

AO UniCredit Bank

Condensed Interim Consolidated
Financial Statements
for the Three-Month Period Ended
31 March 2020 (unaudited)

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AO UniCredit Bank

Statement of Management's Responsibilities for the Preparation and Approval of the Condensed Interim Consolidated Financial Statements for the Three-Month Period Ended 31 March 2020

Management of AO UniCredit Bank is responsible for the preparation of the condensed interim consolidated financial statements that present fairly the financial position of AO UniCredit Bank and its subsidiary (collectively – the "Group") as at 31 March 2020, 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 condensed interim consolidated 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 of the Group for the three-month period ended 31 March 2020 were approved by the Board of Management of AO UniCredit Bank on 14 May 2020.


M. Alekseev
Chairman of the Board of Management

14 May 2020
Moscow




V. Starovoytov
Acting Chief Accountant

REPORT ON REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

Introduction

We have reviewed the accompanying condensed interim consolidated statement of financial position of AO UniCredit Bank and its subsidiary (collectively – the “Group”) as of 31 March 2020 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 explanatory notes. Management is responsible for the preparation and fair 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 interim consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of 31 March 2020, and its consolidated financial performance for the three months then ended and its consolidated cash flows for the three-months then ended in accordance with IAS 34 *Interim Financial Reporting*.


Zdanevich Anna Mikhaylovna
Engagement partner

14 May 2020



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-regulatory organization of auditors Association "Sodruzhestvo", ORNZ 12006020384.

AO UniCredit Bank

Condensed Interim Consolidated Statement of Financial Position as at 31 March 2020 (in thousands of Russian Rubles)

	Notes	31 March 2020 (unaudited)	31 December 2019
ASSETS			
Cash and cash balances	5	27 931 607	24 268 658
Debt securities held for trading	6	1 483 988	-
Derivative financial assets	8	45 636 657	23 884 409
Derivative financial assets designated for hedging	8	23 918 164	9 873 372
Changes in fair value of portfolio hedged items		9 934 309	6 559 846
Financial assets at amortized cost			
- Debt securities	11	23 220 100	-
- Amounts due from credit institutions	7	450 035 002	245 812 527
- Loans to customers	9	826 727 580	733 770 527
Financial assets at fair value through other comprehensive income	10		
- held by the Group		100 476 066	138 326 977
- pledged under repurchase agreements		-	678 732
Investments in associate	12	8 581 055	8 202 044
Fixed assets		12 338 246	12 358 165
Intangible assets		8 371 379	8 538 523
Deferred income tax assets		4 046 234	609 346
Current income tax assets		90 534	103 747
Other assets		10 200 297	13 461 888
TOTAL ASSETS		1 552 991 218	1 226 448 761
LIABILITIES			
Amounts due to credit institutions	14	42 778 761	96 509 472
Amounts due to customers	15	1 178 796 384	861 626 647
Derivative financial liabilities	8	47 911 719	20 957 225
Derivative financial liabilities designated for hedging	8	38 051 106	15 377 471
Changes in fair value of portfolio hedged items		9 927 510	3 742 597
Current income tax liabilities		2 321 561	9 996
Other liabilities		16 585 863	14 996 738
TOTAL LIABILITIES		1 336 372 904	1 013 220 146
EQUITY			
Share capital		41 787 806	41 787 806
Share premium		437 281	437 281
Cash flow hedge reserve		243 550	(381 731)
Revaluation reserve for financial assets at fair value through other comprehensive income		500 131	2 000 726
Foreign currency translation reserve		35 062	(71 830)
Fixed assets revaluation		4 258 168	4 294 938
Retained earnings		169 356 316	165 161 425
TOTAL EQUITY		216 618 314	213 228 615
TOTAL LIABILITIES AND EQUITY		1 552 991 218	1 226 448 761

M. Alekseev
Chairman of the Board of Management

14 May 2020
Moscow



V. Starovoytov
Acting Chief Accountant

The accompanying selected notes on pages 8 to 35 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 2020 (in thousands of Russian Rubles)

	Notes	Three-month period ended 31 March	
		2020 (unaudited)	2019 (unaudited)
Interest income and similar revenues		25 348 191	29 649 630
Interest expense and similar charges		(15 614 426)	(19 133 878)
Net interest income		9 733 765	10 515 752
Fee and commission income		2 705 736	2 849 093
Fee and commission expense		(664 462)	(720 035)
Net fee and commission income		2 041 274	2 129 058
Losses on financial assets and liabilities held for trading	18	(297 048)	(661 641)
Fair value adjustments in portfolio hedge accounting		34 321	20 038
Gains on disposal of:			
- financial assets at amortized cost		182 466	92 740
- financial assets at fair value through other comprehensive income		2 070 109	119 926
OPERATING INCOME		13 764 887	12 215 873
(Impairment)/recovery of impairment on:			
- financial assets at fair value through other comprehensive income		(31 956)	(113 738)
- financial assets at amortized costs	7,9,11	(3 558 300)	(4 238 019)
- other financial transactions	16	38 603	536 458
NET INCOME FROM FINANCIAL ACTIVITIES		10 213 234	8 400 574
Personnel expenses		(2 664 699)	(2 519 470)
Other administrative expenses		(1 778 162)	(1 584 648)
Depreciation of fixed assets		(270 680)	(150 563)
Depreciation of rights of use		(134 329)	(169 911)
Impairment of fixed assets		(11 722)	(15 065)
Amortization of intangible assets		(454 477)	(478 848)
Other provisions		78 544	369 354
Other operating expenses		(65 385)	(13 886)
Operating costs		(5 300 910)	(4 563 037)
Share of gains in associate	12	268 423	230 550
Gains on disposal of fixed assets		1 026	-
PROFIT BEFORE INCOME TAX EXPENSE		5 181 773	4 068 087
Income tax expense	13	(1 023 652)	(796 356)
PROFIT FOR THE PERIOD		4 158 121	3 271 731
OTHER COMPREHENSIVE INCOME/(LOSS)			
Items that will not be reclassified subsequently to profit or loss:			
Fixed assets revaluation reserve		(36 770)	-
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		623 589	(478 706)
- reclassification adjustment relating to financial assets and liabilities designated for hedging disposed of in the period		1 692	9 117
Revaluation reserve for financial assets at fair value through other comprehensive income, net of tax:			
- fair value changes		(363 539)	1 050 015
- reclassification adjustment relating to financial assets at fair value through other comprehensive income disposed of in the period		(1 137 056)	144 536
Foreign currency translation reserve		106 892	1 168
Other comprehensive (loss)/income for the period, net of tax	13	(805 192)	726 130
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		3 352 929	3 997 861

M. Alekseev
Chairman of the Board of Management

14 May 2020
Moscow



V. Starovoytov
Acting Chief Accountant

The accompanying selected notes on pages 8 to 35 are an integral part of these condensed interim consolidated financial statements.

