

# **AO UniCredit Bank**

Consolidated Interim Condensed  
Financial Statements  
for the Six-Month Period Ended 30 June 2015  
(unaudited)

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# AO UniCredit Bank

## Statement of Management's Responsibilities for the Preparation and Approval of the Consolidated Interim Condensed Financial Statements as at 30 June 2015

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Management of AO UniCredit Bank is responsible for the preparation of the consolidated interim condensed financial statements that present fairly the financial position of AO UniCredit Bank and its subsidiary (collectively – the “Group”) as at 30 June 2015, and the related consolidated interim condensed statements of comprehensive income, changes in equity and cash flows for the three and six-month periods then ended and a summary of significant accounting policies and selected notes to the consolidated interim condensed financial statements (the “consolidated interim condensed financial statements”) in compliance with International Accounting Standard (“IAS”) 34 Interim Financial Reporting.

In preparing the consolidated interim condensed financial statements, management is responsible for:

- Properly selecting and applying accounting policies;
- Presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance; and
- Making an assessment of the Group's ability to continue as a going concern.

Management is also responsible for:

- Designing, implementing and maintaining an effective and sound system of internal controls, throughout the Group;
- Maintaining adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group, and which enable them to ensure that the consolidated interim condensed financial statements of the Group comply with IAS 34;
- Maintaining statutory accounting records in compliance with legislation and accounting standards of the Russian Federation;
- Taking such steps as are reasonably available to them to safeguard the assets of the Group; and
- Preventing and detecting fraud and other irregularities.


The consolidated interim condensed financial statements as at 30 June 2015 were authorized for issue by the Board of Management of AO UniCredit Bank on 29 July 2015.

Signed on behalf of the Board of Management

  
I. Glavchovski  
Acting Chairman of the Board of Management

3 August 2015



  
G. Chernysheva  
Chief Accountant

## **INDEPENDENT AUDITOR'S REPORT ON REVIEW OF CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS**

To the Shareholder and Supervisory Board of AO UniCredit Bank:

### **Introduction**

We have reviewed the consolidated interim condensed statement of financial position of AO UniCredit Bank and its subsidiary (collectively – the “Group”) as at 30 June 2015, and the related consolidated interim condensed statements of comprehensive income, changes in equity and cash flows for the three and six-month periods then ended and a summary of significant accounting policies and selected explanatory notes. Management is responsible for the preparation and fair presentation of these consolidated interim condensed financial statements in accordance with International Accounting Standard (“IAS”) 34, Interim Financial Reporting. Our responsibility is to express a conclusion on these consolidated interim condensed financial statements based on our review.

### **Scope of Review**

We conducted our review in accordance with Federal Law “On Audit Activity”, Federal Rule (Standard) of Auditing No. 33, Review of 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 information 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 Federal Auditing Standards of 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.

## Conclusion

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

Deloitte & Touche

3 August 2015

Moscow, Russian Federation

  
Ponomarenko E.V., General Director  
(certificate no. 01-00000 of 28 November 2011)

ZAO Deloitte & Touche CIS



Audited entity: AO UniCredit Bank.

Licensed by the Central Bank of the Russian Federation on 23 March 2012, License No.1.

Entered in the Unified State Register of Legal Entities on 19 August 2002 by the Moscow Inter-Regional Tax Inspectorate No.39 of the Ministry for Taxes and Duties of the Russian Federation, Registration No. 1027739082106, Certificate series 77 No. 005721432

9, Prechistenskaya emb., Moscow, Russia 119034.

Independent Auditor: ZAO "Deloitte & Touche CIS"

Certificate of state registration № 018.482, issued by the Moscow Registration Chamber on 30.10.1992.

Certificate of registration in the Unified State Register № 1027700425444 of 13.11.2002, issued by Moscow Interdistrict Inspectorate of the Russian Ministry of Taxation № 39.

Certificate of membership in "NP "Audit Chamber of Russia" (auditors' SRO) of 20.05.2009 № 3026, ORNZ 10201017407.

# AO UniCredit Bank

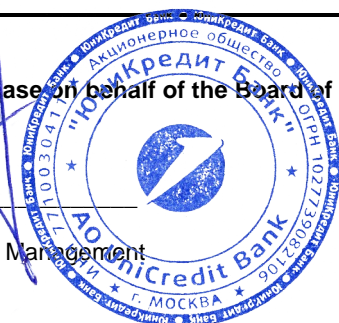
## Consolidated Interim Condensed Statement of Financial Position as at 30 June 2015 (expressed in thousands of Russian Roubles)

	Notes	30 June 2015 unaudited	31 December 2014
<b>Assets</b>			
Cash and cash balances	5	24 918 163	42 873 396
Trading securities	6		
- held by the Group		5 063 105	4 184 948
- pledged under repurchase agreements		-	263 368
Amounts due from credit institutions	7	291 833 885	332 555 937
Derivative financial assets	8	44 761 675	81 685 033
Derivative financial assets designated for hedging	8	8 454 808	12 003 652
Changes in fair value of portfolio hedged items		(1 985 149)	(8 117 984)
Loans to customers	9	795 021 532	826 851 401
Available-for-sale securities	10		
- held by the Group		52 045 740	32 553 782
- pledged under repurchase agreements		2 191 216	21 815 961
Fixed assets		5 863 460	6 001 364
Intangible assets		3 914 789	3 443 831
Current income tax assets		27 894	176 292
Other assets		3 440 189	4 081 974
<b>Total assets</b>		<b>1 235 551 307</b>	<b>1 360 372 955</b>
<b>Liabilities</b>			
Amounts due to credit institutions	12	151 402 758	209 956 341
Financial liabilities held for trading		168 126	-
Derivative financial liabilities	8	49 471 402	104 534 651
Derivative financial liabilities designated for hedging	8	16 461 839	20 464 088
Changes in fair value of portfolio hedged items		436 484	(697 554)
Amounts due to customers	13	809 733 089	810 620 505
Debt securities issued	14	41 907 250	62 007 167
Deferred income tax liabilities		4 706 781	2 597 149
Current income tax liabilities		-	506 631
Other liabilities		6 562 632	8 317 953
<b>Total liabilities</b>		<b>1 080 850 361</b>	<b>1 218 306 931</b>
<b>Equity</b>			
Share capital		41 787 806	41 787 806
Share premium		437 281	437 281
Cash flow hedge reserve		(1 215 420)	(1 541 487)
Revaluation reserve for available-for-sale securities		(4 600 068)	(9 070 231)
Retained earnings		118 291 347	110 452 655
<b>Total equity</b>		<b>154 700 946</b>	<b>142 066 024</b>
<b>Total equity and liabilities</b>		<b>1 235 551 307</b>	<b>1 360 372 955</b>

Signed and authorized for release on behalf of the Board of Management

**I. Glavchovski**  
Acting Chairman of the Board of Management

3 August 2015



**G. Chernysheva**  
Chief Accountant

The accompanying selected notes on pages 8 to 29 are an integral part of these consolidated interim condensed financial statements.

# AO UniCredit Bank

## Consolidated Interim Condensed Statement of Comprehensive Income for the Six-Month Period Ended 30 June 2015 (expressed in thousands of Russian Roubles)

