528</b>	<b>11 601 336</b>	<b>(1 819 563)</b>	<b>(31 711)</b>	<b>2 363</b>	<b>12 500</b>	<b>183 581</b>	<b>13 370 034</b>
<b>Balance at 1 January 2016</b>		<b>3 421 528</b>	<b>11 601 336</b>	<b>(5 591 915)</b>	<b>(31 675)</b>	<b>(1 940)</b>	-	<b>183 581</b>	<b>9 580 915</b>
Profit for the period		-	-	2 126 643	-	-	-	-	2 126 643
Other comprehensive income		-	-	-	368 055	1 868	-	-	369 923
Total comprehensive income for the period		-	-	2 126 643	368 055	1 868	-	-	2 496 566
Issue of shares	17	3 000 000	-	-	-	-	-	-	3 000 000
<b>Balance at 30 September 2016</b>		<b>6 421 528</b>	<b>11 601 336</b>	<b>(3 465 272)</b>	<b>336 380</b>	<b>(72)</b>	-	<b>183 581</b>	<b>15 077 481</b>

The notes set out on pages 5 to 50 form an integral part of this consolidated condensed interim financial information.

**PSC Orient Express Bank**  
**Consolidated Condensed Interim Statement of Cash Flows (Unaudited)**

	Note	Nine-Month Period Ended 30 September 2016	Nine-Month Period Ended 30 September 2015
<i>In thousands of Russian Roubles</i>			
<b>Cash flows from operating activities</b>			
Interest received		20 754 343	20 728 545
Interest paid		(10 499 314)	(10 111 194)
Fees and commissions received		3 922 428	2 841 676
Fees and commissions paid		(826 305)	(461 818)
Net gains arising from dealing in securities		2 148 677	1 060 412
Income received from dealing in foreign currencies		847 460	169 200
Other operating income received		44 015	111 744
Administrative and other operating expenses paid		(5 940 367)	(4 367 867)
Income tax (paid)/received		(1 794 913)	60 820
<b>Cash flows from operating activities before changes in operating assets and liabilities</b>		<b>8 656 024</b>	<b>10 031 518</b>
<i>Net (increase)/decrease in:</i>			
- mandatory cash balances with the CBRF		(54 364)	154 903
- due from other banks		(14 790 154)	618 707
- trading securities and trading securities pledged under repurchase agreements		1 058 928	(14 073 147)
- loans and advances to customers		5 875 717	12 712 948
- sale of loans		140 142	414 106
- other assets		1 131 230	169 563
<i>Net (decrease)/increase in:</i>			
- due to other banks		(12 780 725)	2 150 846
- customer accounts		(14 075 931)	(6 422 320)
- other liabilities		91 120	(33 771)
<b>Net cash from operating activities</b>		<b>(24 748 013)</b>	<b>5 723 353</b>
<b>Cash flows from investing activities</b>			
Proceeds from disposal of investment securities available for sale		30 553 082	-
Acquisition of investment securities available for sale		(19 948 994)	-
Proceeds from disposal of investment securities held to maturity		7 327 195	-
Acquisition of investment securities held to maturity		-	(6 851 220)
Acquisition of premises and equipment		(117 386)	(26 551)
Proceeds from disposal of premises and equipment		7 590	75 585
Acquisition of intangible assets		(74 751)	(226 812)
Acquisition of investment property		-	(17 585)
<b>Net cash used in investing activities</b>		<b>17 746 736</b>	<b>(7 046 583)</b>
<b>Cash flows from financing activities</b>			
Proceeds from debt securities issued		17 700	49 791
Repayment of debt securities issued		(243 637)	(7 920 662)
Repayment of other borrowed funds		-	(1 365 767)
Proceeds from issue of subordinated debt		-	832 203
Repayment of subordinated debt		(935 134)	-
Issue of shares		3 000 000	2 558 050
<b>Net cash used in financing activities</b>		<b>1 838 929</b>	<b>(5 846 385)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>		<b>(469 622)</b>	<b>136 591</b>
<b>Net (decrease) in cash and cash equivalents</b>		<b>(5 631 970)</b>	<b>(7 033 024)</b>
Cash and cash equivalents at the beginning of the period		18 736 126	21 208 608
<b>Cash and cash equivalents at the end of the period</b>	6	<b>13 104 156</b>	<b>14 175 584</b>

The notes set out on pages 5 to 50 form an integral part of this consolidated condensed interim financial information.

**PSC Orient Express Bank**

**Notes to the Consolidated Condensed Interim Financial Information (Unaudited) – 30 September 2016**

**1 Introduction**

This consolidated condensed interim financial information has been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” for the nine-month period ended 30 September 2016 for Public Stock Company “Orient Express Bank” (the “Bank”) and its subsidiaries (together referred to as the “Group”).

The Bank was incorporated and is domiciled in the Russian Federation. The Bank is a public stock company, where the responsibility of shareholders is limited by shares belonging to them, and it was set up in accordance with Russian regulations.

The ultimate controlling party of the Bank as at 30 September 2016 and 31 December 2015 is Baring Vostok Private Equity Fund IV and Baring Vostok Fund IV Supplemental Fund.

As at 30 September 2016 and 31 December 2015 the shareholders of the Bank were:

<b>Shareholders</b>	<b>30 September 2016</b>	<b>31 December 2015</b>
Evizon Holdings Limited (on behalf of Baring Vostok Private Equity Fund IV and Baring Vostok Fund IV Supplemental Fund)	55.7	74.4
Uniastrum Bank (LLC)	9.8	-
Yuriy Danilov	9.8	-
Troyte Investments Limited (controlled by Russia Partners III, L.P.)	8.2	15.3
Sherzod Yusupov	5.3	-
Other shareholders – each less than 5%	11.2	10.3
<b>Total</b>	<b>100</b>	<b>100</b>

**Principal activity.** The Group’s principal business activity is retail banking operations within the Russian Federation. The Bank has operated under a full banking licence issued by the Central Bank of the Russian Federation (“CBRF”) since 12 May 1991. The Bank participates in the State deposit insurance scheme, which was introduced by Federal Law № 177-FZ “Deposits of individuals insurance in Russian Federation” dated 23 December 2003. The State Deposit Insurance Agency guarantees repayment of 100% of individual deposits up to RR 1 400 thousand per individual in the case of the withdrawal of a licence of a bank or a CBRF imposed moratorium on payments.

As at 30 September 2016 the Group had 7 branches and 500 offices located across the Russian Federation (31 December 2015: 7 branches and 368 offices). As at 30 September 2016 the Bank had 6 588 employees (at 31 December 2015: 5 264).

**Registered address and place of business.** The Bank’s registered office is located at 1 Svyatitelya Innokentiya Pereulok, Blagoveschensk, Amursky Region, 675000, Russian Federation.

The Bank’s principal place of business is 22, Frunze Street, Khabarovsk, 680000, Russian Federation.

**Presentation currency.** This consolidated condensed interim financial information is presented in thousands of Russian Roubles (“RR”), unless otherwise stated.

## **2 Operating Environment of the Bank**

The Group, through its operations, has a significant exposure to the economy and financial markets of the Russian Federation.

**Russian Federation.** The Russian Federation displays certain characteristics of an emerging market. Its economy is particularly sensitive to oil and gas prices. The legal, tax and regulatory frameworks continue to develop and are subject to frequent changes and varying interpretations (Note 19). During 2015 and 2016, the Russian economy has been negatively impacted by low oil prices, ongoing political tension in the region and continuing international sanctions against certain Russian companies and individuals, all of which contributed to the country's economic recession characterised by a decline in gross domestic product. The financial markets continue to be volatile and are characterised by frequent significant price movements and increased trading spreads. Russia's credit rating was downgraded to below investment grade. This operating environment has a significant impact on the Group's operations and financial position. Management is taking necessary measures to ensure sustainability of the Group's operations. However, the future effects of the current economic situation are difficult to predict and management's current expectations and estimates could significantly differ from actual results.

Management determined loan impairment provisions using the "incurred loss" model required by the applicable accounting standards. These standards require recognition of impairment losses that arose from past events and prohibit recognition of impairment losses that could arise from future events, including future changes in the economic environment, no matter how likely those future events are. Thus final impairment losses from financial assets could differ significantly from the current level of provisions. Refer to Note 4.

## **3 Summary of Significant Accounting Policies**

This consolidated condensed interim financial information has been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" and should be read in conjunction with the annual consolidated financial statements of the Group for the year ended 31 December 2015, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

At 30 September 2016 the principal rate of exchange used for translating foreign currency balances was USD 1 = RR 63.1581 (31 December 2015: USD 1 = RR 72.8827) and EUR 1 = RR 70.8823 (31 December 2015: EUR 1 = RR 79.6972).

The accounting policies and methods of computation applied in the preparation of this consolidated condensed interim financial information are consistent with the accounting policies and methods applied in the annual consolidated financial statements of the Group for the year ended 31 December 2015 except as disclosed below.

This consolidated condensed interim financial information does not contain all the explanatory notes as required for a full set of financial statements, including certain disclosures introduced by IFRS 7 "Financial Instruments: Disclosures".

**Interim period measurement.** Interim period income tax expense is accrued using the effective tax rate that would be applied to expected total annual earnings, i.e. the estimated weighted average annual effective income tax rate is applied to the pre-tax income of the interim period.

**Changes in presentation.** Where necessary, corresponding figures have been adjusted to conform to the presentation of the current period amounts.



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**4 Critical Accounting Estimates and Judgements in Applying Accounting Policies**

The Group makes estimates and assumptions that affect the amounts recognised in the consolidated financial statements, and the carrying amounts of assets and liabilities within the next financial year. 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 certain judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognised in the consolidated financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

**Going concern.** The economic environment the Group operates in is characterised by negative events and uncertainty, which has led to a decrease in the profitability of the Russian retail banking sector.

The main reasons that led to the deterioration of the Group's financial results in 2015 were:

- slowdown of the Russian economy in general and the banking services market in particular; the drop in household income and consumer activity;
- increase in the level of overdue loans in the retail lending segment, caused by high debt load and stagnation processes in the economy;
- increased funding costs, due to a sharp increase in December 2014 of the CBRF key rate and the deteriorating external borrowing conditions due to the difficult global market conditions, which impacted the whole of 2015.

During the prior two years the Group incurred significant losses under IFRS. As a result, the equity of the Group as recorded in its IFRS financial statements decreased to RR 9 580 915 thousand as at 31 December 2015. During the nine-month period ended 30 September 2016 the shareholders have injected RR 3 000 000 thousands of new share capital and recorded a positive Comprehensive Income of RR 2 496 566 thousands. This has increased the net assets of the Group to RR 15 077 481 thousand as at 30 September 2016. As at 30 September 2016 the Bank reported Tier 1 regulatory capital (under Russian accounting standards) of RR 16 147 272 (at 31 December 2015 RR 17 017 926 thousand unaudited) and a capital adequacy ratio (N1.0) of 10,6% compared to 8% regulatory minimum (at 31 December 2015 11.6% unaudited).

The Board of the Bank and shareholders have approved the proposal to merge the Bank with Uniastrum Bank. Such merger is expected to create a more diversified bank with greater critical mass and a stronger combined capital base than either of the individual banks. The combined profitability of the banks is expected to increase with cross selling and cost synergies being realised. The uncertainty that may cast significant doubt about the Group's ability to continue as a going concern still remains a risk but assuming the successful completion of this merger and the continuing positive improvement of the Group's results management believe this risk is decreasing.

The management of the Group is continuing its discussions with its subordinated debt holders in order to agree a restructuring plan with the aim to further strengthen the regulatory capital of the Group.

In addition, the Group is undertaking the following actions to increase future profitability and the financial position of the business as this is already shown in higher profitability parameters for H1 2016 and significant improvements on credit risk management.

Management prepared these consolidated condensed interim financial Information on a going concern basis. In making this judgement the management considered the Group's financial position, current intentions, capital adequacy, liquidity, expected results of operations, access to financial resources, impact of the operating environment on the Group and other factors. The management consider that the actions already and being undertaken will result in the Group having sufficient regulatory capital to comply with the CBRF regulatory capital normatives during the next 12 months.

Further, the Management consider that the continued recognition of its deferred tax asset is justifiable. The details of critical accounting estimates in respect of deferred tax asset recognition is disclosed in the paragraphs below.

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

**Deferred income tax asset recognition.** The recognised deferred tax asset represents income taxes recoverable through future deductions from taxable profits, and is recorded in the consolidated statement of financial position. Deferred income tax assets are recorded to the extent that realisation of the related tax benefit is probable.

The amount of deferred tax asset of the Bank as at 30 September 2016 is RR 6 910 373 thousand, which is 46% of the equity of the Group.

In order to utilise the deferred tax amount the Group needs to obtain future taxable profits (before reversal of the temporary differences) more than RR 35 billion. The management of the bank has prepared a medium term business plan assessing whether it is probable for the Group to obtain sufficient taxable profits. Based on the business plan, the Bank management estimates that it is probable that taxable profits will be available against which the deferred tax asset can be utilised. Key assumptions in the business plan were stated in the consolidated financial statement of the Bank as at 31 December 2015 and currently the Bank is in line with business plan for the year 2016.

In case the Group will not be able to obtain sufficient taxable profits, the deferred tax asset of the Group will need to be impaired, which would lead to a decrease in the equity of the Group.

**Impairment losses on loans and advances to individuals.** The Group regularly reviews its loan portfolios to assess impairment. In determining whether an impairment loss should be recorded in profit or loss for the year, the Group makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience. A 10% increase or decrease in actual loss experience compared to the loss estimates used would result in an increase or decrease in loan impairment losses of RR 1 213 240 thousand (31 December 2015: RR 2 997 031 thousand).

As at 30 September 2016 the Group has RR 12 808 673 thousand of loans overdue for more than 90 days (31 December 2015: RR 30 711 224 thousand). The Group has created provision for loan impairment for these loans in the amount of RR 10 216 706 thousand (31 December 2015: RR 24 736 096 thousand). In case provision for loan impairment for these loans will be increased up to 100% from their carrying amount the provision will be increased on RR 2 591 967 thousand (31 December 2015: RR 5 975 128 thousand).

**Valuation of investment properties using income capitalisation method.** Investment property is stated at its fair value based on reports prepared independent appraiser. As a result of the current economic environment and market conditions as described in Note 2, the frequency of property transactions is low in Russian Federation. Nevertheless, in management's assessment there remains sufficient market activity to provide comparable prices for orderly transactions with similar properties when determining the fair value for the Group's investment properties.