AO UniCredit Bank

Condensed Interim Consolidated Statement of Changes in Equity for the Three-Month Period Ended 31 March 2020 (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	Fixed assets revaluation reserve	Retained earnings	Total equity
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 (loss)/income (unaudited)	-	-	(469 589)	1 194 551	1 168	-	-	726 130
TOTAL COMPREHENSIVE (LOSS)/INCOME (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
1 January 2020	41 787 806	437 281	(381 731)	2 000 726	(71 830)	4 294 938	165 161 425	213 228 615
Total comprehensive income								
Profit for the period (unaudited)	-	-	-	-	-	-	4 158 121	4 158 121
Transfer of revaluation reserve upon depreciation (unaudited)	-	-	-	-	-	(36 770)	36 770	-
Other comprehensive income								
Change in cash flow hedge reserve, net of tax (unaudited)	-	-	625 281	-	-	-	-	625 281
Change in revaluation reserve financial assets at fair value through other comprehensive income, net of tax (unaudited)	-	-	-	(1 500 595)	-	-	-	(1 500 595)
Change in foreign currency translation reserve (unaudited)	-	-	-	-	106 892	-	-	106 892
Total other comprehensive income/(loss) (unaudited)	-	-	625 281	(1 500 595)	106 892	(36 770)	-	(805 192)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD (unaudited)	-	-	625 281	(1 500 595)	106 892	(36 770)	4 158 121	3 352 929
31 March 2020 (unaudited)	41 787 806	437 281	243 550	500 131	35 062	4 258 168	169 356 316	216 618 314

M. Alekseev
Chairman of the Board of Management

14 May 2020
Moscow



V. Starovoytov
Acting Chief Accountant

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AO UniCredit Bank

Condensed Interim Consolidated Statement of Cash Flows for the Three-Month Period Ended 31 March 2020 (in thousands of Russian Rubles)

	Note	Three-month period ended 31 March 2020 (unaudited)	Three-month period ended 31 March 2019 (unaudited)
Cash flows from operating activities before changes in operating assets and liabilities		11 020 780	9 491 297
Net cash from operating activities before income tax		20 268 723	142 068 342
Corporate income tax paid		(1 916 009)	(720 954)
Net cash flows from operating activities		18 352 714	141 347 388
Cash flows from investing activities			
Purchase of financial assets at fair value through other comprehensive income		(78 780 217)	(150 125 184)
Proceeds from redemption and sale of financial assets at fair value through other comprehensive income		117 849 915	54 556 893
Purchase of financial assets at amortized cost - debt securities		(23 059 671)	-
Proceeds from sale of fixed and intangible assets		1 999	224
Purchase of fixed and intangible assets		(453 515)	(827 918)
Net cash flows from/(used in) investing activities		15 558 511	(96 395 985)
Cash flows from financing activities			
Redemption of subordinated debt	20	(37 381 559)	-
Cash outflow for lease liabilities		(155 544)	(212 174)
Net cash flows used in financing activities		(37 537 103)	(212 174)
Effect of exchange rates changes on cash and cash balances		7 288 827	(428 873)
Net increase in cash and cash balances		3 662 949	44 310 356
Cash and cash balances, beginning of the period	5	24 268 658	15 538 848
Cash and cash balances, ending of the period	5	27 931 607	59 849 204

M. Alekseev
Chairman of the Board of Management

14 May 2020
Moscow



V. Starovoytov
Acting Chief Accountant

The accompanying selected notes on pages 8 to 35 are an integral part of these condensed interim consolidated financial statements.

AO UniCredit Bank

Selected Notes to the Condensed Interim Consolidated Financial Statements for the Three-Month Period Ended 31 March 2020 (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”) and its subsidiary. 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 starting from 1 November 2013. On 7 October 2019 the Bank was included in the list of investment advisors. The Bank is a member of the state deposit insurance system in the Russian Federation starting from 16 December 2004. The Bank also possesses cryptographic licence starting from 7 April 2015.

As at 31 March 2020 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. Both companies operate in the financial leasing industry on the local market. BARN B.V. is the holding company based in the Netherlands.

As at 31 March 2020 and 31 December 2019 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 2020.

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 2019 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 2019 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 2019 prepared in accordance with IFRS. In the opinion of the management, these financial statements reflect all adjustments necessary to present fairly the Group’s consolidated position, results of operations, statements of changes in shareholders’ equity and cash flows for the interim reporting periods.

Selected Notes to the Condensed Interim Consolidated Financial Statements for the Three-Month Period Ended 31 March 2020 (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, derivative financial instruments and real estate 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 2020	31 December 2019
RUB/US Dollar	77.7325	61.9057
RUB/Euro	85.7389	69.3406

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 2019 (see also Note 17).

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.

Selected Notes to the Condensed Interim Consolidated Financial Statements for the Three-Month Period Ended 31 March 2020 (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 2023 (deferred from 1 January 2021)
Amendments to IAS 1 <i>Presentation of Financial Statements</i> regarding the classification of liabilities as current or non-current	1 January 2023 (deferred from 1 January 2022)
Amendments to IFRS 10 <i>Consolidated Financial Statements</i> 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

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 2019 except for standards or interpretations became effective starting 1 January 2020 as described below:

- Amendments to References to the Conceptual Framework in IFRS Standards
- Amendments to IAS 1 and IAS 8 Definition to Material
- Amendments to IFRS 3 Definition of business

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.

AO UniCredit Bank

Selected Notes to the Condensed Interim Consolidated Financial Statements for the Three-Month Period Ended 31 March 2020 (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 condensed interim 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 2020 (unaudited)	31 December 2019
Assets		
CIB	1 261 469 856	917 766 045
Retail banking	186 987 300	181 838 590
Leasing	36 714 687	33 771 082
Other	67 819 375	93 073 044
Total assets	1 552 991 218	1 226 448 761
Liabilities		
CIB	984 311 041	650 286 432
Retail banking	336 887 855	321 221 666
Leasing	2 780 477	1 867 789
Other	12 393 531	39 844 259
Total liabilities	1 336 372 904	1 013 220 146

AO UniCredit Bank

Selected Notes to the Condensed Interim Consolidated Financial Statements for the Three-Month Period Ended 31 March 2020 (continued) (in thousands of Russian Rubles)

4. Operating segments (continued)

Segment information for the operating segments for the three-month period ended 31 March 2020 is set out below (unaudited):

