



**CENTER-INVEST BANK GROUP**

**International Financial Reporting Standards  
Condensed Consolidated Interim  
Financial Information (unaudited)  
31 March 2020**

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	Note	31 March 2020 (unaudited)	31 December 2019
<i>(in thousands of Russian Roubles)</i>			
<b>ASSETS</b>			
Cash and cash equivalents		21 135 089	11 052 495
Mandatory cash balances with the Central Bank of Russian Federation		755 423	763 172
Balances with the Central Bank of the Russian Federation		-	14 502 371
Loans to customers and finance lease receivables	6	87 194 707	85 055 005
Investment in associate		314 344	292 096
Investment properties		1 450 172	1 450 172
Premises and equipment and intangible assets		3 688 831	3 761 311
Right-of-use assets		110 445	144 274
Other financial assets		1 048 075	1 019 233
Other assets		1 392 222	1 376 417
Current income tax prepayment		220 636	104 434
<b>TOTAL ASSETS</b>		<b>117 309 944</b>	<b>119 520 980</b>
<b>LIABILITIES</b>			
Customer accounts	7	96 555 282	99 443 062
Debt securities in issue	8	1 763 991	2 115 221
Borrowings from international financial institutions	9	3 351 976	2 612 025
Other financial liabilities		225 158	295 343
Other liabilities		251 872	326 477
Lease liabilities		111 162	150 939
Deferred income tax liability		462 996	358 564
<b>TOTAL LIABILITIES</b>		<b>102 722 437</b>	<b>105 301 631</b>
<b>EQUITY</b>			
Share capital		1 326 277	1 326 277
Share premium		2 078 860	2 078 860
Revaluation reserve for land and premises		1 227 129	1 228 156
Retained earnings		10 056 486	9 682 312
<b>Net assets attributable to the Bank's shareholders</b>		<b>14 688 752</b>	<b>14 315 605</b>
<b>Non-controlling interest</b>		<b>(101 245)</b>	<b>(96 256)</b>
<b>TOTAL EQUITY</b>		<b>14 587 507</b>	<b>14 219 349</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>117 309 944</b>	<b>119 520 980</b>

29 May 2020

  
L.N. Simonova  
Management Board Chairman

  
T.I. Ivanova  
Chief Accountant

<i>(in thousands of Russian Roubles)</i>	Note	Three months ended 31 March	
		2020	2019
Interest income calculated using the effective interest method	10	2 580 159	2 718 255
Interest and other similar expense	10	(1 394 931)	(1 210 447)
<b>Net margin on interest and similar income</b>		<b>1 185 228</b>	<b>1 507 808</b>
Credit loss allowance	6	(240 539)	(263 534)
Recovery of provision for credit related commitments		(9 565)	23 287
<b>Net margin on interest and similar income after credit loss allowance</b>		<b>935 124</b>	<b>1 267 561</b>
Fee and commission income		380 210	390 066
Fee and commission expense		(112 658)	(128 168)
Gains less losses from trading in foreign currencies		30 839	13 712
Foreign exchange translation (Gains less losses) / Losses less gains		18 199	(36 090)
(Losses less gains) / Gains less losses / from spot currency transactions and other conversion operations on the interbank market		(5 361)	32 017
Other provisions and expenses		(41 294)	(11 997)
Other operating income		157 127	6 758
Contributions to the state deposit insurance scheme		(93 355)	(129 708)
Administrative and other operating expenses		(810 070)	(712 938)
Depreciation of right-of-use assets		(8 826)	(11 107)
Share of result of associate		22 253	27 632
<b>Profit before tax</b>		<b>472 188</b>	<b>707 738</b>
Income tax expense		(104 030)	(162 732)
<b>Profit for the period</b>		<b>368 158</b>	<b>545 006</b>
<b>Other comprehensive income for the period</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>		<b>368 158</b>	<b>545 006</b>
<b>Profit attributable to:</b>			
Bank's shareholders		373 147	545 006
Non-controlling interest		(4 989)	-
<b>Total comprehensive income attributable to the Bank's shareholders and non-controlling interest</b>		<b>368 158</b>	<b>545 006</b>

	Three months ended 31 March 2020	Three months ended 31 March 2019
<i>(in thousands of Russian Roubles)</i>		
<b>Cash flows from operating activities</b>		
Interest received	2 490 820	2 396 833
Interest paid	(1 331 497)	(1 107 894)
Contributions to the state deposit insurance scheme	(140 543)	(120 014)
Fees and commissions received	375 116	387 883
Fees and commissions paid	(112 658)	(126 572)
Gains less losses from trading in foreign currencies	30 839	13 712
Losses less gains / (Gains less losses) from spot currency transactions and other conversion operations on the interbank market	(5 361)	33 028
Receipts from assignment of rights of claim	247 396	57 220
Repayment of debt previously written off	13 053	10 742
Other operating income received	156 196	4 942
Staff costs paid	(381 918)	(278 294)
Operating expenses paid	(396 388)	(267 873)
Income tax paid	(116 592)	(2 082)
<b>Cash flows from operating activities before changes in operating assets and liabilities</b>	<b>828 463</b>	<b>1 001 631</b>
<b>Change in operating assets and liabilities</b>		
Net change in mandatory cash balances with the Central Bank of the Russian Federation	7 749	26 407
Net change in due from other banks	14 500 000	9 200 000
Net change in loans to customers and finance lease receivables	(2 464 417)	(3 008 099)
Net change in other financial and other assets	151 955	51 982
Net change in due to Central Bank of the Russian Federation and other banks	-	3 000 000
Net change in customer accounts	(3 640 518)	(9 425 391)
Net change in promissory notes issued	(365 845)	139 636
Net change in other financial and other liabilities	(107 726)	(21 416)
<b>Net cash from/(used in) operating activities</b>	<b>8 909 661</b>	<b>964 750</b>
<b>Cash flows from investing activities</b>		
Acquisition of premises and equipment	(41 436)	(34 693)
Proceeds from disposal of premises and equipment	33 806	906
Acquisition of intangible assets	(23 042)	(24 694)
Investments in investment properties	-	(1 126)
<b>Net cash used in investing activities</b>	<b>(30 672)</b>	<b>(59 607)</b>
<b>Cash flows from financing activities</b>		
Issue of bonds	29 637	206 680
Repurchase and repayment of bonds	(4 500)	(223 725)
Proceeds from borrowings from international financial institutions	740 274	830 000
Repayment of principal of lease liabilities	(39 777)	(9 182)
<b>Net cash from financing activities</b>	<b>725 634</b>	<b>803 773</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>477 971</b>	<b>(134 173)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>10 082 594</b>	<b>1 574 743</b>
Cash and cash equivalents at the beginning of the period	11 052 495	8 712 015
<b>Cash and cash equivalents at the end of the period</b>	<b>21 135 089</b>	<b>10 286 758</b>

The notes set out on pages 5 to 39 form an integral part of this condensed consolidated interim financial information.

		Share capital	Share premium	Fund of land and premises revaluation	Retained earnings	Non- controlling interest	Total equity
<i>(in thousands of Russian Roubles)</i>							
	<b>Note</b>						
<b>Balance at 1 January 2019</b>		<b>1 326 277</b>	<b>2 078 860</b>	<b>1 262 206</b>	<b>8 460 303</b>	<b>-</b>	<b>13 127 646</b>
Profit for the period		-	-	-	545 006	-	545 006
<b>Total comprehensive income for three months of 2019</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>545 006</b>	<b>-</b>	<b>545 006</b>
Dividends declared:							
- ordinary shares	11	-	-	-	-	-	-
- preference shares	11	-	-	-	-	-	-
<b>Balance at 31 March 2019 (unaudited)</b>		<b>1 326 277</b>	<b>2 078 860</b>	<b>1 262 206</b>	<b>9 005 309</b>	<b>-</b>	<b>13 672 652</b>
<b>Balance at 31 December 2019</b>		<b>1 326 277</b>	<b>2 078 860</b>	<b>1 228 156</b>	<b>9 682 312</b>	<b>(96 256)</b>	<b>14 219 349</b>
Profit for the period		-	-	-	373 147	(4 989)	368 158
<b>Total comprehensive income for three months of 2020</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>373 147</b>	<b>(4 989)</b>	<b>368 158</b>
Dividends declared:							
- ordinary shares	11	-	-	-	-	-	-
- preference shares	11	-	-	-	-	-	-
Transfer of revaluation surplus on land and premises to retained earnings		-	-	(1 027)	1 027	-	-
<b>Balance at 31 March 2020 (unaudited)</b>		<b>1 326 277</b>	<b>2 078 860</b>	<b>1 227 129</b>	<b>10 056 486</b>	<b>(101 245)</b>	<b>14 587 507</b>

The notes set out on pages 5 to 39 form an integral part of this condensed consolidated interim financial information.

## 1. Introduction

This condensed consolidated interim financial information of Public Joint-stock company commercial Bank "Center-invest" (hereinafter, the "Bank") and its subsidiaries (hereinafter referred to as the "Group") has been prepared for three months ended 31 March 2020 in accordance with International Accounting Standard 34 "Interim Financial Reporting" (hereinafter, "IAS 34").

The Bank was incorporated and is domiciled in the Russian Federation. The Bank is a joint stock company limited by shares.

**Principal activity.** The Group's principal business activities are corporate and retail banking and leasing operations within the Russian Federation. The Bank has operated under a full banking licence issued by the Central Bank of the Russian Federation ("CBRF") since 1992. The Bank participates in the state deposit insurance scheme, which was introduced by Federal Law No. 177-FZ, *Deposits of Individuals Insurance in Russian Federation*, dated 23 December 2003. The State Deposit Insurance Agency guarantees repayment of 100% of individual deposits up to RR 1 400 thousand per individual in the case of the withdrawal of a licence of a bank or a CBRF imposed moratorium on payments.

There are no beneficial owners, as there are no individuals who ultimately have the ability to control the Bank.

At 31 March 2020, the Bank had four branches (31 December 2019: four) in the Russian Federation. Additionally, the Bank has a representative office in Moscow and 113 (31 December 2019: 112) sub-branches in the Rostov and Volgograd Regions, Moscow, Nizhny Novgorod, Stavropol and Krasnodar Regions.

Interest in subsidiaries at 31 March 2020 and 31 December 2019 is as follows:

(%)	31 March 2020	31 December 2019
OOO Centre-Leasing	100.00	100.00
Joint-Stock Company "Ptitsefabrika Belokalitvinskaya"	88.28	88.28

**Registered address and place of business.** The Bank's registered address is: 62 Sokolova Avenue, Rostov-on-Don, Russian Federation, 344000.

The average number of the Group's employees during three months ended 31 March 2020 was 1 738 people (2019: 1 760 people; three months ended 31 March 2019: 1 474 people).

**Presentation currency.** This condensed consolidated interim financial information is presented in thousands of Russian roubles ("RR thousand"), unless otherwise stated.

## 2. Operating Environment of the Group

**Russian Federation.** Significant changes took place in the economic environment due to the COVID-19 pandemic at the beginning of 2020: activity in many sectors of the economy decreased as a result of the state restrictions; at the same time, government support measures for individuals and business were implemented. High volatility of the stock and foreign exchange markets and depreciation of the Russian rouble against major foreign currencies were observed.