	Notes	Three-month period ended 30 June		Six-month period ended 30 June	
		2015 unaudited	2014 unaudited	2015 unaudited	2014 unaudited
Interest income		32 610 269	22 229 114	68 730 050	41 810 671
Interest expense		(22 994 760)	(13 935 231)	(48 857 972)	(25 517 580)
<b>Net interest income</b>		<b>9 615 509</b>	<b>8 293 883</b>	<b>19 872 078</b>	<b>16 293 091</b>
Fee and commission income		1 930 574	2 078 853	3 953 537	3 916 057
Fee and commission expense		(932 581)	(299 070)	(2 086 737)	(569 492)
<b>Net fee and commission income</b>		<b>997 993</b>	<b>1 779 783</b>	<b>1 866 800</b>	<b>3 346 565</b>
Dividend income		3	1	3	1
Gains on financial assets and liabilities held for trading	16	2 328 433	1 094 622	3 392 517	941 749
Fair value adjustments in portfolio hedge accounting		(504 424)	(54 160)	(905 326)	(13 616)
Gains/(losses) on disposal of:					
- loans		6 242	73 788	1 905	142 370
- available-for-sale financial assets		(1 200)	(17 073)	(142 357)	(15 593)
<b>OPERATING INCOME</b>		<b>12 442 556</b>	<b>11 170 844</b>	<b>24 085 620</b>	<b>20 694 567</b>
(Impairment)/recovery on:					
- loans	9	(4 464 439)	(1 455 613)	(6 920 724)	(2 364 143)
- other financial transactions		-	(391)	11 781	23 278
<b>NET INCOME FROM FINANCIAL ACTIVITIES</b>		<b>7 978 117</b>	<b>9 714 840</b>	<b>17 176 677</b>	<b>18 353 702</b>
Personnel expenses		(1 956 649)	(1 791 096)	(3 982 376)	(3 623 809)
Other administrative expenses		(1 234 585)	(1 185 811)	(2 486 196)	(2 160 933)
Depreciation of fixed assets		(191 500)	(167 587)	(375 105)	(354 368)
Amortization of intangible assets		(205 695)	(169 107)	(401 617)	(340 760)
Other provisions		(35 052)	(985)	(37 193)	1 529
Other operating expenses		(14 281)	(43 695)	(37 503)	(62 524)
<b>Operating costs</b>		<b>(3 637 762)</b>	<b>(3 358 281)</b>	<b>(7 319 990)</b>	<b>(6 540 865)</b>
Gains on disposal of fixed assets		1 372	50 983	3 933	54 187
<b>PROFIT BEFORE INCOME TAX EXPENSE</b>		<b>4 341 727</b>	<b>6 407 542</b>	<b>9 860 620</b>	<b>11 867 024</b>
Income tax expense	11	(896 407)	(1 287 886)	(2 021 928)	(2 373 708)
<b>PROFIT FOR THE PERIOD</b>		<b>3 445 320</b>	<b>5 119 656</b>	<b>7 838 692</b>	<b>9 493 316</b>
<b>OTHER COMPREHENSIVE INCOME/(LOSSES)</b>					
<b>Items that may be reclassified subsequently to profit or loss</b>					
Cash flow hedge reserve – effective portion of changes in fair value:					
- fair value changes		60 818	70 466	326 211	(105 181)
- reclassification adjustment relating to financial assets and liabilities designated for hedging disposed of in the period		(8 068)	51 846	(144)	79 054
Revaluation reserve for available-for-sale securities:					
- fair value changes		1 766 798	594 894	4 256 450	(1 214 986)
- reclassification adjustment relating to available-for-sale financial assets disposed of in the period		52 975	(6 013)	213 713	(6 169)
<b>Other comprehensive income/(loss) for the period, net of tax</b>		<b>1 872 523</b>	<b>711 193</b>	<b>4 796 230</b>	<b>(1 247 282)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>5 317 843</b>	<b>5 830 849</b>	<b>12 634 922</b>	<b>8 246 034</b>

Signed and authorized for release on behalf of the Board of Management

I. Glavchovski  
Acting Chairman of the Board of Management

G. Chernysheva  
Chief Accountant

3 August 2015

The accompanying selected notes on pages 8 to 29 are an integral part of these consolidated interim condensed financial statements.

# AO UniCredit Bank

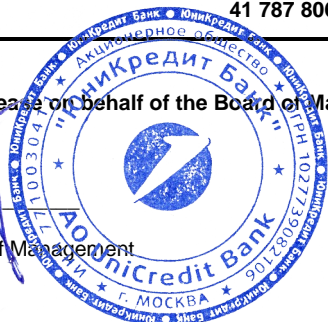
## Consolidated Interim Condensed Statement of Changes in Equity for the Six-Month Period Ended 30 June 2015 (expressed in thousands of Russian Roubles)

	Share capital	Share premium	Cash flow hedge reserve	Revaluation reserve for available-for-sale securities	Retained earnings	Total equity
<b>1 January 2014</b>	<b>41 787 806</b>	<b>437 281</b>	<b>(1 159 521)</b>	<b>(411 821)</b>	<b>91 390 954</b>	<b>132 044 699</b>
<b>Total comprehensive income</b>						
Profit for the period (unaudited)	-	-	-	-	9 493 316	9 493 316
<b>Other comprehensive loss</b>						
Change in cash flow hedge reserve, net of tax (unaudited)	-	-	(26 127)	-	-	(26 127)
Net change in revaluation reserve for available-for-sale securities, net of tax (unaudited)	-	-	-	(1 221 155)	-	(1 221 155)
<b>Total other comprehensive loss (unaudited)</b>	<b>-</b>	<b>-</b>	<b>(26 127)</b>	<b>(1 221 155)</b>	<b>-</b>	<b>(1 247 282)</b>
<b>Total comprehensive income for the period (unaudited)</b>	<b>-</b>	<b>-</b>	<b>(26 127)</b>	<b>(1 221 155)</b>	<b>9 493 316</b>	<b>8 246 034</b>
<b>Transactions with owner, directly recorded in equity</b>						
Purchase of subsidiary under common control (Note 1)	-	-	-	-	242 360	242 360
<b>Total transactions with owner</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>242 360</b>	<b>242 360</b>
<b>30 June 2014 (unaudited)</b>	<b>41 787 806</b>	<b>437 281</b>	<b>(1 185 648)</b>	<b>(1 632 976)</b>	<b>101 126 630</b>	<b>140 533 093</b>
<b>1 January 2015</b>	<b>41 787 806</b>	<b>437 281</b>	<b>(1 541 487)</b>	<b>(9 070 231)</b>	<b>110 452 655</b>	<b>142 066 024</b>
<b>Total comprehensive income</b>						
Profit for the period (unaudited)	-	-	-	-	7 838 692	7 838 692
<b>Other comprehensive income</b>						
Change in cash flow hedge reserve, net of tax (unaudited)	-	-	326 067	-	-	326 067
Net change in revaluation reserve for available-for-sale securities, net of tax (unaudited)	-	-	-	4 470 163	-	4 470 163
<b>Total other comprehensive income (unaudited)</b>	<b>-</b>	<b>-</b>	<b>326 067</b>	<b>4 470 163</b>	<b>-</b>	<b>4 796 230</b>
<b>Total comprehensive income for the period (unaudited)</b>	<b>-</b>	<b>-</b>	<b>326 067</b>	<b>4 470 163</b>	<b>7 838 692</b>	<b>12 634 922</b>
<b>30 June 2015 (unaudited)</b>	<b>41 787 806</b>	<b>437 281</b>	<b>(1 215 420)</b>	<b>(4 600 068)</b>	<b>118 291 347</b>	<b>154 700 946</b>

Signed and authorized for release on behalf of the Board of Management

**I. Glavchovski**  
Acting Chairman of the Board of Management

3 August 2015



**G. Chernysheva**  
Chief Accountant

The accompanying selected notes on pages 8 to 29 are an integral part of these consolidated interim condensed financial statements.



# AO UniCredit Bank

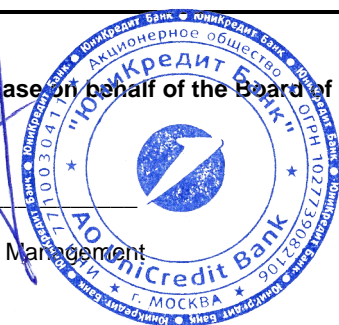
## Consolidated Interim Condensed Statement of Cash Flows for the Six-Month Period Ended 30 June 2015 (expressed in thousands of Russian Roubles)

	Note	Six-Month Period Ended 30 June 2015 unaudited	Six-Month Period Ended 30 June 2014 unaudited
<b>Cash flows from operating activities before changes in operating assets and liabilities</b>			
		15 994 446	15 497 578
<b>Net cash (used in)/from operating activities before income tax</b>			
		(28 629 569)	12 128 082
Corporate income tax paid		(1 469 586)	(1 526 798)
<b>Net cash flows (used in)/from operating activities</b>			
		(30 099 155)	10 601 284
<b>Cash flows from investing activities</b>			
Dividends received		3	1
Purchase of available-for-sale securities		-	(20 471 790)
Proceeds from redemption and sale of available-for-sale securities		5 639 549	6 576 947
Acquisition of subsidiary	1	-	(1 163 400)
Proceeds from sale of fixed and intangible assets		4 266	74 135
Purchase of fixed and intangible assets		(1 667 230)	(795 239)
<b>Net cash flows from/(used in) investing activities</b>			
		3 976 588	(15 779 346)
<b>Cash flows from financing activities</b>			
Proceeds from issuance of bonds		-	10 000 000
Proceeds from sale of repurchased bonds		-	156 001
Redemption of bonds issued under put option		(19 714 628)	(4 500 688)
Proceeds from subordinated debt received		27 761 347	-
Redemption of subordinated debt		-	(3 503 430)
<b>Net cash flows from financing activities</b>			
		8 046 719	2 151 883
Effect of exchange rates changes on cash and cash balances		120 615	(60 670)
<b>Net decrease in cash and cash balances</b>			
		(17 955 233)	(3 086 849)
<b>Cash and cash balances, beginning</b>			
	5	42 873 396	25 708 189
<b>Cash and cash balances, ending</b>			
	5	24 918 163	22 621 340

Signed and authorized for release on behalf of the Board of Management

I. Glavchovski  
Acting Chairman of the Board of Management

3 August 2015



G. Chernysheva  
Chief Accountant

*Chernysheva*

The accompanying selected notes on pages 8 to 29 are an integral part  
of these consolidated interim condensed financial statements.

