

# **AO UniCredit Bank**

Condensed Interim Consolidated  
Financial Statements  
for the Nine-Month Period Ended  
30 September 2017  
(unaudited)

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# AO UniCredit Bank

## Statement of Management's Responsibilities for the Preparation and Approval of the Condensed Interim Consolidated Financial Statements for the nine-month period ended 30 September 2017

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Management of AO UniCredit Bank is responsible for the preparation of the condensed interim consolidated financial statements that present fairly the financial position of AO UniCredit Bank and its subsidiary (collectively – the "Group") as at 30 September 2017, and the related condensed interim consolidated statements of comprehensive income, changes in equity and cash flows for the three and nine-month periods then ended and a summary of significant accounting policies and selected notes to the condensed interim consolidated financial statements (the "condensed interim consolidated financial statements") in compliance with International Accounting Standard ("IAS") 34 Interim Financial Reporting ("IAS 34").

In preparing the condensed interim consolidated 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 IAS 34 is 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 condensed interim consolidated financial statements for the nine-month period ended 30 September 2017 were approved by the Board of Management of AO UniCredit Bank on 7 November 2017.

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



  
**I. Starovoytov**  
Acting Chief Accountant

7 November 2017  
Moscow

## **REPORT ON REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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

### **Introduction**

We have reviewed the accompanying condensed interim consolidated statement of financial position of AO UniCredit Bank and its subsidiary (collectively – the “Group”) as at 30 September 2017 and the related condensed interim consolidated statements of comprehensive income, changes in equity and cash flows for the three and nine-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 this condensed interim consolidated financial statements in accordance with International Accounting Standard (“IAS”) 34, Interim Financial Reporting. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

### **Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of condensed interim consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with 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 condensed interim consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at 30 September 2017, and its consolidated financial performance and its consolidated cash flows for the three and nine-month periods then ended in accordance with IAS 34 Interim Financial Reporting

  
Sergei Neklyudov  
Engagement Partner  
  
*Deloitte & Touche*  
8 November 2017

The Entity: AO UniCredit Bank

Licensed by the Central Bank of the Russian Federation on 22.12.2014, License No.1.

Primary State Registration Number: 1027739082106

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

Address:  
9, Prechistenskaya emb., Moscow, Russia 119034.

Audit Firm: 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 № 77 004840299 of 13.11.2002, issued by Moscow Interdistrict Inspectorate of the Russian Ministry of Taxation № 39.

Member of Self-regulated organization of auditors "Russian Union of auditors" (Association), ORNZ 11603080484

# AO UniCredit Bank

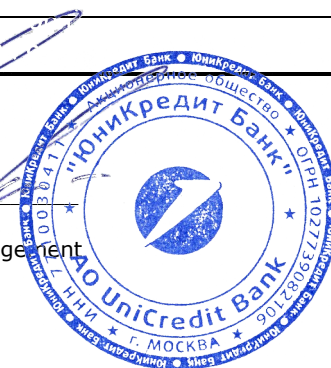
## Condensed Interim Consolidated Statement of Financial Position as at 30 September 2017 (in thousands of Russian Roubles)

	Notes	30 September 2017 (unaudited)	31 December 2016
<b>ASSETS</b>			
Cash and cash balances	5	61 550 714	58 588 565
Trading securities	6		
- held by the Group		8 704 536	1 154 603
- pledged under repurchase agreements		-	1 251 058
Amounts due from credit institutions	7	235 960 929	269 500 170
Derivative financial assets	8	40 941 410	41 257 596
Derivative financial assets designated for hedging	8	6 754 123	12 738 828
Changes in fair value of portfolio hedged items		3 011 585	1 695 189
Loans to customers	9	660 253 853	677 010 924
Investment securities	10		
- available-for-sale			
- held by the Group		38 492 130	40 921 909
- pledged under repurchase agreements		2 721 300	19 704 611
- held-to-maturity			
- held by the Group		29 014 367	30 704 604
- pledged under repurchase agreements		691 861	212 666
Fixed assets		5 084 158	5 207 034
Intangible assets		7 177 216	6 510 549
Current income tax assets		-	14 113
Other assets		6 428 010	5 777 354
<b>TOTAL ASSETS</b>		<b>1 106 786 192</b>	<b>1 172 249 773</b>
<b>LIABILITIES</b>			
Amounts due to credit institutions	12	86 714 218	152 108 660
Financial liabilities held for trading	7,9	9 114 063	4 344 152
Derivative financial liabilities	8	14 901 607	16 857 167
Derivative financial liabilities designated for hedging	8	9 636 677	12 338 707
Changes in fair value of portfolio hedged items		(330 010)	(146 303)
Amounts due to customers	13	766 341 951	779 101 902
Debt securities issued	14	6 436 478	6 507 846
Deferred income tax liabilities		6 160 655	7 573 053
Current income tax liabilities		381 718	1 624 170
Other liabilities		11 005 278	10 265 514
<b>TOTAL LIABILITIES</b>		<b>910 362 635</b>	<b>990 574 868</b>
<b>EQUITY</b>			
Share capital		41 787 806	41 787 806
Share premium		437 281	437 281
Cash flow hedge reserve		(551 657)	15 759
Revaluation reserve for available-for-sale securities		(23 545)	(559 841)
Retained earnings		154 773 672	139 993 900
<b>TOTAL EQUITY</b>		<b>196 423 557</b>	<b>181 674 905</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>1 106 786 192</b>	<b>1 172 249 773</b>

**I. Matveev**

Acting Chairman of the Board of Management

7 November 2017  
Moscow



**V. Starovoytov**

Acting Chief Accountant

The accompanying selected notes on pages 8 to 31 are an integral part of these condensed interim consolidated financial statements.

# AO UniCredit Bank

## Condensed Interim Consolidated Statement of Comprehensive Income for the nine-month and the three-month periods ended 30 September 2017 (in thousands of Russian Roubles)

	Notes	Three-month period ended 30 September		Nine-month period ended 30 September	
		2017 (unaudited)	2016 (unaudited)	2017 (unaudited)	2016 (unaudited)
Interest income and similar revenues		26 681 152	29 092 272	79 073 964	89 653 691
Interest expense and similar charges		(16 343 767)	(17 426 322)	(48 836 434)	(56 413 225)
<b>Net interest income</b>		<b>10 337 385</b>	<b>11 665 950</b>	<b>30 237 530</b>	<b>33 240 466</b>
Fee and commission income		2 593 163	2 609 626	7 340 583	7 482 489
Fee and commission expense		(801 733)	(957 100)	(2 168 376)	(2 955 695)
<b>Net fee and commission income</b>		<b>1 791 430</b>	<b>1 652 526</b>	<b>5 172 207</b>	<b>4 526 794</b>
Dividend income		-	-	2	4
Gains/(losses) on financial assets and liabilities held for trading	16	787 209	(217 475)	2 042 501	2 553 761
Fair value adjustments in portfolio hedge accounting		(122 550)	(65 971)	(108 918)	(232 801)
Gains on disposal of:					
- loans		141 675	1 061	298 060	7 273
- available-for-sale financial assets		456 021	247 921	1 125 242	248 006
<b>OPERATING INCOME</b>		<b>13 391 170</b>	<b>13 284 012</b>	<b>38 766 624</b>	<b>40 343 503</b>
(Impairment)/recovery of impairment on:					
- loans	9	(3 024 411)	(4 015 788)	(6 078 794)	(11 916 266)
- other financial transactions		25 342	-	(1 097 943)	-
<b>NET INCOME FROM FINANCIAL ACTIVITIES</b>		<b>10 392 101</b>	<b>9 268 224</b>	<b>31 589 887</b>	<b>28 427 237</b>
Personnel expenses		(2 234 105)	(2 185 312)	(6 621 791)	(6 453 159)
Other administrative expenses		(1 696 319)	(1 643 598)	(4 823 216)	(4 643 883)
Depreciation of fixed assets		(152 268)	(207 498)	(442 056)	(498 769)
Impairment of fixed assets		(26 230)	-	(93 674)	-
Amortization of intangible assets		(347 011)	(231 508)	(905 459)	(877 666)
Other (provisions)/recovery of provisions		(2 749)	(164 339)	27 310	(599 008)
Other operating expenses		(42 755)	(154 869)	(113 909)	(269 846)
<b>Operating costs</b>		<b>(4 501 437)</b>	<b>(4 587 124)</b>	<b>(12 972 795)</b>	<b>(13 342 331)</b>
Gains on disposal of fixed assets		31	3 521	1 020	5 716
<b>PROFIT BEFORE INCOME TAX EXPENSE</b>		<b>5 890 695</b>	<b>4 684 621</b>	<b>18 618 112</b>	<b>15 090 622</b>
Income tax expense	11	(1 202 196)	(1 053 221)	(3 838 340)	(3 186 871)
<b>PROFIT FOR THE PERIOD</b>		<b>4 688 499</b>	<b>3 631 400</b>	<b>14 779 772</b>	<b>11 903 751</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		103 870	384 134	(573 047)	(758 391)
- reclassification adjustment relating to financial assets and liabilities designated for hedging disposed of in the period		(4 076)	(71 542)	5 631	44 101
Revaluation reserve for available-for-sale securities, net of tax:					
- fair value changes		(90 007)	145 817	451 186	2 695 036
- reclassification adjustment relating to available-for-sale financial assets disposed of in the period		300 418	157 755	85 110	194 111
<b>Other comprehensive income/(losses) for the period, net of tax</b>		<b>310 205</b>	<b>616 164</b>	<b>(31 120)</b>	<b>2 174 857</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>998 704</b>	<b>4 247 564</b>	<b>14 748 652</b>	<b>14 078 608</b>

