

**Public Joint Stock Company
“The Ural Bank for Reconstruction and Development”**

**Consolidated condensed interim
financial statements**

30 June 2017

CONTENTS

Consolidated financial statements

Consolidated condensed interim statement of financial position.....	3
Consolidated condensed interim statement of profit or loss.....	4
Consolidated condensed interim statement of comprehensive income	5
Consolidated condensed interim statement of changes in equity	6
Consolidated condensed interim statement of cash flows	8

Notes to the consolidated financial statements

1	Introduction	10
2	Operating environment.....	10
3	Accounting policies, critical accounting estimates, professional judgements and new or revised standards and interpretations.....	11
4	Cash and cash equivalents	12
5	Trading securities.....	13
6	Other securities at fair value through profit or loss	13
7	Investment securities held to maturity	15
8	Due from other banks.....	16
9	Loans and advances to customers - legal entities.....	17
10	Loans and advances to customers - individuals.....	21
11	Property and equipment.....	26
12	Investment property	27
13	Receivables under commission and sale and purchase agreements of commodities and equipment	27
14	Other assets.....	28
15	Transfer of financial and non-financial assets	28
16	Due to other banks.....	29
17	Customer accounts - legal entities	29
18	Customer accounts - individuals	30
19	Debt securities in issue	30
20	Other liabilities.....	31
21	Other borrowed funds.....	31
22	Share capital, share premium and additional capital.....	32
23	Dividends	32
24	Interest income and expense	33
25	Fee and commission income and expense	34
26	Segment analysis.....	34
27	Financial risk management, corporate governance and internal control	39
28	Capital management	48
29	Contingencies and commitments	49
30	Derivatives	49
31	Group companies.....	51
32	Business combination and disposal of subsidiaries	51
33	Related party transactions.....	54
34	Events after reporting date	56

Public Joint Stock Company "The Ural Bank for Reconstruction and Development"
Consolidated condensed interim statement of financial position

№		Notes	30 June 2017 (Unaudited)	31 December 2016
	<i>in thousands of Russian Roubles</i>			
I	ASSETS			
1	Cash and cash equivalents	4	29 632 865	26 790 493
2	Mandatory cash balances with the Bank of Russia		2 837 691	2 426 867
3	Trading securities	5	22 471	-
4	Other securities at fair value through profit or loss	6	87 621 538	55 171 064
5	Investment securities held to maturity	7	57 644 299	89 898 316
6	Derivatives	30	28 346 744	25 094 639
7	Due from other banks	8	4 254 909	3 350 542
8	Loans and advances to customers - legal entities	9	115 217 806	127 940 906
9	Loans and advances to customers - individuals	10	41 250 329	41 617 971
10	Receivables under commission and sale and purchase agreements of commodities and equipment	13	939 679	2 412 257
11	Property and equipment	11	8 268 244	8 545 413
12	Investment property	12	935 056	805 713
13	Other assets	14	19 098 927	14 905 461
	TOTAL ASSETS		396 070 558	398 959 642
II	LIABILITIES			
14	Due to other banks	16	106 133 861	134 854 054
15	Customer accounts - legal entities	17	69 434 766	47 838 773
16	Customer accounts - individuals	18	174 136 105	167 990 587
17	Debt securities in issue	19	12 027 813	14 311 791
18	Other liabilities	20	6 063 761	5 624 018
19	Other borrowed funds	21	11 142 733	11 687 557
	TOTAL LIABILITIES		378 939 039	382 306 780
III	EQUITY			
20	Share capital	22	3 634 812	3 634 812
21	Share premium	22	1 581 956	1 581 956
22	Additional capital	22	3 504 300	3 504 300
23	Revaluation reserve for property and equipment		1 078 958	1 099 037
24	Retained earnings		7 331 493	6 832 757
	TOTAL EQUITY		17 131 519	16 652 862
	TOTAL LIABILITIES AND EQUITY		396 070 558	398 959 642

These consolidated condensed interim financial statements were approved for issue and signed on behalf of the Board of Directors on 29 August 2017.

Solovyev A.U.
President



Sirazov M.R.
Chief Accountant

Public Joint Stock Company "The Ural Bank for Reconstruction and Development"
Consolidated condensed interim statement of profit or loss

	Notes	Six-month period ended 30 June 2017	Six-month period ended 30 June 2016 (restated)	Three-month period ended 30 June 2017	Three-month period ended 30 June 2016 (restated)
<i>(Unaudited)</i> <i>in thousands of Russian Roubles</i>					
Interest income	24	16 102 889	16 442 216	7 728 445	8 094 853
Interest expense	24	(13 723 826)	(12 804 092)	(6 724 171)	(6 117 155)
Fee and commission income	25	2 137 483	1 605 586	1 260 427	944 740
Fee and commission expense	25	(489 565)	(377 363)	(259 344)	(203 408)
Net losses arising from trading securities		(759)	-	(759)	-
Net gains arising from other securities at fair value through profit or loss		484 704	1 000 359	387 531	(82 239)
Net gains arising from securities available-for-sale		411 629	-	427 904	32 419
Net gains arising from trading in foreign currencies		1 242 186	6 533 663	(1 292 430)	1 870 168
Foreign exchange translation gains/ (losses)		718 602	(2 770 593)	1 474 189	(846 608)
Profit/ (loss) from assignment of loans		140 981	(30 704)	35 901	13 501
Repayment of loans previously written off against provision		194 868	73 976	100 828	52 056
Changes in the fair value of assets acquired in a business combination		303 884	666 023	258 342	562 945
Trade profit		-	1 199 182	-	639 470
Profit from disposal of subsidiaries	32	-	762 340	-	-
Other operating income/ (expense)		113 864	(130 431)	105 088	(44 917)
Net operating income		7 636 940	12 170 162	3 501 951	4 915 825
Administrative and other expenses		(4 187 596)	(4 079 069)	(2 132 854)	(2 056 018)
(Provision)/ recovery of provision for impairment:					
- Loans and advances to customers - legal entities	9	(252 268)	(478 165)	(80 170)	(253 821)
- Loans and advances to customers - individuals	10	(2 595 478)	(5 545 710)	(1 048 073)	(2 415 856)
- Finance lease receivables		(3 004)	1 574	2 903	4 241
- Investment securities held to maturity	7	-	6 863	-	333
- Advances to real estate developers		-	(216 609)	-	-
- Receivables under commission and sale and purchase agreements of commodities and equipment		(273)	-	1 023	-
Profit before tax		598 321	1 859 046	244 780	194 704
Income tax expense		(119 664)	(371 273)	(47 597)	(40 070)
Profit for the period		478 657	1 487 773	197 183	154 634

Solovyev A.U.
President



Sirazov M.R.
Chief Accountant

Public Joint Stock Company "The Ural Bank for Reconstruction and Development"
Consolidated condensed interim statement of comprehensive income

<i>(Unaudited)</i> <i>in thousands of Russian Roubles</i>	Six-month period ended 30 June 2017	Six-month period ended 30 June 2016	Three-month period ended 30 June 2017	Three-month period ended 30 June 2016
Profit for the period	478 657	1 487 773	197 183	154 634
Other comprehensive loss net of deferred income tax				
Items that are or may be reclassified subsequently to profit or loss				
Foreign currency translation effect	-	(25 875)	-	(14 628)
Other comprehensive loss net of deferred income tax	-	(25 875)	-	(14 628)
Total comprehensive income	478 657	1 461 898	197 183	140 006

Solovyev A.U.
President



Sirazov M.R.
Chief Accountant

Public Joint Stock Company "The Ural Bank for Reconstruction and Development"
Consolidated condensed interim statement of changes in equity

<i>in thousands of Russian Roubles</i>	Share capital	Share premium	Additional capital	Revaluation reserve for property and equipment	Cumulative translation reserve	Retained earnings	Total equity
Balance as at 1 January 2016	3 634 812	1 581 956	3 423 503	1 078 872	(94 822)	5 059 003	14 683 324
Other comprehensive (loss)/income net of deferred income tax							
<i>Items that are or may be reclassified subsequently to profit or loss</i>							
Foreign currency translation effect (Unaudited)	-	-	-		(25 875)	-	(25 875)
<i>Items that will not be reclassified to profit or loss</i>							
Property and equipment: - realised revaluation reserve for property and equipment (Unaudited)	-	-	-	(160 224)		160 224	-
Other comprehensive (loss)/income net of deferred income tax (Unaudited)	-	-	-	(160 224)	(25 875)	160 224	(25 875)
Profit for the period (Unaudited)	-	-	-	-	-	1 487 773	1 487 773
Total comprehensive (loss)/income (Unaudited)	-	-	-	(160 224)	(25 875)	1 647 997	1 461 898
Balance as at 30 June 2016 (Unaudited)	3 634 812	1 581 956	3 423 503	918 648	(120 697)	6 707 000	16 145 222

Public Joint Stock Company "The Ural Bank for Reconstruction and Development"
Consolidated condensed interim statement of changes in equity

<i>in thousands of Russian Roubles</i>						
	Share capital	Share premium	Additional capital	Revaluation reserve for property and equipment	Retained earnings	Total equity
Balance as at 1 January 2017	3 634 812	1 581 956	3 504 300	1 099 037	6 832 757	16 652 862
Other comprehensive (loss)/ income net of deferred income tax						
Items that will not be reclassified to profit or loss						
Property and equipment:						
- realised revaluation reserve for property and equipment (Unaudited)	-	-	-	(20 079)	20 079	-
Other comprehensive (loss)/ income net of deferred income tax (Unaudited)	-	-	-	(20 079)	20 079	-
Profit for the period (Unaudited)	-	-	-	-	478 657	478 657
Total comprehensive (loss)/ income (Unaudited)	-	-	-	(20 079)	498 736	478 657
Balance as at 30 June 2017 (Unaudited)	3 634 812	1 581 956	3 504 300	1 078 958	7 331 493	17 131 519

Solovyev A.U.
President

Sirazov M.R.
Chief Accountant



Public Joint Stock Company "The Ural Bank for Reconstruction and Development"
Consolidated condensed interim statement of cash flows

	Notes	Six-month period ended 30 June 2017	Six-month period ended 30 June 2016 (restated)
<i>(Unaudited)</i> <i>in thousands of Russian Roubles</i>			
Cash flows from operating activities			
Interest received		17 615 029	14 650 911
Interest paid		(13 733 905)	(13 067 862)
Fees and commissions received		2 259 140	1 826 003
Fees and commissions paid		(503 533)	(399 293)
Net losses received from trading securities		(1 189)	-
Net gains/ (losses) received from other securities at fair value through profit or loss		1 058 412	(918 463)
Net gains received from securities available-for-sale		411 629	16 044
Net losses received from trading in foreign currencies		(592 566)	(4 649 341)
Net gains received from operations with precious metals		17 053	47 078
Net gains from commodity trading		-	1 199 182
Administrative and other expenses paid		(4 060 196)	(3 937 737)
Income tax paid		(620 741)	(360 201)
Proceeds from assignment of loans		-	77 596
Other operating income received		389 929	781 461
Net cash from/ (used in) operating activities before changes in operating assets and liabilities		2 239 062	(4 734 622)
(Increase)/decrease in operating assets			
Mandatory cash balances with the Bank of Russia		(410 824)	(162 971)
Trading securities		(22 167)	-
Other securities at fair value through profit or loss		(34 568 392)	7 849 146
Securities available-for-sale		-	10 000
Due from other banks		(1 090 499)	15 696 796
Loans and advances to customers		8 754 587	(632 253)
Finance lease receivables		95 489	272 383
Advances to real estate developers		-	348 256
Other assets		(4 417 147)	(870 051)
Receivables under commission and sale and purchase agreements of commodities and equipment		1 472 563	(1 346 107)
Assets held for sale		59 030	(594 729)
Increase/(decrease) in operating liabilities			
Due to other banks		(27 403 809)	(47 909 191)
Customer accounts		27 907 296	3 093 024
Promissory notes and deposit certificates in issue (included in debt securities in issue)		102 418	1 343 363
Other liabilities		188 189	2 523 001
Net cash used in operating activities		(27 094 204)	(25 113 955)
Cash flows from investing activities			
Purchase of investment securities held to maturity		(36 079 850)	(21 060 550)
Proceeds from redemption of investment securities held to maturity		68 708 585	21 137 342
Proceeds from acquisition of subsidiary	32	-	929 096
Proceeds from disposal of subsidiaries	32	-	6 146 881
Acquisition of property and equipment		(215 842)	(3 007 197)
Proceeds from disposal of property and equipment		272	592
Acquisition of investment property	12	-	(352 629)
Proceeds from disposal of investment property		-	134
Acquisition of intangible assets		(302)	(70 765)
Net cash from investing activities		32 412 863	3 722 904

Public Joint Stock Company "The Ural Bank for Reconstruction and Development"
Consolidated condensed interim statement of cash flows

	Notes	Six-month period ended 30 June 2017	Six-month period ended 30 June 2016 (restated)
<i>(Unaudited)</i> <i>in thousands of Russian Roubles</i>			
Cash flows from financing activities			
Dividends paid		(5)	-
Proceeds from bonds issued on domestic market (included in debt securities in issue)		973	3 000
Redemption/repurchase of bonds issued on domestic market (included in debt securities in issue)		(2 213 407)	(1 696 689)
Repayment of loan from the State Corporation Deposit Insurance Agency (included in other borrowed funds)	21	(193 579)	-
Repayment of subordinated loans (included in other borrowed funds)		-	(3 356 250)
Repayment of syndicated loans (included in other borrowed funds)		(192 441)	(219 946)
Net cash used in financing activities		(2 598 459)	(5 269 885)
Effect of exchange rate changes on cash and cash equivalents		122 172	(760 968)
Net increase/ (decrease) in cash and cash equivalents		2 842 372	(27 421 904)
Cash and cash equivalents at the beginning of the reporting period		26 790 493	49 035 483
Cash and cash equivalents at the end of the reporting period	4	29 632 865	21 613 579

Solovyev A.U.
President



Sirazov M.R.
Chief Accountant

1 Introduction

These consolidated condensed interim financial statements of Public Joint Stock Company "The Ural Bank for Reconstruction and Development" (the Bank) and its subsidiaries and structured entities (together referred to as the Group) are prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" for the six-month period ended 30 June 2017.