	CIB	Retail banking	Leasing	Other	Total
Net interest income/(expense) from external customers	6 773 940	3 327 537	481 009	(848 721)	9 733 765
Inter-segment (expense)/income	(1 697 299)	(215 935)	-	1 913 234	-
Net interest income	5 076 641	3 111 602	481 009	1 064 513	9 733 765
Net fee and commission income from external customers	835 917	1 201 689	3 668	-	2 041 274
(Losses)/gains on financial assets and liabilities held for trading from external customers	(331 302)	251 793	(1 189)	(216 350)	(297 048)
Fair value adjustments in portfolio hedge accounting	-	-	-	34 321	34 321
Gains on disposals of financial assets	2 224 564	28 011	-	-	2 252 575
Operating income	7 805 820	4 593 095	483 488	882 484	13 764 887
Impairment on loans and other financial transactions	(1 734 179)	(1 624 247)	(193 227)	-	(3 551 653)
Net income from financial activities	6 071 641	2 968 848	290 261	882 484	10 213 234
Operating costs including: depreciation on fixed assets and rights of use and amortization of intangible assets	(1 676 784)	(3 009 197)	(145 041)	(469 888)	(5 300 910)
impairment of fixed assets	(250 431)	(607 601)	(1 454)	-	(859 486)
Gains on disposal of fixed assets	-	(11 722)	-	-	(11 722)
Share of gains in associate	-	-	-	1 026	1 026
	-	-	-	268 423	268 423
Profit/(loss) before income tax expense	4 394 857	(40 349)	145 220	682 045	5 181 773
Income tax expense					(1 023 652)
Profit for the period					4 158 121
Cash flow hedge reserve					625 281
Revaluation reserve for financial assets at fair value through other comprehensive income					(1 500 595)
Fixed assets revaluation reserve					(36 770)
Foreign currency translation reserve					106 892
Total comprehensive income for the period					3 352 929

The Group has decided to anticipate the increase in loan loss provisions as at 31 March 2020 in order to prepare for the inevitable negative impact of COVID-19 on all sectors of the economy and business segments.

AO UniCredit Bank

Selected Notes to the Condensed Interim Consolidated Financial Statements for the Three-Month Period Ended 31 March 2020 (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 the Condensed Interim Consolidated Financial Statements for the Three-Month Period Ended 31 March 2020 (continued) (in thousands of Russian Rubles)

5. Cash and cash balances

Cash and cash balances comprise:

	31 March 2020 (unaudited)	31 December 2019
Cash on hand	19 294 002	10 973 214
Current accounts with the CBR	8 637 605	13 295 444
Cash and cash balances	27 931 607	24 268 658

6. Trading securities

Trading securities comprise:

	31 March 2020 (unaudited)	31 December 2019
RUB denominated		
Russian government bonds	1 235 041	-
Corporate and bank bonds	248 947	-
Trading securities	1 483 988	-

7. Amounts due from credit institutions

Amounts due from credit institutions comprise:

	31 March 2020 (unaudited)	31 December 2019
Current accounts with credit institutions	152 501 666	46 028 899
Time deposits	151 579 802	140 059 986
Reverse repurchase agreements with credit institutions	135 443 246	47 973 174
Obligatory reserve with the CBR	10 780 534	11 957 146
Gross amounts due from credit institutions	450 305 248	246 019 205
Less: Impairment loss allowance	(270 246)	(206 678)
Amounts due from credit institutions	450 035 002	245 812 527

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.

Selected Notes to the Condensed Interim Consolidated Financial Statements for the Three-Month Period Ended 31 March 2020 (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 2020 (unaudited)			Three-month period ended 31 March 2019 (unaudited)		
	Stage 1	Stage 2	Total	Stage 1	Stage 2	Total
Impairment loss allowance at the beginning of the period	206 678	-	206 678	419 789	34	419 823
Charge for the period	28 803	20 838	49 641	56 174	14 620	70 794
Effect of exchange rate changes	13 455	472	13 927	(1 486)	(244)	(1 730)
Impairment loss allowance at the end of the period	248 936	21 310	270 246	474 477	14 410	488 887

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

	31 March 2020 (unaudited)			31 December 2019		
	Stage 1	Stage 2	Total	Stage 1	Stage 2	Total
Gross loans	325 774 587	124 530 661	450 305 248	246 019 205	-	246 019 205
Impairment	(248 936)	(21 310)	(270 246)	(206 678)	-	(206 678)
Total amounts due from credit institutions	325 525 651	124 509 351	450 035 002	245 812 527	-	245 812 527

As at 31 March 2020 there are five counterparties with balances that individually exceed 10% of the Group's equity. As at 31 March 2020, the aggregate amount of these balances is RUB 377 536 146 thousand (31 December 2019: two counterparties with aggregate amount of RUB 153 934 130 thousand). As at 31 March 2020, an allowance of RUB 199 435 thousand was recognized against these loans (31 December 2019: RUB 94 952 thousand).

As at 31 March 2020 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 144 284 501 thousand (31 December 2019: RUB 52 797 460 thousand).

As at 31 March 2020 securities in amount of RUB 187 203 thousand (31 December 2019: 336 421 thousand) were repledged under repurchase agreements with credit institutions (see Note 14 for details). The Group has the obligation to return these securities at the maturity of the related reverse repurchase agreements.

As at 31 March 2020 the Group had term placements with the CBR in the amount of RUB 6 000 820 thousand (31 December 2019: none). As at 31 March 2020, an allowance of RUB 2 538 thousand was recognized against these loans (31 December 2019: none).

Selected Notes to the Condensed Interim Consolidated Financial Statements for the Three-Month Period Ended 31 March 2020 (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 financial instruments held for trading, recorded as assets or liabilities, together with their notional amounts.

	31 March 2020 (unaudited)			31 December 2019		
	Notional principal	Fair value		Notional principal	Fair value	
		Asset	Liability		Asset	Liability
Cross-currency interest rate swaps	288 043 116	23 995 371	21 941 155	245 993 056	11 294 188	9 589 482
Interest rate swaps and options	363 135 810	11 403 146	11 330 255	323 171 704	9 022 310	7 395 456
Foreign exchange forwards, options and swaps	195 850 267	10 238 140	14 640 309	193 016 771	3 567 911	3 972 287
Total derivative assets/liabilities		45 636 657	47 911 719		23 884 409	20 957 225

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 2020 (unaudited)			31 December 2019		
	Notional principal	Fair value		Notional principal	Fair value	
		Asset	Liability		Asset	Liability
Cash flow hedge						
Interest rate swaps	344 572 201	8 346 212	7 298 927	308 390 052	2 214 494	2 034 270
Cross-currency interest rate swaps	143 691 161	2 346 388	13 879 530	102 626 167	1 715 392	1 988 260
Total cash flow hedge		10 692 600	21 178 457		3 929 886	4 022 530
Fair value hedge						
Interest rate swaps	903 387 760	13 225 564	16 872 649	698 733 214	5 943 486	11 354 941
Total fair value hedge		13 225 564	16 872 649		5 943 486	11 354 941
Total derivative financial assets/ liabilities designated for hedging		23 918 164	38 051 106		9 873 372	15 377 471

