

AO UniCredit Bank

Condensed Interim Consolidated
Financial Statements
for the Three-Month Period Ended
31 March 2019 (unaudited)

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Statement of Management's Responsibilities for the Preparation and Approval of the Condensed Interim Consolidated Financial Statements for the Three-Month Period Ended 31 March 2019

Management of AO UniCredit Bank is responsible for the preparation of the condensed interim consolidated financial statements that present fairly the financial position of AO UniCredit Bank, its subsidiary and associate (collectively – the "Group") as at 31 March 2019, and the related condensed interim consolidated statements of comprehensive income, changes in equity and cash flows for the three-month period then ended and a summary of significant accounting policies and selected notes to the condensed interim consolidated financial statements (the "condensed interim consolidated financial statements") in compliance with International Accounting Standard ("IAS") 34 Interim Financial Reporting ("IAS 34").


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


- Properly selecting and applying accounting policies;
- Presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Providing additional disclosures when compliance with the specific requirements in IAS 34 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's consolidated financial position and financial performance; and
- Making an assessment of the Group's ability to continue as a going concern.

Management is also responsible for:

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

The condensed interim consolidated financial statements for the three-month period ended 31 March 2019 were approved by the Board of Management of AO UniCredit Bank on 7 May 2019.


N. Bakanova
Acting Chairman of the Board of Management


V. Starovoytov
Acting Chief Accountant

7 May 2019
Moscow



REPORT ON REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

Introduction


We have reviewed the accompanying condensed interim consolidated statement of financial position of AO UniCredit Bank and its subsidiary and associate (collectively – the “Group”) as of 31 March 2019 and the related condensed interim consolidated statements of comprehensive income, changes in equity and cash flows for the three months period then ended, and a summary of significant accounting policies and selected explanatory notes. Management is responsible for the preparation and presentation of these condensed interim consolidated financial statements in accordance with International Accounting Standard (“IAS”) 34, *Interim Financial Reporting*. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of condensed interim consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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


Sergei Neklyudov
Engagement partner

15 May 2019



The Entity: AO UniCredit Bank

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

Primary State Registration Number: 1027739082106

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

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

Audit Firm: AO "Deloitte & Touche CIS"

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

Primary State Registration Number: 1027700425444

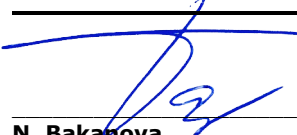
Certificate of registration in the Unified State Register № 77 004840299 of 13.11.2002, issued by Moscow Interdistrict Inspectorate of the Russian Ministry of Taxation № 39.

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

AO UniCredit Bank

Condensed Interim Consolidated Statement of Financial Position as at 31 March 2019 (in thousands of Russian Rubles)

	Notes	31 March 2019 (unaudited)	31 December 2018
ASSETS			
Cash and cash balances	5	59 849 204	15 538 848
Debt securities held for trading	6		
- held by the Group		9 944 568	5 309 437
- pledged under repurchase agreements		2 901 760	-
Derivative financial assets	8	31 616 322	36 868 281
Derivative financial assets designated for hedging	8	8 243 945	6 788 150
Changes in fair value of portfolio hedged items		1 543 956	(1 388 458)
Financial assets at amortized cost			
- Amounts due from credit institutions	7	355 469 253	359 588 990
- Loans to customers	9	800 942 121	863 150 705
Financial assets at fair value through other comprehensive income	10		
- held by the Group		113 327 227	46 258 756
- pledged under repurchase agreements		30 339 311	937 601
Investments in associate	11	7 143 872	6 912 137
Fixed assets		7 441 144	5 450 004
Intangible assets		7 474 227	7 331 783
Deferred income tax assets		1 402 248	1 836 648
Current income tax assets		244 410	207 457
Other assets		8 513 014	7 825 207
TOTAL ASSETS		1 446 396 582	1 362 615 546
LIABILITIES			
Amounts due to credit institutions	13	159 076 474	87 970 079
Amounts due to customers	14	1 030 902 631	1 015 640 868
Debt securities issued	15	46 514	47 553
Financial liabilities held for trading	7	3 840 476	3 427 071
Derivative financial liabilities	8	19 025 969	23 652 339
Derivative financial liabilities designated for hedging	8	14 911 112	20 324 175
Changes in fair value of portfolio hedged items		2 009 449	245 169
Current income tax liabilities		-	140 808
Other liabilities		16 823 792	15 405 180
TOTAL LIABILITIES		1 246 636 417	1 166 853 242
EQUITY			
Share capital		41 787 806	41 787 806
Share premium		437 281	437 281
Cash flow hedge reserve		(322 700)	146 889
Revaluation reserve for financial assets at fair value through other comprehensive income		(897 968)	(2 092 519)
Foreign currency translation reserve		(97 667)	(98 835)
Retained earnings		158 853 413	155 581 682
TOTAL EQUITY		199 760 165	195 762 304
TOTAL LIABILITIES AND EQUITY		1 446 396 582	1 362 615 546


N. Bakanova
Acting Chairman of the Board of Management

7 May 2019
Moscow




V. Starovoytov
Acting Chief Accountant

The accompanying selected notes on pages 8 to 34 are an integral part of these condensed interim consolidated financial statements.

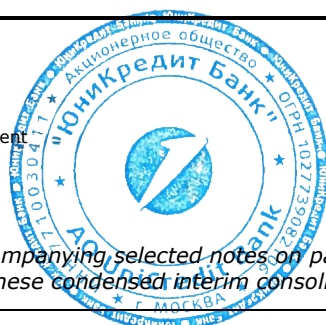
AO UniCredit Bank

Condensed Interim Consolidated Statement of Comprehensive Income for the Three-Month Period Ended 31 March 2019 (in thousands of Russian Rubles)

	Notes	Three-month period ended 31 March	
		2019 (unaudited)	2018 (unaudited)
Interest income and similar revenues		29 649 630	25 901 954
Interest expense and similar charges		(19 133 878)	(15 490 504)
Net interest income		10 515 752	10 411 450
Fee and commission income		2 849 093	2 665 715
Fee and commission expense		(720 035)	(741 864)
Net fee and commission income		2 129 058	1 923 851
(Losses)/gains on financial assets and liabilities held for trading	17	(661 641)	133 003
Fair value adjustments in portfolio hedge accounting		20 038	22 213
Gains on disposal of:			
- financial assets at amortized cost		92 740	76 649
- financial assets at fair value through other comprehensive income		119 926	1 634 056
OPERATING INCOME		12 215 873	14 201 222
(Impairment)/recovery of impairment on:			
- financial assets at fair value through other comprehensive income		(113 738)	(85 416)
- financial assets at amortized costs	7,9	(4 238 019)	(3 120 473)
- other financial transactions	16	536 458	1 330 874
NET INCOME FROM FINANCIAL ACTIVITIES		8 400 574	12 326 207
Personnel expenses		(2 519 470)	(2 380 864)
Other administrative expenses		(1 584 648)	(1 597 136)
Depreciation of fixed assets		(150 563)	(189 377)
Depreciation of rights of use		(169 911)	-
Impairment of fixed assets		(15 065)	-
Amortization of intangible assets		(478 848)	(420 669)
Other provisions		369 354	(19 461)
Other operating (expenses)/income		(13 886)	4 981
Operating costs		(4 563 037)	(4 602 526)
Share of gains in associate	11	230 550	96 843
Gains on disposal of fixed assets		-	375
PROFIT BEFORE INCOME TAX EXPENSE		4 068 087	7 820 899
Income tax expense	12	(796 356)	(1 599 429)
PROFIT FOR THE PERIOD		3 271 731	6 221 470
OTHER COMPREHENSIVE INCOME/(LOSSES)			
Items that may be reclassified subsequently to profit or loss			
Cash flow hedge reserve – effective portion of changes in fair value, net of tax:			
- fair value changes		(478 706)	200 919
- reclassification adjustment relating to financial assets and liabilities designated for hedging disposed of in the period		9 117	5 874
Revaluation reserve for financial assets at fair value through other comprehensive income, net of tax:			
- fair value changes		1 050 015	(410 398)
- reclassification adjustment relating to financial assets at fair value through other comprehensive income disposed of in the period		144 536	(867 592)
Foreign currency translation reserve		1 168	(46 900)
Other comprehensive income/(loss) for the period, net of tax	12	726 130	(1 118 097)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		3 997 861	5 103 373


N. Bakanova
Acting Chairman of the Board of Management

7 May 2019
Moscow



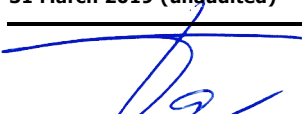

V. Starovoytov
Acting Chief Accountant

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AO UniCredit Bank

Condensed Interim Consolidated Statement of Changes in Equity for the Three-Month Period Ended 31 March 2019 (in thousands of Russian Rubles)