The Bank was incorporated and is domiciled in the Russian Federation. The Bank is a public joint stock company set up in accordance with regulations of the Russian Federation.

Principal activity. The Bank's principal business activity is commercial and retail banking transactions within the Russian Federation. The Bank operates under a general banking license issued by the Central Bank of the Russian Federation (the Bank of Russia) on 16 August 2012. Due to the change of the Bank's trade name the license was renewed on 6 February 2015. The Bank is a member of the state deposit insurance system, which was introduced by the Federal Law No.177-FZ On deposits of individuals insurance in Russian Federation as at 23 December 2003 (as amended on 29 July 2017). The State Deposit Insurance System guarantees repayment of 100% of individual deposits up to RUB 1 400 thousand per individual in case of the withdrawal of a license of a bank or the introduction of a moratorium on payments by the Bank of Russia.

The Bank is licensed by the Federal Commission on Securities Markets for trading in securities.

As at 30 June 2017 and 31 December 2016 the ultimate controlling parties of the Bank are Mr. I.A. Altushkin, Mr. V.V. Pechenenko, Mr. A.V. Semkin, Mr. S.V. Skubakov and Mrs. I.N. Gayvoronskaya.

As at 30 June 2017 the Bank has 13 (31 December 2016: 13) branches and 166 (31 December 2016: 156) additional and operational offices in the Russian Federation.

Registered address and place of business. The Bank's registered address and place of business is 620014, 67, Sacco and Vanzetti St., Yekaterinburg, Russian Federation.

Presentation currency. These consolidated condensed interim financial statements are presented in thousands of Russian Roubles (RUB thousand).

2 Operating environment

The Russian Federation is experiencing political and economic change that has affected, and may continue to affect, the activities of enterprises operating in this country. The Government continues implementation of economic reforms and development of its legal, tax and regulatory legislation. Current actions of the Government are focused on modernization of the Russian economy, aimed at increasing productivity and product quality, as well as increasing the share of industries producing high-tech products and services. Consequently, operations in the Russian Federation involve risks that typically do not exist in other markets. The stability of the Russian economy in the future is dependent significantly upon these reforms and the effectiveness of economic, financial and monetary measures undertaken by the Government.

In the first half of the year 2017 low oil prices and extension of international sanctions related to certain companies and individuals have continued to have a negative impact on Russian economy. Herewith GDP was growing during the first half of the year 2017. According to preliminary estimation of the Federal State Statistic Service the economic growth in Russia during the period from January till June of 2017 was 1,5% in annual terms as compared to the same period of the previous year. In the second quarter of 2017 strengthening of ruble that was characteristic of 2016 and the first quarter of 2017 has stopped. So on the results of the first half a year ruble strengthened towards dollar of USA only by 2,7%, and ruble has fallen in price against the euro by 6%. As of 30 June 2017 the official exchange rates were 59,0855 rubles per dollar of USA and 67,4993 rubles per euro. In June 2017 the Bank of Russia lowered the key rate to 9%. And in July 2017 it took the decision to keep the key rate at the same level. The number of operating credit institutions authorized to conduct banking operations as of 01 July 2017 was 589 units and as compared to 01 July of 2016 it decreased by 91 institutions. In March of 2017 Standard & Poor's rating agency has changed the rating of Russian Federation from "Stable" to "Positive", and had kept Russia's sovereign credit rating at "BB+", that is below the investment level. According to the Bank of Russia during the period from January to June of 2017 the banking sector assets increased by 2,2%, the cumulative volume of loans to economy (legal entities and individuals) increased by 1,8%. During January – June 2017 the volume of loans to legal entities increased by 1%, and the volume of loans to individuals increased by 3,8%. For the first half of the year the volume of individuals' deposits increased by 4,3%. Profit of the banking sector of Russia for the first half of the year 2017 as compared to the same period of the previous year increased in 2,1 times.

2 Operating environment (continued)

There is still uncertainty about the future growth of the Russian economy and the ability of the Group and its counterparties to raise new borrowings at reasonable rates, which in its turn can affect the financial position, results of operations and business prospects. As the Russian economy is sensitive to the negative trends on the global markets, there is still a risk of increased volatility on the Russian financial markets. Despite this, management believes that in the current situation they have taken all necessary measures to support the sustainability and growth of the business. The consolidated condensed interim financial statements reflect management's assessment of the impact of the Russian business environment on the operations and financial position of the Group. The future business environment may differ from management's assessment.

3 Accounting policies, critical accounting estimates, professional judgements and new or revised standards and interpretations

Basis of preparation. These consolidated condensed interim financial statements for the six-month period ended 30 June 2017 are prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting”, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2016.

The principal accounting policies and methods of computation applied in the preparation of these consolidated condensed interim financial statements as well as estimates and judgements used in applying these policies are consistent with those applied in the preparation of the consolidated financial statements of the Group for the year ended 31 December 2016, except for income tax measurement.

Change of the comparative data representation. Certain comparative figures have been reclassified to reflect changes in the presentation of the consolidated financial statements for the year ended 31 December 2016.

Also, during the preparation of these consolidated condensed interim financial statements, management identified certain adjustments related to the accrual of provisions for impairment of loans and advances to customers for the previous reporting period and also adjustments of interest income on loans and advances to customers. In order to correctly reflect these data in 2017, management revised the comparative data for the six-month period ended 30 June 2016 and for the three-month period ended 30 June 2016 (unaudited):

	Six-month period ended 30 June 2016 (previously reported)	Adjustment	Six-month period ended 30 June 2016 (restated)
<i>in thousands of Russian Roubles</i>			
Consolidated condensed interim statement of profit or loss			
Interest income	14 336 797	2 105 420	16 442 217
Fee and commission income	1 747 854	(142 268)	1 605 586
Provision for impairment:			
- loans and advances to customers – legal entities	(202 222)	(275 943)	(478 165)
- loans and advances to customers – individuals	(3 858 502)	(1 687 209)	(5 545 711)
	Three-month period ended 30 June 2016 (previously reported)	Adjustment	Three-month period ended 30 June 2016 (restated)
<i>in thousands of Russian Roubles</i>			
Consolidated condensed interim statement of profit or loss			
Interest income	7 041 824	1 053 030	8 094 854
Fee and commission income	1 004 691	(59 951)	944 740
Provision for impairment:			
- loans and advances to customers – legal entities	(64 429)	(189 392)	(253 821)
- loans and advances to customers – individuals	(1 612 170)	(803 687)	(2 415 857)

3 Accounting policies, critical accounting estimates, professional judgements and new or revised standards and interpretations (continued)

New or revised standards and interpretations. New standards obligatory for the Group have been published. They will be applied starting from annual reporting periods as indicated below:

IFRS 9 *Financial Instruments*, published in July 2014, is intended ultimately to replace International Financial Reporting Standard IAS 39 *Financial Instruments: Recognition and Measurement*. The Group recognises that the new standard introduces many changes to accounting for financial instruments and is likely to have a significant impact on the consolidated financial statements. The Group has not analysed the impact of these changes yet. The Group does not intend to adopt this standard early. The standard will be effective for annual periods beginning on or after 1 January 2018 and will be applied retrospectively with some exemptions.

IFRS 15, *Revenue from Contracts with Customers* (issued on 28 May 2014 and effective for the periods beginning on or after 1 January 2018). The new standard introduces the core principle that revenue must be recognised when the goods or services are transferred to the customer, at the transaction price. Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements. When the consideration varies for any reason, minimum amounts must be recognised if they are not at significant risk of reversal. Costs incurred to secure contracts with customers have to be capitalised and amortised over the period when the benefits of the contract are consumed.

IFRS 16 "Leases" (issued on 13 January 2016 and effective for annual periods beginning on or after 1 January 2019). The new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. All leases result in the lessee obtaining the right to use an asset at the start of the lease and, if lease payments are made over time, also obtaining financing. Accordingly, IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. Lessees will be required to recognise: (a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and (b) depreciation of lease assets separately from interest on lease liabilities in the income statement. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

Disclosure Initiative - Amendments to IAS 7 (issued on 29 January 2016 and effective for annual periods beginning on or after 1 January 2017). The amended IAS 7 will require disclosure of a reconciliation of movements in liabilities arising from financing activities. The Group will disclose this information in the consolidated financial statements for 2017 year.

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

4 Cash and cash equivalents

<i>in thousands of Russian Roubles</i>	30 June 2017 (unaudited)	31 December 2016
Balances with the Bank of Russia (other than mandatory cash balances)	13 323 922	12 181 351
Agreements for purchase and re-sale of the securities to other banks with original maturities of less than three months	11 125 554	2 394 498
Cash on hand	4 026 913	4 956 744
Correspondent accounts and overnight placements with banks:		
- other countries	521 254	1 418 152
- Russian Federation	223 543	83 331
Settlement accounts with trading systems	411 679	578 557
Placements with other banks with original maturities of less than three months	-	5 177 860
Total	29 632 865	26 790 493

Geographical analysis, analysis of cash and cash equivalents on the currency structure and maturity dates are disclosed in Note 27.

5 Trading securities

<i>in thousands of Russian Roubles</i>	30 June 2017 (unaudited)	31 December 2016
Corporate shares	22 471	-
Total	22 471	-

As of 30 June 2017 corporate shares are represented by shares of banks and financial institutions, Russian regional energy, metallurgical, coal, oil, gas and trading companies traded on the domestic market.

Analysis by credit quality of trading securities at 30 June 2017 is as follows:

<i>(Unaudited) in thousands of Russian Roubles</i>	Corporate shares
- Rated from BBB- to BBB+	10 146
- Rated from BB- to BB+	11 331
- Rated from B- to B+	994
Total	22 471

The ratings presented in the table above are determined in accordance with the criteria adopted by the international rating agency Standard & Poor's or equivalent ratings of the agencies Fitch and Moody's.

As of 30 June 2017 the Group does not have trading securities encumbered by a pledge under REPO transactions.

Geographical analysis, analysis of trading securities on the currency structure and maturity dates are disclosed in Note 27.

6 Other securities at fair value through profit or loss

<i>in thousands of Russian Roubles</i>	30 June 2017 (unaudited)	31 December 2016
Russian government bonds	64 698 975	12 382 781
Corporate eurobonds	14 207 534	41 949 269
Corporate bonds	8 715 029	839 014
Total	87 621 538	55 171 064

The Group irrevocably classified above mentioned securities, which are not a part of the trading portfolio, as securities at fair value through profit or loss. These securities meet the requirements for classification as carried at fair value through profit or loss due to the fact that management evaluates results from these investments based on their fair value in accordance with a documented strategy.

6 Other securities at fair value through profit or loss (continued)

Analysis by credit quality of other securities at fair value through profit or loss at 30 June 2017 is as follows:

<i>(Unaudited) in thousands of Russian Roubles</i>	Russian government bonds	Corporate eurobonds	Corporate bonds	Total
- Rated from BBB- to BBB+	64 698 975	4 321 567	4 904 668	73 925 210
- Rated from BB- to BB+	-	9 885 967	3 810 361	13 696 328
Total	64 698 975	14 207 534	8 715 029	87 621 538

Analysis by credit quality of other securities at fair value through profit or loss at 31 December 2016 is as follows:

<i>in thousands of Russian Roubles</i>	Corporate eurobonds	Russian government bonds	Corporate bonds	Total
- Rated from BBB- to BBB+	15 581 445	12 382 781	839 014	28 803 240
- Rated from BB- to BB+	26 367 824	-	-	26 367 824
Total	41 949 269	12 382 781	839 014	55 171 064

The ratings given in the table above are defined according to the criteria accepted by the international rating agency Standard & Poor's or equivalent ratings of agencies of Fitch and Moody's.

The table below shows carrying amount of other securities at fair value through profit or loss encumbered by the pledge under sale and repurchase agreements as at 30 June 2017 and 31 December 2016 (see Note 15):

<i>in thousands of Russian Roubles</i>	30 June 2017 (unaudited)	31 December 2016
Russian government bonds	63 782 871	11 885 936
Corporate eurobonds	14 207 534	41 949 269
Corporate bonds	8 715 029	839 014
Total	86 705 434	54 674 219

Geographical analysis, analysis of other securities at fair value through profit and loss on the currency structure and maturity dates are disclosed in Note 27.

7 Investment securities held to maturity

<i>in thousands of Russian Roubles</i>	30 June 2017 (unaudited)	31 December 2016
Russian government bonds	44 098 713	73 219 547
Corporate bonds	12 802 787	15 651 763
Municipal bonds	1 198 322	1 482 529
Total investment securities held to maturity before provision for impairment	58 099 822	90 353 839
Provision for impairment	(455 523)	(455 523)
Total	57 644 299	89 898 316

Analysis by credit quality of investment securities held to maturity less of provision for impairment at 30 June 2017 is as follows:

<i>(Unaudited) in thousands of Russian Roubles</i>	Russian government bonds	Corporate bonds	Municipal bonds	Total
- Rated from BBB- to BBB+	44 098 713	6 456 472	-	50 555 185
- Rated from BB- to BB+	-	5 829 155	1 198 322	7 027 477
- Not rated	-	61 637	-	61 637
Total	44 098 713	12 347 264	1 198 322	57 644 299

Analysis by credit quality of investment securities held to maturity less of provision for impairment at 31 December 2016 is as follows:

<i>in thousands of Russian Roubles</i>	Russian government bonds	Corporate bonds	Municipal bonds	Total
- Rated from BBB- to BBB+	73 219 547	8 214 368	-	81 433 915
- Rated from BB- to BB+	-	5 888 155	1 482 529	7 370 684
- Rated from B- to B+	-	1 032 080	-	1 032 080
- Not rated	-	61 637	-	61 637
Total	73 219 547	15 196 240	1 482 529	89 898 316

The ratings given in the table above are defined according to the criteria accepted by the international rating agency Standard & Poor's or equivalent ratings of agencies of Fitch and Moody's.

