Condensed interim consolidated financial statements

***PJSC "Europlan" and its subsidiaries***

for the six-month period ended 30 June 2016

*with review report*

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# Report on review of the condensed interim consolidated financial statements

To the shareholders and Board of directors of
Public Joint Stock Company "Europlan"

We have reviewed the accompanying condensed interim consolidated financial statements of Public Joint Stock Company "Europlan" and its subsidiaries, which comprise the condensed interim consolidated statement of financial position as at 30 June 2016 and the related condensed interim consolidated statement of profit or loss and other comprehensive income for the three-month and the six-month periods then ended, condensed interim consolidated statements of changes in equity and of cash flows for the six-month period then ended and explanatory notes.

The management of Public Joint Stock Company "Europlan" is responsible for the preparation and presentation of these condensed interim consolidated financial statements in accordance with IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

***Scope of review***

We conducted our review in accordance with the Federal Law *On Auditing Activity*, Federal Rule (Standard) on Auditing No. 33 *Engagements to Review Financial Statements* and International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*.

A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the federal standards on auditing effective in the Russian Federation and International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.

### *Other matters*

The comparative financial information of Public Joint Stock Company "Europlan" as at 30 June 2015 and for the six-month period then ended was not reviewed.

S.M. Taskaev
Partner
Ernst & Young LLC

23 August 2016

**_Details of the entity_**

Name: Public Joint Stock Company "Europlan"
Record made in the State Register of Legal Entities on 1 August 2002, State Registration Number 1027700085380.
Address: Russia, 115093, Moscow, 1st Shchipkovsky pereulok, 20.

**_Details of the practitioner_**

Name: Ernst & Young LLC
Record made in the State Register of Legal Entities on 5 December 2002, State Registration Number 1027739707203.
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Ernst & Young LLC is a member of self-regulatory organization of auditors "Russian Audit Chamber" (Association) ("SRO APR"). Ernst & Young LLC is included in the control copy of the register of auditors and audit organizations, main registration number 10201017420.

## Condensed interim consolidated statement of financial position as at 30 June 2016 (unaudited)

*(in thousands of Russian roubles, unless otherwise stated)*

| | Note | 30 June 2016 | 31 December 2015 |
|---|---|---|---|
| **Assets** | | | |
| Cash and cash equivalents | 5 | 1,674,191 | 1,482,012 |
| Financial instruments at fair value through profit or loss | 6 | 99,036 | 96,422 |
| Bank deposits | 7 | 1,978,518 | 7,534,751 |
| Net investment in leases after impairment allowance | 8 | 24,159,214 | 25,831,757 |
| Loans to customers after impairment allowance | 9 | – | 55,768 |
| Equipment purchased and advances to suppliers for lease operations | 10 | 416,013 | 299,213 |
| Debtors on leasing activities | 11 | 30,554 | 72,802 |
| Current income tax prepayment | | 70,488 | – |
| VAT recoverable | | 41,349 | 45,973 |
| Property and equipment | | 285,328 | 306,379 |
| Other assets | 12 | 1,577,588 | 1,832,126 |
| **Total assets** | | **30,332,279** | **37,557,203** |
| **Liabilities** | | | |
| Borrowings | 13 | 3,839,604 | 9,921,321 |
| Insurance reserves | 14 | 809,205 | 887,951 |
| Advances received from lessees | | 359,049 | 414,150 |
| Bonds issued | 15 | 11,871,350 | 13,495,975 |
| Current income tax payable | | 346 | 297,106 |
| Deferred income tax liability | | 624,529 | 594,810 |
| VAT payable | | 298,084 | 582,302 |
| Other liabilities | 16 | 548,998 | 707,290 |
| **Total liabilities** | | **18,351,165** | **26,900,905** |
| **Equity** | | | |
| Share capital | 17 | 15,395 | 15,395 |
| Additional paid-in capital | 17 | 2,799,133 | 2,799,133 |
| Retained earnings | | 9,166,586 | 7,841,770 |
| **Total equity** | | **11,981,114** | **10,656,298** |
| **Total liabilities and equity** | | **30,332,279** | **37,557,203** |

Approved for issue and signed on behalf of the Company on 23 August 2016.

Alexander Mikhaylov
CEO

Lyudmila Teterikova
CFO

*The notes form an integral part of these condensed interim consolidated financial statements.*

# Condensed interim consolidated statement of profit or loss and other comprehensive income

## for the three and six months ended 30 June 2016 (unaudited)

*(in thousands of Russian roubles, unless otherwise stated)*

| | | *For the six months ended* | | *For the three months ended* | |
|---|---|---|---|---|---|
| | ***Note*** | ***30 June 2016*** | ***30 June 2015**** | ***30 June 2016*** | ***30 June 2015**** |
| **Continuing operations** | | | | | |
| Interest income | 18 | 3,350,275 | 3,861,020 | 1,575,757 | 1,865,593 |
| Interest expense | 18 | (1,245,706) | (1,875,203) | (543,793) | (916,089) |
| **Net interest income** | | **2,104,569** | **1,985,817** | **1,031,964** | **949,504** |
| Other income, net | 19 | 927,665 | 639,498 | 509,486 | 331,449 |
| **Income from operations** | | **3,032,234** | **2,625,315** | **1,541,450** | **1,280,953** |
| Net gains (losses) from financial instruments at fair value through profit or loss | 6 | 2,614 | (61,730) | 1,166 | 28,722 |
| Net foreign exchange (losses) gains | | (3,821) | 6,759 | (2,138) | 30,169 |
| **Total income from operations and finance income** | | **3,031,027** | **2,570,344** | **1,540,478** | **1,339,844** |
| Impairment charges | 20 | (63,232) | (72,764) | (30,362) | (9,324) |
| Staff expenses | | (1,012,192) | (1,150,886) | (454,459) | (512,883) |
| General and administrative expenses | | (309,158) | (321,286) | (155,285) | (154,768) |
| Other non-operating income (expenses) | | 136 | (115) | 196 | (285) |
| **Profit before income tax from continuing operations** | | **1,646,581** | **1,025,293** | **900,568** | **662,584** |
| Income tax expense | | (321,765) | (219,722) | (178,173) | (130,120) |
| **Net profit from continuing operations** | | **1,324,816** | **805,571** | **722,395** | **532,464** |
| **Discontinued operations** | | | | | |
| Profit before income tax from discontinued operations | 4 | – | 226,956 | – | 125,962 |
| Income tax expense | 4 | – | (64,965) | – | (30,671) |
| **Net profit from discontinued operations** | | **–** | **161,991** | **–** | **95,291** |
| **Net profit** | | **1,324,816** | **967,562** | **722,395** | **627,755** |
| **Other comprehensive income for the period** | | **–** | **–** | **–** | **–** |
| **Total comprehensive income for the period** | | **1,324,816** | **967,562** | **722,395** | **627,755** |
| **Earnings per share (expressed in Russian roubles per share)** | 17 | **57.66** | **42.11** | **31.44** | **27.32** |
| **Earnings per share for continuing operations (expressed in Russian roubles per share)** | 17 | **57.66** | **35.06** | **31.44** | **23.17** |

* not reviewed as at 30 June 2015.

*The notes form an integral part of these condensed interim consolidated financial statements.*

## Condensed interim consolidated statement of changes in equity
## for the six months ended 30 June 2016 (unaudited)

*(in thousands of Russian roubles, unless otherwise stated)*

| | ***Share capital*** | ***Additional paid-in capital*** | ***Retained earnings*** | ***Share-based payment reserve*** | ***Total equity*** |
|---|---|---|---|---|---|
| **Balance as at 1 January 2015 (unaudited)** | **15,395** | **2,799,133** | **6,939,794** | **171,650** | **9,925,972** |
| Net profit from continuing operations (unaudited) | – | – | 805,571 | – | **805,571** |
| Net profit from discontinued operations (unaudited) | – | – | 161,991 | – | **161,991** |
| Other comprehensive income for the period (unaudited) | – | – | – | – | **–** |
| **Total comprehensive income for the period (unaudited)** | **–** | **–** | **967,562** | **–** | **967,562** |
| Share-based payments (unaudited) | – | – | – | 52,425 | **52,425** |
| **Balance as at 30 June 2015* (unaudited)** | **15,395** | **2,799,133** | **7,907,356** | **224,075** | **10,945,959** |
| **Balance as at 1 January 2016** | **15,395** | **2,799,133** | **7,841,770** | **–** | **10,656,298** |
| Net profit | – | – | 1,324,816 | – | **1,324,816** |
| Other comprehensive income for the period | – | – | – | – | **–** |
| **Total comprehensive income for the period** | **–** | **–** | **1,324,816** | **–** | **1,324,816** |
| **Balance as at 30 June 2016** | **15,395** | **2,799,133** | **9,166,586** | **–** | **11,981,114** |

* not reviewed as at 30 June 2015.