	Share capital	Share premium	Cash flow hedge reserve	Revaluation reserve for financial assets at fair value through other comprehensive income	Foreign currency translation reserve	Retained earnings	Total equity
31 December 2017	41 787 806	437 281	(268 860)	226 583	-	158 050 599	200 233 409
Effect of change in accounting policy due to IFRS 9 adoption	-	-	-	1 089 853	-	(12 313 369)	(11 223 516)
1 January 2018	41 787 806	437 281	(268 860)	1 316 436	-	145 737 230	189 009 893
Total comprehensive income							
Profit for the period (unaudited)	-	-	-	-	-	6 221 470	6 221 470
Other comprehensive income							
Change in cash flow hedge reserve, net of tax (unaudited)	-	-	206 793	-	-	-	206 793
Change in revaluation reserve for available-for-sale securities, net of tax (unaudited)	-	-	-	(1 277 990)	-	-	(1 277 990)
Change in foreign currency translation reserve (unaudited)	-	-	-	-	(46 900)	-	(46 900)
Total other comprehensive income/(loss) (unaudited)	-	-	206 793	(1 277 990)	(46 900)	-	(1 118 097)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD (unaudited)	-	-	206 793	(1 277 990)	(46 900)	6 221 470	5 103 373
Gain on disposal of equity investments at fair value through other comprehensive income (unaudited)	-	-	-	-	-	75	75
31 March 2018 (unaudited)	41 787 806	437 281	(62 067)	38 446	(46 900)	151 958 775	194 113 341
1 January 2019	41 787 806	437 281	146 889	(2 092 519)	(98 835)	155 581 682	195 762 304
Total comprehensive income							
Profit for the period (unaudited)	-	-	-	-	-	3 271 731	3 271 731
Other comprehensive income							
Change in cash flow hedge reserve, net of tax (unaudited)	-	-	(469 589)	-	-	-	(469 589)
Change in revaluation reserve financial assets at fair value through other comprehensive income, net of tax (unaudited)	-	-	-	1 194 551	-	-	1 194 551
Change in foreign currency translation reserve (unaudited)	-	-	-	-	1 168	-	1 168
Total other comprehensive income/(loss) (unaudited)	-	-	(469 589)	1 194 551	1 168	-	726 130
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD (unaudited)	-	-	(469 589)	1 194 551	1 168	3 271 731	3 997 861
31 March 2019 (unaudited)	41 787 806	437 281	(322 700)	(897 968)	(97 667)	158 853 413	199 760 165


N. Bakanova
Acting Chairman of the Board of Management

7 May 2019
Moscow



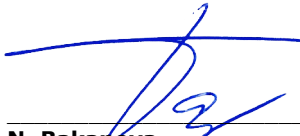

V. Starovoytov
Acting Chief Accountant

The accompanying selected notes on pages 8 to 34 are an integral part of these condensed interim consolidated financial statements.

AO UniCredit Bank

Condensed Interim Consolidated Statement of Cash Flows for the Three-Month Period Ended 31 March 2019 (in thousands of Russian Rubles)

	Note	Three-month period ended 31 March 2019 (unaudited)	Three-month period ended 31 March 2018 (unaudited)
Cash flows from operating activities before changes in operating assets and liabilities		9 491 297	9 873 712
Net cash from operating activities before income tax		142 068 342	19 534 262
Corporate income tax paid		(720 954)	(1 890 479)
Net cash flows from operating activities		141 347 388	17 643 783
Cash flows from investing activities			
Purchase of associate	11	-	(6 033 031)
Purchase of financial assets at fair value through other comprehensive income		(150 125 184)	(97 199 692)
Proceeds from redemption and sale of financial assets at fair value through other comprehensive income		54 556 893	100 753 215
Proceeds from sale of fixed and intangible assets		224	411
Purchase of fixed and intangible assets		(827 918)	(797 338)
Net cash flows used in investing activities		(96 395 985)	(3 276 435)
Cash flows from financing activities			
Cash outflow for lease liabilities		(212 174)	-
Net cash flows used in financing activities		(212 174)	-
Effect of exchange rates changes on cash and cash balances		(428 873)	(63 762)
Net increase in cash and cash balances		44 310 356	14 303 586
Cash and cash balances, beginning	5	15 538 848	30 202 650
Cash and cash balances, ending	5	59 849 204	44 506 236


N. Bakanova
Acting Chairman of the Board of Management

7 May 2019
Moscow




V. Starovoytov
Acting Chief Accountant

The accompanying selected notes on pages 8 to 34 are an integral part
of these condensed interim consolidated financial statements.

AO UniCredit Bank

Selected Notes to Condensed Interim Consolidated Financial Statements for the Three-Month Period Ended 31 March 2019 (in thousands of Russian Roubles)

1. Principal activities

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

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

As at 1 March 2018, as a result of the transaction between the Group and its sole shareholder UniCredit S.p.A., the Group acquired 40% of capital in BARN B.V. (the Netherlands), that is the sole shareholder of AO “RN Bank” (Russian Federation) since 2013. The remaining 60% in the authorized capital of BARN B.V. belongs to RN SF Holding B.V. (the Netherlands), which is a joint venture with equal participation (50%-50%) of RSI Bank S.A. and Nissan Motor Co., Ltd (see Note 11 for details).

As at 31 March 2019 the Group comprises the Bank, the leading operating entity of the Group, LLC UniCredit Leasing, a leasing company as its subsidiary, and holding company BARN B.V. as its associate. LLC UniCredit Leasing owns 100% of the shares in LLC UniCredit Garant. LLC UniCredit Leasing operates in the financial leasing industry on the local market, LLC UniCredit Garant provides auxiliary activities in financial services and insurance. BARN B.V. is the holding company based in the Netherlands. As at 31 March 2019 the sole shareholder of the Group is UniCredit S.p.A.

As at 31 March 2019 and 31 December 2018 the Bank had 13 branches and 10 representative offices throughout the Russian Federation and one representative office in the Republic of Belarus.

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

The primary activities of the Group are deposit taking, lending, providing payments and settlement services, transactions with foreign currencies and securities, providing finance leases and auxiliary activities in financial services and insurance. The Group operates in industries where significant seasonal or cyclical variations in operating income are not experienced during the financial year. However, since the results of the Group’s operations closely relate to and depend on changing market conditions, the results of the Group’s operations for the interim period are not necessarily indicative of the results for the year ending 31 December 2019.

2. Basis of preparation

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

The condensed interim consolidated financial statements are unaudited and do not include all the information and disclosures required in the annual financial statements. The Group omitted disclosures which would substantially duplicate the information contained in its audited annual consolidated financial statements for 2018 prepared in accordance with International Financial Reporting Standards (hereinafter – “IFRS”), such as accounting policies and details of accounts which have not changed significantly in amount or composition. Additionally, the Group has provided disclosures where significant events have occurred subsequent to the issuance of the Group’s annual consolidated financial statements for 2018 prepared in accordance with IFRS. The management believes that the disclosures in these condensed interim consolidated financial statements are adequate to make the information presented not misleading if these financial statements are read in conjunction with the Group’s annual consolidated financial statements for 2018 prepared in accordance with IFRS. In the opinion of the management, these financial statements reflect all adjustments necessary to present fairly the Group’s financial position, results of operations, statements of changes in shareholders’ equity and cash flows for the interim reporting periods.

AO UniCredit Bank

Selected Notes to Condensed Interim Consolidated Financial Statements for the Three-Month Period Ended 31 March 2019 (continued) (in thousands of Russian Rubles)

2. Basis of preparation (continued)

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

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

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

	31 March 2019	31 December 2018
RUB/1 US Dollar	64.7347	69.4706
RUB/1 Euro	72.7230	79.4605

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

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

In preparing these condensed interim consolidated financial statements the significant judgements made by the management in applying accounting policies and the key sources of estimation uncertainty are the same as those that applied to the consolidated financial statements for the year ended 31 December 2018.

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

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

AO UniCredit Bank

Selected Notes to Condensed Interim Consolidated Financial Statements for the Three-Month Period Ended 31 March 2019 (continued) (in thousands of Russian Rubles)

3. Significant accounting policies

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

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

New or amended standard or interpretation	Effective date - for annual periods beginning on or after
IFRS 17 <i>Insurance Contracts</i>	1 January 2021
Amendments to IFRS 10 and IAS 28 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Date to be determined by the IASB
Amendments to IFRS 3 <i>Definition of business</i>	1 January 2020
Amendments to IAS 1 and IAS 8 <i>Definition to Material</i>	1 January 2020

The same accounting policies, presentation and methods of computation have been followed in these condensed interim consolidated financial statements as were applied in the preparation of the Group's financial statements for the year ended 31 December 2018 except for standards or interpretations became effective starting 1 January 2019 as described below:

- IFRS 16 *Leases*
- Amendments to IFRS 9 *Prepayment Features with Negative Compensation*
- Amendments to IAS 28 *Long-term interests in Associates and Joint Ventures*
- Annual Improvements to IFRS Standards 2015-2017 Cycle *Amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs*
- Amendments to IAS 19 *Employee Benefits Plan Amendment Curtailment or Settlement*
- IFRIC 23 *Uncertainty over Income Tax Treatments*

These standards or interpretations were considered by the management of the Group but have not material impact on the Group's condensed interim consolidated financial statements except for IFRS 16 *Leases* as described below.