7 Investment securities held to maturity (continued)

Analysis by credit quality of investment securities held to maturity is as follows:

<i>in thousands of Russian Roubles</i>	30 June 2017 (unaudited)	31 December 2016
Not overdue receivables	57 582 662	89 836 679
Overdue receivables	517 160	517 160
- overdue 211-360 days	-	517 160
- overdue more than 360 days	517 160	-
Total investment securities held to maturity before provision for impairment	58 099 822	90 353 839
Provision for impairment	(455 523)	(455 523)
Total	57 644 299	89 898 316

The table below shows carrying amount of investment securities held to maturity encumbered by the pledge under sale and repurchase agreements as at 30 June 2017 and 31 December 2016 (see Note 15).

<i>in thousands of Russian Roubles</i>	30 June 2017 (unaudited)	31 December 2016
Russian government bonds	43 720 664	71 797 401
Corporate bonds	12 285 636	15 134 611
Municipal bonds	1 198 322	1 482 529
Total	57 204 622	88 414 541

Geographical analysis, analysis of investment securities held to maturity on the currency structure and maturity dates are disclosed in Note 27.

8 Due from other banks

<i>in thousands of Russian Roubles</i>	30 June 2017 (unaudited)	31 December 2016
Short-term placements with other banks with original maturities of more than three months	276 981	1 134 043
Other allocated funds	3 982 508	2 221 079
Provision for impairment	(4 580)	(4 580)
Total	4 254 909	3 350 542

At 30 June 2017 and 31 December 2016 short-term placements with other banks are represented by the current term deposits and promissory notes of other banks with face value in Russian roubles placed in the Russian Federation. Other allocated funds are represented by individual clearing collateral for operations in the currency and stock markets.

8 Due from other banks (continued)

An analysis by credit quality of due from other banks (before provision for impairment) as at 30 June 2017 is as follows:

<i>(Unaudited)</i> <i>in thousands of Russian Roubles</i>	Short-term placements with other banks with original maturities of more than three months	Other allocated funds	Total
- Rated from BBB- to BBB+	-	3 982 008	3 982 008
- Not rated	276 981	500	277 481
Total due from other banks before provision for impairment	276 981	3 982 508	4 259 489

An analysis by credit quality of due from other banks (before provision for impairment) as at 31 December 2016 is as follows:

<i>in thousands of Russian Roubles</i>	Short-term placements with other banks with original maturities of more than three months	Other allocated funds	Total
- Rated from A- to A+	871 848	-	871 848
- Rated from BBB- to BBB+	-	2 221 079	2 221 079
- Not rated	262 195	-	262 195
Total due from other banks before provision for impairment	1 134 043	2 221 079	3 355 122

The ratings given in the table above are defined according to the criteria accepted by the international rating agency Standard & Poor's or equivalent ratings of agencies of Fitch and Moody's. Due from other banks are not collateralized.

Geographical analysis, analysis of due from other banks on the currency structure and maturity dates are disclosed in Note 27.

9 Loans and advances to customers - legal entities

<i>in thousands of Russian Roubles</i>	30 June 2017 (unaudited)	31 December 2016
Loans to legal entities		
- Related parties	-	8 017 760
- Corporate loans	87 908 859	97 442 515
- Small and medium-sized businesses	2 397 223	2 775 448
- Loans of JSC “VUZ-bank”	6 529 038	7 306 067
Receivables on conversion operations	19 304 296	13 249 141
Total loans and advances to customers – legal entities before provision for impairment	116 139 416	128 790 931
Provision for impairment	(921 610)	(850 025)
Total	115 217 806	127 940 906

9 Loans and advances to customers - legal entities (continued)

The table below provides information on structure of loans and advances to customers – legal entities of JSC “VUZ-bank”:

<i>in thousands of Russian Roubles</i>	30 June 2017 (unaudited)	31 December 2016
Loans to legal entities		
- Related parties	648 250	661 989
- Corporate loans	5 536 170	6 257 375
- Small and medium-sized businesses	344 618	386 703
Total loans and advances to customers – legal entities before provision for impairment	6 529 038	7 306 067
Provision for impairment	(111 343)	(101 858)
Total	6 417 695	7 204 209

Movements in provision for impairment of loans and advances to customers – legal entities during the six-month period ended 30 June 2017 are as follows:

<i>in thousands of Russian Roubles</i>	Related parties	Corporate loans	Small and medium-sized businesses	Loans of JSC “VUZ-bank”	Total
Provision for impairment as at 1 January 2017	29 879	303 061	415 227	101 858	850 025
(Recovery of provision)/ provision (unaudited)	(29 879)	57 157	191 063	33 927	252 268
Write-offs (unaudited)	-	(7 304)	(148 937)	(24 442)	(180 683)
Provision for impairment as at 30 June 2017 (unaudited)	-	352 914	457 353	111 343	921 610

Movements in provision for impairment of loans and advances to customers – legal entities during the three-month period ended 30 June 2017 are as follows:

<i>(Unaudited) in thousands of Russian Roubles</i>	Related parties	Corporate loans	Small and medium-sized businesses	Loans of JSC “VUZ-bank”	Total
Provision for impairment as at 31 March 2017	15 328	350 895	448 616	111 812	926 651
(Recovery of provision)/ provision	(15 328)	4 801	76 157	14 540	80 170
Write-offs	-	(2 782)	(67 420)	(15 009)	(85 211)
Provision for impairment as at 30 June 2017	-	352 914	457 353	111 343	921 610

9 Loans and advances to customers - legal entities (continued)

Movements in provision for impairment of loans and advances to customers – legal entities during the six-month period ended 30 June 2016 are as follows:

<i>in thousands of Russian Roubles</i>	Related parties	Corporate loans	Small and medium- sized businesses	Loans of JSC “VUZ- bank”	Total
Provision for impairment as at 1 January 2016	36 791	608 511	1 203 776	-	1 849 078
(Recovery of provision)/ provision (unaudited)	(210)	72 276	367 145	38 954	478 165
Write-offs (unaudited)	-	(13 348)	(760 102)	-	(773 450)
Provision for impairment as at 30 June 2016 (unaudited)	36 581	667 439	810 819	38 954	1 553 793

Movements in provision for impairment of loans and advances to customers – legal entities during the three-month period ended 30 June 2016 are as follows:

<i>(Unaudited) in thousands of Russian Roubles</i>	Related parties	Corporate loans	Small and medium- sized businesses	Loans of JSC “VUZ- bank”	Total
Provision for impairment as at 31 March 2016	39 974	675 159	1 271 738	-	1 986 871
(Recovery of provision)/ provision	(3 393)	2 286	215 974	38 954	253 821
Write-offs	-	(10 006)	(676 893)	-	(686 899)
Provision for impairment as at 30 June 2016	36 581	667 439	810 819	38 954	1 553 793

The structure of loans and advances to customers - legal entities by economic sectors is as follows:

<i>in thousands of Russian Roubles</i>	30 June 2017 (unaudited)		31 December 2016 (restated)	
	Amount	%	Amount	%
Trade	56 271 276	48,5	57 006 170	44,3
Metallurgy and metals trade	19 232 705	16,6	25 618 745	19,9
Manufacturing	16 111 353	13,9	13 295 754	10,3
Loans of JSC “VUZ-bank”	6 529 038	5,6	7 306 067	5,7
Construction	6 403 652	5,5	7 958 219	6,2
Leasing	3 701 449	3,2	3 639 615	2,8
Services	1 415 910	1,2	4 616 302	3,6
Other	6 474 033	5,5	9 350 059	7,2
Total loans and advances to customers before provision for impairment	116 139 416	100,0	128 790 931	100,0

9 Loans and advances to customers - legal entities (continued)

The structure of loans and advances to customers - legal entities of JSC “VUZ-Bank” by economic sectors is as follows:

<i>in thousands of Russian Roubles</i>	30 June 2017 (unaudited)		31 December 2016 (restated)	
	Amount	%	Amount	%
Construction	1 636 141	25,1	1 946 769	26,6
Manufacturing	1 425 689	21,8	1 297 817	17,8
Trade	1 214 451	18,6	1 348 103	18,5
Metallurgy and metals trade	1 095 146	16,8	1 352 476	18,5
Services	328 735	5,0	341 524	4,7
Leasing	95 911	1,5	369 291	5,1
Other	732 965	11,2	650 087	8,8
Total loans and advances to customers before provision for impairment	6 529 038	100,0	7 306 067	100,0

Analysis by credit quality of loans and advances to customers - legal entities as at 30 June 2017 is as follows:

<i>(Unaudited) in thousands of Russian Roubles</i>	Corporate loans	Small and medium-sized businesses	Loans of JSC “VUZ-bank”	Total loans to legal entities
Loans to legal entities				
Current and individually not impaired	106 791 189	1 024 569	6 388 148	114 203 906
overdue:	421 966	1 372 654	140 890	1 935 510
- loans overdue less than 30 days	11 911	90 858	43 486	146 255
- loans overdue 31 to 90 days	89 935	50 756	7 191	147 882
- loans overdue 91 to 180 days	-	61 231	10 142	71 373
- loans overdue 181 to 360 days	33 284	125 205	63 464	221 953
- loans overdue over 360 days	286 836	1 044 604	16 607	1 348 047
Total loans to legal entities before provision for impairment	107 213 155	2 397 223	6 529 038	116 139 416
Provision for impairment	(352 914)	(457 353)	(111 343)	(921 610)
Total	106 860 241	1 939 870	6 417 695	115 217 806
Provision for impairment to gross loans, %	0,33	19,08	1,71	0,79

9 Loans and advances to customers - legal entities (continued)

Analysis by credit quality of loans and advances to customers - legal entities as at 31 December 2016 is as follows:

	Related parties	Corporate loans	Small and medium-sized businesses	Loans of JSC “VUZ-bank”	Total loans to legal entities
<i>in thousands of Russian Roubles</i>					
Loans to legal entities					
Current and individually not impaired	8 017 760	110 363 751	1 297 421	7 200 786	126 879 718
Overdue:	-	327 905	1 478 027	105 281	1 911 213
- loans overdue less than 30 days	-	6 020	98 131	96 845	200 996
- loans overdue 31 to 90 days	-	-	75 922	7 293	83 215
- loans overdue 91 to 180 days	-	30 186	90 228	798	121 212
- loans overdue 181 to 360 days	-	-	257 773	345	258 118
- loans overdue over 360 days	-	291 699	955 973	-	1 247 672
Total loans to legal entities before provision for impairment	8 017 760	110 691 656	2 775 448	7 306 067	128 790 931
Provision for impairment	(29 879)	(303 061)	(415 227)	(101 858)	(850 025)
Total	7 987 881	110 388 595	2 360 221	7 204 209	127 940 906
Provision for impairment to gross loans, %	0,37	0,27	14,96	1,39	0,66

Geographical analysis, analysis of loans and advances to customers – legal entities on the currency structure and maturity dates are disclosed in Note 27. Information on related party transactions is disclosed in Note 33.

10 Loans and advances to customers - individuals

	30 June 2017 (unaudited)	31 December 2016
<i>in thousands of Russian Roubles</i>		
Loans to individuals		
Loans to loyal customers	11 327 811	11 867 753
Loans to employees participating in payroll projects	8 244 988	7 752 383
Unsecured consumer loans	19 610 304	23 617 296
Collateralised consumer loans	3 423 887	3 552 643
Credit cards	743 636	939 026
Loans of JSC “VUZ-bank”	2 855 925	2 210 303
Total loans to individuals	46 206 551	49 939 404
Provision for impairment	(4 956 222)	(8 321 433)
Total	41 250 329	41 617 971

10 Loans and advances to customers - individuals (continued)

The structure of loans and advances to customers - individuals of JSC “VUZ-Bank” is as follows:

<i>in thousands of Russian Roubles</i>	30 June 2017 (unaudited)	31 December 2016
Loans to individuals		
Loans to loyal customers	68 113	75 680
Loans to employees participating in payroll projects	375 238	200 060
Unsecured consumer loans	1 683 409	1 253 421
Credit cards	729 165	681 142
Total loans to individuals	2 855 925	2 210 303
Provision for impairment	(400 847)	(339 726)
Total	2 455 078	1 870 577

Movements in provision for impairment of loans and advances to customers - individuals during the six-month period ended 30 June 2017 are as follows:

<i>in thousands of Russian Roubles</i>	as at 1 January 2017	Provision (unaudited)	Write-offs (unaudited)	as at 30 June 2017 (unaudited)
Loans to loyal customers	776 057	270 258	(438 203)	608 112
Loans to employees participating in payroll projects	267 996	96 548	(126 053)	238 491
Unsecured consumer loans	6 629 441	1 743 561	(4 819 580)	3 553 422
Collateralised consumer loans	134 925	(504)	(39 923)	94 498
Credit cards	173 288	45 790	(158 224)	60 854
Loans of JSC “VUZ-bank”	339 726	439 825	(378 706)	400 845
Total	8 321 433	2 595 478	(5 960 689)	4 956 222

Movements in provision for impairment of loans and advances to customers - individuals during the three-month period ended 30 June 2017 are as follows:

<i>(Unaudited) in thousands of Russian Roubles</i>	as at 31 March 2017	Provision	Write-offs	as at 30 June 2017
Loans to loyal customers	616 714	141 340	(149 942)	608 112
Loans to employees participating in payroll projects	257 629	67 375	(86 513)	238 491
Unsecured consumer loans	4 809 367	588 992	(1 844 937)	3 553 422
Collateralised consumer loans	105 508	(1 496)	(9 514)	94 498
Credit cards	92 553	15 228	(46 927)	60 854
Loans of JSC “VUZ-bank”	373 058	236 634	(208 847)	400 845
Total	6 254 829	1 048 073	(2 346 680)	4 956 222

10 Loans and advances to customers - individuals (continued)

Movements in provision for impairment of loans and advances to customers - individuals during the six-month period ended 30 June 2016 are as follows:

<i>in thousands of Russian Roubles</i>	as at 1 January 2016	Provision (unaudited)	Write-offs (unaudited)	as at 30 June 2016 (unaudited)
Loans to loyal customers	1 038 417	767 709	(945 613)	860 513
Loans to employees participating in payroll projects	298 193	150 844	(181 568)	267 469
Unsecured consumer loans	8 481 792	4 136 694	(4 384 393)	8 234 093
Collateralised consumer loans	85 110	119 976	(113 068)	92 018
Credit cards	435 069	154 767	(323 029)	266 807
Loans of JSC “VUZ-bank”	-	215 721	-	215 721
Total	10 338 581	5 545 711	(5 947 671)	9 936 621

Movements in provision for impairment of loans and advances to customers - individuals during the three-month period ended 30 June 2016 are as follows:

<i>(Unaudited) in thousands of Russian Roubles</i>	as at 31 March 2016	Provision	Write-offs	as at 30 June 2016
Loans to loyal customers	1 041 627	286 655	(467 769)	860 513
Loans to employees participating in payroll projects	318 801	45 617	(96 949)	267 469
Unsecured consumer loans	8 842 262	1 802 042	(2 410 211)	8 234 093
Collateralised consumer loans	93 898	23 167	(25 047)	92 018
Credit cards	365 656	42 655	(141 504)	266 807
Loans of JSC “VUZ-bank”	-	215 721	-	215 721
Total	10 662 244	2 415 857	(3 141 480)	9 936 621

10 Loans and advances to customers - individuals (continued)

Analysis by credit quality of loans and advances to customers - individuals as at 30 June 2017 is as follows:

<i>(Unaudited) in thousands of Russian Roubles</i>	Loans to loyal customers	Loans to employee- es participa- ting in payroll projects	Unsecured consumer loans	Collatera- lised consumer loans	Credit cards	Loans of JSC “VUZ- bank”	Total loans to individuals
Loans to individuals							
Current and not overdue:	10 163 442	7 702 488	13 284 071	3 207 898	622 185	2 250 357	37 230 441
- with credit history of less than 90 days	1 015 462	1 335 205	2 638 987	300 657	57 303	758 853	6 106 467
- with credit history of more than 90 days	9 147 980	6 367 283	10 645 084	2 907 241	564 882	1 491 504	31 123 974
Overdue:	1 164 369	542 500	6 326 233	215 989	121 451	605 568	8 976 110
- loans overdue less than 30 days	323 338	211 037	1 512 425	120 998	30 188	136 315	2 334 301
- loans overdue 31 to 90 days	190 066	79 788	1 011 059	3 136	14 229	73 619	1 371 897
- loans overdue 91 to 210 days	228 456	109 159	1 524 507	22 128	56 062	84 780	2 025 092
- loans overdue 211 to 360 days	191 741	93 807	929 560	6 114	12 626	108 444	1 342 292
- loans overdue over 360 days	230 768	48 709	1 348 682	63 613	8 346	202 410	1 902 528
Total loans to individuals before provision for impairment	11 327 811	8 244 988	19 610 304	3 423 887	743 636	2 855 925	46 206 551
Provision for impairment	(608 112)	(238 491)	(3 553 422)	(94 498)	(60 854)	(400 845)	(4 956 222)
Total	10 719 699	8 006 497	16 056 882	3 329 389	682 782	2 455 080	41 250 329
Provision for impairment to gross loans, %	5,37	2,89	18,12	2,76	8,18	14,04	10,73

10 Loans and advances to customers - individuals (continued)

Analysis by credit quality of loans and advances to customers - individuals as at 31 December 2016 is as follows:

	Loans to loyal customers	Loans to employee- es participa- ting in payroll projects	Unsecured consumer loans	Collatera- lised consumer loans	Credit cards	Loans of JSC “VUZ- bank”	Total loans to individuals
<i>in thousands of Russian Roubles</i>							
Loans to individuals							
Current and not overdue:	10 580 491	7 268 415	14 229 621	3 317 105	657 963	1 747 951	37 801 546
- with credit history of less than 90 days	373 106	298 710	1 827 357	358 360	127 992	-	2 985 525
- with credit history of more than 90 days	10 207 385	6 969 705	12 402 264	2 958 745	529 971	1 747 951	34 816 021
Overdue:	1 287 262	483 968	9 387 675	235 538	281 063	462 352	12 137 858
- loans overdue less than 30 days	262 023	156 397	1 338 100	98 821	33 648	84 049	1 973 038
- loans overdue 31 to 90 days	184 740	69 717	877 806	10 076	41 109	49 129	1 232 577
- loans overdue 91 to 210 days	343 069	100 056	3 094 390	40 136	103 454	123 272	3 804 377
- loans overdue 211 to 360 days	401 472	141 537	3 413 156	22 327	79 105	121 067	4 178 664
- loans overdue over 360 days	95 958	16 261	664 223	64 178	23 747	84 835	949 202
Total loans to individuals before provision for impairment	11 867 753	7 752 383	23 617 296	3 552 643	939 026	2 210 303	49 939 404
Provision for impairment	(776 057)	(267 996)	(6 629 441)	(134 925)	(173 288)	(339 726)	(8 321 433)
Total	11 091 696	7 484 387	16 987 855	3 417 718	765 738	1 870 577	41 617 971
Provision for impairment to gross loans, %	6,54	3,46	28,07	3,80	18,45	15,37	16,66

Geographical analysis, analysis of loans and advances to customers – individuals on the currency structure and maturity dates are disclosed in Note 27. Information on related party transactions is disclosed in Note 33.

11 Property and equipment

	Notes	Land and premises	Office and computer equipment	Construction in progress	Total
<i>in thousands of Russian Roubles</i>					
Cost or valuation as at 1 January 2016		3 944 788	3 032 660	35 380	7 012 828
Accumulated depreciation		(39 840)	(1 406 206)	-	(1 446 046)
Carrying amount as at 1 January 2016		3 904 948	1 626 454	35 380	5 566 782
Additions		639 814	220 370	2 275 212	3 135 396
Transfers		2 091	30 936	(33 027)	-
Transfer to "Investment property"	12	(5 972)	-	-	(5 972)
Disposals – cost		(10 615)	(29 673)	(589)	(40 877)
Disposals - accumulated depreciation		760	24 795	-	25 555
Depreciation charge		(81 385)	(111 610)	-	(192 995)
Carrying amount as at 30 June 2016 (unaudited)		4 449 641	1 761 272	2 276 976	8 487 889
Cost or valuation as at 30 June 2016 (Unaudited)		4 570 048	3 254 293	2 276 976	10 101 317
Accumulated depreciation (Unaudited)		(120 407)	(1 493 021)	-	(1 613 428)
Carrying amount as at 30 June 2016 (unaudited)		4 449 641	1 761 272	2 276 976	8 487 889
Cost or valuation as at 1 January 2017		4 910 257	3 286 906	2 254 464	10 451 627
Accumulated depreciation		(196 848)	(1 709 366)	-	(1 906 214)
Carrying amount as at 1 January 2017		4 713 409	1 577 540	2 254 464	8 545 413
Additions		45 954	61 951	107 937	215 842
Transfers		9 606	63 972	(73 578)	-
Transfer to "Investment property"	12	(33 258)	-	(87 466)	(120 724)
Disposals – cost		(5 553)	(109 656)	-	(115 209)
Disposals - accumulated depreciation		375	68 150	-	68 525
Depreciation charge		(76 386)	(249 217)	-	(325 603)
Carrying amount as at 30 June 2017 (unaudited)		4 654 147	1 412 740	2 201 357	8 268 244
Cost or valuation as at 30 June 2017 (Unaudited)		4 925 678	3 303 173	2 201 357	10 430 208
Accumulated depreciation (Unaudited)		(271 531)	(1 890 433)	-	(2 161 964)
Carrying amount as at 30 June 2017 (unaudited)		4 654 147	1 412 740	2 201 357	8 268 244

12 Investment property

<i>in thousands of Russian Roubles</i>	Notes	Land and premises
Cost as at 1 January 2016		6 203 069
Accumulated depreciation		(362 013)
Carrying amount as at 1 January 2016		5 841 056
Transfer from "Property and equipment"	11	5 972
Additions		352 629
Disposals – cost		(5 801 300)
Disposals - accumulated depreciation		361 414
Depreciation charge		(17 689)
Carrying amount as at 30 June 2016 (unaudited)		742 082
Cost as at 30 June 2016 (unaudited)		760 370
Accumulated depreciation (unaudited)		(18 288)
Carrying amount as at 30 June 2016 (unaudited)		742 082
Cost as at 1 January 2017		829 379
Accumulated depreciation		(23 666)
Carrying amount as at 1 January 2017		805 713
Transfer from "Property and equipment"	11	120 724
Transfer from «Assets held for sale»		34 029
Transfer to «Assets held for sale»		(16 924)
Depreciation charge		(8 486)
Carrying amount as at 30 June 2017 (unaudited)		935 056
Cost as at 30 June 2017 (unaudited)		966 862
Accumulated depreciation (unaudited)		(31 806)
Carrying amount as at 30 June 2017 (unaudited)		935 056

Disposal of investment property for the six-month period ended 30 June 2016 is concerned with sale of subsidiaries (see Note 32).

13 Receivables under commission and sale and purchase agreements of commodities and equipment

<i>in thousands of Russian Roubles</i>	30 June 2017 (unaudited)	31 December 2016
Receivables under sale and purchase agreements of commodities and equipment	890 743	2 274 621
Receivables under commission agreements	48 936	137 636
Total	939 679	2 412 257

Geographical analysis, analysis of receivables under commission and sale and purchase agreements of commodities and equipment on the currency structure and maturity dates are disclosed in Note 27.

14 Other assets

<i>in thousands of Russian Roubles</i>	30 June 2017 (unaudited)	31 December 2016
Receivables from operations with securities, precious metals and foreign currencies	4 505 172	1 359 316
Finance lease receivables	1 182 645	1 277 480
Advances to real estate developers	267 134	314 067
Credit and debit cards receivables	232 191	382 244
Settlements on cash and other operations	182 102	237 272
Investments in non-consolidated subsidiaries	124 820	124 820
Other	20	20
Total other financial assets	6 494 084	3 695 219
Prepayments for equipment acquired for financial lease	5 913 267	4 687 235
Assets held for sale	1 640 877	1 625 703
Prepayments for administrative services	1 124 087	1 288 900
Deferred tax asset	856 410	721 716
Prepaid taxes other than income tax	618 859	767 930
Current income tax asset	551 942	537 125
Prepayments for construction in progress	307 046	115 280
Intangible assets	253 670	293 106
Equipment purchased for finance lease	194 032	102 925
Goodwill	162 148	162 148
Precious metals	63 313	35 185
Deferred expenses	10 430	22 208
Other	908 762	850 781
Total other non-financial assets	12 604 843	11 210 242
Total	19 098 927	14 905 461

Geographical analysis, analysis of other assets on the currency structure and maturity dates are disclosed in Note 27.

15 Transfer of financial and non-financial assets

The financial and non-financial assets transferred without derecognition as at 30 June 2017 are shown in the table below:

<i>(Unaudited) in thousands of Russian Roubles</i>	Other securities at fair value through profit or loss	Investment securities held to maturity
Balance value of assets	86 705 434	57 204 622
Balance value of related liabilities	81 824 185	53 750 103

The financial and non-financial assets transferred without derecognition as at 31 December 2016 are shown in the table below:

<i>in thousands of Russian Roubles</i>	Other securities at fair value through profit or loss	Investment securities held to maturity
Balance value of assets	54 685 819	88 414 541
Balance value of related liabilities	50 338 158	84 014 688

15 Transfer of financial and non-financial assets (continued)

The Group carries out transactions for the sale of securities under sale agreements, with an obligation to buy back and for the purchase securities under purchase agreements with an obligation to sell them back.

The securities sold under sale and repurchase agreements are transferred to a third party and the Group receives cash in exchange. These financial assets may be repledged or resold by counterparties even in the case of absence of default by the Group, but the counterparty has an obligation to return the securities when the contract matures. The Group has determined that it retains substantially all the risks and rewards related to these securities and therefore has not derecognised them. These securities are presented as “pledged under sale and repurchase agreements” in Notes 6 and 7. The Group recognises a financial liability for cash received within due to other banks in the amount RUB 105 372 190 thousand (31 December 2016: RUB 129 200 125 thousand) and within customer accounts – legal entities in the amount RUB 30 202 098 thousand (31 December 2016: RUB 5 152 721 thousand). See Notes 16 and 17. As at 30 June 2017 financial liabilities under second part of the sale and repurchase agreements with the Bank of Russia are absent (31 December 2016: RUB 33 000 982 thousand).

These transactions are conducted under generally accepted lending terms, as well as under the requirements determined by exchanges where the Group acts as intermediary.

16 Due to other banks

<i>in thousands of Russian Roubles</i>	30 June 2017 (unaudited)	31 December 2016
Sale and repurchase agreements on securities	105 372 190	129 200 125
Short-term deposits	722 373	4 582 785
Correspondent accounts and overnight placements	39 298	1 071 144
Total	106 133 861	134 854 054

Information concerning liabilities under sale and repurchase agreements on securities is disclosed in Note 15.

Geographical analysis, analysis of due to other banks on the currency structure and maturity dates are disclosed in Note 27.

17 Customer accounts - legal entities

<i>in thousands of Russian Roubles</i>	30 June 2017 (unaudited)	31 December 2016
State and public organisations		
- Sale and repurchase agreements on securities	30 202 098	5 152 721
- Current/settlement accounts	15 808	13 018
Other legal entities		
- Term deposits	23 496 261	31 033 694
- Current/settlement accounts	15 720 599	11 639 340
Total	69 434 766	47 838 773

State and public organisations exclude government owned profit oriented businesses.

Information concerning liabilities under sale and repurchase agreements on securities is disclosed in Note 15.

Geographical analysis, analysis of customer accounts on the currency structure and maturity dates are disclosed in Note 27. The information on related party transactions is disclosed in Note 33.

