

# **AO UniCredit Bank**

**Consolidated Interim Condensed  
Financial Statements**  
Six-Month Period Ended 30 June 2016  
(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 for the Six-month Period Ended 30 June 2016

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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 2016, 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 consolidated 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:

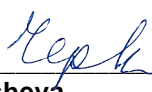
- Designing, implementing and maintaining an effective and sound system of internal controls, throughout the Group;
- Maintaining adequate accounting records that are sufficient to show and explain the Group’s transactions and disclose with reasonable accuracy at any time the financial position of the 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 2016 were approved by the Supervisory Board of AO UniCredit Bank on 3 August 2016 based on the decision of Board of Management of AO UniCredit Bank dated 21 July 2016.

  
K. Zhukov-Emelyanov  
Acting Chairman of the Board of Management

3 August 2016



  
G. Chernysheva  
Chief Accountant

## REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

To: the Shareholder and Supervisory Board of AO UniCredit Bank:

### Introduction

We have reviewed the accompanying consolidated interim condensed statement of financial position of AO UniCredit Bank and its subsidiary (collectively – the “Group”) as at 30 June 2016, 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 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 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 2016  
Moscow, Russian Federation

  
Ponomarenko E.V. General Director  
(certificate no. 01-0000000 of 28 November 2011)

ZAO Deloitte & Touche CIS



Audited entity: AO UniCredit Bank

Licensed by the Central Bank of the Russian Federation  
on 22 December 2014, License No.1.

Primary State Registration Number: 1027739082106

Certificate of registration in the Unified State Register series 77  
No. 007773325 of 19.08.2002, issued by Moscow Interdistrict  
Inspectorate of the Russian Ministry of Taxation № 39.

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.

Primary State Registration Number: 1027700425444


Certificate of registration in the Unified State Register series 77  
No. 004840299 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 2016 (expressed in thousands of Russian Roubles)

	Notes	30 June 2016 unaudited	31 December 2015
<b>ASSETS</b>			
Cash and cash balances	5	30 800 616	22 730 813
Trading securities held by the Group	6	3 059 460	3 652 106
Amounts due from credit institutions	7	292 709 870	336 744 808
Derivative financial assets	8	51 256 807	65 526 002
Derivative financial assets designated for hedging	8	11 309 538	7 042 056
Changes in fair value of portfolio hedged items		3 939 119	998 710
Loans to customers	9	763 177 452	867 295 074
Investment securities	10		
- available-for-sale			
- held by the Group		55 739 544	54 895 759
- pledged under repurchase agreements		10 323 976	14 841 932
- held-to-maturity		31 902 599	16 130 748
Fixed assets		5 451 808	5 612 240
Intangible assets		5 380 119	5 350 637
Current income tax assets		919 108	1 858 930
Other assets		5 096 698	4 445 843
<b>TOTAL ASSETS</b>		<b>1 271 066 714</b>	<b>1 407 125 658</b>
<b>LIABILITIES</b>			
Amounts due to credit institutions	12	141 112 469	193 922 309
Financial liabilities held for trading	7	951 395	-
Derivative financial liabilities	8	29 631 111	49 246 075
Derivative financial liabilities designated for hedging	8	15 467 162	19 306 086
Changes in fair value of portfolio hedged items		4 139 770	404 256
Amounts due to customers	13	865 825 593	931 426 988
Debt securities issued	14	22 243 586	32 979 085
Deferred income tax liabilities		8 610 473	7 390 616
Other liabilities		8 726 848	7 922 980
<b>TOTAL LIABILITIES</b>		<b>1 096 708 407</b>	<b>1 242 598 395</b>
<b>EQUITY</b>			
Share capital		41 787 806	41 787 806
Share premium		437 281	437 281
Cash flow hedge reserve		(1 792 422)	(765 540)
Revaluation reserve for available-for-sale securities		(317 358)	(2 902 933)
Retained earnings		134 243 000	125 970 649
<b>TOTAL EQUITY</b>		<b>174 358 307</b>	<b>164 527 263</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>1 271 066 714</b>	<b>1 407 125 658</b>

  
**K. Zhukov-Emelyanov**  
Acting Chairman of the Board of Management

3 August 2016



  
**G. Chernysheva**  
Chief Accountant

The accompanying selected notes on pages 8 to 30 are an integral part of these consolidated interim condensed financial statements.

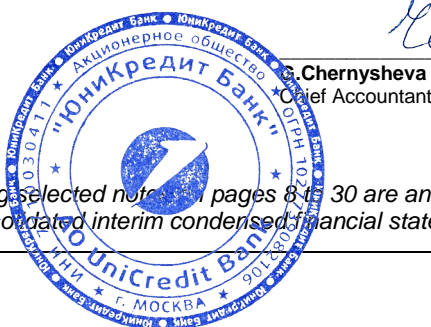
# AO UniCredit Bank

## Consolidated Interim Condensed Statement of Comprehensive Income for the Six-Month Period Ended 30 June 2016 (expressed in thousands of Russian Roubles)

	Notes	Three-month period ended 30 June		Six-month period ended 30 June	
		2016 unaudited	2015 unaudited	2016 unaudited	2015 unaudited
Interest income and similar revenues		30 301 548	32 610 269	60 561 419	68 730 050
Interest expense and similar charges		(19 550 623)	(22 994 760)	(38 986 903)	(48 857 972)
<b>Net interest income</b>		<b>10 750 925</b>	<b>9 615 509</b>	<b>21 574 516</b>	<b>19 872 078</b>
Fee and commission income		2 555 634	1 930 574	4 872 863	3 953 537
Fee and commission expense		(970 341)	(932 581)	(1 998 595)	(2 086 737)
<b>Net fee and commission income</b>		<b>1 585 293</b>	<b>997 993</b>	<b>2 874 268</b>	<b>1 866 800</b>
Dividend income		4	3	4	3
Gains on financial assets and liabilities held for trading	16	1 950 467	2 328 433	2 771 236	3 392 517
Fair value adjustments in portfolio hedge accounting		(49 934)	(504 424)	(166 830)	(905 326)
Gains/(losses) on disposal of:					
- loans		-	6 242	6 212	1 905
- available-for-sale financial assets		(109)	(1 200)	85	(142 357)
<b>OPERATING INCOME</b>		<b>14 236 646</b>	<b>12 442 556</b>	<b>27 059 491</b>	<b>24 085 620</b>
(Impairment)/recovery of impairment on:					
- loans	9	(3 886 264)	(4 464 439)	(7 900 478)	(6 920 724)
- other financial transactions		-	-	-	11 781
<b>NET INCOME FROM FINANCIAL ACTIVITIES</b>		<b>10 350 382</b>	<b>7 978 117</b>	<b>19 159 013</b>	<b>17 176 677</b>
Personnel expenses		(2 174 467)	(1 956 649)	(4 267 847)	(3 982 376)
Other administrative expenses		(1 527 284)	(1 234 585)	(3 000 285)	(2 486 196)
Depreciation of fixed assets		(140 929)	(191 500)	(291 271)	(375 105)
Amortization of intangible assets		(381 928)	(205 695)	(646 158)	(401 617)
Other provisions		(254 414)	(35 052)	(434 669)	(37 193)
Other operating expenses		(61 840)	(14 281)	(114 977)	(37 503)
<b>Operating costs</b>		<b>(4 540 862)</b>	<b>(3 637 762)</b>	<b>(8 755 207)</b>	<b>(7 319 990)</b>
Gains on disposal of fixed assets		334	1 372	2 195	3 933
<b>PROFIT BEFORE INCOME TAX EXPENSE</b>		<b>5 809 854</b>	<b>4 341 727</b>	<b>10 406 001</b>	<b>9 860 620</b>
Income tax expense	11	(1 210 300)	(896 407)	(2 133 650)	(2 021 928)
<b>PROFIT FOR THE PERIOD</b>		<b>4 599 554</b>	<b>3 445 320</b>	<b>8 272 351</b>	<b>7 838 692</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, net of tax:					
- fair value changes		(734 641)	60 818	(1 142 525)	326 211
- reclassification adjustment relating to financial assets and liabilities designated for hedging disposed of in the period		86 276	(8 068)	115 643	(144)
Revaluation reserve for available-for-sale securities, net of tax:					
- fair value changes		1 392 949	1 766 798	2 549 219	4 256 450
- reclassification adjustment relating to available-for-sale financial assets disposed of in the period		15 440	52 975	36 356	213 713
<b>Other comprehensive income for the period, net of tax</b>	11	<b>760 024</b>	<b>1 872 523</b>	<b>1 558 693</b>	<b>4 796 230</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>5 359 578</b>	<b>5 317 843</b>	<b>9 831 044</b>	<b>12 634 922</b>

