

Debt policy

The Company's key borrowing principles are described in the Regulations on JSC FPC's Debt Policy approved by the Board of Directors on 15 May 2015. The Debt Policy of JSC FPC is fully compliant with

the Russian Railways' Unified Corporate Standard for debt transactions to provide sufficient funding for investing and operating activities, approved by Order of JSC RZD No. 847r dated 1 April 2015.

JSC FPC's Debt Policy sets out covenants as follows.

Covenant	Limit	2016
Debt structure (short-term loans to total borrowings ratio)	max 0.4	0.18
Debt coverage (net debt to EBITDA ratio)	max 2.5	0.18
Interest coverage (EBITDA to net interest expenses ratio)	min 4.0	22.62
Equity structure (total borrowings to equity ratio)	max 1.5	0.11

In 2016, FPC borrowed RUB 18.9 billion, of which RUB 7.2 billion were allocated to cover cash gaps due to high seasonality of passenger traffic, and RUB 11.7 billion

to fund long-term projects included in the Investment Programme and refinance the current loan portfolio. In June 2016, JSC FPC successfully

completed its RUB 5.0 billion 3-year debut bond issue on the Moscow Exchange.

As at 31 December 2016, the Company's loan portfolio was RUB 19.7 billion.

IN DECEMBER 2016, FPC WON A CBONDS AWARD IN THE DEBUT OF THE YEAR CATEGORY.

The Cbonds Awards are an annual recognition of the best players in the Russian bond market, chosen by bond market players themselves through an open vote. The vote is fully transparent and is held annually since 2006.

Market players are traditionally invited to vote for the best DCM, sales, and trading teams, best bond market analytics, and the best debut issue among corporate and subfederal borrowers. Over the years, a number of the best IB teams in the Russian market were chosen winners of the Cbonds Awards, including VTB Capital, Sberbank CIB, Region Group, Promsvyazbank, Raiffeisenbank, Otkritie, and others.