Transition to IFRS 16. As of 1 January 2019, the Group has adopted the accounting standard IFRS 16 *Leases*.

IFRS 16, effective starting from 1 January 2019 modifies the set of international accounting principles and interpretations on leases, in particular, IAS 17. IFRS 16 introduces a new definition for leases and confirms the distinction between two types of leases (operating and finance) with reference to the accounting treatment to be applied by the lessor.

With reference to the accounting treatment to be applied by the lessee, the new accounting standard sets, for all the leasing typologies, the recognition of right of use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of the future lease payments.

At the initial recognition such asset is measured on the basis of the lease contract cash flows. After the initial recognition the right of use is measured on the basis of the rules set for the assets by IAS 16, IAS 38 or by IAS 40 and therefore applying the cost model, less any accumulated depreciation and any accumulated impairment losses.

The Group has decided, as allowed by the standard, not to apply IFRS 16 provisions to:

- leases of intangible assets;
- short term leases, lower than 12 months; and
- low value assets leases.

AO UniCredit Bank

Selected Notes to Condensed Interim Consolidated Financial Statements for the Three-Month Period Ended 31 March 2019 (continued) (in thousands of Russian Rubles)

3. Significant accounting policies (continued)

In order to calculate the lease liability and the related right-of-use asset, the Group proceeds with discounting the future lease payments at a proper discount rate. In this respect, future lease payments to discount are determined based on contractual provisions and net of VAT, when applicable.

To perform the mentioned calculation lease payments have to be discounted at the interest rate implicit in the contract or, if it is not available, at the incremental borrowing rate. The latter is determined on the basis of the cost of funding for liabilities of similar duration and similar security of those implicit in the lease contract.

In determining the lease term it is necessary to consider the non-cancellable period, established in the contract, in which the lessee is entitled to use the underlying asset taking also into account potential renewal options if the lessee is reasonably certain to renew. In particular, with regard to those contracts that allows the lessee to tacitly renew the lease contract after a first set of years, the lease term is determined taking into account factors such as the length of the first period, the existence of dismissal plans for the asset leased and any other circumstance indicating the reasonably certainty of the renewal.

The Group has decided not to restate comparatives and has chosen, for First Time Adoption purposes, to put the value of right of use equal to the lease liability except for advance payments which are additionally included in the carrying amount of right of use. At the First Time Adoption of IFRS 16 right of use were RUB 2 184 161 thousand, lease liabilities – RUB 2 098 882 thousand.

As of 31 March 2019 right of use accounted for as fixed assets are RUB 2 014 250 thousand. Lease liabilities accounted for as amounts due to customers are RUB 1 929 371 thousand.

Change in presentation. Starting from 1 January 2019, the Group has decided to present contractual interest accrued for Stage 3 loans gross with simultaneous provisioning of this contractual interest. The details of this change and effect on disclosure in the consolidated financial statements are presented as follows:

	As previously reported	Effect of reclassifications	As adjusted
Consolidated statement of financial position as at 31 December 2018			
Gross loans to customers (Note 9)	919 329 207	4 558 336	923 887 543
Impairment loss allowance (Note 9)	(56 178 502)	(4 558 336)	(60 736 838)
Loans to customers (Note 9)	863 150 705	-	863 150 705

AO UniCredit Bank

Selected Notes to Condensed Interim Consolidated Financial Statements for the Three-Month Period Ended 31 March 2019 (continued) (in thousands of Russian Rubles)

4. Operating segments

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

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

Retail banking comprises banking services to private individuals and Small and Medium Entities (hereinafter – “SME”), credit and debit card services, retail sight and term deposit services, lending to SME and retail lending (consumer loans, car loans and mortgages).

Leasing – represents the leasing activities of the Group.

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

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

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

Segment breakdown of assets and liabilities is set out below:

	31 March 2019 (unaudited)	31 December 2018
Assets		
CIB	1 145 787 386	1 096 420 095
Retail banking	151 550 456	146 328 653
Leasing	27 299 234	27 526 767
Other	121 759 506	92 340 031
Total assets	1 446 396 582	1 362 615 546
Liabilities		
CIB	910 417 620	821 870 005
Retail banking	289 889 336	299 824 819
Leasing	22 764 670	23 207 443
Other	23 564 791	21 950 975
Total liabilities	1 246 636 417	1 166 853 242

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Selected Notes to Condensed Interim Consolidated Financial Statements for the Three-Month Period Ended 31 March 2019 (continued) (in thousands of Russian Rubles)

4. Operating segments (continued)

Segment information for the operating segments for the three-month period ended 31 March 2019 is set out below (unaudited):

	CIB	Retail banking	Leasing	Other	Total
Net interest income/(expense) from external customers	7 830 313	2 614 129	415 237	(343 927)	10 515 752
Inter-segment (expense)/income	(791 053)	374 755	-	416 298	-
Net interest income	7 039 260	2 988 884	415 237	72 371	10 515 752
Net fee and commission income from external customers	802 980	1 318 562	7 516	-	2 129 058
(Losses)/gains on financial assets and liabilities held for trading from external customers	(943 635)	346 108	(271)	(63 843)	(661 641)
Fair value adjustments in portfolio hedge accounting	-	-	-	20 038	20 038
Gains on disposals of financial assets	212 666	-	-	-	212 666
Operating income	7 111 271	4 653 554	422 482	28 566	12 215 873
Impairment on loans and other financial transactions	(2 719 129)	(1 069 149)	(27 021)	-	(3 815 299)
Net income from financial activities	4 392 142	3 584 405	395 461	28 566	8 400 574
Operating costs including: depreciation on fixed assets and rights of use and amortization of intangible assets	(1 277 309)	(2 766 899)	(112 826)	(406 003)	(4 563 037)
impairment of fixed assets	(233 467)	(565 149)	(706)	-	(799 322)
	-	(15 065)	-	-	(15 065)
Share of gains in associate	-	-	-	230 550	230 550
Profit/(loss) before income tax expense	3 114 833	817 506	282 635	(146 887)	4 068 087
Income tax expense					(796 356)
Profit for the period					3 271 731
Cash flow hedge reserve					(469 589)
Revaluation reserve for financial assets at fair value through other comprehensive income					1 194 551
Foreign currency translation reserve					1 168
Total comprehensive income for the period					3 997 861

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Selected Notes to Condensed Interim Consolidated Financial Statements for the Three-Month Period Ended 31 March 2019 (continued) (in thousands of Russian Rubles)

4. Operating segments (continued)

Segment information for the operating segments for the three-month period ended 31 March 2018 is set out below (unaudited):

	CIB	Retail banking	Leasing	Other	Total
Net interest income from external customers	7 659 183	2 205 019	367 700	179 548	10 411 450
Inter-segment (expense)/income	(1 282 572)	515 441	-	767 131	-
Net interest income	6 376 611	2 720 460	367 700	946 679	10 411 450
Net fee and commission income from external customers	767 535	1 151 333	4 983	-	1 923 851
(Losses)/gains on financial assets and liabilities held for trading from external customers	(195 629)	298 336	309	29 987	133 003
Fair value adjustments in portfolio hedge accounting	-	-	-	22 213	22 213
Gains on disposals of financial assets	1 662 001	48 704	-	-	1 710 705
Operating income	8 610 518	4 218 833	372 992	998 879	14 201 222
(Impairment)/recovery of impairment on loans and other financial transactions	(1 075 103)	(778 632)	5 306	(26 586)	(1 875 015)
Net income from financial activities	7 535 415	3 440 201	378 298	972 293	12 326 207
Operating costs including: depreciation on fixed assets and amortization of intangible assets	(1 616 028)	(2 585 448)	(74 279)	(326 771)	(4 602 526)
	(220 934)	(388 081)	(1 031)	-	(610 046)
Gains on disposal of fixed assets	-	-	-	375	375
Share of gains in associate	-	-	-	96 843	96 843
Profit before income tax expense	5 919 387	854 753	304 019	742 740	7 820 899
Income tax expense					(1 599 429)
Profit for the period					6 221 470
Cash flow hedge reserve					206 793
Revaluation reserve for financial assets at fair value through other comprehensive income					(1 277 990)
Foreign currency translation reserve					(46 900)
Total comprehensive income for the period					5 103 373

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Selected Notes to Condensed Interim Consolidated Financial Statements for the Three-Month Period Ended 31 March 2019 (continued) (in thousands of Russian Rubles)

5. Cash and cash balances

Cash and cash balances comprise:

	31 March 2019 (unaudited)	31 December 2018
Cash on hand	10 358 568	12 091 358
Current accounts with the CBR	49 490 636	3 447 490
Cash and cash balances	59 849 204	15 538 848

6. Trading securities

Trading securities comprise:

	31 March 2019 (unaudited)	31 December 2018
USD denominated		
Russian government eurobonds	-	1 556 909
RUB denominated		
Russian government bonds	12 846 328	3 752 528
Trading securities	12 846 328	5 309 437

As at 31 March 2019 included in trading securities are Russian government bonds in amount of RUB 2 901 760 thousand sold under repurchase agreements (31 December 2018: none) (see Note 13 for details).