K.Zhukov-Emelyanov  
Acting Chairman of the Board of Management

3 August 2016



The accompanying selected notes on pages 8 to 30 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 2016 (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
1 January 2015	41 787 806	437 281	(1 541 487)	(9 070 231)	110 452 655	142 066 024
<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>326 067</b>	<b>4 470 163</b>	-	<b>4 796 230</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD (unaudited)</b>	-	-	<b>326 067</b>	<b>4 470 163</b>	<b>7 838 692</b>	<b>12 634 922</b>
30 June 2015 (unaudited)	41 787 806	437 281	(1 215 420)	(4 600 068)	118 291 347	154 700 946
1 January 2016	41 787 806	437 281	(765 540)	(2 902 933)	125 970 649	164 527 263
<b>Total comprehensive income</b>						
Profit for the period (unaudited)	-	-	-	-	8 272 351	8 272 351
<b>Other comprehensive income</b>						
Change in cash flow hedge reserve, net of tax (unaudited)	-	-	(1 026 882)	-	-	(1 026 882)
Net change in revaluation reserve for available-for-sale securities, net of tax (unaudited)	-	-	-	2 585 575	-	2 585 575
<b>Total other comprehensive income (unaudited)</b>	-	-	<b>(1 026 882)</b>	<b>2 585 575</b>	-	<b>1 558 693</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD (unaudited)</b>	-	-	<b>(1 026 882)</b>	<b>2 585 575</b>	<b>8 272 351</b>	<b>9 831 044</b>
30 June 2016 (unaudited)	41 787 806	437 281	(1 792 422)	(317 358)	134 243 000	174 358 307

  
K. Zhukov-Emelyanov  
Acting Chairman of the Board of Management

3 August 2016



  
G. Chernysheva  
Chief Accountant


The accompanying selected notes on pages 8 to 30 are an integral part of these consolidated interim condensed financial statements.



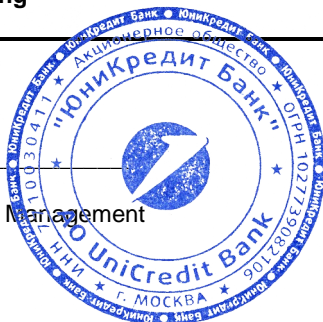
# AO UniCredit Bank


## Consolidated Interim Condensed Statement of Cash Flows for the Six-Month Period Ended 30 June 2016 (expressed in thousands of Russian Roubles)

Note	Six-month period ended 30 June 2016 unaudited	Six-month period ended 30 June 2015 unaudited
<b>Cash flows from operating activities before changes in operating assets and liabilities</b>	<b>18 126 890</b>	<b>15 994 446</b>
<b>Net cash from/(used in) operating activities before income tax</b>	<b>30 559 607</b>	<b>(28 629 569)</b>
Corporate income tax paid	(363 704)	(1 469 586)
<b>Net cash flows from/(used in) operating activities</b>	<b>30 195 903</b>	<b>(30 099 155)</b>
<b>Cash flows from investing activities</b>		
Dividends received	4	3
Proceeds from redemption and sale of available-for-sale securities	6 169 885	5 639 549
Purchases of available for sale securities	(1 324 019)	-
Purchases of held to maturity securities	(15 080 619)	-
Proceeds from sale of fixed and intangible assets	3 182	4 266
Purchase of fixed and intangible assets	(659 594)	(1 667 230)
<b>Net cash flows (used in)/ from investing activities</b>	<b>(10 891 161)</b>	<b>3 976 588</b>
<b>Cash flows from financing activities</b>		
Redemption of bonds issued	(10 394 227)	(19 714 628)
Proceeds from subordinated debt received	-	27 761 347
<b>Net cash flows (used in)/from financing activities</b>	<b>(10 394 227)</b>	<b>8 046 719</b>
Effect of exchange rates changes on cash and cash balances	(840 712)	120 615
<b>Net increase/(decrease) in cash and cash balances</b>	<b>8 069 803</b>	<b>(17 955 233)</b>
<b>Cash and cash balances, beginning</b>	<b>5 22 730 813</b>	<b>42 873 396</b>
<b>Cash and cash balances, ending</b>	<b>5 30 800 616</b>	<b>24 918 163</b>

  
**K. Zhukov-Emelyanov**  
Acting Chairman of the Board of Management

3 August 2016



  
**G. Chernysheva**  
Chief Accountant

The accompanying selected notes on pages 8 to 30 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 2016 (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 licence of the professional securities market participant for dealing, brokerage and depository activities issued by the Federal Securities Commission 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 2016 the Group comprises the Bank, the leading operating entity of the Group, and LLC UniCredit Leasing Company, a leasing company as its subsidiary. 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.

As at 30 June 2016 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 2016 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 2016 are not necessarily indicative of the results that may be expected for the year ending 31 December 2016.

### 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 2015 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 2015 prepared in accordance with IFRS. 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 2015 prepared in accordance with IFRS. In the opinion of 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 2016 (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 2016	31 December 2015
RUB/1 US Dollar	64.2575	72.8827
RUB/1 Euro	71.2102	79.6972

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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 recognized 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 2015.

**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.

# AO UniCredit Bank

## Selected Notes to Consolidated Interim Condensed Financial Statements (continued) for the Six-Month Period Ended 30 June 2016 (expressed in thousands of Russian Roubles)

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### 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.