The above changes in the economic environment have a significant impact on the Group's operations and financial position. Management of the Group has substantial experience in effective crisis risk management and has taken all necessary measures to ensure the sustainability of the Group's operations, to ensure staff safety and to support its customers in the COVID-19 pandemic. A number of measures have been taken by the Group to support individuals, entrepreneurs and business, including preferential tariffs for legal entities and individuals, loan restructuring, participation in the state support lending programs, as well as its own financial support programs. These measures will help clients not only maintain their business and withstand the consequences of the crisis, but also continue to work as the situation stabilizes.



## **2. Operating Environment of the Group (Continued)**

The Bank operates primarily in the South of Russia. For a whole number of indicators, like in the previous years, the South of Russia exceeds average growth rates, namely for industrial production index; positive dynamics of development are demonstrated in the consumer market, and support structure for small and medium businesses is improving. The major industry of the region is agriculture; as part of implementing the Rostov Region government programme “Agribusiness Development and Regulation of Agricultural Products, Commodities and Food Market” for 2019-2030, events are conducted to ensure sustainable development of the Rostov Region agribusiness complex and rural areas. The management believes that these developments improve competitive advantages of the South of Russia.

For the purpose of measurement of expected credit losses (“ECL”), the Group uses supportable forward-looking information, including forecasts of macroeconomic variables. As with any economic forecast, however, the projections and likelihoods of their occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different from those projected. Note 5 provides more information of how the Group incorporated forward-looking information in the ECL models.

## **3. Summary of Significant Accounting Policies**

**Basis of preparation.** This condensed consolidated interim financial information has been prepared in accordance with IAS 34 and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2019, which have been prepared in accordance with International Financial Reporting Standards (IFRS).

This condensed consolidated interim financial information does not contain all notes that are required for the full set of consolidated financial statements.

Except as described below, the same accounting policies and methods of computation were followed in the preparation of this condensed consolidated interim financial information as compared with the Group’s annual consolidated financial statements for the year ended 31 December 2019.

Certain new standards, interpretations and changes to existing standards have become mandatory for the Group since 1 January 2020, in accordance with those indicated in the consolidated financial statements of the Group for the year ended 31 December 2019. They did not have a material impact on the condensed consolidated interim financial information of the Group.

**Interim period tax estimate.** Interim period income tax expense is accrued using the effective tax rate that would be applicable to expected total annual earnings, i.e. the estimated weighted average annual effective income tax rate is applied to the pre-tax income for the interim period.

**Consolidated Financial Statements.** The Group measures non-controlling interest that represents present ownership interest and entitles the holder to a proportionate share of net assets in the event of liquidation on a transaction by transaction basis, either at: (a) fair value, or (b) the non-controlling interest’s proportionate share of net assets of the acquiree. Non-controlling interests that are not present ownership interests are measured at fair value.

**Presentation of consolidated statement of financial position in order of liquidity.** The Group does not have a clearly identifiable operating cycle and therefore does not present current and non-current assets and liabilities separately in the statement of financial position. Instead, assets and liabilities are presented in order of their liquidity. Refer to Note 12 for analysis of financial instruments by expected maturity.



### 3. Summary of Significant Accounting Policies (Continued)

The following table provides information on amounts expected to be recovered or settled before and after twelve months after the reporting period for items that are not analysed in Note 12.

	31 March 2020		
	Amounts expected to be recovered or settled		
	Within 12 months after the reporting period	After 12 months after the reporting period	Total
<i>In thousands of Russian Roubles</i>			
<b>Assets</b>			
Investment in associate	-	314 344	<b>314 344</b>
Investment properties	-	1 450 172	<b>1 450 172</b>
Premises, equipment and intangible assets	-	3 688 831	<b>3 688 831</b>
Right-of-use assets	86 645	23 800	<b>110 445</b>
Other assets	587 737	804 485	<b>1 392 222</b>
Current income tax prepayment	220 636	-	<b>220 636</b>
<b>Liabilities</b>			
Deferred income tax liability	-	462 996	<b>462 996</b>
Other liabilities	193 299	58 573	<b>251 872</b>

	31 December 2019		
	Amounts expected to be recovered or settled		
	Within 12 months after the reporting period	After 12 months after the reporting period	Total
<i>In thousands of Russian Roubles</i>			
<b>Assets</b>			
Investment in associate	-	292 096	<b>292 096</b>
Investment properties	-	1 450 172	<b>1 450 172</b>
Premises, equipment and intangible assets	-	3 761 311	<b>3 761 311</b>
Right-of-use assets	40 459	103 815	<b>144 274</b>
Other assets	609 238	767 179	<b>1 376 417</b>
Current income tax prepayment	104 434	-	<b>104 434</b>
<b>Liabilities</b>			
Deferred income tax liability	-	358 564	<b>358 564</b>
Other liabilities	255 721	70 756	<b>326 477</b>

### 4. Adoption of New or Revised Standards and Interpretations

**Other new standards and interpretations.** The following amended standards and interpretations became effective for the Group from 1 January 2020, but did not have any material impact on the Group:

- IFRS 17 “Insurance Contracts” (issued on 18 May 2017 and effective for annual periods beginning on or after 1 January 2021).
- Amendments to the Conceptual Framework for Financial Reporting (issued on 29 March 2018 and effective for annual periods beginning on or after 1 January 2020).
- Definition of a business - Amendments to IFRS 3 (issued on 22 October 2018 and effective for acquisitions from the beginning of the annual reporting period beginning on or after 1 January 2020).
- Determination of materiality - Amendments to IAS 1 and IAS 8 (issued on 31 October 2018 and effective for annual periods beginning on or after 1 January 2020).
- Amendments to IFRS 10 and IAS 28 - “Sale or Contribution of Assets in Transactions between an Investor and its Associate or Joint Venture” (issued on 11 September 2014 and effective for annual periods beginning on the date to be determined by the IASB, or after that date).
- Amendments to IFRS 9, IAS 39 and IFRS 7 - “Interest Rate Benchmark Reform” (issued on 26 September 2019 and effective for annual periods beginning on or after 1 January 2020).

#### **4. Adoption of New or Revised Standards and Interpretations (Continued)**

There were no new standards or interpretations issued and not yet effective, information about which is not included in the last annual financial statements of the Group for the year ended 31 December 2019. The Group continues assessing the effects of new standards and interpretations that are not yet effective and will disclose their known or reasonably estimable effects as soon as they become available.

#### **5. Critical Accounting Estimates and Judgements in Applying Accounting Policies**

Estimates and judgements were consistent with those made in the annual financial statements for the year ended 31 December 2019:

**ECL measurement.** Measurement of ECLs is a significant estimate that involves determination of the same methodology, models and data inputs as at 31 December 2019. The following components have a significant impact on credit loss allowance: definition of default, SICR, probability of default ("PD"), exposure at default ("EAD"), and loss given default ("LGD"), as well as models of macro-economic scenarios. The Group regularly reviews and validates the models and inputs to the models to reduce any differences between expected credit loss estimates and actual credit loss experience.

The impact of forward-looking information on the PD, EAD and LGD vary by financial instrument. Forecasts of these economic variables (the "base economic scenario") are provided annually, except for any emerging significant external events which require adjustment of the assessment, and provide the best estimate of the economy over the next year. The impact of the relevant economic variables on the PD, EAD and LGD has been determined by performing statistical regression analysis to understand the impact that the changes in these variables historically had on the default rates and on the components of LGD and EAD.

In addition to the base economic scenario, the Group also provides other possible scenarios. Only reasonably probable rather than any possible scenarios are considered. The number of scenarios used is set based on the analysis of each major product type to ensure non-linearities are captured. For each scenario, an expectation coefficient is determined that reflects deviation of the expected level of defaults from that statistically calculated. The Group determines one of the scenarios as a basis and uses the expectation coefficient for this scenario to adjust PD which will be used in calculations. If different impacts of expected macroeconomic changes are identified with regard to different industries and, therefore, different portfolios, an individual expectation coefficient is set for each individual industry.

A 10% increase or decrease in PD estimates at 31 March 2020 would result in an increase or decrease in total expected credit loss allowances of RR 73 494 thousand. (31 December 2019: by RR 68 342 thousand).

A 10% increase or decrease in LGD estimates at 31 March 2020 would result in an increase or decrease in total expected credit loss allowances of RR 365 227 thousand (at 31 December 2019: RR 390 004 thousand).

## 6. Loans to Customers and Finance Lease Receivables

Gross carrying amount and credit loss allowance amount for loans to customers and finance lease receivables at AC by classes at 31 March 2020 and 31 December 2019 are disclosed in the table below:

<i>(in thousands of Russian Roubles)</i>	<b>31 March 2020</b>	<b>31 December 2019</b>
Corporate loans	36 995 420	35 411 303
Loans to individuals – mortgage loans	37 409 484	36 458 473
Loans to individuals – consumer loans and car loans	18 642 718	19 132 251
Finance lease receivables	211 297	196 371
<b>Total loans to customers and finance lease receivables before estimated allowance for credit losses</b>	<b>93 258 919</b>	<b>91 198 398</b>
Expected credit loss allowance	(6 064 212)	(6 143 393)
<b>Total loans to customers and finance lease receivables</b>	<b>87 194 707</b>	<b>85 055 005</b>

The following tables disclose changes in credit loss allowance and gross carrying amount for loans to customers and finance lease receivables between the beginning and the end of the reporting period:

**6. Loans to Customers and Finance Lease Receivables (Continued)**

	Credit loss allowance				Gross carrying amount			
	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total
<i>(in thousands of Russian Roubles)</i>								
<b>Corporate loans</b>								
<b>At 1 January 2020</b>	<b>237 246</b>	<b>244 777</b>	<b>2 845 252</b>	<b>3 327 275</b>	<b>29 625 715</b>	<b>889 144</b>	<b>4 896 444</b>	<b>35 411 303</b>
<i>Movements with impact on credit loss allowance charge for the period:</i>								
Issued to new and existing customers during the period	70 508	56	1 071	<b>71 635</b>	8 120 534	6 886	1 981	<b>8 129 401</b>
Transfers:								
- to lifetime credit losses (from Stage 1 and Stage 3 to Stage 2)	(3 669)	3 669	-	-	(339 157)	339 157	-	-
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	(3 263)	(246)	3 509	-	(230 966)	(10 552)	241 518	-
- to 12-month ECL (from Stage 2 and Stage 3 to Stage 1)	396	(396)	-	-	19 323	(19 323)	-	-
Repaid during the period	(27 541)	(32 518)	(108 516)	<b>(168 575)</b>	(6 078 764)	(29 289)	(192 274)	<b>(6 300 327)</b>
Changes to ECL measurement model assumptions	3 416	63 537	217 868	<b>284 821</b>	-	-	-	-
Changes in accrued interest, exchange differences and other movements	-	61 883	8 078	<b>69 961</b>	(11)	184 566	15 662	<b>200 217</b>
<b>Total movements with impact on credit loss allowance charge for the period</b>	<b>39 847</b>	<b>95 985</b>	<b>122 010</b>	<b>257 842</b>	<b>1 490 959</b>	<b>471 445</b>	<b>66 887</b>	<b>2 029 291</b>
<i>Movements without impact on credit loss allowance charge for the period:</i>								
Write-offs	-	-	-	-	-	-	-	-
Assignment	(2 865)	-	(266 809)	<b>(269 674)</b>	(11 865)	-	(433 309)	<b>(445 174)</b>
<b>At 31 March 2020</b>	<b>274 228</b>	<b>340 762</b>	<b>2 700 453</b>	<b>3 315 443</b>	<b>31 104 809</b>	<b>1 360 589</b>	<b>4 530 022</b>	<b>36 995 420</b>
Recovery of loans previously written off	-	-	3 502	<b>3 502</b>				