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Selected Notes to the Condensed Interim Consolidated Financial Statements for the Three-Month Period Ended 31 March 2020 (continued) (in thousands of Russian Rubles)

9. Loans to customers

Loans to customers comprise:

	31 March 2020 (unaudited)	31 December 2019
Corporate customers	637 238 829	543 100 726
Retail customers, including SME	202 920 421	197 027 967
Lease receivables	31 709 494	30 025 485
Reverse repurchase agreements with companies	3 598 392	7 736 381
Gross loans to customers	875 467 136	777 890 559
Less: Impairment loss allowance	(48 739 556)	(44 120 032)
Loans to customers	826 727 580	733 770 527

A reconciliation of the impairment loss allowance is as follows:

	Three-month period ended 31 March	
	2020 (unaudited)	2019 (unaudited)
Impairment loss allowance at the beginning of the period	44 120 032	60 736 838
Charge for the period	3 498 072	4 167 225
Assets sold or recovered through repossession of collateral during the period	(1 326 440)	(295 221)
Assets written-off during the period	(218 849)	(7 008 529)
Effect of contractual accrued interest	478 958	643 171
Effect of exchange rate changes	2 187 783	(1 129 670)
Impairment loss allowance at the end of the period	48 739 556	57 113 814

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

	Three-month period ended 31 March 2020 (unaudited)			
	Stage 1	Stage 2	Stage 3	Total
Impairment loss allowance at the beginning of the period	6 344 008	3 289 021	34 487 003	44 120 032
Transfer to stage 1	267 808	(267 808)	-	-
Transfer to stage 2	(232 466)	232 466	-	-
Transfer to stage 3	-	(25 611)	25 611	-
Charge for the period	1 162 769	852 017	1 483 286	3 498 072
Loans sold or recovered through repossession of collateral during the period	-	-	(1 326 440)	(1 326 440)
Loans written-off during the period	-	-	(218 849)	(218 849)
Effect of contractual accrued interest	-	-	478 958	478 958
Effect of exchange rate changes	386 661	29 030	1 772 092	2 187 783
Impairment loss allowance at the end of the period	7 928 780	4 109 115	36 701 661	48 739 556

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Selected Notes to the Condensed Interim Consolidated Financial Statements for the Three-Month Period Ended 31 March 2020 (continued) (in thousands of Russian Rubles)

9. Loans to customers (continued)

	Three-month period ended 31 March 2019 (unaudited)			
	Stage 1	Stage 2	Stage 3	Total
Impairment loss allowance at the beginning of the period	7 599 346	2 843 461	50 294 031	60 736 838
Transfer to stage 1	169 527	(162 640)	(6 887)	-
Transfer to stage 2	(294 525)	312 950	(18 425)	-
Transfer to stage 3	-	(676 305)	676 305	-
Charge for the period	102 895	537 862	3 526 468	4 167 225
Loans sold or recovered through repossession of collateral during the period	-	-	(295 221)	(295 221)
Loans 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	7 400 485	2 813 494	46 899 835	57 113 814

The table below analyzes information about the significant changes in the gross carrying amount of loans to customers during the period ended 31 March 2020 per stages:

	Three-month period ended 31 March 2020 (unaudited)			
	Stage 1	Stage 2	Stage 3	Total
Gross loans to customers at the beginning of the period	716 641 844	17 781 963	43 466 752	777 890 559
New loans to customers originated	168 276 258	-	-	168 276 258
Transfer to stage 1	2 478 255	(2 478 255)	-	-
Transfer to stage 2	(35 895 079)	35 895 079	-	-
Transfer to stage 3	-	(3 077 502)	3 077 502	-
Loans to customers that have been derecognized	(115 178 766)	(7 830 367)	(1 150 059)	(124 159 192)
Assets sold or recovered through repossession of collateral during the period	-	-	(1 601 363)	(1 601 363)
Assets written-off during the period	-	-	(218 849)	(218 849)
Effect of exchange rate changes	52 970 573	34 530	2 274 620	55 279 723
Gross loans to customers at the end of the period	789 293 085	40 325 448	45 848 603	875 467 136

Selected Notes to the Condensed Interim Consolidated Financial Statements for the Three-Month Period Ended 31 March 2020 (continued) (in thousands of Russian Rubles)

9. Loans to customers (continued)

The table below analyzes information about the significant changes in the gross carrying amount of loans to customers during the period ended 31 March 2019 per stages:

	Three-month period ended 31 March 2019 (unaudited)			
	Stage 1	Stage 2	Stage 3	Total
Gross loans to customers at the beginning of the period	830 946 643	23 868 033	69 072 867	923 887 543
New loans to customers originated	93 699 353	-	-	93 699 353
Transfer to stage 1	1 156 481	(1 149 594)	(6 887)	-
Transfer to stage 2	(5 716 587)	5 735 012	(18 425)	-
Transfer to stage 3	-	(3 271 003)	3 271 003	-
Loans to customers that have been derecognised	(116 259 887)	(10 192 484)	(334 090)	(126 786 461)
Assets sold or recovered through repossession of collateral during the period	-	-	(334 157)	(334 157)
Assets written-off during the period	-	-	(7 008 529)	(7 008 529)
Effect of exchange rate changes	(23 271 386)	(840 733)	(1 289 695)	(25 401 814)
Gross loans to customers at the end of the period	780 554 617	14 149 231	63 352 087	858 055 935

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.

The following table shows gross loans to customers and related impairment as at 31 March 2020 (unaudited):

	Gross loans	Impairment	Net loans
Corporate customers			
- Not past due	615 256 960	(13 430 370)	601 826 590
- Past due less than 31 days	571 147	(355 327)	215 820
- Past due 31-90 days	745 759	(288 581)	457 178
- Past due 91-180 days	1 239 123	(891 749)	347 374
- Past due over 180 days	19 425 840	(16 673 546)	2 752 294
Total loans to corporate customers	637 238 829	(31 639 573)	605 599 256
Retail customers			
- Not past due	183 992 036	(3 045 241)	180 946 795
- Past due less than 31 days	4 145 282	(911 293)	3 233 989
- Past due 31-90 days	2 025 336	(1 101 587)	923 749
- Past due 91-180 days	1 896 827	(1 384 549)	512 278
- Past due over 180 days	10 860 940	(9 704 841)	1 156 099
Total loans to retail customers	202 920 421	(16 147 511)	186 772 910
Lease receivables			
- Not past due	30 383 233	(541 974)	29 841 259
- Past due less than 31 days	655 979	(43 461)	612 518
- Past due 31-90 days	443 487	(118 189)	325 298
- Past due 91-180 days	194 348	(170 978)	23 370
- Past due over 180 days	32 447	(22 357)	10 090
Total lease receivables	31 709 494	(896 959)	30 812 535
Reverse repurchase agreements with companies			
- Not past due	3 598 392	(55 513)	3 542 879
Total loans to customers	875 467 136	(48 739 556)	826 727 580

