



## **CENTER-INVEST BANK GROUP**

**International Financial Reporting Standards  
Condensed Consolidated Interim  
Financial Information  
for six months ended 30 June 2020 (unaudited)  
and Report on Review**

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## Report on Review of Condensed Consolidated Interim Financial Information

To the Shareholders and Board of Directors of Public Joint-stock company commercial Bank "Center-invest":

### Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Public Joint-stock company commercial Bank "Center-invest" and its subsidiaries (the "Group") as at 30 June 2020, and the related condensed consolidated interim statement of profit or loss and other comprehensive income for the three-month and six-month periods then ended, condensed consolidated interim statements of cash flows and changes in equity for the six-month period then ended, and the related explanatory notes. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed consolidated interim financial information 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 consolidated interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

*AO PricewaterhouseCoopers Audit*  
31 August 2020  
Moscow, Russian Federation  


E. N. Kriventsev, certified auditor (certificate No. 01-000198),  
AO PricewaterhouseCoopers Audit

Audited entity: Public Joint-stock company commercial Bank  
"Center-invest"

Record made in the Unified State Register of Legal Entities on  
26 August 2002 under State Registration Number 1026100001949

Taxpayer Identification Number 6163011391

62 Sokolova Avenue, Rostov-on-Don, 344000

Independent auditor: AO PricewaterhouseCoopers Audit

Registered by the Government Agency Moscow Registration Chamber on  
28 February 1992 under No. 008.890

Record made in the Unified State Register of Legal Entities on 22 August 2002  
under State Registration Number 1027700148431


Taxpayer Identification Number 7705051102


Member of Self-regulatory organization of auditors Association «Sodruzhestvo»

Principal Registration Number of the Record in the Register of Auditors and Audit  
Organizations – 12006020338

<i>In thousands of Russian Roubles</i>	Notes	30 June 2020 (unaudited)	31 December 2019
<b>ASSETS</b>			
Cash and cash equivalents		10 001 540	11 052 495
Mandatory cash balances with the Central Bank of the Russian Federation		731 100	763 172
Balances with the Central Bank of the Russian Federation		6 500 000	14 502 371
Loans to customers and finance lease receivables	6	86 945 175	85 055 005
Investment in associate		312 807	292 096
Investment properties		1 450 172	1 450 172
Premises and equipment and intangible assets		3 478 789	3 761 311
Right-of-use assets		121 653	144 274
Other financial assets		1 105 234	1 019 233
Other assets		1 263 024	1 376 417
Current income tax prepayment		-	104 434
<b>TOTAL ASSETS</b>		<b>111 909 494</b>	<b>119 520 980</b>
<b>LIABILITIES</b>			
Due to the Central Bank of the Russian Federation		141 082	-
Customer accounts	7	91 423 817	99 443 062
Debt securities in issue	8	1 670 782	2 115 221
Borrowings from international financial institutions	9	2 216 174	2 612 025
Subordinated debt	9	708 050	-
Other financial liabilities		257 902	295 343
Other liabilities		269 489	326 477
Lease liabilities		128 347	150 939
Deferred income tax liability		281 453	358 564
Current income tax liability		19 879	-
<b>TOTAL LIABILITIES</b>		<b>97 116 975</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		10 260 950	9 682 312
<b>Equity attributable to the Bank's shareholders</b>		<b>14 893 216</b>	<b>14 315 605</b>
<b>Non-controlling interest</b>		<b>(100 697)</b>	<b>(96 256)</b>
<b>TOTAL EQUITY</b>		<b>14 792 519</b>	<b>14 219 349</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>111 909 494</b>	<b>119 520 980</b>

31 August 2020

  
**S. Yu. Smirnov**  
 Deputy Chairman of the Executive Board  
 (Finance, Reporting, Analytics)

  
**T. I. Ivanova**  
 Chief Accountant

**CENTER-INVEST BANK GROUP**
**Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income**

(unaudited) In thousands of Russian Roubles	Notes	Six months ended 30 June		Three months ended 30 June	
		2020	2019	2020	2019
Interest income calculated using the effective interest method	10	5 095 478	5 350 045	2 515 319	2 631 790
Interest expense calculated using the effective interest method	10	(2 618 648)	(2 509 455)	(1 223 717)	(1 299 007)
<b>Net interest margin</b>		<b>2 476 830</b>	<b>2 840 590</b>	<b>1 291 602</b>	<b>1 332 783</b>
Credit loss allowance	6	(551 841)	(934 861)	(311 302)	(671 327)
(Provision)/ Recovery of provision for credit related commitments	16	(3 590)	(12 363)	5 975	(35 650)
<b>Net interest margin after credit loss allowance</b>		<b>1 921 399</b>	<b>1 893 366</b>	<b>986 275</b>	<b>625 806</b>
Fee and commission income		734 539	810 747	354 329	420 681
Fee and commission expense		(254 306)	(260 710)	(141 648)	(132 542)
Gains less losses from trading in foreign currencies		40 364	25 853	9 525	12 141
Foreign exchange translation gains less losses/ (losses less gains)		6 330	(43 251)	(11 869)	(7 161)
(Losses less gains)/ gains less losses from spot currency transactions and other conversion operations on the interbank market		(466)	40 012	4 895	7 995
Other provisions and expenses		(80 318)	(57 200)	(39 024)	(34 097)
Other operating income	11	324 541	92 930	167 414	86 172
Contributions to the state deposit insurance scheme		(182 383)	(255 584)	(89 028)	(125 876)
Administrative and other operating expenses	12	(1 768 763)	(1 581 983)	(958 693)	(880 152)
Depreciation of right-of-use assets		(23 907)	(26 543)	(15 081)	(15 436)
Financial result from business combinations		-	144 686	-	144 686
Share of result of associate		20 716	24 398	(1 537)	(3 234)
<b>Profit before tax</b>		<b>737 746</b>	<b>806 721</b>	<b>265 558</b>	<b>98 983</b>
Income tax expense		(164 576)	(166 664)	(60 546)	(20 449)
<b>PROFIT FOR THE PERIOD</b>		<b>573 170</b>	<b>640 057</b>	<b>205 012</b>	<b>78 534</b>
<b>Other comprehensive income for the period</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>		<b>573 170</b>	<b>640 057</b>	<b>205 012</b>	<b>78 534</b>
<b>Profit and total comprehensive income for the period attributable to:</b>					
The Bank's shareholders		577 611	646 918	204 464	85 395
Non-controlling interest		(4 441)	(6 861)	548	(6 861)

The Notes 1 to 19 form an integral part of this condensed consolidated interim financial information.