# AO UniCredit Bank

## Selected Notes to Consolidated Interim Condensed Financial Statements for the Six-Month Period Ended 30 June 2015 (expressed in thousands of Russian Roubles)

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### 1. Principal activities

These consolidated interim condensed financial statements include the financial statements of AO UniCredit Bank (hereinafter – the “Bank”) and its subsidiary. AO UniCredit Bank and its subsidiary are hereinafter collectively referred to as the “Group”.

The Bank (the former International Moscow Bank) was established in 1989 as a closed joint-stock company under the laws of the Russian Federation. The Bank operates under General Banking License No. 1 of the Central Bank of Russia (hereinafter – the “CBR”) to conduct banking operations reissued on 22 December 2014. The Bank also possesses licenses for the securities market for dealing, brokerage and depository activities issued by the Federal Service for the Financial Markets on 25 April 2003, the CBR license for operations with precious metals reissued on 22 December 2014, as well as authorized to speak to the customs authorities as a guarantor on the basis of the notification of the Federal Customs Service of the Russian Federation dated 1 November 2013. The Bank is a member of the state deposit insurance system in the Russian Federation.

As at 30 June 2015 the Group comprises the Bank, the leading operating entity of the Group, and LLC UniCredit Leasing Company, a leasing company as its subsidiary.

In February 2014 in addition to the existing 40% participation AO UniCredit Bank acquired the remaining 60% share participation in LLC UniCredit Leasing from UniCredit Leasing S.p.A. LLC UniCredit Leasing owns 100% of the shares in ZAO Locat Leasing Russia. Both companies operate in the financial leasing industry on the local market. The transaction was accounted for as a transaction under common control since both the Bank and UniCredit Leasing S.p.A have the same ultimate shareholders.

As at 30 June 2015 the Bank has 13 branches and 12 representative offices throughout the Russian Federation and one representative office in the Republic of Belarus.

The Bank’s registered legal address is 9, Prechistenskaya Embankment, Moscow, Russian Federation, 119034.

As at 30 June 2015 the sole shareholder of the Group is UniCredit Bank Austria AG. UniCredit Bank Austria AG, a member of UniCredit Group, is responsible for commercial banking in Central and Eastern Europe within the UniCredit Group.

The primary activities of the Group are deposit taking, lending, providing payments and settlement services, transactions with foreign currencies and securities and providing finance leases.

The Group operates in industries where significant seasonal or cyclical variations in operating income are not experienced during the financial year. However, operating results for the six-month period ended 30 June 2015 are not necessarily indicative of the results that may be expected for the year ending 31 December 2015.

### 2. Basis of preparation

**Statement of compliance.** These consolidated interim condensed financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting.

The consolidated interim condensed financial statements are unaudited and do not include all the information and disclosures required in the annual financial statements. The Group omitted disclosures which would substantially duplicate the information contained in its audited annual consolidated financial statements for 2014 prepared in accordance with International Financial Reporting Standards (hereinafter – “IFRS”), such as accounting policies and details of accounts which have not changed significantly in amount or composition. Additionally, the Group has provided disclosures where significant events have occurred subsequent to the issuance of the Group’s annual consolidated financial statements for 2014 prepared in accordance with IFRS. The management believes that the disclosures in these interim condensed consolidated financial statements are adequate to make the information presented not misleading if these financial statements are read in conjunction with the Group’s annual consolidated financial statements for 2014 prepared in accordance with IFRS. In the opinion of the management, these financial statements reflect all adjustments necessary to present fairly the Group’s financial position, results of operations, statements of changes in shareholders’ equity and cash flows for the interim reporting periods.

# AO UniCredit Bank

## Selected Notes to Consolidated Interim Condensed Financial Statements (continued) for the Six-Month Period Ended 30 June 2015 (expressed in thousands of Russian Roubles)

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### 2. Basis of preparation (continued)

**Basis of measurement.** These consolidated interim condensed financial statements are prepared on the historical cost basis except that financial instruments held for trading, available-for-sale assets and derivative financial instruments are stated at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

**Presentation currency.** These consolidated interim condensed financial statements are presented in Russian Roubles (hereinafter – “RUB”). Amounts in Russian Roubles are rounded to the nearest thousand.

The exchange rates used by the Group in the preparation of the consolidated interim condensed financial statements as at period-end are as follows:

	30 June 2015	31 December 2014
RUB/1 US Dollar	55.5240	56.2584
RUB/1 Euro	61.5206	68.3427

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**Use of estimates and judgements.** The preparation of financial statements in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expense. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Although these estimates are based on management’s best knowledge of current events and actions, actual results ultimately may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In preparing these consolidated interim condensed financial statements the significant judgements made by the management in applying accounting policies and the key sources of estimation uncertainty are the same as those that applied to the consolidated financial statements for the year ended 31 December 2014.

**Going concern.** These consolidated interim condensed financial statements have been prepared on the going concern basis. The Group has no intention or need to reduce substantially its business operations.

The management and shareholders have the intention to further develop the business of the Group in the Russian Federation both in corporate and retail segments. The management believes that the going concern assumption is appropriate for the Group due to its sufficient capital adequacy ratio and based on historical experience that short term obligations will be refinanced in the normal course of business.

### 3. Significant accounting policies

**Interim measurement period.** Income tax expense is recognized in these consolidated interim condensed financial statements based on the management’s best estimates of the weighted average effective annual income tax rate expected for the full financial year. Costs that incur unevenly during the financial year are anticipated or deferred in the interim report only if it would also be appropriate to anticipate or defer such costs at the end of the financial year.

# AO UniCredit Bank

## Selected Notes to Consolidated Interim Condensed Financial Statements (continued) for the Six-Month Period Ended 30 June 2015 (expressed in thousands of Russian Roubles)

### 3. Significant accounting policies (continued)

The same accounting policies, presentation and methods of computation have been followed in these condensed financial statements as were applied in the preparation of the Group's financial statements for the year ended 31 December 2014, except for the impact of the adoption of the following amended standards:

- Amendments to IAS 19 – *Defined Benefit Plans: Employee contributions*;
- Annual Improvements to IFRSs 2010-2012 Cycle;
- Annual Improvements to IFRSs 2011-2013 Cycle.

Abovementioned changes does not have significant impact on the consolidated interim condensed financial statements.

**New and revised IFRSs in issue but not yet effective.** The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

- IFRS 9 *Financial Instruments* and correspondent amendments to other standards<sup>5</sup>;
- IFRS 15 *Revenue from Contracts with Customers* and correspondent amendments to other standards<sup>4</sup>;
- IFRS 14 *Regulatory Deferral Accounts*<sup>1</sup>;
- Amendments to IFRS 11 *Joint Arrangements*<sup>1</sup>;
- Amendments to IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets*<sup>1</sup>;
- Amendments to IAS 16 *Property, Plant and Equipment* and IAS 41 *Agriculture*<sup>1</sup>;
- Amendments to IAS 27 *Separate financial statements*<sup>1</sup>;
- Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures*<sup>2</sup>;
- Amendments to IFRSs – “*Annual improvements to IFRSs 2012-2014 cycle*”<sup>3</sup>;
- Amendments to IAS 1 – Disclosure initiative project<sup>2</sup>.

<sup>1</sup> Applicable to annual periods beginning on or after 1 January 2016, with earlier application permitted.

<sup>2</sup> Applicable on a prospective basis to annual periods beginning on or after 1 January 2016, with earlier application permitted.

<sup>3</sup> Applicable to annual periods beginning on or after 1 July 2016, with earlier application permitted.

<sup>4</sup> Applicable to annual periods beginning on or after 1 January 2017, with earlier application permitted.

<sup>5</sup> Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

**Reclassifications.** With effect from December 2014, the Group discloses interest income and interest expenses related to derivative financial instruments on the gross basis. The details of reclassification and effect on the consolidated interim condensed financial statements for the three and six-month periods ended 30 June 2014 are presented as follows:

	As previously reported	Effect of reclassifications	As adjusted
<b>Consolidated interim condensed statement of comprehensive income for the three-month period ended 30 June 2014</b>			
Interest income	16 495 520	5 733 594	22 229 114
Interest expense	(8 201 637)	(5 733 594)	(13 935 231)

# AO UniCredit Bank

## Selected Notes to Consolidated Interim Condensed Financial Statements (continued) for the Six-Month Period Ended 30 June 2015 (expressed in thousands of Russian Roubles)

### 3. Significant accounting policies (continued)

	As previously reported	Effect of reclassifications	As adjusted
<b>Consolidated interim condensed statement of comprehensive income for the six-month period ended 30 June 2014</b>			
Interest income	31 506 070	10 304 601	41 810 671
Interest expense	(15 212 979)	(10 304 601)	(25 517 580)

### 4. Operating segments

For the management purposes, the Group has four reporting business segments:

**Corporate and Investment banking** (hereinafter – “CIB”) includes corporate lending, project and commodity and corporate structured finance, corporate sight and term deposit services, securities, foreign currency and derivatives trading and custody services.

