



# *CENTER-INVEST BANK GROUP*

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

30 September 2017

**Contents**

**CONSOLIDATED FINANCIAL STATEMENTS**

Consolidated Statement of Financial Position.....	1
Consolidated Statement of Profit and Loss and Other Comprehensive Income .....	2
Consolidated Statement of Cash Flows .....	3
Consolidated Statement of Changes in Equity.....	4

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION**

1	Introduction .....	5
2	Operating environment of the group .....	5
3	Summary of significant accounting policies.....	6
4	Critical accounting estimates and judgements in applying accounting policies .....	6
5	New accounting pronouncements.....	7
6	Loans and advances to customers .....	8
7	Customer accounts .....	9
8	Debt securities in issue.....	10
9	Interest income and expense.....	10
10	Dividends.....	10
11	Segment analysis.....	11
12	Financial risk management.....	15
13	Analysis of risk-based capital .....	21
14	Contingencies and commitments.....	21
15	Fair value.....	23
16	Related party transactions.....	26
17	Events after the end of the reporting period .....	28

---

Consolidated Statement of Financial Position – 30 September 2017 (Unaudited)

In thousands of Russian Roubles	Note	30 September 2017	31 December 2016	30 September 2016
<b>ASSETS</b>				
Cash and cash equivalents		8 263 788	9 629 681	9 831 633
Mandatory cash balances with the Central Bank of the Russian Federation		652 877	611 606	583 306
Due from other banks		9 305 792	6 014 533	5 013 771
Loans and advances to customers	6	77 937 965	73 380 554	74 109 406
Finance lease receivables		242 059	266 272	280 906
Investment in associate		286 941	315 409	307 001
Investment properties		422 971	2 609 073	639 109
Intangible assets		284 585	310 878	278 164
Premises and equipment		2 494 810	2 459 566	2 193 082
Other financial assets		731 326	560 293	734 804
Other assets		475 353	417 824	549 323
<b>TOTAL ASSETS</b>		<b>101 098 467</b>	<b>96 575 689</b>	<b>94 520 505</b>
<b>LIABILITIES</b>				
Due to other banks		-	295 407	529 915
Customer accounts	7	85 386 302	80 433 365	76 426 803
Debt securities in issue	8	801 496	427 032	1 006 532
Borrowings from international financial institutions		1 019 983	182 116	1 768 815
Other financial liabilities		103 913	90 303	131 937
Other liabilities		311 416	492 674	346 965
Subordinated debt		1 199 280	3 077 640	3 259 461
Deferred income tax liability		126 184	65 919	88 564
<b>TOTAL LIABILITIES</b>		<b>88 948 574</b>	<b>85 064 456</b>	<b>83 558 992</b>
<b>EQUITY</b>				
Share capital		1 326 277	1 326 277	1 326 277
Share premium		2 078 860	2 078 860	2 078 860
Revaluation reserve for premises and equipment		1 353 140	1 353 140	1 222 293
Retained earnings		7 391 616	6 752 956	6 334 083
<b>TOTAL EQUITY ATTRIBUTABLE TO THE EQUITY HOLDERS</b>		<b>12 149 893</b>	<b>11 511 233</b>	<b>10 961 513</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>101 098 467</b>	<b>96 575 689</b>	<b>94 520 505</b>

28 November 2017

S. Yu. Smirnov  
Chairman of the Executive Board



T.I. Ivanova  
Chief Accountant

**Consolidated Statement of Profit and Loss and Other Comprehensive Income – 30 September 2017**  
**(Unaudited)**

<i>In thousands of Russian Roubles</i>	Note	Nine months ended 30 September 2017	Nine months ended 30 September 2016	2016
Interest income	9	8 492 865	8 748 923	11 665 819
Interest expense	9	(4 178 220)	(4 921 421)	(6 544 416)
Contributions to the state deposit insurance scheme		(252 015)	(460 063)	(782 734)
<b>Net interest income</b>		<b>4 062 630</b>	<b>3 367 439</b>	<b>4 338 669</b>
Provision for loan portfolio impairment and impairment of finance lease receivables	6	(1 037 974)	(1 444 794)	(1 480 661)
<b>Net interest income after impairment provisions</b>		<b>3 024 656</b>	<b>1 922 645</b>	<b>2 858 008</b>
Fee and commission income		994 747	906 333	1 248 400
Fee and commission expense		(314 184)	(300 847)	(401 228)
Gains less losses from trading in foreign currencies		46 468	70 802	81 221
Net result from foreign exchange translation		10 600	(1 205)	(13 059)
Net result from spot currency transactions and other conversion operations on the interbank market		11 449	(26 751)	(15 383)
Other provisions and expenses		(568 519)	(26 579)	(107 045)
Other operating income		44 509	41 137	62 628
Administrative and other operating expenses		(2 030 394)	(1 734 459)	(2 417 681)
Share of result of associate		(28 469)	(16 668)	(7 735)
<b>Profit before tax</b>		<b>1 190 863</b>	<b>834 408</b>	<b>1 288 126</b>
Income tax expense		(255 890)	(179 976)	(284 155)
<b>Profit for the period</b>		<b>934 973</b>	<b>654 432</b>	<b>1 003 971</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified to profit or loss:</i>				
Revaluation of land and premises of the Group		-	-	250 190
Income tax recorded directly in other comprehensive income		-	-	(50 038)
<b>Other comprehensive income for the period</b>		<b>-</b>	<b>-</b>	<b>200 152</b>
<b>Total comprehensive income for the period</b>		<b>934 973</b>	<b>654 432</b>	<b>1 204 123</b>

**25**  **BANK CENTER-INVEST** **CENTER-INVEST BANK GROUP**  
**Consolidated Statement of Cash Flow – 30 September 2017 (Unaudited)**

<i>In thousands of Russian Roubles</i>	<b>Nine months ended 30 September 2017</b>	<b>Nine months ended 30 September 2016</b>
<b>Cash flows from operating activities</b>		
Interest received	8 232 852	8 321 812
Interest paid	(4 184 846)	(5 273 339)
Contributions to the state deposit insurance scheme	(488 033)	(281 117)
Fees and commissions received	987 220	926 891
Fees and commissions paid	(310 783)	(298 193)
Net income received from trading in foreign currencies	46 468	70 802
Net income from spot currency transactions and other conversion operations on the interbank market	15 165	(26 816)
Income received from assignment of the rights of claim	423 541	116 952
Repayment of debt written off	42 753	29 976
Other operating income received	44 373	35 362
Staff costs paid	(1 356 281)	(1 015 809)
Operating expenses paid	(627 155)	(538 223)
Income tax paid	(8 787)	(457 907)
<b>Cash flows from operating activities before changes in operating assets and liabilities</b>	<b>2 816 487</b>	<b>1 610 391</b>
<b>Changes in operating assets and liabilities</b>		
Net change in mandatory cash balances with the CBRF	(41 271)	(171 920)
Net change in due from other banks	(3 288 776)	(4 597 167)
Net change in loans and advances to customers	(5 240 885)	(4 339 716)
Net change in finance lease receivables	29 141	74 822
Net change in other financial and other assets	(111 392)	8 261
Net change in due to other banks	(295 407)	(84 072)
Net change in customer accounts	5 004 085	12 289 806
Net change in promissory notes issued	111 650	(141 320)
Net change in other financial and other liabilities	38 329	(45 177)
<b>Net cash (used in)/ from operating activities</b>	<b>(978 039)</b>	<b>4 603 908</b>
<b>Cash flows from investing activities</b>		
Acquisition of premises and equipment	(127 286)	(39 640)
Proceeds from sale of premises and equipment	6 083	144
Acquisition of investment property	(9 989)	-
Proceeds from sale of investment property	772 150	-
Acquisition of intangible assets	(20 988)	(38 989)
<b>Net cash from/(used in) investing activities</b>	<b>619 970</b>	<b>(78 485)</b>
<b>Cash flows from financing activities</b>		
Issue of bonds	360 112	369 851
Repurchase and repayment of bonds	(89 469)	(2 408 148)
Proceeds from borrowings from international financial institutions	1 000 000	-
Repayment of borrowings from international financial institutions	(179 860)	(3 967 225)
Repayment of subordinated debt	(1 688 835)	0
Dividends paid	(296 251)	(296 284)
<b>Net cash used in financing activities</b>	<b>(894 303)</b>	<b>(6 301 806)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(113 521)</b>	<b>(578 761)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(1 365 893)</b>	<b>(2 355 144)</b>
Cash and cash equivalents as at the beginning of the year	9 629 681	12 186 777
<b>Cash and cash equivalents as at the end of the Period</b>	<b>8 263 788</b>	<b>9 831 633</b>

The notes set out on pages 5 to 28 form an integral part of these consolidated condensed interim financial information.