For these properties, the valuation was based principally on discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

In preparing the valuation reports on the Group's investment property, the external appraisers excluded distressed sales when considering comparable sales prices. Management has reviewed the appraisers' assumptions underlying discounted cash flow models used in the valuation, and confirmed that factors such as the discount rate applied have been appropriately determined considering the market conditions at the end of the reporting period. Notwithstanding the above, management considers that the valuation of its investment properties is currently subject to an increased degree of judgement and an increased likelihood that actual proceeds on a sale may differ from the carrying value.

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

The principal assumptions underlying the estimation of the fair value are those relating to: the receipt of contractual rentals; expected future market rentals; void periods; maintenance requirements; and appropriate discount rates. These valuations are regularly compared to actual market yield data and actual transactions by the Group, and those reported by the market.

The investment properties were valued on 31 December 2015 at fair value, by an independent appraiser, who holds a recognised and relevant professional qualification and who has recent experience in valuation of property of similar location and category.

On the date of revaluation, the principal assumptions made and the impact on the aggregate valuations of reasonably possible changes in these assumptions, with all other variables held constant, are as follows:

- The future rental rates from RR 30 thousand to RR 50 thousand per square meter per annum. Had these rental rates been increased or decreased by 10 percent, the total carrying value of investment properties would be RR 48 120 thousand higher or RR 48 299 thousand lower, respectively.
- Vacancy loss rate was assumed to be 10%. Should the vacancy loss rate increase/decrease by 1 percentage point, the carrying value of the investment properties would be RR 5 559 thousand lower/RR 5 559 thousand higher.
- Repair expenses and property management fees are assumed to be RR 5 thousand a year for one square metre. Should these expenses increase/decrease by 10 percent, the carrying value of the investment property would be RR 7 393 thousand lower/higher.
- The capitalisation rate was assumed to be 10,75%. Should this capitalisation rate increase/decrease by 1 percentage point, the carrying value of the investment property would be RR 32 692 thousand lower/RR 38 860 thousand higher.

**5 New Accounting Pronouncements**

There were no new standards and interpretations became effective for the Group from 1 January 2016.

Since the Group published its last annual consolidated financial statements, no new standards and interpretations have been issued that are mandatory for the Group's annual accounting periods beginning on or after 1 January 2017 apart from those disclosed in the annual consolidated financial statements of the Group.

**6 Cash and Cash Equivalents**

<i>In thousands of Russian Roubles</i>	<b>30 September 2016</b>	<b>31 December 2015</b>
Cash on hand	5 229 981	8 230 214
Cash balances with the CBRF (other than mandatory reserves)	5 340 730	2 898 386
Correspondent accounts with other banks:		
- Russian Federation	715 729	864 184
- Other countries	1 817 716	6 743 342
<b>Total cash and cash equivalents</b>	<b>13 104 156</b>	<b>18 736 126</b>

At 30 September 2016 the Group had 2 counterparty banks (31 December 2015: 1 bank) with aggregated cash and cash equivalents balances above RR 500 000 thousand. The total aggregate amount of these balances was RR 1 688 412 thousand (31 December 2015: RR 6 300 399 thousand) or 13% of the cash and cash equivalents (31 December 2015: 34%).

**PSC Orient Express Bank****Notes to the Consolidated Condensed Interim Financial Information (Unaudited) – 30 September 2016****7 Securities and Securities Pledged under Repurchase Agreements**

<i>In thousands of Russian Roubles</i>	<b>30 September 2016</b>	<b>31 December 2015</b>
Trading securities	15 001 202	5 750 180
Investment securities available for sale pledged under repurchase agreements	9 365 514	10 433 079
Trading securities pledged under repurchase agreements	2 395 544	15 497 580
Investment securities available for sale	1 841 766	9 970 205
Securities held to maturity pledged under repurchase agreements	-	6 278 620
Investment securities held to maturity	-	2 569 354
Less: Provision for impairment of investment securities held to maturity	-	(27 181)
<b>Total securities and securities pledged under repurchase agreements</b>	<b>28 604 026</b>	<b>50 471 837</b>

At the period end securities pledged with the CBRF in order to obtain overdraft loans if necessary were RR 1 334 333 thousand of trading securities (31 December 2015: RR 1 514 670 thousand). The Group did not use the overdraft facility as at 30 September 2016 or 31 December 2015.

**Trading securities and trading securities pledged under repurchase agreements**

<i>In thousands of Russian Roubles</i>	<b>30 September 2016</b>	<b>31 December 2015</b>
<b>Trading securities</b>		
Municipal bonds	6 571 388	735 183
Corporate bonds	5 725 248	1 890 007
Russian Federation bonds	1 648 197	1 207 154
Bonds of credit and finance organisations	717 852	1 413 988
Foreign government bonds	338 517	503 848
<b>Total trading securities</b>	<b>15 001 202</b>	<b>5 750 180</b>
<b>Trading securities pledged under repurchase agreements</b>		
Russian Federation bonds	2 098 233	643 193
Bonds of credit and finance organisations	297 311	4 546 950
Corporate bonds	-	7 392 272
Municipal bonds	-	2 915 165
<b>Total trading securities pledged under repurchase agreements</b>	<b>2 395 544</b>	<b>15 497 580</b>
<b>Total trading securities and trading securities pledged under repurchase agreements</b>	<b>17 396 746</b>	<b>21 247 760</b>

Bonds of credit and finance organisations represent bonds of domestic banks and financial companies of large domestic corporations.

Corporate bonds represent bonds of large domestic corporations.

Trading securities are carried at fair value which also reflects any credit risk related write-downs. As trading securities are carried at their fair values based on observable market data, the Group does not analyse or monitor impairment indicators.

Securities pledged under repurchase agreements represent securities sold under direct sale and repurchase agreements, which the counterparty has the right, by contract, to sell or repledge (Note 12). The repurchase agreements were short-term in nature and matured in October 2016 (31 December 2015: January 2016).

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**7 Securities and Securities Pledged under Repurchase Agreements (Continued)**

**Investment Securities Available for Sale**

<i>In thousands of Russian Roubles</i>	<b>30 September 2016</b>	<b>31 December 2015</b>
<b>Investment securities available for sale</b>		
Corporate bonds	893 568	6 215 535
Bonds of credit and finance organisations	611 588	1 012 316
Foreign government bonds	304 162	2 709 906
Shares	32 448	32 448
<b>Total investment securities available for sale</b>	<b>1 841 766</b>	<b>9 970 205</b>
<b>Investment securities available for sale pledged under repurchase agreements</b>		
Corporate bonds	8 506 294	9 472 481
Bonds of credit and finance organisations	859 220	960 598
<b>Total investment securities available for sale pledged under repurchase agreements</b>	<b>9 365 514</b>	<b>10 433 079</b>
<b>Total investment securities available for sale and investment securities available for sale pledged under repurchase agreements</b>	<b>11 207 280</b>	<b>20 403 284</b>

**Total investment securities held to maturity and investment securities held to maturity pledged under repurchase agreements**

<i>In thousands of Russian Roubles</i>	<b>30 September 2016</b>	<b>31 December 2015</b>
<b>Investment securities held to maturity</b>		
Bonds of credit and finance organisations	-	1 629 474
Corporate bonds	-	939 880
Less: Provision for impairment of investment securities held to maturity	-	(27 181)
<b>Total investment securities held to maturity</b>	<b>-</b>	<b>2 542 173</b>
<b>Investment securities held to maturity pledged under repurchase agreements</b>		
Corporate bonds	-	5 964 534
Bonds of credit and finance organisations	-	314 086
<b>Total investment securities held to maturity pledged under repurchase agreements</b>	<b>-</b>	<b>6 278 620</b>
<b>Total investment securities held to maturity and investment securities held to maturity pledged under repurchase agreements</b>	<b>-</b>	<b>8 820 793</b>

During the period from 01 July 2016 to 30 September 2016 the Bank has sold a significant part bonds of the held to maturity portfolio. Management of the Group took the decision to reclassify the investment securities held to maturity to the Investment securities available for sale at fair value.

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**8 Due from Other Banks**

<i>In thousands of Russian Roubles</i>	<b>30 September 2016</b>	<b>31 December 2015</b>
Reverse sale and repurchase agreement	15 449 645	850 049
Interbank loans	70 000	70 000
Less allowance for impairment	(70 000)	(70 000)
<b>Total due from other banks</b>	<b>15 449 645</b>	<b>850 049</b>

**9 Loans and Advances to Customers**

Loans and advances to customers represent both loans originated and purchased by the Group.

<i>In thousands of Russian Roubles</i>	<b>30 September 2016</b>	<b>31 December 2015</b>
Loans and advances to individuals	83 086 169	113 067 605
Loans and advances to corporate customers	3 886 212	4 841 527
<b>Total gross loans and advances to customers</b>	<b>86 972 381</b>	<b>117 909 132</b>
Less: Provision for loan impairment	(13 156 226)	(30 341 063)
<b>Total loans and advances to customers</b>	<b>73 816 155</b>	<b>87 568 069</b>

As at 30 September 2016 and 31 December 2015 loans and advances to individuals comprise:

<i>In thousands of Russian Roubles</i>	<b>30 September 2016</b>	<b>31 December 2015</b>
Consumer loans	35 930 286	71 176 270
Credit cards	35 498 664	27 213 031
Car loans	3 743 671	5 573 271
Mortgage loans	3 015 368	1 488 131
SME loans	1 069 705	2 940 849
Other loans	3 828 475	4 676 053
<b>Total gross loans and advances to individuals</b>	<b>83 086 169</b>	<b>113 067 605</b>
Less: Provision for loan impairment	(12 831 627)	(29 970 314)
<b>Total loans and advances to individuals</b>	<b>70 254 542</b>	<b>83 097 291</b>

Other loans represent retail loans purchased from other banks. At 30 September 2016 other loans include RR 3 081 932 thousand of mortgage loans purchased from third parties (31 December 2015: RR 3 849 168 thousand).

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**Notes to the Consolidated Condensed Interim Financial Information (Unaudited) – 30 September 2016**

**9 Loans and Advances to Customers (Continued)**

As at 30 September 2016 and 31 December 2015 loans and advances to corporate customers comprise:

<i>In thousands of Russian Roubles</i>	<b>30 September 2016</b>	<b>31 December 2015</b>
Corporate loans	3 645 331	4 443 498
SME loans	240 881	157 843
Reverse sale and repurchase agreements	-	240 186
<b>Total gross loans and advances to corporate customers</b>	<b>3 886 212</b>	<b>4 841 527</b>
Less: Provision for loan impairment	(324 599)	(370 749)
<b>Total loans and advances to corporate customers</b>	<b>3 561 613</b>	<b>4 470 778</b>

Movements in the provision for impairment of loans to individuals during the nine-month period ended 30 September 2016 are as follows:

<i>In thousands of Russian Roubles</i>	<b>Consumer loans</b>	<b>Credit cards</b>	<b>Car loans</b>	<b>Mortgage loans</b>	<b>SME loans</b>	<b>Other loans</b>	<b>Total</b>
<b>Provision for impairment of loans to individuals at 1 January 2016</b>	<b>21 264 900</b>	<b>4 099 314</b>	<b>2 711 381</b>	<b>188 607</b>	<b>834 882</b>	<b>871 230</b>	<b>29 970 314</b>
(Recovery of provision)/provision for impairment during the period	(8 727 795)	18 179 004	(380 164)	16 657	(586 605)	61 620	8 562 717
Provision used on sale of loans	(5 878 290)	(451 301)	(68 347)	-	(71 881)	(120 680)	(6 590 499)
Write-off of loans against allowance for impairment	(388)	(19 520 663)	-	(624)	-	(5 305)	(19 526 980)
Recovery of written-off loans	276 710	118 302	-	-	21 063	-	416 075
<b>Provision for impairment of loans to individuals at 30 September 2016</b>	<b>6 935 137</b>	<b>2 424 656</b>	<b>2 262 870</b>	<b>204 640</b>	<b>197 459</b>	<b>806 865</b>	<b>12 831 627</b>

**PSC Orient Express Bank**

**Notes to the Consolidated Condensed Interim Financial Information (Unaudited) – 30 September 2016**

**9 Loans and Advances to Customers (Continued)**

Movements in the provision for impairment of loans to individuals during the three-month period ended 30 September 2016 are as follows:

<i>In thousands of Russian Roubles</i>	<b>Consumer loans</b>	<b>Credit cards</b>	<b>Car loans</b>	<b>Mortgage loans</b>	<b>SME loans</b>	<b>Other loans</b>	<b>Total</b>
<b>Provision for impairment of loans to individuals at 30 June 2016</b>	<b>8 922 474</b>	<b>2 627 015</b>	<b>2 530 775</b>	<b>207 334</b>	<b>324 203</b>	<b>851 429</b>	<b>15 463 230</b>
(Recovery of provision)/provision for impairment during the period	(13 185 592)	16 438 634	(243 935)	(2 694)	(1 169 127)	6 146	1 843 432
Provision used on sale of loans	(208 885)	(71 911)	(23 970)	-	(34 244)	(52 157)	(391 167)
Write-off of loans against allowance for impairment	11 274 677	(16 625 724)	-	-	1 066 542	1 447	(4 283 058)
Recovery of written-off loans	132 463	56 642	-	-	10 085	-	199 190
<b>Provision for impairment of loans to individuals at 30 September 2016</b>	<b>6 935 137</b>	<b>2 424 656</b>	<b>2 262 870</b>	<b>204 640</b>	<b>197 459</b>	<b>806 865</b>	<b>12 831 627</b>

Movements in the provision for impairment of loans to individuals during the nine-month period ended 30 September 2015 are as follows:

<i>In thousands of Russian Roubles</i>	<b>Consumer loans</b>	<b>Credit cards</b>	<b>Car loans</b>	<b>Mortgage loans</b>	<b>SME loans</b>	<b>Other loans</b>	<b>Total</b>
<b>Provision for impairment of loans to individuals at 1 January 2015</b>	<b>23 037 893</b>	<b>5 849 361</b>	<b>3 007 824</b>	<b>185 661</b>	<b>2 019 075</b>	<b>910 634</b>	<b>35 010 448</b>
Provision/(recovery of provision) for impairment during the period	18 011 101	3 947 279	(420 379)	102 597	970 316	105 264	22 716 178
Provision used on sale of loans	(807 794)	(315 606)	(2 175)	(95 433)	(87 210)	(72 737)	(1 380 955)
Write-off of loans against allowance for impairment	(19 532 344)	(4 927 969)	-	-	(1 832 265)	(10 840)	(26 303 418)
Recovery of written-off loans	567 683	242 679	-	-	43 208	-	853 570
<b>Provision for impairment of loans to individuals at 30 September 2015</b>	<b>21 276 539</b>	<b>4 795 744</b>	<b>2 585 270</b>	<b>192 825</b>	<b>1 113 124</b>	<b>932 321</b>	<b>30 895 823</b>