**CENTER-INVEST BANK GROUP**
**Condensed Consolidated Interim Statement of Cash Flows**

<i>(unaudited)</i> <i>In thousands of Russian Roubles</i>	<b>Six months ended 30 June 2020</b>	<b>Six months ended 30 June 2019</b>
<b>Cash flows from operating activities</b>		
Interest received	4 917 605	5 071 923
Interest paid	(3 005 158)	(2 427 789)
Contributions to the state deposit insurance scheme	(233 898)	(249 722)
Fee and commission received	584 894	808 169
Fee and commission paid	(254 306)	(258 944)
Gains less losses from trading in foreign currencies	40 364	25 853
(Losses less gains)/ gains less losses received from spot currency transactions and other conversion operations on the interbank market	(466)	43 493
Receipts from assignment of rights of claim on loans and advances to customers	265 315	211 857
Repayment of debt previously written off	21 311	21 588
Other operating income received	240 279	11 550
Staff costs paid	(761 849)	(704 412)
Operating expenses paid	(862 467)	(652 467)
Income tax paid	(118 147)	(73)
<b>Cash flows from operating activities before changes in operating assets and liabilities</b>	<b>833 477</b>	<b>1 901 026</b>
<b>Change in operating assets and liabilities</b>		
Net change in mandatory cash balances with the Central Bank of the Russian Federation	32 072	46 623
Net change in due from other banks	8 000 000	6 100 000
Net change in loans to customers and finance lease receivables	(2 625 804)	(4 170 512)
Net change in other financial and other assets	298 075	77 625
Net change in due to the Central Bank of the Russian Federation and due to other banks	149 778	1 359 887
Net change in customer accounts	(7 992 345)	(5 414 020)
Net change in promissory notes issued	(435 845)	539 636
Net change in other financial and other liabilities	(59 944)	(44 443)
<b>Net cash (used in)/ from operating activities</b>	<b>(1 800 536)</b>	<b>395 822</b>
<b>Cash flows from investing activities</b>		
Acquisition of premises and equipment	(88 088)	(88 890)
Proceeds from disposal of premises and equipment	366 230	1 005
Acquisition of intangible assets	(33 412)	(61 485)
Investments in investment properties	-	(1 249)
Business combinations	-	170
<b>Net cash from/ (used in) investing activities</b>	<b>244 730</b>	<b>(150 449)</b>
<b>Cash flows from financing activities</b>		
Issue of bonds	29 637	314 137
Repurchase and repayment of bonds	(30 438)	(294 169)
Proceeds from borrowings from international financial institutions and subordinated debt	740 274	1 111 000
Repayment of borrowings from international financial institutions	(400 000)	(600 000)
Repayment of principal of lease liabilities	(22 592)	(18 365)
<b>Net cash from financing activities</b>	<b>316 881</b>	<b>512 603</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>187 970</b>	<b>(151 739)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(1 050 955)</b>	<b>606 237</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>10 001 540</b>	<b>9 318 252</b>

The Notes 1 to 19 form an integral part of this condensed consolidated interim financial information.

**CENTER-INVEST BANK GROUP**
**Condensed Consolidated Interim Statement of Changes in Equity**

	Share capital	Share premium	Revaluation reserve for land and premises	Retained earnings	Non-controlling interest	Total equity
<i>(unaudited)</i> <i>In thousands of Russian Roubles</i>						
<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	-	-	-	646 918	(6 861)	<b>640 057</b>
<b>Total comprehensive income for six months of 2019</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>646 918</b>	<b>(6 861)</b>	<b>640 057</b>
Dividends declared:						
- ordinary shares	-	-	-	(603 641)	-	<b>(603 641)</b>
- preference shares	-	-	-	(18 099)	-	<b>(18 099)</b>
Business combinations	-	-	-	-	(80 094)	<b>(80 094)</b>
<b>Balance at 30 June 2019</b>	<b>1 326 277</b>	<b>2 078 860</b>	<b>1 262 206</b>	<b>8 485 481</b>	<b>(86 955)</b>	<b>13 065 869</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	-	-	-	577 611	(4 441)	<b>573 170</b>
<b>Total comprehensive income for six months of 2020</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>577 611</b>	<b>(4 441)</b>	<b>573 170</b>
Transfer of revaluation reserve for on land and premises to retained earnings	-	-	(1 027)	1 027	-	-
<b>Balance at 30 June 2020</b>	<b>1 326 277</b>	<b>2 078 860</b>	<b>1 227 129</b>	<b>10 260 950</b>	<b>(100 697)</b>	<b>14 792 519</b>

The Notes 1 to 19 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 six months ended 30 June 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 and was set up in accordance with Russian regulations.

**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.

No party can control the Bank individually.

At 30 June 2020, the Bank had four branches (31 December 2019: four) in the Russian Federation. Additionally, the Bank has a representative office in Moscow and 112 (31 December 2019: 112) sub-branches in the Rostov and Volgograd Regions, Moscow and Nizhny Novgorod, Stavropol and Krasnodar Regions.