I. Matveev  
Acting Chairman of the Board of Management

Starovoytov  
Acting Chief Accountant

7 November 2017  
Moscow

The accompanying select tables on pages 8 to 31 are an integral part of these condensed interim consolidated financial statements.

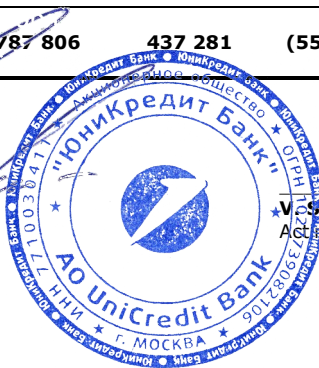
# AO UniCredit Bank

## Condensed Interim Consolidated Statement of Changes in Equity for the nine-month period ended 30 September 2017 (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 2016</b>	<b>41 787 806</b>	<b>437 281</b>	<b>(765 540)</b>	<b>(2 902 933)</b>	<b>125 970 649</b>	<b>164 527 263</b>
<b>Total comprehensive income</b>						
Profit for the period (unaudited)	-	-	-	-	11 903 751	11 903 751
<b>Other comprehensive income</b>						
Change in cash flow hedge reserve, net of tax (unaudited)	-	-	(714 290)	-	-	(714 290)
Net change in revaluation reserve for available-for-sale securities, net of tax (unaudited)	-	-	-	2 889 147	-	2 889 147
<b>Total other comprehensive income/(loss) (unaudited)</b>	<b>-</b>	<b>-</b>	<b>(714 290)</b>	<b>2 889 147</b>	<b>-</b>	<b>2 174 857</b>
<b>TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD (unaudited)</b>	<b>-</b>	<b>-</b>	<b>(714 290)</b>	<b>2 889 147</b>	<b>11 903 751</b>	<b>14 078 608</b>
<b>30 September 2016 (unaudited)</b>	<b>41 787 806</b>	<b>437 281</b>	<b>(1 479 830)</b>	<b>(13 786)</b>	<b>137 874 400</b>	<b>178 605 871</b>
<b>1 January 2017</b>	<b>41 787 806</b>	<b>437 281</b>	<b>15 759</b>	<b>(559 841)</b>	<b>139 993 900</b>	<b>181 674 905</b>
<b>Total comprehensive income</b>						
Profit for the period (unaudited)	-	-	-	-	14 779 772	14 779 772
<b>Other comprehensive income</b>						
Change in cash flow hedge reserve, net of tax (unaudited)	-	-	(567 416)	-	-	(567 416)
Net change in revaluation reserve for available-for-sale securities, net of tax (unaudited)	-	-	-	536 296	-	536 296
<b>Total other comprehensive income/(loss) (unaudited)</b>	<b>-</b>	<b>-</b>	<b>(567 416)</b>	<b>536 296</b>	<b>-</b>	<b>(31 120)</b>
<b>TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD (unaudited)</b>	<b>-</b>	<b>-</b>	<b>(567 416)</b>	<b>536 296</b>	<b>14 779 772</b>	<b>14 748 652</b>
<b>30 September 2017 (unaudited)</b>	<b>41 787 806</b>	<b>437 281</b>	<b>(551 657)</b>	<b>(23 545)</b>	<b>154 773 672</b>	<b>196 423 557</b>

I. Matveev  
Acting Chairman of the Board of Management

7 November 2017  
Moscow



V. Starovoytov  
Acting Chief Accountant

The accompanying selected notes on pages 8 to 31 are an integral part of these condensed interim consolidated financial statements.



# AO UniCredit Bank

## Condensed Interim Consolidated Statement of Cash Flows for the nine-month period ended 30 September 2017 (expressed in thousands of Russian Roubles)

	Note	Nine-month period ended 30 September 2017 (unaudited)	Nine-month period ended 30 September 2016 (unaudited)
<b>Cash flows from operating activities before changes in operating assets and liabilities</b>		<b>24 276 670</b>	<b>21 004 750</b>
<b>Net cash (used in)/from operating activities before income tax</b>		<b>(9 165 958)</b>	<b>60 979 948</b>
Corporate income tax paid		(6 471 297)	(538 881)
<b>Net cash flows (used in)/from operating activities</b>		<b>(15 637 255)</b>	<b>60 441 067</b>
<b>Cash flows from investing activities</b>			
Dividends received		2	4
Purchase of available-for-sale investment securities		(24 013 516)	(6 101 285)
Proceeds from redemption and sale of available-for-sale securities		44 117 816	13 171 937
Proceeds from sale of fixed and intangible assets		1 912	6 815
Purchase of fixed and intangible assets		(1 628 219)	(921 191)
Purchases of held-to-maturity securities		-	(16 330 803)
<b>Net cash flows from/(used in) investing activities</b>		<b>18 477 995</b>	<b>(10 174 523)</b>
<b>Cash flows from financing activities</b>			
Redemption of bonds issued		-	(15 205 218)
Repayment of subordinated debt		-	(14 233 680)
<b>Net cash flows used in financing activities</b>		<b>-</b>	<b>(29 438 898)</b>
Effect of exchange rates changes on cash and cash balances		121 409	(883 651)
<b>Net increase in cash and cash balances</b>		<b>2 962 149</b>	<b>19 943 995</b>
<b>Cash and cash balances, beginning</b>	<b>5</b>	<b>58 588 565</b>	<b>22 730 813</b>
<b>Cash and cash balances, ending</b>	<b>5</b>	<b>61 550 714</b>	<b>42 674 808</b>

**I. Matveev**

Acting Chairman of the Board of Management

7 November 2017  
Moscow



**V. Starovoytov**

Acting Chief Accountant

The accompanying selected notes on pages 8 to 31 are an integral part of these condensed interim consolidated financial statements.

# AO UniCredit Bank

## **Selected Notes to Condensed Interim Consolidated Financial Statements for the nine-month period ended 30 September 2017 (in thousands of Russian Roubles)**

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### **1. Principal activities**

These condensed interim consolidated 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 issued by the Central Bank of Russia (hereinafter – the “CBR”) for banking operations for No. 1, as well as the license of the CBR for operations with precious metals for No. 1, both issued on 22 December 2014. The Bank also possesses licenses of the professional securities market participant for dealing, brokerage and depository activities issued by the Federal Securities Commission on 25 April 2003, as well as authorized to speak to the customs authorities as a guarantor. The Bank is a member of the state deposit insurance system in the Russian Federation.

