

**PRESS RELEASE****ARBITRATION BETWEEN PJSC CB PRIVATBANK AND FINANCE COMPANY FINILON LLC
AS CLAIMANTS AND THE RUSSIAN FEDERATION**

THE HAGUE, 6 DECEMBER 2017

Hearing on Liability and Remaining Issues of Jurisdiction and Admissibility Held in The Hague

As previously reported (Press Release dated 9 March 2017), the Tribunal issued its unanimous Interim Award addressing certain issues of jurisdiction and admissibility in this arbitration on 24 February 2017.

On 11 July 2017, having sought the views of the Parties, the Tribunal issued its Procedural Order No. 3, ordering the bifurcation of the proceedings between a phase in which it would address the remaining questions of jurisdiction and admissibility, as well as questions of liability, and, in the event that liability is established, a phase in which it would address questions of quantum of damages. The Tribunal also established a procedural calendar for the next phase, deciding, given that the Respondent is not participating in the proceedings, to put questions to the Parties arising from the Claimants' submissions in advance of the hearing on liability and remaining issues of jurisdiction and admissibility. These questions were sent to the Parties on the same day (11 July 2017).

On 17 August 2017, the Claimants submitted their responses to the Tribunal's questions. The Respondent did not submit any responses.

On 8 September 2017, having sought the views of the Parties, the Tribunal instructed the expert in Russian law whom it had appointed in the earlier phase of the proceedings to produce a report on specific issues arising from the Claimants' submissions.

On 16 October 2017, the Tribunal-appointed expert in Russian law produced a report on the issues identified by the Tribunal, which was communicated to the Parties for their comments. The Claimants provided their comments on 27 October 2017. The Respondent did not provide any comments.

As scheduled, the hearing was held from 1 to 3 November 2017, at the Peace Palace in The Hague. Mr. John M. Townsend, Mr. James H. Boykin, Mr. Vitaly Morozov, Ms. Marina Drapey, Ms. Eleanor Erney, Mr. Alexander Bedrosyan, Ms. Ekaterina Botchkareva and Ms. Svitlana Stegnyy of Hughes Hubbard & Reed LLP attended for the Claimants. Mr. Oleh Serheyev and Mr. Dmytro Luchaninov of PJSC CB PrivatBank were also present. Although invited, the Russian Federation did not attend or otherwise participate.

The Tribunal examined three fact witnesses and one expert in Russian law, all presented by the Claimants. The Tribunal-appointed expert in Russian law also appeared for examination. The Tribunal also put several questions to the Claimants, which they partly addressed during the hearing.

The Parties were further granted leave to address questions raised by the Tribunal in the hearing, as well as other matters arising out of the hearing, in post-hearing submissions to be filed by 26 January 2018.

The transcript of the hearing has been delivered to the Parties.

Background on the Arbitration

The above-referenced arbitration was commenced by the Claimants against the Russian Federation pursuant to the Ukraine-Russia BIT and in accordance with the UNCITRAL Arbitration Rules 1976 on 13 April 2015. The Claimants contend that the Russian Federation breached its obligations under the Ukraine-Russia BIT by taking measures that prevented them from operating their banking business in Crimea.

The Tribunal was constituted on 6 July 2015. It is comprised of Professor Pierre-Marie Dupuy (Presiding Arbitrator), Sir Daniel Bethlehem, KCMG, QC (appointed by the Claimants), and Dr. Václav Mikulka (appointed by the appointing authority, Mr. Michael Hwang, on behalf of the Respondent).

Under the instructions of the Tribunal, the PCA will issue press releases from time to time containing information on the procedural steps taken by the Tribunal. Basic information about the proceedings is available on the PCA website <https://www.pca-cpa.org/cases>.

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Background on the Permanent Court of Arbitration

The Permanent Court of Arbitration is an intergovernmental organization established by the 1899 Hague Convention on the Pacific Settlement of International Disputes. The PCA has 121 Contracting Parties. Headquartered at the Peace Palace in The Hague, the Netherlands, the PCA facilitates arbitration, conciliation, fact-finding, and other dispute resolution proceedings among various combinations of States, State entities, intergovernmental organizations, and private parties. The PCA's International Bureau is currently administering 5 interstate disputes, 75 investor-State arbitrations, and 46 cases arising under contracts involving a State or other public entity. More information about the PCA can be found at www.pca-cpa.org.

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