*The notes form an integral part of these condensed interim consolidated financial statements.*

## Condensed interim consolidated statement of cash flows
## for the six months ended 30 June 2016 (unaudited)

*(in thousands of Russian roubles, unless otherwise stated)*

| | Note | *For the six months ended* 30 June 2016 | 30 June 2015* |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Interest received | | 3,402,159 | 4,479,244 |
| Income from insurance activities | | 403,810 | 435,601 |
| Interest paid | | (1,258,064) | (1,939,217) |
| Proceeds from disposal of repossessed assets | | 725,987 | 746,397 |
| Payments to employees | | (937,146) | (1,083,044) |
| General and administrative expenses | | (238,405) | (327,449) |
| **Cash flows from operating activities before changes in working capital** | | **2,098,341** | **2,311,532** |
| **Changes in operating assets/liabilities** | | | |
| Bank deposits | | 5,572,751 | (2,228,330) |
| Net investment in leases | | 999,959 | 4,749,993 |
| Loans to customers | | 39,654 | 892,387 |
| Advances on leasing activities | | (163,015) | (49,262) |
| Debtors on leasing activities | | 450,235 | 39,026 |
| Other assets | | 192,470 | 394,005 |
| Current accounts and deposits from customers | | – | 93,557 |
| Other liabilities | | (616,661) | 632,555 |
| **Net cash flows from operating activities before income tax** | | **8,573,734** | **6,835,463** |
| Income tax paid | | (659,294) | (221,441) |
| **Net cash flows from operating activities** | | **7,914,440** | **6,614,022** |
| **Cash flows from investing activities** | | | |
| Proceeds from sale of property and equipment | | 7,029 | 3,466 |
| Purchase of property and equipment | | (35,030) | (20,793) |
| **Net cash flows used in investing activities** | | **(28,001)** | **(17,327)** |
| **Cash flows from financing activities** | | | |
| Borrowings repaid | | (6,094,088) | (7,470,330) |
| Bonds repaid | | (1,600,000) | – |
| **Net cash flows used in financing activities** | | **(7,694,088)** | **(7,470,330)** |
| Effect of exchange rate changes on cash and cash equivalents | | (172) | 27,296 |
| **Net increase (decrease) in cash and cash equivalents** | | **192,179** | **(846,339)** |
| **Cash and cash equivalents at the beginning of the period** | 5 | **1,482,012** | **1,940,353** |
| **Cash and cash equivalents at the end of the period** | 5 | **1,674,191** | **1,094,014** |

* not reviewed as at 30 June 2015.

*The notes form an integral part of these condensed interim consolidated financial statements.*

*(in thousands of Russian roubles, unless otherwise stated)*

# 1 Introduction

These condensed interim consolidated financial statements are prepared in accordance with International Financial Reporting Standard 34 *Interim Financial Reporting* for the six months ended 30 June 2016 for PJSC "Europlan" (the "Company") and its subsidiaries (together referred to as the "Group").

The Company was previously incorporated as a closed joint stock company "Europlan" in the year 2004. On 3 July 2015 in order to bring the organisational documents to compliance with standards of Chapter 4 of the Civil Code of the Russian Federation according to the requirements of the Federal Act of 5 May 2014 N 99-FZ *On Including Changes in Chapter 4 Part One of the Civil Code of the Russian Federation and on Acknowledgement of Separate Terminated Provisions of the Legal Acts of the Russian Federation* the Company changed the name closed joint stock company "Europlan" to joint stock company "Europlan". On
25 November 2015 the Company changed form of incorporation from a joint stock company to a public joint stock company after having acquired the public status and bringing the Certificate of incorporation of the Company to compliance with the requirements of the Russian Federation legal acts for public joint stock companies.

Registered address of PJSC "Europlan" is 20, 1$^{st}$ Shchipkovsky pereulok, Moscow, 115093, Russian Federation. The Group's head office is located at 12, Malaya Sukharevskaya Square, Moscow, 127051, Russian Federation.

As at 30 June 2016 and 31 December 2015 the Company's immediate parent company is Europlan Holdings Limited. In September 2015, third party Cendonbridge Global Limited purchased 100% ordinary shares of Europlan Holdings Limited. Following the initial public offering of the shares belonged to Europlan Holdings Limited in December 2015, Europlan Holdings Limited held 75% ordinary shares plus 1 share of the Company as at 31 December 2015. As at 30 June 2016 Europlan Holdings Limited held 51.10% ordinary shares of the Company. As a result of the transactions, as at 30 June 2016 and 31 December 2015 the ultimate controlling party of the Group is Mr. Shishkhanov M.O.

The principal activity of the Group is lease financing of various types of vehicles and equipment to individual entrepreneurs and legal entities within the Russian Federation. The Group purchases leasing assets from suppliers operating in the territory of the Russian Federation. The Group's principal place of business is the Russian Federation. During the period, the Group provided its services via 72 offices (2015: 73) located in the Russian Federation. As at 30 June 2016 the number of employees was 1,458 (31 December 2015: 1,545).

In October 2015, management of the Group's shareholder changed the Group's structure and transferred the ownership interest in LLC "Europlan Auto", LLC "Europlan Insurance", LLC "Europlan Lease Payments" and LLC "POMESTIE" from the direct ownership of Europlan Holdings Limited into the ownership of
PJSC "Europlan" registered in the Russian Federation (refer to Note 4). In December 2015, the Group stopped control over JSC "Europlan Bank" as a result of sale of its shares (refer to Note 4).

The subsidiaries are as follows:

| *Name* | *Country of incorporation* | *Principal activities* | *Ownership, %* 30 June 2016 | *Ownership, %* 31 December 2015 |
|---|---|---|---|---|
| LLC "Europlan Auto" | Russian Federation | Leases | 100.00 | 99.99 |
| LLC "Europlan Lease Payments" | Russian Federation | Insurance agent | 99.99 | 99.99 |
| LLC "POMESTIE" | Russian Federation | Holding company | 99.99 | 99.99 |
| LLC "KRAUN KD" | Russian Federation | Holding company | 99.99 | 99.99 |
| LLC "Insurance company Europlan" | Russian Federation | Insurance | 99.99 | 99.99 |
| LLC "Europlan Insurance" | Russian Federation | Other | 100.00 | 99.99 |

*(in thousands of Russian roubles, unless otherwise stated)*

## 2 Operating environment of the Group

The Group's principal place of business is the Russian Federation. Consequently, the Group is exposed to the economic and financial risks of markets of the Russian Federation, which display characteristics of emerging markets. The legal, tax and regulatory frameworks continue development, but are subject to varying interpretations and frequent changes which together with other legal and fiscal impediments contribute to the challenges faced by entities operating in the Russian Federation. In addition, the contraction in the capital and credit markets and its impact on the Russian economy have further increased the level of economic uncertainty in the environment. These consolidated financial statements reflect management's assessment of the impact of the Russian business environment on the operations and the financial position of the Group.

In 2016, the Russian economy continued to be negatively impacted by a significant drop in crude oil prices and a significant devaluation of the Russian rouble, as well as sanctions imposed on Russia by several countries in 2014. The combination of the above resulted in reduced access to capital, a higher cost of capital and uncertainty regarding economic growth, which could negatively affect the Group's future financial position, results of operations and business prospects. Management believes it is taking appropriate measures to support the sustainability of the Group's business in the current circumstances.

Management determines allowances for impairment of investment in leases considering the economic situation and outlook at the end of the reporting period and applies 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, no matter how likely those future events are.

Although the future business environment may differ from management's assessment, management believes it is taking all the necessary measures to support the sustainability and development of the Group's business.

## 3 Basis of preparation

### General

These condensed interim consolidated financial statements for the six months ended 30 June 2016 have been prepared in accordance with International Accounting Standard (IAS) 34 *Interim Financial Reporting*.

The condensed interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2015.

### Changes in accounting policies

The accounting policies adopted in the preparation of the condensed interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2015, except for the adoption of new standards effective as at 1 January 2016. The Group has not early adopted any other standards, interpretations or amendments that have been issued but are not yet effective.

*(in thousands of Russian roubles, unless otherwise stated)*

# 3 Basis of preparation (continued)

## Changes in accounting policies (continued)

The nature and the effect of these changes are disclosed below. Although these new standards and amendments apply for the first time in 2016, they did not have a material effect on the annual consolidated financial statements or the condensed interim consolidated financial statements of the Group. The nature and the impact of each new standard or amendment are described below.

*IFRS 14 Regulatory Deferral Accounts*

IFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of IFRS. Entities that adopt IFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and other comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. IFRS 14 is effective for annual periods beginning on or after 1 January 2016. Since the Group is an existing IFRS preparer, this standard would not apply.

*Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests*

The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant IFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after 1 January 2016. These amendments do not have any impact on the Group as there has been no interest acquired in a joint operation during the period.

*Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation*

The amendments clarify the principle in IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets* that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is a part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016. These amendments do not have any impact to the Group given that the Group has not used a revenue-based method to depreciate its noncurrent assets.

*Amendments to IAS 16 and IAS 41 Bearer Plants*

The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of IAS 41 *Agriculture*. Instead, IAS 16 will apply. After initial recognition, bearer plants will be measured under IAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of IAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance* will apply. The amendments are retrospectively effective for annual periods beginning on or after 1 January 2016. These amendments do not have any impact to the Group as the Group does not have any bearer plants.

*(in thousands of Russian roubles, unless otherwise stated)*

# 3 Basis of preparation (continued)

## Changes in accounting policies (continued)

*Amendments to IAS 27 Equity Method in Separate Financial Statements*

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in their separate financial statements will have to apply that change retrospectively. First-time adopters of IFRS electing to use the equity method in their separate financial statements will be required to apply this method from the date of transition to IFRS. The amendments are effective for annual periods beginning on or after 1 January 2016. These amendments do not have any impact on the Group's consolidated financial statements.