Interest in subsidiaries at 30 June 2020 and 31 December 2019 is as follows:

(%)	30 June 2020 (unaudited)	31 December 2019
LLC Centre-Leasing	100.00	100.00
JSC 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 six months ended 30 June 2020 was 1 704 people (2019: 1 760 people; six months ended 30 June 2019: 1 761 people).

**Presentation currency.** This condensed consolidated interim financial information is presented in Russian Roubles (“RR”), unless otherwise stated.

## 2. Operating Environment of the Group

**Russian Federation.** The Russian Federation displays certain characteristics of an emerging market. Its economy is particularly sensitive to oil and gas prices. The Russian economy continues to be negatively impacted by ongoing political tension in the region and international sanctions against certain Russian companies and individuals.

On 12 March 2020, the World Health Organization (WHO) declared the epidemic of COVID-19 a pandemic. In response to the pandemic, the Russian authorities implemented numerous measures attempting to contain the spreading and impact of COVID-19, such as travel bans and restrictions, quarantines, shelter-in-place orders and limitations on business activity, including closures. These measures have, among other things, severely restricted economic activity in Russia and have negatively impacted, and could continue to negatively impact businesses, market participants, clients of the Group, as well as the Russian and global economy for an unknown period of time.

Management is taking all necessary measures to ensure sustainability of the Group’s operations and support its customers and employees:



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

- operating on a going concern basis (The Group management 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);
- boosting the capacities for digital services (increasing the number of operations performed without a visit to the office);
- offering repayment holidays on consumer loans, lower tariffs for services to legal entities, debt restructuring;
- introducing support programmes for the customers (financed by the government or by the Group).

Future implications of the current economic environment and the above measures are difficult to predict. However, the Bank is monitoring situation on a daily basis, assessing consequences that affect the bank's financial position. At the date of these financial statements, the measures taken by management are considered sufficient, and the implications are deemed to have no significant effect on the sustainability of the Bank's operations.

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.

In March 2020, the International Accounting Standards Board (IASB) emphasised in its educational materials that an appropriate judgment has to be applied when determining the effects of COVID-19 on expected credit losses under IFRS 9, given the significant uncertainty that exists, in particular when assessing future macroeconomic conditions. Deteriorating economic forecasts have caused and are likely to continue to cause an increase in expected credit losses and hence greater volatility of profit or loss.

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, in particular 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, measures are taken to ensure sustainable development of the Rostov Region agribusiness complex and rural areas.

## **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).

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.

**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.

**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 condensed statement of financial position. Instead, assets and liabilities are presented in order of their liquidity. Refer to Note 13 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 13.

	30 June 2020		
	Amounts expected to be recovered or settled		Total
	Within 12 months after the reporting period	After 12 months after the reporting period	
<i>(unaudited)</i>			
<i>In thousands of Russian Roubles</i>			
<b>Assets</b>			
Investment in associate	-	312 807	<b>312 807</b>
Investment properties	-	1 450 172	<b>1 450 172</b>
Premises, equipment and intangible assets	-	3 478 789	<b>3 478 789</b>
Right-of-use assets	110 662	10 991	<b>121 653</b>
Other assets	494 822	768 202	<b>1 263 024</b>
<b>Liabilities</b>			
Deferred income tax liability	-	281 453	<b>281 453</b>
Other liabilities	209 090	60 399	<b>269 489</b>
Current income tax liability	19 879	-	<b>19 879</b>
	31 December 2019		
	Amounts expected to be recovered or settled		Total
	Within 12 months after the reporting period	After 12 months after the reporting period	
<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 and 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>

#### **Restatement of figures in the Group's Condensed Consolidated Interim Financial Information for six months ended 30 June 2019**

Under the Settlement Agreement, in April 2019, the Bank acquired 88.28% of shares in Joint-Stock Company "Ptitsefabrika Belokalitvinskaya". At the approval date of the condensed consolidated interim financial information for six months ended 30 June 2019, the Group had not completed the fair value measurement of the acquired entity's assets, thus the financial result of the transaction was presented based on preliminary data. The Group management completed the appraisal in accordance with IFRS 3 within the established period and included the final results in the Group's consolidated financial statements for the year ended 31 December 2019.

Based on the final assessment, management reduced the fair value of the inventories of Joint-Stock Company "Ptitsefabrika Belokalitvinskaya" at the date of business combination from RR 577 835 thousand to RR 218 235 thousand.

The Group's condensed consolidated interim financial information for six months ended 30 June 2019 was therefore revised in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors".

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

In this condensed consolidated interim financial information for six months ended 30 June 2020, the Group restated the figures from the Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income for three and six months ended 30 June 2019 and the Condensed Consolidated Interim Statement of Changes in Equity for six months as at 30 June 2019 in order to recognise the final fair value measurement of the assets of Joint-Stock Company "Pitsefabrika Belokalitvinskaya" at the date of business combination.

The effect of restatement on the Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income for six months ended 30 June 2019 is presented below:

<i>(unaudited)</i> <i>In thousands of Russian Roubles</i>	The Group's financial information published for six months ended 30 June 2019	Adjustment	Restated information for six months ended 30 June 2019
Financial result from business combinations	337 990	(193 304)	144 686
<b>Profit before tax</b>	<b>1 000 025</b>	<b>(193 304)</b>	<b>806 721</b>
Income tax expense	(206 600)	39 936	(166 664)
<b>Profit for the period</b>	<b>793 425</b>	<b>(153 368)</b>	<b>640 057</b>
<b>Total comprehensive income for the period</b>	<b>793 425</b>	<b>(153 368)</b>	<b>640 057</b>
<b>Profit and total comprehensive income for the period attributable to:</b>			
The Bank's shareholders	800 286	(153 368)	646 918

The effect of restatement on the Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income for three months ended 30 June 2019 is presented below:

<i>(unaudited)</i> <i>In thousands of Russian Roubles</i>	The Group's financial information published for three months ended 30 June 2019	Adjustment	Restated information for three months ended 30 June 2019
Financial result from business combinations	337 990	(193 304)	144 686
<b>Profit before tax</b>	<b>292 287</b>	<b>(193 304)</b>	<b>98 983</b>
Income tax expense	(43 868)	23 419	(20 449)
<b>Profit for the period</b>	<b>248 419</b>	<b>(169 885)</b>	<b>78 534</b>
<b>Total comprehensive income for the period</b>	<b>248 419</b>	<b>(169 885)</b>	<b>78 534</b>
<b>Profit and total comprehensive income for the period attributable to:</b>			
The Bank's shareholders	255 280	(169 885)	85 395

The effect of restatement on the Condensed Consolidated Interim Statement of Changes in Equity for six months ended 30 June 2019 is presented below:

<i>In thousands of Russian Roubles</i>	Retained earnings	Non-controlling interest	Total equity
<b>Balance at 31 December 2018</b>	<b>8 460 303</b>	<b>-</b>	<b>13 127 646</b>
<i>(unaudited)</i>			
Profit for the period	800 286	(6 861)	793 425
<i>Impact of restatement</i>	<i>(153 368)</i>	<i>-</i>	<i>(153 368)</i>
<b>Total restated comprehensive income for six months of 2019</b>	<b>646 918</b>	<b>(6 861)</b>	<b>640 057</b>
Business combinations	-	(54 895)	(54 895)
<i>Impact of restatement</i>	<i>-</i>	<i>(25 199)</i>	<i>(25 199)</i>
<b>Restated balance at 30 June 2019 (unaudited)</b>	<b>8 485 481</b>	<b>(86 955)</b>	<b>13 065 869</b>

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

**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:

- 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 annual reporting period that starts on or after 1 January 2020).
- Definition 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);
- Interest Rate Benchmark Reform – Amendments to IFRS 9, IAS 39 and IFRS 7 (issued on 26 September 2019 and effective for annual periods beginning on or after 1 January 2020).

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

Certain estimates and judgements were revised and updated as compared to the estimates and judgements made in the annual financial statements for the year ended 31 December 2019 to record the latest changes in the economic environment.

##### ***ECL measurement.***

Measurement of ECLs is a significant estimate that involves determination of methodology, models and data inputs consistent with those at 31 December 2019. 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.

In order to provide objective information about the impact of the current macroeconomic environment and in line with the recommendations of the IASB and the European Banking Authority, the Group adjusted its approach to calculating macro-adjustments to the borrower's probability of default. Based on the most recent information, it used updated macroeconomic projections that represent the macroeconomic developments more accurately, increasing the macro-adjustments (multiplying coefficients).

The Group took the support measures prescribed by the Russian Government in April 2020 due to the COVID-19 pandemic and is participating in all support programmes for small and medium businesses and for individuals proposed by the Russian Government to date. In addition to its participation in state programmes, the Group offers its own support measures for businesses and individuals, providing a broad range of benefits and anti-crisis programmes that would help the entrepreneurs not only maintain their business and withstand the consequences of the crisis, but also continue to work as the situation stabilizes.

At 30 June 2020, the Group provided support to individuals whose loans totalled RR 3 041 587 thousand. Loans to small and medium businesses that received support at 30 June 2020 totalled RR 2 797 408 thousand.

As a result of significant changes in the economic environment, the Group adjusted its approach to expected credit loss (ECL) measurement.

At 30 June 2020, the Group:

- applied reducing coefficients to expected future cash flows from corporate borrowers assessed on an individual basis;
- applied macro-adjustment coefficients to loans assessed on a collective (portfolio) basis, depending on the borrower's industry, and additional multiplying coefficients to borrowers that asked for subsidized products under COVID-19 programmes;
- applied additional increasing coefficients for loans to individuals assessed on a collective (portfolio) basis that asked for subsidized products under COVID-19 programmes.

## 5. Critical Accounting Estimates and Judgements in Applying Accounting Policies (Continued)

A 10% increase or decrease in PD estimates at 30 June 2020 would result in an increase or decrease in total expected credit loss allowances by RR 42 979 thousand (31 December 2019: by RR 68 342 thousand).

A 10% increase or decrease in LGD estimates at 30 June 2020 would result in an increase or decrease in total expected credit loss allowances by RR 317 735 thousand (31 December 2019: by RR 390 004 thousand).

## 6. Loans to Customers and Finance Lease Receivables

Below are presented gross carrying value and credit loss allowance to loans to customers and finance lease receivables at amortised cost at 30 June 2020 and 31 December 2019:

<i>In thousands of Russian Roubles</i>	<b>30 June 2020 (unaudited)</b>	<b>31 December 2019</b>
Corporate loans	37 706 495	35 411 303
Loans to individuals – mortgage loans	37 596 835	36 458 473
Loans to individuals – consumer loans and car loans	17 463 097	19 132 251
Finance lease receivables	185 182	196 371
<b>Total loans to customers and finance lease receivables before credit loss allowance</b>	<b>92 951 609</b>	<b>91 198 398</b>
Expected credit loss allowance	(6 006 434)	(6 143 393)
<b>Total loans to customers and finance lease receivables</b>	<b>86 945 175</b>	<b>85 055 005</b>