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**Notes to the Consolidated Condensed Interim Financial Information (Unaudited) – 30 September 2016**

**9 Loans and Advances to Customers (Continued)**

Movements in the provision for impairment of loans to individuals during the three-month period ended 30 September 2015 are as follows:

<i>In thousands of Russian Roubles</i>	<b>Consumer loans</b>	<b>Credit cards</b>	<b>Car loans</b>	<b>Mortgage loans</b>	<b>SME loans</b>	<b>Other loans</b>	<b>Total</b>
<b>Provision for impairment of loans to individuals at 30 June 2015</b>	<b>21 710 770</b>	<b>5 169 281</b>	<b>3 174 922</b>	<b>194 386</b>	<b>1 396 791</b>	<b>923 920</b>	<b>32 570 070</b>
Provision/(recovery of provision) for impairment during the period	4 714 765	983 039	(589 652)	54 688	207 987	28 787	5 399 614
Provision used on sale of loans	(488 383)	(190 456)	-	(56 249)	(53 486)	(12 420)	(800 994)
Write-off of loans against allowance for impairment	(4 716 047)	(1 189 828)	-	-	(442 389)	(7 966)	(6 356 230)
Recovery of written-off loans	55 434	23 708	-	-	4 221	-	83 363
<b>Provision for impairment of loans to individuals at 30 September 2015</b>	<b>21 276 539</b>	<b>4 795 744</b>	<b>2 585 270</b>	<b>192 825</b>	<b>1 113 124</b>	<b>932 321</b>	<b>30 895 823</b>

Movements in the provision for impairment of loans to corporate customers during the nine-month period ended 30 September 2016 are as follows:

<i>In thousands of Russian Roubles</i>	<b>Corporate loans</b>	<b>SME loans</b>	<b>Total</b>
<b>Provision for impairment of loans to corporate customers at 1 January 2016</b>	<b>329 417</b>	<b>41 332</b>	<b>370 749</b>
(Recovery of provision )/provision for impairment during the period	(87 848)	41 698	(46 150)
<b>Provision for impairment of loans to corporate customers at 30 September 2016</b>	<b>241 569</b>	<b>83 030</b>	<b>324 599</b>

Movements in the provision for impairment of loans to corporate customers during the three-month period ended 30 September 2016 are as follows:

<i>In thousands of Russian Roubles</i>	<b>Corporate loans</b>	<b>SME loans</b>	<b>Total</b>
<b>Provision for impairment of loans to corporate customers at 30 June 2016</b>	<b>330 977</b>	<b>36 136</b>	<b>367 113</b>
(Recovery of provision )/provision for impairment during the period	(89 408)	46 894	(42 514)
<b>Provision for impairment of loans to corporate customers at 30 September 2016</b>	<b>241 569</b>	<b>83 030</b>	<b>324 599</b>

**PSC Orient Express Bank****Notes to the Consolidated Condensed Interim Financial Information (Unaudited) – 30 September 2016****9 Loans and Advances to Customers (Continued)**

Movements in the provision for impairment of loans to corporate customers during the nine-month period ended 30 September 2015 are as follows:

<i>In thousands of Russian Roubles</i>	<b>Corporate loans</b>	<b>SME loans</b>	<b>Total</b>
<b>Provision for impairment of loans to corporate customers at 1 January 2015</b>	<b>306 497</b>	<b>45 797</b>	<b>352 294</b>
Provision/(recovery of provision) for impairment during the period	1 328	(4 980)	(3 652)
<b>Provision for impairment of loans to corporate customers at 30 September 2015</b>	<b>307 825</b>	<b>40 817</b>	<b>348 642</b>

Movements in the provision for impairment of loans to corporate customers during the three-month period ended 30 September 2015 are as follows:

<i>In thousands of Russian Roubles</i>	<b>Corporate loans</b>	<b>SME loans</b>	<b>Total</b>
<b>Provision for impairment of loans to corporate customers at 30 June 2015</b>	<b>301 805</b>	<b>40 711</b>	<b>342 516</b>
Provision for impairment during the period	6 020	106	6 126
<b>Provision for impairment of loans to corporate customers at 30 September 2015</b>	<b>307 825</b>	<b>40 817</b>	<b>348 642</b>

During the nine-month period ended 30 September 2016 the Bank disposed of loans and advances to customers under cession agreements with the total gross value of RR 6 660 981 thousand (nine-month period ended 30 September 2015: RR 1 501 197 thousand) for cash proceeds of RR 44 714 thousand (nine-month period ended 30 September 2015: RR 120 242 thousand) and receivable cash proceeds of RR 25 768 thousand (nine-month period ended 30 September 2015: zero). As of the date of disposal these loans were provided for impairment in the total amount of RR 6 590 499 thousand (nine-month period ended 30 September 2015: RR 1 380 955 thousand). In addition the Bank disposed of loans previously written-off in the amount of RR 12 262 945 thousand for cash proceeds RR 95 428 thousand recognised in the consolidated condensed interim statement of profit or loss and other comprehensive income. The loans were disposed of by transferring the contractual rights to receive the cash flows to other banks, collection agencies, other legal entities and related parties (Note 26).

During the three-month period ended 30 September 2016 the Bank disposed of loans and advances to customers under cession agreements with the total gross value of RR 416 683 thousand (three-month period ended 30 September 2015: RR 825 921 thousand) for cash proceeds of RR 25 516 thousand (three-month period ended 30 September 2015: RR 24 927 thousand) and receivable cash proceeds of zero (three-month period ended 30 September 2015: zero). As of the date of disposal these loans were provided for impairment in the total amount of RR 391 167 thousand (three-month period ended 30 September 2015: RR 800 994 thousand). In addition the Bank disposed of loans previously written-off in the amount of RR 6 535 160 thousand for cash proceeds RR 18 639 thousand recognised in the consolidated condensed interim statement of profit or loss and other comprehensive income. The loans were disposed of by transferring the contractual rights to receive the cash flows to other banks, collection agencies, other legal entities and related parties (Note 26).

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**Notes to the Consolidated Condensed Interim Financial Information (Unaudited) – 30 September 2016**

**9 Loans and Advances to Customers (Continued)**

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

<i>In thousands of Russian Roubles</i>	<b>30 September 2016</b>		<b>31 December 2015</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
Individuals	83 086 169	95.5	113 067 605	95.9
Financial services	2 752 077	3.2	3 791 163	3.2
Trade	379 144	0.4	475 484	0.4
Manufacturing	258 953	0.3	234 019	0.2
Other	496 038	0.6	340 861	0.3
<b>Total loans and advances to customers (gross)</b>	<b>86 972 381</b>	<b>100.0</b>	<b>117 909 132</b>	<b>100.0</b>

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**Notes to the Consolidated Condensed Interim Financial Information (Unaudited) – 30 September 2016**

**9 Loans and Advances to Customers (Continued)**

Analysis of credit quality of loans to individuals outstanding at 30 September 2016 is as follows:

<i>In thousands of Russian Rouble</i>	Consumer loans	Credit cards	Car loans	Mortgage loans	SME loans	Other loans	Total
<b>Neither past due nor impaired</b>							
Non classified loans	1 020 527	1 963 160	35 284	269 256	-	-	3 288 227
Loans without overdue payments at reporting date							
- Loans with all payments (more than six), from origination date to reporting date, being done on time	5 559 831	4 461 362	245 012	481 304	153 562	-	10 901 071
- Loans with history of 1 to 6 on-time payments and no past due payments	2 735 836	11 250 149	50 355	1 125 665	-	273 443	15 435 448
- Loans with history of past due payments of up to 15 days	10 911 434	10 590 065	608 079	469 392	459 431	487 538	23 525 939
- Loans with history of past due payments of up to 30 days	2 469 463	2 317 522	141 456	87 482	80 992	244 452	5 341 367
- Loans with history of past due payments over 30 days	2 956 380	1 113 193	174 497	122 266	106 573	749 642	5 222 551
<b>Total neither past due nor impaired (gross)</b>	<b>25 653 471</b>	<b>31 695 451</b>	<b>1 254 683</b>	<b>2 555 365</b>	<b>800 558</b>	<b>1 755 075</b>	<b>63 714 603</b>
<b>Overdue but not impaired loans</b>							
- Loans with payments that are overdue by no more than 30 days at reporting date	2 042 404	1 218 027	66 477	198 861	43 549	130 121	3 699 439
- Loans with payments that are overdue by more than 30 days at reporting date but are fully collateralized	10 273	169	81 709	64 649	5 889	652 894	815 583
<b>Total overdue but not impaired loans</b>	<b>2 052 677</b>	<b>1 218 196</b>	<b>148 186</b>	<b>263 510</b>	<b>49 438</b>	<b>783 015</b>	<b>4 515 022</b>
<b>Loans determined to be impaired</b>							
Loans with payments that are overdue by 31 – 90 days	1 367 384	618 171	32 027	5 132	24 485	855	2 048 054
Non-performing loans (loans overdue by 91 or more days)							
- Loans with payments that are overdue by 91 – 180 days	1 975 174	665 052	44 745	2 923	44 693	2 587	2 735 174
- Loans with payments that are overdue by 181 – 360 days	4 881 580	1 301 794	141 439	4 787	150 531	7 955	6 488 086
- Loans with payments that are overdue over 360 days	-	-	2 122 591	183 651	-	1 278 988	3 585 230
<b>Total non-performing loans (loans overdue by 91 or more days)</b>	<b>6 856 754</b>	<b>1 966 846</b>	<b>2 308 775</b>	<b>191 361</b>	<b>195 224</b>	<b>1 289 530</b>	<b>12 808 490</b>
<b>Total overdue loans (gross)</b>	<b>8 224 138</b>	<b>2 585 017</b>	<b>2 340 802</b>	<b>196 493</b>	<b>219 709</b>	<b>1 290 385</b>	<b>14 856 544</b>
<b>Total loans and advances to individuals (gross)</b>	<b>35 930 286</b>	<b>35 498 664</b>	<b>3 743 671</b>	<b>3 015 368</b>	<b>1 069 705</b>	<b>3 828 475</b>	<b>83 086 169</b>
<b>Less impairment provisions</b>	<b>(6 935 137)</b>	<b>(2 424 656)</b>	<b>(2 262 870)</b>	<b>(204 640)</b>	<b>(197 459)</b>	<b>(806 865)</b>	<b>(12 831 627)</b>
<b>Total loans and advances to individuals</b>	<b>28 995 149</b>	<b>33 074 008</b>	<b>1 480 801</b>	<b>2 810 728</b>	<b>872 246</b>	<b>3 021 610</b>	<b>70 254 542</b>

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**9 Loans and Advances to Customers (Continued)**

Analysis of credit quality of loans to corporate customers outstanding at 30 September 2016 is as follows:

<i>In thousands of Russian Roubles</i>	<b>Corporate loans</b>	<b>SME loans</b>	<b>Total</b>
<b>Neither past due nor impaired</b>			
Non classified loans	-	-	-
Loans with all payments (more than six), from origination date to reporting date, being done on time	2 954 533	7 304	2 961 837
Other current loans	466 717	112 778	579 495
<b>Total neither past due nor impaired (gross)</b>	<b>3 421 250</b>	<b>120 082</b>	<b>3 541 332</b>
<b>Overdue but not impaired loans</b>			
- Loans with payments that are overdue by no more than 30 days at reporting date	-	36 299	36 299
- Loans with payments that are overdue by more than 30 days at reporting date but are fully collateralized	12 100	490	12 590
<b>Total overdue but not impaired loans</b>	<b>12 100</b>	<b>36 789</b>	<b>48 889</b>
<b>Loans individually determined to be impaired</b>			
Non-performing loans (loans overdue by 91 or more days)	211 981	84 010	295 991
- Loans with payments that are overdue over 360 days	211 981	84 010	295 991
<b>Total non-performing loans (loans overdue by 91 or more days)</b>	<b>211 981</b>	<b>84 010</b>	<b>295 991</b>
<b>Total individually impaired loans (gross)</b>	<b>211 981</b>	<b>84 010</b>	<b>295 991</b>
<b>Total loans and advances to legal entities (gross)</b>	<b>3 645 331</b>	<b>240 881</b>	<b>3 886 212</b>
<b>Less impairment provisions</b>	<b>(241 569)</b>	<b>(83 030)</b>	<b>(324 599)</b>
<b>Total loans and advances to legal entities</b>	<b>3 403 762</b>	<b>157 851</b>	<b>3 561 613</b>

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**Notes to the Consolidated Condensed Interim Financial Information (Unaudited) – 30 September 2016**

**9 Loans and Advances to Customers (Continued)**

Analysis of credit quality of loans to individuals outstanding at 31 December 2015 is as follows:

<i>In thousands of Russian Rouble</i>	<b>Consumer loans</b>	<b>Credit cards</b>	<b>Car loans</b>	<b>SME loans</b>	<b>Mortgage loans</b>	<b>Other loans</b>	<b>Total</b>
<b>Neither past due nor impaired</b>							
Non classified loans	1 277 607	2 207 583	-	-	136 761	-	3 621 951
Loans without overdue payments at reporting date							
- Loans with all payments (more than six), from origination date to reporting date, being done on time	12 446 516	2 750 419	667 648	504 145	339 005	-	16 707 733
- Loans with history of 1 to 6 on-time payments and no past due payments	4 892 854	4 585 780	1 460	-	198 270	400 668	10 079 032
- Loans with history of past due payments of up to 15 days	17 773 009	8 522 093	1 212 872	1 036 028	271 896	657 755	29 473 653
- Loans with history of past due payments of up to 30 days.	3 471 221	2 140 499	277 892	158 856	76 575	354 820	6 479 863
- Loans with history of past due payments over 30 days	2 943 036	1 381 583	272 215	171 197	119 969	862 250	5 750 250
<b>Total neither past due nor impaired (gross)</b>	<b>42 804 243</b>	<b>21 587 957</b>	<b>2 432 087</b>	<b>1 870 226</b>	<b>1 142 476</b>	<b>2 275 493</b>	<b>72 112 482</b>
<b>Overdue but not impaired loans</b>							
- Loans with payments that are overdue by no more than 30 days at reporting date	2 718 950	921 765	121 125	87 863	80 977	214 973	4 145 653
- Loans with payments that are overdue by more than 30 days at reporting date but are fully collateralized	21 608	443	159 662	20 456	79 925	1 012 623	1 294 717
<b>Total overdue but not impaired loans</b>	<b>2 740 558</b>	<b>922 208</b>	<b>280 787</b>	<b>108 319</b>	<b>160 902</b>	<b>1 227 596</b>	<b>5 440 370</b>
<b>Loans determined to be impaired</b>							
Loans with payments that are overdue by 31 – 90 days	4 294 069	693 666	96 191	92 371	1 683	2 020	5 180 000
Non-performing loans (loans overdue by 91 or more days)							
- Loans with payments that are overdue by 91 – 180 days	7 833 570	1 001 595	160 999	182 192	6 387	9 097	9 193 840
- Loans with payments that are overdue by 181 – 360 days	13 503 830	3 007 605	570 862	687 741	12 537	40 247	17 822 822
- Loans with payments that are overdue over 360 days	-	-	2 032 345	-	164 146	1 121 600	3 318 091
<b>Total non-performing loans (loans overdue by 91 or more days)</b>	<b>21 337 400</b>	<b>4 009 200</b>	<b>2 764 206</b>	<b>869 933</b>	<b>183 070</b>	<b>1 170 944</b>	<b>30 334 753</b>
<b>Total overdue loans (gross)</b>	<b>25 631 469</b>	<b>4 702 866</b>	<b>2 860 397</b>	<b>962 304</b>	<b>184 753</b>	<b>1 172 964</b>	<b>35 514 753</b>
<b>Total loans and advances to individuals (gross)</b>	<b>71 176 270</b>	<b>27 213 031</b>	<b>5 573 271</b>	<b>2 940 849</b>	<b>1 488 131</b>	<b>4 676 053</b>	<b>113 067 605</b>
<b>Less impairment provisions</b>	<b>(21 264 900)</b>	<b>(4 099 314)</b>	<b>(2 711 381)</b>	<b>(834 882)</b>	<b>(188 607)</b>	<b>(871 230)</b>	<b>(29 970 314)</b>
<b>Total loans and advances to individuals</b>	<b>49 911 370</b>	<b>23 113 717</b>	<b>2 861 890</b>	<b>2 105 967</b>	<b>1 299 524</b>	<b>3 804 823</b>	<b>83 097 291</b>

**PSC Orient Express Bank**

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**9 Loans and Advances to Customers (Continued)**

Analysis of credit quality of loans to corporate customers outstanding at 31 December 2015 is as follows:

	Corporate loans	Reverse sale and repurchase agreements	SME loans	Total
<i>In thousands of Russian Roubles</i>				
<b>Neither past due nor impaired</b>				
Non classified loans	3 604 584	-	-	3 604 584
Loans with all payments (more than six), from origination date to reporting date, being done on time	317 723	-	23 987	341 710
Other current loans	195 649	240 186	890	436 725
<b>Total neither past due nor impaired (gross)</b>	<b>4 117 956</b>	<b>240 186</b>	<b>24 877</b>	<b>4 383 019</b>
<b>Overdue but not impaired loans</b>				
- Loans with payments that are overdue by no more than 30 days at reporting date	-	-	73 704	73 704
- Loans with payments that are overdue by more than 30 days at reporting date but are fully collateralized	5 016	-	3 317	8 333
<b>Total overdue but not impaired loans</b>	<b>5 016</b>	<b>-</b>	<b>77 021</b>	<b>82 037</b>
<b>Loans individually determined to be impaired</b>				
Non-performing loans (loans overdue by 91 or more days)				
- Loans with payments that are overdue over 360 days	320 526	-	55 945	376 471
Total non-performing loans (loans overdue by 91 or more days)	320 526	-	55 945	376 471
<b>Total individually impaired loans (gross)</b>	<b>320 526</b>	<b>-</b>	<b>55 945</b>	<b>376 471</b>
<b>Total loans and advances to legal entities (gross)</b>	<b>4 443 498</b>	<b>240 186</b>	<b>157 843</b>	<b>4 841 527</b>
<b>Less impairment provisions</b>	<b>(329 417)</b>	<b>-</b>	<b>(41 332)</b>	<b>(370 749)</b>
<b>Total loans and advances to legal entities</b>	<b>4 114 081</b>	<b>240 186</b>	<b>116 511</b>	<b>4 470 778</b>

The Group applied the portfolio provisioning methodology prescribed by IAS 39, *Financial Instruments: Recognition and Measurement*, and created portfolio provisions for impairment losses that were incurred, but have not been specifically identified with any individual loan, by the end of the reporting period. The Group's policy is to classify each loan as 'neither past due nor impaired' until specific objective evidence of impairment of the loan is identified. The impairment provisions may exceed the total gross amount of individually impaired loans as a result of this policy and the portfolio impairment methodology.

The Group's internal ratings scale includes the following categories:

- Non classified loans – loans originated close to the reporting date. No payments were due on those loans from the date of origination to the reporting date, and there is no evidence of impairment at the reporting date.

**9 Loans and Advances to Customers (Continued)**

- Loans without overdue payments at reporting date, consisting of:
  - Loans with all payments (more than six payments), from origination date to reporting date, being done on time;
  - Other loans without overdue payments at reporting date – loans with no overdue payments at reporting date, but with at least one past due payment, from origination date to reporting date, which was paid by the reporting date.
- Other loans – include all other loans that do not fall into categories set out above.

Loans to entrepreneurs-individuals are classified as SME loans to individuals; loans to SME legal entities are classified as SME corporate loans.

The primary factors that the Group considers in determining whether a loan is impaired are its overdue status and the Group's ability to sell any related collateral for more than the current outstanding loan balance.

Past due, but not impaired, loans include loans with payments that are overdue by more than 30 days at reporting date but are fully collateralized and loans with payments that are overdue by no more than 30 days at reporting date. The amount reported as past due but not impaired is the whole balance of such loans, not only the individual instalments that are past due.

**10 Investment Properties**

<i>In thousands of Russian Roubles</i>	<b>Nine-Month Period Ended 30 September 2016</b>	<b>Nine-Month Period Ended 30 September 2015</b>
<b>Investment properties at fair value at 1 January</b>	<b>1 491 000</b>	<b>1 440 521</b>
Expenditure on enhancements	-	22 368
<b>Investment properties at fair value at 30 September</b>	<b>1 491 000</b>	<b>1 462 889</b>

<i>In thousands of Russian Roubles</i>	<b>Three-Month Period Ended 30 September 2016</b>	<b>Three-Month Period Ended 30 September 2015</b>
<b>Investment properties at fair value at 30 June</b>	<b>1 491 000</b>	<b>1 458 106</b>
Expenditure on enhancements	-	4 783
<b>Investment properties at fair value at 30 September</b>	<b>1 491 000</b>	<b>1 462 889</b>

The investment properties were valued on 31 December 2015 at fair value, by an independent, professionally qualified valuer who has recent experience in valuing similar properties in the Russian Federation.



**PSC Orient Express Bank**  
**Notes to the Consolidated Condensed Interim Financial Information (Unaudited) – 30 September 2016**

**11 Other Assets**

<i>In thousands of Russian Roubles</i>	<b>30 September 2016</b>	<b>31 December 2015</b>
<b>Other financial assets</b>		
Debts of individuals	676 100	-
Settlements with payment systems	426 767	567 286
Settlements with exchanges	341 215	3 363 322
Debtors for sale of loans	221 452	178 067
Accounts receivable	153 211	182 365
Other financial assets	161 635	142 410
<b>Total gross other financial assets</b>	<b>1 980 380</b>	<b>4 433 450</b>
Less: Provision for impairment of other financial assets	(1 160 333)	(387 556)
<b>Total other financial assets</b>	<b>820 047</b>	<b>4 045 894</b>
<b>Other non-financial assets</b>		
Prepayment for profit tax	785 020	34 747
Prepayments for services and equipment	548 654	350 606
Repossessed collateral	240 508	291 741
Other non-financial assets	7 981	-
<b>Total gross other non-financial assets</b>	<b>1 582 163</b>	<b>677 094</b>
Less: Provision for impairment of other non-financial assets	(62 195)	(62 195)
<b>Total other non-financial assets</b>	<b>1 519 968</b>	<b>614 899</b>
<b>Total other assets</b>	<b>2 340 015</b>	<b>4 660 793</b>

Settlements with exchanges represent a security deposit for trading in foreign currency. The amount of the deposit depends on the size of the deals. The exchanges block the balances and the Bank's access to money is thus restricted until the relevant deals are complete.

Settlements with payment systems represent amounts placed with international credit card companies to ensure continuous processing of credit card payments.

Repossessed collateral is represented by real estate, cars, inventory and other items acquired by the Group in settlement of overdue loans. The Group expects to dispose of the assets in the foreseeable future.

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**11 Other Assets (Continued)**

Movements in the provision for impairment of other assets during the nine-month period ended 30 September 2016 are as follows:

	Accounts receivable	Prepayments for services and equipment	Debtor for sale of loans	Debts of individuals	Other financial assets	Total
<i>In thousands of Russian Roubles</i>						
<b>Provision for impairment at 1 January 2016</b>	<b>85 400</b>	<b>62 195</b>	<b>178 067</b>	<b>-</b>	<b>124 089</b>	<b>449 751</b>
Provision for impairment during the period	73 382	-	43 385	676 100	19 433	812 300
Write-off of accounts receivable against allowance for impairment	(39 523)	-	-	-	-	(39 523)
<b>Provision for impairment at 30 September 2016</b>	<b>119 259</b>	<b>62 195</b>	<b>221 452</b>	<b>676 100</b>	<b>143 522</b>	<b>1 222 528</b>

Movements in the provision for impairment of other assets during the three-month period ended 30 September 2016 are as follows:

	Accounts receivable	Prepayments for services and equipment	Debtor for sale of loans	Debts of individuals	Other financial assets	Total
<i>In thousands of Russian Roubles</i>						
<b>Provision for impairment at 30 June 2016</b>	<b>98 967</b>	<b>62 195</b>	<b>178 067</b>	<b>323 828</b>	<b>142 464</b>	<b>580 575</b>
Provision for impairment during the period	54 986	-	43 385	352 272	1 058	451 701
Write-off of accounts receivable against allowance for impairment	(34 694)	-	-	-	-	(34 694)
<b>Provision for impairment at 30 September 2016</b>	<b>119 259</b>	<b>62 195</b>	<b>221 452</b>	<b>676 100</b>	<b>143 522</b>	<b>1 222 528</b>

Movements in the provision for impairment of other assets during the nine-month period ended 30 September 2015 are as follows:

	Accounts receivable	Prepayments for services and equipment	Debtor for sale of loans	Other financial assets	Total
<i>In thousands of Russian Roubles</i>					
<b>Provision for impairment at 1 January 2015</b>	<b>79 321</b>	<b>62 195</b>	<b>144 288</b>	<b>95 926</b>	<b>381 730</b>
Provision for impairment during the period	14 665	-	33 697	16 076	64 438
Write-off of accounts receivable against allowance for impairment	(7 106)	-	-	-	(7 106)
<b>Provision for impairment at 30 September 2015</b>	<b>86 880</b>	<b>62 195</b>	<b>177 985</b>	<b>112 002</b>	<b>439 062</b>

**PSC Orient Express Bank**  
**Notes to the Consolidated Condensed Interim Financial Information (Unaudited) – 30 September 2016**

**11 Other Assets (Continued)**

Movements in the provision for impairment of other assets during the three-month period ended 30 September 2015 are as follows:

	Accounts receivable	Prepayments for services and equipment	Debtor for sale of loans	Other financial assets	Total
<i>In thousands of Russian Roubles</i>					
<b>Provision for impairment at 30 June 2015</b>	<b>108 099</b>	<b>62 195</b>	<b>177 488</b>	<b>102 632</b>	<b>450 414</b>
(Recovery of provision) / provision for impairment during the period	(19 269)	-	497	9 370	(9 402)
Write-off of accounts receivable against allowance for impairment	(1 950)	-	-	-	(1 950)
<b>Provision for impairment at 30 September 2015</b>	<b>86 880</b>	<b>62 195</b>	<b>177 985</b>	<b>112 002</b>	<b>439 062</b>

**12 Due to Other Banks**

	30 September 2016	31 December 2015
<i>In thousands of Russian Roubles</i>		
Direct sale and repurchase agreements	13 193 596	-
Liability to return collateral sold or repledged	354 870	996 491
Loans from Russian commercial banks	104 127	356 687
Correspondent accounts and overnight placements of other banks	6 454	7 469
Direct sale and repurchase agreements with CBRF	-	29 197 264
<b>Total due to other banks</b>	<b>13 659 047</b>	<b>30 557 911</b>

**13 Customer Accounts**

	30 September 2016	31 December 2015
<i>In thousands of Russian Roubles</i>		
<b>Individuals</b>		
- Term deposits	85 422 438	100 608 321
- Current/demand accounts	13 284 926	11 946 215
<b>Corporate customers</b>		
- Term deposits	1 150 120	2 286 010
- Current/settlement accounts	2 370 189	2 258 247
- Liability to return collateral sold or repledged	-	285 290
<b>State and public organisations</b>		
- Term deposits	126 110	490 508
- Current/settlement accounts	30 412	61 029
<b>Total customer accounts</b>	<b>102 384 195</b>	<b>117 935 620</b>

**PSC Orient Express Bank**  
**Notes to the Consolidated Condensed Interim Financial Information (Unaudited) – 30 September 2016**

**13 Customer Accounts (Continued)**

Economic sector concentrations within customer accounts are as follows:

<i>In thousands of Russian Roubles</i>	<b>30 September 2016</b>		<b>31 December 2015</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
Individuals	98 707 364	96.3	112 554 536	95.5
Wholesale and retail trade	830 409	0.8	853 265	0.7
Financial services	686 364	0.7	1 482 806	1.3
Construction	501 712	0.5	508 482	0.4
Manufacturing	387 733	0.4	637 716	0.6
Real estate, renting	228 922	0.2	358 820	0.3
Transport, storage and communications	142 837	0.1	150 067	0.1
Health and social work	76 741	0.1	37 363	-
Trade unions, non-for-profit organizations, individuals entrepreneurs	76 679	0.1	282 751	0.2
Education	62 581	0.1	36 657	-
Agriculture, hunting and forestry	62 129	0.1	159 666	0.1
Hotels and restaurants	55 736	0.1	81 516	0.1
Electricity, gas and water supply	14 018	-	70 184	0.1
Fishing	435	-	4 572	-
Other	550 535	0.5	717 219	0.6
<b>Total customer accounts</b>	<b>102 384 195</b>	<b>100.0</b>	<b>117 935 620</b>	<b>100.0</b>

At 30 September 2016 deposits and current accounts of the Group's ten largest depositors amounted to RR 2 305 645 thousand or 2.3% of total customer accounts (31 December 2015: RR 2 672 937 thousand or 2.3%).