***Annual improvements 2012-2014 cycle***

These improvements are effective for annual periods beginning on or after 1 January 2016. They include:

*IFRS 5 Non-current Assets Held for Sale and Discontinued Operations*

Assets (or disposal groups) are generally disposed of either through sale or distribution to owners. The amendment clarifies that changing from one of these disposal methods to the other would not be considered a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in IFRS 5. This amendment must be applied prospectively.

*IFRS 7 Financial Instruments: Disclosures*

*(i) Servicing contracts*

The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and the arrangement against the guidance for continuing involvement in IFRS 7 in order to assess whether the disclosures are required. The assessment of which servicing contracts constitute continuing involvement must be done retrospectively. However, the required disclosures would not need to be provided for any period beginning before the annual period in which the entity first applies the amendments.

*(ii) Applicability of the amendments to IFRS 7 to condensed interim financial statements*

The amendment clarifies that the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report. This amendment must be applied retrospectively.

These amendments do not have any impact on the Group.

*IAS 19 Employee Benefits*

The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. This amendment must be applied prospectively.

*IAS 34 Interim Financial Reporting*

The amendment clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. This amendment must be applied retrospectively.

These amendments do not have any impact on the Group.

*(in thousands of Russian roubles, unless otherwise stated)*

# 3 Basis of preparation (continued)

## Changes in accounting policies (continued)

*Amendments to IAS 1 Disclosure Initiative*

The amendments to IAS 1 clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

- the materiality requirements in IAS 1;
- that specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated;
- that entities have flexibility as to the order in which they present the notes to financial statements;
- that the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI. These amendments are effective for annual periods beginning on or after 1 January 2016. These amendments do not have any impact on the Group.

*Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception*

The amendments address issues that have arisen in applying the investment entities exception under IFRS 10 *Consolidated Financial Statements*. The amendments to IFRS 10 clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.

Furthermore, the amendments to IFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. The amendments to IAS 28 *Investments in Associates and Joint Ventures* allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries.

These amendments must be applied retrospectively and are effective for annual periods beginning on or after 1 January 2016. These amendments do not have any impact on the Group as the Group does not apply the consolidation exception.

# 4 Acquisition and disposal of subsidiaries, and discontinued operations

In October 2015, management of the Group's shareholder changed the Group's structure and transferred the ownership interest in LLC "Europlan Auto", LLC "Europlan Insurance", LLC "Europlan Lease Payments" and LLC "POMESTIE" from the direct ownership of Europlan Holdings Limited into the ownership of the PJSC "Europlan" registered in the Russian Federation. The investments in these companies were transferred from the Group's shareholder as contribution to equity of PJSC "Europlan" to increase the net assets of PJSC "Europlan".

Acquisitions of subsidiaries from parties under common control are accounted for using the pooling of interests method. These condensed interim consolidated financial statements, including the comparative data, are presented as if the subsidiaries had been acquired by the Group as at the date they were originally acquired by the preceding owner.

*(in thousands of Russian roubles, unless otherwise stated)*

## 4 Acquisition and disposal of subsidiaries, and discontinued operations (continued)

The assets and liabilities of the companies acquired into the ownership of the PJSC "Europlan" as at the date of acquisition were as follows:

| | *Carrying amount at acquisition date* |
|---|---|
| Cash and cash equivalents | 445,781 |
| Financial instruments at fair value through profit or loss | 93,780 |
| Bank deposits | 648,337 |
| Net investment in leases after impairment allowance | 356,691 |
| Loans to customers after impairment allowance | 587,991 |
| Equipment purchased and advances to suppliers for lease operations | 3,596 |
| Debtors on leasing activities | 3,214 |
| Current income tax prepayment | 6,470 |
| VAT recoverable | 47,531 |
| Property, equipment and intangible assets | 43,120 |
| Other assets | 355,853 |
| **Total assets** | **2,592,364** |
| Borrowings | 402,350 |
| Insurance reserves | 853,865 |
| Advances received from lessees | 2,042 |
| Deferred income tax liability | 133 |
| VAT payable | 13,345 |
| Other liabilities | 148,160 |
| **Total liabilities** | **1,419,895** |
| **Total net assets** | **1,172,469** |

Cash inflow on acquisition of the subsidiaries was as follows:

| | |
|---|---|
| Net cash acquired with the subsidiaries | 445,781 |
| **Net cash inflow** | **445,781** |

### Disposal of JSC "Europlan Bank"

In December 2015, the Group stopped control over JSC "Europlan Bank" (the "Bank") as a result of sale of its shares to the related parties. There were no expenses incurred by the Group at disposal of the Bank.

The assets and liabilities of the Bank as at the date of disposal were as follows:

| | *Carrying amount at disposal date* |
|---|---|
| Cash and cash equivalents | 475,969 |
| Loans to customers after impairment allowance | 3,822,980 |
| Property, equipment and intangible assets | 105,664 |
| Other assets | 43,492 |
| **Total assets** | **4,448,105** |
| Current accounts and deposits from customers | 2,631,209 |
| Deferred income tax liability | 12,491 |
| VAT payable | 11,204 |
| Other liabilities | 112,234 |
| **Total liabilities** | **2,767,138** |
| **Total net assets** | **1,680,967** |

*(in thousands of Russian roubles, unless otherwise stated)*

## 4 Acquisition and disposal of subsidiaries, and discontinued operations (continued)

### Disposal of JSC "Europlan Bank" (continued)

The total consideration and financial result from sale was as follows:

| | |
|---|---|
| Other assets (amount receivable) | 630,515 |
| **Total consideration** | **630,515** |
| Net assets disposed | (1,680,967) |
| **Financial result from sale** | **(1,050,452)** |

The cash outflow on disposal of the subsidiary was as follows:

| | |
|---|---|
| Net cash disposed with the subsidiary | (475,969) |
| **Net cash outflow** | **(475,969)** |

JSC "Europlan Bank" was classified as discontinued operations in these condensed interim consolidated financial statements. The results of the Bank for the first half of 2015 are presented below:

| | *For the six months ended* | |
|---|---|---|
| | ***30 June 2016*** | ***30 June 2015**** |
| Interest income | – | 595,616 |
| Interest expense | – | (72,269) |
| **Net interest income** | **–** | **523,347** |
| Other income, net | – | 64,933 |
| **Income from operations** | **–** | **588,280** |
| Net foreign exchange losses | – | (8,555) |
| **Total income from operations and finance income** | **–** | **579,725** |
| Impairment charges | – | (237,813) |
| Staff expenses | – | (54,776) |
| General and administrative expenses | – | (60,180) |
| **Profit before income tax from discontinued operations** | **–** | **226,956** |
| Income tax | – | (64,965) |
| **Net profit from discontinued operations** | **–** | **161,991** |

* not reviewed as at 30 June 2015.

Transactions between discontinued and continuing operations are eliminated according to the requirements of IFRS. As a result, income and expense recorded as discontinued operations are only from transactions with counterparties external to the Group. Information on intragroup adjustments of the Bank with other entities of the Group in the condensed interim consolidated statement of profit or loss and other comprehensive income is presented in Note 26 as supplementary information.

The net cash flows incurred by the Bank are as follows:

| | *For the six months ended* | |
|---|---|---|
| | ***30 June 2016*** | ***30 June 2015**** |
| Operating | – | (103,426) |
| Investing | – | (2,270) |
| Financing | – | (43) |
| Effect of exchange rate changes on cash and cash equivalents | – | (10,210) |
| **Net cash flows from discontinued operations** | **–** | **(115,949)** |

* not reviewed as at 30 June 2015.

*(in thousands of Russian roubles, unless otherwise stated)*

## 4 Acquisition and disposal of subsidiaries, and discontinued operations (continued)

### Disposal of JSC "Europlan Bank" (continued)

Earnings per share from discontinued operations are as follows:

| | For the six months ended | |
|---|---|---|
| | *30 June 2016* | *30 June 2015** |
| Net profit from discontinued operations | – | 161,991 |
| Weighted average number of outstanding shares (estimated number of shares for the six months ended 30 June 2015) | 22,977,000 | 22,977,000 |
| **Earnings per share from discontinued operations (expressed in Russian roubles per share)** | **–** | **7.05** |

* not reviewed as at 30 June 2015.

## 5 Cash and cash equivalents

| | *30 June 2016* | *31 December 2015* |
|---|---|---|
| Cash on hand | 157 | 204 |
| Current accounts with banks | 452,299 | 612,970 |
| Term deposits with banks with original maturity less than three months | 1,221,735 | 868,838 |
| **Total** | **1,674,191** | **1,482,012** |

No bank balances or term deposits with banks are past due or impaired. The credit quality of cash and cash equivalents is based on Standard and Poor's ratings, or ratings of Moody's or Fitch adjusted to the Standard and Poor's ratings. Analysis of credit quality of current accounts with banks and term deposits with banks is as follows:

| | *30 June 2016* | | *31 December 2015* | |
|---|---|---|---|---|
| | *Current accounts with banks* | *Term deposits with banks* | *Current accounts with banks* | *Term deposits with banks* |
| **Neither past due nor impaired** | | | | |
| BBB rated | 281,753 | 707,276 | 297,609 | 241,086 |
| BB- to BB+ rated | 162,136 | 514,459 | 315,224 | 467,398 |
| Rated lower than BB- | 8,316 | – | 43 | 160,354 |
| Unrated | 94 | – | 94 | – |
| **Total cash and cash equivalents** | **452,299** | **1,221,735** | **612,970** | **868,838** |

As at 30 June 2016 the Group does not have counterparties (31 December 2015: none), whose aggregate balances on current accounts and short-term deposits exceed 10% of equity as at the end of reporting period.