As at 30 September 2017 the Group comprises the Bank, the leading operating entity of the Group, and LLC UniCredit Leasing, 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 September 2017 and 31 December 2016 the Bank had 13 branches and 11 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 September 2017 the sole shareholder of the Group is UniCredit S.p.A.

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, since the results of the Group’s operations closely relate to and depend on changing market conditions, the results of the Group’s operations for the interim period are not necessarily indicative of the results for the year ending 31 December 2017.

### **2. Basis of preparation**

**Statement of compliance.** These condensed interim consolidated financial statements have been prepared in accordance with IAS 34.

The condensed interim consolidated 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 2016 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 2016 prepared in accordance with IFRS. The management believes that the disclosures in these condensed interim 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 2016 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 Condensed Interim Consolidated Financial Statements for the nine-month period ended 30 September 2017 (continued) (in thousands of Russian Roubles)

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### 2. Basis of preparation (continued)

**Basis of measurement.** These condensed interim consolidated 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 condensed interim consolidated 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 condensed interim consolidated financial statements as at period-end are as follows:

	<b>30 September 2017</b>	<b>31 December 2016</b>
RUB/1 US Dollar	58.0169	60.6569
RUB/1 Euro	68.4483	63.8111

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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 expenses. 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 condensed interim consolidated 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 2016.

**Going concern.** These condensed interim consolidated 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 shareholder 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 Condensed Interim Consolidated Financial Statements for the nine-month period ended 30 September 2017 (continued) (in thousands of Russian Roubles)

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### 3. Significant accounting policies

**Interim measurement period.** Income tax expense is recognized in these condensed interim consolidated financial statements based on the management's best estimate 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 interim consolidated financial statements as were applied in the preparation of the Group's financial statements for the year ended 31 December 2016.

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
IFRIC 22 <i>Foreign Currency Transactions and Advance Consideration</i> <sup>2</sup>	1 January 2018
Amendments to IFRS 2 – <i>Classification and Measurement of Share-based Payment Transactions</i>	1 January 2018
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>

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<sup>1</sup> Early adoption is permitted for all new or amended standards and interpretations. IFRS 16 *Lease* 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.

# AO UniCredit Bank

## Selected Notes to Condensed Interim Consolidated Financial Statements for the nine-month period ended 30 September 2017 (continued) (in thousands of Russian Roubles)

### 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 Small and Medium Entities (hereinafter – “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.

Segment breakdown of assets and liabilities is set out below:

	<b>30 September 2017 (unaudited)</b>	<b>31 December 2016</b>
<b>Assets</b>		
CIB	817 057 261	795 402 685
Retail banking	122 080 391	112 704 869
Leasing	19 996 504	17 240 438
Other	147 652 036	246 901 781
<b>Total assets</b>	<b>1 106 786 192</b>	<b>1 172 249 773</b>
<b>Liabilities</b>		
CIB	604 680 134	718 941 087
Retail banking	252 838 515	213 138 287
Leasing	16 425 047	14 095 700
Other	36 418 939	44 399 794
<b>Total liabilities</b>	<b>910 362 635</b>	<b>990 574 868</b>

Due to the reclassification of transactions designated for hedging from the segment “Other” to CIB at the end of 2016, the comparative information about the lines “Net interest income from external customers” and “Inter-segment (expense)/income” for the three and nine-month periods ended 30 September 2016 were presented according to the new classification.

# AO UniCredit Bank

## Selected Notes to Condensed Interim Consolidated Financial Statements for the nine-month period ended 30 September 2017 (continued) (in thousands of Russian Roubles)

### 4. Operating segments (continued)

Segment information for the operating segments for the three-month period ended 30 September 2017 is set out below (unaudited):

	<b>CIB</b>	<b>Retail banking</b>	<b>Leasing</b>	<b>Other</b>	<b>Total</b>
Net interest income from external customers	7 793 667	2 073 423	331 170	139 125	10 337 385
Inter-segment (expense)/income	(1 769 143)	411 738	-	1 357 405	-
<b>Net interest income</b>	<b>6 024 524</b>	<b>2 485 161</b>	<b>331 170</b>	<b>1 496 530</b>	<b>10 337 385</b>
Net fee and commission income from external customers	749 968	1 036 106	5 356	-	1 791 430
Gains/(losses) on financial assets and liabilities held for trading from external customers	478 060	319 697	902	(11 450)	787 209
Fair value adjustments in portfolio hedge accounting	-	-	-	(122 550)	(122 550)
Gains on disposals of financial assets	594 381	3 315	-	-	597 696
<b>Operating income</b>	<b>7 846 933</b>	<b>3 844 279</b>	<b>337 428</b>	<b>1 362 530</b>	<b>13 391 170</b>
Impairment on loans and other financial transactions	(2 026 247)	(951 040)	(21 782)	-	(2 999 069)
<b>Net income from financial activities</b>	<b>5 820 686</b>	<b>2 893 239</b>	<b>315 646</b>	<b>1 362 530</b>	<b>10 392 101</b>
Operating costs including:					
depreciation on fixed assets and amortization of intangible assets	(1 559 938)	(2 550 899)	(75 155)	(315 445)	(4 501 437)
impairment of fixed assets	(184 099)	(313 965)	(1 215)	-	(499 279)
Gains on disposal of fixed assets	(8 522)	(17 708)	-	-	(26 230)
Gains on disposal of fixed assets	-	-	-	31	31
<b>Profit before income tax expense</b>	<b>4 260 748</b>	<b>342 340</b>	<b>240 491</b>	<b>1 047 116</b>	<b>5 890 695</b>
Income tax expense					(1 202 196)
<b>Profit for the period</b>					<b>4 688 499</b>
Cash flow hedge reserve					99 794
Revaluation reserve for available-for-sale securities					210 411
<b>Total comprehensive income for the period</b>					<b>4 998 704</b>

# AO UniCredit Bank

## Selected Notes to Condensed Interim Consolidated Financial Statements for the nine-month period ended 30 September 2017 (continued) (in thousands of Russian Roubles)

### 4. Operating segments (continued)

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

	<b>CIB</b>	<b>Retail banking</b>	<b>Leasing</b>	<b>Other</b>	<b>Total</b>
Net interest income/(expense) from external customers	9 586 673	1 856 950	268 748	(46 421)	11 665 950
Inter-segment (expense)/income	(1 699 486)	376 928	-	1 322 558	-
<b>Net interest income</b>	<b>7 887 187</b>	<b>2 233 878</b>	<b>268 748</b>	<b>1 276 137</b>	<b>11 665 950</b>
Net fee and commission income/(expense) from external customers	617 640	1 089 172	11 784	(66 070)	1 652 526
(Losses)/gains on financial assets and liabilities held for trading from external customers	(599 759)	292 202	(521)	90 603	(217 475)
Fair value adjustments in portfolio hedge accounting	-	-	-	(65 971)	(65 971)
Gains on disposals of financial assets	248 982	-	-	-	248 982
<b>Operating income</b>	<b>8 154 050</b>	<b>3 615 252</b>	<b>280 011</b>	<b>1 234 699</b>	<b>13 284 012</b>
Impairment on loans and other financial transactions	(2 998 536)	(983 556)	(28 693)	(5 003)	(4 015 788)
<b>Net income from financial activities</b>	<b>5 155 514</b>	<b>2 631 696</b>	<b>251 318</b>	<b>1 229 696</b>	<b>9 268 224</b>
Operating costs including: depreciation on fixed assets and amortization of intangible assets	(1 441 395)	(2 468 053)	(125 714)	(551 962)	(4 587 124)
	(160 041)	(277 594)	(1 371)	-	(439 006)
Gains on disposal of fixed assets	-	-	-	3 521	3 521
<b>Profit before income tax expense</b>	<b>3 714 119</b>	<b>163 643</b>	<b>125 604</b>	<b>681 255</b>	<b>4 684 621</b>
Income tax expense					(1 053 221)
<b>Profit for the period</b>					<b>3 631 400</b>
Cash flow hedge reserve					312 592
Revaluation reserve for available- for-sale securities					303 572
<b>Total comprehensive income for the period</b>					<b>4 247 564</b>