The Group has several deposits from related parties. Information on related party deposits is disclosed in Note 26.

**14 Debt Securities in Issue**

<i>In thousands of Russian Roubles</i>	<b>30 September 2016</b>	<b>31 December 2015</b>
Promissory notes	24 555	237 722
Bonds issued on domestic market, 7th tranche (RR 5 000 000 thousand), matures in July 2018	9 817	29 593
<b>Total debt securities in issue</b>	<b>34 372</b>	<b>267 315</b>

**PSC Orient Express Bank**  
**Notes to the Consolidated Condensed Interim Financial Information (Unaudited) – 30 September 2016**

**15 Other Liabilities**

<i>In thousands of Russian Roubles</i>	<b>30 September 2016</b>	<b>31 December 2015</b>
<b>Other financial liabilities</b>		
Accrued expenses	422 609	310 513
Accounts payable	49 165	92 344
Foreign currency spots	6 967	159 614
Foreign currency forwards	-	11 444
Other	58 077	51 993
<b>Total other financial liabilities</b>	<b>536 818</b>	<b>625 908</b>
<b>Other non-financial liabilities</b>		
Taxes other than on income	470 054	419 794
Provision for legal claims	266 772	269 001
Accrued vacation liability to employees	178 274	101 892
Accrued salary	156 176	15
Accrued short-term bonuses	152 394	145 547
Current tax liability	21 474	14 349
Other	1	2 341
<b>Total other non-financial liabilities</b>	<b>1 245 145</b>	<b>952 939</b>
<b>Total other liabilities</b>	<b>1 781 963</b>	<b>1 578 847</b>

The provision for legal claims represents the present value of the management's best estimate of the future outflows of economic benefits that will be required under the Group's obligation to reimburse some credit related commissions that the Group collected from its customers before such practice of Russian banks was questioned by the courts. The estimate has been made on the basis of historical trends for such claims and court practice and may vary as a result of new developments in the legislation and business practice.

**16 Subordinated Debt**

<i>In thousands of Russian Roubles</i>		<b>30 September 2016</b>	<b>31 December 2015</b>
Subordinated USD denominated notes due in May 2019	a	7 969 020	8 892 505
Subordinated RR denominated bonds due in Aug 2018	b	2 805 993	3 880 993
Subordinated USD denominated notes due in June 2017	c	1 883 429	2 095 139
Subordinated convertible RR denominated bonds due in May 2020	d	628 273	578 631
<b>Total subordinated debt</b>		<b>13 286 715</b>	<b>15 447 268</b>

a) In November 2013 the Bank issued USD denominated subordinated notes in the amount of USD 125 000 thousand (equivalent of RR 4 141 650 thousand). The notes bear a fixed interest rate of 12% per annum payable semi-annually from the issuance until 29 May 2019.

b) In February 2013 the Bank issued on the Moscow Exchange a tranche of non-convertible subordinated bonds with a nominal amount of RR 4 500 000 thousand with a coupon rate of 13.6% per annum payable semi-annually until maturity on 9 August 2018. In March 2016 the Bank repurchased subordinated notes with the nominal amount of RUR 222 000 thousand. In May 2016 the Bank repurchased subordinated notes with the nominal amount of RUR 663 134 thousand. In June 2016 the Bank repurchased subordinated notes with the nominal amount of RUR 50 000 thousand.

**PSC Orient Express Bank****Notes to the Consolidated Condensed Interim Financial Information (Unaudited) – 30 September 2016****16 Subordinated Debt (Continued)**

- c) In June 2007 the Group issued USD denominated subordinated notes in the amount of USD 43 000 thousand. The notes bear a fixed interest rate of 8.17% payable semi-annually until maturity on 26 June 2017.
- d) In December 2014 the Bank issued on the Moscow Exchange a tranche of convertible subordinated bonds with a nominal amount of RR 733 919 thousand with a coupon rate of 18% per annum payable semi-annually until maturity on 28 May 2020. The equity component of this instrument is disclosed as a separate line item in the balance sheet.

The debt ranks after all other creditors in the case of liquidation.

**17 Share Capital**

Statutory capital authorised, issued and fully paid comprises:

<i>In thousands of Russian Roubles except for number of shares</i>	<b>Number of Ordinary outstanding shares</b>	<b>Number of Preference outstanding shares</b>	<b>Ordinary shares</b>	<b>Preference shares</b>	<b>Total</b>
<b>At 1 January 2015</b>	<b>86 352 829 088</b>	<b>20 000</b>	<b>863 528</b>	-	<b>863 528</b>
New shares issued	255 800 000 000	-	2 558 000	-	2 558 000
<b>At 30 September 2015</b>	<b>342 152 829 088</b>	<b>20 000</b>	<b>3 421 528</b>	-	<b>3 421 528</b>
<b>At 1 January 2016</b>	<b>342 152 829 088</b>	<b>20 000</b>	<b>3 421 528</b>	-	<b>3 421 528</b>
New shares issued	300 000 000 000	-	3 000 000	-	3 000 000
<b>At 30 September 2016</b>	<b>642 152 829 088</b>	<b>20 000</b>	<b>6 421 528</b>	-	<b>6 421 528</b>

All ordinary shares carry equal rights and have a nominal value of RR 0.01. Preference shares have a nominal value of RR 0.01 and are not redeemable, carry no voting rights but rank ahead of the ordinary shares in the event of liquidation of the Bank. Holders of the preference shares are entitled to receive annual dividends of RR 0.017 per share subject to approval at the general meeting of shareholders. Share premium represents the excess of contributions received over the nominal value of shares issued. If the dividends are not paid, preference shares carry the right to vote at annual and general meetings until the dividends are paid.

In June 2015 the Bank issued 255 800 000 000 ordinary shares with nominal value of RR 0.01 per share. Evizon Holdings Limited purchased 200 000 000 000 shares, the Troyte Investments Limited – 49 000 000 000 shares, Alexander Taranov – 6 800 000 000 shares. Issue of shares resulted in increase in share capital of RR 2 558 000 thousand.

In June 2016 the Bank issued 300 000 000 000 ordinary shares with nominal value of RR 0.01 per share. Uniastrum Bank purchased 160 500 000 000 shares, the Evizon Holdings Limited – 139 500 000 000 shares. Issue of shares resulted in increase in share capital of RR 3 000 000 thousand.

**PSC Orient Express Bank****Notes to the Consolidated Condensed Interim Financial Information (Unaudited) – 30 September 2016****18 Interest Income and Expense**

<i>In thousands of Russian Roubles</i>	<b>Nine-Month Period Ended 30 September</b>		<b>Three-Month Period Ended 30 September</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
<b>Interest income</b>				
Loans and advances to individuals	18 487 419	27 379 090	6 167 171	9 038 709
Securities and securities pledged under repurchase agreements	2 384 967	1 933 540	514 233	691 257
Loans and advances to corporate customers	416 633	139 180	156 210	10 056
Interest income on reverse repo	151 503	213 270	78 397	94 224
Due from other banks	45 119	159 269	30 441	34 801
<b>Total Interest income</b>	<b>21 485 641</b>	<b>29 824 349</b>	<b>6 946 452</b>	<b>9 869 047</b>
<b>Interest expense</b>				
Term deposits of individuals	7 936 648	11 389 150	2 421 504	3 836 654
Subordinated debt	1 305 048	1 274 704	416 323	391 853
Interest expense on direct repo transactions	1 033 015	195 420	201 437	54 310
Term deposits of legal entities	135 204	671 504	37 950	149 648
Term deposits of other banks	83 632	410 582	17 952	59 733
Debt securities issued	34 578	528 982	12 322	72 676
Current/settlement accounts	6 743	41 134	1 588	7 318
Other borrowed funds	-	99 584	-	6 972
<b>Total Interest expense</b>	<b>10 534 868</b>	<b>14 611 060</b>	<b>3 109 076</b>	<b>4 579 164</b>
<b>Net interest income</b>	<b>10 950 773</b>	<b>15 213 289</b>	<b>3 837 376</b>	<b>5 289 883</b>

**PSC Orient Express Bank**

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**19 Fee and Commission Income and Expense**

<i>In thousands of Russian Roubles</i>	<b>Nine-Month Period Ended 30 September</b>		<b>Three-Month Period Ended 30 September</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Insurance agency commissions	2 782 022	2 916 802	1 107 755	845 570
Commission on settlement and foreign currency exchange	443 217	371 634	188 461	111 462
Commission on plastic cards	197 008	187 848	96 447	98 040
Commission on sms information	155 927	120 027	68 536	40 887
Agency fees	111 053	59 385	35 885	20 871
Commission on cash transactions	28 604	41 018	9 944	12 517
Commissions received for withdrawals of cash from ATMs of other banks	18 968	34 914	7 001	5 249
Commission for account maintenance	14 811	114 793	4 852	22 646
Other	70 809	72 640	33 962	14 187
<b>Total fee and commission income</b>	<b>3 822 419</b>	<b>3 919 061</b>	<b>1 552 843</b>	<b>1 171 429</b>
Collection agency fees	659 031	541 673	286 185	198 428
Commission on settlement and foreign currency exchange	100 699	82 262	38 313	34 368
Cash collection	34 983	39 277	9 476	11 496
Commissions paid to other banks for clients' withdrawals from their ATMs	18 968	34 914	7 001	5 249
Commission on cash transactions	5 519	11 110	1 881	3 493
Other	7 105	6 005	166	389
<b>Total fee and commission expense</b>	<b>826 305</b>	<b>715 241</b>	<b>343 022</b>	<b>253 423</b>
<b>Net fee and commission income</b>	<b>2 996 114</b>	<b>3 203 820</b>	<b>1 209 821</b>	<b>918 006</b>

The purchase of insurance policy by clients is not a precondition of loan origination, does not affect terms of the loan, and, therefore, insurance agent commissions are not part of the loan effective interest rate, and are recognised as commission income on the effective commencement dates of the related insurance policies.

**20 Administrative and Other Operating Expenses**

<i>In thousands of Russian Roubles</i>	<b>Nine-Month Period Ended 30 September</b>		<b>Three-Month Period Ended 30 September</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Staff costs	2 527 204	2 570 268	912 361	658 553
Social security	631 083	639 441	215 747	133 800
Advertising and marketing	402 763	214 847	171 964	68 757
Taxes other than on income	387 949	297 901	147 845	104 485
Depreciation of premises and equipment	342 577	408 187	107 229	123 776
Deposit insurance fee	333 123	367 445	122 553	113 752
Fines and penalties	330 170	460 690	35 506	188 566
Expenses related to premises and equipment	264 771	251 861	86 964	82 245
IT expenses	258 990	184 377	129 560	97 258
Rent expense	249 646	410 411	104 439	97 532
Communication and postage	229 904	190 771	95 351	59 859
Legal and arbitration costs	206 619	122 719	118 236	11 126
Amortisation of intangible assets	192 411	176 001	74 165	60 585
Security	71 278	89 777	24 232	24 680
Business trip expenses	57 258	36 147	31 694	9 571
Insurance	28 669	44 167	4 618	15 542
Other expenses	446 663	388 733	77 949	132 543
<b>Total administrative and other operating expenses</b>	<b>6 961 078</b>	<b>6 853 743</b>	<b>2 460 413</b>	<b>1 982 630</b>



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**Notes to the Consolidated Condensed Interim Financial Information (Unaudited) – 30 September 2016**

**21 Income Taxes**

Income tax comprised the following:

<i>In thousands of Russian Roubles</i>	<b>Nine-Month Period Ended 30 September</b>		<b>Three-Month Period Ended 30 September</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Current tax	1 037 799	59 402	(74 979)	32 833
Deferred tax	(265 278)	(1 724 041)	948 922	(118 275)
<b>Income tax benefit/(charge) for the period</b>	<b>772 521</b>	<b>(1 664 639)</b>	<b>873 943</b>	<b>(85 442)</b>

The income tax rate applicable to the majority of the Group's income was 20% (2015: 20%).

For the nine-month period ended 30 September 2016 the income tax recorded in other comprehensive income amounts to RR 92 481 thousand (nine-month period ended 30 September 2015: RR 361 thousand).

For the three-month period ended 30 September 2016 the income tax recorded in other comprehensive loss amounts to RR 597 725 thousand (three-month period ended 30 September 2015: RR 264 thousand).

**22 Segment Analysis**

Operating segments are components that engage in business activities that may earn revenues or incur expenses, whose operating results are regularly reviewed by the chief operating decision maker (CODM), and for which discrete financial information is available. The CODM is the person – or group of persons – who allocates resources and assesses the performance for the entity. The functions of the CODM are performed by Chief Executive Officer and executive directors from the Board of Directors of the Group.

**(a) Description of products and services from which each reportable segment derives its revenue**

The Group is organised on the basis of four main business segments:

- Retail banking – includes deposit taking and lending to individuals and individual entrepreneurs, money transfer and foreign exchange services, settlements and cash management;
- Corporate banking – includes deposit taking and lending to corporate clients, small and medium enterprises and settlements, cash management and cash collection;
- Mortgage lending – includes issuing loans to potential owners of certain types of residential properties and secured by the properties. The segment also includes purchase of portfolios of such loans from other banks and selling them both to banks and State Agency for Mortgage Lending;
- Treasury operations – includes trading in securities and currencies, subordinated and interbank loans taking and lending.

**(b) Factors that management used to identify the reportable segments**

The Group's segments are strategic business units that focus on different customers. They are managed separately because each business unit requires different marketing strategies and client services.

**(c) Measurement of operating segment profit or loss, assets and liabilities**

The Group uses IFRS as a measurement basis for segment reporting and evaluates performance of its operating segments on the basis of profit or loss before tax. The accounting policies used for preparation of the segment information are the same as those described in the summary of significant accounting policies.

**PSC Orient Express Bank**  
**Notes to the Consolidated Condensed Interim Financial Information (Unaudited) – 30 September 2016**

**22 Segment Analysis (Continued)**

The CODM reviews financial information prepared based on IFRS accounting policies. Income taxes are not allocated to segments.

The CODM evaluates performance of each segment based on profit before tax.