**6. Loans to Customers and Finance Lease Receivables (Continued)**

	Credit loss allowance				Gross carrying amount			
	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total
<i>(in thousands of Russian Roubles)</i>								
<b>Mortgage loans</b>								
<b>At 1 January 2020</b>	<b>203 988</b>	<b>28 963</b>	<b>766 053</b>	<b>999 004</b>	<b>34 542 942</b>	<b>656 099</b>	<b>1 259 432</b>	<b>36 458 473</b>
<i>Movements with impact on credit loss allowance charge for the period:</i>								
Issued to new and existing customers during the period	18 759	-	-	<b>18 759</b>	2 858 899	-	-	<b>2 858 899</b>
Transfers:								
- to lifetime credit losses (from Stage 1 and Stage 3 to Stage 2)	(1 820)	18 217	(16 397)	-	(277 342)	305 290	(27 948)	-
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	(74)	(4 864)	4 938	-	(11 243)	(98 141)	109 384	-
- to 12-month ECL (from Stage 2 and Stage 3 to Stage 1)	14 603	(8 089)	(6 514)	-	186 249	(175 145)	(11 104)	-
Repaid during the period	(11 853)	(545)	(53 774)	<b>(66 172)</b>	(1 813 174)	(16 950)	(81 680)	<b>(1 911 804)</b>
Changes to ECL measurement model assumptions	(20 568)	(5 512)	65 164	<b>39 084</b>	-	-	-	-
Changes in accrued interest, exchange differences and other movements	6	172	4 632	<b>4 810</b>	950	3 374	7 895	<b>12 219</b>
<b>Total movements with impact on credit loss allowance charge for the period</b>	<b>(947)</b>	<b>(621)</b>	<b>(1 951)</b>	<b>(3 519)</b>	<b>944 339</b>	<b>18 428</b>	<b>(3 453)</b>	<b>959 314</b>
<i>Movements without impact on credit loss allowance charge for the period:</i>								
Write-offs	-	-	-	-	-	-	-	-
Assignment	-	-	(174)	<b>(174)</b>	-	-	(8 303)	<b>(8 303)</b>
<b>At 31 March 2020</b>	<b>203 041</b>	<b>28 342</b>	<b>763 928</b>	<b>995 311</b>	<b>35 487 281</b>	<b>674 527</b>	<b>1 247 676</b>	<b>37 409 484</b>
Recovery of loans previously written off	-	-	92	<b>92</b>				

**6. Loans to Customers and Finance Lease Receivables (Continued)**

	Credit loss allowance				Gross carrying amount			
	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total
<i>(in thousands of Russian Roubles)</i>								
<b>Consumer loans and car loans</b>								
<b>At 1 January 2020</b>	<b>223 729</b>	<b>12 789</b>	<b>1 578 004</b>	<b>1 814 522</b>	<b>16 962 919</b>	<b>374 331</b>	<b>1 795 001</b>	<b>19 132 251</b>
<i>Movements with impact on credit loss allowance charge for the period:</i>								
Issued to new and existing customers during the period	28 595	-	-	<b>28 595</b>	1 953 578	-	-	<b>1 953 578</b>
Transfers:								
- to lifetime credit losses (from Stage 1 and Stage 3 to Stage 2)	(2 219)	17 185	(14 966)	-	(151 180)	170 268	(19 088)	-
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	(203)	(3 452)	3 655	-	(11 733)	(63 901)	75 634	-
- to 12-month ECL (from Stage 2 and Stage 3 to Stage 1)	3 716	(2 045)	(1 671)	-	70 586	(68 487)	(2 099)	-
Repaid during the period	(31 527)	(697)	(72 422)	<b>(104 646)</b>	(2 248 024)	(39 635)	(41 453)	<b>(2 329 112)</b>
Changes to ECL measurement model assumptions	1 565	(10 044)	74 051	<b>65 572</b>	-	-	-	-
Changes in accrued interest, exchange differences and other movements	(6)	51	9 572	<b>9 617</b>	(950)	1 727	11 471	<b>12 248</b>
<b>Total movements with impact on credit loss allowance charge for the period</b>	<b>(79)</b>	<b>998</b>	<b>(1 781)</b>	<b>(862)</b>	<b>(387 723)</b>	<b>(28)</b>	<b>24 465</b>	<b>(363 286)</b>
<i>Movements without impact on credit loss allowance charge for the period:</i>								
Write-offs	-	-	(856)	<b>(856)</b>	-	-	(425)	<b>(425)</b>
Assignment	-	-	(62 069)	<b>(62 069)</b>	-	-	(125 822)	<b>(125 822)</b>
<b>At 31 March 2020</b>	<b>223 650</b>	<b>13 787</b>	<b>1 513 298</b>	<b>1 750 735</b>	<b>16 575 196</b>	<b>374 303</b>	<b>1 693 219</b>	<b>18 642 718</b>
Recovery of loans previously written off	-	-	9 459	<b>9 459</b>				

**6. Loans to Customers and Finance Lease Receivables (Continued)**

	Credit loss allowance				Gross carrying amount			
	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total
<i>(in thousands of Russian Roubles)</i>								
<b>Finance lease receivables</b>								
<b>At 1 January 2020</b>	<b>1 751</b>	<b>-</b>	<b>841</b>	<b>2 592</b>	<b>194 487</b>	<b>-</b>	<b>1 884</b>	<b>196 371</b>
<i>Movements with impact on credit loss allowance charge for the period:</i>								
Issued to new and existing customers during the period	409	-	36	445	47 672	-	80	47 752
Transfers:								
- to lifetime credit losses (from Stage 1 and Stage 3 to Stage 2)	-	-	-	-	-	-	-	-
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	-	-	-	-	-	-	-	-
- to 12-month ECL (from Stage 2 and Stage 3 to Stage 1)	-	-	-	-	-	-	-	-
Repaid during the period	(252)	-	-	(252)	(32 826)	-	-	(32 826)
Changes to ECL measurement model assumptions	(62)	-	-	(62)	-	-	-	-
Changes in accrued interest, exchange differences and other movements								
<b>Total movements with impact on credit loss allowance charge for the period</b>	<b>95</b>	<b>-</b>	<b>36</b>	<b>131</b>	<b>14 846</b>	<b>-</b>	<b>80</b>	<b>14 926</b>
<i>Movements without impact on credit loss allowance charge for the period:</i>								
	-	-	-	-	-	-	-	-
<b>At 31 March 2020</b>	<b>1 846</b>	<b>-</b>	<b>877</b>	<b>2 723</b>	<b>209 333</b>	<b>-</b>	<b>1 964</b>	<b>211 297</b>



**6. Loans to Customers and Finance Lease Receivables (Continued)**

The tables below show changes in credit loss allowance and gross carrying amount for loans to customers and finance lease receivables during three months of 2019:

	Credit loss allowance				Gross carrying amount			
	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total
<i>(in thousands of Russian Roubles)</i>								
<b>Corporate loans</b>								
<b>At 1 January 2019</b>	<b>302 497</b>	<b>354 854</b>	<b>3 282 829</b>	<b>3 940 180</b>	<b>29 981 949</b>	<b>2 448 493</b>	<b>6 686 084</b>	<b>39 116 526</b>
<i>Movements with impact on credit loss allowance charge for the period:</i>								
Issued to new and existing customers during the period	70 774	4 423	56 155	131 352	7 687 152	38 637	199 346	7 925 135
Transfers:								
- to lifetime credit losses (from Stage 1 and Stage 3 to Stage 2)	(546)	546	-	-	(129 386)	129 386	-	-
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	(4 332)	(174)	4 506	-	(362 960)	(20 951)	383 911	-
- to 12-month ECL (from Stage 2 and Stage 3 to Stage 1)	-	-	-	-	-	-	-	-
Repaid during the period	(28 659)	(29 413)	(70 043)	(128 115)	(5 222 050)	(118 276)	(92 946)	(5 433 272)
Changes to ECL measurement model assumptions	(30 141)	10 964	279 161	259 984	-	-	-	-
Changes in accrued interest, exchange differences and other movements	-	8 142	8 162	16 304	-	55 526	(34 469)	21 057
<b>Total movements with impact on credit loss allowance charge for the period</b>	<b>7 096</b>	<b>(5 512)</b>	<b>277 941</b>	<b>279 525</b>	<b>1 972 756</b>	<b>84 322</b>	<b>455 842</b>	<b>2 512 920</b>
<i>Movements without impact on credit loss allowance charge for the period:</i>								
Write-offs	-	-	(704)	(704)	-	-	(704)	(704)
Assignment	-	-	(139 695)	(139 695)	-	-	(188 727)	(188 727)
<b>At 31 March 2019</b>	<b>309 593</b>	<b>349 342</b>	<b>3 420 371</b>	<b>4 079 306</b>	<b>31 954 705</b>	<b>2 532 815</b>	<b>6 952 495</b>	<b>41 440 015</b>
Recovery of loans previously written off	-	-	2 771	2 771				

**6. Loans to Customers and Finance Lease Receivables (Continued)**

	Credit loss allowance				Gross carrying amount			
	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total
<i>(in thousands of Russian Roubles)</i>								
<b>Mortgage loans</b>								
<b>At 1 January 2019</b>	<b>244 938</b>	<b>35 137</b>	<b>755 668</b>	<b>1 035 743</b>	<b>32 720 186</b>	<b>661 960</b>	<b>1 215 171</b>	<b>34 597 317</b>
<i>Movements with impact on credit loss allowance charge for the period:</i>								
Issued to new and existing customers during the period	21 552	-	-	<b>21 552</b>	2 879 029	-	-	<b>2 879 029</b>
Transfers:								
- to lifetime credit losses (from Stage 1 and Stage 3 to Stage 2)	(1 914)	24 119	(22 205)	-	(255 749)	292 643	(36 894)	-
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	(117)	(5 621)	5 738	-	(15 552)	(99 704)	115 256	-
- to 12-month ECL (from Stage 2 and Stage 3 to Stage 1)	9 514	(7 567)	(1 947)	-	142 110	(138 875)	(3 235)	-
Repaid during the period	(11 486)	(523)	(22 055)	<b>(34 064)</b>	(1 539 125)	(18 640)	(40 577)	<b>(1 598 342)</b>
Changes to ECL measurement model assumptions	(81)	(7 311)	61 823	<b>54 431</b>	-	-	-	-
Changes in accrued interest, exchange differences and other movements	-	176	7 346	<b>7 522</b>	-	3 046	11 993	<b>15 039</b>
<b>Total movements with impact on credit loss allowance charge for the period</b>	<b>17 468</b>	<b>3 273</b>	<b>28 700</b>	<b>49 441</b>	<b>1 210 713</b>	<b>38 470</b>	<b>46 543</b>	<b>1 295 726</b>
<i>Movements without impact on credit loss allowance charge for the period:</i>								
Write-offs	-	-	-	-	-	-	-	-
Assignment	-	-	(229)	<b>(229)</b>	-	-	(729)	<b>(729)</b>
<b>At 31 March 2019</b>	<b>262 406</b>	<b>38 410</b>	<b>784 139</b>	<b>1 084 955</b>	<b>33 930 899</b>	<b>700 430</b>	<b>1 260 985</b>	<b>35 892 314</b>
Recovery of loans previously written off	-	-	311	<b>311</b>				