**Retail banking** comprises private banking services, credit and debit card services, retail sight and term deposit services, retail lending (consumer loans, car loans and mortgages).

**Leasing** – represents the leasing activities of the Group.

**Other** – represents the Group’s funding activities and other unallocated items.

The information about each segment is measured on the same basis as the information used for decision making purposes for allocating resources to segments and assessing segment performance and is prepared on the same basis as the consolidated interim condensed financial statements.

Transactions between the business segments are on normal commercial terms and conditions. Funds are ordinarily reallocated between segments, resulting in funding cost transfers included in segment revenue. Interest charged for these funds is based on the Group’s funds transfer pricing policy.

Segment breakdown of assets and liabilities is set out below:

	30 June 2015 unaudited	31 December 2014
<b>Assets</b>		
CIB	859 776 650	992 513 291
Retail banking	131 177 079	155 069 273
Leasing	12 432 945	13 876 890
Other	232 164 633	198 913 501
<b>Total assets</b>	<b>1 235 551 307</b>	<b>1 360 372 955</b>
<b>Liabilities</b>		
CIB	754 374 702	871 471 401
Retail banking	164 880 496	151 878 535
Leasing	9 759 692	11 332 545
Other	151 835 471	183 624 450
<b>Total liabilities</b>	<b>1 080 850 361</b>	<b>1 218 306 931</b>

# AO UniCredit Bank

## Selected Notes to Consolidated Interim Condensed Financial Statements (continued) for the Six-Month Period Ended 30 June 2015 (expressed in thousands of Russian Roubles)

### 4. Operating segments (continued)

Segment information for the operating segments for the three-month period ended 30 June 2015 is set out below (unaudited):

	CIB	Retail Banking	Leasing	Other	Total
Net interest income from external customers	6 687 105	2 646 472	212 780	69 152	9 615 509
Inter-segment (expense)/income	(395 132)	(146 146)	-	541 278	-
<b>Net interest income</b>	<b>6 291 973</b>	<b>2 500 326</b>	<b>212 780</b>	<b>610 430</b>	<b>9 615 509</b>
Net fee and commission income from external customers	396 230	594 886	3 231	3 646	997 993
Dividend income	-	-	-	3	3
Gains on financial assets and liabilities held for trading:					
- from external customers	1 536 472	354 834	503	436 624	2 328 433
Fair value adjustments in portfolio hedge accounting	-	-	-	(504 424)	(504 424)
(Losses)/gains on disposals of financial assets	(21 357)	26 399	-	-	5 042
<b>Operating income</b>	<b>8 203 318</b>	<b>3 476 445</b>	<b>216 514</b>	<b>546 279</b>	<b>12 442 556</b>
(Impairment)/recovery of impairment on loans and other financial transactions:	(3 568 211)	(877 572)	(18 775)	119	(4 464 439)
<b>Net income from financial activities</b>	<b>4 635 107</b>	<b>2 598 873</b>	<b>197 739</b>	<b>546 398</b>	<b>7 978 117</b>
Operating costs including:					
depreciation on fixed assets and amortization of intangible assets	(1 394 892)	(2 010 407)	(99 266)	(133 197)	(3 637 762)
Gains on disposal of fixed assets	(130 392)	(266 106)	(697)	-	(397 195)
	-	-	-	1 372	1 372
<b>Profit before income tax expense</b>	<b>3 240 215</b>	<b>588 466</b>	<b>98 473</b>	<b>414 573</b>	<b>4 341 727</b>
Income tax expense					(896 407)
<b>Profit</b>					<b>3 445 320</b>
Cash flow hedge reserve					52 750
Revaluation reserve for available-for-sale securities					1 819 773
<b>Total comprehensive income</b>					<b>5 317 843</b>

# AO UniCredit Bank

## Selected Notes to Consolidated Interim Condensed Financial Statements (continued) for the Six-Month Period Ended 30 June 2015 (expressed in thousands of Russian Roubles)

### 4. Operating segments (continued)

Segment information for the operating segments for the three-month period ended 30 June 2014 is set out below (unaudited):

	CIB	Retail Banking	Leasing	Other	Total
Net interest income/(expense) from external customers	5 053 184	4 210 475	160 140	(1 129 916)	8 293 883
Inter-segment (expense)/income	(815 918)	(1 812 124)	-	2 628 042	-
<b>Net interest income</b>	<b>4 237 266</b>	<b>2 398 351</b>	<b>160 140</b>	<b>1 498 126</b>	<b>8 293 883</b>
Net fee and commission income from external customers	734 987	1 026 350	65	18 381	1 779 783
Dividend income	-	-	-	1	1
Gains/(losses) on financial assets and liabilities held for trading:					
- from external customers	946 462	225 758	2 380	(79 978)	1 094 622
Fair value adjustments in portfolio hedge accounting	-	-	-	(54 160)	(54 160)
Gains on disposals of financial assets	38 108	18 607	-	-	56 715
<b>Operating income</b>	<b>5 956 823</b>	<b>3 669 066</b>	<b>162 585</b>	<b>1 382 370</b>	<b>11 170 844</b>
Impairment on loans and other financial transactions	(685 987)	(765 101)	(4 916)	-	(1 456 004)
<b>Net income from financial activities</b>	<b>5 270 836</b>	<b>2 903 965</b>	<b>157 669</b>	<b>1 382 370</b>	<b>9 714 840</b>
Operating costs including: depreciation on fixed assets and amortization of intangible assets	(1 111 343)	(2 056 940)	(109 126)	(80 872)	(3 358 281)
	(106 760)	(228 998)	(936)	-	(336 694)
Gains on disposal of fixed assets	-	-	-	50 983	50 983
<b>Profit before income tax expense</b>	<b>4 159 493</b>	<b>847 025</b>	<b>48 543</b>	<b>1 352 481</b>	<b>6 407 542</b>
Income tax expense					(1 287 886)
<b>Profit</b>					<b>5 119 656</b>
Cash flow hedge reserve					122 312
Revaluation reserve for available-for-sale securities					588 881
<b>Total comprehensive income</b>					<b>5 830 849</b>

# AO UniCredit Bank

## Selected Notes to Consolidated Interim Condensed Financial Statements (continued) for the Six-Month Period Ended 30 June 2015 (expressed in thousands of Russian Roubles)

### 4. Operating segments (continued)

Segment information for the operating segments for the six-month period ended 30 June 2015 is set out below (unaudited):

	CIB	Retail Banking	Leasing	Other	Total
Net interest income from external customers	12 329 574	5 642 048	409 237	1 491 219	19 872 078
Inter-segment income/(expense)	267 266	(353 090)	-	85 824	-
<b>Net interest income</b>	<b>12 596 840</b>	<b>5 288 958</b>	<b>409 237</b>	<b>1 577 043</b>	<b>19 872 078</b>
Net fee and commission income from external customers	547 080	1 306 612	7 776	5 332	1 866 800
Dividend income	-	-	-	3	3
Gains on financial assets and liabilities held for trading: - from external customers	2 040 684	747 550	1 344	602 939	3 392 517
Fair value adjustments in portfolio hedge accounting	-	-	-	(905 326)	(905 326)
(Losses)/gains on disposals of financial assets	(168 827)	28 375	-	-	(140 452)
<b>Operating income</b>	<b>15 015 777</b>	<b>7 371 495</b>	<b>418 357</b>	<b>1 279 991</b>	<b>24 085 620</b>
(Impairment)/recovery of impairment on loans and financial transactions	(5 088 521)	(1 783 149)	(37 756)	483	(6 908 943)
<b>Net income from financial activities</b>	<b>9 927 256</b>	<b>5 588 346</b>	<b>380 601</b>	<b>1 280 474</b>	<b>17 176 677</b>
Operating costs including: depreciation on fixed assets and amortization of intangible assets	(2 673 117)	(4 189 356)	(195 920)	(261 597)	(7 319 990)
Gains on disposal of fixed assets	(249 525)	(525 850)	(1 347)	-	(776 722)
	-	-	-	3 933	3 933
<b>Profit before income tax expense</b>	<b>7 254 139</b>	<b>1 398 990</b>	<b>184 681</b>	<b>1 022 810</b>	<b>9 860 620</b>
Income tax expense					(2 021 928)
<b>Profit</b>					<b>7 838 692</b>
Cash flow hedge reserve					326 067
Revaluation reserve for available-for-sale securities					4 470 163
<b>Total comprehensive income</b>					<b>12 634 922</b>



# AO UniCredit Bank

## Selected Notes to Consolidated Interim Condensed Financial Statements (continued) for the Six-Month Period Ended 30 June 2015 (expressed in thousands of Russian Roubles)