Consolidated Statement of Changes in Equity – 30 September 2017 (Unaudited)

	Share capital	Share premium	Revaluation reserve for premises and equipment	Retained earnings	Total equity attributable to the equity holders
<i>In thousands of Russian Roubles</i>					
<b>Balance at 1 January 2016</b>	<b>1 326 277</b>	<b>2 078 860</b>	<b>1 192 811</b>	<b>6 005 447</b>	<b>10 603 395</b>
Profit for Nine months ended 30 September 2016	-	-	-	654 432	654 432
<b>Total comprehensive income for Six months ended 30 September 2016</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>654 432</b>	<b>654 432</b>
Dividends declared and paid:					
- ordinary shares	-	-		(278 215)	(278 215)
- preference shares	-	-		(18 099)	(18 099)
Other movements	-	-	29 482	(29 482)	-
Transfer of revaluation surplus on premises to retained earnings	-	-	-	-	-
<b>Balance at 30 September 2016</b>	<b>1 326 277</b>	<b>2 078 860</b>	<b>1 222 293</b>	<b>6 334 083</b>	<b>10 961 513</b>
<b>Balance at 1 January 2017</b>	<b>1 326 277</b>	<b>2 078 860</b>	<b>1 353 140</b>	<b>6 752 956</b>	<b>11 511 233</b>
Profit for Nine months ended 30 September 2017	-	-	-	934 973	934 973
<b>Total comprehensive income for Six months ended 30 September 2017</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>934 973</b>	<b>934 973</b>
Dividends declared and paid:					
- ordinary shares	-	-	-	(278 214)	(278 214)
- preference shares	-	-	-	(18 099)	(18 099)
Transfer of revaluation surplus on premises to retained earnings	-	-	-	-	-
<b>Balance at 30 September 2017</b>	<b>1 326 277</b>	<b>2 078 860</b>	<b>1 353 140</b>	<b>7 391 616</b>	<b>12 149 893</b>

## 1. Introduction

This consolidated condensed interim financial information has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" for the nine months ended 30 September 2017 Public Joint-Stock Company Commercial Bank «Center-invest» (the "Bank") and its 100% subsidiary LLC Center-Leasing (the "Group").

This consolidated condensed interim financial information has been reviewed, not audited.

The Bank was incorporated and is domiciled in the Russian Federation. The Bank is a joint stock company limited by shares.

**Principal activity.** The Group's principal business activities are corporate and retail banking and leasing 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 1992. 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.

At 30 September 2017 the Bank has three (31 December 2016: three, 30 September 2016: seven) branches within the Russian Federation. Additionally, the Bank has representative office in Moscow and 117 (31 December 2016: 119, 30 September 2016: 116) sub-branches in the in the Rostov and Volgograd Regions, Moscow, Nizhny Novgorod, Stavropol and Krasnodar Regions.

**Registered address and place of business.** The Bank's registered address is: 62 Sokolova street, Rostov-on-the-Don, Russian Federation, 344000.

The average number of the Group's employees during nine months ended 30 September 2017 was 1 459 (2016: 1 446, nine months ended 30 September 2016: 1 447).

**Presentation currency.** These consolidated financial statements are presented in thousands of Russian Roubles ("RR thousands"), unless otherwise stated.

## 2. Operating Environment of the Group

**Russian Federation.** The Russian economy continued to recover in the first half of 2017. The economy has adapted to the deteriorated oil and gas market conjuncture and the international sectoral sanctions imposed against the Russian Federation. GDP dynamics returned to the positive zone; according Ministry of Economic Development data and Rosstat GDP dynamics returned to the positive zone and GDP growth in the nine months of 2017 is estimated at 1.8% year on year while in the nine months of 2016 GDP declined by 0.4% year on year.

According Rosstat annualized inflation slowed down to 3%<sup>2</sup> in September 2017 versus 5.4%<sup>2</sup> in December 2016. The trend to lower inflation allowed the Bank of Russia to reduce the key rate step by step. In March 2017 the key rate was reduced by 25 basis points, in April 2017 by 50 basis points, in June 2017 by 25 basis points and in September 2017 by 50 basis points and reached 8.5% p.a. by the end of the third quarter. In October 2017 the key rate was further reduced by 25 basis points reaching 8.25% p.a.

International rating agencies improved the outlook for the sovereign credit ratings of the Russian Federation. In February 2017 Moody's agency changed the outlook from "negative" to "stable", keeping the rating at Ba1. In March 2017 Standard & Poor's agency changed the outlook from "stable" to "positive", keeping the rating at BB+. Fitch Ratings agency has affirmed the rating at BBB and "stable" outlook. In April 2017 Moody's international rating agency upgraded Bank's long-term local- and foreign-currency deposit ratings to Ba3 from B1. The outlook on these ratings remains stable. At the same time, Moody's upgraded the Bank's baseline credit assessment (BCA) to ba3 from b1, affirmed the stable outlook for short-term local- and foreign-currency deposit ratings.

The Bank operates primarily in the South of Russia. Due to a diversified by industry economic structure the South of Russia demonstrates more dynamic and stable development trends than most other Russian regions. The growth rate demonstrated by the main industry of the region, agriculture, significantly exceeds Russia's average level. Stable growth is attributable to natural and climatic factors, well developed infrastructure, the structure of economy diversified by activity and characterised by high share of small and medium enterprises. The management believes that these developments improve competitive advantages of the South of Russia.

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

**Basis of preparation.** This condensed consolidated interim financial information has been prepared in accordance with IAS 34 “Interim Financial Reporting” and should be read in conjunction with the annual financial statements for the year ended 31 December 2016, which have been prepared in accordance with International Financial Reporting Standards (IFRS).

Except as described below, 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 2016. Certain new standards, interpretations and amendments to the existing standards, as disclosed in the Group's consolidated financial statements for the year ended 31 December 2015, became effective for the Group from 1 January 2017. They have not significantly affected this consolidated condensed interim financial information of the Group.

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

**Foreign currency translation.** Monetary assets and liabilities are translated into each entity's functional currency at the official exchange rate of the CBRF at the respective reporting dates. Foreign exchange gains and losses resulting from the settlement of transactions and from the translation of monetary assets and liabilities into each company's functional currency at year-end official exchange rates of the CBRF are recognised in the consolidated statement of profit and loss and other comprehensive income.

At 30 September 2017 the principal rate of exchange used for translating foreign currency balances was USD 1 = RR 58.0169 and EURO 1 = RR 68.4483 (31 December 2016: USD 1 = RR 60.6569, EURO 1 = RR 63.8111; 30 September 2016: USD 1 = RR 63.1581, EURO 1 = RR 70.8823).

### 4. Critical Accounting Estimates, and Judgements in Applying Accounting Policies

The Group makes estimates and assumptions that affect the reported 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:



**Impairment losses on loans and advances.** The Group regularly reviews its loan portfolios to assess impairment. In determining whether an impairment loss should be recorded in the consolidated statement of profit and loss and other comprehensive income, 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. Impairment losses for individually significant loans are based on estimates of discounted future cash flows of the individual loans, taking into account repayments and realisation of any assets held as collateral against the loans.

A 10% increase or decrease in the actual loss experience compared to the estimated future discounted cash flows, which could arise from differences in amounts and timing of the cash flows, would result in an increase or decrease in loan impairment losses of RR 585 849 thousand (2016: 542 935 thousand, three months ended 30 September 2016: 580 855 thousand).

**Revaluation of premises and investment properties.** Given the absence of a highly liquid market for non-residential premises and land in Rostov, the Rostov Region and other regions of the South of Russia, the Group and the independent appraiser have used professional judgements on comparability of existing real estate sale deals and available data on transactions with land and real estate between third parties. If the price per square meter of premises had increased by 10%, the carrying value of land and premises within premises and equipment recorded in the balance sheet would have increased by RR 234 561 thousand (31 December 2016: 235 019 thousand, 30 September 2016: 210 042 thousand). If the price per square meter of premises had decreased by 10%, the carrying value of land and premises within premises and equipment recorded in the balance sheet would have decreased by RR 234 561 thousand (31 December 2016: 235 019 thousand, 30 September 2016: 210 042 thousand). If the price per hectare of land had increased by 5%, the total value of investment properties in the balance sheet would have increased by RR 2 648 thousand (31 December 2016: 89 028 thousand, 30 September 2016: 21 600 thousand). If the price per hectare of land had decreased by 5%, the total value of investment properties in the balance sheet would have decreased by RR 2 648 thousand (31 December 2016: 89 028 thousand, 30 September 2016: 21 600 thousand).

**Impairment of investment in associate.** The Group management considered impairment of its investment in the associate (Note 10), a heat and power enterprise of heat systems Teploenergo (TEPTS), taking into consideration the valuation by an independent appraiser and discussions of the value with potential investors in this industry. As a result of the analysis, the Group management concluded that no impairment of carrying value of this investment was required. This conclusion largely depends on the correct assessment of 1) further growth of tariffs for services of TEPTS, 2) further solvency of clients of TEPTS, 3) discount rate applied to future cash flows, 4) well proven practice of TEPTS of including payment shortages into the future year tariffs. These parameters largely depend on the macroeconomic situation and the level of governmental regulation in the Russian Federation. Refer to Note 2. The Group set up a provision for non-performing receivables of TEPTS, which the management believes adequate.