**6. Loans to Customers and Finance Lease Receivables (Continued)**

	Credit loss allowance				Gross carrying amount			
	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total
<i>(in thousands of Russian Roubles)</i>								
<b>Consumer loans and car loans</b>								
<b>At 1 January 2019</b>	<b>297 161</b>	<b>22 133</b>	<b>1 636 499</b>	<b>1 955 793</b>	<b>18 642 817</b>	<b>505 183</b>	<b>1 922 344</b>	<b>21 070 344</b>
<i>Movements with impact on credit loss allowance charge for the period:</i>								
Issued to new and existing customers during the period	31 202	-	-	<b>31 202</b>	1 888 486	-	-	<b>1 888 486</b>
Transfers:								
- to lifetime credit losses (from Stage 1 and Stage 3 to Stage 2)	(3 301)	12 246	(8 945)	-	(205 184)	216 592	(11 408)	-
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	(285)	(5 904)	6 189	-	(15 516)	(84 479)	99 995	-
- to 12-month ECL (from Stage 2 and Stage 3 to Stage 1)	5 983	(4 579)	(1 404)	-	113 791	(112 081)	(1 710)	-
Repaid during the period	(41 604)	(1 052)	(89 696)	<b>(132 352)</b>	(2 385 228)	(54 477)	(106 306)	<b>(2 546 011)</b>
Changes to ECL measurement model assumptions	(26 901)	(5 984)	67 175	<b>34 290</b>				-
Changes in accrued interest, exchange differences and other movements	-	88	12 823	<b>12 911</b>	-	2 256	15 456	<b>17 712</b>
<b>Total movements with impact on credit loss allowance charge for the period</b>	<b>(34 906)</b>	<b>(5 185)</b>	<b>(13 858)</b>	<b>(53 949)</b>	<b>(603 651)</b>	<b>(32 189)</b>	<b>(3 973)</b>	<b>(639 813)</b>
<i>Movements without impact on credit loss allowance charge for the period:</i>								
Write-offs	-	-	2 381	<b>2 381</b>	-	-	(1 581)	<b>(1 581)</b>
Assignment	-	-	(2 067)	<b>(2 067)</b>	-	-	(8 638)	<b>(8 638)</b>
<b>At 31 March 2019</b>	<b>262 255</b>	<b>16 948</b>	<b>1 622 955</b>	<b>1 902 158</b>	<b>18 039 166</b>	<b>472 994</b>	<b>1 908 152</b>	<b>20 420 312</b>
Recovery of loans previously written off	-	-	7 660	<b>7 660</b>				

**6. Loans to Customers and Finance Lease Receivables (Continued)**

	Credit loss allowance			Total	Gross carrying amount			Total		
	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)		Stage 1 (12-month ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)			
<i>(in thousands of Russian Roubles)</i>										
<b>Finance lease receivables</b>										
<b>At 1 January 2019</b>	<b>1 428</b>	<b>-</b>	<b>672</b>	<b>2 100</b>	<b>170 815</b>	<b>-</b>	<b>1 504</b>	<b>172 319</b>		
<i>Movements with impact on credit loss allowance charge for the period:</i>										
Issued to new and existing customers during the period	-	-	-	-	17 164	-	-	<b>17 164</b>		
Transfers:										
- to lifetime credit losses (from Stage 1 and Stage 3 to Stage 2)	-	-	-	-	-	-	-	-		
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	-	-	-	-	-	-	-	-		
- to 12-month ECL (from Stage 2 and Stage 3 to Stage 1)	-	-	-	-	-	-	-	-		
Repaid during the period	(4 505)	-	(635)	<b>(5 140)</b>	(35 915)	-	(1 270)	<b>(37 185)</b>		
Changes to ECL measurement model assumptions	4 399	-	-	<b>4 399</b>	-	-	-	-		
<b>Total movements with impact on credit loss allowance charge for the period</b>	<b>(106)</b>	<b>-</b>	<b>(635)</b>	<b>(741)</b>	<b>(18 751)</b>	<b>-</b>	<b>(1 270)</b>	<b>(20 021)</b>		
<i>Movements without impact on credit loss allowance charge for the period:</i>										
	-	-	-	-	-	-	-	-		
<b>At 31 March 2019</b>	<b>1 322</b>	<b>-</b>	<b>37</b>	<b>1 359</b>	<b>152 064</b>	<b>-</b>	<b>234</b>	<b>152 298</b>		

## 6. Loans to Customers and Finance Lease Receivables (Continued)

The estimated credit loss allowance differs from the amount presented in the condensed consolidated interim statement of profit or loss and other comprehensive income, due to recovery of amounts previously written off as uncollectible. The amount of the recovery was credited directly to the provisions line in profit or loss for the reporting period.

Main movements disclosed above:

- Transfers between Stage 1, 2 and 3 due to balances experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent "step up" (or "step down") between 12-month and Lifetime ECL;
- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments derecognised in the period;
- Impact on the measurement of ECL due to changes to model assumptions, including changes in PDs, EADs and LGDs in the period, arising from update of inputs to ECL models;
- Foreign exchange translations of assets denominated in foreign currencies and other movements;
- Write-offs of allowances related to assets that were written off during the period.

The credit quality of the loans carried at amortised cost is as follows at 31 March 2020:

	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total
<i>(in thousands of Russian Roubles)</i>				
<b>Corporate loans</b>				
- Excellent	13 664 213	-	-	13 664 213
- Good	17 440 596	73 318	-	17 513 914
- Satisfactory	-	1 287 271	-	1 287 271
- Special monitoring	-	-	847 545	847 545
- Default	-	-	3 682 477	3 682 477
<b>Gross carrying amount</b>	<b>31 104 809</b>	<b>1 360 589</b>	<b>4 530 022</b>	<b>36 995 420</b>
Credit loss allowance	(274 228)	(340 762)	(2 700 453)	(3 315 443)
<b>Carrying amount</b>	<b>30 830 581</b>	<b>1 019 827</b>	<b>1 829 569</b>	<b>33 679 977</b>
<b>Mortgage loans</b>				
- Excellent	436 570	-	-	436 570
- Good	35 050 711	406 550	-	35 457 261
- Satisfactory	-	267 977	-	267 977
- Special monitoring	-	-	261 739	261 739
- Default	-	-	985 937	985 937
<b>Gross carrying amount</b>	<b>35 487 281</b>	<b>674 527</b>	<b>1 247 676</b>	<b>37 409 484</b>
Credit loss allowance	(203 041)	(28 342)	(763 928)	(995 311)
<b>Carrying amount</b>	<b>35 284 240</b>	<b>646 185</b>	<b>483 748</b>	<b>36 414 173</b>

**6. Loans to Customers and Finance Lease Receivables (Continued)**

	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total
<i>(in thousands of Russian Roubles)</i>				
<b>Consumer loans and car loans</b>				
- Excellent	278 552	-	-	278 552
- Good	16 296 644	132 660	-	16 429 304
- Satisfactory	-	241 643	-	241 643
- Special monitoring	-	-	112 462	112 462
- Default	-	-	1 580 757	1 580 757
<b>Gross carrying amount</b>	<b>16 575 196</b>	<b>374 303</b>	<b>1 693 219</b>	<b>18 642 718</b>
Credit loss allowance	(223 650)	(13 787)	(1 513 298)	(1 750 735)
<b>Carrying amount</b>	<b>16 351 546</b>	<b>360 516</b>	<b>179 921</b>	<b>16 891 983</b>

	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total
<i>(in thousands of Russian Roubles)</i>				
<b>Finance lease receivables</b>				
- Excellent	202 370	-	-	202 370
- Good	6 963	-	-	6 963
- Satisfactory	-	-	-	-
- Special monitoring	-	-	3	3
- Default	-	-	1 961	1 961
<b>Gross carrying amount</b>	<b>209 333</b>	<b>-</b>	<b>1 964</b>	<b>211 297</b>
Credit loss allowance	(1 846)	-	(877)	(2 723)
<b>Carrying amount</b>	<b>207 487</b>	<b>-</b>	<b>1 087</b>	<b>208 574</b>

## 6. Loans to Customers and Finance Lease Receivables (Continued)

The credit quality of the loans carried at amortised cost is as follows at 31 December 2019:

	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total
<i>(in thousands of Russian Roubles)</i>				
<b>Corporate loans</b>				
- Excellent	12 745 445	-	-	12 745 445
- Good	16 880 270	56 074	-	16 936 344
- Satisfactory	-	833 070	-	833 070
- Special monitoring	-	-	1 285 452	1 285 452
- Default	-	-	3 610 992	3 610 992
<b>Gross carrying amount</b>	<b>29 625 715</b>	<b>889 144</b>	<b>4 896 444</b>	<b>35 411 303</b>
Credit loss allowance	(237 246)	(244 777)	(2 845 252)	(3 327 275)
<b>Carrying amount</b>	<b>29 388 469</b>	<b>644 367</b>	<b>2 051 192</b>	<b>32 084 028</b>
<b>Mortgage loans</b>				
- Excellent	481 422	-	-	481 422
- Good	34 061 520	407 903	-	34 469 423
- Satisfactory	-	248 196	-	248 196
- Special monitoring	-	-	263 596	263 596
- Default	-	-	995 836	995 836
<b>Gross carrying amount</b>	<b>34 542 942</b>	<b>656 099</b>	<b>1 259 432</b>	<b>36 458 473</b>
Credit loss allowance	(203 988)	(28 963)	(766 053)	(999 004)
<b>Carrying amount</b>	<b>34 338 954</b>	<b>627 136</b>	<b>493 379</b>	<b>35 459 469</b>
<b>Consumer loans and car loans</b>				
- Excellent	300 006	-	-	300 006
- Good	16 662 913	174 740	-	16 837 653
- Satisfactory	-	199 591	-	199 591
- Special monitoring	-	-	112 362	112 362
- Default	-	-	1 682 639	1 682 639
<b>Gross carrying amount</b>	<b>16 962 919</b>	<b>374 331</b>	<b>1 795 001</b>	<b>19 132 251</b>
Credit loss allowance	(223 729)	(12 789)	(1 578 004)	(1 814 522)
<b>Carrying amount</b>	<b>16 739 190</b>	<b>361 542</b>	<b>216 997</b>	<b>17 317 729</b>



**6. Loans to Customers and Finance Lease Receivables (Continued)**

	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total
<i>(in thousands of Russian Roubles)</i>				
<b>Finance lease receivables</b>				
- Excellent	183 751	-	-	<b>183 751</b>
- Good	10 736	-	-	<b>10 736</b>
- Satisfactory	-	-	-	<b>-</b>
- Special monitoring	-	-	1 804	<b>1 804</b>
- Default	-	-	80	<b>80</b>
<b>Gross carrying amount</b>	<b>194 487</b>	<b>-</b>	<b>1 884</b>	<b>196 371</b>
Credit loss allowance	(1 751)	-	(841)	<b>(2 592)</b>
<b>Carrying amount</b>	<b>192 736</b>	<b>-</b>	<b>1 043</b>	<b>193 779</b>

The credit risk classification by classes used in the tables above is based on the borrowers' credit quality scale developed by the Group.