18 Customer accounts - individuals

<i>in thousands of Russian Roubles</i>	30 June 2017 (unaudited)	31 December 2016
Term deposits	153 989 791	155 648 012
Current/ demand accounts	20 146 314	12 342 575
Total	174 136 105	167 990 587

Geographical analysis, analysis of customer accounts on the currency structure and maturity dates are disclosed in Note 27. The information on related party transactions is disclosed in Note 33.

19 Debt securities in issue

<i>in thousands of Russian Roubles</i>	30 June 2017 (unaudited)	31 December 2016
Deposit certificates	6 223 700	5 876 202
Loan participation notes	4 003 003	4 105 574
Promissory notes	1 775 816	2 051 573
Bonds issued on the domestic market	25 294	2 278 442
Total	12 027 813	14 311 791

The following table provides information on the bonds issued on the domestic market:

Issuer	UBRD, PJSC
Series	BO-5
Issue, thousand roubles	3 000 000
Nominal value, roubles	1 000
Date of issue	April 2013
Maturity date	April 2020
Interest rate of the first two coupons, % p.a.	11,15
Interest rate of other coupons, % p.a.	determined by the issuer
Quantity of coupon periods	14
Coupon period	182 days
Date of offer	18.10.2017

In accordance with the established dates of offers, the Group purchases bonds of the BO-05 series. As at 30 June 2017 the nominal value of the purchased bonds is RUB 2 970 378 thousand (31 December 2016: RUB 757 944 thousand).

On 27 June 2013 the Group issued loan participation notes in the amount of USD 68 million for the period of 5.5 years at a fixed interest rate of 12% p. a. The issuer is the structured entity UBRD Capital DAC. As at 30 June 2017 these loan participation notes are stated at amortised cost of RUB 4 003 003 thousand (31 December 2016: RUB 4 105 574 thousand).

Geographical analysis, analysis of debt securities in issue on the currency structure and maturity dates are disclosed in Note 27.

20 Other liabilities

<i>in thousands of Russian Roubles</i>	Notes	30 June 2017 (unaudited)	31 December 2016
Foreign currency forward contracts	30	3 672 962	2 906 621
Consideration to be paid in a business combination		269 031	269 031
Payables on mandatory insurance of deposits		211 404	181 139
Accounts payable on business transactions		185 525	24 552
Settlements for social insurance and collateral		59 447	59 965
Securities forward contracts	30	192	-
Precious metals forward contracts	30	134	-
Settlements on plastic cards		-	3 330
Other		154 351	163 667
Total other financial liabilities		4 553 046	3 608 305
Deferred tax liability		1 075 437	1 437 383
Settlements with staff		248 268	241 557
Provision under financial guarantee agreements		64 437	41 480
Taxes payable other than income tax		43 576	183 651
Current income tax liability		38 794	28 414
Advance payments under lease agreements		33 292	61 062
Other		6 911	22 166
Total other non-financial liabilities		1 510 715	2 015 713
Total		6 063 761	5 624 018

Geographical analysis, analysis of other financial liabilities on the currency structure and maturity dates are disclosed in Note 27. The information on related party transactions is disclosed in Note 33.

21 Other borrowed funds

<i>in thousands of Russian Roubles</i>	30 June 2017 (unaudited)	31 December 2016
Subordinated loans	8 609 088	8 840 507
Loan from SC DIA	1 748 354	1 844 827
Syndicated loans	785 291	1 002 223
Total	11 142 733	11 687 557

Loan from State Corporation Deposit Insurance Agency (SC DIA) is a loan granted to JSC “VUZ-Bank” in the amount of RUB 5 700 000 thousand with annual rate of 0.51% and maturity as at 16 October 2025 (see Note 32). This loan was accounted for at fair value of RUB 1 804 848 thousand with effective annual rate of 13.7%. In January 2017 the Group has made partial prepayment of this loan in the amount of RUB 193 579 thousand.

21 Other borrowed funds (continued)

The following table provides information about subordinated loans as at 30 June 2017 and 31 December 2016:

Amount of the loan in USD	25 000 000	40 000 000	30 000 000	20 000 000	30 000 000
Issue date	31.12.2014	20.06.2014	30.12.2013	28.02.2013	27.12.2012
Maturity date	31.12.2025	20.06.2025	30.12.2024	28.02.2024	27.12.2023
Lender	Xangbo Global Markets Pte Ltd	Xangbo Global Markets Pte Ltd	Xangbo Global Markets Pte Ltd	Xangbo Global Markets Pte Ltd	Xangbo Global Markets Pte Ltd
Interest rate under contract	10,25%	10,25%	8,25%	8,25%	8,25%
Carrying amount as at 30 June 2017 (in thousands of Russian Roubles)	1 477 278	2 370 322	1 772 743	1 214 708	1 774 037
Carrying amount as at 31 December 2016 (in thousands of Russian Roubles)	1 516 554	2 434 002	1 820 257	1 248 099	1 821 595

In the event of the Bank's liquidation the creditors under these subordinated loans would be the last ones entitled to receive repayment.

In April 2014 the Group attracted a syndicated loan in the amount of USD 33.8 million for 5 years. The loan was granted by AKA Export Finance Bank and Commerzbank at the contract interest rate which is a cumulative rate of six-months LIBOR and the margin equal to 2% p.a.

Geographical analysis, analysis of other borrowed funds on the currency structure and maturity dates are disclosed in Note 27.

22 Share capital, share premium and additional capital

<i>in thousands of Russian Roubles</i>	Number of outstanding shares	Ordinary shares
As at 31 December 2016	1 001 454 334	3 634 812
As at 30 June 2017 года (unaudited)	1 001 454 334	3 634 812

Share capital contributions made before 1 January 2003, are adjusted by RUB 630 449 thousand according to changes in general purchasing power of the Russian Rouble as defined by IAS 29 *Financial Reporting in Hyperinflationary Economies*.

As at 30 June 2017 and 31 December 2016 all outstanding shares were authorised, issued and fully paid in.

As at 30 June 2017 all ordinary shares have a nominal value of RUB 3 per share (31 December 2016: RUB 3 per share). Each share carries one vote.

Share premium is the amount by which the contributions to share capital exceeded the nominal value of the shares issued.

As at 30 June 2017 additional capital amounts to RUB 3 504 300 thousand (31 December 2016: RUB 3 504 300 thousand).

23 Dividends

In accordance with Russian law, the Bank distributes profits on dividends or transfers it to reserves accounts (funds) on the basis of financial statements prepared in accordance with Russian accounting rules. Funds in accordance with Russian accounting rules as at 30 June 2017 amount to RUB 11 713 837 thousand (31 December 2016: RUB 10 574 576 thousand).

24 Interest income and expense

<i>(Unaudited)</i> <i>in thousands of Russian Roubles</i>	Six-month period ended 30 June 2017	Six-month period ended 30 June 2016 (restated)	Three-month period ended 30 June 2017	Three-month period ended 30 June 2016 (restated)
Interest income				
Loans and advances to customers - legal entities	5 917 831	5 455 076	2 844 767	2 753 823
Loans and advances to customers - individuals	4 853 401	6 265 598	2 385 652	3 171 823
Investment securities held to maturity	3 259 113	1 489 040	1 409 547	805 768
Other securities at fair value through profit or loss	1 674 690	1 650 004	991 522	741 491
Receivables under commission and sale and purchase agreements of commodities and equipment	217 265	560 872	4 516	304 151
Finance lease receivables	103 066	143 532	51 204	67 513
Due from other banks	77 146	513 444	40 910	224 328
Correspondent accounts with other banks	377	333 798	327	1 934
Advances to real estate developers	-	30 852	-	24 022
Total	16 102 889	16 442 216	7 728 445	8 094 853
Interest expense				
Term deposits of individuals	6 919 274	7 409 928	3 425 112	3 718 856
Sale and repurchase agreements on securities	4 188 766	1 632 464	2 022 901	689 924
Term placements of legal entities	1 147 327	1 524 296	563 888	762 107
Debt securities in issue	715 187	731 309	339 289	337 032
Subordinated loans	391 996	584 683	195 512	234 875
Current/settlement accounts	154 136	136 535	93 626	82 550
Syndicated loans	133 414	128 350	66 565	80 309
Term placements of other banks	65 963	359 210	14 548	147 975
Correspondent accounts of other banks	7 763	2 875	2 730	515
Other borrowed funds of other banks	-	294 442	-	63 012
Total	13 723 826	12 804 092	6 724 171	6 117 155
Net interest income	2 379 063	3 638 124	1 004 274	1 977 698

25 Fee and commission income and expense

<i>(Unaudited)</i> <i>in thousands of Russian Roubles</i>	Six-month period ended 30 June 2017	Six-month period ended 30 June 2016 (restated)	Three-month period ended 30 June 2017	Three-month period ended 30 June 2016 (restated)
Fee and commission income				
Settlement transactions	911 939	669 498	528 434	402 787
Transactions with plastic cards and cheques	570 075	401 530	298 372	214 268
Client service packages	189 931	130 342	160 400	91 532
Insurance under agency agreements	177 991	150 687	119 405	97 823
Guarantees issued	108 297	110 547	49 966	51 924
Cash transactions	98 519	56 645	53 897	35 022
Access to the system of remote banking (Internet-Bank services)	26 609	24 960	17 244	14 908
Information services	20 191	18 972	12 192	11 260
Cash collection	12 783	13 198	7 694	8 140
Currency transactions	4 618	15 187	3 215	9 704
Other	16 530	14 020	9 608	7 372
Total	2 137 483	1 605 586	1 260 427	944 740
Fee and commission expense				
Transactions with plastic cards and cheques	350 021	259 114	181 895	133 729
Cash collection	50 116	34 546	26 080	21 203
Settlement transactions	42 079	41 445	25 654	25 757
Transactions with securities	22 915	15 464	13 048	5 955
Currency transactions	15 135	12 138	8 431	5 673
Trade finance transactions	4 437	12 702	2 914	10 602
Transactions with precious metals	935	1 749	249	319
Other	3 927	205	1 073	170
Total	489 565	377 363	259 344	203 408
Net fee and commission income	1 647 918	1 228 223	1 001 083	741 332

26 Segment analysis

The Group has four reportable segments, which are represented by separate business units. The business units offer different products and services, and are managed separately because they require different technology and marketing strategies. The Assets and Liabilities Management Committee reviews internal management reports on each business unit on at least a twice a month basis, analyzes and monitors the efficiency and quality of performance, and insures coordination of business units in liquidity and profit management. The following summary describes the operations in each of the reportable segments.

- Retail banking – representing private banking services, private customer current accounts, savings, deposits, investment savings products, safe custody, credit and debit cards, consumer loans and mortgages.
- Corporate banking – representing direct debit facilities, current accounts, deposits, overdrafts, loan and other credit facilities, foreign currency and derivative financial instruments.
- Financial markets – representing financial instrument trading, loans and deposits in the interbank market, dealing in foreign exchange, precious metals and derivative financial instruments.
- Global markets – representing documentary operations and operations on borrowing funds at international capital markets, such as issuing of Eurobonds and Euro commercial papers.

26 Segment analysis (continued)

Information regarding the results of each reportable segment is presented below. Segment results are evaluated based on the profits received by the segment before income tax, as they are included in internal management reports based on management accounting prepared in accordance with Russian accounting principles, with adjustments of certain articles with accordance to economic content, considered by the Assets and Liabilities Management Committee. Profit of each segment is used to measure its performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within this industry.

Information for the reportable segments as at 30 June 2017 and for the six-month period ended 30 June 2017 is set out below.

<i>(Unaudited) in thousands of Russian Roubles</i>	Retail banking	Corporate banking	Financial markets	Global markets	Total
Six-month period ended 30 June 2017					
Interest income from external operations	3 608 770	6 302 230	6 304 995	-	16 215 995
Interest expense	(6 591 982)	(1 410 729)	(4 597 151)	(465 471)	(13 065 333)
Income/(expense) from transactions with other segments	6 856 305	(4 629 750)	161 663	-	2 388 218
Fee and commission income/(expense)	1 048 694	862 867	(31 165)	(9 502)	1 870 894
Gain from transactions with securities	-	-	1 553 210	-	1 553 210
Gain from transactions with foreign currency and precious metals	42 648	25 453	642 856	-	710 957
Other operating income	15 358	1 575	-	-	16 933
Administrative and other expenses	(1 614 038)	(566 559)	(32 753)	(4 878)	(2 218 228)
Profit/(loss) before tax	3 365 755	585 087	4 001 655	(479 851)	7 472 646
30 June 2017					
Segment assets	43 307 965	134 274 571	114 951 091	4 313 003	296 846 630
Segment liabilities	165 271 887	42 020 841	111 006 485	13 527 595	331 826 808

26 Segment analysis (continued)

Information for the reportable segments as at 31 December 2016 and for the six-month period ended 30 June 2016 is set out below.

<i>in thousands of Russian Roubles</i>	Retail banking	Corporate banking	Financial markets	Global markets	Total
Six-month period ended 30 June 2016 (unaudited)					
Interest income from external operations	3 789 470	4 303 523	3 814 266	997 946	12 905 205
Interest expense	(7 121 114)	(2 111 697)	(2 286 428)	-	(11 519 239)
Income/(expense) from transactions with other segments	5 904 871	(1 357 586)	(989 135)	-	3 558 150
Fee and commission income/(expense)	951 449	627 350	(21 836)	(10 802)	1 546 161
Gain from transactions with securities	-	-	2 687 148	-	2 687 148
Gain from transactions with foreign currency and precious metals	117 550	30 485	4 224 363	-	4 372 398
Other operating income/(expense)	45 859	16 068	(299)	-	61 628
Administrative and other expenses	(1 484 484)	(562 437)	(17 921)	(6 203)	(2 071 045)
Profit before tax	2 203 601	945 706	7 410 158	980 941	11 540 406
31 December 2016					
Segment assets	48 178 919	117 645 130	114 535 762	12 106 596	292 466 407
Segment liabilities	154 334 222	44 871 243	113 706 073	15 182 690	328 094 228

In the tables above, administrative and other operating expenses are allocated between the segments based on the percentage of the number of employees attributable to each segment. Property and equipment are not allocated between segments in management accounting. Income and expenses from transactions with other segments represent income and expenses from lending and borrowing between segments and is calculated by using the transfer rate determined by management. Pricing in operations between segments is carried out on the terms of independence of the parties.