## 6 Financial instruments at fair value through profit or loss

| | *30 June 2016* | *31 December 2015* |
|---|---|---|
| ***Debt and other fixed-income instruments*** | | |
| **Government and municipal bonds** | | |
| Russian Government Federal bonds (OFZ) | 89,721 | 87,316 |
| **Total government and municipal bonds** | **89,721** | **87,316** |
| **Corporate bonds** | | |
| Rated from BB+ to BB- | 9,315 | 9,106 |
| **Total corporate bonds** | **9,315** | **9,106** |
| **Total financial instruments at fair value through profit and loss** | **99,036** | **96,422** |

During the six months ended 30 June 2016, net gains from financial instruments at fair value through profit or loss comprise net gains from debt and other fixed-income instruments of RUB 2,614 thousand (30 June 2015: net gains from debt and other fixed-income instruments of RUB 11,697 thousand and net losses from derivative financial instruments of RUB 73,427 thousand).

*(in thousands of Russian roubles, unless otherwise stated)*

## 7 Bank deposits

Bank deposits as at 30 June 2016 were mainly deposits in RUB and had an average interest rate of 11.08% (31 December 2015: 11.55%). The maturities of these deposits are July-September 2018 (31 December 2015: January 2016 – March 2018).

No bank deposits are past due or impaired. The credit quality of bank deposits is based on Standard and Poor's ratings, or ratings of Moody's or Fitch adjusted to the Standard and Poor's ratings.

Analysis by credit quality of bank deposits is as follows:

| | *30 June 2016* | *31 December 2015* |
|---|---|---|
| BBB rated | 177,940 | – |
| BB- to BB+ rated | 1,800,578 | 7,465,750 |
| Rated lower than BB- | – | 69,001 |
| **Total bank deposits** | **1,978,518** | **7,534,751** |

As at 30 June 2016 the Group has one counterparty with credit rating BB (31 December 2015: one counterparty), whose aggregate balances exceed 10% of equity. The gross value of these balances as at 30 June 2016 is RUB 1,800,578 thousand (31 December 2015: RUB 6,815,390 thousand).

## 8 Net investment in leases after impairment allowance

Net investment in leases comprises:

| | *30 June 2016* | *31 December 2015* |
|---|---|---|
| **Gross investment in leases** | **29,412,911** | **31,695,192** |
| Unearned finance income | (5,163,270) | (5,741,392) |
| **Net investment in leases before impairment allowance** | **24,249,641** | **25,953,800** |
| Impairment allowance | (90,427) | (122,043) |
| **Total net investment in leases after impairment allowance** | **24,159,214** | **25,831,757** |

Finance lease payments receivables (gross investment in leases) and their present values are as follows:

| | *Due in 1 year* | *Due between 1 and 5 years* | *Total* |
|---|---|---|---|
| **Gross investment in leases as at 30 June 2016** | **19,108,587** | **10,304,324** | **29,412,911** |
| Unearned finance income | (1,873,079) | (3,290,191) | **(5,163,270)** |
| Impairment allowance | (65,577) | (24,850) | **(90,427)** |
| **Net investment in leases after impairment allowance as at 30 June 2016** | **17,169,931** | **6,989,283** | **24,159,214** |

| | *Due in 1 year* | *Due between 1 and 5 years* | *Total* |
|---|---|---|---|
| **Gross investment in leases as at 31 December 2015** | **20,306,923** | **11,388,269** | **31,695,192** |
| Unearned finance income | (2,057,498) | (3,683,894) | **(5,741,392)** |
| Impairment allowance | (75,432) | (46,611) | **(122,043)** |
| **Net investment in leases after impairment allowance as at 31 December 2015** | **18,173,993** | **7,657,764** | **25,831,757** |

*(in thousands of Russian roubles, unless otherwise stated)*

## 8 Net investment in leases after impairment allowance (continued)

Movements in the impairment allowance for net investment in leases by types of leased assets for the six months ended 30 June 2016 are as follows:

| | *Vehicles* | *Construction equipment, mobile machinery and other* | *Total* |
|---|---|---|---|
| **Impairment allowance as at 1 January 2016** | **(86,218)** | **(35,825)** | **(122,043)** |
| Impairment recovery | 17,549 | 14,067 | **31,616** |
| **Impairment allowance as at 30 June 2016** | **(68,669)** | **(21,758)** | **(90,427)** |

Movements in the impairment allowance for net investment in leases by types of leased assets for the six months ended 30 June 2015 are as follows:

| | *Vehicles* | *Construction equipment, mobile machinery and other* | *Total* |
|---|---|---|---|
| **Impairment allowance as at 1 January 2015** | **(139,413)** | **(83,071)** | **(222,484)** |
| Impairment recovery | 4,164 | 8,108 | **12,272** |
| **Impairment allowance as at 30 June 2015*** | **(135,249)** | **(74,963)** | **(210,212)** |

* not reviewed as at 30 June 2015.

The Group estimates allowance for impairment of net investment in leases based on the internal model that takes into account the historical loss experience. Management analyses historical losses and calculates the probability of default and loss given default, which then are used to calculate impairment allowance for each type of leasing.

The Group normally structures its finance lease contracts so that the lessee makes an prepayment of 25% (on average) of the asset purchase price at the beginning of the lease term. The Group retains ownership of the asset during the lease term.

Risks related to the leased asset such as damage due to various reasons and theft are insured. The Group is the beneficiary under the insurance policy in case of total loss or theft.

When assessing impairment allowance, the Group uses the assumption that overdue net investment in leases will be recovered primarily through sale of leased assets. Therefore, the financial effect of collateral on impairment assessment is significant.

Based on historic experience, management believes that the fair value of collateral securing net investments in leases is at least equal to their carrying amounts. Estimates of collateral value are based on the value of collateral assessed at the time of lease origination, and generally are not updated except when an investment in leases is individually assessed as impaired.

Changes in these estimates could affect the impairment allowance. For example, if the net present value of the estimated probability of default changes by ten percent, the impairment allowance for net investment in leases as at 30 June 2016 would be RUB 9,043 thousand lower/higher (31 December 2015: RUB 12,204 thousand lower/higher).

*(in thousands of Russian roubles, unless otherwise stated)*

## 8 Net investment in leases after impairment allowance (continued)

Economic risks of concentrations of net investment in leases are as follows:

| | 30 June 2016 | | 31 December 2015 | |
|---|---|---|---|---|
| | **Amount** | **%** | **Amount** | **%** |
| Goods transportation and logistics | 3,738,210 | 15.42 | 4,054,361 | 15.62 |
| Construction | 2,958,739 | 12.20 | 3,429,503 | 13.21 |
| Wholesale operations – raw materials | 2,129,195 | 8.78 | 2,215,494 | 8.54 |
| Wholesale operations – foods | 2,098,850 | 8.66 | 2,225,993 | 8.58 |
| Automobile manufacturing and service | 1,424,810 | 5.88 | 1,411,063 | 5.44 |
| Professional services | 1,106,393 | 4.56 | 1,386,511 | 5.34 |
| Pharmaceutical industry | 931,866 | 3.84 | 908,680 | 3.50 |
| Agriculture | 843,530 | 3.48 | 821,727 | 3.17 |
| Wholesale operations – FMCG | 797,246 | 3.29 | 789,015 | 3.04 |
| Retail operations | 785,347 | 3.24 | 800,865 | 3.09 |
| Other industries | 7,435,455 | 30.66 | 7,910,588 | 30.47 |
| **Net investment in leases before impairment allowance** | **24,249,641** | **100.00** | **25,953,800** | **100.00** |

As at 30 June 2016 and 31 December 2015 the Group does not have lessees whose aggregate balances exceed 10% of equity.

## 9 Loans to customers after impairment allowance

| | 30 June 2016 | 31 December 2015 |
|---|---|---|
| **Loans to retail customers** | | |
| Auto loans | – | 217,692 |
| Consumer loans | – | 75,745 |
| **Total loans to retail customers** | **–** | **293,437** |
| Impairment allowance | – | (237,669) |
| **Total loans to customers after impairment allowance** | **–** | **55,768** |

Movements in the allowance for loan impairment for the six months ended 30 June 2016 are as follows:

| | Auto loans | Consumer loans | Credit cards | Total |
|---|---|---|---|---|
| **Balance as at 1 January** | **(164,764)** | **(72,905)** | **–** | **(237,669)** |
| Impairment (charges) recovery | (18,034) | 1,920 | – | **(16,114)** |
| Impairment allowance on loans sold | 70,416 | 9,646 | – | **80,062** |
| Impairment allowance on loans written off | 112,382 | 61,339 | – | **173,721** |
| **Balance as at 30 June** | **–** | **–** | **–** | **–** |

Movements in the loan impairment allowance for the six months ended 30 June 2015 are as follows:

| | Auto loans | Consumer loans | Credit cards | Total |
|---|---|---|---|---|
| **Balance as at 1 January** | **(170,348)** | **(466,136)** | **(12,171)** | **(648,655)** |
| Impairment charges on continuing operations | (57,723) | (25,557) | – | **(83,280)** |
| Impairment charges on discontinued operations | (125,933) | (103,465) | (8,539) | **(237,937)** |
| Impairment allowance on loans written off | 98,776 | 341,423 | 4,667 | **444,866** |
| **Balance as at 30 June*** | **(255,228)** | **(253,735)** | **(16,043)** | **(525,006)** |

* not reviewed as at 30 June 2015.