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 2015.

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

<b>New or amended standard or interpretation</b>	<b>Effective date<sup>1</sup> - for annual periods beginning on or after</b>
IFRS 9 <i>Financial Instruments</i>	1 January 2018
IFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2018
IFRS 16 <i>Leases</i>	1 January 2019
Amendments to IFRS 10 and IAS 28 - <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Date to be determined by the IASB <sup>2</sup>
Amendments to IAS 12 – <i>Recognition of Deferred Tax Assets for Unrealised Losses</i>	1 January 2017

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<sup>1</sup> Early adoption is permitted for all new or amended standards and interpretations. IFRS 16 can be early adopted if IFRS 15 *Revenue from Contracts with Customers* has also been applied.

<sup>2</sup> The amendment was initially issued in September 2014 with the effective date on 1 January 2016. In December 2015 the IASB deferred the effective date of the amendments indefinitely until the research project on the equity method has been concluded.

### 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 banking services to private individuals and SME, credit and debit card services, retail sight and term deposit services, lending to SME and 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.

# AO UniCredit Bank

## Selected Notes to Consolidated Interim Condensed Financial Statements (continued) for the Six-Month Period Ended 30 June 2016 (expressed in thousands of Russian Roubles)

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### 4. Operating segments (continued)

Segment breakdown of assets and liabilities is set out below:

	30 June 2016 unaudited	31 December 2015
<b>Assets</b>		
CIB	900 519 126	1 015 688 084
Retail banking	111 086 102	120 721 231
Leasing	13 823 742	14 001 241
Other	245 637 744	256 715 102
<b>Total assets</b>	<b>1 271 066 714</b>	<b>1 407 125 658</b>
<b>Liabilities</b>		
CIB	772 459 864	855 887 223
Retail banking	216 165 410	224 639 697
Leasing	10 860 741	11 186 533
Other	97 222 392	150 884 942
<b>Total liabilities</b>	<b>1 096 708 407</b>	<b>1 242 598 395</b>

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# AO UniCredit Bank

## Selected Notes to Consolidated Interim Condensed Financial Statements (continued) for the Six-Month Period Ended 30 June 2016 (expressed in thousands of Russian Roubles)

### 4. Operating segments (continued)

Segment information for the operating segments for the three-month period ended 30 June 2016 is set out below (unaudited):

	CIB	Retail banking	Leasing	Other	Total
Net interest income from external customers	6 336 305	1 959 599	248 605	2 206 416	10 750 925
Inter-segment income/(expense)	858 085	428 454	-	(1 286 539)	-
<b>Net interest income</b>	<b>7 194 390</b>	<b>2 388 053</b>	<b>248 605</b>	<b>919 877</b>	<b>10 750 925</b>
Net fee and commission income from external customers	556 359	989 434	3 466	36 034	1 585 293
Dividend income	-	-	-	4	4
Gains on financial assets and liabilities held for trading from external customers	1 656 565	245 502	870	47 530	1 950 467
Fair value adjustments in portfolio hedge accounting	-	-	-	(49 934)	(49 934)
Losses on disposals of financial assets	(109)	-	-	-	(109)
<b>Operating income</b>	<b>9 407 205</b>	<b>3 622 989</b>	<b>252 941</b>	<b>953 511</b>	<b>14 236 646</b>
(Impairment)/recovery of impairment on loans and other financial transactions	(3 190 913)	(658 272)	(37 458)	379	(3 886 264)
<b>Net income from financial activities</b>	<b>6 216 292</b>	<b>2 964 717</b>	<b>215 483</b>	<b>953 890</b>	<b>10 350 382</b>
Operating costs including: depreciation on fixed assets and amortization of intangible assets	(1 741 061)	(2 415 730)	(115 734)	(268 337)	(4 540 862)
Gains on disposal of fixed assets	(193 830)	(327 571)	(1 456)	-	(522 857)
	-	-	-	334	334
<b>Profit before income tax expense</b>	<b>4 475 231</b>	<b>548 987</b>	<b>99 749</b>	<b>685 887</b>	<b>5 809 854</b>
Income tax expense					(1 210 300)
<b>Profit</b>					<b>4 599 554</b>
Cash flow hedge reserve					(648 365)
Revaluation reserve for available-for-sale securities					1 408 389
<b>Total comprehensive income</b>					<b>5 359 578</b>

# AO UniCredit Bank

## Selected Notes to Consolidated Interim Condensed Financial Statements (continued) for the Six-Month Period Ended 30 June 2016 (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	-	-	-	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 2016 (expressed in thousands of Russian Roubles)

### 4. Operating segments (continued)

Segment information for the operating segments for the six-month period ended 30 June 2016 is set out below (unaudited):

	CIB	Retail banking	Leasing	Other	Total
Net interest income from external customers	14 300 418	3 839 041	478 587	2 956 470	21 574 516
Inter-segment income/(expense)	921 744	1 078 873	-	(2 000 617)	-
<b>Net interest income</b>	<b>15 222 162</b>	<b>4 917 914</b>	<b>478 587</b>	<b>955 853</b>	<b>21 574 516</b>
Net fee and commission income from external customers	987 227	1 825 576	2 650	58 815	2 874 268
Dividend income	-	-	-	4	4
Gains on financial assets and liabilities held for trading from external customers	2 106 323	504 440	2 679	157 794	2 771 236
Fair value adjustments in portfolio hedge accounting	-	-	-	(166 830)	(166 830)
Gains on disposals of financial assets	6 297	-	-	-	6 297
<b>Operating income</b>	<b>18 322 009</b>	<b>7 247 930</b>	<b>483 916</b>	<b>1 005 636</b>	<b>27 059 491</b>
(Impairment)/recovery of impairment on loans and financial transactions	(6 220 044)	(1 613 137)	(68 175)	878	(7 900 478)
<b>Net income from financial activities</b>	<b>12 101 965</b>	<b>5 634 793</b>	<b>415 741</b>	<b>1 006 514</b>	<b>19 159 013</b>
Operating costs including: depreciation on fixed assets and amortization of intangible assets	(3 294 486)	(4 751 206)	(203 128)	(506 387)	(8 755 207)
Gains on disposal of fixed assets	(332 893)	(601 817)	(2 719)	-	(937 429)
	-	-	-	2 195	2 195
<b>Profit before income tax expense</b>	<b>8 807 479</b>	<b>883 587</b>	<b>212 613</b>	<b>502 322</b>	<b>10 406 001</b>
Income tax expense					(2 133 650)
<b>Profit</b>					<b>8 272 351</b>
Cash flow hedge reserve					(1 026 882)
Revaluation reserve for available-for-sale securities					2 585 575
<b>Total comprehensive income</b>					<b>9 831 044</b>



# AO UniCredit Bank

## Selected Notes to Consolidated Interim Condensed Financial Statements (continued) for the Six-Month Period Ended 30 June 2016 (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 2016 (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 2016 unaudited	Six-month period ended 30 June 2015 unaudited
Medium and long term financing	5 077 768	5 658 428
Current accounts	3 561 869	3 892 504
Short-term financing	587 301	1 110 077
Consumer loans	566 389	733 728
Term deposits	535 204	1 019 013
Mortgage loans	477 362	140 733
Other lending	1 617 681	1 629 685
Other products	9 150 942	5 687 910
<b>Net interest income</b>	<b>21 574 516</b>	<b>19 872 078</b>

### 5. Cash and cash balances

Cash and cash balances comprise:

	30 June 2016 unaudited	31 December 2015
Cash on hand	11 163 869	14 356 435
Current accounts with the CBR	19 636 747	8 374 378
<b>Cash and cash balances</b>	<b>30 800 616</b>	<b>22 730 813</b>

Included in cash and cash balances as at 30 June 2016 is amount of RUB 3 800 000 thousand (31 December 2015: RUB 2 050 000 thousand) pledged as collateral for mortgage-backed bonds issued by the Group in September 2011 and September 2015 (see Note 14 for details).