# AO UniCredit Bank

## Selected Notes to Condensed Interim Consolidated Financial Statements for the nine-month period ended 30 September 2017 (continued) (in thousands of Russian Roubles)

### 4. Operating segments (continued)

Segment information for the operating segments for the nine-month period ended 30 September 2017 is set out below (unaudited):

	<b>CIB</b>	<b>Retail banking</b>	<b>Leasing</b>	<b>Other</b>	<b>Total</b>
Net interest income from external customers	22 593 065	6 457 857	923 304	263 304	30 237 530
Inter-segment (expense)/income	(5 041 540)	908 315	-	4 133 225	-
<b>Net interest income</b>	<b>17 551 525</b>	<b>7 366 172</b>	<b>923 304</b>	<b>4 396 529</b>	<b>30 237 530</b>
Net fee and commission income from external customers	2 197 060	2 970 399	4 748	-	5 172 207
Dividend income	-	-	-	2	2
Gains/(losses) on financial assets and liabilities held for trading from external customers	1 138 682	921 612	141	(17 934)	2 042 501
Fair value adjustments in portfolio hedge accounting	-	-	-	(108 918)	(108 918)
Gains on disposals of financial assets	1 418 306	4 996	-	-	1 423 302
<b>Operating income</b>	<b>22 305 573</b>	<b>11 263 179</b>	<b>928 193</b>	<b>4 269 679</b>	<b>38 766 624</b>
Impairment on loans and other financial transactions	(5 097 101)	(2 001 839)	(77 797)	-	(7 176 737)
<b>Net income from financial activities</b>	<b>17 208 472</b>	<b>9 261 340</b>	<b>850 396</b>	<b>4 269 679</b>	<b>31 589 887</b>
Operating costs including: depreciation on fixed assets and amortization of intangible assets	(4 629 577)	(7 316 114)	(256 009)	(771 095)	(12 972 795)
impairment of fixed assets	(509 847)	(833 886)	(3 782)	-	(1 347 515)
Gains on disposal of fixed assets	(22 239)	(71 435)	-	-	(93 674)
	-	-	-	1 020	1 020
<b>Profit before income tax expense</b>	<b>12 578 895</b>	<b>1 945 226</b>	<b>594 387</b>	<b>3 499 604</b>	<b>18 618 112</b>
Income tax expense					(3 838 340)
<b>Profit for the period</b>					<b>14 779 772</b>
Cash flow hedge reserve					(567 416)
Revaluation reserve for available-for-sale securities					536 296
<b>Total comprehensive income for the period</b>					<b>14 748 652</b>



# AO UniCredit Bank

## Selected Notes to Condensed Interim Consolidated Financial Statements for the nine-month period ended 30 September 2017 (continued) (in thousands of Russian Roubles)

### 4. Operating segments (continued)

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

	<b>CIB</b>	<b>Retail banking</b>	<b>Leasing</b>	<b>Other</b>	<b>Total</b>
Net interest income from external customers	27 374 617	5 695 991	747 335	(577 477)	33 240 466
Inter-segment (expense)/income	(4 265 268)	1 455 801	-	2 809 467	-
<b>Net interest income</b>	<b>23 109 349</b>	<b>7 151 792</b>	<b>747 335</b>	<b>2 231 990</b>	<b>33 240 466</b>
Net fee and commission income/(expense) from external customers	1 604 867	2 914 748	14 434	(7 255)	4 526 794
Dividend income	-	-	-	4	4
Gains on financial assets and liabilities held for trading from external customers	1 506 564	796 642	2 158	248 397	2 553 761
Fair value adjustments in portfolio hedge accounting	-	-	-	(232 801)	(232 801)
Gains on disposals of financial assets	255 279	-	-	-	255 279
<b>Operating income</b>	<b>26 476 059</b>	<b>10 863 182</b>	<b>763 927</b>	<b>2 240 335</b>	<b>40 343 503</b>
Impairment on loans and other financial transactions	(9 218 580)	(2 596 693)	(96 868)	(4 125)	(11 916 266)
<b>Net income from financial activities</b>	<b>17 257 479</b>	<b>8 266 489</b>	<b>667 059</b>	<b>2 236 210</b>	<b>28 427 237</b>
Operating costs including: depreciation on fixed assets and amortization of intangible assets	(4 735 881)	(7 219 259)	(328 842)	(1 058 349)	(13 342 331)
Gains on disposal of fixed assets	(492 934)	(879 411)	(4 090)	-	(1 376 435)
	-	-	-	5 716	5 716
<b>Profit before income tax expense</b>	<b>12 521 598</b>	<b>1 047 230</b>	<b>338 217</b>	<b>1 183 577</b>	<b>15 090 622</b>
Income tax expense					(3 186 871)
<b>Profit for the period</b>					<b>11 903 751</b>
Cash flow hedge reserve					(714 290)
Revaluation reserve for available-for-sale securities					2 889 147
<b>Total comprehensive income for the period</b>					<b>14 078 608</b>

# AO UniCredit Bank

## Selected Notes to Condensed Interim Consolidated Financial Statements for the nine-month period ended 30 September 2017 (continued) (in thousands of Russian Roubles)

### 5. Cash and cash balances

Cash and cash balances comprise:

	<b>30 September 2017 (unaudited)</b>	<b>31 December 2016</b>
Cash on hand	11 074 001	12 507 671
Current accounts with the CBR	50 476 713	46 080 894
<b>Cash and cash balances</b>	<b>61 550 714</b>	<b>58 588 565</b>

Included in cash and cash balances as at 30 September 2017 is amount of RUB 2 452 807 thousand (31 December 2016: RUB 2 050 000 thousand) pledged as collateral for mortgage-backed bonds issued by the Group in September 2015 (see Note 14 for details).

### 6. Trading securities

Trading securities comprise:

	<b>30 September 2017 (unaudited)</b>	<b>31 December 2016</b>
<b>USD denominated</b>		
Russian government eurobonds	622 219	1 006
<b>RUB denominated</b>		
Russian government bonds	8 082 317	2 086 987
Corporate and bank bonds	-	317 668
<b>Trading securities</b>	<b>8 704 536</b>	<b>2 405 661</b>

As at 30 September 2017 there were no trading securities sold under repurchase agreements with credit institutions and customers (31 December 2016: RUB 1 251 058 thousand) (see Notes 12 and 13 for details).

### 7. Amounts due from credit institutions

Amounts due from credit institutions comprise:

	<b>30 September 2017 (unaudited)</b>	<b>31 December 2016</b>
Current accounts with credit institutions	38 624 357	63 506 296
Time deposits	149 291 500	152 597 280
Reverse repurchase agreements with credit institutions	38 759 886	47 114 687
Obligatory reserve with the CBR	9 285 186	6 281 907
<b>Amounts due from credit institutions</b>	<b>235 960 929</b>	<b>269 500 170</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 September 2017 there are two counterparties with balances that individually exceed 10% of the Group's equity. As at 30 September 2017 the aggregate amount of these balances is RUB 171 094 214 thousand (31 December 2016: four counterparties with aggregate amount of RUB 209 676 322 thousand).

# AO UniCredit Bank

## Selected Notes to Condensed Interim Consolidated Financial Statements for the nine-month period ended 30 September 2017 (continued) (in thousands of Russian Roubles)

### 7. Amounts due from credit institutions (continued)

As at 30 September 2017 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 41 484 120 thousand (31 December 2016: RUB 51 220 959 thousand). As at 30 September 2017 Russian government bonds with the total fair value of RUB 9 114 063 thousand (31 December 2016: 4 121 288 thousand) were sold out of collateral pledged under reverse repurchase agreements with banks and disclosed as financial liabilities held for trading in the condensed interim consolidated statement of financial position. As at 30 September 2017 securities in amount of RUB 3 521 700 thousand (31 December 2016: none) were repledged under repurchase agreements with credit institutions (see Note 12 for details). The Group has the obligation to return these securities at the maturity of the related reverse repurchase agreements.