**(d) Information about reportable segment profit or loss, assets and liabilities**

Segment breakdown of assets and liabilities of the Group is set out below:

<i>In thousands of Russian Roubles</i>	<b>30 September 2016</b>	<b>31 December 2015</b>
Retail banking	108 032 217	118 415 658
Treasury	59 839 573	75 708 738
Corporate banking	9 870 776	5 478 611
Mortgage lending	3 473 369	4 637 750
Unallocated assets	2 787 149	7 170 614
Eliminations	(37 779 311)	(36 043 495)
<b>Total assets</b>	<b>146 223 773</b>	<b>175 367 876</b>
Retail banking	99 179 900	113 049 200
Treasury	54 936 231	72 277 707
Corporate banking	9 061 950	5 230 326
Mortgage lending	3 188 756	4 427 572
Unallocated liabilities	2 558 766	6 845 651
Eliminations	(37 779 311)	(36 043 495)
<b>Total liabilities</b>	<b>131 146 292</b>	<b>165 786 961</b>

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**Notes to the Consolidated Condensed Interim Financial Information (Unaudited) – 30 September 2016**

**22 Segment Analysis (Continued)**

Segment information for the nine months ended 30 September 2016 is set out below:

<i>In thousands of Russian Roubles</i>	<b>Corporate banking</b>	<b>Retail banking</b>	<b>Treasury</b>	<b>Mortgage lending</b>	<b>Unallo- cated</b>	<b>Elimina- tions</b>	<b>Total</b>
Interest income	416 633	20 386 865	2 581 589	868 909	-	(2 768 355)	21 485 641
Interest expense	(359 366)	(7 563 626)	(4 690 770)	(689 461)	-	2 768 355	(10 534 868)
<b>Net interest income</b>	<b>57 267</b>	<b>12 823 239</b>	<b>(2 109 181)</b>	<b>179 448</b>	<b>-</b>	<b>-</b>	<b>10 950 773</b>
Provision for loan impairment	46 150	(8 546 060)	-	(16 657)	-	-	(8 516 567)
<b>Net interest income/(expense) after provision for loan impairment</b>	<b>103 417</b>	<b>4 277 179</b>	<b>(2 109 181)</b>	<b>162 791</b>	<b>-</b>	<b>-</b>	<b>2 434 206</b>
Fee and commission income	312 705	3 509 714	-	-	-	-	3 822 419
Fee and commission expense	-	(778 698)	-	-	(47 607)	-	(826 305)
Result on sale of loans	95 428	-	-	-	-	-	95 428
Operations with securities, net	-	-	3 984 760	-	-	-	3 984 760
Gains less losses arising from dealing in foreign currencies	-	-	1 011 551	-	-	-	1 011 551
Foreign exchange translation gain, net	-	-	67 813	-	-	-	67 813
Other operating income	17 820	3 125	-	-	32 315	-	53 260
Administrative and Other Operating Expenses	(18 280)	(6 424 945)	(457 704)	(39)	(60 110)	-	(6 961 078)
Other provisions	(43 385)	2 228	-	-	(741 733)	-	(782 890)
<b>Profit/(loss) before tax</b>	<b>467 705</b>	<b>588 603</b>	<b>2 497 239</b>	<b>162 752</b>	<b>(817 135)</b>	<b>-</b>	<b>2 899 164</b>
Income tax expense	-	-	-	-	(772 521)	-	(772 521)
<b>PROFIT/(LOSS) FOR THE PERIOD</b>	<b>467 705</b>	<b>588 603</b>	<b>2 497 239</b>	<b>162 752</b>	<b>(1 589 656)</b>	<b>-</b>	<b>2 126 643</b>

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**Notes to the Consolidated Condensed Interim Financial Information (Unaudited) – 30 September 2016**

**22 Segment Analysis (Continued)**

Segment information for the three months ended 30 September 2016 is set out below:

<i>In thousands of Russian Roubles</i>	<b>Corporate banking</b>	<b>Retail banking</b>	<b>Treasury</b>	<b>Mortgage lending</b>	<b>Unallo-cated</b>	<b>Elimina-tions</b>	<b>Total</b>
Interest income	156 210	6 971 030	623 071	61 933	-	(865 792)	6 946 452
Interest expense	(235 546)	(2 409 724)	(1 269 437)	(60 161)	-	865 792	(3 109 076)
<b>Net interest income</b>	<b>(79 336)</b>	<b>4 561 306</b>	<b>(646 366)</b>	<b>1 772</b>	<b>-</b>	<b>-</b>	<b>3 837 376</b>
Provision for loan impairment	42 514	(1 846 126)	-	2 694	-	-	(1 800 918)
<b>Net interest (expense)/income after provision for loan impairment</b>	<b>(36 822)</b>	<b>2 715 180</b>	<b>(646 366)</b>	<b>4 466</b>	<b>-</b>	<b>-</b>	<b>2 036 458</b>
Fee and commission income	124 692	1 428 151	-	-	-	-	1 552 843
Fee and commission expense	-	(332 212)	-	-	(10 810)	-	(343 022)
Result on sale of loans	18 639	-	-	-	-	-	18 639
Operations with securities, net	-	-	3 808 625	-	-	-	3 808 625
Gains less losses arising from dealing in foreign currencies	-	-	40 916	-	-	-	40 916
Foreign exchange translation gain, net	-	-	(11 898)	-	-	-	(11 898)
Other operating income	3 070	2 406	-	-	3 457	-	8 933
Administrative and Other Operating Expenses	(6 943)	(2 275 282)	(160 885)	-	(17 303)	-	(2 460 413)
Other provisions	(43 385)	(15 001)	-	-	(381 134)	-	(439 520)
<b>Profit/(loss) before tax</b>	<b>59 251</b>	<b>1 523 242</b>	<b>3 030 392</b>	<b>4 466</b>	<b>(405 790)</b>	<b>-</b>	<b>4 211 561</b>
Income tax expense	-	-	-	-	(873 943)	-	(873 943)
<b>PROFIT/(LOSS) FOR THE PERIOD</b>	<b>59 251</b>	<b>1 523 242</b>	<b>3 030 392</b>	<b>4 466</b>	<b>(1 279 733)</b>	<b>-</b>	<b>3 337 618</b>

**PSC Orient Express Bank**

**Notes to the Consolidated Condensed Interim Financial Information (Unaudited) – 30 September 2016**

**22 Segment Analysis (Continued)**

Segment information for the nine months ended 30 September 2015 is set out below:

<i>In thousands of Russian Roubles</i>	<b>Corporate banking</b>	<b>Retail banking</b>	<b>Treasury</b>	<b>Mortgage lending</b>	<b>Unallo- cated</b>	<b>Elimina- tions</b>	<b>Total</b>
Interest income	832 549	27 745 939	2 306 079	1 190 990	-	(2 251 208)	29 824 349
Interest expense	(407 542)	(10 962 463)	(4 450 081)	(1 042 182)	-	2 251 208	(14 611 060)
<b>Net interest income</b>	<b>425 007</b>	<b>16 783 476</b>	<b>(2 144 002)</b>	<b>148 808</b>	<b>-</b>	<b>-</b>	<b>15 213 289</b>
Provision for loan impairment	(1 590)	(21 723 010)	-	(987 926)	-	-	(22 712 526)
<b>Net interest income/(expense) after provision for loan impairment</b>	<b>423 417</b>	<b>(4 939 534)</b>	<b>(2 144 002)</b>	<b>(839 118)</b>	<b>-</b>	<b>-</b>	<b>(7 499 237)</b>
Fee and commission income	177 948	3 737 799	-	-	3 314	-	3 919 061
Fee and commission expense	-	(658 849)	-	-	(56 392)	-	(715 241)
Result on sale of loans and debts	441 838	-	-	-	-	-	441 838
Operations with securities, net	-	-	1 190 937	-	-	-	1 190 937
Gains less losses arising from dealing in foreign currencies	-	-	321 067	-	-	-	321 067
Foreign exchange translation gain, net	-	-	519 794	-	-	-	519 794
Other operating income	10 802	3 526	49 593	589	165 667	-	230 177
Administrative and Other Operating Expenses	(41 122)	(6 235 536)	(493 469)	(1 371)	(82 245)	-	(6 853 743)
Other provisions	(44 205)	(36 251)	-	-	(20 232)	-	(100 688)
<b>Profit/(loss) before tax</b>	<b>968 678</b>	<b>(8 128 845)</b>	<b>(556 080)</b>	<b>(839 900)</b>	<b>10 112</b>	<b>-</b>	<b>(8 546 035)</b>
Income tax credit	-	-	-	-	1 664 639	-	1 664 639
<b>PROFIT/(LOSS) FOR THE PERIOD</b>	<b>968 678</b>	<b>(8 128 845)</b>	<b>(556 080)</b>	<b>(839 900)</b>	<b>1 674 751</b>	<b>-</b>	<b>(6 881 396)</b>

**PSC Orient Express Bank**

**Notes to the Consolidated Condensed Interim Financial Information (Unaudited) – 30 September 2016**

**22 Segment Analysis (Continued)**

Segment information for the three months ended 30 September 2015 is set out below:

<i>In thousands of Russian Roubles</i>	<b>Corporate banking</b>	<b>Retail banking</b>	<b>Treasury</b>	<b>Mortgage lending</b>	<b>Unallo- cated</b>	<b>Elimina- tions</b>	<b>Total</b>
Interest income	223 290	9 447 188	820 282	477 549	-	(1 099 262)	9 869 047
Interest expense	148 130	(3 469 200)	(1 829 630)	(527 726)	-	1 099 262	(4 579 164)
<b>Net interest income</b>	<b>371 420</b>	<b>5 977 988</b>	<b>(1 009 348)</b>	<b>(50 177)</b>	<b>-</b>	<b>-</b>	<b>5 289 883</b>
Provision for loan impairment	(11 368)	(4 530 832)	-	(863 540)	-	-	(5 405 740)
<b>Net interest income/(expense) after provision for loan impairment</b>	<b>360 052</b>	<b>1 447 156</b>	<b>(1 009 348)</b>	<b>(913 717)</b>	<b>-</b>	<b>-</b>	<b>(115 857)</b>
Fee and commission income	46 413	1 124 032	-	-	984	-	1 171 429
Fee and commission expense	-	(238 758)	-	-	(14 665)	-	(253 423)
Result on sale of loans and debts	123 047	-	-	-	-	-	123 047
Operations with securities, net	-	-	143 159	-	-	-	143 159
Gains less losses arising from dealing in foreign currencies	-	-	77 327	-	-	-	77 327
Foreign exchange translation gain, net	-	-	356 950	-	-	-	356 950
Other operating income	3 155	662	26 357	196	88 063	-	118 433
Administrative and Other Operating Expenses	(7 024)	(1 644 512)	(327 851)	(397)	(2 846)	-	(1 982 630)
Other provisions	(10 643)	(20 001)	-	-	20 048	-	(10 596)
<b>Profit/(loss) before tax</b>	<b>515 000</b>	<b>668 579</b>	<b>(733 406)</b>	<b>(913 918)</b>	<b>91 584</b>	<b>-</b>	<b>(372 161)</b>
Income tax credit	-	-	-	-	85 442	-	85 442
<b>PROFIT/(LOSS) FOR THE PERIOD</b>	<b>515 000</b>	<b>668 579</b>	<b>(733 406)</b>	<b>(913 918)</b>	<b>177 026</b>	<b>-</b>	<b>(286 719)</b>

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**Notes to the Consolidated Condensed Interim Financial Information (Unaudited) – 30 September 2016**

**22 Segment Analysis (Continued)**

Capital expenditures and depreciation and amortisation charge by the segment for the nine months ended 30 September 2016 is set below:

<i>In thousands of Russian Roubles</i>	<b>Corporate banking</b>	<b>Retail banking</b>	<b>Treasury</b>	<b>Mortgage lending</b>	<b>Unallocated</b>	<b>Total</b>
Capital expenditures	6 297	67 006	38 175	2 216	3 692	117 386
Depreciation and amortisation	28 699	305 380	173 983	10 099	16 827	534 988

Capital expenditures and depreciation and amortisation charge by the segment for the three months ended 30 September 2016 is set below:

<i>In thousands of Russian Roubles</i>	<b>Corporate banking</b>	<b>Retail banking</b>	<b>Treasury</b>	<b>Mortgage lending</b>	<b>Unallocated</b>	<b>Total</b>
Capital expenditures	5 120	39 953	20 463	1 001	1 819	68 356
Depreciation and amortisation	20 207	110 274	46 251	1 340	3 322	181 394

Capital expenditures and depreciation and amortisation charge by the segment for the nine months ended 30 September 2015 is set below:

<i>In thousands of Russian Roubles</i>	<b>Corporate banking</b>	<b>Retail banking</b>	<b>Treasury</b>	<b>Mortgage lending</b>	<b>Unallocated</b>	<b>Total</b>
Capital expenditures	4 617	66 873	31 439	2 388	3 579	108 896
Depreciation and amortisation	24 768	358 749	168 661	12 812	19 198	584 188

Capital expenditures and depreciation and amortisation charge by the segment for the three months ended 30 September 2015 is set below:

<i>In thousands of Russian Roubles</i>	<b>Corporate banking</b>	<b>Retail banking</b>	<b>Treasury</b>	<b>Mortgage lending</b>	<b>Unallocated</b>	<b>Total</b>
Capital expenditures	537	3 802	3 847	355	447	8 988
Depreciation and amortisation	8 440	106 342	58 241	4 676	6 662	184 361

Outstanding credit related commitments (Note 24) by the segment are set out below:

<i>In thousands of Russian Roubles</i>	<b>30 September 2016</b>	<b>31 December 2015</b>
Retail banking	30 372 896	27 760 566
Corporate banking	474 671	904 184
<b>Total credit related commitments</b>	<b>30 847 567</b>	<b>28 664 750</b>

**23 Management of capital**

The Group's objectives when managing capital are (i) to comply with the capital requirements set by the Central Bank of the Russian Federation ("CBRF"), (ii) to safeguard the Group's ability to continue as a going concern and (iii) to maintain a level of capital sufficient to keep the trust of investors, creditors and the market in general (iv) to maintain capital sufficient for further growth of the Group's operations.

**PSC Orient Express Bank****Notes to the Consolidated Condensed Interim Financial Information (Unaudited) – 30 September 2016****23 Management of Capital (Continued)**

Compliance with capital adequacy ratios set by the CBRF is monitored monthly, with reports outlining their calculation reviewed and signed by the Bank's Chief Executive Officer and Chief Accountant. Other objectives of capital management are evaluated annually.

Under the current capital requirements set by the CBRF, banks have to maintain a ratio of regulatory capital to risk weighted assets ("statutory capital ratio") above a prescribed minimum level. If the Bank does not meet the CBRF requirements, certain sanctions may be imposed. Regulatory capital is based on the Bank's reports prepared under Russian accounting standards, which differ significantly from IFRS. The below numbers were disclosed in accounting (financial) statements (prepared under Russian accounting standards) of the Bank at 30 September 2016 and 31 December 2015:

<i>In thousands of Russian Roubles (unaudited)</i>	<b>30 September 2016</b>	<b>31 December 2015</b>
Net assets under Russian GAAP	20 046 688	19 669 808
Less intangible assets	(224 996)	(3 460)
Plus subordinated debt	4 688 352	8 754 463
Other	(2 065 214)	(1 647 499)
<b>Total regulatory capital</b>	<b>22 444 830</b>	<b>26 773 312</b>

The Group's international risk based capital adequacy ratio, computed in accordance with the requirements of the Basel Accord, as defined in the International Convergence of Capital Measurement and Capital Standards (updated April 1998) and the Amendment to the Capital Accord to incorporate market risks (updated November 2005), is commonly known as Basel I. The ratio exceeds the minimum ratio of 8% recommended by Basle Accord for the total capital and of 4% for Tier 1 capital.