Since April 2014, the former subsidiary of PJSC "Europlan" – JSC “Europlan Bank” – has discontinued issuing new consumer loans due to the negative economic environment forecasts. For the six months ended 30 June 2015, interest income on consumer loans comprised RUB 60,672 thousand.

In December 2015, the Company stopped control over JSC “Europlan Bank” after selling its shares.

*(in thousands of Russian roubles, unless otherwise stated)*

# 9 Loans to customers after impairment allowance (continued)

## Key assumptions and judgments for estimating the loan impairment

The impairment allowance is established using statistical methods such as roll rate methodology. The roll rate methodology uses statistical analysis of historical data on delinquency to estimate the amount of loss. Management applies judgment to ensure that the estimate of loss arrived at on the basis of historical information is appropriately adjusted to reflect the economic conditions at the reporting date. All rates are regularly benchmarked against the actual losses.

As at 31 December 2015 the Group estimated the loan impairment for the auto loans portfolio based on its internal model, which takes into account historical experience on probability of default and loss given default. The significant assumptions as at 31 December 2015 used in determining the impairment losses for auto loans include:

- Management assumed that the Group can partially recover the losses from overdue auto loans portfolio through the sale of loans or cars held as collateral.
- Management assumed that overdue loans roll rates are constant and can be estimated based on historic loss migration pattern.

As at 31 December 2015 the Group estimates loan impairment for consumer loans and credit cards based on its internal model, which takes into account historical loss experience. The significant assumptions as at 31 December 2015 used in determining the impairment losses for consumer loans and credit cards include:

- Management assumed that the Group can partially recover the losses from overdue consumer loans and credit cards portfolio through the sale of loans or collection procedures.
- Management assumed that overdue loans roll rates are constant and can be estimated based on historic loss migration pattern.

Changes in these estimates could affect the loan impairment allowance. For example, if the net present value of the estimated cash flows differs by three percent, the impairment allowance for loans to customers as at 31 December 2015 would be RUB 1,673 thousand lower/higher.

## Significant concentration

As at 30 June 2016 and 31 December 2015 the Group does not have borrowers or groups of related borrowers whose loan balances individually exceed 10% of equity.

# 10 Equipment purchased and advances to suppliers for lease operations

Equipment purchased for lease operations represents assets which will be subsequently transferred to lessees. Advances to suppliers for lease operations represent payments to suppliers for assets which will be subsequently transferred to lessees. In accordance with the Russian Civil Code, the lessor is not liable to the lessee if the supplier fails to fulfil its obligations under the asset sales contract when the lessee chooses the supplier.

The Group is exposed to the financial risk in relation to equipment purchased and advances to suppliers for lease operations as these assets represent the first stage of settlements under the leasing contracts which are performed after inception of the lease.

| | ***30 June 2016*** | ***31 December 2015*** |
|---|---|---|
| Equipment purchased for lease operations | 80,245 | 98,251 |
| Advances to suppliers for lease operations | 345,895 | 244,085 |
| Less impairment allowance | (10,127) | (43,123) |
| **Total equipment purchased and advances to suppliers for lease operations** | **416,013** | **299,213** |

*(in thousands of Russian roubles, unless otherwise stated)*

## 10 Equipment purchased and advances to suppliers for lease operations (continued)

Movements in the impairment allowance for the six months ended 30 June 2016 and 30 June 2015 are as follows:

| | *30 June 2016* | *30 June 2015** |
|---|---|---|
| **Impairment allowance as at 1 January** | **(43,123)** | **(45,695)** |
| Impairment recovery (charges) | 8,433 | (742) |
| Written off | 24,563 | 6,321 |
| **Impairment allowance as at 30 June** | **(10,127)** | **(40,116)** |

* not reviewed as at 30 June 2015.

## 11 Debtors on leasing activities

Debtors on leasing activities consist of accounts receivable on terminated lease agreements.

| | *30 June 2016* | *31 December 2015* |
|---|---|---|
| Debtors on leasing activities | 165,347 | 227,292 |
| Less impairment allowance | (134,793) | (154,490) |
| **Total debtors on leasing activities** | **30,554** | **72,802** |

Movements in the impairment allowance for debtors on leasing activities for the six months ended 30 June 2016 and 30 June 2015 are as follows:

| | *30 June 2016* | *30 June 2015** |
|---|---|---|
| **Impairment allowance as at 1 January** | **(154,490)** | **(254,866)** |
| Impairment charges | (38,437) | (1,014) |
| Written off | 58,134 | 94,757 |
| **Impairment allowance as at 30 June** | **(134,793)** | **(161,123)** |

* not reviewed as at 30 June 2015.

The following table provides information on collateral securing debtors on leasing activities (net), by types of collateral (excluding the effect of overcollateralisation):

| | *30 June 2016* | *31 December 2015* |
|---|---|---|
| Vehicles | 25,832 | 61,608 |
| Construction equipment, mobile machinery and other | 4,722 | 11,194 |
| **Net debtors on leasing activities** | **30,554** | **72,802** |

The amounts shown in the table above represent the net carrying amount of the debtors on leasing activities, and do not necessarily represent the fair value of the collateral.

*(in thousands of Russian roubles, unless otherwise stated)*

## 12 Other assets

| | *30 June 2016* | *31 December 2015* |
|---|---|---|
| **Other financial assets** | | |
| Settlements on disposal of JSC “Europlan Bank” | 630,515 | 630,515 |
| Settlements on disposal of credit portfolio | 48,730 | – |
| Insurance agency fee receivable | 37,776 | 23,543 |
| Other | 45,941 | 52,764 |
| Less impairment allowance | (48,730) | – |
| **Total other financial assets** | **714,232** | **706,822** |
| | | |
| **Other non-financial assets** | | |
| Leased objects repossessed/returned | 243,511 | 440,248 |
| Prepaid insurance costs | 236,221 | 259,997 |
| Insurance premium receivables | 113,727 | 177,039 |
| Subrogation reserve and receivables | 100,149 | 107,551 |
| Intangible assets | 54,424 | 41,143 |
| Deferred expenses | 35,656 | 26,203 |
| Deferred acquisition costs | 23,520 | 1,298 |
| Prepaid taxes other than income tax | 7,951 | 9,897 |
| Settlements with counterparties | 4,382 | 39,011 |
| Other | 43,815 | 22,917 |
| **Total other non-financial assets** | **863,356** | **1,125,304** |
| **Total other assets** | **1,577,588** | **1,832,126** |

According to terms of the agreements, settlements on disposal of JSC “Europlan Bank” amounted to RUB 630,515 thousand are expected to be completed until December 2016.

Leased objects repossessed are assets repossessed by the Group from delinquent lessees under cancelled finance lease contracts. These leased objects repossessed are presented at lower of their cost or net realisable value.

Movements in the impairment allowance for other assets for the six months ended 30 June 2016 and 30 June 2015 are as follows:

| | *30 June 2016* | *30 June 2016** |
|---|---|---|
| **Impairment allowance as at 1 January** | **–** | **(546)** |
| Impairment charges on continuing operations | (48,730) | – |
| Impairment recovery on discontinued operations | – | 142 |
| **Impairment allowance as at 30 June** | **(48,730)** | **(404)** |

* not reviewed as at 30 June 2015.

## 13 Borrowings

As at 30 June 2016 the Group has borrowings of RUB 3,839,604 thousand (31 December 2015: RUB 9,921,321 thousand), received from Russian banks.

As at 30 June 2016 the Group has borrowings from 1 counterparty (31 December 2015: 4 counterparties), the aggregate amount of borrowings from which individually exceeds 10% of equity. The total amount of these borrowings as at 30 June 2016 is RUB 2,378,406 thousand (31 December 2015: RUB 9,101,321 thousand).

As at 30 June 2016 net investment in leases before impairment allowance in the amount of RUB 4,686,215 thousand (31 December 2015: RUB 9,145,243 thousand) were pledged as collateral for borrowings amounting to RUB 3,839,604 thousand (31 December 2015: RUB 9,101,321 thousand).

*(in thousands of Russian roubles, unless otherwise stated)*

## 14 Insurance reserves

Insurance reserves comprise the following:

| | *30 June 2016* | *31 December 2015* |
|---|---|---|
| Unearned premium reserve | 511,179 | 562,510 |
| Reported but not settled claims | 252,574 | 303,704 |
| Incurred but not reported claims | 45,452 | 21,737 |
| **Total insurance reserves** | **809,205** | **887,951** |

## 15 Bonds issued

As at 30 June 2016 the Group has bonds issued of RUB 11,871,350 thousand (31 December 2015: RUB 13,495,975 thousand) maturing in 2017-2021 (31 December 2015: in 2017-2021) with annual coupon rates of 9.78%-13.60% (31 December 2015: 9.78%-13.60%). Bonds can be repaid earlier at discretion of either bondholders or the Company during 2016-2018.