7. Amounts due from credit institutions

Amounts due from credit institutions comprise:

	31 March 2019 (unaudited)	31 December 2018
Current accounts with credit institutions	66 447 849	82 623 139
Time deposits	222 567 716	114 733 010
Reverse repurchase agreements with credit institutions	54 528 152	150 678 666
Obligatory reserve with the CBR	12 414 423	11 973 998
Gross amounts due from credit institutions	355 958 140	360 008 813
Less: Impairment loss allowance	(488 887)	(419 823)
Amounts due from credit institutions	355 469 253	359 588 990

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

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Selected Notes to Condensed Interim Consolidated Financial Statements for the Three-Month Period Ended 31 March 2019 (continued) (in thousands of Russian Rubles)

7. Amounts due from credit institutions (continued)

A reconciliation of the impairment loss allowance is as follows:

	Three-month period ended 31 March 2019 (unaudited)			Three-month period ended 31 March 2018 (unaudited)		
	Stage 1	Stage 2	Total	Stage 1	Stage 2	Total
Impairment loss allowance at the beginning of the period	419 789	34	419 823	-	-	-
Effect of change in accounting policy due to IFRS 9 adoption	-	-	-	515 196	-	515 196
Impairment loss allowance at the beginning of the period according to IFRS 9	419 789	34	419 823	515 196	-	515 196
Charge/(recovery) for the period	56 174	14 620	70 794	(107 795)	-	(107 795)
Effect of exchange rate changes	(1 486)	(244)	(1 730)	(15 565)	-	(15 565)
Impairment loss allowance at the end of the period	474 477	14 410	488 887	391 836	-	391 836

The following table shows gross amounts due from credit institutions and related impairment distributed by stages according to IFRS 9:

	31 March 2019 (unaudited)			31 December 2018		
	Stage 1	Stage 2	Total	Stage 1	Stage 2	Total
Gross loans	352 207 897	3 750 243	355 958 140	359 347 096	661 717	360 008 813
Impairment	(474 477)	(14 410)	(488 887)	(419 789)	(34)	(419 823)
Total amounts due from credit institutions	351 733 420	3 735 833	355 469 253	358 927 307	661 683	359 588 990

As at 31 March 2019 there are four counterparties with balances that individually exceed 10% of the Group's equity. As at 31 March 2019, the aggregate amount of these balances is RUB 309 342 823 thousand (31 December 2018: three counterparties with aggregate amount of RUB 281 764 826 thousand). As at 31 March 2019, an allowance of RUB 426 054 thousand was recognized against these loans (31 December 2018: RUB 341 010 thousand).

As at 31 March 2019 the Group entered into reverse repurchase agreements with a number of Russian banks. Pledged under these agreements are Russian government bonds, corporate and bank bonds with the total fair value of RUB 60 456 043 thousand (31 December 2018: RUB 165 862 814 thousand).

As at 31 March 2019 Russian government bonds with the total fair value of RUB 3 840 476 thousand (31 December 2018: RUB 3 427 071 thousand) were sold out of collateral pledged under reverse repurchase agreements with banks and disclosed as financial liabilities held for trading in the condensed interim consolidated statement of financial position. The Group has the obligation to return these securities at the maturity of the related reverse repurchase agreements.

As at 31 March 2019 securities in amount of RUB 439 058 thousand (31 December 2018: none) were repledged under repurchase agreements with credit institutions (see Note 13 for details). The Group has the obligation to return these securities at the maturity of the related reverse repurchase agreements.

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Selected Notes to Condensed Interim Consolidated Financial Statements for the Three-Month Period Ended 31 March 2019 (continued) (in thousands of Russian Rubles)

8. Derivative financial instruments

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

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

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

	31 March 2019 (unaudited)			31 December 2018		
	Notional principal	Fair value		Notional principal	Fair value	
		Asset	Liability		Asset	Liability
Cross-currency interest rate swaps	314 004 866	22 889 552	8 653 820	306 709 553	25 747 186	16 471 553
Interest rate swaps and options	351 392 438	6 515 728	5 695 080	427 697 625	5 248 843	4 497 636
Foreign exchange forwards, options and swaps	245 544 077	2 211 042	4 677 069	271 822 270	5 872 252	2 683 150
Total derivative assets/liabilities		31 616 322	19 025 969		36 868 281	23 652 339

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

	31 March 2019 (unaudited)			31 December 2018		
	Notional principal	Fair value		Notional principal	Fair value	
		Asset	Liability		Asset	Liability
Cash flow hedge						
Interest rate swaps	437 704 190	1 329 015	1 308 187	557 327 810	2 339 692	1 713 468
Cross-currency interest rate swaps	167 899 115	2 199 648	5 981 655	190 026 893	505 258	13 004 256
Total cash flow hedge		3 528 663	7 289 842		2 844 950	14 717 724
Fair value hedge						
Interest rate swaps	614 096 809	4 715 282	7 621 270	639 715 294	3 943 200	5 606 451
Total fair value hedge		4 715 282	7 621 270		3 943 200	5 606 451
Total derivative financial assets/ liabilities designated for hedging		8 243 945	14 911 112		6 788 150	20 324 175

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Selected Notes to Condensed Interim Consolidated Financial Statements for the Three-Month Period Ended 31 March 2019 (continued) (in thousands of Russian Rubles)

9. Loans to customers

Loans to customers comprise (see Note 3 for details of change in presentation for 31 December 2018):

	31 March 2019 (unaudited)	31 December 2018
Corporate customers	654 255 515	709 746 316
Retail customers, including SME	168 195 432	161 750 304
Lease receivables	24 027 185	24 341 470
Reverse repurchase agreements with companies	11 577 803	28 049 453
Gross loans to customers	858 055 935	923 887 543
Less: Impairment loss allowance	(57 113 814)	(60 736 838)
Loans to customers	800 942 121	863 150 705

A reconciliation of the impairment loss allowance is as follows:

	Three-month period ended 31 March	
	2019 (unaudited)	2018 (unaudited)
Impairment loss allowance at the beginning of the period	60 736 838	42 787 043
Effect of change in accounting policy due to IFRS 9 adoption	-	10 307 136
Impairment loss allowance at the beginning of the period according to IFRS 9	60 736 838	53 094 179
Charge for the period	4 167 225	3 228 268
Assets sold or recovered through repossession of collateral during the period	(295 221)	(88 408)
Assets written-off during the period	(7 008 529)	(251 376)
Effect of contractual accrued interest/(unwinding of discount)	643 171	(128 025)
Effect of exchange rate changes	(1 129 670)	81 574
Impairment loss allowance at the end of the period	57 113 814	55 936 212

A reconciliation of the impairment loss allowance by stages in accordance with IFRS 9 is as follows:

	Three-month period ended 31 March 2019 (unaudited)			
	Stage 1	Stage 2	Stage 3	Total
Impairment loss allowance at the beginning of the period according to IFRS 9	7 599 346	2 843 461	50 294 031	60 736 838
(Recovery)/charge for the period	(22 103)	11 867	4 177 461	4 167 225
Assets sold or recovered through repossession of collateral during the period	-	-	(295 221)	(295 221)
Assets written-off during the period	-	-	(7 008 529)	(7 008 529)
Effect of contractual accrued interest	-	-	643 171	643 171
Effect of exchange rate changes	(176 758)	(41 834)	(911 078)	(1 129 670)
Impairment loss allowance at the end of the period according to IFRS 9	7 400 485	2 813 494	46 899 835	57 113 814

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Selected Notes to Condensed Interim Consolidated Financial Statements for the Three-Month Period Ended 31 March 2019 (continued) (in thousands of Russian Rubles)