The capital adequacy as at 30 September 2016 and 31 December 2015 was computed as follows:

<i>In thousands of Russian Roubles</i>	<b>30 September 2016</b>	<b>31 December 2015</b>
<b>Constituents of capital</b>		
<b>Core capital (Tier 1)</b>		
Share capital, ordinary and fully paid up	6 421 528	3 421 528
Disclosed reserves	8 136 064	6 009 421
<b>Total Tier 1</b>	<b>14 557 592</b>	<b>9 430 949</b>
<b>Supplementary capital (Tier 2)</b>		
Subordinated term debt	6 010 655	4 531 894
Translation and revaluation reserves	336 308	(33 615)
Equity component of convertible debt	183 581	183 581
<b>Total Tier 2</b>	<b>6 530 544</b>	<b>4 681 860</b>
<b>Total capital</b>	<b>21 088 136</b>	<b>14 112 809</b>
<b>Capital adequacy ratio</b>	<b>16.3%</b>	<b>8.6%</b>

The Bank complied with the statutory capital adequacy requirements set by the CBRF as at 30 September 2016 and for the nine-month period then ended.



## **24 Contingencies and Commitments**

**Legal proceedings.** From time to time and in the normal course of business, claims against the Group may be received. The Group was engaged in litigations in relation to loan servicing fees that were charged to borrowers in previous periods. A provision of RR 266 772 thousand (at 31 December 2015: RR 269 001 thousand) was created by Management for these litigations as professional advice has indicated that it is likely that a loss will eventuate (Note 15). On the basis of its own estimates and both internal and external professional advice, the management is of the opinion that no material losses exceeding this provision recorded in this condensed consolidated interim financial information will be incurred in respect of such claims.

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

The Russian transfer pricing legislation is to a large extent aligned with the international transfer pricing principles developed by the Organisation for Economic Cooperation and Development. This legislation provides the possibility for tax authorities to make transfer pricing adjustments and impose additional tax liabilities in respect of controlled transactions (transactions with related parties and some types of transactions with unrelated parties), provided that the transaction price is not on an arm's length basis.

Tax liabilities arising from transactions between companies are determined using actual transaction prices. It is possible, with the evolution of the interpretation of the transfer pricing rules, that such transfer prices could be challenged. The impact of any such challenge cannot be reliably estimated; however, it may be significant to the financial position and/or the overall operations of the Group.

The Group includes companies incorporated outside of Russia. The tax liabilities of the Group are determined on the assumption that these companies are not subject to Russian profits tax, because they do not have a permanent establishment in Russia. This interpretation of relevant legislation may be challenged but the impact of any such challenge cannot be reliably estimated currently; however, it may be significant to the financial position and/or the overall operations of the Group. In 2014, the Controlled Foreign Company (CFC) legislation introduced Russian taxation of profits of foreign companies and non-corporate structures (including trusts) controlled by Russian tax residents (controlling parties). Starting from 2015, CFC income is subject to a 20% tax rate. As a result, management reassessed the Group's tax positions and recognised current tax expense as well as deferred taxes for temporary differences that arise from the expected taxable manner of recovery of the relevant Group's operations to which the CFC legislation applies to and to the extent that the Group (rather than its owners) is obliged to settle such taxes. Refer to Note 21.

As Russian tax legislation does not provide definitive guidance in certain areas, the Group adopts, from time to time, interpretations of such uncertain areas that reduce the overall tax rate of the Group. While management currently estimates that the tax positions and interpretations that it has taken can probably be sustained, there is a possible risk that outflow of resources will be required should such tax positions and interpretations be challenged by the tax authorities. The impact of any such challenge cannot be reliably estimated; however, it may be significant to the financial position and/or the overall operations of the Group.

### **Capital expenditure commitments**

As at 30 September 2016 and 31 December 2015 the Group had no contractual commitments for the acquisition of property, plant and equipment.

**24 Contingencies and Commitments (Continued)**

**Operating lease commitments**

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

<i>In thousands of Russian Roubles</i>	<b>30 September 2016</b>	<b>31 December 2015</b>
Not later than 1 year	250 531	197 872
Later than 1 year and not later than 5 years	280 376	209 841
Later than 5 years	30 065	37 574
<b>Total operating lease commitments</b>	<b>560 972</b>	<b>445 287</b>

**Credit Related Commitments**

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees which represent irrevocable assurances that the Group will make payments in the event that a customer cannot meet its obligations to third parties carry the same credit risk as loans.

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

Outstanding credit related commitments are as follows:

<i>In thousands of Russian Roubles</i>	<b>30 September 2016</b>	<b>31 December 2015</b>
Overdrafts and unused limits on credit cards	30 847 567	27 828 200
Financial guarantees issued to third parties	-	836 550
<b>Total credit related commitments</b>	<b>30 847 567</b>	<b>28 664 750</b>

The total outstanding contractual amount of undrawn credit lines and guarantees does not necessarily represent future cash requirements, as these financial instruments may expire or terminate without being funded. The fair value of credit related commitments is close to zero because these commitments are not unconditional and depend upon counterparties' ability to meet certain credit quality requirements.

**Compliance with laws and regulations.** As Russian banking industry regulation does not provide definitive guidance in certain areas, the Group adopts, from time to time, interpretations of such uncertain areas that improve statutory capital adequacy ratio (H 1). While management currently estimates that interpretations that it has taken can probably be sustained, there is a possible risk that Central Bank of Russian Federation will challenge them which may influence statutory capital adequacy ratio (H 1).

The impact of any such challenge cannot be reliably estimated; however, it may be significant to the financial position of the Group.

**24 Contingencies and Commitments (Continued)**

**Performance guarantees.** Performance guarantees are contracts that provide compensation if another party fails to perform a contractual obligation. Such contracts do not transfer credit risk. The risk under performance guarantee contracts is the possibility that the insured event (i.e. the failure to perform the contractual obligation by another party) occurs. The key risks the Group faces are significant fluctuations in the frequency and severity of payments incurred on such contracts relative to expectations. The Group uses historical data and statistical techniques to predict levels of such payments. Claims must be made before the contract matures and most claims are settled within short term. This allows the Group to achieve a high degree of certainty about the estimated payments and therefore future cash flows. The Group manages such risks by constantly monitoring the level of claims and has the ability to adjust its fees in the future to reflect any change in claim payments experience. The Group has a claim payment requests handling process which includes the right to review the claim and reject fraudulent or non-compliant requests.

The exposure to and concentration of performance guarantees expressed at the amounts guaranteed is as follows:

<i>In thousands of Russian Roubles</i>	<b>30 September 2016</b>	<b>31 December 2015</b>
Guarantee of rendering of services	488 432	361 316
Guarantee of performance under insurance contracts	319 943	242 190
<b>Total guaranteed amounts</b>	<b>808 375</b>	<b>603 506</b>

**Assets pledged and restricted**

The Group had assets pledged as collateral with the following carrying value:

<i>In thousands of Russian Roubles</i>	<b>Notes</b>	<b>30 September 2016</b>		<b>31 December 2015</b>	
		<b>Asset pledged</b>	<b>Related liability</b>	<b>Asset pledged</b>	<b>Related liability</b>
Investment securities available for sale pledged under repurchase agreements	7, 12	9 365 514	8 339 897	10 433 079	9 478 865
Trading securities pledged under repurchase agreements	7, 12	2 395 544	4 853 699	15 497 580	14 275 898
Loans to customers pledged under loans from other banks	9, 12	155 193	104 127	397 737	356 687
Investment securities held to maturity pledged under repurchase agreements	7, 12	-	-	6 278 620	5 442 501
<b>Total</b>		<b>11 916 251</b>	<b>13 297 723</b>	<b>32 607 016</b>	<b>29 553 951</b>

At the period end securities pledged with the CBRF in order to obtain overdraft loans if necessary were RR 1 334 333 thousand of trading securities (31 December 2015: RR 1 514 670 thousand). The Group did not use the overdraft facility as at 30 September 2016 and 31 December 2015.

As at 30 September 2016 the related liability amount in the table above includes RR 2 691 418 thousand (31 December 2015: zero) received under repo agreements collateralized by securities received by the Bank under reverse repo agreements.

Mandatory cash balances with the CBRF of RR 837 886 thousand (31 December 2015: RR 783 522 thousand) represent mandatory reserve deposits which are not available to finance the Bank's day to day operations.

**24 Contingencies and Commitments (Continued)**

Receivables from exchanges represent a security deposit for trade in foreign currency and the balance depends on the size of the deals. The exchanges block the balances and the Bank's access to money is thus restricted until the relevant deals are complete.

**25 Fair Value**

Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based on observable market data (that is, unobservable inputs). Management applies judgement in categorising financial instruments using the fair value hierarchy. If a fair value measurement uses observable inputs that require significant adjustment, that measurement is a Level 3 measurement. The significance of a valuation input is assessed against the fair value measurement in its entirety.

**(a) Recurring fair value measurements**

Recurring fair value measurements are those that the accounting standards require or permit in the statement of financial position at the end of each reporting period. The level in the fair value hierarchy into which the recurring fair value measurements are categorised are as follows:

**PSC Orient Express Bank**  
**Notes to the Consolidated Condensed Interim Financial Information (Unaudited) – 30 September 2016**

**25 Fair Value (Continued)**

<i>In thousands of Russian Roubles</i>	<b>30 September 2016</b>				<b>31 December 2015</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>ASSETS AT FAIR VALUE</b>								
<b>FINANCIAL ASSETS</b>								
<b>Trading securities</b>								
- Municipal bonds	6 571 388	-	-	<b>6 571 388</b>	735 183	-	-	<b>735 183</b>
- Corporate bonds	5 725 248	-	-	<b>5 725 248</b>	1 890 007	-	-	<b>1 890 007</b>
- Russian federation bonds	1 648 197	-	-	<b>1 648 197</b>	1 207 154	-	-	<b>1 207 154</b>
- Bonds of credit and finance organizations	717 852	-	-	<b>717 852</b>	1 413 988	-	-	<b>1 413 988</b>
- Foreign government bonds	338 517	-	-	<b>338 517</b>	503 848	-	-	<b>503 848</b>
<b>Trading securities pledged under repurchase agreements</b>								
- Russian Federation bonds	2 098 233	-	-	<b>2 098 233</b>	643 193	-	-	<b>643 193</b>
- Bonds of credit and finance organizations	297 311	-	-	<b>297 311</b>	4 546 950	-	-	<b>4 546 950</b>
- Corporate bonds	-	-	-	-	7 392 272	-	-	<b>7 392 272</b>
- Municipal bonds	-	-	-	-	2 915 165	-	-	<b>2 915 165</b>
<b>Investment securities available for sale</b>								
- Corporate bonds	893 568	-	-	<b>893 568</b>	6 215 535	-	-	<b>6 215 535</b>
- Bonds of credit and finance organizations	611 588	-	-	<b>611 588</b>	1 012 316	-	-	<b>1 012 316</b>
- Foreign government bonds	304 162	-	-	<b>304 162</b>	2 709 906	-	-	<b>2 709 906</b>
- Shares	-	-	32 448	<b>32 448</b>	-	-	32 448	<b>32 448</b>
<b>Investment securities available for sale pledged under repurchase agreements</b>								
- Corporate bonds	8 506 294	-	-	<b>8 506 294</b>	9 472 481	-	-	<b>9 472 481</b>
- Bonds of credit and finance organizations	859 220	-	-	<b>859 220</b>	960 598	-	-	<b>960 598</b>
<b>Other financial assets</b>								
- Foreign currency spots	-	603	-	<b>603</b>	-	118	-	<b>118</b>
<b>Non-financial assets</b>								
- Investment property	-	-	1 491 000	<b>1 491 000</b>	-	-	1 491 000	<b>1 491 000</b>
<b>TOTAL ASSETS RECURRING FAIR VALUE MEASUREMENTS</b>								
	<b>28 571 578</b>	<b>603</b>	<b>1 523 448</b>	<b>30 095 629</b>	<b>41 618 596</b>	<b>118</b>	<b>1 523 448</b>	<b>43 142 162</b>

**PSC Orient Express Bank**  
**Notes to the Consolidated Condensed Interim Financial Information (Unaudited) – 30 September 2016**

**25 Fair Value (Continued)**

<i>In thousands of Russian Roubles</i>	<b>30 September 2016</b>			<b>31 December 2015</b>		
	<b>Level 1</b>	<b>Level 2</b>	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Total</b>
<b>LIABILITIES CARRIED AT FAIR VALUE</b>						
<b>FINANCIAL LIABILITIES</b>						
<b>Due to other banks</b>						
- Liability to return collateral sold or repledged	13 548 466	-	13 548 466	996 491	-	996 491
<b>Customer accounts</b>						
- Liability to return collateral sold or repledged	-	-	-	285 290	-	285 290
<b>Other financial liabilities</b>						
- Foreign currency spots	-	6 967	6 967	-	159 614	159 614
- Foreign currency forwards	-	-	-	-	11 444	11 444
<b>TOTAL LIABILITIES RECURRING FAIR VALUE MEASUREMENTS</b>						
	<b>13 548 466</b>	<b>6 967</b>	<b>13 555 433</b>	<b>1 281 781</b>	<b>171 058</b>	<b>1 452 839</b>

A reconciliation of movements in Level 3 of the fair value hierarchy for the nine-month period ended 30 September 2016 is as follows:

<i>In thousands of Russian Roubles</i>	<b>Investment property</b>
<b>Fair value at 1 January 2016</b>	<b>1 491 000</b>
<b>Investment properties at fair value at 30 September 2016</b>	<b>1 491 000</b>

Please refer to Note 4 for the valuation methodology, major assumptions used and their sensitivity for the Level 3 fair value measurement of investment property.