**Tax legislation.** Russian tax, currency and customs legislation is subject to varying interpretations.

## 5. New Accounting Pronouncements

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 annual consolidated financial statements of the Group.

**6. Loans and Advances to Customers**

<i>In thousands of Russian roubles</i>	<b>30 September 2017</b>	<b>31 December 2016</b>	<b>30 September 2016</b>
Loans to small and medium size enterprises (SME loans)	28 484 686	28 758 730	30 121 803
Loans to individuals - mortgage loans	24 458 181	20 371 174	18 463 823
Loans to individuals - consumer loans and car	23 049 131	22 009 147	22 123 115
Corporate loans	7 804 452	7 670 857	9 209 219
<b>Total loans and advances to customers (before provision for impairment of loans and advances to customers)</b>	<b>83 796 450</b>	<b>78 809 908</b>	<b>79 917 960</b>
Less provision for impairment of loans and advances to customers	(5 858 485)	(5 429 354)	(5 808 554)
<b>Total loans and advances to customers</b>	<b>77 937 965</b>	<b>73 380 554</b>	<b>74 109 406</b>

Movements in the provision for loan impairment are as follows:

<i>In thousands of Russian Roubles</i>	<b>Nine months ended 30 September 2017</b>	<b>Nine months ended 30 September 2016</b>	<b>2016</b>
Provision for loan impairment as at 1 January	<b>5 429 354</b>	<b>4 602 480</b>	<b>4 602 480</b>
Provision for impairment during the year	1 084 492	1 473 856	1 680 725
Recovery of provision on reassigned rights of claim	(239 064)	(20 305)	(340 210)
Amounts written off during the year as uncollectible	(416 297)	(247 477)	(513 641)
<b>Provision for loan impairment as at End of period</b>	<b>5 858 485</b>	<b>5 808 554</b>	<b>5 429 354</b>
Recovery of amounts previously written off as uncollectible	42 753	29 976	199 586

The provision for impairment differs from the amount presented in consolidated statement of other comprehensive income, due to recovery of amounts previously written off as uncollectible. The amount of the recovery was credited directly to the provisions line in profit or loss for the year.

During three months ended 30 September 2017, the Group assigned its rights to overdue and impaired loans totalling (before impairment provision) to RR 662 894 thousand (2016: RR 645 868 thousand; three months ended 30 September 2016: RR 131 093 thousand).

As at 30 September 2017, the Group's 10 largest borrowers had aggregate loan balances of RR 8 333 114 thousand, or 9.9% of the loan portfolio before impairment (31 December 2016: RR 8 771 017 thousand, or 11.1%; 30 September 2016: RR 10 445 088 thousand, or 13.0%).

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

<i>In thousands of Russian Roubles</i>	<b>30 September 2017</b>		<b>31 December 2016</b>		<b>30 September 2016</b>	
	<b>Сумма</b>	<b>%</b>	<b>Сумма</b>	<b>%</b>	<b>Сумма</b>	<b>%</b>
Individuals (total), incl.	47 507 312	56.7	42 380 321	53.7	40 586 938	50.8
- mortgage loans	24 458 181	29.2	20 371 174	25.8	18 463 823	23.1
- consumer loans	20 954 385	25.0	19 563 284	24.8	19 643 852	24.6
- car loans	2 094 746	2.5	2 445 863	3.1	2 479 263	3.1
Trade	10 526 755	12.6	10 682 973	13.6	10 698 561	13.4
Agriculture	9 285 341	11.1	9 738 931	12.4	10 543 799	13.2
Manufacturing	7 227 174	8.6	8 113 915	10.3	8 323 595	10.4
Transport	4 150 533	4.9	3 036 650	3.8	4 566 990	5.7
Construction	1 935 941	2.3	1 471 688	1.9	1 937 035	2.4
Other	3 163 394	3.8	3 385 430	4.3	3 261 042	4.1
<b>Total loans and advances to customers (before impairment)</b>	<b>83 796 450</b>	<b>100.0</b>	<b>78 809 908</b>	<b>100.0</b>	<b>79 917 960</b>	<b>100.0</b>

Carrying value of each class of loans and advances to customers approximates their fair value at 30 September 2017, 31 December 2016 and 30 September 2016. Refer to Note 15. Information on related party balances and transactions is disclosed in Note 16.

## 7. Customer Accounts

<i>In thousands of Russian roubles</i>	<b>30 September 2017</b>	<b>31 December 2016</b>	<b>30 September 2016</b>
<i>State and public organisations</i>			
- Current/settlement accounts	242 966	51 379	166 554
- Term deposits	15	17 086	18 981
<i>Other legal entities</i>			
- Current/settlement accounts	14 532 768	12 006 755	11 426 648
- Term deposits	1 621 803	2 397 579	2 764 401
<i>Individuals</i>			
- Current/demand accounts	5 525 181	5 708 786	4 614 438
- Term deposits	63 463 569	60 251 780	57 435 781
<b>Total customer accounts</b>	<b>85 386 302</b>	<b>80 433 365</b>	<b>76 426 803</b>

At 30 September 2017 the total aggregate balance of 10 largest clients of the Group was RR 2 428 722 thousand or 2.8% of customer accounts (31 December 2016: RR 2 192 236 thousand, or 2.7%; 30 September 2016: RR 2 057 490 thousand or 2.7%).

Carrying value of each class of customer accounts approximates fair value at 30 September 2017, 31 December 2016 and 30 September 2016. Refer to Note 15. Information on related party balances is disclosed in Note 16.

## 8. Debt Securities in Issue

<i>In thousands of Russian roubles</i>	30 September 2017	31 December 2016	30 September 2016
Bonds	389 200	105 449	757 081
Promissory notes	412 296	321 583	249 451
<b>Total debt securities in issue</b>	<b>801 496</b>	<b>427 032</b>	<b>1 006 532</b>

Each bond has par value of RR 1 000 and an embedded put option at par value and exercisable at the moment of coupon income change.

Carrying value of each class of debt securities in issue approximates fair value at 30 September 2017, 31 December 2016 and 30 September 2016. Refer to Note 15.

## 9. Interest Income and Expense

<i>In thousands of Russian roubles</i>	Six months ended 30 September 2017	Six months ended 30 September 2016	2016
<b>Interest income</b>			
Loans and advances to individuals	4 604 160	4 293 181	5 820 529
Loans and advances to enterprises	3 574 522	4 270 771	5 505 317
Short-term deposits with the Central Bank of the Russian Federation, amounts due from and accounts with other banks	273 318	134 426	275 685
Finance income arising from leasing	40 865	50 545	64 288
<b>Итого процентных доходов</b>	<b>8 492 865</b>	<b>8 748 923</b>	<b>11 665 819</b>
<b>Interest expense</b>			
Term deposits of individuals	3 852 338	3 996 740	5 405 306
Borrowings from international financial institutions, subordinated debt and other banks	142 916	442 562	582 508
Term deposits of legal entities	97 580	189 782	237 639
Current accounts of legal entities	57 943	56 139	71 450
Bonds issued	22 142	216 259	221 129
Promissory notes issued	5 301	19 939	26 363
<b>Total interest expense</b>	<b>4 178 220</b>	<b>4 921 421</b>	<b>6 544 416</b>
Contributions to the state deposit insurance scheme	(252 015)	(460 063)	(782 734)
<b>Net interest income</b>	<b>4 062 630</b>	<b>3 367 439</b>	<b>4 338 669</b>

## 10. Dividends

<i>In thousands of Russian Roubles</i>	30 September 2017		30 September 2016	
	Ordinary shares	Preference shares	Ordinary shares	Preference shares
Dividends for previous year declared during the period	278 215	18 099	278 215	18 099
Dividends paid during the period	(278 215)	(18 036)	(278 215)	(18 069)
<b>Dividends payable</b>	-	63	-	30

In September 2017, the Bank declared dividends on preference shares with a par value of RR 1 000 – RR 200 per share (2016: RR 200 per share) and on preference shares with a par value of RR 4 – RR 0.8 per share (2016: RR 0.8 per share). In September 2017 the Bank declared dividends on ordinary shares – RR 3.3 per share (2016: the Bank did not declare dividends on ordinary shares). Repayment of the principal portion of the dividend for 2016 was made in September 2016 (for 2015: made in July 2016). All dividends were declared and paid in Russian Roubles. A part of declared dividends was not claimed.

## 11. 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 chief operating decision maker (CODM) are performed by the Executive Board of the Bank.

### **Description of products and services from which each reportable segment derives its revenue**

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

- Lending – representing retail and corporate lending services, leasing, factoring and bank guarantees issued.
- Treasury – representing financial instruments trading, borrowings on domestic and international markets, management of liquidity and foreign currency position of the Group, correspondent and current accounts, corporate deposits.
- Retail banking – representing private banking services to individuals, private customers, deposits, investment savings products, custody, credit and debit cards, municipal payments. This segment does not include loans to individuals other than lending through plastic cards.