### 6. Trading securities

Trading securities comprise:

	30 June 2016 unaudited	31 December 2015
<b>USD denominated</b>		
Russian government eurobonds	1 104	7 137
<b>RUB denominated</b>		
Russian government bonds	2 730 867	946 463
Corporate and bank bonds	327 489	2 698 506
<b>Trading securities</b>	<b>3 059 460</b>	<b>3 652 106</b>

As at 30 June 2016 no trading securities are blocked as collateral in order to receive "overnight" loans from the CBR upon the Group's request (31 December 2015: RUB 512 118 thousand). As at 30 June 2016 and 31 December 2015 the Group has no "overnight" loans due to the CBR.

# AO UniCredit Bank

## Selected Notes to Consolidated Interim Condensed Financial Statements (continued) for the Six-Month Period Ended 30 June 2016 (expressed in thousands of Russian Roubles)

### 7. Amounts due from credit institutions

Amounts due from credit institutions comprise:

	30 June 2016 unaudited	31 December 2015
Current accounts with credit institutions	47 782 020	60 609 432
Time deposits	185 202 885	254 059 273
Reverse repurchase agreements with credit institutions	55 259 723	18 201 246
Obligatory reserve with the CBR	4 465 242	3 874 857
<b>Amounts due from credit institutions</b>	<b>292 709 870</b>	<b>336 744 808</b>

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 2016, there are four counterparties with balances that individually exceed 10% of the Group's equity. As at 30 June 2016, the aggregate amount of these balances is RUB 238 252 085 thousand (31 December 2015: three counterparties with aggregate amount of RUB 253 319 891 thousand).

As at 30 June 2016, the Group entered into reverse repurchase agreements with a number of Russian banks. Pledged under these agreements are Russian government bonds, corporate and bank bonds with the total fair value of RUB 60 039 093 thousand (31 December 2015: Russian government bonds, corporate and bank bonds with total fair value of RUB 19 427 182 thousand).

As at 30 June 2016 Russian government bonds with the total fair value of RUB 951 395 thousand were sold out of collateral pledged under reverse repurchase agreements with credit institutions and disclosed as financial liabilities held for trading in the consolidated interim condensed statement of financial position.

### 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.

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 2016 unaudited			31 December 2015		
	Notional principal	Fair value		Notional principal	Fair value	
		Asset	Liability		Asset	Liability
Cross-currency interest rate swaps	211 231 667	41 490 398	22 927 887	228 353 208	56 770 885	39 765 795
Interest rate swaps and options	238 289 212	6 649 696	5 928 340	251 888 460	7 044 837	7 333 570
Foreign exchange forwards, options and swaps	35 007 344	3 116 713	774 884	87 409 741	1 710 280	2 146 710
<b>Total derivative assets/liabilities</b>		<b>51 256 807</b>	<b>29 631 111</b>		<b>65 526 002</b>	<b>49 246 075</b>

# AO UniCredit Bank

## Selected Notes to Consolidated Interim Condensed Financial Statements (continued) for the Six-Month Period Ended 30 June 2016 (expressed in thousands of Russian Roubles)

### 8. Derivative financial instruments (continued)

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 2016 unaudited			31 December 2015		
	Notional principal	Fair value		Notional principal	Fair value	
		Asset	Liability		Asset	Liability
<b>Cash flow hedge</b>						
Interest rate swaps	284 924 459	16 517	2 001 991	321 333 127	380 446	345 545
Cross-currency interest rate swaps	142 868 799	4 127 505	4 906 261	100 927 028	2 084 247	11 372 356
<b>Total cash flow hedge</b>		<b>4 144 022</b>	<b>6 908 252</b>		<b>2 464 693</b>	<b>11 717 901</b>
<b>Fair value hedge</b>						
Interest rate swaps	618 223 215	7 165 516	8 558 910	704 837 888	4 577 363	7 588 185
<b>Total fair value hedge</b>		<b>7 165 516</b>	<b>8 558 910</b>		<b>4 577 363</b>	<b>7 588 185</b>
<b>Total derivative financial assets/ liabilities designated for hedging</b>		<b>11 309 538</b>	<b>15 467 162</b>		<b>7 042 056</b>	<b>19 306 086</b>

### 9. Loans to customers

Loans to customers comprise:

	30 June 2016 unaudited	31 December 2015
Corporate customers	660 839 348	755 082 908
Retail customers, including SME	123 747 922	132 646 305
Lease receivables	12 646 491	12 481 464
Reverse repurchase agreements with companies	5 393 485	533 189
<b>Gross loans to customers</b>	<b>802 627 246</b>	<b>900 743 866</b>
Allowance for loan impairment	(39 449 794)	(33 448 792)
<b>Loans to customers</b>	<b>763 177 452</b>	<b>867 295 074</b>

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

	Three-month period ended 30 June		Six-month period ended 30 June	
	2016 unaudited	2015 unaudited	2016 unaudited	2015 unaudited
	<b>Allowance for loan impairment at the beginning of the period</b>	<b>36 436 090</b>	<b>22 645 452</b>	<b>33 448 792</b>
Charge for the period	3 886 264	4 464 439	7 900 478	6 920 724
Loans sold or recovered through repossession of collateral during the period	-	(315 029)	(9 012)	(398 133)
Loans written-off during the period	(389 585)	(862 067)	(747 557)	(1 511 718)
Effect of exchange rate changes	(482 975)	(333 091)	(1 142 907)	(160 490)
<b>Allowance for loan impairment at the end of the period</b>	<b>39 449 794</b>	<b>25 599 704</b>	<b>39 449 794</b>	<b>25 599 704</b>

# AO UniCredit Bank

## Selected Notes to Consolidated Interim Condensed Financial Statements (continued) for the Six-Month Period Ended 30 June 2016 (expressed in thousands of Russian Roubles)

### 9. Loans to customers (continued)

**Write-off and sale of loans.** The decision to write-off the loan is taken by the authorized body of the Group. Loans are written-off after receiving all necessary documentation from the authorized state bodies, as well as under the conditions where further debt collection is not possible.