**PSC Orient Express Bank**

**Notes to the Consolidated Condensed Interim Financial Information (Unaudited) – 30 September 2016**

**25 Fair Value (Continued)**

**(b) Assets and liabilities not measured at fair value but for which fair value is disclosed**

Fair values analysed by level in the fair value hierarchy and carrying value of assets not measured at fair value are as follows:

<i>In thousands of Russian Roubles</i>	<b>30 September 2016</b>				<b>31 December 2015</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Carrying amount</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Carrying amount</b>
<b>Financial assets</b>								
<b>Cash and cash equivalents</b>	<b>5 229 981</b>	<b>7 874 175</b>	-	<b>13 104 156</b>	<b>8 230 214</b>	<b>10 505 912</b>	-	<b>18 736 126</b>
- Cash on hand	5 229 981	-	-	5 229 981	8 230 214	-	-	8 230 214
- Cash balances with the CBRF	-	5 340 730	-	5 340 730	-	2 898 386	-	2 898 386
- Correspondent accounts	-	2 533 445	-	2 533 445	-	7 607 526	-	7 607 526
<b>Mandatory balances with the CBRF</b>	-	<b>837 886</b>	-	<b>837 886</b>	-	<b>783 522</b>	-	<b>783 522</b>
<b>Due from other banks</b>	-	<b>15 449 645</b>	-	<b>15 449 645</b>	-	<b>850 049</b>	-	<b>850 049</b>
- Reverse sale and repurchase agreement	-	15 449 645	-	15 449 645	-	850 049	-	850 049
<b>Loans and advances to customers</b>	-	-	<b>77 746 717</b>	<b>73 816 155</b>	-	-	<b>98 786 472</b>	<b>87 568 069</b>
Loans to individuals	-	-	74 132 299	70 254 542	-	-	94 275 343	83 097 291
- Consumer loans	-	-	34 476 844	28 995 149	-	-	62 108 876	49 911 370
- Credit cards	-	-	31 670 359	33 074 008	-	-	23 427 803	23 113 717
- Car loans	-	-	1 533 049	1 480 801	-	-	2 240 707	2 861 890
- Mortgage loans	-	-	2 569 219	2 810 728	-	-	1 044 489	1 299 524
- Other loans	-	-	3 882 828	3 893 856	-	-	5 453 468	5 910 790
Loans to legal entities	-	-	3 614 418	3 561 613	-	-	4 511 129	4 470 778
- Corporate loans	-	-	3 460 320	3 403 762	-	-	4 163 444	4 114 081
- SME loans	-	-	154 098	157 851	-	-	107 499	116 511
- Reverse sale and repurchase agreements	-	-	-	-	-	-	240 186	240 186
<b>Investment securities held to maturity</b>	-	-	-	-	<b>2 475 888</b>	-	-	<b>2 542 173</b>
- Bonds of credit and finance organisations	-	-	-	-	1 631 312	-	-	1 629 474
- Corporate bonds	-	-	-	-	844 576	-	-	912 699
<b>Investment securities held to maturity pledged under repurchase agreements</b>	-	-	-	-	<b>6 055 715</b>	-	-	<b>6 278 620</b>
- Corporate bonds	-	-	-	-	5 750 461	-	-	5 964 534
- Bonds of credit and finance organisations	-	-	-	-	305 254	-	-	314 086
<b>Other financial assets</b>	-	<b>767 982</b>	<b>51 462</b>	<b>819 444</b>	-	<b>3 930 608</b>	<b>115 168</b>	<b>4 045 776</b>
- Settlements with exchanges	-	341 215	-	341 215	-	3 363 322	-	3 363 322
- Settlements with payment systems	-	426 767	-	426 767	-	567 286	-	567 286
- Accounts receivable	-	-	33 952	33 952	-	-	96 965	96 965
- Other financial assets	-	-	17 510	17 510	-	-	18 203	18 203
<b>TOTAL FINANCIAL ASSETS CARRIED AT AMORTISED COST</b>	<b>5 229 981</b>	<b>24 929 688</b>	<b>77 798 179</b>	<b>104 027 286</b>	<b>16 761 817</b>	<b>16 070 091</b>	<b>98 901 640</b>	<b>120 804 335</b>

**PSC Orient Express Bank**  
**Notes to the Consolidated Condensed Interim Financial Information (Unaudited) – 30 September 2016**

**25 Fair Value (Continued)**

Fair values analysed by level in the fair value hierarchy and carrying amount of liabilities not measured at fair value are as follows:

<i>In thousands of Russian Roubles</i>	30 September 2016			31 December 2015		
	Level 2	Level 3	Carrying amount	Level 2	Level 3	Carrying amount
<b>Financial liabilities</b>						
<b>Due to other banks</b>	-	<b>13 659 047</b>	<b>13 659 047</b>	-	<b>30 557 911</b>	<b>30 557 911</b>
<b>Customer accounts</b>	-	<b>109 170 313</b>	<b>102 384 195</b>	-	<b>120 355 796</b>	<b>117 935 620</b>
<i>Individuals</i>						
- Current/demand accounts	-	13 284 926	13 284 926	-	11 946 215	11 946 215
- Term deposits	-	92 131 085	85 422 438	-	102 953 428	100 608 321
<i>Corporate customers</i>						
- Current/settlement accounts	-	2 370 189	2 370 189	-	2 258 247	2 258 247
- Term deposits	-	1 221 748	1 150 120	-	2 343 857	2 286 010
- Liability to return collateral sold or repledged	-	-	-	-	285 290	285 290
<i>State and public organisations</i>						
- Current/settlement accounts	-	30 412	30 412	-	61 029	61 029
- Term deposits	-	131 953	126 110	-	507 730	490 508
<b>Debt securities issued</b>	<b>9 817</b>	<b>24 555</b>	<b>34 372</b>	<b>28 113</b>	<b>237 722</b>	<b>267 315</b>
- Bonds issued on domestic market	9 817	-	9 817	28 113	-	29 593
- Promissory notes	-	24 555	24 555	-	237 722	237 722
<b>Other financial liabilities</b>	-	<b>529 851</b>	<b>529 851</b>	-	<b>454 850</b>	<b>454 850</b>
- Accrued expenses	-	422 609	422 609	-	310 513	310 513
- Accounts payable	-	49 165	49 165	-	92 344	92 344
- Other	-	58 077	58 077	-	51 993	51 993
<b>Subordinated debt</b>	<b>8 500 486</b>	<b>1 675 252</b>	<b>13 286 715</b>	<b>8 275 914</b>	<b>1 552 893</b>	<b>15 447 268</b>
- Subordinated USD denominated notes	5 658 004	1 675 252	9 852 449	6 313 679	1 552 893	10 987 644
- Subordinated RR denominated bonds	2 842 482	-	3 434 266	1 962 235	-	4 459 624
<b>TOTAL FINANCIAL LIABILITIES CARRIED AT AMORTISED COST</b>	<b>8 510 303</b>	<b>125 059 018</b>	<b>129 894 180</b>	<b>8 304 027</b>	<b>153 159 172</b>	<b>164 662 964</b>

The fair values in level 2 and level 3 of fair value hierarchy were estimated using the discounted cash flows valuation technique. The fair value of unquoted fixed interest rate instruments was estimated based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risk and remaining maturity.

For assets, the Group used assumptions about counterparty's incremental borrowing rate and prepayment rates. Liabilities were discounted at the Group's own incremental borrowing rate. Liabilities due on demand were discounted from the first date that the amount could be required to be paid by the Group.

The Group's liabilities to its customers are subject to state deposit insurance scheme as described in Note 1. The fair value of these liabilities reflects these credit enhancements.

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



**25 Fair Value (Continued)**

*Fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The best evidence of fair value is price in an active market. An active market is one in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. Where quoted market prices were not available, the Group used valuation techniques. The fair value of floating rate instruments that are not quoted in an active market was estimated to be equal to their carrying amount. The fair value of unquoted fixed interest rate instruments was estimated based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risk and remaining maturity.

Discount rates used depend on currency, maturity of the instrument and credit risk of the counterparty and were as follows:

	<b>30 September 2016</b>	<b>31 December 2015</b>
<b>Loans and advances to customers</b>		
<i>Loans to individuals</i>		
- Consumer loans	21.92% to 33.19% p.a.	17.36% to 28.74% p.a.
- Credit cards	29.17% to 30.24% p.a.	28.64% to 33.23% p.a.
- Mortgage loans	21.25% to 23.72% p.a.	17.16% to 22.19% p.a.
- Car loans	15.68% to 34.01% p.a.	15.88% to 44.42% p.a.
- Other loans	13.58% to 30.45% p.a.	13.18% to 43.52% p.a.
<i>Loans to legal entities</i>		
- Corporate loans	12.00% to 17.30% p.a.	6.00% to 17.50% p.a.
- SME loans	18.79% to 19.00% p.a.	15.00% to 19.00% p.a.
<b>Customer accounts</b>		
<i>Individuals</i>		
- Term deposits	1.47% to 8.86% p.a.	3.22% to 7.59% p.a.
<i>Corporate customers</i>		
- Term deposits	1.62% to 6.71% p.a.	0.33% to 4.39% p.a.
<i>State and public organisations</i>		
- Term deposits	2.00% to 9.22% p.a.	0.63% to 3.77% p.a.
<b>Subordinated debt</b>		
- Subordinated debt	13.44% p.a.	13.35% p.a.

The fair value of financial assets and liabilities other than those disclosed in the table above approximates their carrying amount due to their short term nature.

**PSC Orient Express Bank****Notes to the Consolidated Condensed Interim Financial Information (Unaudited) – 30 September 2016****26 Related Party Transactions**

Parties are generally considered to be related if the parties are under common control, or one party has the ability to control the other party or can exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

At 30 September 2016 the outstanding balances with related parties were as follows:

<i>In thousands of Russian Roubles</i>	<b>Shareholders with significant influence</b>	<b>Members of the Board of Directors (BOD)</b>	<b>Management (excluding BOD)</b>	<b>Other related parties</b>
<b>Balances as at 30 September 2016</b>				
Securities (contractual interest rate: 15% – 17 % p.a.)	-	-	-	1 634 074
Loans issued (contractual interest rate: 9% – 39% p.a.)	-	-	12 531	2 773 493
Other assets (contractual interest rate: 0% p.a.)	-	-	-	59 070
Customer accounts (contractual interest rate: 8% – 16% p.a.)	-	29 773	15 236	9 847
Other liabilities (contractual interest rate: 0% p.a.)	110	190 000	-	30
Credit related commitments	158	3 000	7 451	122 065

The income and expense items with related parties for the nine-month period ended 30 September 2016 were as follows:

<i>In thousands of Russian Roubles</i>	<b>Shareholders with significant influence</b>	<b>Members of BOD</b>	<b>Management (excluding BOD)</b>	<b>Other related parties</b>
Interest income	-	-	727	560 302
Interest expense	-	348	1 024	996
Fee and commission income	-	18	218	37 082
Gains from operations with securities, net	-	-	-	12 407
Other operating income	-	-	-	2 090
Administrative and other operating expenses	1 473	3 784	-	3 114

The income and expense items with related parties for the three-month period ended 30 September 2016 were as follows:

<i>In thousands of Russian Roubles</i>	<b>Shareholders with significant influence</b>	<b>Members of BOD</b>	<b>Management (excluding BOD)</b>	<b>Other related parties</b>
Interest income	-	-	250	184 301
Interest expense	-	346	390	223
Fee and commission income	-	15	118	10 322
Gains from operations with securities, net	-	-	-	28
Other operating income	-	-	-	713
Administrative and other operating expenses	1 473	960	-	1 038

Included in the “other related parties” category above are balances and income and expenses from transactions with the companies controlled by shareholders of the Group.

**26 Related Party Transactions (Continued)**

At 31 December 2015 the outstanding balances with related parties were as follows:

<i>In thousands of Russian Roubles</i>	<b>Shareholders with significant influence</b>	<b>Members of the Board of Directors (BOD)</b>	<b>Management (excluding BOD)</b>	<b>Other related parties</b>
<b>Balances as at 31 December 2015</b>				
Securities (contractual interest rate: 17 % p.a.)	-	-	-	1 259 477
Loans issued (contractual interest rate: 6.0% – 19.0% p.a.)	-	-	15 397	3 601 178
Other assets (contractual interest rate: 0% p.a.)	-	-	-	1 264
Customer accounts (contractual interest rate: 11.5%-16% p.a.)	-	4 846	8 995	76 319
Subordinated debt (contractual interest rate: 13.6% p.a.)	-	-	-	-
Other liabilities (contractual interest rate: 0% p.a.)	-	-	-	10
Credit related commitments	836 550	-	3 674	1 384

The income and expense items with related parties for the nine-month period ended 30 September 2015 were as follows:

<i>In thousands of Russian Roubles</i>	<b>Shareholders with significant influence</b>	<b>Members of BOD</b>	<b>Management (excluding BOD)</b>	<b>Other related parties</b>
Interest income	37	-	1 300	103 031
Interest expense	2 473	382	2 645	276 465
Fee and commission income	18 039	17	124	1 739 555
Fee and commission expense	3	-	26	-
Gains from operations with securities, net	-	-	-	407
Other operating income	-	-	-	10 985
Administrative and other operating expenses	-	2 034	40	21 013

The income and expense items with related parties for the three-month period ended 30 September 2015 were as follows:

<i>In thousands of Russian Roubles</i>	<b>Share- holders with significant influence</b>	<b>Members of Board of Directors</b>	<b>Management (excluding Board of Directors)</b>	<b>Other related parties</b>
Interest income	-	-	384	52 604
Interest expense	-	-	372	1 945
Fee and commission income	-	3	63	351
Fee and commission expense	-	-	13	-
Other operating income	-	-	-	264
Administrative and other operating expenses	-	2 034	-	1 384

**PSC Orient Express Bank**

**Notes to the Consolidated Condensed Interim Financial Information (Unaudited) – 30 September 2016**

**26 Related Party Transactions (Continued)**

In addition to the above key management compensation for the nine-month period and three-month period is presented below:

<i>In thousands of Russian Roubles</i>	<b>Nine-month ended 30 September 2016 Expense</b>	<b>Three-month ended 30 September 2016 Expense</b>	<b>30 September 2016 Accrued liability</b>	<b>Nine-month ended 30 September 2015 Expense</b>	<b>Three-month ended 30 September 2015 Expense</b>	<b>31 December 2015 Accrued liability</b>
<i>Short-term benefits:</i>	162 132	48 141	-	122 257	60 120	49 062
<i>Long-term benefits:</i>	1 414	-	26 628	794	267	16 501
<b>Total</b>	<b>163 546</b>	<b>48 141</b>	<b>26 628</b>	<b>123 051</b>	<b>60 387</b>	<b>65 563</b>

Short-term bonuses fall due wholly within twelve months after the end of the period in which management rendered the related services.

**27 Events after the End of the Reporting Period**

The Shareholders have approved the proposal to merge the Bank with Uniastrum Bank.