Information about the assigned rights of claim on loans and financial leases is presented below:

	Three months ended 31 March 2020	Three months ended 31 March 2019
<i>(in thousands of Russian Roubles)</i>		
Assigned balance rights of claim for loans to customers and finance leases	579 299	198 094
Provision for impairment of assigned claims	(331 917)	(141 991)
Sales price	247 382	56 103
<b>Net result from assignment of balance rights of claim</b>	<b>-</b>	<b>-</b>

Net result from assignment of the right of claim on loans previously written off as uncollectible was recognised in the condensed consolidated interim statement of profit or loss and other comprehensive income within other operating income. No right of recourse is provided in the assignment agreements.

Economic sector risk concentrations within the loan and lease portfolio are as follows:

	31 March 2020		31 December 2019	
<i>(in thousands of Russian Roubles)</i>	Amount	%	Amount	%
Individuals (total), incl.	56 052 202	60.1	55 590 724	61.0
- mortgage loans	37 409 484	40.1	36 458 473	40.0
- consumer loans	17 610 220	18.9	18 013 206	19.8
- car loans	1 032 498	1.1	1 119 045	1.2
Agriculture	15 438 921	16.5	14 216 725	15.5
Trade	8 953 159	9.6	8 149 409	8.9
Manufacturing	5 346 139	5.7	5 894 086	6.5
Transport	2 328 017	2.5	2 647 844	2.9
Construction	1 725 449	1.9	1 629 397	1.8
Other	3 415 032	3.7	3 070 213	3.4
<b>Total loans to customers and finance lease receivables before provision for impairment</b>	<b>93 258 919</b>	<b>100.0</b>	<b>91 198 398</b>	<b>100.0</b>

**6. Loans to Customers and Finance Lease Receivables (Continued)**

At 31 March 2020, the Group had 10 major borrowers with aggregate loan balance amounting to RR 6 621 736 thousand, or 7.1% of the loan portfolio and finance lease receivables (31 December 2019: RR 6 771 093 thousand, or 7.4%).

The carrying amount of loans and advances to customers approximates their fair value at 31 March 2020 and December 2019 (Note 16). Information on related party balances is disclosed in Note 17.

## 7. Customer Accounts

(in thousands of Russian Roubles)

	31 March 2020	31 December 2019
<b>State and public organisations</b>		
- Current/settlement accounts	345 063	204 051
- Term deposits	17 653	69 347
<b>Other legal entities</b>		
- Current/settlement accounts	14 929 998	15 994 897
- Term deposits	2 994 349	2 742 102
<b>Individuals</b>		
- Current/demand accounts	7 587 250	7 770 847
- Term deposits	70 680 969	72 661 818
<b>Total customer accounts</b>	<b>96 555 282</b>	<b>99 443 062</b>

As of 31 March 2020, total aggregate balance of 10 largest clients of the Group was RR 2 932 794 thousand, or 3.0% of customer accounts (31 December 2019: RR 2 326 275 thousand, or 2.3% of customer accounts).

The carrying value of each class of customer accounts approximates their fair value at 31 March 2020 and 31 December 2019 (Note 16). Information on related party balances is disclosed in Note 17.

## 8. Debt Securities in Issue

(in thousands of Russian Roubles)

	31 March 2020	31 December 2019
Bonds	1 267 892	1 231 854
Promissory notes	496 099	883 367
<b>Total debt securities in issue</b>	<b>1 763 991</b>	<b>2 115 221</b>

Each bond has a par value of RR 1,000 and an embedded put option at par value of the bond exercisable at the moment of coupon income change.

Issue	CIN-01P04	CIN-01P05	CIN-01P06
Par value, RR	1 000	1 000	1 000
Number	750 000	600 000	250 000
Initial placement date	April 2018	September 2018	November 2019
Maturity date	October 2021	March 2022	November 2020
Next offer date	April 2020	September 2020	-
<b>at 31 March 2020</b>			
Number of bonds in issue	685 616	412 075	250 000
- including purchased by the subsidiary	2 000	200	3 211
Coupon rate, %	7.25	7.00	8.00
<b>at 31 December 2019</b>			
Number of bonds in issue	656 059	412 075	250 000
- including purchased by the subsidiary	-	-	911
Coupon rate, %	8.50	7.50	8.00

The carrying amount of debt securities in issue approximates their fair value at 31 March 2020 and 31 December 2019 (Note 16). Information on related party transactions is disclosed in Note 17.

## 9. Borrowings from International Financial Institutions

The principal conditions of these loans are as follows:

<i>(in thousands of Russian Roubles)</i>	Currency	Rate of borrowing	Original issue date	Repayable in tranches by:	Balance at 31 March 2020	Balance at 31 December 2019
ResponsAbility	Russian Roubles	7.32%-10.75%	September 2019	March 2025	1 736 412	988 591
Black Sea Trade and Development Bank (Greece)	Russian Roubles	10.15%-10.56%	June 2017	March 2022	1 003 686	996 882
Symbiotics SA	Russian Roubles	9.5%-10.0%	February 2019	March 2022	611 878	626 552
<b>Total borrowings from international financial institutions</b>	-		-	-	<b>3 351 976</b>	<b>2 612 025</b>

The carrying amount of borrowings from international financial institutions approximates their fair value at 31 March 2020 and 31 December 2019 (Note 16). Information on related party transactions is disclosed in Note 17.

## 10. Interest Income and Expense

<i>(in thousands of Russian Roubles)</i>	Three months ended 31 March 2020	Three months ended 31 March 2019
<b>Interest income</b>		
Loans to individuals	1 472 680	1 552 704
Corporate loans	885 336	1 056 835
Short-term deposits with the Central Bank of the Russian Federation, amounts due from and accounts with other banks	212 220	101 582
Finance income arising from leasing	9 923	7 134
<b>Total interest income calculated using the effective interest method</b>	<b>2 580 159</b>	<b>2 718 255</b>
<b>Interest expense</b>		
Term deposits and accounts of individuals	(1 223 537)	(1 075 583)
Borrowing from international financial institutions and term placements of other banks	(73 346)	(44 577)
Term deposits and accounts of legal entities	(61 085)	(57 978)
Bonds in issue	(23 594)	(18 939)
Promissory notes issued	(10 357)	(5 857)
Lease liabilities	(3 012)	(3 692)
Due to the Central Bank of the Russian Federation	-	(3 821)
<b>Total interest expense</b>	<b>(1 394 931)</b>	<b>(1 210 447)</b>
<b>Net interest income</b>	<b>1 185 228</b>	<b>1 507 808</b>

## 11. Dividends

By 31 March 2020, the Bank was not yet declared dividends for 2019 in connection with the holding of the General meeting of shareholders in June 2020. By 31 March 2019, the Bank was not yet declared dividends for 2018 in connection with the holding of the General meeting of shareholders in June 2019.

In June 2019, the Bank declared dividends for 2018 on preference shares with a par value of RR 1 000 – RR 200 per share and on preference shares with a par value of RR 4 – RR 0.8 per share. In June 2019 the Bank declared dividends on ordinary shares – RR 7.16 per share.

## 12. Financial Risk Management

The Group manages the whole range of risks it faces in the course of its operations. The focus is placed on the following risks: credit risk (including credit risk arising on interbank transactions, securities transactions and retail and corporate sectors), market risk (including currency, equity and interest rate risks), liquidity risk, operational risk (including legal, innovation and project risks), concentration risk, reputational risk, strategic risk, compliance risks, macroeconomic and political risks (including regional, banking industry, country and global economic risks) and key man risk.

The risk management purpose, policies and procedures and assessment methods applied by the Group during the three months ended 31 March 2020 correspond to the purposes, policies and procedures applied in 2019.

**Currency risk.** The Group is exposed to currency risk associated with losses resulting from fluctuations of market values of open positions in different currencies. Exposure to currency risk is evaluated on the basis of VaR. The size of the currency position is regulated through matching assets and liabilities balances in foreign currencies. The Group seeks to decrease the open currency position, thereby decreasing its exposure to currency risk. The Bank manages its currency position by using currency swaps and forwards in the interbank market and other transactions. The Group is not exposed to the risks associated with changes in precious metals' prices due to the absence of such transactions.

The table below summarises the Group's exposure to currency risk at 31 March 2020 and 31 December 2019:

<i>In thousands of Russian Roubles</i>	At 31 March 2020			At 31 December 2019		
	Monetary financial assets	Monetary financial liabilities	Net position	Monetary financial assets	Monetary financial liabilities	Net position
Russian Roubles	106 249 311	(98 288 097)	<b>7 961 214</b>	109 497 853	(101 847 853)	<b>7 650 000</b>
US Dollars	3 049 549	(3 023 314)	<b>26 235</b>	2 123 696	(2 026 973)	<b>96 723</b>
Euros	741 205	(662 991)	<b>78 214</b>	705 776	(718 696)	<b>(12 920)</b>
Other	93 229	(33 167)	<b>60 062</b>	64 951	(23 068)	<b>41 883</b>
<b>Total</b>	<b>110 133 294</b>	<b>(102 007 569)</b>	<b>8 125 725</b>	<b>112 392 276</b>	<b>(104 616 590)</b>	<b>7 775 686</b>

The above analysis includes only monetary assets and liabilities. The Group's management believes that investments in equities and non-monetary assets will not give rise to any material currency risk.

## 12. Financial Risk Management (Continued)

**Liquidity risk.** The maturity analysis of assets and liabilities at 31 March 2020 is as follows:

	Demand and less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	From 12 months to 5 years	Over 5 years	No defined maturity	Total
<i>(in thousands of Russian Roubles)</i>								
<b>Assets</b>								
Cash and cash equivalents	21 135 089	-	-	-	-	-	-	<b>21 135 089</b>
Mandatory cash balances with CBRF	755 423	-	-	-	-	-	-	<b>755 423</b>
Loans to customers and finance lease receivables	2 303 536	2 683 747	5 566 272	15 784 054	33 424 200	27 432 898	-	<b>87 194 707</b>
Other financial assets	761 916	165 614	2 309	-	112 220	-	6 016	<b>1 048 075</b>
<b>Total assets</b>	<b>24 955 964</b>	<b>2 849 361</b>	<b>5 568 581</b>	<b>15 784 054</b>	<b>33 536 420</b>	<b>27 432 898</b>	<b>6 016</b>	<b>110 133 294</b>
<b>Liabilities</b>								
Customer accounts	3 471 868	5 407 250	2 402 994	3 163 458	82 109 712	-	-	<b>96 555 282</b>
Debt securities in issue	766 428	2 056	411 855	583 652	-	-	-	<b>1 763 991</b>
Borrowings from international financial institutions	-	409 425	7 271	1 163 572	1 771 708	-	-	<b>3 351 976</b>
Other financial liabilities	54 160	44 809	4 101	91 371	26 740	3 977	-	<b>225 158</b>
Lease liabilities	5 519	15 397	30 370	43 599	16 277	-	-	<b>111 162</b>
<b>Total liabilities</b>	<b>4 297 975</b>	<b>5 878 937</b>	<b>2 856 591</b>	<b>5 045 652</b>	<b>83 924 437</b>	<b>3 977</b>	<b>-</b>	<b>102 007 569</b>
<b>Net liquidity gap at 31 March 2020</b>	<b>20 657 989</b>	<b>(3 029 576)</b>	<b>2 711 990</b>	<b>10 738 402</b>	<b>(50 388 017)</b>	<b>27 428 921</b>	<b>6 016</b>	<b>8 125 725</b>
<b>Cumulative liquidity gap at 31 March 2020</b>	<b>20 657 989</b>	<b>17 628 413</b>	<b>20 340 403</b>	<b>31 078 805</b>	<b>(19 309 212)</b>	<b>8 119 709</b>	<b>8 125 725</b>	

## 12. Financial Risk Management (Continued)

The above and below analyses are based on expected maturities. Therefore, a part of customer accounts was categorised as later maturities because diversification of customer accounts by size and type of balances and constant inflow of new balances shows that customer accounts represent a long-term and stable source of finance. The expected negative liquidity gap in the table above is planned to be covered by continuous attracting of customer accounts. The Bank also has open credit lines with the Bank of Russia that can be used in case of the need.