The following tables disclose the 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)	Stage 3 (lifetime ECL credit impaired)	Total	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL credit impaired)	Total
<i>(unaudited)</i> <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	108 496	153	3 265	<b>111 914</b>	12 185 736	19 953	6 039	<b>12 211 728</b>
Transfers:				-				-
- to lifetime ECL (from Stage 1 and Stage 3 to Stage 2)	(4 813)	4 813	-	-	(478 739)	478 739	-	-
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	(3 986)	(263)	4 249	-	(313 114)	(11 487)	324 601	-
- to 12-month ECL (from Stage 2 and Stage 3 to Stage 1)	422	(422)	-	-	20 570	(20 570)	-	-
Repaid during the period	(52 022)	(2 148)	(98 731)	<b>(152 901)</b>	(9 124 293)	(45 701)	(296 372)	<b>(9 466 366)</b>
Changes due to transfers and changes in assumptions	15 641	117 121	281 155	<b>413 917</b>	-	-	-	-
Changes in accrued interest, exchange differences and other movements	-	31 646	15 931	<b>47 577</b>	7	124 918	33 444	<b>158 369</b>
<b>Total movements with impact on credit loss allowance charge for the period</b>	<b>63 738</b>	<b>150 900</b>	<b>205 869</b>	<b>420 507</b>	<b>2 290 167</b>	<b>545 852</b>	<b>67 712</b>	<b>2 903 731</b>
<i>Movements without impact on credit loss allowance charge for the period:</i>								
Write-offs	-	-	(150 011)	<b>(150 011)</b>	-	-	(150 011)	<b>(150 011)</b>
Assignment	(2 934)	(134)	(267 475)	<b>(270 543)</b>	(15 000)	(6 053)	(437 475)	<b>(458 528)</b>
<b>At 30 June 2020</b>	<b>298 050</b>	<b>395 543</b>	<b>2 633 635</b>	<b>3 327 228</b>	<b>31 900 882</b>	<b>1 428 943</b>	<b>4 376 670</b>	<b>37 706 495</b>
Recovery of loans previously written off	-	-	4 136	<b>4 136</b>	-	-	-	-

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

<i>(unaudited)</i> <i>In thousands of Russian Roubles</i>	Credit loss allowance				Gross carrying amount			
	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL credit impaired)	Total	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL credit impaired)	Total
<b>Mortgage loans</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>
<b>At 1 January 2020</b>								
<i>Movements with impact on credit loss allowance charge for the period:</i>								
Issued to new and existing customers during the period	31 133	-	-	<b>31 133</b>	4 744 799	-	-	<b>4 744 799</b>
Transfers:								
- to lifetime ECL (from Stage 1 and Stage 3 to Stage 2)	(4 069)	23 058	(18 989)	-	(687 601)	719 967	(32 366)	-
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	(401)	(7 685)	8 086	-	(67 336)	(161 148)	228 484	-
- to 12-month ECL (from Stage 2 and Stage 3 to Stage 1)	14 554	(6 021)	(8 533)	-	150 104	(135 559)	(14 545)	-
Repaid during the period	(22 488)	(1 242)	(72 694)	<b>(96 424)</b>	(3 441 027)	(41 269)	(125 856)	<b>(3 608 152)</b>
Changes due to transfers and changes in assumptions	5 819	7 581	77 455	<b>90 855</b>	-	-	-	-
Changes in accrued interest, exchange differences and other movements	72	365	7 969	<b>8 406</b>	6 649	6 489	13 574	<b>26 712</b>
<b>Total movements with impact on credit loss allowance charge for the period</b>	<b>24 620</b>	<b>16 056</b>	<b>(6 706)</b>	<b>33 970</b>	<b>705 588</b>	<b>388 480</b>	<b>69 291</b>	<b>1 163 359</b>
<i>Movements without impact on credit loss allowance charge for the period:</i>								
Write-offs	-	-	(15 286)	<b>(15 286)</b>	-	-	(15 286)	<b>(15 286)</b>
Assignment	(8)	-	(174)	<b>(182)</b>	(1 408)	-	(8 303)	<b>(9 711)</b>
<b>At 30 June 2020</b>	<b>228 600</b>	<b>45 019</b>	<b>743 887</b>	<b>1 017 506</b>	<b>35 247 122</b>	<b>1 044 579</b>	<b>1 305 134</b>	<b>37 596 835</b>
Recovery of loans previously written off	-	-	181	<b>181</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)	Stage 3 (lifetime ECL credit impaired)	Total	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL credit impaired)	Total
<i>(unaudited)</i> <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	42 459	-	-	<b>42 459</b>	2 898 071	-	-	<b>2 898 071</b>
Transfers:								
- to lifetime ECL (from Stage 1 and Stage 3 to Stage 2)	(4 575)	13 552	(8 977)	-	(350 342)	361 856	(11 514)	-
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	(2 147)	(4 685)	6 832	-	(86 269)	(111 315)	197 584	-
- to 12-month ECL (from Stage 2 and Stage 3 to Stage 1)	7 610	(2 992)	(4 618)	-	96 028	(90 265)	(5 763)	-
Repaid during the period	(57 443)	(1 080)	(68 469)	<b>(126 992)</b>	(4 081 651)	(83 736)	(77 356)	<b>(4 242 743)</b>
Changes due to transfers and changes in assumptions	36 435	996	150 913	<b>188 344</b>				-
Changes in accrued interest, exchange differences and other movements	(72)	95	15 287	<b>15 310</b>	(5 682)	3 215	18 235	<b>15 768</b>
<b>Total movements with impact on credit loss allowance charge for the period</b>	<b>22 267</b>	<b>5 886</b>	<b>90 968</b>	<b>119 121</b>	<b>(1 529 845)</b>	<b>79 755</b>	<b>121 186</b>	<b>(1 328 904)</b>
<i>Movements without impact on credit loss allowance charge for the period:</i>								
Write-offs	-	-	(211 561)	<b>(211 561)</b>	-	-	(213 292)	<b>(213 292)</b>
Assignment	-	-	(62 528)	<b>(62 528)</b>	-	-	(126 958)	<b>(126 958)</b>
<b>At 30 June 2020</b>	<b>245 996</b>	<b>18 675</b>	<b>1 394 883</b>	<b>1 659 554</b>	<b>15 433 074</b>	<b>454 086</b>	<b>1 575 937</b>	<b>17 463 097</b>
Recovery of loans previously written off	-	-	16 994	<b>16 994</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)	Stage 3 (lifetime ECL credit impaired)	Total	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL credit impaired)	Total
<i>(unaudited)</i> <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	407	-	-	<b>407</b>	47 967	47	-	<b>48 014</b>
Transfers:								
- to lifetime ECL (from Stage 1 and Stage 3 to Stage 2)	(61)	61	-	<b>-</b>	(7 161)	7 161	-	<b>-</b>
Repaid during the period	(479)	(5)	(345)	<b>(829)</b>	(57 854)	(575)	(774)	<b>(59 203)</b>
Changes due to transfers and changes in assumptions	(86)	62	-	<b>(24)</b>	-	-	-	<b>-</b>
<b>Total movements with impact on credit loss allowance charge for the period</b>	<b>(219)</b>	<b>118</b>	<b>(345)</b>	<b>(446)</b>	<b>(17 048)</b>	<b>6 633</b>	<b>(774)</b>	<b>(11 189)</b>
<b>At 30 June 2020</b>	<b>1 532</b>	<b>118</b>	<b>496</b>	<b>2 146</b>	<b>177 439</b>	<b>6 633</b>	<b>1 110</b>	<b>185 182</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 six months of 2019:

<i>(unaudited)</i> <i>In thousands of Russian Roubles</i>	Credit loss allowance				Gross carrying amount			
	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL credit impaired)	Total	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL credit impaired)	Total
<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	<b>108 805</b>	<b>57</b>	<b>26 102</b>	<b>134 964</b>	<b>12 806 879</b>	<b>10 981</b>	<b>56 148</b>	<b>12 874 008</b>
Transfers:								
- to lifetime ECL (from Stage 1 and Stage 3 to Stage 2)	(2 560)	2 560	-	-	(315 152)	315 152	-	-
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	(4 708)	(196 488)	201 196	-	(406 516)	(1 336 205)	1 742 721	-
- to 12-month ECL (from Stage 2 and Stage 3 to Stage 1)	4 723	(4 723)	-	-	122 397	(122 397)	-	-
Repaid during the period	(60 766)	(17 075)	(130 902)	<b>(208 743)</b>	(8 921 910)	(68 397)	(268 620)	<b>(9 258 927)</b>
Changes due to transfers and changes in assumptions	(85 130)	66 962	714 325	<b>696 157</b>	-	-	-	-
Changes in accrued interest, exchange differences and other movements	-	(13 371)	224 268	<b>210 897</b>	-	(55 880)	(1 603 942)	<b>(1 659 822)</b>
<b>Total movements with impact on credit loss allowance charge for the period</b>	<b>(39 636)</b>	<b>(162 078)</b>	<b>1 034 989</b>	<b>833 275</b>	<b>3 285 698</b>	<b>(1 256 746)</b>	<b>(73 693)</b>	<b>1 955 259</b>
<i>Movements without impact on credit loss allowance charge for the period:</i>								
Write-offs	-	-	(538 202)	<b>(538 202)</b>	-	-	(538 202)	<b>(538 202)</b>
Assignment	-	-	(230 309)	<b>(230 309)</b>	-	-	(419 395)	<b>(419 395)</b>
Business combinations	-	-	(708 355)	<b>(708 355)</b>	-	-	(1 850 125)	<b>(1 850 125)</b>
<b>At 30 June 2019</b>	<b>262 861</b>	<b>192 776</b>	<b>2 840 952</b>	<b>3 296 589</b>	<b>33 267 647</b>	<b>1 191 747</b>	<b>3 804 669</b>	<b>38 264 063</b>
Recovery of loans previously written off	-	-	<b>5 704</b>	<b>5 704</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)	Stage 3 (lifetime ECL credit impaired)	Total	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL credit impaired)	Total
<i>(unaudited)</i> <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	33 399	-	-	<b>33 399</b>	4 461 654	-	-	<b>4 461 654</b>
Transfers:								
- to lifetime ECL (from Stage 1 and Stage 3 to Stage 2)	(2 942)	23 873	(20 931)	-	(393 026)	427 804	(34 778)	-
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	(744)	(6 159)	6 903	-	(99 391)	(116 450)	215 841	-
- to 12-month ECL (from Stage 2 and Stage 3 to Stage 1)	14 870	(7 740)	(7 130)	-	148 003	(136 157)	(11 846)	-
Repaid during the period	(22 036)	(1 528)	(56 140)	<b>(79 704)</b>	(2 950 960)	(44 969)	(88 092)	<b>(3 084 021)</b>
Changes due to transfers and changes in assumptions	23 243	5 953	126 293	<b>155 489</b>	-	-	-	-
Changes in accrued interest, exchange differences and other movements	-	214	11 043	<b>11 257</b>	-	3 863	18 080	<b>21 943</b>
<b>Total movements with impact on credit loss allowance charge for the period</b>	<b>45 790</b>	<b>14 613</b>	<b>60 038</b>	<b>120 441</b>	<b>1 166 280</b>	<b>134 091</b>	<b>99 205</b>	<b>1 399 576</b>
<i>Movements without impact on credit loss allowance charge for the period:</i>								
Write-offs	-	-	(2 559)	<b>(2 559)</b>	-	-	(2 559)	<b>(2 559)</b>
Assignment	-	-	(2 437)	<b>(2 437)</b>	-	-	(10 111)	<b>(10 111)</b>
<b>At 30 June 2019</b>	<b>290 728</b>	<b>49 750</b>	<b>810 710</b>	<b>1 151 188</b>	<b>33 886 466</b>	<b>796 051</b>	<b>1 301 706</b>	<b>35 984 223</b>
Recovery of loans previously written off	-	-	357	<b>357</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)	Stage 3 (lifetime ECL credit impaired)	Total	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL credit impaired)	Total
<i>(unaudited)</i> <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	61 159	-	-	<b>61 159</b>	3 761 019	-	-	<b>3 761 019</b>
Transfers:								
- to lifetime ECL (from Stage 1 and Stage 3 to Stage 2)	(6 252)	25 725	(19 473)	-	(366 923)	391 800	(24 877)	-
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	(1 376)	(7 393)	8 769	-	(77 760)	(113 482)	191 242	-
- to 12-month ECL (from Stage 2 and Stage 3 to Stage 1)	12 028	(5 048)	(6 980)	-	129 689	(121 050)	(8 639)	-
Repaid during the period	(70 001)	(2 169)	(144 747)	<b>(216 917)</b>	(4 484 104)	(132 440)	(184 368)	<b>(4 800 912)</b>
Changes due to transfers and changes in assumptions	(32 981)	(12 498)	184 432	<b>138 953</b>	-	-	-	-
Changes in accrued interest, exchange differences and other movements	-	161	19 058	<b>19 219</b>	-	3 973	22 893	<b>26 866</b>
<b>Total movements with impact on credit loss allowance charge for the period</b>	<b>(37 423)</b>	<b>(1 222)</b>	<b>41 059</b>	<b>2 414</b>	<b>(1 038 079)</b>	<b>28 801</b>	<b>(3 749)</b>	<b>(1 013 027)</b>
<i>Movements without impact on credit loss allowance charge for the period:</i>								
Write-offs	-	-	(113 938)	<b>(113 938)</b>	-	-	(114 431)	<b>(114 431)</b>
Assignment	-	-	(5 680)	<b>(5 680)</b>	-	-	(20 434)	<b>(20 434)</b>
<b>At 30 June 2019</b>	<b>259 738</b>	<b>20 911</b>	<b>1 557 940</b>	<b>1 838 589</b>	<b>17 604 738</b>	<b>533 984</b>	<b>1 783 730</b>	<b>19 922 452</b>
Recovery of loans previously written off	-	-	15 527	<b>15 527</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)	Stage 3 (lifetime ECL credit impaired)	Total	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL credit impaired)	Total
<i>(unaudited)</i> <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	455	-	-	<b>455</b>	54 182	-	-	<b>54 182</b>
Transfers:								
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	(13)	-	13	<b>-</b>	(1 503)	-	1 503	<b>-</b>
Repaid during the period	(482)	-	(188)	<b>(670)</b>	(64 202)	-	(500)	<b>(64 702)</b>
Changes due to transfers and changes in assumptions	(89)	-	623	<b>534</b>	-	-	-	<b>-</b>
<b>Total movements with impact on credit loss allowance charge for the period</b>	<b>(129)</b>	<b>-</b>	<b>448</b>	<b>319</b>	<b>(11 523)</b>	<b>-</b>	<b>1 003</b>	<b>(10 520)</b>
<b>At 30 June 2019</b>	<b>1 299</b>	<b>-</b>	<b>1 120</b>	<b>2 419</b>	<b>159 292</b>	<b>-</b>	<b>2 507</b>	<b>161 799</b>