26 Segment analysis (continued)

Reconciliation of reportable segment profit or loss for the six-month periods ended 30 June 2017 and 30 June 2016 is as follows:

<i>(Unaudited)</i> <i>in thousands of Russian Roubles</i>	Six-month period ended 30 June 2017	Six-month period ended 30 June 2016
Segment profit before tax	7 472 646	11 540 406
Provision for impairment of assets per management accounting	(3 177 291)	(3 992 854)
Elimination of income on transactions with other segments	(2 388 218)	(3 558 150)
Unallocated administrative and other expenses	(1 960 457)	(1 607 519)
Other revenues	263 105	92 040
IFRS accounting policy adjustments:		
- provision for impairment of assets	851 598	(829 113)
- securities at fair value	(704 495)	(1 593 165)
- interest income on loans and advances to customers	512 434	(375 577)
- elimination of (profit)/loss from transactions with subsidiaries, structured entities and mutual funds	(341 730)	(7 564)
- changes in the fair value of assets acquired in a business combination	303 884	666 023
- profit/(loss) of subsidiaries, structured entities and mutual funds from transactions with third parties	147 933	(282 402)
- administrative and other expenses on accrual basis	136 431	(501 159)
- other borrowed funds at amortised cost	(105 794)	(104 345)
- net fee and commission income on accrual basis	(100 407)	(49 411)
- depreciation and financial result from disposal of property and equipment, investment property, intangible assets and other property	(65 933)	260 363
- securities at amortised cost	(22 705)	236 336
- assignment of loans	(4 650)	1 872 729
- other adjustments	(218 030)	92 408
Consolidated profit before tax	598 321	1 859 046

26 Segment analysis (continued)

Reconciliation of reportable segment assets and liabilities as at 30 June 2017 and 31 December 2016 is as follows:

<i>in thousands of Russian Roubles</i>	30 June 2017 (unaudited)	31 December 2016
Segment assets	296 846 630	292 466 407
Unallocated assets	62 439 661	66 574 953
Provision for impairment of assets per management accounting	(11 080 953)	(14 847 183)
Deviation of the average value of assets from balance at the end of the period	25 529 831	40 197 018
IFRS accounting policy adjustments:		
- assets of subsidiaries, structured entities and mutual funds on transactions with third parties	56 507 043	55 859 125
- elimination of balances with subsidiaries, structured entities and mutual funds	(41 157 003)	(47 819 787)
- provision for impairment of assets	2 079 407	2 036 004
- balancing of claims and liabilities on derivatives	3 638 146	2 849 986
- deferred tax asset and current income tax asset	1 254 132	75 277
- administrative and other expenses on accrual basis	(612 856)	(611 331)
- securities at fair value	577 939	1 191 476
- assets write-off against provision for impairment	(497 443)	(488 690)
- revaluation of property and equipment, depreciation of property and equipment, investment property and intangible assets	(329 075)	(640 455)
- interest income on loans and advances to customers	(247 688)	(70 077)
- goodwill	162 147	162 147
- finance lease receivables at amortised cost	(156 250)	(242 307)
- intangible assets capitalisation	47 035	83 677
- securities at amortised cost	41 109	(571 453)
- derivatives at fair value	(435)	23 681
- other adjustments	1 029 181	2 731 174
Consolidated assets	396 070 558	398 959 642
Segment liabilities	331 826 808	328 094 228
Unallocated liabilities	416 119	1 728 947
Deviation of the average value of liabilities from balance at the end of the period	27 222 558	40 131 417
IFRS accounting policy adjustments:		
- liabilities of subsidiaries, structured entities and mutual funds on transactions with third parties	21 940 548	16 781 721
- elimination of balances with subsidiaries, structured entities and mutual funds	(5 308 808)	(5 559 457)
- balancing of claims and liabilities on financial derivatives	3 638 146	2 849 986
- other borrowed funds at amortised cost	(2 956 691)	(3 053 049)
- deferred tax liability and current income tax liability	1 436 930	441 723
- administrative and other expenses on accrual basis	312 577	516 112
- derivatives at fair value	35 145	56 946
- debt securities in issue at amortised cost	8 022	(5 664)
- other adjustments	367 685	323 870
Consolidated liabilities	378 939 039	382 306 780

Adjustments on deviation of the average value of assets and liabilities from balance at the end of the period caused by analysis of average balances in management accounting for 2 quarter 2017 and for 4 quarter 2016.

26 Segment analysis (continued)

Geographical segments. The Group operates in the Russian Federation and in foreign countries. Segment information for the main geographical segments is set out below as at 30 June 2017 and 31 December 2016 and for the six-month periods ended 30 June 2017 and 30 June 2016.

<i>in thousands of Russian Roubles</i>	Russia	Other countries	Total
30 June 2017 (unaudited)			
Segment assets	199 577 975	97 268 655	296 846 630
Credit related commitments	14 794 014	-	14 794 014
Six-month period ended 30 June 2017 (unaudited)			
External revenues	15 982 602	2 121 220	18 103 822
31 December 2016			
Segment assets	184 041 856	108 424 551	292 466 407
Credit related commitments	14 276 745	12 579	14 289 324
Six-month period ended 30 June 2016 (unaudited)			
External revenues	9 844 157	4 668 837	14 512 994

In presenting of information on geographical regions the allocation of external revenues, assets and credit related commitments is based on the geographical location of counterparties. Cash on hand, precious metals, property and equipment and capital expenditure are distributed among the countries in which they are actually located.

27 Financial risk management, corporate governance and internal control

Financial risk management

Risk management is a cornerstone of the Bank's activity and is an essential element of operating activities of the Group. Risk management is carried out in relation to financial risks (credit, market, currency, other price risks, interest rate risk, geographical and liquidity risk) and non-financial (operational, legal, strategic risks, risk of loss of business reputation and regulatory risk). The specified risks are the main (significant) risks which the Group faces in the course of implementation of its activity. The system of the reporting on significant risks and the Group's equity (capital) is developed in the Group. The main purpose of financial risk management is identification of risk limits and further ensuring compliance with the set limits. Non-financial risk management has to provide appropriate compliance with internal regulations and procedures for minimisation of the specified risks.

Policies and procedures for financial risk management, corporate governance structure and internal control policies and procedures are consistent with those applied and disclosed in the consolidated financial statements of the Group for the year ended 31 December 2016.

27 Financial risk management, corporate governance and internal control (continued)

Currency risk. Management sets the limits of the level of the accepted risk in terms of currencies and on daily basis controls the compliance with them as at the end of each day and during the day. The table below summarizes the currency risk analysis as at 30 June 2017.

<i>(Unaudited) in thousands of Russian Roubles</i>	RUB	USD	Euro	Precious metals	Other	Total
Assets						
Cash and cash equivalents	28 162 966	964 653	461 226	-	44 020	29 632 865
Mandatory cash balances with the Bank of Russia	2 837 691	-	-	-	-	2 837 691
Trading securities	22 471	-	-	-	-	22 471
Other securities at fair value through profit or loss	74 970 363	12 651 175	-	-	-	87 621 538
Investment securities held to maturity	57 644 299	-	-	-	-	57 644 299
Due from other banks	1 103 448	2 870 892	280 569	-	-	4 254 909
Loans and advances to customers - legal entities	59 283 401	55 866 787	67 618	-	-	115 217 806
Loans and advances to customers - individuals	41 214 890	34 505	934	-	-	41 250 329
Receivables under commission and sale and purchase agreements of commodities and equipment	890 743	48 936	-	-	-	939 679
Other financial assets	1 985 661	4 507 867	547	-	9	6 494 084
Total monetary assets	268 115 933	76 944 815	810 894	-	44 029	345 915 671
Liabilities						
Due to other banks	92 965 261	13 121 960	46 640	-	-	106 133 861
Customer accounts - legal entities	65 833 964	2 904 666	629 695	54 626	11 815	69 434 766
Customer accounts - individuals	161 546 059	8 764 562	3 579 719	207 198	38 567	174 136 105
Debt securities in issue	7 871 954	4 122 619	33 240	-	-	12 027 813
Other borrowed funds	1 748 354	9 394 379	-	-	-	11 142 733
Other financial liabilities	879 739	11	8	-	-	879 758
Total monetary liabilities	330 845 331	38 308 197	4 289 302	261 824	50 382	373 755 036
Net position	(62 729 398)	38 636 618	(3 478 408)	(261 824)	(6 353)	(27 839 365)
Derivatives	77 082 332	(54 185 145)	1 789 743	(13 441)	(35)	24 673 454
Net position including derivatives	14 352 934	(15 548 527)	(1 688 665)	(275 265)	(6 388)	(3 165 911)

27 Financial risk management, corporate governance and internal control (continued)

The table below summarizes the currency risk analysis as at 31 December 2016:

<i>in thousands of Russian Roubles</i>	RUB	USD	Euro	Precious metals	Other	Total
Assets						
Cash and cash equivalents	22 280 081	4 080 789	379 724	-	49 899	26 790 493
Mandatory cash balances with the Bank of Russia	2 426 867	-	-	-	-	2 426 867
Other securities at fair value through profit or loss	13 532 287	41 638 777	-	-	-	55 171 064
Investment securities held to maturity	89 898 316	-	-	-	-	89 898 316
Due from other banks	2 478 694	871 848	-	-	-	3 350 542
Loans and advances to customers - legal entities	81 307 447	46 525 105	108 354	-	-	127 940 906
Loans and advances to customers - individuals	41 591 590	25 779	602	-	-	41 617 971
Receivables under commission and sale and purchase agreements of commodities and equipment	120 312	2 291 945	-	-	-	2 412 257
Other financial assets	2 470 713	1 224 211	287	-	8	3 695 219
Total monetary assets	256 106 307	96 658 454	488 967	-	49 907	353 303 635
Liabilities						
Due to other banks	95 476 064	39 110 554	267 436	-	-	134 854 054
Customer accounts - legal entities	42 342 222	5 126 594	318 125	38 681	13 151	47 838 773
Customer accounts - individuals	154 730 739	9 398 442	3 627 741	196 245	37 420	167 990 587
Debt securities in issue	10 075 888	4 227 652	8 251	-	-	14 311 791
Other borrowed funds	1 844 827	9 842 730	-	-	-	11 687 557
Other financial liabilities	699 116	2 549	19	-	-	701 684
Total monetary liabilities	305 168 856	67 708 521	4 221 572	234 926	50 571	377 384 446
Net position	(49 062 549)	28 949 933	(3 732 605)	(234 926)	(664)	(24 080 811)
Derivatives	39 301 756	(20 749 328)	3 424 517	194 269	16 804	22 188 018
Net position including derivatives	(9 760 793)	8 200 605	(308 088)	(40 657)	16 140	(1 892 793)

Derivatives in each column represent the fair value at the reporting date of the respective currency that the Group agreed to buy (positive amount) or sell (negative amount) with the counterparty. The net total represents the fair value of the currency derivatives. The above analysis includes only monetary assets and liabilities. Group considers that investments in equities and non-monetary assets are not lead to any significant currency risk.

27 Financial risk management, corporate governance and internal control (continued)

Geographical risk concentration. The analysis of geographical concentration of assets and liabilities at 30 June 2017 is set out below.

<i>(Unaudited)</i> <i>in thousands of Russian Roubles</i>	Russia	Other countries	Total
Assets			
Cash and cash equivalents	29 111 611	521 254	29 632 865
Mandatory cash balances with the Bank of Russia	2 837 691	-	2 837 691
Trading securities	22 471	-	22 471
Other securities at fair value through profit or loss	87 621 538	-	87 621 538
Investment securities held to maturity	57 644 299	-	57 644 299
Derivatives	4 084 301	24 262 443	28 346 744
Due from other banks	3 982 508	272 401	4 254 909
Loans and advances to customers - legal entities	47 549 277	67 668 529	115 217 806
Loans and advances to customers - individuals	41 247 703	2 626	41 250 329
Receivables under commission and sale and purchase agreements of commodities and equipment	890 743	48 936	939 679
Other financial assets	2 001 618	4 492 466	6 494 084
Total financial assets	276 993 760	97 268 655	374 262 415
Total non-financial assets	21 791 484	16 659	21 808 143
Total	298 785 244	97 285 314	396 070 558
Liabilities			
Due to other banks	106 021 540	112 321	106 133 861
Customer accounts - legal entities	68 989 129	445 637	69 434 766
Customer accounts - individuals	173 820 653	315 452	174 136 105
Debt securities in issue	8 024 810	4 003 003	12 027 813
Other borrowed funds	1 748 354	9 394 379	11 142 733
Other financial liabilities	961 740	3 591 306	4 553 046
Total financial liabilities	359 566 226	17 862 098	377 428 324
Total non-financial liabilities	1 510 715	-	1 510 715
Total	361 076 941	17 862 098	378 939 039
Net position	(62 291 697)	79 423 216	17 131 519
Credit related commitments	14 794 014	-	14 794 014

27 Financial risk management, corporate governance and internal control (continued)

The analysis of geographical concentration of assets and liabilities as at 31 December 2016 is set out below:

<i>in thousands of Russian Roubles</i>	Russia	Other countries	Total
Assets			
Cash and cash equivalents	25 195 711	1 594 782	26 790 493
Mandatory cash balances with the Bank of Russia	2 426 867	-	2 426 867
Other securities at fair value through profit or loss	55 171 064	-	55 171 064
Investment securities held to maturity	89 898 316	-	89 898 316
Due from other banks	2 478 694	871 848	3 350 542
Loans and advances to customers - legal entities	46 898 827	81 042 079	127 940 906
Loans and advances to customers - individuals	41 611 078	6 893	41 617 971
Derivatives	3 668 585	21 426 054	25 094 639
Receivables under commission and sale and purchase agreements of commodities and equipment	120 312	2 291 945	2 412 257
Other financial assets	2 504 269	1 190 950	3 695 219
Total financial assets	269 973 723	108 424 551	378 398 274
Total non-financial assets	15 848 249	4 713 119	20 561 368
Total	285 821 972	113 137 670	398 959 642
Liabilities			
Due to other banks	134 682 344	171 710	134 854 054
Customer accounts - legal entities	47 568 498	270 275	47 838 773
Customer accounts - individuals	167 683 208	307 379	167 990 587
Debt securities in issue	10 206 217	4 105 574	14 311 791
Other borrowed funds	1 844 827	9 842 730	11 687 557
Other financial liabilities	758 631	2 849 674	3 608 305
Total financial liabilities	362 743 725	17 547 342	380 291 067
Total non-financial liabilities	2 015 713	-	2 015 713
Total	364 759 438	17 547 342	382 306 780
Net position	(78 937 466)	95 590 328	16 652 862
Credit related commitments	14 276 745	12 579	14 289 324

Assets, liabilities and credit related commitments are classified mainly in accordance with the country of the counterparty's location. Cash on hand, precious metals, property and equipment are classified in accordance with the country of their physical location. Securities are classified in accordance with the country of the location of the actual issuer.