### **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 service level.

The Group has identified the following operating segments: lending activities, leasing, retail, securities, treasury, correspondent and current accounts, and plastic cards. Lending and leasing have been aggregated into one reportable segment – lending and leasing. Correspondent and current accounts, securities, and treasury have been aggregated into one reportable segment - treasury. Retail and plastic cards have been aggregated into one segment - retail banking.

In addition, the Bank's Executive Board reviews the major categories of general and administrative expenses, however, these expenses are not allocated to the above segments and they are not taken into consideration in allocating resources to segments and assessing their performance.

### **Measurement of operating segment profit or loss, assets and liabilities**

The Executive Board reviews financial information prepared based on Russian Accounting Standards adjusted to meet the requirements of internal reporting. Such financial information differs in certain aspects from International Financial Reporting Standards:

- for operating decisions standalone information not adjusted to statutory subsequent events is used;
- income taxes are not allocated to segments;
- loan provisions are recognised based on management judgement and availability of information in accordance with the requirements of Bank of Russia, rather than based on the incurred loss model prescribed in IAS 39;
- income on impaired loans is not recognised;
- commission income related to lending and commission expenses on borrowings is recognised

immediately rather than deferred using the effective interest method;

- finance income arising from leasing is recognised as services provided, advances from lessees are recognised as income pro rata during the period of the leasing agreement;
- funds are generally reallocated between segments ignoring internal interest rates.

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

Segment information for the reportable segments for the year ended 30 September 2017 is set out below:

<i>In thousands of Russian Roubles</i>	<b>Lending</b>	<b>Treasury</b>	<b>Retail banking</b>	<b>Total</b>
<b>Nine months ended 30 September 2017</b>				
<i>External revenues:</i>				
Interest income	7 733 652	273 317	81 067	8 088 036
Fee and commission income and other operating income	331 204	541 151	521 754	1 394 109
<b>Total revenues</b>	<b>8 064 856</b>	<b>814 468</b>	<b>602 821</b>	<b>9 482 145</b>
Interest expense	-	(323 868)	(3 916 109)	(4 239 977)
Provision for impairment	(1 154 264)	4 988	(690)	(1 149 966)
Fee and commission expenses and other expenses	(246 975)	(68 913)	(177 370)	(493 258)
<b>Segment result</b>	<b>6 663 617</b>	<b>426 675</b>	<b>(3 491 348)</b>	<b>3 598 944</b>
<b>Total reportable segment assets</b>	<b>77 053 067</b>	<b>9 505 663</b>	<b>-</b>	<b>86 558 730</b>
<b>Total reportable segment liabilities</b>	<b>-</b>	<b>(14 428 481)</b>	<b>(73 560 030)</b>	<b>(87 988 511)</b>

Segment information for the reportable segments for the year ended 30 September 2016 is set out below:

<i>In thousands of Russian Roubles</i>	<b>Lending</b>	<b>Treasury</b>	<b>Retail banking</b>	<b>Total</b>
<b>Nine months ended 30 September 2016</b>				
<i>External revenues:</i>				
Interest income	7 902 582	134 427	98 184	8 135 193
Fee and commission income and other operating income	342 456	457 526	494 525	1 294 507
<b>Total revenues</b>	<b>8 245 038</b>	<b>591 953</b>	<b>592 709</b>	<b>9 429 700</b>
Interest expense	-	(902 650)	(4 060 098)	(4 962 748)
Provision for impairment	(2 530 997)	2 551	(973)	(2 529 419)
Fee and commission expenses and other expenses	(57 677)	(90 993)	(143 175)	(291 845)
Losses less gains from foreign currencies	-	(858)	-	(858)
<b>Segment result</b>	<b>5 656 364</b>	<b>(399 997)</b>	<b>(3 611 537)</b>	<b>1 644 830</b>
<b>Total reportable segment assets</b>	<b>73 309 206</b>	<b>5 205 552</b>	<b>-</b>	<b>78 514 758</b>
<b>Total reportable segment liabilities</b>	<b>-</b>	<b>(16 939 945)</b>	<b>(65 366 978)</b>	<b>(82 306 923)</b>

Segment information for the reportable segments for the year ended 31 December 2016 is set out below:

<i>(в тысячах российских рублей)</i>	<b>Lending</b>	<b>Treasury</b>	<b>Retail banking</b>	<b>Total</b>
<b>2016</b>				
<i>External revenues:</i>				
Interest income	10 525 535	275 684	129 057	10 930 276
Fee and commission income and other operating income	654 651	640 702	672 639	1 967 992
<b>Total revenues</b>	<b>11 180 186</b>	<b>916 386</b>	<b>801 696</b>	<b>12 898 268</b>
Interest expense	-	(1 075 920)	(5 491 384)	(6 567 304)
Provision for impairment	(1 994 306)	5 197	(1 260)	(1 990 369)
Fee and commission expenses and other expenses	(416 974)	(130 939)	(204 338)	(752 251)
<b>Segment result</b>	<b>8 768 906</b>	<b>(285 276)</b>	<b>(4 895 286)</b>	<b>3 588 344</b>
<b>Total reportable segment assets</b>	<b>73 038 744</b>	<b>6 167 523</b>	<b>-</b>	<b>79 206 267</b>
<b>Total reportable segment liabilities</b>	<b>-</b>	<b>(14 839 929)</b>	<b>(69 114 065)</b>	<b>(83 953 994)</b>

**Reconciliation of reportable segment revenues, profit or loss, assets and liabilities**

<i>In thousands of Russian Roubles</i>	<b>Nine months ended 30 September 2017</b>	<b>Nine months ended 30 September 2016</b>	<b>2016</b>
<b>Total revenues for reportable segments</b>	<b>9 482 145</b>	<b>9 429 700</b>	<b>12 898 268</b>
Accrual method application to fee and commission income	19 749	28 420	25 569
Fair value of trading securities portfolio recalculation	5 589	6 457	7 262
Recognition of interest income on impaired loans	140 522	351 352	361 346
Foreign exchange translation gains less losses	(10 600)	1 205	13 059
Losses less gains from conversion operations on the interbank market	(15 165)	26 816	15 550
Repayment of debt written off	(42 753)	(29 976)	(199 586)
Consolidation effect	7 434	2 217	(154)
Other	(8 332)	(48 996)	(63 246)
<b>Total consolidated revenues</b>	<b>9 578 589</b>	<b>9 767 195</b>	<b>13 058 068</b>

Total consolidated revenues comprise interest income, fee and commission income and other income.

<i>In thousands of Russian Roubles</i>	<b>Nine months ended 30 September 2017</b>	<b>Nine months ended 30 September 2016</b>	<b>2016</b>
<b>Total reportable segment result</b>	<b>3 598 944</b>	<b>1 644 830</b>	<b>3 588 344</b>
Administrative expenses	(2 494 852)	(2 000 316)	(2 915 150)
Effective interest method application	18 521	4 371	(4 019)
Fair value of trading securities portfolio and other financial assets and liabilities recalculation	2 173	27 534	37 979
Recognition of interest income on impaired loans	140 522	351 352	361 346
Recalculation of provision for impairment	206 899	1 084 319	626 957
Consolidation effect	(25 332)	(15 869)	(12 156)
Events after the end of the reporting period	(116 166)	(266 112)	(333 777)
Amortisation recalculation	23 197	18 869	21 980
Other	(163 043)	(14 570)	(83 378)
<b>Profit before tax</b>	<b>1 190 863</b>	<b>834 408</b>	<b>1 288 126</b>

<i>In thousands of Russian Roubles</i>	<b>30 September 2017</b>	<b>30 September 2016</b>	<b>31 December 2016</b>
<b>Total reportable segment assets</b>	<b>86 558 730</b>	<b>78 514 758</b>	<b>79 206 267</b>
Unallocated assets	13 439 479	14 897 473	16 653 625
Recalculation of provision for impairment	95 880	125 335	(233 850)
Recognition of interest income on impaired loans	1 138 460	1 060 398	1 028 661
Application of effective interest rate method to fee and commission income	(219 933)	(237 496)	(239 456)
Finance lease adjustments	(35 705)	(65 080)	(60 046)
Consolidation effect	236 413	255 246	266 056
Other	(114 857)	(30 129)	(45 568)
<b>Total consolidated assets</b>	<b>101 098 467</b>	<b>94 520 505</b>	<b>96 575 689</b>

<i>In thousands of Russian Roubles</i>	<b>30 September 2017</b>	<b>30 September 2016</b>	<b>31 December 2016</b>
<b>Total reportable segment liabilities</b>	<b>87 988 511</b>	<b>82 306 923</b>	<b>83 953 994</b>
Unallocated liabilities	1 122 333	1 315 771	1 252 537
Application of effective interest rate method to fee and commission expenses	(11 812)	(12 424)	(6 885)
Consolidation effect	(150 458)	(51 699)	(135 224)
Other	-	421	34
<b>Total consolidated liabilities</b>	<b>88 948 574</b>	<b>83 558 992</b>	<b>85 064 456</b>

### **Major customers**

The Group does not have customers, revenues from which exceed 10% the total revenues.