### 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 September 2017 (unaudited)			31 December 2016		
	Notional principal	Fair value		Notional principal	Fair value	
		Asset	Liability		Asset	Liability
Cross-currency interest rate swaps	249 663 525	31 438 323	7 363 146	153 530 305	32 134 361	9 703 950
Interest rate swaps and options	295 473 436	7 167 177	6 113 832	289 931 675	5 185 775	5 367 478
Foreign exchange forwards, options and swaps	109 821 158	2 335 910	1 424 629	63 876 941	3 937 460	1 785 739
<b>Total derivative assets/liabilities</b>		<b>40 941 410</b>	<b>14 901 607</b>		<b>41 257 596</b>	<b>16 857 167</b>

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

	30 September 2017 (unaudited)			31 December 2016		
	Notional principal	Fair value		Notional principal	Fair value	
		Asset	Liability		Asset	Liability
<b>Cash flow hedge</b>						
Interest rate swaps	294 689 336	419 292	880 116	175 505 135	641 415	442 417
Cross-currency interest rate swaps	95 754 895	4 913 093	1 866 877	122 032 005	9 786 243	3 589 904
<b>Total cash flow hedge</b>		<b>5 332 385</b>	<b>2 746 993</b>		<b>10 427 658</b>	<b>4 032 321</b>
<b>Fair value hedge</b>						
Interest rate swaps	435 544 157	1 421 738	6 889 684	552 263 450	2 311 170	8 306 386
<b>Total fair value hedge</b>		<b>1 421 738</b>	<b>6 889 684</b>		<b>2 311 170</b>	<b>8 306 386</b>
<b>Total derivative financial assets/liabilities designated for hedging</b>		<b>6 754 123</b>	<b>9 636 677</b>		<b>12 738 828</b>	<b>12 338 707</b>

# AO UniCredit Bank

## Selected Notes to Condensed Interim Consolidated Financial Statements for the nine-month period ended 30 September 2017 (continued) (in thousands of Russian Roubles)

### 9. Loans to customers

Loans to customers comprise:

	<b>30 September 2017 (unaudited)</b>	<b>31 December 2016</b>
Corporate customers	532 993 875	568 915 558
Retail customers, including SME	135 461 776	126 628 456
Lease receivables	18 479 990	15 639 280
Reverse repurchase agreements with companies	16 803 414	11 082 381
<b>Gross loans to customers</b>	<b>703 739 055</b>	<b>722 265 675</b>
Less: Allowance for loan impairment	(43 485 202)	(45 254 751)
<b>Loans to customers</b>	<b>660 253 853</b>	<b>677 010 924</b>

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

	<b>Three-month period ended 30 September</b>		<b>Nine-month period ended 30 September</b>	
	<b>2017 (unaudited)</b>	<b>2016 (unaudited)</b>	<b>2017 (unaudited)</b>	<b>2016 (unaudited)</b>
<b>Allowance for loan impairment at the beginning of the period</b>	<b>42 549 263</b>	<b>39 449 794</b>	<b>45 254 751</b>	<b>33 448 792</b>
Charge for the period	3 024 411	4 015 788	6 078 794	11 916 266
Loans sold or recovered through repossession of collateral during the period	(1 150 933)	(2 066)	(3 690 817)	(11 078)
Loans written-off during the period	(801 940)	(315 316)	(3 881 968)	(1 062 873)
Effect of exchange rate changes	(135 599)	(159 188)	(275 558)	(1 302 095)
<b>Allowance for loan impairment at the end of the period</b>	<b>43 485 202</b>	<b>42 989 012</b>	<b>43 485 202</b>	<b>42 989 012</b>

**Write-off and sale of loans.** The decision to write-off the loan is made 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 impaired assets.

During the nine-month period ended 30 September 2017, the Group sold under the cession agreement corporate and retail loans in the gross amount of RUB 5 255 450 thousand (the nine-month period 2016: RUB 22 469 thousand). Part of these loans in the gross amount of RUB 3 444 130 thousand (the nine-month period 2016: none) have been sold to a related party, the rest has been sold to third parties.

# AO UniCredit Bank

## Selected Notes to Condensed Interim Consolidated Financial Statements for the nine-month period ended 30 September 2017 (continued) (in thousands of Russian Roubles)

### 9. Loans to customers (continued)

The following table shows gross loans and related impairment as at 30 September 2017 (unaudited):

	<b>Gross loans</b>	<b>Impairment</b>	<b>Net loans</b>
<b>Corporate customers</b>			
Loans for which no indications of impairment have been identified on an individual basis, not past due	485 273 711	(1 753 075)	483 520 636
Loans for which no specific impairment is identified on an individual basis, past due			
- Past due less than 31 days	6 695 644	(48 553)	6 647 091
- Past due 31-90 days	736 970	(18 119)	718 851
Impaired loans			
- Not past due	8 156 635	(3 825 812)	4 330 823
- Past due less than 31 days	10 241	(2 048)	8 193
- Past due 31-90 days	281 141	(138 627)	142 514
- Past due 91-180 days	2 708 106	(446 832)	2 261 274
- Past due over 180 days	29 131 427	(23 597 659)	5 533 768
<b>Total loans to corporate customers</b>	<b>532 993 875</b>	<b>(29 830 725)</b>	<b>503 163 150</b>
<b>Retail customers, including SME</b>			
Standard loans, not past due	115 600 299	(956 035)	114 644 264
Standard loans, past due			
- Past due less than 31 days	2 059 326	(151 786)	1 907 540
- Past due 31-90 days	911 058	(171 190)	739 868
- Past due 91-180 days	208 114	(90 802)	117 312
- Past due over 180 days	16 831	(7 026)	9 805
Impaired loans			
- Not past due	243 491	(1 342)	242 149
- Past due less than 31 days	68 688	(4 960)	63 728
- Past due 31-90 days	139 039	(24 067)	114 972
- Past due 91-180 days	634 749	(287 881)	346 868
- Past due over 180 days	15 580 181	(11 686 296)	3 893 885
<b>Total loans to retail customers</b>	<b>135 461 776</b>	<b>(13 381 385)</b>	<b>122 080 391</b>
<b>Lease receivables</b>			
Loans for which no indications of impairment have been identified on an individual basis, not past due	17 587 205	(64 729)	17 522 476
Loans for which no specific impairment is identified on an individual basis, past due			
- Past due less than 31 days	413 579	(3 279)	410 300
- Past due 31-90 days	131 708	(1 276)	130 432
Impaired loans			
- Not past due	11 211	(4 064)	7 147
- Past due less than 31 days	56 580	(22 023)	34 557
- Past due 31-90 days	96 288	(40 144)	56 144
- Past due 91-180 days	91 598	(77 805)	13 793
- Past due over 180 days	91 821	(59 772)	32 049
<b>Total lease receivables</b>	<b>18 479 990</b>	<b>(273 092)</b>	<b>18 206 898</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	16 803 414	-	16 803 414
<b>Total loans to customers</b>	<b>703 739 055</b>	<b>(43 485 202)</b>	<b>660 253 853</b>

# AO UniCredit Bank

## Selected Notes to Condensed Interim Consolidated Financial Statements for the nine-month period ended 30 September 2017 (continued) (in thousands of Russian Roubles)