9. Loans to customers (continued)

	Three-month period ended 31 March 2018 (unaudited)			Total
	Stage 1	Stage 2	Stage 3	
Impairment loss allowance at the beginning of the period according to IFRS 9	8 357 461	2 961 651	41 775 067	53 094 179
(Recovery)/charge for the period	(1 210 615)	3 594 252	844 631	3 228 268
Assets sold or recovered through repossession of collateral during the period	(5 626)	-	(82 782)	(88 408)
Assets written-off during the period	-	-	(251 376)	(251 376)
Unwinding of discount	-	-	(128 025)	(128 025)
Effect of exchange rate changes	4 135	(2 444)	79 883	81 574
Impairment loss allowance at the end of the period according to IFRS 9	7 145 355	6 553 459	42 237 398	55 936 212

The table below shows transfers of gross loans to customers between stages of impairment for the period ended 31 March 2019:

	Transfers between Stage 1 and Stage 2		Transfers between Stage 2 and Stage 3		Transfers between Stage 1 and Stage 3	
	To Stage 2 from Stage 1	To Stage 1 from Stage 2	To Stage 3 from Stage 2	To Stage 2 from Stage 3	To Stage 3 from Stage 1	To Stage 1 from Stage 3
Gross loans to customers	4 261 570	984 655	2 755 278	17 733	116 040	5 764

The table below shows transfers of gross loans to customers between stages of impairment for the period ended 31 March 2018:

	Transfers between Stage 1 and Stage 2		Transfers between Stage 2 and Stage 3		Transfers between Stage 1 and Stage 3	
	To Stage 2 from Stage 1	To Stage 1 from Stage 2	To Stage 3 from Stage 2	To Stage 2 from Stage 3	To Stage 3 from Stage 1	To Stage 1 from Stage 3
Gross loans to customers	14 656 293	1 800 364	739 433	26 739	83 235	2 165 423

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

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

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Selected Notes to Condensed Interim Consolidated Financial Statements for the Three-Month Period Ended 31 March 2019 (continued) (in thousands of Russian Rubles)

9. Loans to customers (continued)

The following table shows gross loans to customers and related impairment as at 31 March 2019 (unaudited):

	Gross loans	Impairment	Net loans
Corporate customers			
Loans for which no indications of impairment have been identified on an individual basis, not past due	603 321 848	(5 221 789)	598 100 059
Loans for which no specific impairment is identified on an individual basis, past due			
- Past due less than 31 days	2 156 453	(169 668)	1 986 785
Impaired loans			
- Not past due	14 633 298	(7 865 280)	6 768 018
- Past due less than 31 days	1 177 847	(322 662)	855 185
- Past due 31-90 days	9 850 867	(6 808 213)	3 042 654
- Past due 91-180 days	963 621	(442 214)	521 407
- Past due over 180 days	22 151 581	(18 783 291)	3 368 290
Total loans to corporate customers	654 255 515	(39 613 117)	614 642 398
Retail customers and SME			
Not impaired loans, not past due	148 997 457	(2 828 164)	146 169 293
Not impaired loans, past due			
- Past due less than 31 days	3 464 484	(657 170)	2 807 314
- Past due 31-90 days	1 382 681	(730 016)	652 665
- Past due 91-180 days	322 094	(189 041)	133 053
- Past due over 180 days	4 443	(1 698)	2 745
Impaired loans			
- Not past due	447 958	(251 520)	196 438
- Past due less than 31 days	93 276	(59 058)	34 218
- Past due 31-90 days	230 072	(138 610)	91 462
- Past due 91-180 days	910 827	(713 929)	196 898
- Past due over 180 days	12 342 140	(11 240 594)	1 101 546
Total loans to retail customers and SME	168 195 432	(16 809 800)	151 385 632
Lease receivables			
Loans for which no indications of impairment have been identified on an individual basis, not past due	22 695 936	(350 626)	22 345 310
Loans for which no specific impairment is identified on an individual basis, past due			
- Past due less than 31 days	596 535	(17 540)	578 995
- Past due 31-90 days	184 114	(5 973)	178 141
Impaired loans			
- Not past due	233 400	(68 392)	165 008
- Past due less than 31 days	52 907	(25 313)	27 594
- Past due 31-90 days	114 655	(56 834)	57 821
- Past due 91-180 days	105 451	(85 491)	19 960
- Past due over 180 days	44 187	(38 434)	5 753
Total lease receivables	24 027 185	(648 603)	23 378 582
Reverse repurchase agreements with companies			
Loans for which no indications of impairment have been identified on an individual basis, not past due	11 577 803	(42 294)	11 535 509
Total loans to customers	858 055 935	(57 113 814)	800 942 121

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Selected Notes to Condensed Interim Consolidated Financial Statements for the Three-Month Period Ended 31 March 2019 (continued) (in thousands of Russian Rubles)

9. Loans to customers (continued)

The following table shows gross loans to customers and related impairment as at 31 December 2018:

	Gross loans	Impairment	Net loans
Corporate customers			
Loans for which no indications of impairment have been identified on an individual basis, not past due	653 400 614	(5 933 501)	647 467 113
Loans for which no specific impairment is identified on an individual basis, past due			
- Past due less than 31 days	655 851	(13 261)	642 590
Impaired loans			
- Not past due	20 696 823	(8 873 890)	11 822 933
- Past due less than 31 days	3 864 619	(2 618 316)	1 246 303
- Past due 31-90 days	311 446	(131 084)	180 362
- Past due 91-180 days	1 476 125	(958 438)	517 687
- Past due over 180 days	29 340 838	(26 040 248)	3 300 590
Total loans to corporate customers	709 746 316	(44 568 738)	665 177 578
Retail customers			
Not impaired loans, not past due	144 797 026	(2 856 302)	141 940 724
Not impaired loans, past due			
- Past due less than 31 days	2 518 802	(532 444)	1 986 358
- Past due 31-90 days	1 108 034	(544 385)	563 649
- Past due 91-180 days	307 382	(170 327)	137 055
- Past due over 180 days	156 652	(12 929)	143 723
Impaired loans			
- Not past due	352 252	(198 942)	153 310
- Past due less than 31 days	176 614	(90 166)	86 448
- Past due 31-90 days	105 902	(79 576)	26 326
- Past due 91-180 days	664 306	(498 034)	166 272
- Past due over 180 days	11 563 334	(10 519 588)	1 043 746
Total loans to retail customers	161 750 304	(15 502 693)	146 247 611
Lease receivables			
Loans for which no indications of impairment have been identified on an individual basis, not past due	23 569 656	(338 413)	23 231 243
Loans for which no specific impairment is identified on an individual basis, past due			
- Past due less than 31 days	199 976	(3 852)	196 124
- Past due 31-90 days	51 230	(651)	50 579
Impaired loans			
- Not past due	254 873	(77 131)	177 742
- Past due less than 31 days	57 778	(36 812)	20 966
- Past due 31-90 days	59 990	(45 452)	14 538
- Past due 91-180 days	129 208	(111 288)	17 920
- Past due over 180 days	18 759	(15 066)	3 693
Total lease receivables	24 341 470	(628 665)	23 712 805
Reverse repurchase agreements with companies			
Loans for which no indications of impairment have been identified on an individual basis, not past due	28 049 453	(36 742)	28 012 711
Total loans to customers	923 887 543	(60 736 838)	863 150 705

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Selected Notes to Condensed Interim Consolidated Financial Statements for the Three-Month Period Ended 31 March 2019 (continued) (in thousands of Russian Rubles)

9. Loans to customers (continued)

The following table shows gross loans to customers and related impairment distributed by stages according to IFRS 9 as at 31 March 2019 (unaudited):

	Stage 1	Stage 2	Stage 3	Total
Corporate customers				
Gross loans	601 235 113	4 243 188	48 777 214	654 255 515
Impairment	(4 846 990)	(544 467)	(34 221 660)	(39 613 117)
Net loans to corporate customers	596 388 123	3 698 721	14 555 554	614 642 398
Retail customers and SME				
Gross loans	144 613 123	9 558 036	14 024 273	168 195 432
Impairment	(2 152 250)	(2 253 839)	(12 403 711)	(16 809 800)
Net loans to retail customers and SME	142 460 873	7 304 197	1 620 562	151 385 632
Lease receivables				
Gross lease receivables	23 128 578	348 007	550 600	24 027 185
Impairment	(358 951)	(15 188)	(274 464)	(648 603)
Net lease receivables	22 769 627	332 819	276 136	23 378 582
Reverse repurchase agreements with companies				
Gross loans	11 577 803	-	-	11 577 803
Impairment	(42 294)	-	-	(42 294)
Net reverse repurchase agreements with companies	11 535 509	-	-	11 535 509
Total loans to customers	773 154 132	11 335 737	16 452 252	800 942 121

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Selected Notes to Condensed Interim Consolidated Financial Statements for the Three-Month Period Ended 31 March 2019 (continued) (in thousands of Russian Rubles)