The maturity analysis at 31 December 2019 is as follows:

	Demand and less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	From 12 months to 5 years	Over 5 years	No defined maturity	Total
<i>(in thousands of Russian Roubles)</i>								
<b>Assets</b>								
Cash and cash equivalents	11 052 495	-	-	-	-	-	-	11 052 495
Mandatory cash balances with CBRF	763 172	-	-	-	-	-	-	763 172
Due to other banks	14 502 371	-	-	-	-	-	-	14 502 371
Loans to customers and finance lease receivables	1 761 780	4 190 253	4 968 758	13 491 682	33 855 116	26 787 416	-	85 055 005
Other financial assets	778 484	157 676	2 652	-	74 405	-	6 016	1 019 233
<b>Total assets</b>	<b>28 858 302</b>	<b>4 347 929</b>	<b>4 971 410</b>	<b>13 491 682</b>	<b>33 929 521</b>	<b>26 787 416</b>	<b>6 016</b>	<b>112 392 276</b>
<b>Liabilities</b>								
Customer accounts	2 125 476	1 946 423	7 352 195	3 274 273	84 744 695	-	-	99 443 062
Debt securities in issue	534 949	271 517	726 552	582 203	-	-	-	2 115 221
Borrowings from international financial institutions	-	51 496	399 317	1 160 942	1 000 270	-	-	2 612 025
Other financial liabilities	147 620	18 679	20 358	82 504	25 102	1 080	-	295 343
Lease liabilities	42 316	-	-	57	99 875	8 691	-	150 939
<b>Total liabilities</b>	<b>2 850 361</b>	<b>2 288 115</b>	<b>8 498 422</b>	<b>5 099 979</b>	<b>85 869 942</b>	<b>9 771</b>	<b>-</b>	<b>104 616 590</b>
<b>Net liquidity gap at 31 December 2019</b>	<b>26 007 941</b>	<b>2 059 814</b>	<b>(3 527 012)</b>	<b>8 391 703</b>	<b>(51 940 421)</b>	<b>26 777 645</b>	<b>6 016</b>	<b>7 775 686</b>
<b>Cumulative liquidity gap at 31 December 2019</b>	<b>26 007 941</b>	<b>28 067 755</b>	<b>24 540 743</b>	<b>32 932 446</b>	<b>(19 007 975)</b>	<b>7 769 670</b>	<b>7 775 686</b>	



### **13. Segment Analysis**

Operating segments are components that engage in business activities that may earn revenues or incur expenses, whose operating results are regularly reviewed by the chief operating decision maker (CODM), and for which discrete financial information is available. The CODM is the person - or group of persons - who allocates resources and assesses the performance for the entity. The functions of the chief operating decision maker (CODM) are performed by the Executive Board of the Bank.

#### **(a) Description of products and services from which each reportable segment derives its revenue**

The Group is organised on the basis of the following main business segments:

- Lending – representing retail and corporate lending services, leasing, factoring and bank guarantees issued.
- Treasury – representing financial instruments trading, borrowings on domestic and international markets, management of liquidity and foreign currency position of the Group, settlement and current accounts, corporate deposits.
- Retail banking – representing private banking services to individuals, settlement accounts, deposits, investment savings products, custody, credit and debit cards, municipal payments. This segment does not include loans to individuals other than lending through plastic cards.

#### **(b) Factors that management used to identify the reportable segments**

The Group's segments are strategic business units that focus on different customers. They are managed separately because each business unit requires different marketing strategies and service level.

The Group has identified the following operating segments: lending activities, leasing, retail banking, securities, treasury, correspondent and current accounts, and plastic cards. Lending and leasing have been aggregated into one reportable segment – lending. Correspondent and current accounts, securities, and treasury have been aggregated into one reportable segment - treasury. Retail banking and plastic cards have been aggregated into one segment - retail banking.

In addition, the Bank's Management Board reviews the major categories of general and administrative expenses, however, these expenses are not allocated to the above segments and they are not taken into consideration in allocating resources to segments and assessing their performance.

#### **(c) Measurement of operating segment profit or loss, assets and liabilities**

The Executive Board reviews financial information prepared based on Russian Accounting Standards adjusted to meet the requirements of internal reporting. Such financial information differs in certain aspects from International Financial Reporting Standards:

- for operating decisions, the latest non-consolidated statements not adjusted for subsequent events is used;
- income taxes are not allocated to segments;
- loan provisions are recognised based on management judgement and availability of information, rather than based on the ECL model prescribed in IFRS 9;
- commission income related to lending and commission expenses on borrowings are recognised immediately rather than deferred using the effective interest method;
- finance income arising from leasing is recognised as services provided, advances from lessees are recognised as income pro rata during the period of the leasing agreement;
- funds are generally reallocated between segments ignoring internal interest rates.

The Executive Board evaluates performance of each segment based on profit before tax.

**13. Segment Analysis (Continued)**
**(d) Information about reportable segment profit or loss, assets and liabilities**

Segment information for the reportable segments for three months ended 31 March 2020 is set out below:

<i>(in thousands of Russian Roubles)</i>	<b>Lending and leasing</b>	<b>Treasury</b>	<b>Retail banking</b>	<b>Total</b>
<b>Three months ended 31 March 2020</b>				
<i>External revenues:</i>				
Interest income	2 320 732	212 219	12 928	<b>2 545 879</b>
Fee and commission income and other operating income	78 691	305 424	156 896	<b>541 011</b>
<b>Total income</b>	<b>2 399 423</b>	<b>517 643</b>	<b>169 824</b>	<b>3 086 890</b>
Interest expense	-	(165 713)	(1 246 716)	<b>(1 412 429)</b>
Impairment provision	287 490	4 976	(3 346)	<b>289 120</b>
Fee and commission expenses and other expenses	(340 740)	(22 736)	(83 379)	<b>(446 855)</b>
<b>Segment result</b>	<b>2 346 173</b>	<b>334 170</b>	<b>(1 163 617)</b>	<b>1 516 726</b>
<b>Total segment assets</b>	<b>88 937 885</b>	<b>195 169</b>	<b>-</b>	<b>89 133 054</b>
<b>Total segment liabilities</b>	<b>-</b>	<b>(17 118 803)</b>	<b>(84 706 006)</b>	<b>(101 824 809)</b>

Segment information for the reportable segments for three months ended 31 March 2019 is set out below:

<i>(in thousands of Russian Roubles)</i>	<b>Lending and leasing</b>	<b>Treasury</b>	<b>Retail banking</b>	<b>Total</b>
<b>Three months ended 31 March 2019</b>				
<i>External revenues:</i>				
Interest income	2 516 710	101 582	23 324	<b>2 641 616</b>
Fee and commission income and other operating income	91 667	494 916	211 995	<b>798 578</b>
<b>Total income</b>	<b>2 608 377</b>	<b>596 498</b>	<b>235 319</b>	<b>3 440 194</b>
Interest expense	-	(132 992)	(1 112 216)	<b>(1 245 208)</b>
Impairment provision	421 417	2 556	(25 719)	<b>398 254</b>
Fee and commission expenses and other expenses	(412 996)	(19 549)	(76 910)	<b>(509 455)</b>
<b>Segment result</b>	<b>2 616 798</b>	<b>446 513</b>	<b>(979 526)</b>	<b>2 083 785</b>
<b>Total segment assets</b>	<b>90 773 826</b>	<b>746 640</b>	<b>-</b>	<b>91 520 466</b>
<b>Total segment liabilities</b>	<b>-</b>	<b>(16 968 105)</b>	<b>(75 818 405)</b>	<b>(92 786 510)</b>

### 13. Segment Analysis (Continued)

#### (e) Reconciliation of reportable segment profit or loss, assets and liabilities

<i>(in thousands of Russian Roubles)</i>	Three months ended 31 March 2020	Three months ended 31 March 2019
<b>Total reportable segment income</b>	<b>3 086 890</b>	<b>3 440 194</b>
Recognition of interest income on impaired loans	(1 394)	(4 576)
Foreign exchange translation (losses less gains)/ Gains less losses	(18 199)	36 090
Gains less losses / (Losses less gains) from conversion operations on the interbank market	5 361	(33 028)
Consolidation effect	25 406	1 106
Joint-Stock Company "Ptitsefabrika Belokalitvinskaya"	90 038	-
Other	(7 436)	(2 832)
<b>Total consolidated revenues</b>	<b>3 180 666</b>	<b>3 421 810</b>

Total consolidated revenues comprise interest income, fee and commission income, gains less losses on transactions with trading securities, foreign currency, income from assignment, repayment of debt earlier written off and other operating income.

<i>(in thousands of Russian Roubles)</i>	Three months ended 31 March 2020	Three months ended 31 March 2019
<b>Total reportable segment result</b>	<b>1 516 726</b>	<b>2 083 785</b>
Administrative expenses	(799 017)	(807 315)
Fair value remeasurement of financial assets and liabilities	-	(940)
Recognition of additional interest income on impaired loans	(1 394)	(4 106)
Remeasurement of provision for impairment	(400 475)	(500 810)
Consolidation effect	23 548	28 751
Joint-Stock Company "Ptitsefabrika Belokalitvinskaya"	133 451	-
Events after the end of the reporting period	(88 346)	(160 447)
Amortisation remeasurement	7 890	7 773
Other	79 805	61 047
<b>Profit before tax</b>	<b>472 188</b>	<b>707 738</b>

<i>(in thousands of Russian Roubles)</i>	31 March 2020	31 December 2019
<b>Total reportable segment income</b>	<b>89 133 054</b>	<b>102 564 574</b>
Unallocated assets	29 486 048	18 119 151
Remeasurement of provision for impairment	(264 440)	46 671
Application of effective interest rate method to fee and commission income	(43 887)	(25 469)
Finance lease adjustment	(6 041)	(7 710)
Consolidation effect	241 442	215 945
Joint-Stock Company "Ptitsefabrika Belokalitvinskaya"	(1 198 836)	(1 327 113)
Other	(37 396)	(65 069)
<b>Total consolidated revenues</b>	<b>117 309 944</b>	<b>119 520 980</b>

<i>(in thousands of Russian Roubles)</i>	31 March 2020	31 December 2019
<b>Total reportable segment liabilities</b>	<b>101 824 809</b>	<b>104 314 240</b>
Unallocated liabilities	1 074 405	1 154 770
Application of effective interest rate method to fee and commission expenses	(19 747)	(15 898)
Consolidation effect	(156 143)	(151 234)
Joint-Stock Company "Ptitsefabrika Belokalitvinskaya"	(887)	(197)
<b>Total consolidated liabilities</b>	<b>102 722 437</b>	<b>105 301 681</b>

### 13. Segment Analysis (Continued)

Unallocated assets include cash, premises and equipment and intangible assets, investment properties and other assets, unallocated liabilities – other liabilities.