### 4. Operating segments (continued)

Segment information for the operating segments for the six-month period ended 30 June 2014 is set out below (unaudited):

	CIB	Retail Banking	Leasing	Other	Total
Net interest income/(expense) from external customers	10 390 906	8 382 568	342 190	(2 822 573)	16 293 091
Inter-segment (expense)/income	(1 594 966)	(3 451 202)	-	5 046 168	-
<b>Net interest income</b>	<b>8 795 940</b>	<b>4 931 366</b>	<b>342 190</b>	<b>2 223 595</b>	<b>16 293 091</b>
Net fee and commission income/(expense) from external customers	1 433 391	1 780 191	(4 440)	137 423	3 346 565
Dividend income	-	-	-	1	1
Gains/(losses) on financial assets and liabilities held for trading:					
- from external customers	616 790	463 511	1 331	(139 883)	941 749
Fair value adjustments in portfolio hedge accounting	-	-	-	(13 616)	(13 616)
Gains on disposals of financial assets	108 170	18 607	-	-	126 777
<b>Operating income</b>	<b>10 954 291</b>	<b>7 193 675</b>	<b>339 081</b>	<b>2 207 520</b>	<b>20 694 567</b>
Impairment on loans and other financial transactions	(1 035 685)	(1 288 893)	(16 287)	-	(2 340 865)
<b>Net income from financial activities</b>	<b>9 918 606</b>	<b>5 904 782</b>	<b>322 794</b>	<b>2 207 520</b>	<b>18 353 702</b>
Operating costs including: depreciation on fixed assets and amortization of intangible assets	(2 177 222)	(4 012 571)	(176 565)	(174 507)	(6 540 865)
	(223 852)	(469 551)	(1 725)	-	(695 128)
Gains on disposal of fixed assets	-	-	-	54 187	54 187
<b>Profit before income tax expense</b>	<b>7 741 384</b>	<b>1 892 211</b>	<b>146 229</b>	<b>2 087 200</b>	<b>11 867 024</b>
Income tax expense					(2 373 708)
<b>Profit</b>					<b>9 493 316</b>
Cash flow hedge reserve					(26 127)
Revaluation reserve for available-for-sale securities					(1 221 155)
<b>Total comprehensive income</b>					<b>8 246 034</b>

# AO UniCredit Bank

## Selected Notes to Consolidated Interim Condensed Financial Statements (continued) for the Six-Month Period Ended 30 June 2015 (expressed in thousands of Russian Roubles)

### 4. Operating segments (continued)

Chief operating decision maker reviews the Group's results on the basis of net interest income. The following is the analysis by segments of the Group's net interest income from continuing operations from its major products and services:

	Six-month Period Ended 30 June 2015 unaudited	Six-month Period Ended 30 June 2014 unaudited
Medium and long term financing	5 658 428	3 804 399
Current accounts	3 892 504	2 787 738
Short-term financing	1 110 077	1 217 532
Term deposits	1 019 013	177 489
Consumer loans	733 728	1 052 131
Mortgage loans	140 733	402 424
Other lending	1 629 685	1 983 867
Other products	5 687 910	4 867 511
<b>Net interest income</b>	<b>19 872 078</b>	<b>16 293 091</b>

### 5. Cash and cash balances

Cash and cash balances comprise:

	30 June 2015 unaudited	31 December 2014
Cash on hand	11 187 311	19 074 061
Current accounts with the CBR	13 730 852	23 799 335
<b>Cash and cash balances</b>	<b>24 918 163</b>	<b>42 873 396</b>

Included in cash and cash balances as at 30 June 2015 is amount of RUB 1 450 000 thousand (31 December 2014: RUB 1 000 000 thousand) pledged as collateral for mortgage-backed bonds issued by the Group in September 2011 (see Note 14 for details).

### 6. Trading securities

Trading securities comprise:

	30 June 2015 unaudited	31 December 2014
<b>USD denominated</b>		
Russian Government Eurobonds	5 423	5 204
<b>RUB denominated</b>		
Corporate and Bank Bonds	2 694 644	2 974 837
Russian Government Bonds	2 363 038	1 468 275
<b>Trading securities</b>	<b>5 063 105</b>	<b>4 448 316</b>

# AO UniCredit Bank

## Selected Notes to Consolidated Interim Condensed Financial Statements (continued) for the Six-Month Period Ended 30 June 2015 (expressed in thousands of Russian Roubles)

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### 6. Trading securities (continued)

As at 30 June 2015 the Group has no securities sold under repurchase agreements with CBR (31 December 2014: RUB 263 368 thousand included in corporate and bank bonds) (see Note 12 for details).

As at 30 June 2015 included in trading securities are corporate and bank bonds blocked as collateral in order to receive "overnight" loans from the CBR upon the Group's request in the amount of RUB 503 182 thousand (31 December 2014: RUB 869 114 thousand). As at 30 June 2015 and 31 December 2014 the Group has no "overnight" loans with CBR (see Note 12 for details).

### 7. Amounts due from credit institutions

Amounts due from credit institutions comprise:

	30 June 2015 unaudited	31 December 2014
Current accounts with credit institutions	72 959 262	94 243 731
Time deposits	199 368 481	181 983 768
Reverse repurchase agreements with credit institutions	14 216 319	50 434 023
Obligatory reserve with the CBR	5 289 823	5 894 415
<b>Amounts due from credit institutions</b>	<b>291 833 885</b>	<b>332 555 937</b>

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Credit institutions are required to maintain a non-interest earning cash deposit (obligatory reserve) with the CBR, the amount of which depends on the level of funds attracted by the credit institution. The Group's ability to withdraw such deposit is significantly restricted by statutory legislation.

As at 30 June 2015, there are four counterparties with balances that individually exceed 10% of the Group's equity. As at 30 June 2015, the aggregate amount of these balances is RUB 239 396 261 thousand (31 December 2014: six counterparties with aggregate amount of RUB 255 271 346 thousand).

As at 30 June 2015, the Group entered into reverse repurchase agreements with a number of Russian banks. Pledged under these agreements are Russian Government bonds, municipal, corporate and bank bonds issued by Russian companies and banks with the total fair value of RUB 15 506 746 thousand (31 December 2014: Russian Government bonds, corporate and bank bonds issued by Russian companies and banks with total fair value of RUB 53 444 561 thousand).

As at 30 June 2015 the Group has no term placements with CBR (31 December 2014: RUB 35 000 000 thousand).

### 8. Derivative financial instruments

The Group enters into derivative financial instruments principally for trading and hedging purposes. The tables below show the fair values of derivative financial instruments, recorded as assets or liabilities, together with their notional amounts. The notional amount, recorded gross, is the amount of a derivative's underlying asset or notional amount to which reference rate or index is applied and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at the end of reporting period and are indicative of neither the market risk nor the credit risk.

The Group values the derivative financial instruments using widely accepted valuation techniques which are based on market interest rates and forward currency rates. Significant changes in these variables could cause the fair value of the derivatives to change materially.

# AO UniCredit Bank

## Selected Notes to Consolidated Interim Condensed Financial Statements (continued) for the Six-Month Period Ended 30 June 2015 (expressed in thousands of Russian Roubles)

### 8. Derivative financial instruments (continued)

The table below shows the fair value of derivative instruments held for trading, recorded as assets or liabilities, together with their notional amounts.

	30 June 2015 unaudited			31 December 2014		
	Notional principal	Fair value		Notional principal	Fair value	
		Asset	Liability		Asset	Liability
Cross-currency interest rate swaps	216 110 025	36 048 313	37 269 111	272 981 002	48 375 890	57 840 876
Interest rate swaps and options	424 290 154	6 397 801	8 650 882	569 907 604	10 444 854	14 867 984
Foreign exchange forwards and options	73 169 630	2 315 561	3 551 409	205 475 132	22 864 289	31 825 791
Futures on foreign exchange and securities	2 626 850	-	-	962 500	-	-
<b>Total derivative assets/liabilities</b>		<b>44 761 675</b>	<b>49 471 402</b>		<b>81 685 033</b>	<b>104 534 651</b>

The table below shows the fair values of derivative financial instruments designated for hedging, recorded as assets or liabilities, together with their notional amounts.