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Selected Notes to the Condensed Interim Consolidated Financial Statements for the Three-Month Period Ended 31 March 2020 (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 2019:

	Gross loans	Impairment	Net loans
Corporate customers			
- Not past due	523 834 615	(11 477 258)	512 357 357
- Past due less than 31 days	847 477	(584 759)	262 718
- Past due 31-90 days	171 552	(154 397)	17 155
- Past due 91-180 days	261 381	(196 321)	65 060
- Past due over 180 days	17 985 701	(15 352 687)	2 633 014
Total loans to corporate customers	543 100 726	(27 765 422)	515 335 304
Retail customers			
- Not past due	180 884 419	(3 215 026)	177 669 393
- Past due less than 31 days	2 355 535	(604 378)	1 751 157
- Past due 31-90 days	1 622 593	(905 947)	716 646
- Past due 91-180 days	1 619 918	(1 192 095)	427 823
- Past due over 180 days	10 545 502	(9 455 018)	1 090 484
Total loans to retail customers	197 027 967	(15 372 464)	181 655 503
Lease receivables			
- Not past due	29 409 471	(548 642)	28 860 829
- Past due less than 31 days	269 800	(28 137)	241 663
- Past due 31-90 days	202 121	(67 630)	134 491
- Past due 91-180 days	67 578	(36 312)	31 266
- Past due over 180 days	76 515	(38 848)	37 667
Total lease receivables	30 025 485	(719 569)	29 305 916
Reverse repurchase agreements with companies			
- Not past due	7 736 381	(262 577)	7 473 804
Total loans to customers	777 890 559	(44 120 032)	733 770 527

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Selected Notes to the Condensed Interim Consolidated Financial Statements for the Three-Month Period Ended 31 March 2020 (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 2020 (unaudited):

	Stage 1	Stage 2	Stage 3	Total
Corporate customers				
Gross loans	576 665 724	28 462 316	32 110 789	637 238 829
Impairment	(5 601 535)	(1 101 600)	(24 936 438)	(31 639 573)
Net loans to corporate customers	571 064 189	27 360 716	7 174 351	605 599 256
Retail customers and SME				
Gross loans	179 439 148	10 350 193	13 131 080	202 920 421
Impairment	(1 927 101)	(2 800 272)	(11 420 138)	(16 147 511)
Net loans to retail customers and SME	177 512 047	7 549 921	1 710 942	186 772 910
Lease receivables				
Gross lease receivables	29 589 821	1 512 939	606 734	31 709 494
Impairment	(344 631)	(207 243)	(345 085)	(896 959)
Net lease receivables	29 245 190	1 305 696	261 649	30 812 535
Reverse repurchase agreements with companies				
Gross loans	3 598 392	-	-	3 598 392
Impairment	(55 513)	-	-	(55 513)
Net reverse repurchase agreements with companies	3 542 879	-	-	3 542 879
Total loans to customers	781 364 305	36 216 333	9 146 942	826 727 580

Selected Notes to the Condensed Interim Consolidated Financial Statements for the Three-Month Period Ended 31 March 2020 (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 2019:

	Stage 1	Stage 2	Stage 3	Total
Corporate customers				
Gross loans	504 771 208	8 189 728	30 139 790	543 100 726
Impairment	(3 829 002)	(865 321)	(23 071 099)	(27 765 422)
Net loans to corporate customers	500 942 206	7 324 407	7 068 691	515 335 304
Retail customers and SME				
Gross loans	174 985 264	9 415 957	12 626 746	197 027 967
Impairment	(1 920 216)	(2 410 285)	(11 041 963)	(15 372 464)
Net loans to retail customers and SME	173 065 048	7 005 672	1 584 783	181 655 503
Lease receivables				
Gross lease receivables	29 148 991	176 278	700 216	30 025 485
Impairment	(332 213)	(13 415)	(373 941)	(719 569)
Net lease receivables	28 816 778	162 863	326 275	29 305 916
Reverse repurchase agreements with companies				
Gross loans	7 736 381	-	-	7 736 381
Impairment	(262 577)	-	-	(262 577)
Net reverse repurchase agreements with companies	7 473 804	-	-	7 473 804
Total loans to customers	710 297 836	14 492 942	8 979 749	733 770 527

As at 31 March 2020 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 3 924 678 thousand (31 December 2019: RUB 8 622 814 thousand).

As at 31 March 2020 the Group had RUB 212 966 916 thousand due from its ten largest borrowers (24% of gross loan portfolio) (31 December 2019: RUB 166 589 729 thousand or 21%). An allowance of RUB 996 807 thousand was recognized against these loans (31 December 2019: RUB 280 329 thousand).

As at 31 March 2020 the Group had five borrowers or groups of borrowers with aggregate loan amounts that individually exceeded 10% of equity (31 December 2019: three borrowers or groups of borrowers). As at 31 March 2020 the gross amount of these loans is RUB 159 643 887 thousand (31 December 2019: RUB 84 312 172 thousand).

Selected Notes to the Condensed Interim Consolidated Financial Statements for the Three-Month Period Ended 31 March 2020 (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 2020 (unaudited)	31 December 2019
Debt and other fixed income investments		
RUB denominated		
Central bank bonds	50 486 100	95 542 835
Russian government bonds	37 664 820	30 830 961
Corporate and bank bonds	12 201 454	12 508 221
Total debt and other fixed income investments measured at fair value through other comprehensive income	100 352 374	138 882 017
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	100 476 066	139 005 709

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 2020 (unaudited)			31 December 2019		
	Stage 1	Stage 2	Total	Stage 1	Stage 2	Total
Gross debt and other fixed income investments	100 416 318	-	100 416 318	138 977 231	-	138 977 231
Impairment	(63 944)	-	(63 944)	(95 214)	-	(95 214)
Total debt and other fixed income investments	100 352 374	-	100 352 374	138 882 017	-	138 882 017

As at 31 March 2020 there are no financial assets at fair value through other comprehensive income sold under repurchase agreements (31 December 2019: RUB 678 732 thousand) (see Note 14 for details).

Selected Notes to the Condensed Interim Consolidated Financial Statements for the Three-Month Period Ended 31 March 2020 (continued) (in thousands of Russian Rubles)

11. Debt securities measured at amortized costs

In the first quarter 2020 the Group acquired Russian Government bonds in the total nominal amount of RUB 22 000 000 thousand into the portfolio of debt securities measured at amortised cost. Weighted average interest rate is equal to 6.34%, maturities are 06.10.2027 and 10.04.2030.