The decision to sell the loans is taken individually for each case, for both corporate and retail loans. The decision is taken by the authorized body of the Group based on the analysis of all possible alternative strategies for debt collection, the main criterion for the adoption of which is to minimize the losses of the Group's troubled assets.

The following table shows gross loans and related impairment as at 30 June 2016:

	Gross loans	Impairment	Net loans
<b>Corporate customers</b>			
Loans for which no indications of impairment have been identified on an individual basis, not past due	612 857 591	(2 858 887)	609 998 704
Loans for which no specific impairment is identified on an individual basis, past due			
- Past due less than 31 days	853 919	(11 689)	842 230
- Past due 31-90 days	4 881 450	(70 529)	4 810 921
Impaired loans			
- Not past due	7 774 074	(2 938 338)	4 835 736
- Past due less than 31 days	426 125	(72 063)	354 062
- Past due 31-90 days	1 604 656	(122 394)	1 482 262
- Past due 91-180 days	4 661 390	(1 822 586)	2 838 804
- Past due over 180 days	27 780 143	(18 627 533)	9 152 610
<b>Total loans to corporate customers</b>	<b>660 839 348</b>	<b>(26 524 019)</b>	<b>634 315 329</b>
<b>Retail customers</b>			
Standard loans, not past due	100 502 632	(412 744)	100 089 888
Standard loans, past due			
- Past due less than 31 days	3 036 565	(148 158)	2 888 407
- Past due 31-90 days	977 794	(164 093)	813 701
- Past due 91-180 days	499 025	(165 707)	333 318
- Past due over 180 days	72 326	(8 493)	63 833
Impaired loans			
- Not past due	101 401	(1 200)	100 201
- Past due less than 31 days	74 695	(4 396)	70 299
- Past due 31-90 days	111 190	(18 926)	92 264
- Past due 91-180 days	855 413	(357 396)	498 017
- Past due over 180 days	17 516 881	(11 485 717)	6 031 164
<b>Total loans to retail customers</b>	<b>123 747 922</b>	<b>(12 766 830)</b>	<b>110 981 092</b>
<b>Lease receivables</b>			
Loans for which no indications of impairment have been identified on an individual basis, not past due	11 604 561	(52 990)	11 551 571
Loans for which no specific impairment is identified on an individual basis, past due			
- Past due less than 31 days	389 055	(2 127)	386 928
- Past due 31-90 days	357 350	(2 368)	354 982
Impaired loans			
- Not past due	44 955	(11 077)	33 878
- Past due less than 31 days	44 058	(12 554)	31 504
- Past due 31-90 days	31 573	(7 075)	24 498
- Past due 91-180 days	160 108	(60 786)	99 322
- Past due over 180 days	14 831	(9 968)	4 863
<b>Total lease receivables</b>	<b>12 646 491</b>	<b>(158 945)</b>	<b>12 487 546</b>
<b>Reverse repurchase agreements with companies</b>			
Loans for which no indications of impairment have been identified on an individual basis, not past due	5 393 485	-	5 393 485
<b>Total loans to customers</b>	<b>802 627 246</b>	<b>(39 449 794)</b>	<b>763 177 452</b>

# AO UniCredit Bank

## Selected Notes to Consolidated Interim Condensed Financial Statements (continued) for the Six-Month Period Ended 30 June 2016 (expressed in thousands of Russian Roubles)

### 9. Loans to customers (continued)

The following table shows gross loans and related impairment as at 31 December 2015:

	Gross loans	Impairment	Net loans
<b>Corporate customers</b>			
Loans for which no indications of impairment have been identified on an individual basis, not past due	709 479 029	(3 213 961)	706 265 068
Loans for which no specific impairment is identified on an individual basis, past due			
- Past due less than 31 days	2 825 193	(43 836)	2 781 357
- Past due 31-90 days	1 057 786	(29 127)	1 028 659
Impaired loans			
- Not past due	11 827 914	(3 219 232)	8 608 682
- Past due less than 31 days	238 053	(63 420)	174 633
- Past due 31-90 days	1 341 986	(865 539)	476 447
- Past due 91-180 days	4 760 156	(1 734 228)	3 025 928
- Past due over 180 days	23 552 791	(12 184 827)	11 367 964
<b>Total loans to corporate customers</b>	<b>755 082 908</b>	<b>(21 354 170)</b>	<b>733 728 738</b>
<b>Retail customers</b>			
Standard loans, not past due	112 265 778	(506 288)	111 759 490
Standard loans, past due			
- Past due less than 31 days	2 472 982	(124 252)	2 348 730
- Past due 31-90 days	1 202 829	(205 656)	997 173
- Past due 91-180 days	580 467	(194 197)	386 270
- Past due over 180 days	80 144	(9 926)	70 218
Impaired loans			
- Not past due	173 481	(25 501)	147 980
- Past due less than 31 days	86 260	(5 093)	81 167
- Past due 31-90 days	125 281	(27 099)	98 182
- Past due 91-180 days	1 065 294	(472 342)	592 952
- Past due over 180 days	14 593 789	(10 403 756)	4 190 033
<b>Total loans to retail customers</b>	<b>132 646 305</b>	<b>(11 974 110)</b>	<b>120 672 195</b>
<b>Lease receivables</b>			
Loans for which no indications of impairment have been identified on an individual basis, not past due	11 363 315	(56 942)	11 306 373
Loans for which no specific impairment is identified on an individual basis, past due			
- Past due less than 31 days	595 613	(4 244)	591 369
- Past due 31-90 days	400 320	(2 975)	397 345
Impaired loans			
- Not past due	45 847	(6 767)	39 080
- Past due less than 31 days	12 043	(6 456)	5 587
- Past due 31-90 days	16 661	(4 652)	12 009
- Past due 91-180 days	16 144	(10 160)	5 984
- Past due over 180 days	31 521	(28 316)	3 205
<b>Total lease receivables</b>	<b>12 481 464</b>	<b>(120 512)</b>	<b>12 360 952</b>
<b>Reverse repurchase agreements with companies</b>			
Loans for which no indications of impairment have been identified on an individual basis, not past due	533 189	-	533 189
<b>Total loans to customers</b>	<b>900 743 866</b>	<b>(33 448 792)</b>	<b>867 295 074</b>

# AO UniCredit Bank

## Selected Notes to Consolidated Interim Condensed Financial Statements (continued) for the Six-Month Period Ended 30 June 2016 (expressed in thousands of Russian Roubles)

### 9. Loans to customers (continued)

As at 30 June 2016, the Group entered into reverse repurchase agreements with a number of Russian companies. Pledged under these agreements are Russian government bonds, corporate and bank bonds with the total fair value of RUB 5 826 171 thousand (31 December 2015: Russian government bonds and corporate bonds with total fair value of RUB 556 354 thousand).

As at 30 June 2016 the Group had RUB 218 914 648 thousand due from its ten largest borrowers (27% of gross loan portfolio) (31 December 2015: RUB 246 592 534 thousand or 27%). An allowance of RUB 157 539 thousand was recognized against these loans (31 December 2015: RUB 271 223 thousand).