	30 June 2015 unaudited			31 December 2014		
	Notional principal	Fair value		Notional principal	Fair value	
		Asset	Liability		Asset	Liability
<b>Cash flow hedge</b>						
Interest rate swaps	89 759 261	43 919	283 842	33 615 277	108 611	704 822
Cross-currency interest rate swaps	84 837 265	1 810 488	11 338 904	74 416 922	629 821	14 767 014
<b>Total cash flow hedge</b>		<b>1 854 407</b>	<b>11 622 746</b>		<b>738 432</b>	<b>15 471 836</b>
<b>Fair value hedge</b>						
Interest rate swaps	566 305 949	6 600 401	4 839 093	518 761 072	11 265 220	4 992 252
<b>Total fair value hedge</b>		<b>6 600 401</b>	<b>4 839 093</b>		<b>11 265 220</b>	<b>4 992 252</b>
<b>Total derivative financial assets/ liabilities designated for hedging</b>		<b>8 454 808</b>	<b>16 461 839</b>		<b>12 003 652</b>	<b>20 464 088</b>

### 9. Loans to customers

Loans to customers comprise:

	30 June 2015 unaudited	31 December 2014
Corporate customers	664 511 831	667 566 481
Retail customers, including SME	141 740 690	165 022 389
Lease receivables	11 364 848	12 485 745
Reverse repurchase agreements with companies	3 003 867	2 526 107
<b>Gross loans to customers</b>	<b>820 621 236</b>	<b>847 600 722</b>
Allowance for loan impairment	(25 599 704)	(20 749 321)
<b>Loans to customers</b>	<b>795 021 532</b>	<b>826 851 401</b>

# AO UniCredit Bank

## Selected Notes to Consolidated Interim Condensed Financial Statements (continued) for the Six-Month Period Ended 30 June 2015 (expressed in thousands of Russian Roubles)

### 9. Loans to customers (continued)

A reconciliation of the allowance for loan impairment is as follows:

	Three-month period ended 30 June		Six-month period ended 30 June	
	2015 unaudited	2014 unaudited	2015 unaudited	2014 unaudited
<b>Allowance for loan impairment at the beginning of the period</b>	<b>22 645 452</b>	<b>18 258 666</b>	<b>20 749 321</b>	<b>16 978 859</b>
Charge for the period	4 464 439	1 455 613	6 920 724	2 364 143
Loans sold or recovered through the sale of collateral during the period	(315 029)	(1 047 861)	(398 133)	(1 129 194)
Loans written-off during the period	(862 067)	(38 993)	(1 511 718)	(82 328)
Acquisition of subsidiary under common control	-	-	-	61 982
Effect of exchange rate changes	(333 091)	(299 468)	(160 490)	134 495
<b>Allowance for loan impairment at the end of the period</b>	<b>25 599 704</b>	<b>18 327 957</b>	<b>25 599 704</b>	<b>18 327 957</b>

As at 30 June 2015, the Group entered into reverse repurchase agreements with a number of Russian companies. Pledged under these agreements are Russian Government bonds, municipal bonds, corporate and bank bonds issued by Russian companies and banks with the total fair value of RUB 3 268 631 thousand (31 December 2014: Russian municipal bonds and corporate and bank bonds issued by Russian companies and banks with total fair value of RUB 2 847 406 thousand).

As at 30 June 2015, the Group had RUB 192 778 907 thousand due from its ten largest borrowers (23% of gross loan portfolio) (31 December 2014: RUB 178 359 090 thousand or 21%). An allowance of RUB 224 576 thousand was recognized against these loans (31 December 2014: RUB 244 890 thousand).

As at 30 June 2015, the Group had eight borrowers or groups of borrowers with aggregate loan amounts that individually exceeded 10% of equity (31 December 2014: ten borrowers or groups of borrowers). As at 30 June 2015, the gross amount of these loans is RUB 212 130 003 thousand (31 December 2014: RUB 201 467 228 thousand).

Included in corporate loans as at 30 June 2015 are loans with gross amount of RUB 55 981 146 thousand (31 December 2014: RUB 94 494 775 thousand) pledged as collateral for term deposits due to the CBR (see Note 12 for details).

Included in retail loans as at 30 June 2015 are mortgage loans with gross amount of RUB 3 957 967 thousand (31 December 2014: RUB 4 428 583 thousand) pledged as collateral for mortgage-backed bonds issued by the Group in September 2011 (see Note 14 for details).

# AO UniCredit Bank

## Selected Notes to Consolidated Interim Condensed Financial Statements (continued) for the Six-Month Period Ended 30 June 2015 (expressed in thousands of Russian Roubles)

### 10. Available-for-sale securities

Available-for-sale securities comprise:

	30 June 2015 unaudited	31 December 2014
<b>Debt and other fixed income investments available-for-sale</b>		
<b>USD denominated</b>		
Corporate Eurobonds	183 798	179 083
<b>RUB denominated</b>		
Russian Government and Municipal Bonds	32 611 538	28 969 400
Corporate and Bank Bonds	21 433 081	25 212 720
<b>Total debt and other fixed income investments available-for-sale</b>	<b>54 228 417</b>	<b>54 361 203</b>
<b>Equity investments available-for-sale</b>		
<b>RUB denominated</b>		
Equity investments in financial institutions	5 833	5 833
<b>EUR denominated</b>		
Equity investments in financial institutions	2 706	2 707
<b>Total equity investments available-for-sale</b>	<b>8 539</b>	<b>8 540</b>
<b>Total investments available-for-sale</b>	<b>54 236 956</b>	<b>54 369 743</b>

As at 30 June 2015 included in Russian Government municipal bonds are securities sold under repurchase agreements in the amount of RUB 2 191 216 thousand (31 December 2014: RUB 21 815 961 thousand) (see Note 12 for details).

As at 30 June 2015 included in debt and other fixed income investments available-for-sale are bonds blocked as collateral in order to receive "overnight" loans from the CBR in the amount of RUB 22 852 355 thousand (31 December 2014: RUB 21 429 453 thousand). As at 30 June 2015 and 31 December 2014 the Group has no "overnight" loans due to the CBR (see Note 12 for details).

### 11. Taxation

The corporate income tax expense comprises:

	Three-month period ended 30 June		Six-month period ended 30 June	
	2015 unaudited	2014 unaudited	2015 unaudited	2014 unaudited
Current tax charge	1 069 246	465 770	1 111 354	1 424 562
Deferred tax charge – (reversal)/ origination of temporary differences	(172 839)	822 116	910 574	949 146
<b>Income tax expense</b>	<b>896 407</b>	<b>1 287 886</b>	<b>2 021 928</b>	<b>2 373 708</b>

# AO UniCredit Bank

## Selected Notes to Consolidated Interim Condensed Financial Statements (continued) for the Six-Month Period Ended 30 June 2015 (expressed in thousands of Russian Roubles)

### 11. Taxation (continued)

Tax effect relating to components of other comprehensive income comprises:

	Three-Month Period Ended 30 June 2015 unaudited			Three-Month Period Ended 30 June 2014 unaudited		
	Amount before tax	Tax expense	Amount net-of-tax	Amount before tax	Tax expense	Amount net-of-tax
Cash flow hedge reserve	65 938	(13 188)	52 750	152 890	(30 578)	122 312
Revaluation reserve for available-for-sale securities	2 274 716	(454 943)	1 819 773	736 101	(147 220)	588 881
<b>Other comprehensive income</b>	<b>2 340 654</b>	<b>(468 131)</b>	<b>1 872 523</b>	<b>888 991</b>	<b>(177 798)</b>	<b>711 193</b>

	Six-Month Period Ended 30 June 2015 unaudited			Six-Month Period Ended 30 June 2014 unaudited		
	Amount before tax	Tax expense	Amount net-of-tax	Amount before tax	Tax expense	Amount net-of-tax
Cash flow hedge reserve	407 584	(81 517)	326 067	(32 660)	6 533	(26 127)
Revaluation reserve for available-for-sale securities	5 587 704	(1 117 541)	4 470 163	(1 526 444)	305 289	(1 221 155)
<b>Other comprehensive income</b>	<b>5 995 288</b>	<b>(1 199 058)</b>	<b>4 796 230</b>	<b>(1 559 104)</b>	<b>311 822</b>	<b>(1 247 282)</b>

### 12. Amounts due to credit institutions

Amounts due to credit institutions comprise:

	30 June 2015 unaudited	31 December 2014
Current accounts	19 005 908	25 254 271
Time deposits and loans	92 429 458	150 113 612
Repurchase agreements with credit institutions	888 465	20 835 234
Subordinated debt	39 078 927	13 753 224
<b>Amounts due to credit institutions</b>	<b>151 402 758</b>	<b>209 956 341</b>

As at 30 June 2015, the ten largest deposits, excluding subordinated debt, represented 83% of total amounts due to credit institutions (31 December 2014: 85%).

As at 30 June 2015 included in subordinated debt is subordinated loan received in March 2015 from the sole Group's shareholder UniCredit Bank Austria AG in the amount of USD 480 900 thousand with quarterly interest payment at annual interest rate Libor plus 10.08% and maturity date in June 2025.

As at 30 June 2015, the Group had two counterparties with the balance that exceed 10% of equity (31 December 2014: two counterparties). As at 30 June 2015, the aggregate amount of these balances is RUB 60 331 871 thousand (31 December 2014: RUB 133 848 120 thousand).