Debt securities measured at amortised cost comprise:

	31 March 2020 (unaudited)	31 December 2019
RUB denominated		
Russian government bonds	23 230 687	-
Less: allowance for impairment losses for securities measured at amortised cost	(10 587)	-
Total debt securities measured at amortised cost	23 220 100	-

12. Investments in associate

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 2020	31 December 2019
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 2020 and as of 31 December 2019 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 2020 (unaudited)	31 December 2019
Total assets	111 553 374	107 191 578
Total liabilities	90 718 824	87 304 557
Equity	20 834 550	19 887 021
Net profit	671 058	3 157 636

The carrying amounts of the Group's interest in BARN B.V. as of reporting date 31 March 2020 and as of 31 December 2019 are as follows:

	31 March 2020 (unaudited)	31 December 2019
Net assets of BARN B.V.	20 834 550	19 887 021
Proportion of the Group's ownership interest in BARN B.V.	8 333 820	7 954 809
Goodwill	247 235	247 235
Carrying amount of the Group's interest in BARN B.V.	8 581 055	8 202 044

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Selected Notes to the Condensed Interim Consolidated Financial Statements for the Three-Month Period Ended 31 March 2020 (continued) (in thousands of Russian Rubles)

12. Investments in associate (continued)

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 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
Carrying amount of the Group's interest in BARN B.V. as at 1 January 2020	8 202 044
Share of post-acquisition net profit of associate	268 423
Share of post-acquisition other comprehensive income of associate	110 588
Carrying amount of the Group's interest in BARN B.V. as at 31 March 2020 (unaudited)	8 581 055

13. Taxation

The corporate income tax expense comprises:

	Three-month period ended 31 March	
	2020 (unaudited)	2019 (unaudited)
Current tax charge	4 240 787	543 193
Deferred tax charge – (reversal)/origination of temporary differences	(3 217 135)	253 163
Income tax expense	1 023 652	796 356

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

	Three-month period ended 31 March 2020 (unaudited)			Three-month period ended 31 March 2019 (unaudited)		
	Amount before tax	Tax expense	Amount net-of-tax	Amount before tax	Tax expense	Amount net-of-tax
Cash flow hedge reserve	781 601	(156 320)	625 281	(586 991)	117 402	(469 589)
Revaluation reserve for financial assets at fair value through other comprehensive income	(1 876 668)	376 073	(1 500 595)	1 493 189	(298 638)	1 194 551
Foreign currency translation reserve	106 892	-	106 892	1 168	-	1 168
Amortization of revaluation reserve for fixed assets	(45 963)	9 193	(36 770)	-	-	-
Other comprehensive income	(1 034 138)	228 946	(805 192)	907 366	(181 236)	726 130

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Selected Notes to the Condensed Interim Consolidated Financial Statements for the Three-Month Period Ended 31 March 2020 (continued) (in thousands of Russian Rubles)

14. Amounts due to credit institutions

Amounts due to credit institutions comprise:

	31 March 2020 (unaudited)	31 December 2019
Current accounts	12 595 392	7 316 851
Time deposits and loans	30 010 127	58 494 241
Repurchase agreements with credit institutions (Note 10)	173 242	917 972
Subordinated debt	-	29 780 408
Amounts due to credit institutions	42 778 761	96 509 472

As at 31 March 2020 ten largest deposits represented 80% of total amounts due to credit institutions (31 December 2019: 83%).

As at 31 March 2020, the Group has no counterparty with aggregate balances that individually exceeded 10% of equity (31 December 2019: one counterparty).

As at 31 March 2020 there were no securities pledged under repurchase agreements with credit institutions (31 December 2019: RUB 678 732 thousand) (see Note 10 for details).

As at 31 March 2020 included in repurchase agreements with credit institutions are agreements in the amount of RUB 173 242 thousand (31 December 2019: 302 919 thousand) which are secured by bonds with fair value of RUB 187 203 thousand (31 December 2019: 336 421 thousand) obtained under reverse repurchase agreements with credit institutions (see Note 7 for details).

15. Amounts due to customers

The amounts due to customers include the following:

	31 March 2020 (unaudited)	31 December 2019
Current accounts	278 794 252	215 990 365
Time deposits	898 488 043	644 239 121
Repurchase agreements with customers	-	9 857
Lease liabilities under IFRS 16	1 514 089	1 387 304
Amounts due to customers	1 178 796 384	861 626 647

As at 31 March 2020, approximately 41% of total amounts due to customers were placed with the Group by its ten largest customers (31 December 2019: 34%).

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15. Amounts due to customers (continued)

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

	31 March 2020 (unaudited)	31 December 2019
Corporate		
Current accounts	120 603 505	84 173 774
Time deposits	719 900 715	454 966 587
Repurchase agreements with customers	-	9 857
Total corporate accounts	840 504 220	539 150 218
Retail		
Current accounts	158 190 747	131 816 591
Time deposits	178 587 328	189 272 534
Total retail accounts	336 778 075	321 089 125
Amounts due to customers	1 177 282 295	860 239 343
Lease liabilities under IFRS 16	1 514 089	1 387 304
Total amounts due to customers	1 178 796 384	861 626 647

As at 31 March 2020 included in retail time deposits are deposits of individuals in the amount of RUB 165 273 572 thousand (31 December 2019: RUB 167 534 866 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. As at 31 March 2020 the remaining part of retail time deposits in the amount of RUB 13 313 756 thousand (31 December 2019: RUB 1 737 668 thousand) is represented by deposits placed by SME.

The analysis by the economic sector is presented in the table below:

	31 March 2020 (unaudited)	31 December 2019
Energy	232 217 875	148 400 758
Mining and metallurgy	127 358 322	45 832 153
Trade	109 734 834	102 627 855
Russian regional authorities	94 306 059	49 322 772
Machinery construction	84 943 928	58 589 867
Telecommunications	45 893 543	30 858 971
Other manufacturing	35 130 036	26 920 194
Chemicals	34 792 740	19 316 315
Real estate and construction	31 961 511	38 968 514
Transportation	29 007 243	16 989 716
Finance	17 496 021	15 753 466
Agriculture and food	7 015 084	3 975 246
Timber processing	7 004 323	3 361 377
Other	44 038 783	38 059 089
Total corporate customers	900 900 302	598 976 293
Total individuals	276 381 993	261 263 050
Amounts due to customers	1 177 282 295	860 239 343

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16. Credit related commitments and contingencies

Credit related commitments and contingencies include the following:

	31 March 2020 (unaudited)	31 December 2019
Undrawn loan commitments	359 809 944	376 971 129
Undrawn commitments to issue documentary instruments	302 705 751	241 762 866
Guarantees issued	160 966 147	151 284 851
Letters of credit	53 666 765	51 852 069
Other commitments	2 240 098	-
Gross credit related commitments and contingencies	879 388 705	821 870 915
Provision for credit related commitments and contingencies according to IFRS 9	(2 581 900)	(2 493 278)
Provision for credit related commitments and contingencies according to IAS 37	(1 252 657)	(1 379 882)
Net credit related commitments and contingencies	875 554 148	817 997 755