## 16 Other liabilities

Other liabilities comprise the following:

| | *30 June 2016* | *31 December 2015* |
|---|---|---|
| **Other financial liabilities** | | |
| Settlements with insurance companies | 260,017 | 268,990 |
| Settlements with suppliers | 103,228 | 70,137 |
| Accrued expenses | 11,085 | 21,966 |
| **Total other financial liabilities** | **374,330** | **361,093** |
| | | |
| **Other non-financial liabilities** | | |
| Deferred remuneration to employees | 99,498 | 270,163 |
| Taxes payable other than income tax | 53,984 | 37,757 |
| Deferred income | 18,446 | 29,048 |
| Other liabilities | 2,740 | 9,229 |
| **Total other non-financial liabilities** | **174,668** | **346,197** |
| **Total other liabilities** | **548,998** | **707,290** |

## 17 Share capital and additional paid-in capital

Following the stock split undertaken in 2015, as at 30 June 2016 and 31 December 2015 the issued share capital comprises 22,977,000 ordinary shares with nominal value of RUB 0.67 each. There were no changes in the total amount of the issued share capital during the six months ended 30 June 2016 and 30 June 2015.

As at 30 June 2016 and 31 December 2015 additional paid-in capital of RUB 2,799,133 thousand consists of excess consideration received by the Company over the par value of the shares issued, contributions from the shareholder and contributions resulting from share based arrangements.

Acquisitions of subsidiaries from parties under common control are accounted for using the pooling of interests method. These condensed interim consolidated financial statements, including comparative data, are presented as if the subsidiaries had been acquired by the Group on the date they were originally acquired by the preceding owner. Application of pooling of interests method assumes the comparatives are presented as if the entities acquired had always been consolidated. Accordingly, information in respect to the comparative period has been restated as if the acquisitions had occurred from the beginning of the earliest period presented. The net assets value of the companies acquired as at 31 December 2015 amounted to RUB 1,352,399 thousand.

*(in thousands of Russian roubles, unless otherwise stated)*

## 17 Share capital and additional paid-in capital (continued)

Basic earnings per share are calculated by dividing the profit attributable to shareholders of the Group by the weighted average number of ordinary shares in issue during the period. For calculation of earnings per ordinary share for the six months ended 30 June 2015, weighted average number of ordinary shares in issue is based on the number of shares as at 31 December 2015 considering the stock split undertaken in 2015 for consistency of comparative data.

| | *For the six months ended* | |
|---|---|---|
| | *30 June 2016* | *30 June 2015** |
| **Profit for the period attributable to shareholders of the Group** | | |
| Continuing operations | 1,324,816 | 805,571 |
| Discontinued operations | – | 161,991 |
| **Total profit for the period attributable to shareholders of the Group** | **1,324,816** | **967,562** |
| **Weighted average number of shares in issue (deemed number of shares for the six months ended 30 June 2015)** | **22,977,000** | **22,977,000** |
| **Earnings per share (in Russian roubles per share)** | | |
| Continuing operations | 57.66 | 35.06 |
| Discontinued operations | – | 7.05 |
| **Total earnings per share (in Russian roubles per share)** | **57.66** | **42.11** |

* not reviewed as at 30 June 2015.

During the six months ended 30 June 2016 and 30 June 2015 no dividends were paid.

## 18 Interest income and expense

| | *For the six months ended* | | *For the three months ended* | |
|---|---|---|---|---|
| | *30 June 2016* | *30 June 2015** | *30 June 2016* | *30 June 2015** |
| **Interest income and expense from continuing operations** | | | | |
| **Interest income** | | | | |
| Finance leases | 2,963,283 | 3,555,922 | 1,450,201 | 1,704,977 |
| Bank deposits | 383,280 | 300,525 | 123,700 | 158,303 |
| Financial instruments at fair value through profit or loss | 3,712 | 4,573 | 1,856 | 2,313 |
| **Total interest income** | **3,350,275** | **3,861,020** | **1,575,757** | **1,865,593** |
| **Interest expense** | | | | |
| Borrowings | (526,357) | (1,540,776) | (210,056) | (747,953) |
| Bonds issued | (719,349) | (334,427) | (333,737) | (168,136) |
| **Total interest expense** | **(1,245,706)** | **(1,875,203)** | **(543,793)** | **(916,089)** |
| **Net interest income from continuing operations** | **2,104,569** | **1,985,817** | **1,031,964** | **949,504** |
| **Net interest income from discontinued operations** | **–** | **523,347** | **–** | **236,227** |
| **Total net interest income** | **2,104,569** | **2,509,164** | **1,031,964** | **1,185,731** |

* not reviewed as at 30 June 2015.

*(in thousands of Russian roubles, unless otherwise stated)*

## 19 Other income, net

| | *For the six months ended* | | *For the three months ended* | |
|---|---|---|---|---|
| | ***30 June 2016*** | ***30 June 2015**** | ***30 June 2016*** | ***30 June 2015**** |
| **Other income from continuing operations** | | | | |
| Revenues from sale of lease objects repossessed | 725,987 | 746,397 | 347,419 | 323,315 |
| Cost of leased objects repossessed | (570,208) | (593,353) | (268,860) | (278,421) |
| **Net result from sale of leased objects repossessed** | **155,779** | **153,044** | **78,559** | **44,894** |
| Gross revenue | 451,250 | 427,070 | 251,792 | 224,511 |
| Claims | (280,475) | (230,339) | (148,625) | (141,729) |
| Insurance reserves | 130,023 | 2,400 | 39,696 | 42,309 |
| **Income from insurance operations** | **300,798** | **199,131** | **142,863** | **125,091** |
| Revenues from services provided to lessees | 232,210 | 170,638 | 138,607 | 96,199 |
| Insurance agency fee income | 195,283 | 141,235 | 102,883 | 74,326 |
| Other (losses) gains from lease activities | (17,308) | (6,924) | (9,288) | (3,618) |
| Impairment of leased objects repossessed | (31,418) | (26,805) | (16,415) | (9,727) |
| Income on ceded loan portfolio | 92,321 | 9,179 | 72,277 | 4,284 |
| **Other income, net** | **471,088** | **287,323** | **288,064** | **161,464** |
| **Total other income from continuing operations** | **927,665** | **639,498** | **509,486** | **331,449** |
| **Total other income from discontinued operations** | **–** | **64,933** | **–** | **33,330** |
| **Total other income, net** | **927,665** | **704,431** | **509,486** | **364,779** |

* not reviewed as at 30 June 2015.

## 20 Impairment charges

| | *For the six months ended* | | *For the three months ended* | |
|---|---|---|---|---|
| | ***30 June 2016*** | ***30 June 2015**** | ***30 June 2016*** | ***30 June 2015**** |
| **Impairment charges from continuing operations** | | | | |
| Net investment in leases impairment recovery (charges) | 31,616 | 12,272 | 33,074 | 39,335 |
| Loans to customers impairment charges, net | (16,114) | (83,280) | (27,336) | (40,238) |
| Equipment purchased and advances to suppliers for lease operations impairment recovery (charges), net | 8,433 | (742) | 5,622 | 10,618 |
| Debtors on leasing activities impairment (charges) recovery, net | (38,437) | (1,014) | 7,008 | (19,039) |
| Other assets impairment charges, net | (48,730) | – | (48,730) | – |
| **Total impairment charges from continuing operations** | **(63,232)** | **(72,764)** | **(30,362)** | **(9,324)** |
| **Impairment charges from discontinued operations** | **–** | **(237,813)** | **–** | **(89,939)** |
| **Total impairment charges** | **(63,232)** | **(310,577)** | **(30,362)** | **(99,263)** |

* not reviewed as at 30 June 2015.

*(in thousands of Russian roubles, unless otherwise stated)*

## 21 Management of capital

The objective when managing capital is to maintain healthy capital ratios in order to support the business and to maximise the shareholder's value.

The Group includes total capital under management to be equity attributable to equity holders of the Company as shown in the condensed interim consolidated statement of financial position. Certain borrowing agreements establish the minimum level of capital that the Group should maintain.

The amount of capital that the Group managed as at 30 June 2016 is equity attributable to equity holders of the Company of RUB 11,981,114 thousand (31 December 2015: RUB 10,656,298 thousand) which is in compliance with covenants under loan agreements.

In order to maintain or adjust the capital structure the Group attracts funding with maturity of not less than the average period of the lease contracts (26 months).

## 22 Fair value estimation

The estimated fair values of financial instruments at fair value through profit or loss is based on quoted market prices at the reporting date without any reduction for transaction costs. If quoted market prices are not available, the fair value is estimated by using valuation techniques, which include discounted cash flow analysis and other valuation techniques commonly used by market participants.

The estimates of fair value are intended to approximate 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. However, given the uncertainties and the use of subjective judgment, the fair value should not be interpreted as being realisable in an immediate sale of the assets or transfer of liabilities.