9. Loans to customers (continued)

The following table shows gross loans to customers and related impairment distributed by stages according to IFRS 9 as at 31 December 2018:

	Stage 1	Stage 2	Stage 3	Total
Corporate customers				
Gross loans	639 423 638	14 632 827	55 689 851	709 746 316
Impairment	(5 108 557)	(838 205)	(38 621 976)	(44 568 738)
Net loans to corporate customers	634 315 081	13 794 622	17 067 875	665 177 578
Retail customers and SME				
Gross loans	139 894 394	8 993 502	12 862 408	161 750 304
Impairment	(2 119 372)	(1 997 015)	(11 386 306)	(15 502 693)
Net loans to retail customers and SME	137 775 022	6 996 487	1 476 102	146 247 611
Lease receivables				
Gross lease receivables	23 579 158	241 704	520 608	24 341 470
Impairment	(334 675)	(8 241)	(285 749)	(628 665)
Net lease receivables	23 244 483	233 463	234 859	23 712 805
Reverse repurchase agreements with companies				
Gross loans	28 049 453	-	-	28 049 453
Impairment	(36 742)	-	-	(36 742)
Net reverse repurchase agreements with companies	28 012 711	-	-	28 012 711
Total loans to customers	823 347 297	21 024 572	18 778 836	863 150 705

As at 31 March 2019 the Group entered into reverse repurchase agreements with a number of Russian companies. Pledged under these agreements are Russian government bonds, corporate and bank bonds with the total fair value of RUB 12 150 633 thousand (31 December 2018: RUB 30 172 001 thousand).

As at 31 March 2019 the Group had RUB 224 095 633 thousand due from its ten largest borrowers (26% of gross loan portfolio) (31 December 2018: RUB 243 755 054 thousand or 27%). An allowance of RUB 376 134 thousand was recognized against these loans (31 December 2018: RUB 405 822 thousand).

As at 31 March 2019 the Group had five borrowers or groups of borrowers with aggregate loan amounts that individually exceeded 10% of equity (31 December 2018: ten borrowers or groups of borrowers). As at 31 March 2019 the gross amount of these loans is RUB 153 392 213 thousand (31 December 2018: RUB 262 552 497 thousand).

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Selected Notes to Condensed Interim Consolidated Financial Statements for the Three-Month Period Ended 31 March 2019 (continued) (in thousands of Russian Rubles)

10. Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income comprise:

	31 March 2019 (unaudited)	31 December 2018
Debt and other fixed income investments		
USD denominated		
Russian government eurobonds	18 304 328	20 403 064
RUB denominated		
Central bank bonds	90 918 806	-
Russian government bonds	24 859 172	20 516 950
Corporate and bank bonds	9 460 540	6 152 651
Total debt and other fixed income investments measured at fair value through other comprehensive income	143 542 846	47 072 665
Equity investments		
RUB denominated		
Equity investments in financial institutions	116 945	116 945
EUR denominated		
Equity investments in financial institutions	6 747	6 747
Total equity investments measures at fair value through other comprehensive income	123 692	123 692
Total financial assets measured at fair value through other comprehensive income	143 666 538	47 196 357

The following table shows gross amounts of debt and other fixed income investments and related impairment distributed by stages according to IFRS 9:

	31 March 2019 (unaudited)			31 December 2018		
	Stage 1	Stage 2	Total	Stage 1	Stage 2	Total
Gross debt and other fixed income investments	142 846 510	875 894	143 722 404	47 143 938	-	47 143 938
Impairment	(164 545)	(15 013)	(179 558)	(71 273)	-	(71 273)
Total debt and other fixed income investments	142 681 965	860 881	143 542 846	47 072 665	-	47 072 665

As at 31 March 2019 included in debt and other fixed income investments are securities sold under repurchase agreements in the amount of RUB 30 339 311 thousand (31 December 2018: RUB 937 601 thousand) (see Note 13 for details).

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11. Investments in associate

As at 1 March 2018, as a result of the transaction between the Group and its sole shareholder UniCredit S.p.A., the Group acquired 40% of capital in BARN B.V. (the Netherlands), that is the sole shareholder of AO "RN Bank" (Russian Federation) since 2013 (see Note 1). Total acquisition costs amounted to RUB 6 033 031 thousand, including increase in share capital amounted to RUB 1 209 598 thousand.

Information about associate of the Group as at reporting date is set out below:

Name	Principal activity	Place of incorporation and principal place of business	Proportion of ownership interest by the Group	
			31 March 2019	31 December 2018
BARN B.V.	Holding company	Netherlands	40%	40%

The above associate is accounted for using the equity method.

The summarized financial information in respect of BARN B.V. as of 31 March 2019 and as of 31 December 2018 is set out below. The summarized financial information below represents amounts shown in the associate's financial statements prepared in accordance with IFRS.

	31 March 2019 (unaudited)	31 December 2018
Total assets	97 324 120	92 344 461
Total liabilities	80 082 528	75 682 206
Equity	17 241 592	16 662 255
Net profit	576 374	2 814 156

The carrying amounts of the Group's interest in BARN B.V. as of reporting date 31 March 2019 and as of 31 December 2018 are as follows:

	31 March 2019 (unaudited)	31 December 2018
Net assets of BARN B.V.	17 241 592	16 662 255
Proportion of the Group's ownership interest in BARN B.V.	6 896 637	6 664 902
Goodwill	247 235	247 235
Carrying amount of the Group's interest in BARN B.V.	7 143 872	6 912 137

The reconciliation of the above financial information to the carrying amount of the interest in associate recognized in the consolidated financial statements is as follows:

Carrying amount of the Group's interest in BARN B.V. as at 1 March 2018 (unaudited)	4 823 433
Share of capital increase	1 209 598
Share of post-acquisition net profit of associate	96 843
Share of post-acquisition other comprehensive loss of associate	(35 471)
Carrying amount of the Group's interest in BARN B.V. as at 31 March 2018 (unaudited)	6 094 403
Carrying amount of the Group's interest in BARN B.V. as at 1 January 2019	6 912 137
Share of post-acquisition net profit of associate	230 550
Share of post-acquisition other comprehensive income of associate	1 185
Carrying amount of the Group's interest in BARN B.V. as at 31 March 2019 (unaudited)	7 143 872

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Selected Notes to Condensed Interim Consolidated Financial Statements for the Three-Month Period Ended 31 March 2019 (continued) (in thousands of Russian Rubles)

12. Taxation

The corporate income tax expense comprises:

	Three-month period ended 31 March	
	2019 (unaudited)	2018 (unaudited)
Current tax charge	543 193	2 075 631
Deferred tax charge – origination/(reversal) of temporary differences	253 163	(476 202)
Income tax expense	796 356	1 599 429

Tax effect relating to significant components of other comprehensive income comprises:

	Three-month period ended 31 March 2019 (unaudited)			Three-month period ended 31 March 2018 (unaudited)		
	Amount before tax	Tax expense	Amount net-of-tax	Amount before tax	Tax expense	Amount net-of-tax
Cash flow hedge reserve	(586 991)	117 402	(469 589)	258 491	(51 698)	206 793
Revaluation reserve for financial assets at fair value through other comprehensive income	1 493 189	(298 638)	1 194 551	(1 597 487)	319 497	(1 277 990)
Foreign currency translation reserve	1 168	-	1 168	(46 900)	-	(46 900)
Other comprehensive income	907 366	(181 236)	726 130	(1 385 896)	267 799	(1 118 097)

13. Amounts due to credit institutions

Amounts due to credit institutions comprise:

	31 March 2019 (unaudited)	31 December 2018
Current accounts	8 458 896	9 328 075
Time deposits and loans	87 644 295	44 255 468
Repurchase agreements with credit institutions (Notes 6 and 10)	31 820 434	869 379
Subordinated debt (Note 19)	31 152 849	33 517 157
Amounts due to credit institutions	159 076 474	87 970 079

As at 31 March 2019 ten largest deposits, excluding subordinated debt, represented 80% of total amounts due to credit institutions (31 December 2018: 77%).

As at 31 March 2019 the Group had two counterparties with aggregate balances that individually exceeded 10% of equity, excluding subordinated debt (31 December 2018: none). As at 31 March 2019, the aggregate amount of these balances is RUB 51 871 856 thousand.

As at 31 March 2019 fair value of securities pledged under repurchase agreements with credit institutions is RUB 33 241 071 thousand (31 December 2018: RUB 937 601 thousand) (see Notes 6 and 10 for details).

As at 31 March 2019 included in repurchase agreements with credit institutions are agreements in the amount of RUB 412 639 thousand (31 December 2018: none) which are secured by bonds with fair value of RUB 439 058 thousand (31 December 2018: none) obtained under reverse repurchase agreements with credit institutions (see Note 7 for details).