### 9. Loans to customers (continued)

The following table shows gross loans and related impairment as at 31 December 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	524 723 492	(2 776 029)	521 947 463
Loans for which no specific impairment is identified on an individual basis, past due			
- Past due less than 31 days	1 810 846	(18 099)	1 792 747
- Past due 31-90 days	80 814	(1 977)	78 837
Impaired loans			
- Not past due	7 284 766	(3 118 533)	4 166 233
- Past due less than 31 days	376 244	(137 373)	238 871
- Past due 31-90 days	5 284 198	(3 079 368)	2 204 830
- Past due 91-180 days	1 232 930	(764 893)	468 037
- Past due over 180 days	28 122 268	(21 222 079)	6 900 189
<b>Total loans to corporate customers</b>	<b>568 915 558</b>	<b>(31 118 351)</b>	<b>537 797 207</b>
<b>Retail customers, including SME</b>			
Standard loans, not past due	105 185 541	(556 411)	104 629 130
Standard loans, past due			
- Past due less than 31 days	2 174 386	(113 278)	2 061 108
- Past due 31-90 days	826 285	(155 658)	670 627
- Past due 91-180 days	220 223	(89 094)	131 129
- Past due over 180 days	32 589	(6 837)	25 752
Impaired loans			
- Not past due	113 737	(965)	112 772
- Past due less than 31 days	54 908	(3 380)	51 528
- Past due 31-90 days	111 549	(18 907)	92 642
- Past due 91-180 days	663 787	(279 869)	383 918
- Past due over 180 days	17 245 451	(12 699 188)	4 546 263
<b>Total loans to retail customers</b>	<b>126 628 456</b>	<b>(13 923 587)</b>	<b>112 704 869</b>
<b>Lease receivables</b>			
Loans for which no indications of impairment have been identified on an individual basis, not past due	14 916 921	(55 287)	14 861 634
Loans for which no specific impairment is identified on an individual basis, past due			
- Past due less than 31 days	112 494	(832)	111 662
- Past due 31-90 days	195 957	(2 563)	193 394
Impaired loans			
- Not past due	33 358	(9 442)	23 916
- Past due less than 31 days	77 223	(15 335)	61 888
- Past due 31-90 days	124 451	(33 431)	91 020
- Past due 91-180 days	146 577	(71 730)	74 847
- Past due over 180 days	32 299	(24 193)	8 106
<b>Total lease receivables</b>	<b>15 639 280</b>	<b>(212 813)</b>	<b>15 426 467</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	11 082 381	-	11 082 381
<b>Total loans to customers</b>	<b>722 265 675</b>	<b>(45 254 751)</b>	<b>677 010 924</b>

# AO UniCredit Bank

## Selected Notes to Condensed Interim Consolidated Financial Statements for the nine-month period ended 30 September 2017 (continued) (in thousands of Russian Roubles)

### 9. Loans to customers (continued)

As at 30 September 2017 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 17 886 767 thousand (31 December 2016: RUB 11 813 289 thousand).

As at 30 September 2017 there were no bonds sold out of collateral pledged under reverse repurchase agreements with customers and disclosed as financial liabilities held for trading in the consolidated statement of financial position (31 December 2016: RUB 222 864 thousand).

As at 30 September 2017 the Group had RUB 176 613 162 thousand due from its ten largest borrowers (25% of gross loan portfolio) (31 December 2016: RUB 178 362 658 thousand or 25%). An allowance of RUB 90 804 thousand was recognized against these loans (31 December 2016: RUB 158 765 thousand).

As at 30 September 2017 the Group had three borrowers or groups of borrowers with aggregate loan amounts that individually exceeded 10% of equity (31 December 2016: three borrowers or groups of borrowers). As at 30 September 2017 the gross amount of these loans is RUB 96 141 795 thousand (31 December 2016: RUB 103 353 608 thousand).

Included in retail loans as at 30 September 2017 are mortgage loans with gross amount of RUB 1 791 008 thousand (31 December 2016: RUB 2 178 317 thousand) pledged as collateral for mortgage-backed bonds issued by the Group in September 2015 (see Note 14 for details).

### 10. Investment securities

Available-for-sale investment securities comprise:

	<b>30 September 2017 (unaudited)</b>	<b>31 December 2016</b>
<b>Debt and other fixed income investments available-for-sale</b>		
<b>USD denominated</b>		
Russian government eurobonds	9 068 334	16 248 295
<b>RUB denominated</b>		
Russian government bonds	26 332 117	34 972 838
Corporate and bank bonds	5 693 327	9 285 735
<b>Total debt and other fixed income investments available-for-sale</b>	<b>41 093 778</b>	<b>60 506 868</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>41 213 430</b>	<b>60 626 520</b>

# AO UniCredit Bank

## Selected Notes to Condensed Interim Consolidated Financial Statements for the nine-month period ended 30 September 2017 (continued) (in thousands of Russian Roubles)

### 10. Investment securities (continued)

As at 30 September 2017 included in Russian government bonds available-for-sale are securities sold under repurchase agreements with credit institutions and customers in the amount of RUB 2 721 300 thousand (31 December 2016: RUB 19 704 611 thousand) (see Notes 12 and 13 for details).

As at 30 September 2017 included in available-for-sale securities are Russian government bonds blocked as collateral in order to receive "overnight" loans from the CBR in the amount of RUB 77 956 thousand (31 December 2016: none).

As at 30 September 2017 and 31 December 2016, held-to-maturity securities comprise:

	30 September 2017 (unaudited)		31 December 2016	
	Nominal value	Carrying value	Nominal value	Carrying value
Russian government bonds, RUB denominated	15 000 000	15 428 787	15 000 000	15 935 005
Russian government eurobonds, USD denominated	13 552 748	14 277 441	14 169 452	14 982 265
<b>Held-to-maturity securities</b>	<b>28 552 748</b>	<b>29 706 228</b>	<b>29 169 452</b>	<b>30 917 270</b>

As at 30 September 2017 included in Russian government bonds held-to-maturity securities are securities sold under repurchase agreements with credit institutions in the amount of RUB 691 861 thousand (31 December 2016: RUB 212 666 thousand) (see Note 12 for details).

As at 30 September 2017 included in held-to-maturity securities are Russian government bonds blocked as collateral in order to receive "overnight" loans from the CBR in the amount of RUB 1 025 124 thousand (31 December 2016: RUB 1 058 015 thousand). As at 30 September 2017 and 31 December 2016 the Group has no "overnight" loans due to the CBR.

### 11. Taxation

The corporate income tax expense comprises:

	Three-month period ended 30 September		Nine-month period ended 30 September	
	2017 (unaudited)	2016 (unaudited)	2017 (unaudited)	2016 (unaudited)
Current tax charge	1 932 914	704 436	5 242 958	2 007 962
Deferred tax charge – (reversal)/ origination of temporary differences	(730 718)	348 785	(1 404 618)	1 178 909
<b>Income tax expense</b>	<b>1 202 196</b>	<b>1 053 221</b>	<b>3 838 340</b>	<b>3 186 871</b>

Tax effect relating to components of other comprehensive income comprises:

	Three-month period ended 30 September 2017 (unaudited)			Three-month period ended 30 September 2016 (unaudited)		
	Amount before tax	Tax expense	Amount net-of-tax	Amount before tax	Tax expense	Amount net-of-tax
Cash flow hedge reserve	124 743	(24 949)	99 794	390 740	(78 148)	312 592
Revaluation reserve for available-for-sale securities	263 014	(52 603)	210 411	379 465	(75 893)	303 572
<b>Other comprehensive income</b>	<b>387 757</b>	<b>(77 552)</b>	<b>310 205</b>	<b>770 205</b>	<b>(154 041)</b>	<b>616 164</b>



# AO UniCredit Bank

## Selected Notes to Condensed Interim Consolidated Financial Statements for the nine-month period ended 30 September 2017 (continued) (in thousands of Russian Roubles)

### 11. Taxation (continued)

	Nine-month period ended 30 September 2017 (unaudited)			Nine-month period ended 30 September 2016 (unaudited)		
	Amount before tax	Tax expense	Amount net-of-tax	Amount before tax	Tax expense	Amount net-of-tax
Cash flow hedge reserve	(709 270)	141 854	(567 416)	(892 863)	178 573	(714 290)
Revaluation reserve for available-for-sale securities	670 370	(134 074)	536 296	3 611 434	(722 287)	2 889 147
<b>Other comprehensive income</b>	<b>(38 900)</b>	<b>7 780</b>	<b>(31 120)</b>	<b>2 718 571</b>	<b>(543 714)</b>	<b>2 174 857</b>

### 12. Amounts due to credit institutions

Amounts due to credit institutions comprise:

	30 September 2017 (unaudited)	31 December 2016
Current accounts	7 808 982	13 000 015
Time deposits and loans	45 129 690	90 394 448
Repurchase agreements with credit institutions (Notes 6 and 10)	5 866 374	19 536 126
Subordinated debt (Note 18)	27 909 172	29 178 071
<b>Amounts due to credit institutions</b>	<b>86 714 218</b>	<b>152 108 660</b>

As at 30 September 2017 ten largest deposits, excluding subordinated debt, represented 72% of total amounts due to credit institutions (31 December 2016: 81%).