## 12. Financial Risk Management

The risk management function within the Group is carried out in respect of the entire range of financial risks faced by the Group in the course of business. The focus is placed on the following risks: credit, market (including currency, equity and interest rate risk), liquidity, operational, business event (including legal, strategic and reputational risks) and system risk. Policies and processes for managing financial risks remain unchanged from those disclosed in annual consolidated financial statements for the year ended 31 December 2016.

The currency position of the Group as at 30 September 2017 is set out below:

<i>In thousands of Russian Roubles</i>	<b>Russian Roubles</b>	<b>US Dollars</b>	<b>Euro</b>	<b>Others</b>	<b>Total</b>
<b>Assets</b>					
Cash and cash equivalents	5 783 668	1 359 078	1 047 709	73 333	8 263 788
Mandatory cash balances with the CBRF	652 877	-	-	-	652 877
Due from other banks	9 305 792	-	-	-	9 305 792
Loans and advances to customers	75 259 463	2 678 259	243	-	77 937 965
Finance lease receivables	242 059	-	-	-	242 059
Other financial assets	726 506	4 721	99	-	731 326
<b>Total financial assets</b>	<b>91 970 365</b>	<b>4 042 058</b>	<b>1 048 051</b>	<b>73 333</b>	<b>97 133 807</b>
Other assets	3 964 660				3 964 660
<b>Total assets</b>	<b>95 935 025</b>	<b>4 042 058</b>	<b>1 048 051</b>	<b>73 333</b>	<b>101 098 467</b>
<b>Liabilities</b>					
Customer accounts	82 109 716	2 224 605	1 039 288	12 693	85 386 302
Debt securities in issue	751 195	50 301	-	-	801 496
Borrowings from international financial institutions	1 019 983	-	-	-	1 019 983
Other financial liabilities	94 938	4 985	274	-	100 197
Subordinated debt	-	1 199 280	-	-	1 199 280
<b>Total financial liabilities</b>	<b>83 975 832</b>	<b>3 479 171</b>	<b>1 039 562</b>	<b>12 693</b>	<b>88 507 258</b>
Other liabilities	437 600				437 600
<b>Total liabilities</b>	<b>84 413 432</b>	<b>3 479 171</b>	<b>1 039 562</b>	<b>12 693</b>	<b>88 944 858</b>
Spot contracts	486 801	(492 167)	1 650	-	(3 716)
<b>Net open currency position</b>	<b>12 008 394</b>	<b>70 720</b>	<b>10 139</b>	<b>60 640</b>	<b>12 149 893</b>
Credit related commitments	2 869 439	162 312	19 166	-	3 050 917

The currency position of the Group as at 31 December 2016 is set out below:

<i>In thousands of Russian Roubles</i>	<b>Russian Roubles</b>	<b>US Dollars</b>	<b>Euro</b>	<b>Others</b>	<b>Total</b>
<b>Assets</b>					
Cash and cash equivalents	5 625 741	2 899 815	1 049 034	55 091	9 629 681
Mandatory cash balances with the CBRF	611 606	-	-	-	611 606
Due from other banks	6 004 323	-	10 210	-	6 014 533
Loans and advances to customers	70 788 541	2 560 326	31 687	-	73 380 554
Finance lease receivables	266 272	-	-	-	266 272
Other financial assets	552 878	7 280	135	-	560 293
<b>Total financial assets</b>	<b>83 849 361</b>	<b>5 467 421</b>	<b>1 091 066</b>	<b>55 091</b>	<b>90 462 939</b>
Other assets	6 112 750				6 112 750
<b>Total assets</b>	<b>89 962 111</b>	<b>5 467 421</b>	<b>1 091 066</b>	<b>55 091</b>	<b>96 575 689</b>
<b>Liabilities</b>					
Due to other banks	295 407	-	-	-	295 407
Customer accounts	77 025 562	2 299 491	1 074 012	34 300	80 433 365
Debt securities in issue	374 442	52 590	-	-	427 032
Borrowings from international financial institutions	182 116	-	-	-	182 116
Other financial liabilities	85 315	2 681	2 307	-	90 303
Subordinated debt	-	3 077 640	-	-	3 077 640
<b>Total financial liabilities</b>	<b>77 962 842</b>	<b>5 432 402</b>	<b>1 076 319</b>	<b>34 300</b>	<b>84 505 863</b>
Other liabilities	558 593				558 593
<b>Total liabilities</b>	<b>78 521 435</b>	<b>5 432 402</b>	<b>1 076 319</b>	<b>34 300</b>	<b>85 064 456</b>
Spot contracts	-	-	-	-	-
<b>Net open currency position</b>	<b>11 440 676</b>	<b>35 019</b>	<b>14 747</b>	<b>20 791</b>	<b>11 511 233</b>
Credit related commitments	2 845 086	144 162	13 400	-	3 002 648

The currency position of the Group as at 30 September 2016 is set out below:

<i>In thousands of Russian Roubles</i>	<b>Russian Roubles</b>	<b>US Dollars</b>	<b>Euro</b>	<b>Others</b>	<b>Total</b>
<b>Assets</b>					
Cash and cash equivalents	6 354 345	1 199 108	2 203 047	75 133	9 831 633
Mandatory cash balances with the CBRF	583 306	-	-	-	583 306
Due from other banks	5 002 430	-	11 341	-	5 013 771
Loans and advances to customers	69 714 959	4 359 015	35 432	-	74 109 406
Finance lease receivables	280 906	-	-	-	280 906
Other financial assets	727 152	7 458	103	-	734 713
<b>Total financial assets</b>	<b>82 663 098</b>	<b>5 565 581</b>	<b>2 249 923</b>	<b>75 133</b>	<b>90 553 735</b>
Other assets	3 966 679				3 966 679
<b>Total assets</b>	<b>86 629 777</b>	<b>5 565 581</b>	<b>2 249 923</b>	<b>75 133</b>	<b>94 520 414</b>
<b>Liabilities</b>					
Due to other banks	529 915	-	-	-	529 915
Customer accounts	72 916 586	2 279 166	1 188 018	43 033	76 426 803
Debt securities in issue	1 006 532	-	-	-	1 006 532
Borrowings from international financial institutions	688 833	-	1 079 982	-	1 768 815
Other financial liabilities	127 645	3 946	346	-	131 937
Subordinated debt	-	3 259 461	-	-	3 259 461
<b>Total financial liabilities</b>	<b>75 269 511</b>	<b>5 542 573</b>	<b>2 268 346</b>	<b>43 033</b>	<b>83 123 463</b>
Other liabilities	435 529				435 529
<b>Total liabilities</b>	<b>75 705 040</b>	<b>5 542 573</b>	<b>2 268 346</b>	<b>43 033</b>	<b>83 558 992</b>
Spot contracts	(13 795)	(1 707)	10 570	5 023	91
<b>Net open currency position</b>	<b>10 910 942</b>	<b>21 301</b>	<b>(7 853)</b>	<b>37 123</b>	<b>10 961 513</b>
Credit related commitments	2 592 650	158 191	11 482	-	2 762 323

The liquidity position of the Group as at 30 September 2017 is set out below:

	Demand and less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	From 12 months to 5 years	Over 5 years	No stated maturity	Total
<i>In thousands of Russian Roubles</i>								
<b>Assets</b>								
Cash and cash equivalents	8 263 788	-	-	-	-	-	-	8 263 788
Mandatory cash balances with the Central Bank of the Russian Federation	652 877	-	-	-	-	-	-	652 877
Due from other banks	9 305 792	-	-	-	-	-	-	9 305 792
Loans and advances to customers	2 110 929	5 051 533	6 124 384	11 552 822	34 697 205	18 401 092	-	77 937 965
Finance lease receivables	17 751	30 556	36 776	62 300	94 676	-	-	242 059
Investments in associate	-	-	-	-	-	-	286 941	286 941
Investment properties	-	-	-	-	296 149	-	126 822	422 971
Intangible assets	-	-	-	-	-	-	284 585	284 585
Premises and equipment	-	-	-	-	-	-	2 494 810	2 494 810
Other financial assets	278 146	25 786	892	130 748	289 757	-	5 997	731 326
Other assets	17 347	36 410	4 874	91 466	325 256	-	-	475 353
<b>Total assets</b>	<b>20 646 630</b>	<b>5 144 285</b>	<b>6 166 926</b>	<b>11 837 336</b>	<b>35 703 043</b>	<b>18 401 092</b>	<b>3 199 155</b>	<b>101 098 467</b>
<b>Liabilities</b>								
Customer accounts	21 348 087	1 899 208	2 790 509	23 225 124	36 123 374	-	-	85 386 302
Debt securities in issue	90 585	318 313	353 787	38 811	-	-	-	801 496
Borrowings from international financial institutions	-	29 040	-	200 000	790 943	-	-	1 019 983
Subordinated debt	1 199 280	-	-	-	-	-	-	1 199 280
Other financial liabilities	57 002	9 400	1 768	16 674	19 069	-	-	103 913
Deferred income tax liability	-	-	-	-	-	-	126 184	126 184
Other liabilities	243 475	19 971	84	14 769	33 117	-	-	311 416
<b>Total liabilities</b>	<b>22 938 429</b>	<b>2 275 932</b>	<b>3 146 148</b>	<b>23 495 378</b>	<b>36 966 503</b>	<b>-</b>	<b>126 184</b>	<b>88 948 574</b>
<b>Net liquidity gap at 30 September 2017</b>	<b>(2 291 799)</b>	<b>2 868 353</b>	<b>3 020 778</b>	<b>(11 658 042)</b>	<b>(1 263 460)</b>	<b>18 401 092</b>	<b>3 072 971</b>	<b>12 149 893</b>
<b>Cumulative liquidity gap as at 30 September 2017</b>	<b>(2 291 799)</b>	<b>576 554</b>	<b>3 597 332</b>	<b>(8 060 710)</b>	<b>(9 324 170)</b>	<b>9 076 922</b>	<b>12 149 893</b>	
<b>Cumulative liquidity gap as at 30 September 2017 (30% of customer accounts are permanent)</b>	<b>4 112 627</b>	<b>7 550 743</b>	<b>11 408 673</b>	<b>6 718 168</b>	<b>16 291 721</b>	<b>34 692 813</b>	<b>12 149 893</b>	