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Selected Notes to Condensed Interim Consolidated Financial Statements for the Three-Month Period Ended 31 March 2019 (continued) (in thousands of Russian Rubles)

14. Amounts due to customers

The amounts due to customers include the following:

	31 March 2019 (unaudited)	31 December 2018
Current accounts	228 190 422	207 011 786
Time deposits	800 782 838	808 629 082
Lease liabilities under IFRS 16	1 929 371	-
Amounts due to customers	1 030 902 631	1 015 640 868

As at 31 March 2019, approximately 42% of total amounts due to customers were placed with the Group by its ten largest customers (31 December 2018: 45%).

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

	31 March 2019 (unaudited)	31 December 2018
Corporate		
Current accounts	107 333 651	79 068 909
Time deposits	631 925 109	636 922 591
Total corporate accounts	739 258 760	715 991 500
Retail		
Current accounts	120 856 771	127 942 877
Time deposits	168 857 729	171 706 491
Total retail accounts	289 714 500	299 649 368
Lease liabilities under IFRS 16	1 929 371	-
Amounts due to customers	1 030 902 631	1 015 640 868

Included in retail time deposits are deposits of individuals in the amount of RUB 153 932 977 thousand (31 December 2018: RUB 151 315 470 thousand). In accordance with the Russian Civil Code, the Group is obliged to repay such deposits upon demand of the depositor. In case a term deposit is repaid upon demand of the depositor prior to maturity, the related interest rate on it is paid based on the interest rate for demand deposits, unless a different interest rate is specified in the contract. Group's experience shows that majority of the time deposits of individuals mature according to contractual terms and can be treated as stable customer base. The remaining part of retail time deposits in the amount of RUB 14 924 752 thousand (31 December 2018: RUB 20 391 021 thousand) is represented by deposits placed by SME.

15. Debt securities issued

Debt securities issued consists of the following:

Issue	Date of issue	Maturity date	Currency	Coupon rate, %	Carrying value at 31 March 2019 (unaudited)	Carrying value at 31 December 2018
UniCredit Bank, BO-22	12.08.2014	06.08.2019	RUB	9.00	45 676	46 732
UniCredit Bank, BO-21	23.05.2014	17.05.2019	RUB	9.00	835	818
UniCredit Bank, BO-11	26.11.2014	20.11.2019	RUB	9.10	3	3
Debt securities issued					46 514	47 553

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Selected Notes to Condensed Interim Consolidated Financial Statements for the Three-Month Period Ended 31 March 2019 (continued) (in thousands of Russian Rubles)

16. Credit related commitments and contingencies

Credit related commitments and contingencies include the following:

	31 March 2019 (unaudited)	31 December 2018
Undrawn loan commitments	333 264 290	323 047 380
Undrawn commitments to issue documentary instruments	269 891 716	314 753 124
Guarantees issued	150 180 427	146 447 347
Letters of credit	52 951 322	58 185 712
Gross credit related commitments and contingencies	806 287 755	842 433 563
Provision for credit related commitments and contingencies	(2 995 918)	(3 532 376)
Net credit related commitments and contingencies	803 291 837	838 901 187

The table above includes both committed and uncommitted lines for loans and documentary instruments.

A reconciliation of provision for credit losses on financial guarantees and other committed and uncommitted credit related commitments and contingencies in accordance with IFRS 9 is as follows:

	Three-month period ended 31 March 2019 (unaudited)				Three-month period ended 31 March 2018 (unaudited)			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balance as at the beginning of the period	3 102 125	121 818	41 023	3 264 966	3 614 982	515 157	285 005	4 415 144
(Recovery)/charge for the period	(497 044)	(18 114)	13 467	(501 691)	130 799	27 830	(200 404)	(41 775)
Balance as at the end of the period	2 605 081	103 704	54 490	2 763 275	3 745 781	542 987	84 601	4 373 369

A reconciliation of the provisions on credit related commitments in accordance with IAS 37 is as follows:

	Three-month period ended 31 March (unaudited)	
	2019 (unaudited)	2018 (unaudited)
Provisions at the beginning of the period	267 410	1 458 050
Recovery for the period	(34 767)	(1 289 099)
Provisions at the end of the period	232 643	168 951

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Selected Notes to Condensed Interim Consolidated Financial Statements for the Three-Month Period Ended 31 March 2019 (continued) (in thousands of Russian Rubles)

16. Credit related commitments and contingencies (continued)

The following table shows gross financial guarantees and other committed and uncommitted credit related commitments and contingencies and related expected loss under IFRS 9 by stages as of 31 March 2019:

	Stage 1	Stage 2	Stage 3	Total
Gross credit related commitments and contingencies	690 007 681	20 559 167	87 264	710 654 112
Provisions for credit related commitments and contingencies	(2 605 081)	(103 704)	(54 490)	(2 763 275)
Net credit related commitments and contingencies	687 402 600	20 455 463	32 774	707 890 837

The following table shows gross credit related commitments and related impairment under IAS 37 as of 31 March 2019:

	Performing exposure	Impaired exposure	Total
Gross credit related commitments and contingencies	94 536 526	1 097 117	95 633 643
Provisions for credit related commitments and contingencies	-	(232 643)	(232 643)
Net credit related commitments and contingencies	94 536 526	864 474	95 401 000

The following table shows gross financial guarantees and other committed and uncommitted credit related commitments and contingencies and related expected loss under IFRS 9 by stages as of 31 December 2018:

	Stage 1	Stage 2	Stage 3	Total
Gross credit related commitments and contingencies	715 583 026	34 351 805	57 073	749 991 904
Provisions for credit related commitments and contingencies	(3 102 125)	(121 818)	(41 023)	(3 264 966)
Net credit related commitments and contingencies	712 480 901	34 229 987	16 050	746 726 938

The following table shows gross credit related commitments and related impairment under IAS 37 as of 31 December 2018:

	Performing exposure	Impaired exposure	Total
Gross credit related commitments and contingencies	91 160 605	1 281 054	92 441 659
Provisions for credit related commitments and contingencies	-	(267 410)	(267 410)
Net credit related commitments and contingencies	91 160 605	1 013 644	92 174 249

Operating environment. The Russian Federation displays certain characteristics of an emerging market. Emerging markets such as the Russian Federation are subject to different risks than more developed markets, including economic, political and social, and legal and legislative risks. Laws and regulations affecting businesses in the Russian Federation may change frequently and are subject to arbitrary interpretations. The future economic direction of Russia is heavily influenced by the fiscal and monetary policies adopted by the government, together with developments in the legal, regulatory, and political environment.

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Selected Notes to Condensed Interim Consolidated Financial Statements for the Three-Month Period Ended 31 March 2019 (continued) (in thousands of Russian Rubles)

16. Credit related commitments and contingencies (continued)

Given that Russia produces and exports large volumes of oil and gas, the Russian economy is particularly sensitive to the prices of oil and gas on the world market. Following high volatility in natural resources prices, the Ruble exchange rate and interest rates in 2017 and 2018 have been relatively stable. The Russian economy continued to be negatively impacted by ongoing political tension in the region and continuing international sanctions imposed in several packages by the U.S. and the E.U. on certain Russian officials, businessmen and companies. The above mentioned events have led to reduced access of the Russian businesses to international capital markets, increased inflation, economic recession and other negative economic consequences. The impact of further economic developments on future operations and financial position of the Group is at this stage difficult to determine.

There has continued to be increased economic challenges to the Russian consumers and corporates, which have led to higher defaults in the retail and commercial banking sector. This operating environment has a significant impact on the Group's operations and financial position. Management is taking necessary measures to ensure sustainability of the Group's operations. However, the future effects of the current economic situation are difficult to predict and management's current expectations and estimates could significantly differ from actual results.