As at 30 September 2017 the Group had no counterparties with the balances that exceed 10% of equity (31 December 2016: one counterparty). As at 31 December 2016, the aggregate amount of these balances was RUB 26 532 542 thousand.

As at 30 September 2017 included in repurchase agreements with credit institutions are agreements in the amount of RUB 3 379 524 thousand (31 December 2016: none) which are secured by Russian government bonds with fair value of RUB 3 521 700 thousand obtained under reverse repurchase agreements with credit institutions (see Note 7 for details).

### 13. Amounts due to customers

The amounts due to customers include the following:

	30 September 2017 (unaudited)	31 December 2016
Current accounts	180 940 737	170 163 667
Time deposits	584 677 511	608 799 120
Repurchase agreements with customers (Notes 6 and 10)	723 703	139 115
<b>Amounts due to customers</b>	<b>766 341 951</b>	<b>779 101 902</b>

As at 30 September 2017, approximately 43% of total amounts due to customers were placed with the Group by its ten largest customers (31 December 2016: 51%).

# AO UniCredit Bank

## Selected Notes to Condensed Interim Consolidated Financial Statements for the nine-month period ended 30 September 2017 (continued) (in thousands of Russian Roubles)

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

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

	30 September 2017 (unaudited)	31 December 2016
<b>Corporate</b>		
Current accounts	75 915 346	74 155 567
Time deposits	436 864 387	491 668 933
Repurchase agreements with customers (Notes 6 and 10)	723 703	139 115
<b>Total corporate accounts</b>	<b>513 503 436</b>	<b>565 963 615</b>
<b>Retail</b>		
Current accounts	105 025 391	96 008 100
Time deposits	147 813 124	117 130 187
<b>Total retail accounts</b>	<b>252 838 515</b>	<b>213 138 287</b>
<b>Amounts due to customers</b>	<b>766 341 951</b>	<b>779 101 902</b>

Included in retail time deposits are deposits of individuals in the amount of RUB 134 134 429 thousand (31 December 2016: RUB 100 940 451 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 13 678 695 thousand (31 December 2016: RUB 16 189 736 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 September 2017 (unaudited)	Carrying value at 31 December 2016
UniCredit Bank, 02-IP	23.09.2015	16.09.2020	RUB	12.35	4 013 520	4 136 680
UniCredit Bank, BO-10	26.11.2013	20.11.2018	RUB	9.20	2 376 421	2 323 635
UniCredit Bank, BO-22	12.08.2014	06.08.2019	RUB	9.00	45 698	46 710
UniCredit Bank, BO-21	23.05.2014	17.05.2019	RUB	9.00	836	818
UniCredit Bank, BO-11	26.11.2014	20.11.2019	RUB	9.10	3	3
<b>Debt securities issued</b>					<b>6 436 478</b>	<b>6 507 846</b>

As at 30 September 2017 mortgage-backed bonds (UniCredit Bank, 02-IP) with the carrying value of RUB 4 013 520 thousand (31 December 2016: RUB 4 136 680 thousand) are secured by a pool of mortgage loans with the carrying value of RUB 1 791 008 thousand (31 December 2016: RUB 2 178 317 thousand) and by cash in the amount of RUB 2 452 807 thousand (31 December 2016: RUB 2 050 000 thousand) (see Notes 5 and 9 for details).

# AO UniCredit Bank

## Selected Notes to Condensed Interim Consolidated Financial Statements for the nine-month period ended 30 September 2017 (continued) (in thousands of Russian Roubles)

### 15. Credit related commitments and contingencies

Credit related commitments and contingencies include the following:

	<b>30 September 2017 (unaudited)</b>	<b>31 December 2016</b>
Guarantees issued	141 653 679	119 536 553
Undrawn loan commitments	59 566 193	85 116 393
Undrawn commitments to issue documentary instruments	45 477 399	80 833 286
Letters of credit	31 920 853	34 295 027
<b>Gross credit related commitments and contingencies</b>	<b>278 618 124</b>	<b>319 781 259</b>
Provisions for credit related commitments and contingencies	(1 467 895)	(369 951)
<b>Total credit related commitments and contingencies</b>	<b>277 150 229</b>	<b>319 411 308</b>

As at 30 September 2017 and 31 December 2016 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.

Starting from 2014, sanctions have been imposed in several packages by the U.S. and the E.U. on certain Russian officials, businesspersons and companies. This led to reduced access of the Russian businesses to international capital markets.

The impact of further economic and political developments on future operations and financial position of the Group might be significant.

### 16. Gains/(losses) on financial assets and liabilities held for trading

Gains/losses on financial assets and liabilities held for trading comprise:

	<b>Three-month period ended 30 September</b>		<b>Nine-month period ended 30 September</b>	
	<b>2017 (unaudited)</b>	<b>2016 (unaudited)</b>	<b>2017 (unaudited)</b>	<b>2016 (unaudited)</b>
Net (losses)/gains from trading securities	(43 989)	26 069	(251 103)	135 667
Net gains/(losses) from foreign exchange, interest based derivatives and translation of other foreign currency assets and liabilities	831 198	(243 544)	2 293 604	2 418 094
<b>Gains/(losses) on financial assets and liabilities held for trading</b>	<b>787 209</b>	<b>(217 475)</b>	<b>2 042 501</b>	<b>2 553 761</b>

## 17. Fair value 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 categorized 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 Condensed Interim Consolidated Financial Statements for the nine-month period ended 30 September 2017 (continued) (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 September 2017 (unaudited)		
	Level 1	Level 2	Total
<b>Financial assets measured at fair value</b>			
Trading securities			
- held by the Group	727 872	7 976 664	8 704 536
Derivative financial assets	-	40 941 410	40 941 410
Derivative financial assets designated for hedging	-	6 754 123	6 754 123
Available-for-sale securities			
- held by the Group	25 249 222	13 123 256	38 372 478
- pledged under repurchase agreements	2 721 300	-	2 721 300
<b>Total</b>	<b>28 698 394</b>	<b>68 795 453</b>	<b>97 493 847</b>
<b>Financial liabilities measured at fair value</b>			
Financial liabilities held for trading	299 601	8 814 462	9 114 063
Derivative financial liabilities	-	14 901 607	14 901 607
Derivative financial liabilities designated for hedging	-	9 636 677	9 636 677
<b>Total</b>	<b>299 601</b>	<b>33 352 746</b>	<b>33 652 347</b>
<b>31 December 2016</b>			
	Level 1	Level 2	Total
<b>Financial assets measured at fair value</b>			
Trading securities			
- held by the Group	1 006	1 153 597	1 154 603
- pledged under repurchase agreements	-	1 251 058	1 251 058
Derivative financial assets	-	41 257 596	41 257 596
Derivative financial assets designated for hedging	-	12 738 828	12 738 828
Available-for-sale securities			
- held by the Group	31 516 523	9 285 734	40 802 257
- pledged under repurchase agreements	19 704 611	-	19 704 611
<b>Total</b>	<b>51 222 140</b>	<b>65 686 813</b>	<b>116 908 953</b>
<b>Financial liabilities measured at fair value</b>			
Financial liabilities held for trading	221 162	4 122 990	4 344 152
Derivative financial liabilities	-	16 857 167	16 857 167
Derivative financial liabilities designated for hedging	-	12 338 707	12 338 707
<b>Total</b>	<b>221 162</b>	<b>33 318 864</b>	<b>33 540 026</b>

# AO UniCredit Bank

## Selected Notes to Condensed Interim Consolidated Financial Statements for the nine-month period ended 30 September 2017 (continued) (in thousands of Russian Roubles)

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

The table above does not include available-for-sale equity investments of RUB 119 652 thousand (31 December 2016: 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 nine-month period ended 30 September 2017 and 30 September 2016 there were no transfers between Level 1 and Level 2 for trading and available-for-sale securities.

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 calculated by UniCredit Bank Austria AG.