The liquidity position of the Group as at 31 December 2016 is set out below:

	Demand and less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	From 12 months to 5 years	Over 5 years	No stated maturity	Total
<i>In thousands of Russian Roubles</i>								
<b>Assets</b>								
Cash and cash equivalents	9 629 681	-	-	-	-	-	-	9 629 681
Mandatory cash balances with the Central Bank of the Russian Federation	611 606	-	-	-	-	-	-	611 606
Due from other banks	6 004 323	-	-	10 210	-	-	-	6 014 533
Loans and advances to customers	2 046 644	4 567 504	5 362 746	14 061 745	32 418 342	14 923 573	-	73 380 554
Finance lease receivables	16 871	30 735	42 863	73 738	102 065	-	-	266 272
Investments in associate	-	-	-	-	-	-	315 409	315 409
Investment properties	-	-	-	-	2 482 251	-	126 822	2 609 073
Intangible assets	-	-	-	-	-	-	310 878	310 878
Premises and equipment	-	-	-	-	-	-	2 459 566	2 459 566
Other financial assets	296 371	111 825	1 244	87 739	57 117	-	5 997	560 293
Other assets	75 733	108 103	17 766	70 570	145 652	-	-	417 824
<b>Total assets</b>	<b>18 681 229</b>	<b>4 818 167</b>	<b>5 424 619</b>	<b>14 304 002</b>	<b>35 205 427</b>	<b>14 923 573</b>	<b>3 218 672</b>	<b>96 575 689</b>
<b>Liabilities</b>								
Due to other banks	9	83 332	124 998	28 847	-	58 221	-	295 407
Customer accounts	18 897 982	1 628 831	2 130 109	3 423 552	54 352 891	-	-	80 433 365
Debt securities in issue	207 447	-	98 497	121 088	-	-	-	427 032
Borrowings from international financial institutions	-	182 116	-	-	-	-	-	182 116
Subordinated debt	-	-	1 865 308	-	1 212 332	-	-	3 077 640
Other financial liabilities	37 719	13 013	1 356	12 527	25 688	-	-	90 303
Other liabilities	59 164	392 165	6	17 051	24 288	-	-	492 674
Deferred income tax liability	-	-	-	-	-	-	65 919	65 919
<b>Total liabilities</b>	<b>19 202 321</b>	<b>2 299 457</b>	<b>4 220 274</b>	<b>3 603 065</b>	<b>55 615 199</b>	<b>58 221</b>	<b>65 919</b>	<b>85 064 456</b>
<b>Net liquidity gap at 31 December 2016</b>	<b>(521 092)</b>	<b>2 518 710</b>	<b>1 204 345</b>	<b>10 700 937</b>	<b>(20 409 772)</b>	<b>14 865 352</b>	<b>3 152 753</b>	<b>11 511 233</b>
<b>Cumulative liquidity gap as at 31 December 2016</b>	<b>(521 092)</b>	<b>1 997 618</b>	<b>3 201 963</b>	<b>13 902 900</b>	<b>(6 506 872)</b>	<b>8 358 480</b>	<b>11 511 233</b>	
<b>Cumulative liquidity gap as at 31 December 2016 (30% of customer accounts are permanent)</b>	<b>5 148 303</b>	<b>8 155 662</b>	<b>9 999 040</b>	<b>21 727 042</b>	<b>17 623 138</b>	<b>32 488 490</b>	<b>11 511 233</b>	

The liquidity position of the Group as at 30 September 2016 is set out below:

	Demand and less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	From 12 months to 5 years	Over 5 years	No stated maturity	Total
<i>In thousands of Russian Roubles</i>								
<b>Assets</b>								
Cash and cash equivalents	9 831 633	-	-	-	-	-	-	9 831 633
Mandatory cash balances with the Central Bank of the Russian Federation	583 306	-	-	-	-	-	-	583 306
Due from other banks	5 002 430	-	-	11 341	-	-	-	5 013 771
Loans and advances to customers	2 459 430	5 374 130	6 781 020	12 576 316	33 066 486	13 852 024	-	74 109 406
Finance lease receivables	21 120	34 300	43 150	72 500	109 836	-	-	280 906
Investments in associate	-	-	-	-	-	-	307 001	307 001
Investment properties	-	-	-	-	-	-	639 109	639 109
Intangible assets	-	-	-	-	-	-	278 164	278 164
Premises and equipment	-	-	-	-	-	-	2 193 082	2 193 082
Other financial assets	398 645	114 868	2 656	87 396	125 242	-	5 997	734 804
Other assets	41 518	44 507	7 700	318 084	137 514	-	-	549 323
<b>Total assets</b>	<b>18 338 082</b>	<b>5 567 805</b>	<b>6 834 526</b>	<b>13 065 637</b>	<b>33 439 078</b>	<b>13 852 024</b>	<b>3 423 353</b>	<b>94 520 505</b>
<b>Liabilities</b>								
Due to other banks	11	7 247	124 998	249 996	147 663	-	-	529 915
Customer accounts	17 202 228	2 191 865	1 678 298	3 179 806	52 174 606	-	-	76 426 803
Debt securities in issue	4 435	929 442	26 615	46 040	-	-	-	1 006 532
Borrowings from international financial institutions	379 645	167 970	179 860	335 264	706 076	-	-	1 768 815
Subordinated debt	103 883	-	-	-	3 155 578	-	-	3 259 461
Other financial liabilities	76 769	11 132	12 352	6 899	24 785	-	-	131 937
Other liabilities	269 510	38 403	6	13 551	25 495	-	-	346 965
Deferred income tax liability	-	-	-	-	-	-	88 564	88 564
<b>Total liabilities</b>	<b>18 036 481</b>	<b>3 346 059</b>	<b>2 022 129</b>	<b>3 831 556</b>	<b>56 234 203</b>	<b>-</b>	<b>88 564</b>	<b>83 558 992</b>
<b>Net liquidity gap at 30 September 2016</b>	<b>301 601</b>	<b>2 221 746</b>	<b>4 812 397</b>	<b>9 234 081</b>	<b>(22 795 125)</b>	<b>13 852 024</b>	<b>3 334 789</b>	<b>10 961 513</b>
<b>Cumulative liquidity gap as at 30 September 2016</b>	<b>301 601</b>	<b>2 523 347</b>	<b>7 335 744</b>	<b>16 569 825</b>	<b>(6 225 300)</b>	<b>7 626 724</b>	<b>10 961 513</b>	
<b>Cumulative liquidity gap as at 30 September 2016 (30% of customer accounts are permanent)</b>	<b>5 462 269</b>	<b>8 341 575</b>	<b>13 657 461</b>	<b>23 845 484</b>	<b>16 702 741</b>	<b>30 554 765</b>	<b>10 961 513</b>	

### 13. Analysis of Risk-based Capital

The composition of the Group's capital calculated in accordance with the Basel Accord is as follows:

<i>In thousands of Russian Roubles</i>	<b>30 September 2017</b>	<b>31 December 2016</b>	<b>30 September 2016</b>
<i>Tier 1 capital</i>			
Share capital	1 326 277	1 326 277	1 326 277
Share premium	2 078 860	2 078 860	2 078 860
Retained Earnings	7 391 616	6 752 956	6 334 083
<b>Total tier 1 capital</b>	<b>10 796 753</b>	<b>10 158 093</b>	<b>9 739 220</b>
<i>Tier 2 capital</i>			
Revaluation reserve for premises and equipment	1 353 140	1 353 140	1 222 293
Subordinated debt	241 737	1 086 769	1 289 478
<b>Total tier 2 capital</b>	<b>1 594 877</b>	<b>2 439 909</b>	<b>2 511 771</b>
<b>Total capital</b>	<b>12 391 630</b>	<b>12 598 002</b>	<b>12 250 991</b>
<b>Risk-Weighted Assets</b>	<b>74 773 508</b>	<b>74 323 413</b>	<b>73 657 809</b>
Capital Adequacy Ratio	16.6%	17.0%	16.6%

### 14. Contingencies and Commitments

**Legal proceedings.** From time to time and in the normal course of business, claims against the Group may be received. At 30 September 2017, the Group was engaged in litigation proceedings in relation to claims from borrowers and leases. A provision of RR 10 576 thousand (31 December 2016: 10 766 thousand; 30 September 2016: 7 232 thousand) has been made as internal professional advice has indicated that it is likely that a liability will eventuate.