Liquidity risk. Liquidity risk is defined as the risk that the Group will encounter difficulty in meeting its financial obligations. The Group is exposed to the risk due to the daily need to use available cash for settlements on overnight deposits, current accounts, repayment of deposits, issuance of loans, for payments under guarantees and for settlements on derivatives which are made in cash. The Group does not accumulate cash in the event of the need for a one-time fulfillment of all the above obligations. Accumulated experience makes it possible to predict with sufficient accuracy the level of funds necessary to fulfill these obligations.

27 Financial risk management, corporate governance and internal control (continued)

The Group maintains liquidity management when the bond portfolio, composed of liquid securities of issuers which have high credit quality, is used as an instrument for regulation of cash liquidity gaps and can be converted into cash within 1 month. Therefore other securities at fair value through profit or loss not pledged under repo transactions, as at 30 June 2017 and 31 December 2016 are classified as “Demand and less than 1 month”. Other securities at fair value through profit or loss that are pledged under repurchase agreements are presented at the contractual maturity dates of these transactions because they can not be converted into cash earlier than the stated dates. The fair value of securities which are classified in category “On demand and less than 1 month” and in category “From 1 to 3 months” with maturity more than 12 months amounts to RUB 55 933 205 thousand (31 December 2016: RUB 33 198 548 thousand).

Management expects that contractual maturity dates of term deposits of individuals are not representative for analysis of liquidity position, as based on analysis of internal statistics, 80% of agreements are prolonged and based on past experience this ratio has never gone lower. Accordingly, 80% of term deposits of individuals in categories “On demand and less than 1 month”, “From 1 to 3 months”, “From 3 to 12 months” and “From 1 to 3 years” are classified in the category “Over 3 years” to present more accurately expected cash flows. However in accordance with Russian legislation, individuals can withdraw their term deposits at any time, losing in most cases the accrued interest.

The table below shows analysis of term deposits of individuals as at 30 June 2017 and 31 December 2016 on the basis of contractual maturity:

<i>in thousands of Russian Roubles</i>	30 June 2017 (unaudited)	31 December 2016
On demand and less than 1 month	11 466 226	10 455 080
From 1 to 3 months	16 021 022	13 984 334
From 3 to 12 months	51 072 354	56 193 439
From 1 to 3 years	30 045 213	30 474 232
Over 3 years	45 384 976	44 540 927
Total	153 989 791	155 648 012

The Group uses investment securities held to maturity for cash management purposes. The rules for managing the portfolio of these securities contain a mandatory requirement to include them in the Lombard List of the Bank of Russia, so the Group can mobilize cash in the amount of this portfolio through repurchase agreement operations. As at 30 June 2017 investment securities held to maturity in the amount of RUB 57 204 622 thousand (31 December 2016: RUB 88 414 541 thousand) were sold under reverse repurchase agreements, but the Group still retains substantially all the risks and rewards related to these securities, and therefore has not derecognised them (see Note 7). Management believes that the contractual dates of repurchase agreements are not informative for liquidity analysis, because after expiry of these contracts new contracts secured by securities held to maturity will be concluded. Consequently the Group considers repurchase agreements as a long-term source of funding. The expected maturities for such transactions are indicated in accordance with the maturity of the relevant securities held to maturity, which are pledges under repurchase agreements.

27 Financial risk management, corporate governance and internal control (continued)

The table below shows analysis of amounts of due to other banks as at 30 June 2017 and 31 December 2016 by contractual maturity:

<i>in thousands of Russian Roubles</i>	30 June 2017 (unaudited)	31 December 2016
On demand and less than 1 month	43 712 511	80 195 662
From 1 to 3 months	62 343 462	53 922 691
From 3 to 12 months	52 034	138 118
From 1 to 3 years	25 854	389 397
Over 3 years	-	208 186
Total	106 133 861	134 854 054

The table below shows analysis of customer accounts – legal entities as at 30 June 2017 and 31 December 2016 by contractual maturity:

<i>in thousands of Russian Roubles</i>	30 June 2017 (unaudited)	31 December 2016
On demand and less than 1 month	51 604 995	24 082 231
From 1 to 3 months	4 297 125	11 196 817
From 3 to 12 months	5 546 502	3 158 052
From 1 to 3 years	7 184 141	9 220 090
Over 3 years	802 003	181 583
Total	69 434 766	47 838 773

27 Financial risk management, corporate governance and internal control (continued)

The following table shows financial assets and liabilities by expected maturity dates as at 30 June 2017:

<i>(Unaudited) in thousands of Russian Roubles</i>	Demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 3 years	Over 3 years	Total
Assets						
Cash and cash equivalents	29 632 865	-	-	-	-	29 632 865
Mandatory cash balances with the Bank of Russia	1 671 692	174 646	209 921	559 250	222 182	2 837 691
Trading securities	22 471	-	-	-	-	22 471
Other securities at fair value through profit or loss	47 462 921	40 158 617	-	-	-	87 621 538
Investment securities held to maturity	61 637	173 424	3 893 772	19 566 068	33 949 398	57 644 299
Derivatives	6 306	2 373	6 187 499	2 497 511	19 653 055	28 346 744
Due from other banks	4 254 909	-	-	-	-	4 254 909
Loans and advances to customers - legal entities	3 379 979	22 517 419	59 392 943	11 816 742	18 110 723	115 217 806
Loans and advances to customers - individuals	1 322 456	1 275 778	6 753 639	14 183 937	17 714 519	41 250 329
Receivables under commission and sale and purchase agreements of commodities and equipment	783 763	6 268	75 161	56 313	18 174	939 679
Other financial assets	5 261 844	89 031	343 296	549 715	250 198	6 494 084
Total financial assets	93 860 843	64 397 556	76 856 231	49 229 536	89 918 249	374 262 415
Liabilities						
Due to other banks	21 570 528	41 877 801	3 622 590	12 218 741	26 844 201	106 133 861
Customer accounts - legal entities	40 904 226	4 273 374	5 136 502	13 684 142	5 436 522	69 434 766
Customer accounts - individuals	22 413 125	3 196 263	10 152 398	5 941 805	132 432 514	174 136 105
Debt securities in issue	1 644 776	1 316 618	5 341 002	3 708 165	17 252	12 027 813
Other borrowed funds	-	53 983	1 127 555	1 708 530	8 252 665	11 142 733
Other financial liabilities	1 037 095	355 930	458 409	2 029 932	671 680	4 553 046
Total financial liabilities	87 569 750	51 073 969	25 838 456	39 291 315	173 654 834	377 428 324
Net liquidity gap as at 30 June 2017	6 291 093	13 323 587	51 017 775	9 938 221	(83 736 585)	(3 165 909)
Cumulative liquidity gap as at 30 June 2017	6 291 093	19 614 680	70 632 455	80 570 676	(3 165 909)	

27 Financial risk management, corporate governance and internal control (continued)

The following table shows financial assets and liabilities by expected maturity dates as at 31 December 2016:

<i>in thousands of Russian Roubles</i>	Demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 3 years	Over 3 years	Total
Assets						
Cash and cash equivalents	26 790 493	-	-	-	-	26 790 493
Mandatory cash balances with the Bank of Russia	961 106	567 346	160 208	467 736	270 471	2 426 867
Other securities at fair value through profit or loss	44 821 264	10 349 800	-	-	-	55 171 064
Investment securities held to maturity	61 637	-	29 842 521	11 373 456	48 620 702	89 898 316
Derivatives	129 784	1 191	2 091 441	3 942 723	18 929 500	25 094 639
Due from other banks	2 221 079	-	871 848	-	257 615	3 350 542
Loans and advances to customers - legal entities	16 349 442	26 251 191	46 853 065	20 415 137	18 072 071	127 940 906
Loans and advances to customers - individuals	1 315 549	1 710 376	6 803 961	13 953 159	17 834 926	41 617 971
Receivables under commission and sale and purchase agreements of commodities and equipment	115 813	5 929	2 205 918	56 354	28 243	2 412 257
Other financial assets	2 375 857	92 564	349 230	545 012	332 556	3 695 219
Total financial assets	95 142 024	38 978 397	89 178 192	50 753 577	104 346 084	378 398 274
Liabilities						
Due to other banks	42 720 405	12 914 663	27 274 870	10 767 224	41 176 892	134 854 054
Customer accounts - legal entities	18 945 431	11 183 617	3 158 052	9 220 090	5 331 583	47 838 773
Customer accounts - individuals	14 354 484	2 788 853	11 225 775	6 024 839	133 596 636	167 990 587
Debt securities in issue	1 772 869	1 431 824	5 243 216	4 264 371	1 599 511	14 311 791
Other borrowed funds	-	249 185	1 160 392	5 770 547	4 507 433	11 687 557
Other financial liabilities	758 632	55 806	733 176	1 809 564	251 127	3 608 305
Total financial liabilities	78 551 821	28 623 948	48 795 481	37 856 635	186 463 182	380 291 067
Net liquidity gap as at 31 December 2016	16 590 203	10 354 449	40 382 711	12 896 942	(82 117 098)	(1 892 793)
Cumulative liquidity gap as at 31 December 2016	16 590 203	26 944 652	67 327 363	80 224 305	(1 892 793)	

28 Capital management

The Group's objectives when managing capital are (i) to comply with capital requirements set by the Bank of Russia, (ii) to ensure the Group's ability to function as a going concern, and (iii) to obtain return on capital on a long term basis.

The Bank of Russia establishes requirements for the level of capital and monitors their implementation by the Group.

The Group defines as capital those items defined by the legislation of Russian Federation as capital (own funds) for credit institutions. Since 1 January 2014 the Group calculates amounts of capital in accordance with the Statement of the Bank of Russia dated 28 December 2012 No.395-P *On methodology of calculation of own funds (capital) of the credit organisations (Basel III)*.

The following table shows the minimum level of capital adequacy ratio of the Group as at 30 June 2017 and 31 December 2016:

<i>percentage</i>	30 June 2017	31 December 2016
Base capital adequacy ratio N20.1	4,50	4,50
Main capital adequacy ratio N20.2	6,00	6,00
Own funds (capital) adequacy ratio N20.0	8,00	8,00

The following table shows the calculation of capital adequacy ratio of the Group based on requirements set by the Bank of Russia as at 30 June 2017 and 31 December 2016:

<i>in thousands of Russian Roubles</i>	30 June 2017 (unaudited)	31 December 2016
Base capital	15 142 245	14 662 978
Main capital	15 142 245	14 662 978
Additional capital	9 842 596	11 562 168
Own funds (capital)	24 984 841	26 225 146
Risk weighted assets for N20.1	308 655 159	331 933 464
Risk weighted assets for N20.2	308 653 232	331 929 346
Risk weighted assets for N20.0	308 492 994	331 718 129
Ratio N20.1, %	4,91	4,75
Ratio N20.2, %	4,91	4,75
Ratio N20.0, %	8,10	8,50

At 30 June 2017 and 31 December 2016 capital adequacy ratio N20.2 of the Group is below minimum level due to acquisition of JSC “VUZ-Bank” as subsidiary that is under financial rehabilitation procedure (see Notes 31 and 32). This has had a negative effect over the capital of the Group. According to the financial rehabilitation plan compliance with minimum level of main capital adequacy ratio should be in the 10th year since the plan start.

The Group maintains capital adequacy at level appropriate to the nature and volume of its operations. Mandatory ratios in accordance with the Bank of Russia requirements are calculated and controlled by the management as following: mandatory ratios of the Bank - on daily basis, mandatory ratios of the Group – on quarterly basis. The Group submits on quarterly basis data about calculation of mandatory ratios to the territorial office of the Bank of Russia in the prescribed form.

In case of values of capital adequacy ratios become close to limits set by the Bank of Russia and Group's internal policy this information is communicated to the management of the Group. As at 30 June 2017 and 31 December 2016 the capital adequacy ratios of the Group N20.1 and N20.0 are compliance with the statutory level.

29 Contingencies and commitments

Credit related commitments. The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit, which represent irrevocable assurances that the Group will make payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans. Documentary and commercial letters of credit, which are written commitments of the Group for the implementation on behalf of customers of payments within the agreed amount when certain conditions are met, are collateralised by appropriate supplies of goods or cash deposits and, accordingly, have a lower level of risk than direct lending.

Credit related commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Group is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments since most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Group monitors the term to maturity of credit related commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

Credit related commitments as at 30 June 2017 and 31 December 2016 are as follows:

<i>in thousands of Russian Roubles</i>	30 June 2017 (unaudited)	31 December 2016
Guarantees issued	8 411 629	6 904 189
Commitments to extend credit	5 262 967	6 151 480
Unused limits on overdraft loans	1 119 418	1 233 655
Total	14 794 014	14 289 324

The total contractual amount of unused credit lines, letters of credit, and guarantees does not necessarily represent future cash requirements, as the expiration or cancellation of these obligations may be possible without providing the borrower with funds.