A reconciliation of provision on credit related commitments and contingencies in accordance with IFRS 9 is as follows:

	Three-month period ended 31 March 2020 (unaudited)				Three-month period ended 31 March 2019 (unaudited)			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balance as at the beginning of the period	2 200 727	110 850	181 701	2 493 278	3 102 125	121 818	41 023	3 264 966
(Recovery)/charge for the period	(185 435)	285 299	(11 242)	88 622	(497 044)	(18 114)	13 467	(501 691)
Balance as at the end of the period	2 015 292	396 149	170 459	2 581 900	2 605 081	103 704	54 490	2 763 275

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

	Three-month period ended 31 March	
	2020 (unaudited)	2019 (unaudited)
Provisions at the beginning of the period	1 379 882	267 410
Recovery for the period	(127 225)	(34 767)
Provisions at the end of the period	1 252 657	232 643

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16. Credit related commitments and contingencies (continued)

The following table shows gross commitments and contingencies and related expected loss under IFRS 9 by stages as of 31 March 2020 (unaudited):

	Stage 1	Stage 2	Stage 3	Total
Gross credit related commitments and contingencies	710 897 221	66 370 701	265 389	777 533 311
Provisions for credit related commitments and contingencies	(2 015 292)	(396 149)	(170 459)	(2 581 900)
Net credit related commitments and contingencies	708 881 929	65 974 552	94 930	774 951 411

The following table shows gross commercial guarantees given and related impairment under IAS 37 as of 31 March 2020 (unaudited):

	Performing exposure	Impaired exposure	Total
Gross commercial guarantees given	101 068 448	786 946	101 855 394
Provisions for commercial guarantees given	(599 701)	(652 956)	(1 252 657)
Net commercial guarantees given	100 468 747	133 990	100 602 737

The following table shows gross commitments and contingencies and related expected loss under IFRS 9 by stages as of 31 December 2019:

	Stage 1	Stage 2	Stage 3	Total
Gross credit related commitments and contingencies	707 625 098	12 434 829	316 126	720 376 053
Provisions for credit related commitments and contingencies	(2 200 727)	(110 850)	(181 701)	(2 493 278)
Net credit related commitments and contingencies	705 424 371	12 323 979	134 425	717 882 775

The following table shows gross commercial guarantees given and related impairment under IAS 37 as of 31 December 2019:

	Performing exposure	Impaired exposure	Total
Gross commercial guarantees given	100 571 088	923 774	101 494 862
Provisions for commercial guarantees given	(608 514)	(771 368)	(1 379 882)
Net commercial guarantees given	99 962 574	152 406	100 114 980

17. Operating environment

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

Because Russia produces and exports large volumes of oil and gas, its economy is particularly sensitive to the prices of oil and gas on the world market. In March 2020 oil prices dropped for more than 40%, which resulted in immediate weakening of Russian Ruble against major currencies.

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

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

In addition to that, starting from early 2020 a new coronavirus disease (COVID-19) has begun rapidly spreading all over the world resulting in announcement of the pandemic status by the World Health Organization in March 2020. Responses put in place by many countries to contain the spread of COVID-19 are resulting in significant operational disruption for many companies and have significant impact on global financial markets. As the situation is rapidly evolving it may have a significant effect on business of many companies across a wide range of sectors, including, but not limited to such impacts as disruption of business operations as a result of interruption of production or closure of facilities, supply chain disruptions, quarantines of personnel, reduced demand and difficulties in raising financing. In addition, the Group may face the increasingly broad effects of COVID-19 as a result of its negative impact on the global economy and major financial markets. The significance of the effect of COVID-19 on the Group's business largely depends on the duration and the incidence of the pandemic effects on the world and Russian economy.

As indicated above, the changing economic situation, the spread of COVID-19, the introduction of non-working days can significantly affect the Group's operations and financial indicators, including the loan portfolio quality, liquidity and capital indicators.

In view of this situation, the Group modelled the potential impact of stress scenarios on the Group's operations and financial performance. These stress scenarios take into account possible negative effect from the implementation of the above events. As of 31 March 2020, the Group has updated its macroeconomic forecast to reflect expected credit losses by changing the credit risk of borrowers.

As of 31 March 2020 and beyond, the Group, taking into account its stable current financial position, decided not to use the softening in the calculation of regulatory ratios proposed and specified in a series of informational letters by the Central Bank of Russia.

Since March 2020, the Group started to receive applications from corporate clients, including small and medium-sized enterprises, and from individuals, for granting them credit holidays on previously issued loans in accordance with Russian legislation. As of 31 March 2020, the number of applications received is estimated as insignificant in relation to the total number of loans issued. All cases of granting credit holidays are marked as COVID-19, for each case the Group performs an analysis of credit recovery.

Thus, taking into account the stable financial position of the Group, it can be concluded that the current economic situation has insignificant impact on the Group's financial ratios as of 31 March 2020.

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18. (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	
	2020	2019
	(unaudited)	(unaudited)
Net gains/(losses) from trading securities	35 047	(10 745)
Net losses from foreign exchange, interest based derivatives and translation of other foreign currency assets and liabilities	(332 095)	(650 896)
Losses on financial assets and liabilities held for trading	(297 048)	(661 641)

19. 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 2020 (unaudited)			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Debt securities held for trading				
- held by the Group	1 235 041	248 947	-	1 483 988
Derivative financial assets	-	45 636 657	-	45 636 657
Derivative financial assets designated for hedging	-	23 918 164	-	23 918 164
Financial assets at fair value through other comprehensive income				
- held by the Group	25 875 707	74 476 667	-	100 352 374
Total	27 110 748	144 280 435	-	171 391 183
Financial liabilities measured at fair value				
Derivative financial liabilities	-	47 911 719	-	47 911 719
Derivative financial liabilities designated for hedging	-	38 051 106	-	38 051 106
Total	-	85 962 825	-	85 962 825

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Selected Notes to the Condensed Interim Consolidated Financial Statements for the Three-Month Period Ended 31 March 2020 (continued) (in thousands of Russian Rubles)

19. Fair value of financial instruments (continued)

	31 December 2019			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value				
Derivative financial assets	-	23 884 409	-	23 884 409
Derivative financial assets designated for hedging	-	9 873 372	-	9 873 372
Financial assets at fair value through other comprehensive income:				
- held by the Group	30 152 229	108 051 056	-	138 203 285
- pledged under repurchase agreements	678 732	-	-	678 732
Total	30 830 961	141 808 837	-	172 639 798
Financial liabilities at fair value				
Derivative financial liabilities	-	20 957 225	-	20 957 225
Derivative financial liabilities designated for hedging	-	15 377 471	-	15 377 471
Total	-	36 334 696	-	36 334 696

As at 31 March 2020 the table above does not include equity investments at fair value through other comprehensive income in amount of RUB 123 692 thousand (31 December 2019: RUB 123 692 thousand), which do not have a quoted market price in an active market.