#### (f) Major customers

The Group does not have customers, revenues from which exceed 10% of the total revenues.

### 14. Management of Capital

The Group's objectives when managing capital are: (i) to comply with the capital requirements set by the Central Bank of the Russian Federation, (ii) to safeguard the Group's ability to continue as a going concern and (iii) to maintain a sufficient capital base to achieve a capital adequacy ratio based on the Basel Accord of at least 8%. Compliance with capital adequacy ratios set by the Central Bank of the Russian Federation is monitored monthly, with reports outlining their calculation reviewed and signed by the Bank's Chairman of the Executive Board and Chief Accountant. Other objectives of capital management are evaluated annually.

The Group and the Bank are also subject to minimum capital requirements established by covenants stated in loan agreements, including capital adequacy levels calculated in accordance with the requirements of the Basel Accord, as defined in the International Convergence of Capital Measurement and Capital Standards (updated in April 1998) and the Amendment to the Capital Accord to incorporate market risks (updated in November 2005), commonly known as Basel I. The composition of the Group's capital calculated in accordance with Basel I is as follows:

<i>(in thousands of Russian Roubles)</i>	<b>31 March 2020</b>	<b>31 December 2019</b>
<i>Tier 1 capital</i>		
Share capital	1 326 277	1 326 277
Share premium	2 078 860	2 078 860
Retained earnings	10 056 486	9 682 312
Business combinations	(101 245)	(96 256)
<b>Total tier 1 capital</b>	<b>13 360 378</b>	<b>12 991 193</b>
<i>Tier 2 capital</i>		
Revaluation reserve for premises and equipment	1 227 129	1 228 156
<b>Total tier 2 capital</b>	<b>1 227 129</b>	<b>1 228 156</b>
<b>Total equity</b>	<b>14 587 507</b>	<b>14 219 349</b>
<b>Risk weighted assets</b>	<b>79 093 259</b>	<b>77 373 446</b>
Capital adequacy	18.4%	18.4%

### 15. Contingent Liabilities

**Legal proceedings.** From time to time and in the normal course of business, claims against the Group may be received. At 31 March 2020, the Group was engaged in litigation proceedings in relation to claims from borrowers and lessees. Provision for losses related to such proceedings was made in the amount of RR 1 927 thousand (31 December 2019: RR 1 549 thousand), as professional advice has indicated that it is likely that loss in the said amount will be incurred.

## **15. Contingent Liabilities (Continued)**

**Tax contingencies.** Russian tax legislation which was enacted or substantively enacted at the end of the reporting period, is subject to varying interpretations when being applied to the transactions and activities of the Group. Consequently, tax positions taken by management and the formal documentation supporting the tax positions may be challenged tax authorities. Russian tax administration is gradually strengthening, including the fact that there is a higher risk of review of tax transactions without a clear business purpose or with tax incompliant counterparties. Fiscal periods remain open to review by the authorities in respect of taxes for three calendar years preceding the year of review. Under certain circumstances reviews may cover longer periods.

The Russian transfer pricing legislation is generally aligned with the international transfer pricing principles developed by the Organisation for Economic Cooperation and Development (OECD), although it has specific features. This legislation provides for the possibility of additional tax liability assessment for controlled transactions (transactions between related parties and certain transactions between unrelated parties) if such transactions are not on an arm's-length basis. Management has implemented internal controls to be in compliance with this transfer pricing legislation.

Tax liabilities arising from controlled transactions are determined based on their actual transaction prices. It is possible, with the evolution of the interpretation of transfer pricing rules, that such transfer prices could be challenged. The impact of any such challenge cannot be reliably estimated; however, it may be significant to the financial position and/or the overall operations of the Group.

In addition to the above matters, management estimates that the Group has other possible obligations from exposure to other than remote tax risks of RR 27 487 thousand (2019: RR: 27 487 thousand). These tax risks primarily relate to potential additional calculation of income tax on income of foreign entities, which the Bank should have charged as a tax agent when making interest payments to non-resident banks under interest-bearing loans received in previous periods (Note 11).

These exposures are estimates that result from uncertainties in interpretation of applicable legislation and related documentation requirements. Management will vigorously defend the Group's positions and interpretations that were applied in determining taxes recognised in this condensed consolidated interim financial information if these are challenged by the authorities.

**Credit related commitments.** The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees which represent irrevocable assurances that the Group will make payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans or borrowings.

Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Group is potentially exposed to loss in an amount equal to the total unused commitments, if the unused amounts were to be drawn down. However, the likely amount of loss is less than the total unused commitments since most commitments to extend credit are contingent upon customers maintaining specific credit standards.

The Group monitors the term to maturity of credit related commitments, because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

## 15. Contingent Liabilities (Continued)

An analysis of credit related commitments by credit quality based on credit risk grades at 31 March 2020 is as follows.

<i>(in thousands of Russian Roubles)</i>	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total
Commitments to extend credit or loan facilities that are revocable only in response to a material adverse change:				
- legal entities	4 810 222	6 499	33 120	<b>4 849 841</b>
- individuals	1 506 974	-	37	<b>1 507 011</b>
Financial guarantees issued	1 263 974	-	9 847	<b>1 273 821</b>
<b>Unrecognised gross amount</b>	<b>7 581 170</b>	<b>6 499</b>	<b>43 004</b>	<b>7 630 673</b>
<b>Provision for credit related commitments</b>	<b>(104 760)</b>	<b>(135)</b>	<b>(23 250)</b>	<b>(128 145)</b>

An analysis of credit related commitments by credit quality based on credit risk grades at 31 December 2019 is as follows.

<i>(in thousands of Russian Roubles)</i>	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total
Commitments to extend credit or loan facilities that are revocable only in response to a material adverse change:				
- legal entities	5 873 171	470	27 520	<b>5 901 161</b>
- individuals	1 511 113	-	37	<b>1 511 150</b>
Financial guarantees issued	1 435 059	-	-	<b>1 435 059</b>
<b>Unrecognised gross amount</b>	<b>8 819 343</b>	<b>470</b>	<b>27 557</b>	<b>8 847 370</b>
<b>Provision for credit related commitments</b>	<b>(104 393)</b>	<b>(13)</b>	<b>(14 174)</b>	<b>(118 580)</b>

An analysis of credit related commitments by credit quality based on credit risk grades at 31 March 2020 is as follows:

<i>In thousands of Russian Roubles</i>	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL)	Total
<b>Commitments to extend credit or loan facilities, which are revocable only if loans become past due, to legal entities:</b>				
- Excellent	2 134 801	-	-	<b>2 134 801</b>
- Good	2 675 421	6 450	-	<b>2 681 871</b>
- Satisfactory	-	49	-	<b>49</b>
- Special monitoring	-	-	33 120	<b>33 120</b>
<b>Gross carrying amount</b>	<b>4 810 222</b>	<b>6 499</b>	<b>33 120</b>	<b>4 849 841</b>
Credit loss allowance	(46 888)	(135)	(18 432)	<b>(65 455)</b>
<b>Carrying amount</b>	<b>4 763 334</b>	<b>6 364</b>	<b>14 688</b>	<b>4 784 386</b>

**15. Contingent Liabilities (Continued)**

<i>In thousands of Russian Roubles</i>	<b>Stage 1 (12-month ECL)</b>	<b>Stage 2 (lifetime ECL)</b>	<b>Stage 3 (lifetime ECL)</b>	<b>Total</b>
<b>Commitments to extend credit or loan facilities, which are revocable only if loans become past due, to legal entities:</b>				
- Excellent	66 568	-	-	<b>66 568</b>
- Good	1 440 406	-	-	<b>1 440 406</b>
- Satisfactory	-	-	-	-
- Special monitoring	-	-	37	<b>37</b>
<b>Gross carrying amount</b>	<b>1 506 974</b>	<b>-</b>	<b>37</b>	<b>1 507 011</b>
Credit loss allowance	(55 673)	-	-	<b>(55 673)</b>
<b>Carrying amount</b>	<b>1 451 301</b>	<b>-</b>	<b>37</b>	<b>1 451 338</b>

At 31 March 2020, financial guarantees issued are classified into Stage 1 (12-month ECLs) for ECL measurement purposes and total RR 1 263 974 thousand, including RR 754 749 thousand ("excellent" level) and RR 509 225 thousand ("good" level), and into Stage 3 (lifetime ECLs) total RR 9 847 thousand ("special monitoring" level). Credit loss allowance for financial guarantees issued at 31 March 2020 amounts to RR 7 017 thousand.

An analysis of credit related commitments by credit quality based on credit risk grades at 31 December 2019 is as follows.

<i>In thousands of Russian Roubles</i>	<b>Stage 1 (12-month ECL)</b>	<b>Stage 2 (lifetime ECL)</b>	<b>Stage 3 (lifetime ECL)</b>	<b>Total</b>
<b>Commitments to extend credit or loan facilities, which are revocable only if loans become past due, to legal entities:</b>				
- Excellent	2 755 217	-	-	<b>2 755 217</b>
- Good	3 117 954	470	-	<b>3 118 424</b>
- Satisfactory	-	-	-	-
- Special monitoring	-	-	27 520	<b>27 520</b>
<b>Gross carrying amount</b>	<b>5 873 171</b>	<b>470</b>	<b>27 520</b>	<b>5 901 161</b>
Credit loss allowance	(50 651)	(13)	(14 174)	<b>(64 838)</b>
<b>Carrying amount</b>	<b>5 822 520</b>	<b>457</b>	<b>13 346</b>	<b>5 836 323</b>



## 15. Contingent Liabilities (Continued)

<i>In thousands of Russian Roubles</i>	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL)	Total
<b>Commitments to extend credit or loan facilities, which are revocable only if loans become past due, to legal entities:</b>				
- Excellent	31 018	-	-	31 018
- Good	1 480 095	-	-	1 480 095
- Satisfactory	-	-	-	-
- Special monitoring	-	-	37	37
<b>Gross carrying amount</b>	<b>1 511 113</b>	<b>-</b>	<b>37</b>	<b>1 511 150</b>
Credit loss allowance	(50 310)	-	-	(50 310)
<b>Carrying amount</b>	<b>1 460 803</b>	<b>-</b>	<b>37</b>	<b>1 460 840</b>

At 31 December 2019, financial guarantees issued are classified into Stage 1 (12-month ECLs) for ECL measurement purposes and total RR 1 435 059 thousand, including RR 962 481 thousand (“excellent” level) and RR 472 578 thousand (“good” level). Credit loss allowance for financial guarantees issued at 31 December 2019 amounts to RR 3 432 thousand.