Credit related commitments as at 30 June 2017 and 31 December are denominated in the following currencies:

<i>in thousands of Russian Roubles</i>	30 June 2017 (unaudited)	31 December 2016
Russian Roubles	14 748 292	14 205 293
Euro	24 010	23 338
USD	21 712	60 693
Total	14 794 014	14 289 324

30 Derivatives

Foreign exchange and other derivatives entered into by the Group are generally traded in the over-the-counter market with professional participants on the basis of standardized contracts. Derivatives have either potentially favourable conditions (assets) or unfavourable conditions (liabilities) as a result of fluctuations in market interest rates, foreign exchange rates or other variables related to derivatives. The total fair value of derivatives can vary significantly over time.

The fair value of accounts receivable or payable under foreign exchange forward contracts concluded by the Group as at 30 June 2017 and 31 December 2016 by currency is presented in the table below. The table includes contracts with the settlement date after the reporting date; amounts for these transactions are shown in full - before the offset of positions for each counterparty.

30 Derivatives (continued)

	30 June 2017 (unaudited)		31 December 2016	
	Contracts with positive fair value	Contracts with negative fair value	Contracts with positive fair value	Contracts with negative fair value
<i>in thousands of Russian Roubles</i>				
Foreign currency forward contracts: fair values, at the reporting date, of				
- USD receivable on settlement	1 778 872	13 803 525	-	29 133 609
- USD payable on settlement	(68 349 571)	(1 417 971)	(49 687 373)	(12 859)
- Euro receivable on settlement	1 417 485	3 477 226	3 900 773	1 610 688
- Euro payable on settlement	(1 687 483)	(1 417 485)	(2 086 944)	-
- RUB receivable on settlement	96 957 955	16 547 242	75 481 889	12 845
- RUB payable on settlement	(1 770 834)	(34 665 464)	(2 542 074)	(33 650 904)
- Other currencies receivable on settlement	-	-	16 804	-
- Other currencies payable on settlement	-	(35)	-	-
Net fair value of foreign currency forward contracts	28 346 424	(3 672 962)	25 083 075	(2 906 621)
Precious metals forward contracts: fair values, at the reporting date, of				
- USD payable on settlement	-	-	(191 339)	-
- Precious metals receivable on settlement	-	-	194 269	-
- Precious metals payable on settlement	-	(13 441)	-	-
- RUB receivable on settlement	-	13 307	-	-
Net fair value of precious metals forward contracts	-	(134)	2 930	-
Foreign currency options: fair values, at the reporting date	-	-	8 634	-

	30 June 2017 (unaudited)		31 December 2016	
	Contracts with positive fair value	Contracts with negative fair value	Contracts with positive fair value	Contracts with negative fair value
<i>in thousands of Russian Roubles</i>				
Securities forward contracts: fair values, at the reporting date, of				
- RUB receivable on settlement	259 984	21 030	-	-
- RUB payable on settlement	(259 666)	(21 222)	-	-
Net fair value of securities forward contracts	318	(192)	-	-

Geographical analysis, analysis of derivatives on the currency structure and maturity dates are disclosed in Note 27. The information on related party transactions is disclosed in Note 33.

31 Group companies

As at 30 June 2017 and 31 December 2016 the Group has the following major consolidated subsidiaries, structured entities, the reporting data of which are included in these consolidated condensed interim financial statements:

The name	Country of incorporation	Principal activity	Share, %	
			As at 30 June 2017	As at 31 December 2016
Subsidiaries				
UBRD Finance Designated Activity Company (DAC)	Ireland	issue of debt securities	100,00	100,00
JSC “VUZ-Bank”	Russian Federation	banking	99,99	99,99
Structured entities				
LLC “UBRiR-Finance”	Russian Federation	management of securities		-
LLC “UBRiR-leasing”	Russian Federation	leasing company		-
LLC “Fininvest K”	Russian Federation	ownership of property and equipment of the Group		-
LLC “Invest Techno”	Russian Federation	ownership of property and equipment of the Group		-
UBRD Capital Designated Activity Company (DAC)	Ireland	issue of debt securities		-

As at 30 June 2017 and 31 December 2016 the financial statements of CJSC “Stozhok”, LLC UK “Invest-Ural”, OUIF “Aktivnye investitsii”, OUIF “Alternativniy protsent”, OUIF “Bazovye otrasli”, OUIF “Lombardniy spisok”, OUIF “Mobilniy capital” were not included in the consolidated financial statements due to immateriality of assets and liabilities of these entities.

As at 30 June 2017 and 31 December 2016 all mutual funds are under the control of LLC UK “Invest-Ural”.

For the six-month period ended 30 June 2016 the changes in the Group structure were as following:

- As at 8 February 2016 the Group has lost its control over CUIF “Antey”, CUIF “NIKS” and CUIF “UBRR-Nedvizhimost” due to sale of investments in these companies (see Note 32);
- As at 11 February 2016 the Group has gained control over JSC “VUZ-Bank” (see Note 32). Since 1 July 2016 a new full trade name is Joint Stock Company “VUZ-Bank” (short trade name is JSC “VUZ-Bank”). Previous full trade name is Open Joint Stock Company “VUZ-Bank” (short trade name is OJSC “VUZ-Bank”). The change in name is made for compliance with the Federal law No. 99-FZ *On modification of chapter 4 part one of the Civil code of the Russian Federation and on expire of separate provisions of acts of the Russian Federation* dated 5 May 2014;
- As at 20 June 2016 CUIF “Invest-Ural Kommercheskaya nedvizhimost” was excluded from the group due to termination of activity of the company (see Note 32).

32 Business combination and disposal of subsidiaries

Business combination

Since October 2015, the Group has been involved in activities aimed at rehabilitation of JSC “VUZ-Bank” (the rehabilitated bank). Bank rehabilitation constitutes a procedure, the main purpose of which is the economic and financial recovery of a credit and financial institution (bank). Relying on the analysis of the financial position of the rehabilitated bank, the State Corporation Deposit Insurance Agency (SC DIA), together with the Bank of Russia, developed the Participation Plan of SC DIA in preventing of the bankruptcy. The Participation Plan was adopted by the Management Board of SC DIA and approved by the Banking Supervision Committee of the Bank of Russia in August 2015.

On 11 February 2016, in connection with the implementation of all planned activities, the Bank of Russia decided to cease the activities of the temporary administration. Therefore, the Group acquired control over the rehabilitated bank on 11 February 2016. The General Meeting of Shareholders of the rehabilitated bank, held on the same day, had approved the structure of the new Board of Directors, which further formed the Management Board of JSC “VUZ-Bank”.

32 Business combination and disposal of subsidiaries (continued)

The fair value of the aggregate transferred consideration and its components at the acquisition date is as follows:

in thousands of Russian Roubles

Cash paid	10 000
------------------	---------------

The information on fair values of assets and liabilities recognized at the acquisition date is as following:

in thousands of Russian Roubles

	11 February 2016
Cash and cash equivalents	939 096
Mandatory cash balances with the Bank of Russia	88 817
Due from other banks	11 473 527
Loans and advances to customers – legal entities	9 755 293
Loans and advances to customers – individuals	1 974 296
Property and equipment	122 706
Other assets	2 022 676
Total assets	26 376 411
Due to other banks	15 126 894
Customer accounts - legal entities	972 602
Customer accounts - individuals	8 298 441
Debt securities in issue	9 030
Other liabilities	154 621
Other borrowed funds	1 804 848
Total liabilities	26 366 436
Total fair value of identifiable net assets	9 975

Calculation of the goodwill at the acquisition date is as following:

in thousands of Russian Roubles

	11 February 2016
Fair value of the aggregate transferred consideration	10 000
Fair value of identifiable net assets	9 975
Goodwill from acquisition	25

in thousands of Russian Roubles

	11 February 2016
Fair value of the aggregate transferred consideration	(10 000)
Less cash and cash equivalents in acquired subsidiary	939 096
Proceeds from acquisition of subsidiary (included in cash flows from investing activities)	929 096

32 Business combination and disposal of subsidiaries (continued)

Contract value of due from other banks before provision for impairment is RUB 15 806 133 thousand. The best estimation of the amount of contractual cash flows, that are not expected to be received at the date of acquisition, is RUB 4 332 606 thousand.

Contract value of loans and advances to customers before provision for impairment is RUB 14 356 389 thousand. The best estimation of the amount of contractual cash flows, that are not expected to be received at the date of acquisition, is RUB 2 626 800 thousand.

Disposal of subsidiaries

As at 8 February 2016 the Group has lost its control over CUIF "Antey", CUIF "NIKS" and CUIF "UBRR-Nedvizhimost" due to sale of investments in these companies.

The information on assets and liabilities of subsidiaries at the date of disposal is as following:

<i>in thousands of Russian Roubles</i>	8 February 2016
Cash and cash equivalents	115 063
Investment property	5 439 765
Other assets	36 690
Total assets	5 591 518
Other liabilities	91 914
Total liabilities	91 914
Total net assets	5 499 604

The table below shows the aggregate consideration received on sale:

<i>in thousands of Russian Roubles</i>	Fair value
Cash received	6 261 944
Less cash and cash equivalents in disposed subsidiaries	(115 063)
Proceeds from disposal of subsidiaries (included in cash flows from investing activities)	6 146 881

Profit of the Group on sale of subsidiaries, that is included in the consolidated condensed interim statement of profit or loss for the six-month period ended 30 June 2016, is RUB 762 340 thousand.

33 Related party transactions

Parties are generally considered to be related if the parties are under common control or one party has the ability to control the other party or can 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.

At 30 June 2017 the balances with related parties are as follows:

<i>(Unaudited)</i> <i>in thousands of Russian Roubles</i>	Shareholders	Companies under common control	Other related parties
Gross amount of loans and advances to customers (contractual interest rates: 5.4%-18%)	256 749	648 250	30 858
Provision for impairment of loans and advances to customers	(4 967)	(279)	(597)
Other assets	-	1 120	201
Customer accounts (contractual interest rates: 0%-13%)	196 277	1 710 213	47 973
Other liabilities	-	-	5

The income and expense with related parties for the six-month period ended 30 June 2017 are as follows:

<i>(Unaudited)</i> <i>in thousands of Russian Roubles</i>	Shareholders	Companies under common control	Other related parties
Interest income	10 529	268 201	1 381
Interest expense	(9 601)	(116 849)	(779)
Fee and commission income	124	2 486	43
Fee and commission expense	(140)	-	(101)
Gain from trading in foreign currencies	-	33 712	-
Other operating income/ (expense)	(15)	1 371	(139)

The income and expense with related parties for the three-month period ended 30 June 2017 are as follows:

<i>(Unaudited)</i> <i>in thousands of Russian Roubles</i>	Shareholders	Companies under common control	Other related parties
Interest income	5 499	117 396	713
Interest expense	(4 494)	(83 958)	(448)
Fee and commission income	65	1 126	20
Fee and commission expense	(74)	-	(53)
Loss from trading in foreign currencies	-	(29 248)	-
Other operating income/ (expense)	1	576	(87)

At 30 June 2017 the other commitments with related parties are as follows :

<i>(Unaudited)</i> <i>of Russian Roubles</i>	<i>in thousands</i>	Shareholders	Companies under common control	Other related parties
Guarantees issued by the Group		-	55 897	-

33 Related party transactions (continued)

At 31 December 2016 the balances with related parties are as follows:

	Shareholders	Companies under common control	Other related parties
<i>in thousands of Russian Roubles</i>			
Gross amount of loans and advances to customers (contractual interest rates: 5.4%-18%)	278 915	8 679 749	28 590
Provision for impairment of loans and advances to customers	(2 210)	(30 194)	(226)
Other assets	-	-	1 050
Customer accounts (contractual interest rates: 0%-13%)	200 799	3 450 444	33 975
Other liabilities	-	-	10

The income and expense with related parties for the six-month period ended 30 June 2016 are as follows:

	Shareholders	Companies under common control	Other related parties
<i>(Unaudited)</i> <i>in thousands of Russian Roubles</i>			
Interest income	10 235	627 308	1 255
Interest expense	(12 338)	(106 459)	(1 961)
Fee and commission income	67	2 909	68
Fee and commission expense	(403)	-	(115)
Gain from trading in foreign currencies	-	42 283	-
Other operating income/ (expense)	1 011	117 935	(187)

The income and expense with related parties for the three-month period ended 30 June 2016 are as follows:

	Shareholders	Companies under common control	Other related parties
<i>(Unaudited)</i> <i>in thousands of Russian Roubles</i>			
Interest income	5 096	287 293	622
Interest expense	(7 217)	(60 500)	(872)
Fee and commission income	24	1 499	37
Fee and commission expense	(118)	-	(50)
Gain from trading in foreign currencies	-	2 469	-
Other operating income/ (expense)	12	68 831	(63)

At 31 December 2016 the other commitments with related parties are as follows :

	Shareholders	Companies under common control	Other related parties
<i>in thousands of Russian Roubles</i>			
Guarantees issued by the Group	-	99 675	-

Other related parties are represented by seven members of the Management Board and by five members of the Board of Directors of the Bank. In the six-month period ended 30 June 2017 the remuneration of management including salaries, bonuses on the results of work and other short-term benefits is RUB 47 442 thousand (the six-month period ended 30 June 2016: RUB 43 806 thousand). Social security costs for the six-month period ended 30 June 2017 is RUB 8 151 thousand (the six-month period ended 30 June 2016: RUB 7 495 thousand) of the total remuneration of Group's management.

33 Related party transactions (continued)

In the three-month period ended 30 June 2017 the remuneration of management including salaries, bonuses on the results of work and other short-term benefits is RUB 24 728 thousand (the three-month period ended 30 June 2016: RUB 22 285 thousand). Social security costs for the three-month period ended 30 June 2017 is RUB 3 786 thousand (the three-month period ended 30 June 2016: RUB 3 410 thousand) of the total remuneration of Group's management.

34 Events after reporting date

In July 2017 the Group made the early repayment of the loan, provided by the State Corporation Deposit Insurance Agency, in the amount of RUB 280 689 thousand.

Solovyev A.U.
President



Sirazov M.R.
Chief Accountant