	30 September 2017		31 December 2016	
	Carrying value (unaudited)	Fair value (unaudited)	Carrying value	Fair value
<b>Financial assets</b>				
Amounts due from credit institutions	235 960 929	237 067 397	269 500 170	267 787 810
Loans to customers	660 253 853	674 174 541	677 010 924	692 396 971
Investment securities held-to-maturity				
- held by the Group	29 014 367	30 240 099	30 704 604	31 241 702
- pledged under repurchased agreements	691 861	719 712	212 666	223 919
<b>Financial liabilities</b>				
Amounts due to credit institutions	86 714 218	101 833 541	152 108 660	172 195 958
Amounts due to customers	766 341 951	774 085 541	779 101 902	792 735 879
Debt securities issued	6 436 478	6 644 765	6 507 846	6 701 406

As at 30 September 2017 there were no changes in fair value levels hierarchy for financial assets and financial liabilities that are measures subsequently to initial recognition at amortized cost in comparison with 31 December 2016.

### 18. Related party disclosures

As at 30 September 2017 the sole shareholder of the Group is the UniCredit S.p.A. Unicredit S.p.A. issues 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.

As at 1 October 2016 the reorganization of UniCredit Group Division responsible for the Central and Eastern Europe has been successfully completed. Under this reorganization, the immediate parent of the Group has changed from UniCredit Bank Austria AG to UniCredit S.p.A. As a result, the immediate parent of the Group has changed to UniCredit S.p.A. with legal validity from 1 October 2016 and accounting effects retroactive from 1 January 2016. Thus, the relevant transactions with UniCredit Bank Austria AG for the nine-month period ended 30 September 2016 are disclosed as transactions with other companies controlled by the UniCredit Group or related with UniCredit Group.

# AO UniCredit Bank

## Selected Notes to Condensed Interim Consolidated Financial Statements for the nine-month period ended 30 September 2017 (continued) (in thousands of Russian Roubles)

### 18. Related party disclosures (continued)

Balances and transactions with UniCredit S.p.A were as follows:

	30 September 2017 (unaudited)	Weighted average interest rate, % (unaudited)	31 December 2016	Weighted average interest rate, %
Amounts due from credit institutions				
- In EUR	115 421	0.0%	723 315	0.0%
- In USD	122 995 580	3.9%	129 316 571	3.7%
Derivative financial assets	5 109 518		2 553 939	
Derivative financial assets designated for hedging	4 625 370		9 806 496	
Other assets	247 523		9 600	
Amounts due to credit institutions				
Time deposits and loans				
- In Russian Roubles	-		4 541 116	8.9%
- In EUR	934 871	1.7%	559 879	1.7%
- In USD	27 909 172	11.4%	29 178 071	10.9%
Current accounts				
- In Russian Roubles	764 634	0.0%	29 758	0.0%
- In EUR	-		291 734	0.0%
Derivative financial liabilities	2 588 155		1 815 514	
Derivative financial liabilities designated for hedging	2 995 129		825 002	
Other liabilities	394 792		566 535	
Commitments and guarantees issued	4 632 634		3 655 456	
Commitments and guarantees received	34 521 740		54 328 186	

	Three-month period ended 30 September		Nine-month period ended 30 September	
	2017 (unaudited)	2016 (unaudited)	2017 (unaudited)	2016 (unaudited)
Interest income and similar revenues	4 989 176	4 891 339	13 703 233	11 812 043
Interest expense and similar charges	(2 106 381)	(1 011 094)	(4 994 129)	(3 332 488)
Fee and commission income	9 606	7 291	22 783	19 643
Fee and commission expense	(176 312)	(458 192)	(513 537)	(1 528 278)
Gains/(losses) on financial assets and liabilities held for trading	2 155 367	(413 127)	(2 781 836)	4 730 237
Fair value adjustments in portfolio hedge accounting	(48 455)	(1 643)	(390 985)	(19 910)
Recovery of personnel expenses	4 208	26 347	9 647	76 807
Other administrative expenses	(9 180)	(21 431)	(39 446)	(78 038)

# AO UniCredit Bank

## Selected Notes to Condensed Interim Consolidated Financial Statements for the nine-month period ended 30 September 2017 (continued) (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 September 2017 (unaudited)	Weighted average interest rate, % (unaudited)	31 December 2016	Weighted average interest rate, %
Amounts due from credit institutions				
- In Russian Roubles	12 389 962	9.9%	14 408 535	11.8%
- In EUR	5 906 724	0.0%	10 233 164	0.0%
- In USD	3 845 071	0.8%	920 582	3.2%
- In other currencies	334	0.0%	2 530	0.0%
Derivative financial assets	1 915 612		1 121 258	
Derivative financial assets designated for hedging	2 006 096		2 230 501	
Loans to customers				
- In Russian Roubles	1 671 427	5.8%	1 073 115	5.0%
Intangible assets	222 131		793 973	
Other assets	11 246		191 086	
Amounts due to credit institutions				
Time deposits and loans				
- In Russian Roubles	416 500	7.6%	4 993 013	9.6%
- In EUR	5 984 182	1.8%	4 851 600	1.3%
- In USD	2 411 579	2.3%	5 633 880	2.7%
Current accounts				
- In Russian Roubles	851 535	0.0%	2 677 374	0.0%
- In EUR	4 780	0.0%	8 039	0.0%
- In USD	40 603	0.0%	42 522	0.0%
- In other currencies	109	0.0%	399	0.0%
Derivative financial liabilities	3 729 027		7 623 102	
Derivative financial liabilities designated for hedging	2 558 558		3 889 376	
Amounts due to customers				
- In Russian Roubles	753 607	8.7%	338 307	9.0%
- In EUR	-		148 513	0.0%
Other liabilities	196 017		1 318 124	
Commitments and guarantees issued	8 539 885		9 504 684	
Commitments and guarantees received	5 899 020		3 556 535	

	Three-month period ended 30 September		Nine-month period ended 30 September	
	2017 (unaudited)	2016 (unaudited)	2017 (unaudited)	2016 (unaudited)
Interest income and similar revenues	656 987	1 496 567	2 252 085	5 004 856
Interest expense and similar charges	(647 658)	(1 826 460)	(2 065 819)	(3 833 159)
Fee and commission income	35 010	43 518	148 393	89 673
Fee and commission expense	(58 240)	(49 570)	(143 178)	(82 036)
Gains on financial assets and liabilities held for trading	285 370	1 249 450	741 081	1 645 712
Fair value adjustments in portfolio hedge accounting	(20 090)	(1 347 528)	176 625	(1 006 338)
Other income	5 514	122	5 756	364
Personnel expenses	(3 504)	(15 180)	(13 732)	(44 416)
Other administrative expenses	(48 554)	(60 398)	(142 746)	(176 893)



# AO UniCredit Bank

## Selected Notes to Condensed Interim Consolidated Financial Statements for the nine-month period ended 30 September 2017 (continued) (in thousands of Russian Roubles)

### 18. Related party disclosures (continued)

Balances and transactions with key management personnel are as follows:

	<b>30 September 2017 (unaudited)</b>	<b>31 December 2016</b>
Amounts due to customers	316 664	312 193
Other liabilities	51 602	43 531

	<b>Nine-month period ended 30 September 2017 (unaudited)</b>	<b>Nine-month period ended 30 September 2016 (unaudited)</b>
Interest expense	(10 170)	(10 935)
Personnel expenses, including:	(286 793)	(248 332)
short-term benefits	(165 640)	(141 600)
long-term benefits	(119 350)	(105 507)
post-employment benefits	(1 803)	(1 225)

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

	<b>Nine-month period ended 30 September 2017 (unaudited) UniCredit S.p.A.</b>	<b>Nine-month period ended 30 September 2016 (unaudited) UniCredit S.p.A.</b>
Subordinated loans at the beginning of the period	29 178 071	51 091 697
Subordinated loans repaid during the period	-	(14 233 680)
Accrual of interest, net of interest paid	677	(45 747)
Effect of exchange rates changes	(1 269 576)	(6 439 540)
<b>Subordinated loans at the end of the period</b>	<b>27 909 172</b>	<b>30 372 730</b>

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