As at 30 June 2016 the Group had seven borrowers or groups of borrowers with aggregate loan amounts that individually exceeded 10% of equity (31 December 2015: eleven borrowers or groups of borrowers). As at 30 June 2016 the gross amount of these loans is RUB 199 037 619 thousand (31 December 2015: RUB 288 585 229 thousand).

As at 30 June 2016 there are no loans pledged as collateral for term deposits due to the CBR (31 December 2015: RUB 49 218 141 thousand) (see Note 12 for details).

Included in retail loans as at 30 June 2016 are mortgage loans with gross amount of RUB 6 104 194 thousand (31 December 2015: RUB 7 541 188 thousand) pledged as collateral for mortgage-backed bonds issued by the Group (see Note 14 for details).

### 10. Investment securities

Available-for-sale investment securities comprise:

	30 June 2016 unaudited	31 December 2015
<b>Debt and other fixed income investments available-for-sale</b>		
<b>USD denominated</b>		
Russian government eurobonds	16 675 178	17 656 944
Corporate eurobonds	-	239 432
<b>RUB denominated</b>		
Russian government bonds	35 315 467	34 718 381
Corporate and bank bonds	13 953 223	17 003 282
<b>Total debt and other fixed income investments available-for-sale</b>	<b>65 943 868</b>	<b>69 618 039</b>
<b>Equity investments available-for-sale</b>		
<b>RUB denominated</b>		
Equity investments in financial institutions	116 945	116 945
<b>EUR denominated</b>		
Equity investments in financial institutions	2 707	2 707
<b>Total equity investments available-for-sale</b>	<b>119 652</b>	<b>119 652</b>
<b>Total available-for-sale securities</b>	<b>66 063 520</b>	<b>69 737 691</b>

# AO UniCredit Bank

## Selected Notes to Consolidated Interim Condensed Financial Statements (continued) for the Six-Month Period Ended 30 June 2016 (expressed in thousands of Russian Roubles)

### 10. Investment securities (continued)

As at 30 June 2016 included in Russian government bonds are securities sold under repurchase agreements in the amount of RUB 10 323 976 thousand (31 December 2015: RUB 14 841 932 thousand) (see Notes 12 and 13 for details).

As at 30 June 2016 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 29 139 508 thousand (31 December 2015: RUB 18 784 041 thousand). As at 30 June 2016 and 31 December 2015 the Group has no "overnight" loans due to the CBR.

In 2015 the Group acquired Russian government debt securities with the positive intent and ability to hold them to maturity. Additionally in 2016 the Group acquired USD denominated Russian government eurobonds at a nominal amount of USD 233 600 thousand.

As at 30 June 2016 and 31 December 2015, held-to-maturity securities comprise:

	30 June 2016 unaudited		31 December 2015	
	Nominal value	Carrying value	Nominal value	Carrying value
Russian government bonds, RUB denominated	15 000 000	15 973 120	15 000 000	16 130 748
Russian government eurobonds, USD denominated	15 010 552	15 929 479	-	-
<b>Held-to-maturity securities</b>	<b>30 010 552</b>	<b>31 902 599</b>	<b>15 000 000</b>	<b>16 130 748</b>

### 11. Taxation

The corporate income tax expense comprises:

	Three-month period ended 30 June		Six-month period ended 30 June	
	2016 unaudited	2015 unaudited	2016 unaudited	2015 unaudited
Current tax charge	1 111 785	1 069 246	1 303 526	1 111 354
Deferred tax charge – origination/ (reversal) of temporary differences	98 515	(172 839)	830 124	910 574
<b>Income tax expense</b>	<b>1 210 300</b>	<b>896 407</b>	<b>2 133 650</b>	<b>2 021 928</b>

Tax effect relating to components of other comprehensive income comprises:

	Three-month period ended 30 June 2016 unaudited			Three-month period ended 30 June 2015 unaudited		
	Amount before tax	Tax expense	Amount net-of-tax	Amount before tax	Tax expense	Amount net-of-tax
Cash flow hedge reserve	(810 456)	162 091	(648 365)	65 938	(13 188)	52 750
Revaluation reserve for available-for-sale securities	1 760 486	(352 097)	1 408 389	2 274 716	(454 943)	1 819 773
<b>Other comprehensive income</b>	<b>950 030</b>	<b>(190 006)</b>	<b>760 024</b>	<b>2 340 654</b>	<b>(468 131)</b>	<b>1 872 523</b>



# AO UniCredit Bank

## Selected Notes to Consolidated Interim Condensed Financial Statements (continued) for the Six-Month Period Ended 30 June 2016 (expressed in thousands of Russian Roubles)

### 11. Taxation (continued)

	Six-month period ended 30 June 2016 unaudited			Six-month period ended 30 June 2015 unaudited		
	Amount before tax	Tax expense	Amount net-of-tax	Amount before tax	Tax expense	Amount net-of-tax
Cash flow hedge reserve	(1 283 602)	256 720	(1 026 882)	407 584	(81 517)	326 067
Revaluation reserve for available-for-sale securities	3 231 969	(646 394)	2 585 575	5 587 704	(1 117 541)	4 470 163
<b>Other comprehensive income</b>	<b>1 948 367</b>	<b>(389 674)</b>	<b>1 558 693</b>	<b>5 995 288</b>	<b>(1 199 058)</b>	<b>4 796 230</b>

### 12. Amounts due to credit institutions

Amounts due to credit institutions comprise:

	30 June 2016 unaudited	31 December 2015
Current accounts	16 228 960	15 490 125
Time deposits and loans	70 340 066	114 574 175
Repurchase agreements with credit institutions (Note 10)	9 323 324	12 766 312
Subordinated debt (Note 18,19)	45 220 119	51 091 697
<b>Amounts due to credit institutions</b>	<b>141 112 469</b>	<b>193 922 309</b>

As at 30 June 2016, the ten largest deposits, excluding subordinated debt, represented 78% of total amounts due to credit institutions (31 December 2015: 79%).

As at 30 June 2016, the Group had no counterparties with the balances that exceed 10% of equity (31 December 2015: two counterparties). As at 31 December 2015, the aggregate amount of these balances was RUB 55 732 422 thousand.

As at 30 June 2016, the Group has no term deposits due to the CBR (31 December 2015: RUB 38 292 939 thousand) which are secured by a pool of corporate loans (see Note 9 for details).

### 13. Amounts due to customers

The amounts due to customers include the following:

	30 June 2016 unaudited	31 December 2015
Current accounts	165 901 174	146 655 702
Time deposits	699 878 462	784 025 324
Repurchase agreements with customers (Note 10)	45 957	745 962
<b>Amounts due to customers</b>	<b>865 825 593</b>	<b>931 426 988</b>

As at 30 June 2016, approximately 55% of total amounts due to customers were placed with the Group by its ten largest customers (31 December 2015: 59%).