# AO UniCredit Bank

## Selected Notes to Consolidated Interim Condensed Financial Statements (continued) for the Six-Month Period Ended 30 June 2015 (expressed in thousands of Russian Roubles)

### 12. Amounts due to credit institutions (continued)

As at 30 June 2015 the Group has term deposits due to the CBR in the amount of RUB 43 962 662 thousand (31 December 2014: RUB 60 258 238 thousand) which are secured by a pool of corporate loans (see Note 9 for details).

As at 30 June 2015 the Group has no repurchase agreements with the CBR (31 December 2014: RUB 20 835 234 thousand). As at 31 December 2014 fair value of securities pledged under these repurchase agreements was RUB 22 079 329 thousand (see Notes 6 and 10 for details).

### 13. Amounts due to customers

The amounts due to customers include the following:

	30 June 2015 unaudited	31 December 2014
Current accounts	143 257 609	125 598 853
Time deposits	665 347 574	685 021 652
Repurchase agreements with customers	1 127 906	-
<b>Amounts due to customers</b>	<b>809 733 089</b>	<b>810 620 505</b>

As at 30 June 2015, approximately 59% of total amounts due to customers were placed with the Group by its ten largest customers (31 December 2014: 53%).

Analysis of customer accounts by type of customer is as follows:

	30 June 2015 unaudited	31 December 2014
<b>Corporate</b>		
Current accounts	66 661 390	54 412 163
Time deposits	577 063 297	604 318 805
Repurchase agreements with customers	1 127 906	-
<b>Total corporate accounts</b>	<b>644 852 593</b>	<b>658 730 968</b>
<b>Retail</b>		
Current accounts	76 596 219	71 186 690
Time deposits	88 284 277	80 702 847
<b>Total retail accounts</b>	<b>164 880 496</b>	<b>151 889 537</b>
<b>Amounts due to customers</b>	<b>809 733 089</b>	<b>810 620 505</b>

Included in retail time deposits are deposits of individuals in the amount of RUB 74 397 925 thousand (31 December 2014: RUB 63 001 635 thousand). In accordance with the Russian Civil Code, the Group is obliged to repay such deposits upon demand of the depositor. In case a term deposit is repaid upon demand of the depositor prior to maturity, the related interest rate on it is paid based on the interest rate for demand deposits, unless a different interest rate is specified in the contract. Group's experience shows that majority of the time deposits of individuals mature according to contractual terms and can be treated as stable customer base. The remaining part of retail time deposits in the amount of RUB 13 886 352 thousand (31 December 2014: RUB 17 701 212 thousand) is represented by deposits placed by SME.



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## Selected Notes to Consolidated Interim Condensed Financial Statements (continued) for the Six-Month Period Ended 30 June 2015 (expressed in thousands of Russian Roubles)

### 14. Debt securities issued

Debt securities issued consists of the following:

	30 June 2015 unaudited	31 December 2014
Bonds issued	41 907 250	62 007 167
<b>Debt securities issued</b>	<b>41 907 250</b>	<b>62 007 167</b>

On 27 February 2015 the Group redeemed bonds under a put option amounting to RUB 9 794 782 thousand.

On 27 May 2015 the Group redeemed bonds under a put option amounting to RUB 9 810 182 thousand.

As at 30 June 2015 mortgage-backed bonds with the carrying value of RUB 5 117 216 thousand (31 December 2014: RUB 5 125 808 thousand) are secured by a pool of mortgage loans with the carrying value of RUB 3 957 967 thousand (31 December 2014: RUB 4 428 583 thousand) and by cash in the amount of RUB 1 450 000 thousand (31 December 2014: RUB 1 000 000 thousand) (see Notes 5 and 9 for details).

### 15. Credit related commitments and contingencies

Credit related commitments and contingencies include the following:

	30 June 2015 unaudited	31 December 2014
Undrawn loan commitments	239 885 170	259 196 477
Undrawn commitments to issue documentary instruments	157 020 514	140 828 238
Guarantees issued	122 281 426	125 789 656
Letters of credit	31 132 966	46 498 812
<b>Gross credit related commitments and contingencies before provision</b>	<b>550 320 076</b>	<b>572 313 183</b>
Provisions for credit related commitments and contingencies	-	(11 781)
<b>Total credit related commitments and contingencies</b>	<b>550 320 076</b>	<b>572 301 402</b>

As at 30 June 2015 and 31 December 2014 the main part of credit related commitments and contingencies are revocable.

**Operating Environment.** Emerging markets such as Russia are subject to different risks than more developed markets, including economic, political and social, and legal and legislative risks. Laws and regulations affecting businesses in Russia continue to change rapidly, tax and regulatory frameworks are subject to varying interpretations. The future economic direction of Russia is heavily influenced by the fiscal and monetary policies adopted by the government, together with developments in the legal, regulatory, and political environment.

Because Russia produces and exports large volumes of oil and gas, its economy is particularly sensitive to the price of oil and gas on the world market, which decreased significantly during 2014.

# AO UniCredit Bank

## Selected Notes to Consolidated Interim Condensed Financial Statements (continued) for the Six-Month Period Ended 30 June 2015 (expressed in thousands of Russian Roubles)

### 15. Credit related commitments and contingencies (continued)

Starting from March 2014, sanctions have been imposed in several packages by the U.S. and the E.U. on certain Russian officials, businessmen and companies.

In December 2014, the Central Bank of the RF significantly increased its key interest rate. International credit agencies downgraded Russia's long-term foreign currency sovereign rating with a negative outlook.

While in 2015 the economic situation in Russia has been more stable, these events resulted in reduced access of the Russian businesses to international capital markets, higher inflation, slowdown of the economic growth and other negative economic consequences. The impact of further economic developments in Russia on future operations and financial position of the Group is difficult to determine.

### 16. Gains on financial assets and liabilities held for trading

Gains on financial assets and liabilities held for trading comprise:

	Three-Month Period Ended 30 June		Six-Month Period Ended 30 June	
	2015 unaudited	2014 unaudited	2015 unaudited	2014 unaudited
Net gains/(losses) from trading securities	72 599	59 702	114 919	(345 905)
Net gains from foreign exchange, interest based derivatives and translation of other foreign currency assets and liabilities	2 255 834	1 034 920	3 277 598	1 287 654
<b>Gains on financial assets and liabilities held for trading</b>	<b>2 328 433</b>	<b>1 094 622</b>	<b>3 392 517</b>	<b>941 749</b>

### 17. Fair values of financial instruments

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair values of financial assets and financial liabilities are determined as follows:

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.
- Unquoted equities and debt securities classified as available-for-sale are valued using models that use both observable and unobservable data. The non-observable inputs to the models include assumptions regarding the future financial performance of the investee, its risk profile, and economic assumptions regarding the industry and geographical jurisdiction in which the investee operates.
- As there is no active secondary market in Russia for loans and advances to banks and customers, deposits by banks and customers, promissory notes issued, subordinated debt, other borrowing funds and other financial assets and liabilities, there is no reliable market value available for these portfolios. In order to present fair value for these financial instruments a separate recalculation procedure is performed by a special routine which uses cash flows of each individual deal as a basis. The cash flows are multiplied with the respective discount factor per time bucket, currency, legal entity and risk product (asset or liability).

# AO UniCredit Bank

## Selected Notes to Consolidated Interim Condensed Financial Statements (continued) for the Six-Month Period Ended 30 June 2015 (expressed in thousands of Russian Roubles)

### 17. Fair values of financial instruments (continued)

In accordance with the Group methodology discount factors include:

- for assets: Risk free rate + expected loss + unexpected loss;
  - for liabilities: Risk free rate + own credit spread (liquidity spreads).
- For financial assets and liabilities that have a short term maturity (less than 3 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 maturity.
  - The fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.
  - The fair value valuation of derivative instruments is based on discounted cash flow analysis and performed using the management's best estimates and applicable interest rates. Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts. Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value on a recurring basis, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

	30 June 2015		
	Level 1	Level 2	Total
<b>Financial assets at FVTPL</b>			
Trading securities			
- held by the Group	587 419	4 475 686	5 063 105
Available-for-sale securities			
- held by the Group	29 781 015	22 256 186	52 037 201
- pledged under repurchase agreements	2 191 216	-	2 191 216
Derivative financial assets	-	44 761 675	44 761 675
Derivative financial assets designated for hedging	-	8 454 808	8 454 808
<b>Total</b>	<b>32 559 650</b>	<b>79 948 355</b>	<b>112 508 005</b>
<b>Financial liabilities at FVTPL</b>			
Derivative financial liabilities	-	49 471 402	49 471 402
Derivative financial liabilities designated for hedging	-	16 461 839	16 461 839
<b>Total</b>	<b>-</b>	<b>65 933 241</b>	<b>65 933 241</b>