17. (Losses)/gains on financial assets and liabilities held for trading

(Losses)/gains on financial assets and liabilities held for trading comprise:

	Three-month period ended 31 March	
	2019 (unaudited)	2018 (unaudited)
Net losses from trading securities	(10 745)	(325 863)
Net (losses)/gains from foreign exchange, interest based derivatives and translation of other foreign currency assets and liabilities	(650 896)	458 866
(Losses)/gains on financial assets and liabilities held for trading	(661 641)	133 003

18. Fair value of financial instruments

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

	31 March 2019 (unaudited)		
	Level 1	Level 2	Total
Financial assets measured at fair value			
Debt securities held for trading			
- held by the Group	9 944 568	-	9 944 568
- pledged under repurchase agreements	-	2 901 760	2 901 760
Derivative financial assets	-	31 616 322	31 616 322
Derivative financial assets designated for hedging	-	8 243 945	8 243 945
Financial assets at fair value through other comprehensive income			
- held by the Group	14 778 342	98 425 193	113 203 535
- pledged under repurchase agreements	24 957 655	5 381 656	30 339 311
Total	49 680 565	146 568 876	196 249 441
Financial liabilities measured at fair value			
Financial liabilities held for trading	3 840 476	-	3 840 476
Derivative financial liabilities	-	19 025 969	19 025 969
Derivative financial liabilities designated for hedging	-	14 911 112	14 911 112
Total	3 840 476	33 937 081	37 777 557

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Selected Notes to Condensed Interim Consolidated Financial Statements for the Three-Month Period Ended 31 March 2019 (continued) (in thousands of Russian Rubles)

18. Fair value of financial instruments (continued)

	31 December 2018			Total
	Level 1	Level 2	Level 3	
Financial assets at fair value				
Debt securities held for trading				
- held by the Group	2 365 174	2 944 263	-	5 309 437
Derivative financial assets	-	36 868 281	-	36 868 281
Derivative financial assets designated for hedging	-	6 788 150	-	6 788 150
Financial assets at fair value through other comprehensive income				
- held by the Group	37 325 950	8 809 114	-	46 135 064
- pledged under repurchase agreements	937 601	-	-	937 601
Total	40 628 725	55 409 808	-	96 038 533
Financial liabilities at fair value				
Financial liabilities held for trading	3 427 071	-	-	3 427 071
Derivative financial liabilities	-	23 652 339	-	23 652 339
Derivative financial liabilities designated for hedging	-	20 324 175	-	20 324 175
Total	3 427 071	43 976 514	-	47 403 585

The table above does not include equity investments at fair value through other comprehensive income in amount of RUB 123 692 thousand (31 December 2018: RUB 123 692 thousand), which do not have a quoted market price in an active market.

During the three-month period ended 31 March 2019 there were no changes between fair value levels for trading securities (three-month period ended 31 March 2018: transfers from Level 2 to Level 1 amounted to RUB 255 965 thousand).

During the three-month period ended 31 March 2019 there were no changes between fair value levels for securities at fair value through other comprehensive income (three-month period ended 31 March 2018: transfers from Level 2 to Level 1 amounted to RUB 58 112 thousand).

19. Related party disclosures

As at 31 March 2019 the sole shareholder of the Group is the UniCredit S.p.A. UniCredit S.p.A. issues publicly available financial statements.

In accordance with IAS 24 *Related Party Disclosures*, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form. Related parties may enter into transactions which unrelated parties might not, and transactions between related parties may not be conducted on the same terms, conditions and amounts as transactions between unrelated parties.

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Selected Notes to Condensed Interim Consolidated Financial Statements for the Three-Month Period Ended 31 March 2019 (continued) (in thousands of Russian Rubles)

19. Related party disclosures (continued)

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

	31 March 2019 (unaudited)	Weighted average interest rate, % (unaudited)	31 December 2018	Weighted average interest rate, %
Amounts due from credit institutions				
- In Russian Roubles	109 935	8.2%	-	
- In EUR	323 486	0.0%	571 226	0.0%
- In USD	197 437 461	3.2%	91 379 215	3.3%
Derivative financial assets	5 133 611		4 358 968	
Derivative financial assets designated for hedging	6 928 465		4 853 841	
Other assets	207 298		162 569	
Amounts due to credit institutions				
- In Russian Roubles	921 253	0.0%	145 886	0.0%
- In EUR	476 132	1.7%	539 270	1.7%
- In USD	31 585 927	12.5%	33 839 765	12.8%
Derivative financial liabilities	10 105 735		14 160 452	
Derivative financial liabilities designated for hedging	10 555 991		16 573 195	
Other liabilities	534 332		530 001	
Commitments and guarantees issued	11 144 444		5 529 485	
Commitments and guarantees received	22 239 121		23 853 936	

	Three-month period ended 31 March	
	2019 (unaudited)	2018 (unaudited)
Interest income and similar revenues	6 844 060	5 068 971
Interest expense and similar charges	(4 087 463)	(2 665 372)
Fee and commission income	11 700	16 148
Fee and commission expense	(50 715)	(126 343)
Gains on financial assets and liabilities held for trading	11 808 316	111 068
Fair value adjustments in portfolio hedge accounting	(742 468)	(468 556)
Personnel expenses	(5 618)	(979)
Other administrative expenses	(20 538)	(14 660)

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Selected Notes to Condensed Interim Consolidated Financial Statements for the Three-Month Period Ended 31 March 2019 (continued) (in thousands of Russian Rubles)

19. Related party disclosures (continued)

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

	31 March 2019 (unaudited)	Weighted average interest rate, % (unaudited)	31 December 2018	Weighted average interest rate, %
Amounts due from credit institutions				
- In Russian Roubles	254 119	8.5%	47	0.0%
- In EUR	23 448 382	0.0%	16 422 965	0.0%
- In USD	4 203 020	0.0%	123 539	0.0%
- In other currencies	9 261	0.0%	2 569	0.0%
Derivative financial assets	738 761		3 622 258	
Derivative financial assets designated for hedging	1 274 335		1 429 811	
Loans to customers				
- In Russian Roubles	933 123	5.8%	1 010 205	5.8%
Intangible assets	16 764		103 990	
Other assets	40 399		8 472	
Amounts due to credit institutions				
- In Russian Roubles	2 045 999	0.4%	5 178 908	9.1%
- In EUR	6 278 433	1.4%	7 131 383	1.4%
- In USD	1 027 465	3.5%	1 484 764	3.4%
Derivative financial liabilities	4 111 612		3 023 885	
Derivative financial liabilities designated for hedging	1 687 048		1 752 537	
Amounts due to customers				
- In Russian Roubles	832 432	5.6%	842 935	5.6%
Other liabilities	204 967		203 497	
Commitments and guarantees issued	30 716 323		31 229 672	
Commitments and guarantees received	3 851 621		3 648 690	

	Three-month period ended 31 March	
	2019 (unaudited)	2018 (unaudited)
Interest income and similar revenues	108 346	138 461
Interest expense and similar charges	(465 398)	(656 759)
Fee and commission income	25 659	32 046
Fee and commission expense	(22 166)	(54 712)
(Losses)/gains on financial assets and liabilities held for trading	(1 536 386)	152 218
Fair value adjustments in portfolio hedge accounting	362 107	(256 004)
Other income	123	121
Personnel expenses	(1 683)	(1 739)
Other administrative expenses	(66 369)	(52 992)

Balances and transactions with associate are as follows:

	31 March 2019 (unaudited)	Weighted average interest rate, % (unaudited)	31 December 2018	Weighted average interest rate, %
Amounts due from credit institutions				
- In Russian Roubles	21 272 622	9.1%	22 614 567	9.0%
Derivative financial assets	-		113 405	
Amounts due to credit institutions				
- In Russian Roubles	24 782	0.0%	24 173	0.0%
- In EUR	8 383	0.0%	1 206	0.0%
- In USD	1 615	0.0%	3 299	0.0%
Investments in associate	7 143 872		6 912 137	
Derivative financial liabilities	249 558		-	
Commitments and guarantees issued	296 620		296 620	

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Selected Notes to Condensed Interim Consolidated Financial Statements for the Three-Month Period Ended 31 March 2019 (continued) (in thousands of Russian Rubles)

19. Related party disclosures (continued)

	Three-month period ended 31 March 2019 (unaudited)	Three-month period ended 31 March 2018 (unaudited)
Interest income and similar revenues	593 302	446 682
Interest expense and similar charges	(166 130)	(69 968)
Fee and commission income	18 614	15 515
Losses on financial assets and liabilities held for trading	(588 761)	(256 788)
Share of gains of associate	230 550	96 843

Balances and transactions with key management personnel are as follows:

	31 March 2019 (unaudited)	31 December 2018
Amounts due to customers	435 515	456 038
Other liabilities	77 220	74 119

	Three-month period ended 31 March 2019 (unaudited)	Three-month period ended 31 March 2018 (unaudited)
Interest expense	(4 516)	(2 389)
Personnel expenses, including:	(43 250)	(84 056)
short-term benefits	(48 459)	(45 580)
long-term benefits	6 522	(37 863)
post-employment benefits	(1 313)	(613)

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

	Three-month period ended 31 March 2019 (unaudited)	Three-month period ended 31 March 2018 (unaudited)
	UniCredit S.p.A.	UniCredit S.p.A.
Subordinated loans at the beginning of the period	33 517 157	27 718 054
Accrual of interest, net of interest paid	(86 814)	826
Effect of exchange rates changes	(2 277 494)	(161 246)
Subordinated loans at the end of the period	31 152 849	27 557 634

20. Subsequent events

On 8 April 2019 the sole shareholder of the Group, Unicredit S.p.A., made a decision of profit distribution based on the year 2018 result. Dividends declared in amount of RUB 8 121 323 thousand were fully paid in April 2019.