The total outstanding contractual amount of undrawn guarantees does not necessarily represent future cash requirements, as these financial instruments may expire or terminate without being funded.

At 31 March 2020, fair value of credit related commitments was RR 17 688 thousand (31 December 2019: RR 14 537 thousand).

All undrawn credit facilities can be automatically closed upon failure by the borrower to meet the requirements of the loan agreement. The fair value of such commitments is equal to zero.

**Assets pledged and restricted.** At 31 March 2020, due from other banks balances and overnight deposits with other banks of RR 133 700 thousand (31 December 2019: RR 106 478 thousand) are placed as a cover for international payment cards transactions. In addition, mandatory cash balances with the CBRF of RR 755 423 thousand (31 December 2019: RR 763 172 thousand) represent mandatory reserve deposits which are not available to finance the Bank’s day-to-day operations.

**Compliance with covenants.** The Group is subject to certain covenants primarily relating to its borrowings. Non-compliance with such covenants may result in negative consequences for the Group including growth in the cost of borrowings and a claim on early repayment of the loan. The Group was in compliance with covenants at 31 March 2020 and 31 December 2019.

## 16. Fair Value

Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuation techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based on observable market data (that is, unobservable inputs). Management applies judgement in categorising financial instruments using the fair value hierarchy. If a fair value measurement uses observable inputs that require significant adjustment, that measurement is a Level 3 measurement. The significance of a valuation input is assessed against the fair value measurement in its entirety.



**16. Fair Value (Continued)**
**(a) Recurring fair value measurements**

Recurring fair value measurements are those that the other IFRS require or permit in the condensed consolidated interim statement of financial position at the end of each reporting period. The levels in the fair value hierarchy into which the recurring fair value measurements are categorised are as follows:

(in thousands of Russian Roubles)	31 March 2020				31 December 2019			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Assets at fair value</b>								
<b>Financial assets</b>								
<b>Other financial assets</b>								
- Other securities at FVTPL	-	-	6 016	<b>6 016</b>	-	-	6 016	<b>6 016</b>
<b>Non-financial assets</b>								
- Investment properties	-	-	1 450 172	<b>1 450 172</b>	-	-	1 450 172	<b>1 450 172</b>
- Premises and land	-	-	2 808 112	<b>2 808 112</b>	-	-	2 872 277	<b>2 872 277</b>
<b>Total assets recurring fair value measurements</b>	-	-	<b>4 264 300</b>	<b>4 264 300</b>	-	-	<b>4 328 465</b>	<b>4 328 465</b>

**(b) Assets and liabilities not measured at fair value but for which fair value is disclosed**

Fair values analysed by level in the fair value hierarchy and carrying value of assets not measured at fair value are as follows:

(in thousands of Russian Roubles)	31 March 2020			Carrying amount
	Level 1	Level 2	Level 3	
<b>FINANCIAL ASSETS</b>				
Cash and cash equivalents	21 135 089	-	-	<b>21 135 089</b>
Mandatory cash balances with the Central Bank of Russian Federation	-	755 423	-	<b>755 423</b>
Loans and advances to customers	-	-	88 605 317	<b>86 986 133</b>
- Corporate loans	-	-	33 602 731	<b>33 679 977</b>
- Loans to individuals – consumer and car loans	-	-	17 190 990	<b>16 891 983</b>
- Mortgage loans	-	-	37 811 596	<b>36 414 173</b>
Finance lease receivables	-	-	221 421	<b>208 574</b>
Other financial assets	-	-	1 042 059	<b>1 042 059</b>
<b>NON-FINANCIAL ASSETS</b>				
- Investment in associate	-	-	314 344	<b>314 344</b>
<b>TOTAL</b>	<b>21 135 089</b>	<b>755 423</b>	<b>90 183 141</b>	<b>110 441 622</b>

(in thousands of Russian Roubles)	31 December 2019			Carrying amount
	Level 1	Level 2	Level 3	
<b>FINANCIAL ASSETS</b>				
Cash and cash equivalents	11 052 495	-	-	<b>11 052 495</b>
Mandatory cash balances with the Central Bank of the Russian Federation	-	763 172	-	<b>763 172</b>
Balances with the Central Bank of the Russian Federation	-	14 502 371	-	<b>14 502 371</b>
Loans and advances to customers	-	-	86 398 260	<b>84 861 226</b>
- Corporate loans	-	-	31 874 409	<b>32 084 028</b>
- Loans to individuals – consumer and car loans	-	-	17 554 414	<b>17 317 729</b>
- Mortgage loans	-	-	36 969 437	<b>35 459 469</b>
Finance lease receivables	-	-	209 473	<b>193 779</b>
Other financial assets	-	-	1 013 217	<b>1 013 217</b>
<b>NON-FINANCIAL ASSETS</b>				
- Investment in associate	-	-	292 096	<b>292 096</b>
<b>TOTAL</b>	<b>11 052 495</b>	<b>15 265 543</b>	<b>87 913 046</b>	<b>112 678 356</b>

## 16. Fair Value (Continued)

Fair values analysed by level in the fair value hierarchy and carrying value of liabilities not measured at fair value are as follows:

	31 March 2020			
	Level 1	Level 2	Level 3	Carrying amount
<i>(in thousands of Russian Roubles)</i>				
<b>FINANCIAL LIABILITIES</b>				
Customer accounts	-	96 555 282	-	<b>96 555 282</b>
Debt securities in issue	-	-	1 763 991	<b>1 763 991</b>
- <i>Promissory notes</i>	-	-	496 099	<b>496 099</b>
- <i>Bonds issued on domestic market</i>	-	-	1 267 892	<b>1 267 892</b>
Borrowings from international financial institutions	-	3 351 976	-	<b>3 351 976</b>
Other financial liabilities	-	-	225 158	<b>225 158</b>
<b>TOTAL</b>				
	-	<b>99 907 258</b>	<b>1 989 149</b>	<b>101 896 407</b>

	31 December 2019			
	Level 1	Level 2	Level 3	Carrying amount
<i>(in thousands of Russian Roubles)</i>				
<b>FINANCIAL LIABILITIES</b>				
Customer accounts	-	99 443 062	-	<b>99 443 062</b>
Debt securities in issue	-	-	2 115 221	<b>2 115 221</b>
- <i>Promissory notes</i>	-	-	883 367	<b>883 367</b>
- <i>Bonds issued on domestic market</i>	-	-	1 231 854	<b>1 231 854</b>
Borrowings from international financial institutions	-	2 612 025	-	<b>2 612 025</b>
Other financial liabilities	-	-	295 343	<b>295 343</b>
<b>TOTAL</b>	-	<b>102 055 087</b>	<b>2 410 564</b>	<b>104 465 651</b>

The Group's liabilities to its customers are subject to state deposit insurance scheme as described in Note 1. The fair value of these liabilities reflects these credit enhancements.

## 17. Related Party Transactions

For the purpose of this condensed consolidated interim financial information, parties are considered to be related if one party has the ability to control the other party, is under common control, or can exercise significant influence over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

The Group's internal policy is to lend funds to related parties if they have an appropriate credit history and provide sufficient guarantees from third parties or pledge collateral valued in excess of the committed credit lines.

## 17. Related Party Transactions (Continued)

The condensed consolidated interim financial information of the Group includes the following transactions and balances with related parties:

	<b>31 March 2020</b>		
	<b>Major shareholders</b>	<b>Associate</b>	<b>Executive Board and Board of Directors</b>
<i>(in thousands of Russian Roubles)</i>			
Correspondent accounts with banks	105 644	-	-
Gross amount of loans and advances to customers (contractual interest rate: 8.0-13.5%)	-	-	14 029
Customer accounts (contractual interest rate: 0.01% – 7.7%)	-	52 420	70 778
Borrowings from international financial institutions (contractual interest rate: 9.5%)	1 736 412	-	-
Bonds issued (coupon rate: 8.25%-9.8%)	-	-	35 700

	<b>31 December 2019</b>		
	<b>Major shareholders</b>	<b>Associate</b>	<b>Executive Board and Board of Directors</b>
<i>(in thousands of Russian Roubles)</i>			
Correspondent accounts with banks	98 433	-	-
Gross amount of loans and advances to customers (contractual interest rate: 8.0-13.5%)	-	-	5 801
Customer accounts (contractual interest rate: 0.01% – 7.25%)	-	15 118	104 966
Borrowings from international financial institutions (contractual interest rate: 9.5%)	988 591	-	-
Bonds issued (coupon rate: 7.5%-8.5%)	-	-	37 869

	<b>Three months ended 31 March 2020</b>		
	<b>Major shareholders</b>	<b>Associate</b>	<b>Executive Board and Board of Directors</b>
<i>(in thousands of Russian Roubles)</i>			
Interest income	-	66	381
Interest expense	(35 944)	(307)	(1 617)
Fee and commission income	-	75	7
Administrative expenses excluding management remuneration	-	-	(1 417)

	<b>Three months ended 31 March 2019</b>		
	<b>Major shareholders</b>	<b>Associate</b>	<b>Executive Board and Board of Directors</b>
<i>(in thousands of Russian Roubles)</i>			
Interest income	-	29 369	127
Interest expense	-	-	(1 154)
Fee and commission income	-	323	5
Administrative expenses excluding management remuneration	-	-	(242)

## 17. Related Party Transactions (Continued)

Major shareholders mean shareholders holding over five percent of the Bank's voting shares. The major shareholders of the Bank are:

Shareholder	31 March 2020		31 December 2019	
	Equity share, %	Voting rights, %	Equity share, %	Voting rights, %
European Bank for Reconstruction and Development	17.82	19.74	17.82	19.74
DEG (Deutsche Investitions und Entwicklungsgesellschaft GmbH)	14.57	16.14	14.57	16.14
Vasily Vasilievich Vysokov	11.10	12.30	11.10	12.30
Tatiana Nikolaevna Vysokova	10.96	12.13	10.96	12.13
ResponsAbility Participations AG, ResponsAbility SICAV (Lux)				
Micro and SME Finance Leaders	9.05	10.03	9.05	10.03
Erste Bank	9.09	9.01	9.09	9.01
Firebird Funds	8.22	9.11	8.22	9.11
Rekha Holdings Limited	6.77	7.49	6.77	7.49

Compensation paid to members of the Executive Board and Board of Directors is presented below:

	Three months ended 31 March 2020		Three months ended 31 March 2019	
	Compensation	Accrued liability	Compensation	Accrued liability
<i>(in thousands of Russian Roubles)</i>				
<i>Short-term benefits:</i>				
- Salaries	6 043	-	6 965	-
- Short-term and other bonuses	797	-	683	-
<i>Long-term bonus scheme</i>	13 560	52 039	-	37 565
<b>Total</b>	<b>20 400</b>	<b>52 039</b>	<b>7 648</b>	<b>37 565</b>

Short-term bonuses fall due wholly within twelve months after the end of the period in which management rendered the related services.

At 31 March 2020, the Group's Board of Directors consisted of seven persons and its Executive Board included six persons.

At 31 December 2019, the Group's Board of Directors consisted of seven persons and its Executive Board included four persons.