**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.

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 2017</b>	<b>31 December 2016</b>	<b>30 September 2016</b>
<b>Guarantees issued total, including:</b>	<b>3 050 916</b>	<b>3 002 648</b>	<b>2 762 321</b>
- Russian rubles	2 869 438	2 845 086	2 592 648
- US dollars	162 312	144 162	158 191
- Euro	19 166	13 400	11 482

The total outstanding contractual amount of 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 was RR 39 398 thousand at 30 September 2017 (31 December 2016: 45 287 thousand; 30 September 2016: 46 092 thousand).

The Group has loan commitments of RR 6 409 406 thousand (31 December 2016: 6 988 536 thousand; 30 September 2016: 6 273 415 thousand). All undrawn credit facilities can be automatically closed upon failure by the borrower to meet the requirements of the loan agreement. The fair value of such commitments is equal to zero.

**Assets pledged and restricted.** The Group had assets pledged as collateral with the following carrying value:

In thousands of Russian Roubles	30 September 2017		31 December 2016		30 September 2016	
	Asset pledged	Related liability	Asset pledged	Related liability	Asset pledged	Related liability
Loans and advances to customers	-	-	430 413	295 398	429 395	529 903

At 30 September 2017 due from other banks balances in the amount of RR 99 789 thousand (31 December 2016: RR 96 017 thousand, 30 September 2016: RR 106 623 thousand) are placed as a cover for international payment cards transactions. Also, mandatory cash balances with the CB RF in the amount of RR 652 877 thousand (31 December 2016: RR 611 606 thousand, 30 September 2016: RR 583 306 thousand) represent mandatory reserve deposits which are not available to finance the Bank's day-to-day operations.

**Compliance with covenants.** The Group is subject to certain covenants relating to its borrowings. Non-compliance with such covenants may result in negative consequences for the Group including growth in the cost of borrowings and a claim on early repayment of the loan.

The Group was in compliance with all covenants as at 30 September 2017. At 31 December 2016 the Group did not comply with covenants with regard to the open credit risk ratio (impaired loans and advances to customers less provision to the Group's capital). Documentation on a temporary softening of these covenants to the level acceptable for the Group was signed in 2017. However, under the subordinated loan agreement, the breach of this covenant cannot result in an early debt revocation.



## 15. Fair Value

Fair value measurements are analysed by level in the fair value hierarchy as follows: (1) Level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (2) Level two measurements are valuation 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 (3) Level three measurements are valuations not based on observable market data (that is, unobservable inputs). Management applies professional 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 other IFRS require or permit in the consolidated 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:

<i>In thousands of Russian Roubles</i>	30 September 2017			Total
	Level 1	Level 2	Level 3	
<b>ASSETS AT FAIR VALUE</b>				
<b>FINANCIAL ASSETS</b>				
<i>Other financial assets</i>				
- Other securities at fair value through profit or loss	-	-	5 997	5 997
<b>NON-FINANCIAL ASSETS</b>				
- Investment in associate	-	-	286 941	286 941
- Investment properties	-	-	422 971	422 971
- Premises and land	-	-	2 345 610	2 345 610
<b>TOTAL ASSETS RECURRING FAIR VALUE MEASUREMENTS</b>	<b>-</b>	<b>-</b>	<b>3 061 519</b>	<b>3 061 519</b>
<b>LIABILITIES CARRIED AT FAIR VALUE</b>				
<i>Other financial liabilities</i>				
- Foreign exchange spot contracts	-	3 716	-	3 716
<b>TOTAL LIABILITIES RECURRING FAIR VALUE MEASUREMENTS</b>	<b>-</b>	<b>3 716</b>		<b>3 716</b>

<i>In thousands of Russian Roubles</i>	31 December 2016			Total
	Level 1	Level 2	Level 3	
<b>ASSETS AT FAIR VALUE</b>				
<b>FINANCIAL ASSETS</b>				
<i>Other financial assets</i>				
- Other securities at fair value through profit or loss	-	-	5 997	5 997
- Foreign exchange spot contracts	-	-	-	-
<b>NON-FINANCIAL ASSETS</b>				
- Investment in associate	-	-	315 409	315 409
- Investment properties	-	-	2 609 073	2 609 073
- Premises and land	-	-	2 350 186	2 350 186
<b>TOTAL ASSETS RECURRING FAIR VALUE MEASUREMENTS</b>	<b>-</b>	<b>-</b>	<b>5 280 665</b>	<b>5 280 665</b>

In thousands of Russian Roubles	30 September 2016			Total
	Level 1	Level 2	Level 3	
<b>ASSETS AT FAIR VALUE</b>				
<b>FINANCIAL ASSETS</b>				
<i>Other financial assets</i>				
- Other securities at fair value through profit or loss	-	-	5 997	5 997
- Foreign exchange spot contracts	-	91	-	91
<b>NON-FINANCIAL ASSETS</b>				
- Investment in associate	-	-	307 001	307 001
- Investment properties	-	639 109	-	639 109
- Premises and land	-	-	2 100 420	2 100 420
<b>TOTAL ASSETS RECURRING FAIR VALUE MEASUREMENTS</b>	<b>-</b>	<b>639 200</b>	<b>2 413 418</b>	<b>3 052 618</b>

**(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:

In thousands of Russian Roubles	30 September 2017			Carrying amount
	Level 1	Level 2	Level 3	
<b>FINANCIAL ASSETS</b>				
Cash and cash equivalents	3 859 318	4 404 470	-	8 263 788
Mandatory cash balances with the Central Bank of the Russian Federation	-	652 877	-	652 877
Due from other banks	-	9 305 792	-	9 305 792
Loans and advances to customers	-	-	78 849 279	77 937 965
- Loans to small and medium entities	-	-	26 457 994	26 456 480
- Corporate loans	-	-	7 140 701	7 119 837
- Loans to individuals – consumer and car loans	-	-	21 483 723	20 899 317
- Mortgage loans	-	-	23 766 861	23 462 331
Finance lease receivables	-	-	243 018	242 059
Other financial assets	-	-	725 329	725 329
<b>TOTAL</b>	<b>3 859 318</b>	<b>14 363 139</b>	<b>79 817 626</b>	<b>97 127 810</b>

In thousands of Russian Roubles	31 December 2016			Carrying amount
	Level 1	Level 2	Level 3	
<b>FINANCIAL ASSETS</b>				
Cash and cash equivalents	3 755 481	5 874 200	-	9 629 681
Mandatory cash balances with the Central Bank of the Russian Federation	-	611 606	-	611 606
Due from other banks	-	6 014 533	-	6 014 533
Loans and advances to customers	-	-	73 696 304	73 380 554
- Loans to small and medium entities	-	-	26 700 764	26 858 965
- Corporate loans	-	-	6 925 608	6 918 588
- Loans to individuals – consumer and car loans	-	-	20 600 045	19 997 289
- Mortgage loans	-	-	19 469 887	19 605 712
Finance lease receivables	-	-	266 255	266 272
Other financial assets	-	-	554 296	554 296
<b>TOTAL</b>	<b>3 755 481</b>	<b>12 500 339</b>	<b>74 516 855</b>	<b>90 456 942</b>

<i>In thousands of Russian Roubles</i>	30 September 2016			Carrying amount
	Level 1	Level 2	Level 3	
<b>FINANCIAL ASSETS</b>				
Cash and cash equivalents	4 343 917	5 487 716	-	9 831 633
Mandatory cash balances with the Central Bank of the Russian Federation	-	583 306	-	583 306
Due from other banks	-	5 013 771	-	5 013 771
Loans and advances to customers	-	-	70 518 483	74 109 406
- Loans to small and medium entities	-	-	28 109 893	27 961 636
- Corporate loans	-	-	8 821 468	8 403 051
- Loans to individuals – consumer and car loans	-	-	19 888 570	20 011 713
- Mortgage loans	-	-	13 698 552	17 733 006
Finance lease receivables	-	-	284 935	280 906
Other financial assets	-	-	728 716	728 716
<b>TOTAL</b>	<b>4 343 917</b>	<b>11 084 793</b>	<b>71 532 134</b>	<b>90 547 738</b>

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

<i>In thousands of Russian Roubles</i>	30 September 2017			Carrying amount
	Level 1	Level 2	Level 3	
<b>FINANCIAL LIABILITIES</b>				
Customer accounts	-	-	85 386 302	85 386 302
Debt securities in issue	391 139	-	412 296	801 496
- Promissory notes	-	-	412 296	412 296
- Bonds issued on domestic market	391 139	-	-	389 200
Borrowings from international financial institutions	-	-	1 019 983	1 019 983
Subordinated debt	-	-	1 199 280	1 199 280
Other financial liabilities	-	-	100 197	100 197
<b>TOTAL</b>	<b>391 139</b>	<b>-</b>	<b>88 118 058</b>	<b>88 507 258</b>