# AO UniCredit Bank

## Selected Notes to Consolidated Interim Condensed Financial Statements (continued) for the Six-Month Period Ended 30 June 2015 (expressed in thousands of Russian Roubles)

### 17. Fair values of financial instruments (continued)

	31 December 2014		Total
	Level 1	Level 2	
<b>Financial assets at FVTPL</b>			
Trading securities			
- held by the Group	1 326 696	2 858 252	4 184 948
- pledged under repurchase agreements	-	263 368	263 368
Available-for-sale securities			
- held by the Group	26 451 655	6 093 587	32 545 242
- pledged under repurchase agreements	-	21 815 961	21 815 961
Derivative financial assets	-	81 685 033	81 685 033
Derivative financial assets designated for hedging	-	12 003 652	12 003 652
<b>Total</b>	<b>27 778 351</b>	<b>124 719 853</b>	<b>152 498 204</b>
<b>Financial liabilities at FVTPL</b>			
Derivative financial liabilities	-	104 534 651	104 534 651
Derivative financial liabilities designated for hedging	-	20 464 088	20 464 088
<b>Total</b>	<b>-</b>	<b>124 998 739</b>	<b>124 998 739</b>

The table above does not include available-for-sale equity investments of RUR 8 539 thousand (31 December 2014: RUR 8 540 thousand) which do not have a quoted market price in an active market and whose fair value cannot be reliably measured due to absence of the market for such instruments. Currently the Group does not intend to dispose of these investments.

During the six-month period ended 30 June 2015 and 30 June 2014 there were no transfers between levels 1 and 2 for trading securities.

During the six-month period ended 30 June 2015 the transfers from level 2 to level 1 amounted to RUR 2 069 127 thousand for available-for-sale securities. During the six-month period ended 30 June 2014 there were no transfers between levels 1 and 2 for available-for-sale securities

Except as detailed in the following table, the Group considers that the carrying amounts of financial assets and financial liabilities recognised in the consolidated interim condensed statement of financial position approximate their fair value.

	30 June 2015 (unaudited)		31 December 2014	
	Carrying value unaudited	Fair value unaudited	Carrying value	Fair value
<b>Financial assets</b>				
Amounts due from credit institutions	291 833 885	290 319 061	332 555 937	327 034 093
Loans to customers	795 021 532	815 754 422	826 851 401	852 715 500
<b>Financial liabilities</b>				
Amounts due to credit institutions	151 402 758	171 201 930	209 956 341	210 922 593
Amounts due to customers	809 733 089	830 443 083	810 620 505	827 401 485
Debt securities issued	41 907 250	39 836 529	62 007 167	59 722 181

As at 30 June 2015 there were no changes in fair value levels hierarchy for financial assets and financial liabilities that are measures subsequently to initial recognition at amortised cost in comparison with 31 December 2014.

# AO UniCredit Bank

## Selected Notes to Consolidated Interim Condensed Financial Statements (continued) for the Six-Month Period Ended 30 June 2015 (expressed in thousands of Russian Roubles)

### 18. Related party disclosures

The Group's ultimate shareholder is the UniCredit S.P.A, the parent company of UniCredit Group. The Bank's immediate parent is UniCredit Bank Austria AG. Both entities issue publicly available financial statements.

In accordance with IAS 24 *Related Party Disclosures*, parties are considered to be related if one party has the ability to control the other party or 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. Related parties may enter into transactions which unrelated parties might not, and transactions between related parties may not be conducted on the same terms, conditions and amounts as transactions between unrelated parties.

Balances and transactions with UniCredit Bank Austria AG (the immediate parent) and UniCredit S.P.A (ultimate parent) were as follows:

	30 June 2015 unaudited	Weighted average interest rate, % unaudited	31 December 2014	Weighted average interest rate, %
Amounts due from credit institutions				
- in EUR	14 865 481	0.0%	519 897	0.0%
- in USD	173 214 576	2.2%	119 834 946	3.3%
Derivative financial assets	1 432 385		3 661	
Derivative financial assets designated for hedging	2 378		-	
Other assets	55 149		126 927	
Amounts due to credit institutions				
- in Russian Roubles	2 591 774	8.4%	4 872 000	6.4%
- in EUR	15 306 859	2.0%	17 621 039	2.1%
- in USD	39 205 290	7.5%	44 510 280	2.2%
Derivative financial liabilities	12 982 064		17 342 174	
Derivative financial liabilities designated for hedging	68 682		10 224	
Other liabilities	591 352		448 834	
Commitments and guarantees issued	27 068 990		10 441 771	
Commitments and guarantees received	79 067 457		98 489 972	

	Six-Month Period Ended 30 June 2015 unaudited	Six-Month Period Ended 30 June 2014 unaudited
Interest income	4 297 706	286 335
Interest expense	(1 394 821)	(811 615)
Fee and commission income	13 369	11 033
Fee and commission expense	(1 302 641)	(32 156)
(Losses)/gains on financial assets and liabilities held for trading	(1 868 355)	9 542
Fair value adjustments in portfolio hedge accounting	(214)	-
(Personnel expenses)/recovery of personnel expenses for seconded employees	(35)	12 378

# AO UniCredit Bank

## Selected Notes to Consolidated Interim Condensed Financial Statements (continued) for the Six-Month Period Ended 30 June 2015 (expressed in thousands of Russian Roubles)

### 18. Related party disclosures (continued)

Balances and transactions with other companies controlled by the UniCredit Group or related with UniCredit Group are as follows:

	30 June 2015 unaudited	Weighted average interest rate, % unaudited	31 December 2014	Weighted average interest rate, %
Amounts due from credit institutions				
- in Russian Roubles	11 399 965	14.6%	10 994 784	13.0%
- in EUR	1 443 737	2.2%	8 193 844	0.4%
- in USD	1 117 232	4.1%	1 139 014	4.1%
- in other currencies	2 464	0.0%	2 736	0.0%
Derivative financial assets	5 582 447		6 801 297	
Derivative financial assets designated for hedging	4 964 637		3 067 860	
Loans to customers				
- in Russian Roubles	865 817	0.0%	731 662	5.0%
- in EUR	2 390 969	6.0%	2 675 568	6.1%
Intangible assets	51 572		886 550	
Other assets	15 296		39 162	
Amounts due to credit institutions				
- in Russian Roubles	939 470	0.0%	2 286 350	22.2%
- in EUR	7 425 086	0.0%	2 709 370	0.0%
- in USD	1 057 994	0.0%	5 663 104	2.3%
- in other currencies	1 863	0.0%	1 967	0.0%
Derivative financial liabilities	10 368 023		12 052 242	
Derivative financial liabilities designated for hedging	11 266 341		15 000 188	
Amounts due to customers				
- in Russian Roubles	24 653	6.7%	22 482	19.2%
- in EUR	303 424	0.8%	391 218	2.1%
Other liabilities	319 698		976 985	
Commitments and guarantees issued	24 469 277		16 872 379	
Commitments and guarantees received	1 366 860		6 441 018	

	Six-Month Period Ended 30 June 2015 unaudited	Six-Month Period Ended 30 June 2014 unaudited
Interest income	6 408 301	2 835 567
Interest expense	(3 860 238)	(2 783 006)
Fee and commission income	21 952	8 783
Fee and commission expense	(27 217)	(25 276)
Losses on financial assets and liabilities held for trading	(3 632 426)	(2 629 945)
Fair value adjustments in portfolio hedge accounting	(2 271 766)	-
Other income	217	157
Personnel expenses	(23 509)	(26 011)
Other administrative expenses	(61 425)	(36 481)

# AO UniCredit Bank

**Selected Notes to Consolidated Interim Condensed Financial Statements (continued)**  
**for the Six-Month Period Ended 30 June 2015**  
*(expressed in thousands of Russian Roubles)*

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## 18. Related party disclosures (continued)

Subordinated loans from the members of the UniCredit Group were as follows:

	<b>Six-Month Period Ended 30 June 2015 unaudited</b>	<b>Six-Month Period Ended 30 June 2014 unaudited</b>
	<b>UniCredit Bank Austria AG</b>	<b>UniCredit Bank Austria AG</b>
Subordinated loans at the beginning of the period	13 753 224	12 326 113
Subordinated loans received during the period	27 761 347	-
Subordinated loans repaid during the period	-	(3 503 430)
Accrual of interest, net of interest paid	(11 368)	232 786
Effect of exchange rates changes	(2 424 276)	171 040
<b>Subordinated loans at the end of the period</b>	<b>39 078 927</b>	<b>9 226 509</b>

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For the six-month period ended 30 June 2015 compensation of the key management personnel comprises remuneration in the amount of RUB 77 803 thousand (six-month period ended 30 June 2014: RUB 62 353 thousand) and post-employment benefits in the amount of RUB 553 thousand (six-month period ended 30 June 2014: RUB 501 thousand).

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Генеральный директор  
ЗАО «Деловый Центр Спб»