# AO UniCredit Bank

## Selected Notes to Consolidated Interim Condensed Financial Statements (continued) for the Six-Month Period Ended 30 June 2016 (expressed in thousands of Russian Roubles)

### 13. Amounts due to customers (continued)

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

	30 June 2016 unaudited	31 December 2015
<b>Corporate</b>		
Current accounts	74 176 440	60 292 671
Time deposits	575 437 786	645 936 117
Repurchase agreements with customers	45 957	745 962
<b>Total corporate accounts</b>	<b>649 660 183</b>	<b>706 974 750</b>
<b>Retail</b>		
Current accounts	91 724 734	86 363 031
Time deposits	124 440 676	138 089 207
<b>Total retail accounts</b>	<b>216 165 410</b>	<b>224 452 238</b>
<b>Amounts due to customers</b>	<b>865 825 593</b>	<b>931 426 988</b>

Included in retail time deposits are deposits of individuals in the amount of 111 127 584 RUB thousand (31 December 2015: RUB 119 174 751 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 13 313 092 thousand (31 December 2015: RUB 18 914 456 thousand) is represented by deposits placed by SME.

### 14. Debt securities issued

Debt securities issued consists of the following:

Issue	Date of issue	Maturity date	Currency	Coupon rate, %	Carrying value at 30 June 2016 (unaudited)	Carrying value at 31 December 2015
UniCredit Bank, BO-10	26.11.2013	20.11.2018	RUB	8.10	10 082 100	10 082 110
UniCredit Bank, 01-IP	14.09.2011	07.09.2016	RUB	8.20	5 126 070	5 122 775
UniCredit Bank, 02-IP	23.09.2015	16.09.2020	RUB	12.35	4 134 000	4 133 989
UniCredit Bank, BO-11	26.11.2014	20.11.2019	RUB	10.75	2 839 789	2 839 802
UniCredit Bank, BO-22	12.08.2014	06.08.2019	RUB	10.50	60 759	60 838
UniCredit Bank, BO-21	23.05.2014	17.05.2019	RUB	9.00	868	192 057
UniCredit Bank, BO-06	14.02.2013	11.02.2016	RUB	8.60	-	5 166 110
UniCredit Bank, BO-07	14.02.2013	11.02.2016	RUB	8.60	-	5 166 110
UniCredit Bank, BO-08	26.02.2013	23.02.2016	RUB	14.00	-	141 048
UniCredit Bank, BO-09	26.02.2013	23.02.2016	RUB	14.00	-	74 246
<b>Debt securities issued</b>					<b>22 243 586</b>	<b>32 979 085</b>

As at 30 June 2016 mortgage-backed bonds (UniCredit Bank, 01-IP and UniCredit Bank, 02-IP) with the carrying value of RUB 9 260 070 thousand (31 December 2015: RUB 9 256 764 thousand) are secured by a pool of mortgage loans with the carrying value of RUB 6 104 194 thousand (31 December 2015: RUB 7 541 188 thousand) and by cash in the amount of RUB 3 800 000 thousand (31 December 2015: RUB 2 050 000 thousand) (see Notes 5 and 9 for details).

# AO UniCredit Bank

## Selected Notes to Consolidated Interim Condensed Financial Statements (continued) for the Six-Month Period Ended 30 June 2016 (expressed in thousands of Russian Roubles)

### 15. Credit related commitments and contingencies

Credit related commitments and contingencies include the following:

	30 June 2016 unaudited	31 December 2015
Guarantees issued	132 436 083	130 012 623
Undrawn loan commitments	108 292 780	124 924 548
Letters of credit issued	39 068 650	47 271 329
Undrawn commitments to issue documentary instruments	36 295 780	-
<b>Total credit related commitments and contingencies</b>	<b>316 093 293</b>	<b>302 208 500</b>

As at 30 June 2016 and 31 December 2015 undrawn loan commitments and undrawn commitments to issue documentary instruments are of revocable nature for which the Group does not undertake any substantial liability.

**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. During 2014-2015 and then in the first quarter of 2016, the oil price decreased significantly, which led to substantial decrease of the Russian Rouble exchange rate.

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

In the first quarter of 2015 two international credit agencies downgraded Russia's long-term foreign currency sovereign rating to the speculative level with the negative outlook.

The above mentioned events have led to reduced access of the Russian businesses to international capital markets, increased inflation, economic recession and other negative economic consequences. The impact of further economic developments on future operations and financial position of the Group is at this stage 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	
	2016 unaudited	2015 unaudited	2016 unaudited	2015 unaudited
Net gains from trading securities	27 096	72 599	109 598	114 919
Net gains from foreign exchange, interest based derivatives and translation of other foreign currency assets and liabilities	1 923 371	2 255 834	2 661 638	3 277 598
<b>Gains on financial assets and liabilities held for trading</b>	<b>1 950 467</b>	<b>2 328 433</b>	<b>2 771 236</b>	<b>3 392 517</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 due to 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 and risk product (asset or liability).

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.

# AO UniCredit Bank

## Selected Notes to Consolidated Interim Condensed Financial Statements (continued) for the Six-Month Period Ended 30 June 2016 (expressed in thousands of Russian Roubles)

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

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 2016 unaudited		
	Level 1	Level 2	Total
<b>Financial assets measured at fair value</b>			
Trading securities			
- held by the Group	1 104	3 058 356	3 059 460
Derivative financial assets	-	51 256 807	51 256 807
Derivative financial assets designated for hedging	-	11 309 538	11 309 538
Available-for-sale securities			
- held by the Group	41 666 668	13 953 224	55 619 892
- pledged under repurchase agreements	10 323 976	-	10 323 976
<b>Total</b>	<b>51 991 748</b>	<b>79 577 925</b>	<b>131 569 673</b>
<b>Financial liabilities measured at fair value</b>			
Derivative financial liabilities	-	29 631 111	29 631 111
Derivative financial liabilities designated for hedging	-	15 467 162	15 467 162
<b>Total</b>	<b>-</b>	<b>45 098 273</b>	<b>45 098 273</b>

	31 December 2015		
	Level 1	Level 2	Total
<b>Financial assets measured at fair value</b>			
Trading securities			
- held by the Group	437 860	3 214 246	3 652 106
Derivative financial assets	-	65 526 002	65 526 002
Derivative financial assets designated for hedging	-	7 042 056	7 042 056
Available-for-sale securities			
- held by the Group	36 936 733	17 839 374	54 776 107
- pledged under repurchase agreements	14 390 682	451 250	14 841 932
<b>Total</b>	<b>51 765 275</b>	<b>94 072 928</b>	<b>145 838 203</b>
<b>Financial liabilities measured at fair value</b>			
Derivative financial liabilities	-	49 246 075	49 246 075
Derivative financial liabilities designated for hedging	-	19 306 086	19 306 086
<b>Total</b>	<b>-</b>	<b>68 552 161</b>	<b>68 552 161</b>

The table above does not include available-for-sale equity investments of RUB 119 652 thousand (31 December 2015: RUB 119 652 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 2016 and 30 June 2015 there were no transfers between level 1 and level 2 for trading securities.