### Fair value hierarchy

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: inputs other than quotes prices included within Level 1 that are observable either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: inputs that are unobservable. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The table below analysis the financial instruments measured at fair value at 30 June 2016 and 31 December 2015. The amounts are based on the values recognized in the condensed interim consolidated statement of financial position.

| | *30 June 2016* | *31 December 2015* |
|---|---|---|
| | *Level 1* | *Level 1* |
| **Financial instruments at fair value through profit or loss** | | |
| Trading securities | 99,036 | 96,422 |
| **Total** | **99,036** | **96,422** |

*(in thousands of Russian roubles, unless otherwise stated)*

# 22 Fair value estimation (continued)

## Fair value hierarchy (continued)

The following table analyses the fair value of major financial instruments not carried at fair value, by the level in the fair value hierarchy into which each fair value measurement is categorised as at 30 June 2016 and 31 December 2015:

| | *Level 1* | *Level 2* | *Level 3* | *Total* |
|---|---|---|---|---|
| ***At 30 June 2016*** | | | | |
| **Assets for which fair values are disclosed** | | | | |
| Cash and cash equivalents | – | 1,674,191 | – | **1,674,191** |
| Bank deposits | – | 1,978,518 | – | **1,978,518** |
| Net investment in leases after impairment allowance | – | – | 24,058,448 | **24,058,448** |
| Debtors on leasing activities | – | – | 30,554 | **30,554** |
| Other financial assets | – | – | 714,232 | **714,232** |
| **Liabilities for which fair values are disclosed** | | | | |
| Borrowings | – | 3,830,588 | – | **3,830,588** |
| Bonds issued | 3,286,540 | 8,490,851 | – | **11,777,391** |
| Other financial liabilities | – | – | 374,330 | **374,330** |
| ***At 31 December 2015*** | | | | |
| **Assets for which fair values are disclosed** | | | | |
| Cash and cash equivalents | – | 1,482,012 | – | **1,482,012** |
| Bank deposits | – | 7,534,751 | – | **7,534,751** |
| Net investment in leases after impairment allowance | – | – | 25,918,882 | **25,918,882** |
| Loans to customers after impairment allowance | – | – | 56,544 | **56,544** |
| Debtors on leasing activities | – | – | 72,802 | **72,802** |
| Other financial assets | – | – | 706,822 | **706,822** |
| **Liabilities for which fair values are disclosed** | | | | |
| Borrowings | – | 10,048,343 | – | **10,048,343** |
| Bonds issued | 3,247,180 | 9,744,254 | – | **12,991,434** |
| Other financial liabilities | – | – | 361,093 | **361,093** |

*(in thousands of Russian roubles, unless otherwise stated)*

# 22 Fair value estimation (continued)

## Fair value of financial assets and liabilities not carried at fair value

Set out below is a comparison by class of the carrying amounts and fair values of the Group's financial instruments that are not carried at fair value in the statement of financial position. The table does not include the fair values of non-financial assets and non-financial liabilities.

| | *30 June 2016* | | | *31 December 2015* | | |
|---|---|---|---|---|---|---|
| | *Carrying value* | *Fair value* | *Unrecognised gain/(loss)* | *Carrying value* | *Fair value* | *Unrecognised gain/(loss)* |
| **Financial assets** | | | | | | |
| Cash and cash equivalents | 1,674,191 | 1,674,191 | – | 1,482,012 | 1,482,012 | – |
| Bank deposits | 1,978,518 | 1,978,518 | – | 7,534,751 | 7,534,751 | – |
| Net investment in leases after impairment allowance | 24,159,214 | 24,058,448 | (100,766) | 25,831,757 | 25,918,882 | 87,125 |
| Loans to customers after impairment allowance | – | – | – | 55,768 | 56,544 | 776 |
| Debtors on leasing activities | 30,554 | 30,554 | – | 72,802 | 72,802 | – |
| Other financial assets | 714,232 | 714,232 | – | 706,822 | 706,822 | – |
| **Financial liabilities** | | | | | | |
| Borrowings | 3,839,604 | 3,830,588 | 9,016 | 9,921,321 | 10,048,343 | (127,022) |
| Bonds issued | 11,871,350 | 11,777,391 | 93,959 | 13,495,975 | 12,991,434 | 504,541 |
| Other financial liabilities | 374,330 | 374,330 | – | 361,093 | 361,093 | – |
| **Total unrecognised change in fair value** | | | **2,209** | | | **465,420** |

## Valuation techniques and assumptions

The following describes the methodologies and assumptions used to determine fair values for those financial instruments, which are not already recorded at fair value in the financial statements.

*Assets for which fair value approximates carrying value*

For financial assets and financial liabilities that are liquid or having a short-term maturity (less than three months) it is assumed that the carrying amounts approximate to their fair value. This assumption is also applied to demand deposits and savings accounts without a specific maturity.

*Financial assets and financial liabilities carried at amortised cost*

Fair value of the quoted instruments is based on price quotations at the reporting date. The fair value of unquoted instruments, net investment in leases, loans to customers and other financial assets and liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

# 23 Contingencies and commitments

## Legal proceedings

From time to time and in the normal course of business, claims against the Group may be received. On the basis of own estimates and internal professional advice management believes that no material losses will be incurred and accordingly no provision has been made in these condensed interim consolidated financial statements.

*(in thousands of Russian roubles, unless otherwise stated)*

## 23 Contingencies and commitments (continued)

### Taxation contingencies

The taxation system in the Russian Federation continues to evolve and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are sometimes contradictory and subject to varying interpretation by different tax authorities. Taxes are subject to review and investigation by a number of authorities that have the right to impose severe fines, penalties and interest charges. A tax year remains open for review by the tax authorities during the three subsequent calendar years; however, under certain circumstances a tax year may remain open longer. Recent events within the Russian Federation suggest that the tax authorities are taking a more assertive position in their interpretation and enforcement of tax legislation.

Starting from 1 January 2012 new transfer pricing rules came into force in Russia. They provide the possibility for tax authorities to make transfer pricing adjustments and impose additional tax liabilities in respect of controllable transactions if their prices deviate from the market range or profitability range. According to the provisions of transfer pricing rules, the taxpayer should sequentially apply 5 methods of market price determination prescribed by the Tax Code.

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 in the Russian Federation and the changes in the approach of the Russian tax authorities, that such transfer prices could be challenged. Given the short period since the current Russian transfer pricing rules became effective, 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.

These circumstances may create tax risks in the Russian Federation that are substantially more significant than in other countries. Management believes that it has provided adequately for tax liabilities based on its interpretations of applicable Russian tax legislation, official pronouncements and court decisions. However, the interpretations of the relevant authorities could differ and the effect on the financial position, if the authorities were successful in enforcing their interpretations, could be significant.

### Compliance with covenants

The Group is subject to certain covenants related primarily to its borrowings. Non-compliance with such covenants may result in negative consequences for the Group including a growth in the cost of borrowings and declaration of default. The Group is in compliance with covenants as at 30 June 2016 and 31 December 2015.

## 24 Related party transactions

For the purposes of these 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.

As at 30 June 2016 and 31 December 2015 the ultimate controlling party of the Group is Mr. Shishkhanov M.O. (refer to Note 1) (as at 30 June 2015: Baring Vostok Private Equity Funds).

*(in thousands of Russian roubles, unless otherwise stated)*

## 24 Related party transactions (continued)

Amounts of related party transactions for the six months ended 30 June 2016 and 30 June 2015 and as at 30 June 2016 and 31 December 2015 are as follows:

| | ***For the six months ended*** | | | | | |
|---|---|---|---|---|---|---|
| | ***30 June 2016*** | | | ***30 June 2015**** | | |
| | ***Share-holders*** | ***Entities under common control*** | ***Key management*** | ***Share-holders*** | ***Entities under common control*** | ***Key management*** |
| Interest income | – | 19,252 | – | – | – | – |
| Other expense, net | – | (3,838) | – | – | 514 | – |
| Staff expenses | – | – | (111,338) | – | – | (119,181) |
| Other assets impairment charges | – | (48,730) | – | – | – | – |

* not reviewed as at 30 June 2015.

| | ***30 June 2016*** | | | ***31 December 2015*** | | |
|---|---|---|---|---|---|---|
| | ***Share-holders*** | ***Entities under common control*** | ***Key management*** | ***Share-holders*** | ***Entities under common control*** | ***Key management*** |
| Cash and cash equivalents | – | 12,071 | – | – | 290,193 | – |
| Bank deposits | – | – | – | – | 650,360 | – |
| Net investment in leases after impairment allowance | – | 7,034 | – | – | 3,093 | – |
| Advances to suppliers for lease operations | – | 89 | – | – | – | – |
| Other assets | 630,515 | 63,134 | – | 630,515 | 8,794 | – |
| Other liabilities | – | 4,072 | 61,084 | – | – | – |

During the six months ended 30 June 2016 the remuneration of key management personnel comprising salaries, discretionary bonuses and other short-term remuneration amounted to RUB 111,338 thousand (30 June 2015: RUB 119,181 thousand). The Group did not have any transactions with its holding company (Europlan Holdings Limited) or with Mr. Shishkhanov M.O. and Baring Vostok Private Equity Funds during the six months ended 30 June 2016 and 30 June 2015.