<i>In thousands of Russian Roubles</i>	31 December 2016			Carrying amount
	Level 1	Level 2	Level 3	
<b>FINANCIAL LIABILITIES</b>				
Due to other banks	-	-	295 407	295 407
Customer accounts	-	-	80 433 365	80 433 365
Debt securities in issue	110 704	-	321 583	427 032
- Promissory notes	-	-	321 583	321 583
- Bonds issued on domestic market	110 704	-	-	105 449
Borrowings from international financial institutions	-	-	182 116	182 116
Subordinated debt	-	-	3 077 640	3 077 640
Other financial liabilities	-	-	90 303	90 303
<b>TOTAL</b>	<b>110 704</b>	<b>-</b>	<b>84 400 414</b>	<b>84 505 863</b>

<i>In thousands of Russian Roubles</i>	30 September 2016			
	Level 1	Level 2	Level 3	Carrying amount
<b>FINANCIAL LIABILITIES</b>				
Due to other banks	-	-	529 915	529 915
Customer accounts	-	-	76 426 803	76 426 803
Debt securities in issue	766 222	-	249 451	1 006 532
- <i>Promissory notes</i>	-	-	249 451	249 451
- <i>Bonds issued on domestic market</i>	766 222	-	-	757 081
Borrowings from international financial institutions	-	-	1 768 815	1 768 815
Subordinated debt	-	-	3 259 461	3 259 461
Other financial liabilities	-	-	131 937	131 937
<b>TOTAL</b>	<b>766 222</b>	<b>-</b>	<b>82 366 382</b>	<b>83 123 463</b>

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

<i>In thousands of Russian Roubles</i>	30 September 2017	31 December 2016	30 September 2016
<b>RR</b>			
<i>Loans and advances to customers</i>			
Loans to small and medium entities	10,4 – 13,5%	12,9 – 15,1%	13,5 - 15,7%
Corporate loans	12,0 – 12,5%	12,6 – 13,7%	13,5 - 15,9%
Loans to individuals – consumer loans	13,7 – 13,9%	14,3 – 15,5%	15,4 - 18,0%
Loans to individuals – car loans	11,0 – 14,1%	12,0 – 15,3%	9,8 - 15,8%
Loans to individuals - mortgage loans	10,2 – 10,4%	12,2 – 12,3%	11,9 - 12,3%
<i>Finance lease receivables</i>	16,2 - 22,8%	18,4 - 22,4%	18,7 - 22,3%
<i>Customer accounts</i>			
Term deposits of individuals	2,0 – 10,0%	2,0 – 11,3%	2,0 – 11,8%
Term deposits of enterprises	3,5 – 8,8%	4,0 – 11,3%	4,0 – 12,5%
<i>Borrowings from international financial institutions</i>	10,2%	10,5%	10,5 - 14,5%
<b>Currency</b>			
<i>Loans and advances to customers</i>			
Corporate loans and loans to SME	4,0 – 7,6%	4,0 – 7,2%	7,1%
Loans to individuals – consumer loans	10,0%	10,0%	10,0%
Mortgage loans	4,0%	9,0%	9,0%
<i>Customer accounts</i>			
Term deposits of individuals	0,01 – 1,7%	0,1 – 2,5%	1,0 – 4,0%
<i>Borrowings from international financial institutions</i>	-	-	3,8 %
<i>Subordinated debt</i>	7,4%	7,4%	7,0%

Current rates on the Group's liabilities approximate market rates as they relate to short-term instruments or instruments with floating rates. 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.

## 16. Related Party Transactions

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

The Group's policy is to lend funds to related parties if they have an appropriate credit history and provide sufficient guarantees from third parties or pledge collateral valued in excess of the committed credit lines.

The consolidated financial statements of the Group include the following significant transactions and balances with related parties:

	<b>30 September 2017</b>		
	<b>Significant shareholders</b>	<b>Associate</b>	<b>Management and Board of Directors</b>
<i>In thousands of Russian Roubles</i>			
Correspondent accounts with banks	341 717		
Gross amount of loans and advances to customers (contractual interest rate: 10.0% – 13.5%)	-	83 897	3 077
Customer accounts (contractual interest rate: 0.1% – 10.0%)	-	298	79 107
Subordinated loans (contractual interest rate: 7.4%)	1 199 280	-	-
<b>30 September 2016</b>			
	<b>Significant shareholders</b>	<b>Associate</b>	<b>Management and Board of Directors</b>
<i>In thousands of Russian Roubles</i>			
Correspondent accounts with banks	1 261 675	-	-
Gross amount of loans and advances to customers (contractual interest rate: 9.9% – 16.0%)	-	149 481	4 519
Customer accounts (contractual interest rate: 0.1% – 12.5%)	-	376	71 487
Borrowings from international financial institutions (contractual interest rate: 15.1%)	318 947	-	-
Subordinated loans (contractual interest rate: 6.7%)	3 259 461	-	-
<b>31 December 2016</b>			
	<b>Significant shareholders</b>	<b>Associate</b>	<b>Management and Board of Directors</b>
<i>In thousands of Russian Roubles</i>			
Correspondent accounts with banks	224 311	-	-
Gross amount of loans and advances to customers (contractual interest rate: 9.9% – 14.5%)	-	131 149	8 050
Customer accounts (contractual interest rate: 0.1% – 11.0%)	-	578	52 050
Subordinated loans (contractual interest rate: 7.4%)	3 077 640	-	-
<b>Nine months ended 30 September 2017</b>			
	<b>Significant shareholders</b>	<b>Associate</b>	<b>Management and Board of Directors</b>
<i>In thousands of Russian Roubles</i>			
Interest income	-	9 889	549
Interest expense	(105 130)	0	(2 882)
Fee and commission income	-	847	14
Administrative expenses excluding management remuneration	-	-	(1 758)
<b>Nine months ended 30 September 2016</b>			
	<b>Significant shareholders</b>	<b>Associate</b>	<b>Management and Board of Directors</b>
<i>In thousands of Russian Roubles</i>			
Interest income	-	15 850	620
Interest expense	(245 069)	-	(4 015)
Fee and commission income	-	774	19
Administrative expenses excluding management remuneration	-	-	(91)
<b>2016</b>			
	<b>Significant shareholders</b>	<b>Associate</b>	<b>Management and Board of Directors</b>
<i>In thousands of Russian Roubles</i>			
Interest income	-	20 622	760
Interest expense	(321 369)	-	(4 315)
Fee and commission income	-	1 096	26
Administrative expenses excluding management remuneration	-	-	(2 991)

In April 2017 the Bank repaid ahead of schedule the Subordinated loan from Deutsche Investitions - und Entwicklungsgesellschaft mbH amounting to USD 30 million.

Major shareholders mean shareholders holding over five percent of the Bank's voting shares. The major shareholders of the Bank are as follows:

Shareholder	30 September 2017		30 September 2016		31 December 2016	
	Equity share, %	Voting rights, %	Equity share, %	Voting rights, %	Equity share, %	Voting rights, %
European Bank for Reconstruction and Development	17,82	19,74	22,80	25,25	22,80	25,25
DEG (Deutsche Investitions und Entwicklungsgesellschaft GmbH)	14,57	16,14	18,65	20,65	18,65	20,65
Vasiliy Vasilievich Vysokov	11,10	12,30	11,10	12,30	11,10	12,30
Tatiana Nikolaevna Vysokova	10,96	12,13	10,96	12,13	10,96	12,13
ResponsAbility	9,05	10,03	-	-	-	-
Erste Bank	9,09	9,01	9,09	9,01	9,09	9,01
Firebird funds	8,22	9,11	8,22	9,11	8,22	9,11
Rekha Holdings Limited	6,77	7,49	6,77	7,49	6,77	7,49

Key management compensation is presented below:

In thousands of Russian Roubles	Nine months ended 30 September 2017		Nine months ended 30 September 2017		2016	
	Expense	Accrued liability	Expense	Accrued liability	Expense	Accrued liability
<i>Short-term benefits:</i>						
- Salaries	27 953	-	86 811	-	70 994	-
- Short-term and other bonuses	58 296	-	23 110	-	48 048	-
<i>Long-term bonus scheme</i>	979	21 189	5 279	22 731	2 758	20 210
<b>Total</b>	<b>87 228</b>	<b>21 189</b>	<b>115 200</b>	<b>22 731</b>	<b>121 800</b>	<b>20 210</b>

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

In 2017, the Board of Directors consisted of 7 persons (2016: 7 persons). As at 30 September 2017, the Group's Executive Board consisted of 5 persons (31 December 2016: 5 persons; 30 September 2016: 4 persons).

## 17. Events after the End of the Reporting Period

In October 2017 the Bank repaid ahead of schedule the Subordinated loan from European Bank for Reconstruction and Development amounting to USD 20 million.