During the six-month period ended 30 June 2016 there were no transfers between level 1 and level 2 for available-for-sale securities. During the six-month period ended 30 June 2015 the transfers from level 2 to level 1 amounted to RUB 2 069 127 thousand for available-for-sale securities.

# AO UniCredit Bank

## Selected Notes to Consolidated Interim Condensed Financial Statements (continued) for the Six-Month Period Ended 30 June 2016 (expressed in thousands of Russian Roubles)

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

Except as detailed in the following table, the Group considers that the carrying amounts of financial assets and financial liabilities recognized in the consolidated interim condensed statement of financial position approximate their fair value. For the purpose of calculation fair value of financial instruments the Group applies ratios calculating by UniCredit Bank Austria AG.

	30 June 2016		31 December 2015	
	Carrying value unaudited	Fair value unaudited	Carrying value	Fair value
<b>Financial assets</b>				
Amounts due from credit institutions	292 709 870	286 692 990	336 744 808	321 744 421
Loans to customers	763 177 452	775 728 009	867 295 074	885 729 267
Investment securities held-to-maturity	31 902 599	32 774 478	16 130 748	16 305 248
<b>Financial liabilities</b>				
Amounts due to credit institutions	141 112 469	163 256 860	193 922 309	211 690 450
Amounts due to customers	865 825 593	887 156 034	931 426 988	944 180 736
Debt securities issued	22 243 586	22 334 981	32 979 085	32 582 136

As at 30 June 2016, there were no changes in fair value levels hierarchy for financial assets and financial liabilities that are measured subsequently to initial recognition at amortised cost in comparison with 31 December 2015.

### 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 2016 unaudited	Weighted average interest rate, % unaudited	31 December 2015	Weighted average interest rate, %
Amounts due from credit institutions				
- In Russian Roubles	2 000 000	10.8%	-	-
- In EUR	7 249 999	0.0%	560 100	0.0%
- In USD	148 201 120	3.9%	210 655 001	3.1%
Derivative financial assets	412 572		65 775	
Derivative financial assets designated for hedging	3 374 749		302 860	
Other assets	187 109		115 505	
Amounts due to credit institutions				
- In Russian Roubles	4 221 003	6.3%	4 893 570	8.0%
- In EUR	17 389 527	1.9%	20 119 736	1.9%
- In USD	37 818 655	9.1%	46 409 005	8.5%
Derivative financial liabilities	7 128 195		13 320 617	
Derivative financial liabilities designated for hedging	1 536 973		4 144 017	
Other liabilities	454 666		632 275	
Commitments and guarantees issued	11 693 696		13 025 828	
Commitments and guarantees received	86 033 451		97 532 631	

# AO UniCredit Bank

## Selected Notes to Consolidated Interim Condensed Financial Statements (continued) for the Six-Month Period Ended 30 June 2016 (expressed in thousands of Russian Roubles)

### 18. Related party disclosures (continued)

	Six-month period ended 30 June 2016 unaudited	Six-month period ended 30 June 2015 unaudited
Interest income and similar revenues	7 002 996	4 296 589
Interest expense and similar charges	(2 393 064)	(1 393 704)
Fee and commission income	27 914	13 369
Fee and commission expense	(1 070 116)	(1 302 641)
Gains/(losses) on financial assets and liabilities held for trading	5 143 364	(1 868 355)
Fair value adjustments in portfolio hedge accounting	(18 267)	(214)
Recovery of personnel expenses/(personnel expenses) for seconded employees	50 460	(35)
Other administrative expenses	(56 607)	-

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

	30 June 2016 unaudited	Weighted average interest rate, % unaudited	31 December 2015	Weighted average interest rate, %
Amounts due from credit institutions				
- In Russian Roubles	20 877 348	12.4%	12 596 181	14.2%
- In EUR	5 168 411	0.0%	10 567 575	0.4%
- In USD	968 034	3.3%	1 466 189	4.1%
- In other currencies	2 186	0.0%	4 822	0.0%
Derivative financial assets	6 673 773		7 491 744	
Derivative financial assets designated for hedging	7 252 732		4 761 503	
Loans to customers				
- In Russian Roubles	878 063	5.0%	864 197	5.0%
Intangible assets	213 905		1 175 070	
Other assets	3 832		17 791	
Amounts due to credit institutions				
- In Russian Roubles	676 384	6.4%	2 683 006	7.9%
- In EUR	5 129 225	0.0%	5 394 160	0.0%
- In USD	1 326 213	0.0%	379 645	0.0%
- In other currencies	288	0.0%	1 413	0.0%
Derivative financial liabilities	8 849 768		10 639 021	
Derivative financial liabilities designated for hedging	5 886 391		7 492 424	
Amounts due to customers				
- In Russian Roubles	40 845	9.3%	10 867	8.6%
- In EUR	471 270	0.0%	332 508	0.0%
Other liabilities	1 044 799		811 259	
Commitments and guarantees issued	5 931 983		5 915 263	
Commitments and guarantees received	2 159 763		980 193	

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## Selected Notes to Consolidated Interim Condensed Financial Statements (continued) for the Six-Month Period Ended 30 June 2016 (expressed in thousands of Russian Roubles)

### 18. Related party disclosures (continued)

	Six-month period ended 30 June 2016 unaudited	Six-month period ended 30 June 2015 unaudited
Interest income and similar revenues	3 425 997	5 003 555
Interest expense and similar charges	(1 935 029)	(2 455 492)
Fee and commission income	30 593	21 952
Fee and commission expense	(32 436)	(27 217)
Gains/(losses) on financial assets and liabilities held for trading	396 262	(3 632 426)
Fair value adjustments in portfolio hedge accounting	341 190	(2 271 766)
Other income	242	217
Personnel expenses	(29 236)	(23 509)
Other administrative expenses	(116 495)	(61 425)

Balances and transactions with key management personnel are as follows:

	30 June 2016 unaudited	31 December 2015
Amounts due to customers	314 643	296 028
Other liabilities	25 203	22 018

	Six-month period ended 30 June 2016 unaudited	Six-month period ended 30 June 2015 unaudited
Interest expense	(7 246)	(5 489)
Personnel expenses, including:	(99 390)	(78 356)
short-term benefits	(98 742)	(77 803)
post-employment benefits	(648)	(553)

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

	Six-month period ended 30 June 2016 unaudited	Six-month period ended 30 June 2015 unaudited
	UniCredit Bank Austria AG	UniCredit Bank Austria AG
Subordinated loans at the beginning of the period	51 091 697	13 753 224
Subordinated loans received during the period	-	27 761 347
Accrual of interest, net of interest paid	(26 319)	(11 368)
Effect of exchange rates changes	(5 845 259)	(2 424 276)
<b>Subordinated loans at the end of the period</b>	<b>45 220 119</b>	<b>39 078 927</b>

### 19. Subsequent events

On 11<sup>th</sup> of July 2016 the Group took a decision to perform early repayment of subordinated loans to its immediate parent UniCredit Bank Austria AG for the total amount of EUR 201 205 thousand. The repayment amount includes nominal amount of EUR 200 000 thousand as well as accrued interest of EUR 1 205 thousand.



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