## 25 Segment information

The Group has three reportable segments, as described below, which are the Group's strategic business components. The strategic business components offer different products and services, and are managed separately because they require different technology and marketing strategies. Each of the strategic business components may earn revenues or incur expenses, and their respective operating results are regularly reviewed by the chief operating decision maker (the "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 Group.

The following summary describes the operations in each of the reportable segments:

- leasing activity – includes conclusion of financial lease contracts with legal entities and individual entrepreneurs and its subsequent monitoring;
- insurance activity – includes sales and servicing of insurance contracts;
- cession/banking activity – includes loans, deposits and other transactions, primarily with individuals.

*(in thousands of Russian roubles, unless otherwise stated)*

## 25 Segment information (continued)

Segment information for the reportable segments for the six months ended 30 June 2016 is set out below:

| | *Leasing activity* | *Insurance activity* | *Cession/ banking activity* | *Total* |
|---|---|---|---|---|
| Interest income | 3,288,822 | 61,453 | – | **3,350,275** |
| Interest expense | (1,245,706) | – | – | **(1,245,706)** |
| **Net interest income** | **2,043,116** | **61,453** | **–** | **2,104,569** |
| Other income, net | 628,781 | 154,879 | 90,368 | **874,028** |
| **Income from operations** | **2,671,897** | **216,332** | **90,368** | **2,978,597** |
| Net income from financial instruments at fair value through profit or loss | – | 2,614 | – | **2,614** |
| Net foreign exchange (losses) income | (3,824) | 3 | – | **(3,821)** |
| **Total income from operations and finance income** | **2,668,073** | **218,949** | **90,368** | **2,977,390** |
| Impairment (charges) recovery | 1,612 | – | (64,844) | **(63,232)** |
| Staff expenses | (961,938) | (31,977) | (18,278) | **(1,012,193)** |
| General and administrative expenses | (284,900) | (3,432) | (3,499) | **(291,831)** |
| Other non-operating expenses | 56 | 1,167 | – | **1,223** |
| **Profit before income tax** | **1,422,903** | **184,707** | **3,747** | **1,611,357** |
| Income tax expense | (277,059) | (36,941) | – | **(314,000)** |
| **Net profit** | **1,145,844** | **147,766** | **3,747** | **1,297,357** |

Segment information for the reportable segments as at 30 June 2016 is set out below:

| | *Leasing activity* | *Insurance activity* | *Cession/ banking activity* | *Total* |
|---|---|---|---|---|
| Segment assets | 30,177,100 | 1,666,083 | – | **31,843,183** |
| Segment liabilities | 17,551,207 | 858,644 | – | **18,409,851** |

Segment information for the reportable segments for the three months ended 30 June 2015* is set out below:

| | **Leasing activity** | **Insurance activity** | **Cession/ banking activity** | *Total* |
|---|---|---|---|---|
| Interest income | 3,978,688 | 61,771 | 595,616 | **4,636,075** |
| Interest expense | (1,847,442) | – | (283,884) | **(2,131,326)** |
| **Net interest income** | **2,131,246** | **61,771** | **311,732** | **2,504,749** |
| Other income, net | 611,595 | 109,813 | (7,851) | **713,557** |
| **Income from operations** | **2,742,841** | **171,584** | **303,881** | **3,218,306** |
| Net (losses) income from financial instruments at fair value through profit or loss | (73,427) | 11,697 | – | **(61,730)** |
| Net foreign exchange income (losses) | 6,756 | 3 | (8,555) | **(1,796)** |
| **Total income from operations and finance income** | **2,676,170** | **183,284** | **295,326** | **3,154,780** |
| Impairment recovery (charges) | 10,515 | – | (321,092) | **(310,577)** |
| Staff expenses | (1,047,403) | (27,892) | (139,500) | **(1,214,795)** |
| General and administrative expenses | (288,643) | (6,018) | (65,981) | **(360,642)** |
| Other non-operating expenses | (457) | 342 | – | **(115)** |
| **Profit (loss) before income tax** | **1,350,182** | **149,716** | **(231,247)** | **1,268,651** |
| Income tax expense | (286,884) | (30,047) | – | **(316,931)** |
| **Net profit (loss)** | **1,063,298** | **119,669** | **(231,247)** | **951,720** |

* not reviewed as at 30 June 2015.

*(in thousands of Russian roubles, unless otherwise stated)*

## 25 Segment information (continued)

Segment information for the reportable segments as at 31 December 2015 is set out below:

| | *Leasing activity* | *Insurance activity* | *Cession/ banking activity* | *Total* |
|---|---|---|---|---|
| Segment assets | 37,397,342 | 1,626,946 | 55,768 | **39,080,056** |
| Segment liabilities | 25,917,345 | 967,272 | – | **26,884,617** |

Substantially all revenues from external customers relate to residents of the Russian Federation.

No revenue from transactions with a single external counterparty exceeded 10% of the Group's total revenue during the six months ended 30 June 2016 and 30 June 2015.

### Reconciliations of reportable segment profit or loss, assets and liabilities

The following table presents reconciliation of reportable segment profit or loss, assets and liabilities to the amounts recognised in the condensed interim consolidated financial statements.

| | *For the six months ended* | |
|---|---|---|
| | *30 June 2016* | *30 June 2015** |
| **Profit or loss** | | |
| Total profit or loss for reportable segments | 1,297,357 | 951,720 |
| Intersegment adjustments | 27,459 | 15,842 |
| **Consolidated profit or loss** | **1,324,816** | **967,562** |

* not reviewed as at 30 June 2015.

| | *30 June 2016* | *31 December 2015* |
|---|---|---|
| **Assets** | | |
| Total assets for reportable segments | 31,843,183 | 39,080,056 |
| Intersegment adjustments | (1,510,904) | (1,522,853) |
| **Consolidated assets** | **30,332,279** | **37,557,203** |
| **Liabilities** | | |
| Total liabilities for reportable segments | 18,409,851 | 26,884,617 |
| Intersegment adjustments | (58,686) | 16,288 |
| **Consolidated liabilities** | **18,351,165** | **26,900,905** |

## 26 Supplementary information (unaudited, not reviewed)

Income and expenses recorded as discontinued operations in Note 4 were received and incurred only under transactions with counterparties external to the Group. For convenience of users management of the Company presented the following financial information reflecting reconciliation of intragroup adjustments of JSC "Europlan Bank" with other entities of the Group in the consolidated statement of profit or loss and other comprehensive income.

The information accompanying the condensed interim consolidated financial statements which has been disclosed as supplementary information is presented for purposes of additional analysis and for the convenience of users. The supplementary information presented is not within the scope of International Financial Reporting Standards.

*(in thousands of Russian roubles, unless otherwise stated)*

## 26 Supplementary information (unaudited, not reviewed) (continued)

### Condensed interim consolidated statement of profit or loss and other comprehensive income

| | For the six months ended | | | | | |
|---|---|---|---|---|---|---|
| | 30 June 2016 | | 30 June 2015* | | | |
| | Total | Attributable to entities other than JSC "Europlan Bank" | Total | Attributable to JSC "Europlan Bank" | Attributable to entities other than JSC "Europlan Bank" | Intercompany adjustments |
| Interest income | **3,350,275** | 3,350,275 | **4,456,635** | 648,023 | 3,998,168 | (189,556) |
| Interest expense | **(1,245,706)** | (1,245,706) | **(1,947,472)** | (256,123) | (1,875,203) | 183,854 |
| **Net interest income** | **2,104,569** | **2,104,569** | **2,509,163** | **391,900** | **2,122,965** | **(5,702)** |
| Other income, net | **927,665** | 927,665 | **704,431** | 65,748 | 675,947 | (37,264) |
| **Income from operations** | **3,032,234** | **3,032,234** | **3,213,594** | **457,648** | **2,798,912** | **(42,966)** |
| Net income (losses) from financial instruments at fair value through profit or loss | **2,614** | 2,614 | **(61,730)** | – | (61,730) | – |
| Net foreign exchange losses | **(3,821)** | (3,821) | **(1,796)** | (8,555) | 6,759 | – |
| **Total income from operations and finance income** | **3,031,027** | **3,031,027** | **3,150,068** | **449,093** | **2,743,941** | **(42,966)** |
| Impairment charges | **(63,232)** | (63,232) | **(310,577)** | (377,674) | 67,097 | – |
| Staff expenses | **(1,012,192)** | (1,012,192) | **(1,205,662)** | (64,273) | (1,150,887) | 9,498 |
| General and administrative expenses | **(309,158)** | (309,158) | **(381,466)** | (57,979) | (322,101) | (1,386) |
| Other non-operating expenses | **136** | 136 | **(115)** | – | (115) | – |
| **Profit before income tax** | **1,646,581** | **1,646,581** | **1,252,248** | **(50,833)** | **1,337,935** | **(34,854)** |
| Income tax expense | **(321,765)** | (321,765) | **(284,686)** | (9,407) | (282,250) | 6,971 |
| **Net profit (loss)** | **1,324,816** | **1,324,816** | **967,562** | **(60,240)** | **1,055,685** | **(27,883)** |
| **Other comprehensive income** | – | – | – | – | – | – |
| **Total comprehensive income** | **1,324,816** | **1,324,816** | **967,562** | **(60,240)** | **1,055,685** | **(27,883)** |

* not reviewed as at 30 June 2015.