During the three-month periods ended 31 March 2020 and 31 March 2019 there were no changes between fair value levels for trading securities.

During the three-month periods ended 31 March 2020 and 31 March 2019 there were no changes between fair value levels for securities at fair value through other comprehensive income.

20. Related party disclosures

As at 31 March 2020 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 the Condensed Interim Consolidated Financial Statements for the Three-Month Period Ended 31 March 2020 (continued) (in thousands of Russian Rubles)

20. Related party disclosures (continued)

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

	31 March 2020 (unaudited)	Weighted average interest rate, % (unaudited)	31 December 2019	Weighted average interest rate, %
Amounts due from credit institutions				
- In Russian Roubles	-	0.0%	649 707	6.5%
- In EUR	532 125	0.0%	460 795	0.0%
- In USD	147 098 440	0.7%	95 838 180	2.3%
Derivative financial assets	10 570 299		10 504 983	
Derivative financial assets designated for hedging	21 660 149		9 222 110	
Other assets	123 011		103 486	
Amounts due to credit institutions				
- In Russian Roubles	465 955	4.5%	129 183	0.0%
- In EUR	564 418	1.8%	448 711	1.8%
- In USD	674 982	0.0%	30 327 115	11.8%
Derivative financial liabilities	29 994 439		11 094 170	
Derivative financial liabilities designated for hedging	30 353 336		10 896 528	
Other liabilities	374 574		563 430	
Commitments and guarantees issued	13 368 513		10 885 422	
Commitments and guarantees received	13 858 832		10 972 433	

	Three-month period ended 31 March	
	2020 (unaudited)	2019 (unaudited)
Interest income and similar revenues	4 653 322	6 844 060
Interest expense and similar charges	(3 887 998)	(4 087 463)
Fee and commission income	2 127	11 700
Fee and commission expense	(10 076)	(50 715)
(Losses)/gains on financial assets and liabilities held for trading	(29 898 444)	11 808 316
Fair value adjustments in portfolio hedge accounting	2 361 599	(742 468)
Personnel expenses	(1 773)	(5 618)
Other administrative expenses	(20 091)	(20 538)

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20. 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 2020 (unaudited)	Weighted average interest rate, % (unaudited)	31 December 2019	Weighted average interest rate, %
Amounts due from credit institutions				
- In Russian Roubles	7 118 008	6.5%	649 714	6.5%
- In EUR	46 346 217	0.0%	11 665 800	0.0%
- In USD	10 047 846	0.0%	2 341 480	0.0%
- In other currencies	122 003	0.0%	153 918	0.0%
Derivative financial assets	3 521 698		1 518 492	
Derivative financial assets designated for hedging	1 505 558		651 020	
Loans to customers				
- In Russian Roubles	422 986	5.8%	705 797	5.8%
Intangible assets	4 178		125 428	
Other assets	200 010		165 993	
Amounts due to credit institutions				
- In Russian Roubles	1 127 286	0.2%	4 307 486	3.5%
- In EUR	4 380 889	2.2%	3 397 399	2.1%
- In USD	1 593 627	2.7%	1 699 138	3.0%
Derivative financial liabilities	9 952 403		3 007 703	
Derivative financial liabilities designated for hedging	4 176 779		1 606 352	
Amounts due to customers				
- In Russian Roubles	431 477	3.9%	695 312	4.0%
Other liabilities	414 954		279 833	
Commitments and guarantees issued	30 653 461		28 581 450	
Commitments and guarantees received	18 806 087		16 090 783	

	Three-month period ended 31 March	
	2020 (unaudited)	2019 (unaudited)
Interest income and similar revenues	23 247	108 346
Interest expense and similar charges	(253 718)	(465 398)
Fee and commission income	20 274	25 659
Fee and commission expense	(22 554)	(22 166)
Losses on financial assets and liabilities held for trading	(5 320 331)	(1 536 386)
Fair value adjustments in portfolio hedge accounting	(198 293)	362 107
Other income	121	123
Personnel expenses	(1 200)	(1 683)
Other administrative expenses	(72 499)	(66 369)

Balances and transactions with associate are as follows:

	31 March 2020 (unaudited)	Weighted average interest rate, % (unaudited)	31 December 2019	Weighted average interest rate, %
Amounts due from credit institutions				
- In Russian Roubles	11 770 049	8.3%	11 251 984	8.2%
Derivative financial assets	-		58 196	
Amounts due to credit institutions				
- In Russian Roubles	223 117	0.0%	12 996	0.0%
- In EUR	18 195	0.0%	4 777	0.0%
- In USD	4 468	0.0%	1 843	0.0%
Derivative financial liabilities	809 339		341 546	
Investments in associate	8 581 055		8 202 044	
Commitments and guarantees issued	182 235		177 735	

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Selected Notes to the Condensed Interim Consolidated Financial Statements for the Three-Month Period Ended 31 March 2020 (continued) (in thousands of Russian Rubles)

20. Related party disclosures (continued)

	Three-month period ended 31 March 2020 (unaudited)	Three-month period ended 31 March 2019 (unaudited)
Interest income and similar revenues	425 980	593 302
Interest expense and similar charges	(213 962)	(166 130)
Fee and commission income	-	18 614
Losses on financial assets and liabilities held for trading	(392 731)	(588 761)
Share of gains in associate	268 423	230 550

Under the commitments and guarantees issued the associate is a beneficiary.

Balances and transactions with key management personnel are as follows:

	31 March 2020 (unaudited)	31 December 2019
Amounts due to customers	549 151	464 854
Accrued liabilities on remuneration	322 423	296 161
Other liabilities	68 355	90 142

	Three-month period ended 31 March 2020 (unaudited)	Three-month period ended 31 March 2019 (unaudited)
Interest expense	(2 737)	(4 516)
Personnel expenses, including:	(118 807)	(43 250)
short-term benefits	(65 727)	(48 459)
long-term benefits	(51 726)	6 522
post-employment benefits	(1 354)	(1 313)

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

	Three-month period ended 31 March 2020 (unaudited) UniCredit S.p.A.	Three-month period ended 31 March 2019 (unaudited) UniCredit S.p.A.
Subordinated loans at the beginning of the period	29 780 408	33 517 157
Accrual of interest, net of interest paid	-	(86 814)
Effect of exchange rates changes	7 601 151	(2 277 494)
Redemption of subordinated debt	(37 381 559)	-
Subordinated loans at the end of the period	-	31 152 849