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

The estimated credit loss allowance differs from the amount presented in the consolidated condensed 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.
- Business combinations.

The credit quality of the loans carried at amortised cost is as follows at 30 June 2020:

<i>(unaudited)</i> <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 credit impaired)</b>	<b>Total</b>
<b>Corporate loans</b>				
- Excellent	14 011 782	-	-	<b>14 011 782</b>
- Good	17 889 100	145 345	-	<b>18 034 445</b>
- Satisfactory	-	1 283 598	-	<b>1 283 598</b>
- Special monitoring	-	-	843 229	<b>843 229</b>
- Default	-	-	3 533 441	<b>3 533 441</b>
<b>Gross carrying amount</b>	<b>31 900 882</b>	<b>1 428 943</b>	<b>4 376 670</b>	<b>37 706 495</b>
Credit loss allowance	(298 050)	(395 543)	(2 633 635)	<b>(3 327 228)</b>
<b>Carrying amount</b>	<b>31 602 832</b>	<b>1 033 400</b>	<b>1 743 035</b>	<b>34 379 267</b>



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

<i>(unaudited)</i> <i>In thousands of Russian Roubles</i>	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL credit impaired)	Total
<b>Mortgage loans</b>				
- Excellent	423 236	-	-	423 236
- Good	34 823 886	525 856	-	35 349 742
- Satisfactory	-	518 723	-	518 723
- Special monitoring	-	-	279 937	279 937
- Default	-	-	1 025 197	1 025 197
<b>Gross carrying amount</b>	<b>35 247 122</b>	<b>1 044 579</b>	<b>1 305 134</b>	<b>37 596 835</b>
Credit loss allowance	(228 600)	(45 019)	(743 887)	(1 017 506)
<b>Carrying amount</b>	<b>35 018 522</b>	<b>999 560</b>	<b>561 247</b>	<b>36 579 329</b>
<b>Consumer loans and car loans</b>				
- Excellent	240 779	-	-	240 779
- Good	15 192 295	175 345	-	15 367 640
- Satisfactory	-	278 741	-	278 741
- Special monitoring	-	-	162 039	162 039
- Default	-	-	1 413 898	1 413 898
<b>Gross carrying amount</b>	<b>15 433 074</b>	<b>454 086</b>	<b>1 575 937</b>	<b>17 463 097</b>
Credit loss allowance	(245 996)	(18 675)	(1 394 883)	(1 659 554)
<b>Carrying amount</b>	<b>15 187 078</b>	<b>435 411</b>	<b>181 054</b>	<b>15 803 543</b>
<b>Finance lease receivables</b>				
- Excellent	173 021	-	-	173 021
- Good	4 418	-	-	4 418
- Satisfactory	-	6 633	-	6 633
- Default	-	-	1 110	1 110
<b>Gross carrying amount</b>	<b>177 439</b>	<b>6 633</b>	<b>1 110</b>	<b>185 182</b>
Credit loss allowance	(1 532)	(118)	(496)	(2 146)
<b>Carrying amount</b>	<b>175 907</b>	<b>6 515</b>	<b>614</b>	<b>183 036</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:

<i>In thousands of Russian Roubles</i>	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL credit impaired)	Total
<b>Corporate loans</b>				
- Excellent	12 745 445	-	-	<b>12 745 445</b>
- Good	16 880 270	56 074	-	<b>16 936 344</b>
- Satisfactory	-	833 070	-	<b>833 070</b>
- Special monitoring	-	-	1 285 452	<b>1 285 452</b>
- Default	-	-	3 610 992	<b>3 610 992</b>
<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)	<b>(3 327 275)</b>
<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	-	-	<b>481 422</b>
- Good	34 061 520	407 903	-	<b>34 469 423</b>
- Satisfactory	-	248 196	-	<b>248 196</b>
- Special monitoring	-	-	263 596	<b>263 596</b>
- Default	-	-	995 836	<b>995 836</b>
<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)	<b>(999 004)</b>
<b>Carrying amount</b>	<b>34 338 954</b>	<b>627 136</b>	<b>493 379</b>	<b>35 459 469</b>

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

<i>In thousands of Russian Roubles</i>	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL credit impaired)	Total
<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>

<i>In thousands of Russian Roubles</i>	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL credit impaired)	Total
<b>Finance lease receivables</b>				
- Excellent	183 751	-	-	183 751
- Good	10 736	-	-	10 736
- Special monitoring	-	-	1 804	1 804
- Default	-	-	80	80
<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)	(2 592)
<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 finance leases is presented below:

<i>(unaudited) In thousands of Russian Roubles</i>	Six months ended 30 June 2020	Six months ended 30 June 2019
Assigned balance rights of claim for loans to customers and finance leases	595 197	448 672
Provision for impairment of assigned claim	(333 253)	(238 426)
Sales price	262 265	210 246
<b>Net result from assignment of balance rights of claim</b>	<b>321</b>	<b>-</b>
Assigned rights of claim previously written off as uncollectible	76 333	1 268
Sales price	3 050	400
<b>Net result from assignment of rights of claim previously written off as uncollectible</b>	<b>3 050</b>	<b>400</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.

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

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

<i>In thousands of Russian Roubles</i>	30 June 2020 (unaudited)		31 December 2019	
	Amount	%	Amount	%
Individuals (total), incl.	55 059 932	59.2	55 590 724	61.0
- mortgage loans	37 596 835	40.4	36 458 473	40.0
- consumer loans	16 528 022	17.8	18 013 206	19.8
- car loans	935 075	1.0	1 119 045	1.2
Agriculture	16 817 764	18.1	14 216 725	15.5
Trade	8 556 726	9.2	8 149 409	8.9
Manufacturing	5 283 916	5.7	5 894 086	6.5
Transport	2 247 886	2.4	2 647 844	2.9
Construction	1 723 879	1.9	1 629 397	1.8
Other	3 261 506	3.5	3 070 213	3.4
<b>Total loans to customers and finance lease receivables before credit loss allowance</b>	<b>92 951 609</b>	<b>100.0</b>	<b>91 198 398</b>	<b>100.0</b>

At 30 June 2020, the Group had 10 major groups of borrowers with aggregate loans amounting to RR 6 507 310 thousand, or 7.0% of the loan portfolio and finance lease receivables before credit loss allowance (31 December 2019: RR 6 771 093 thousand or 7.4%).

The fair value of loans and advances to customers at 30 June 2020 and 31 December 2019 is disclosed in Note 17. Information on related party balances is disclosed in Note 18.

## 7. Customer Accounts

<i>In thousands of Russian Roubles</i>	30 June 2020 (unaudited)	31 December 2019
<b>State and public organisations</b>		
- Current/settlement accounts	364 751	204 051
- Term deposits	17 625	69 347
<b>Other legal entities</b>		
- Current/settlement accounts	15 429 463	15 994 897
- Term deposits	2 199 006	2 742 102
<b>Individuals</b>		
- Current/demand accounts	9 036 262	7 770 847
- Term deposits	64 376 710	72 661 818
<b>Total customer accounts</b>	<b>91 423 817</b>	<b>99 443 062</b>

State and public organisations exclude government owned profit orientated businesses.

Economic sector concentrations within customer accounts are as follows:

<i>In thousands of Russian Roubles</i>	30 June 2020 (unaudited)		31 December 2019	
	Amount	%	Amount	%
Individuals	73 412 972	80.3	80 432 665	80.9
Trade	4 808 913	5.3	4 995 134	5.0
Agriculture	3 458 494	3.8	3 615 116	3.6
Construction	1 054 376	1.2	1 738 842	1.7
Manufacturing	1 722 261	1.9	1 795 565	1.8
Transport	967 532	1.1	1 100 923	1.1
Other	5 999 269	6.4	5 764 817	5.9
<b>Total customer accounts</b>	<b>91 423 817</b>	<b>100.0</b>	<b>99 443 062</b>	<b>100.0</b>

## 7. Customer Accounts (Continued)

As of 30 June 2020, total balances attributable to the Group's 10 major groups of customers accounted for RR 2 345 388 thousand, or 2.6% 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 30 June 2020 and 31 December 2019 (Note 17). Information on related party balances is disclosed in Note 18.

## 8. Debt Securities in Issue

<i>In thousands of Russian Roubles</i>	<b>30 June 2020 (unaudited)</b>	<b>31 December 2019</b>
Bonds	1 241 051	1 231 854
Promissory notes	429 731	883 367
<b>Total debt securities in issue</b>	<b>1 670 782</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.

<b>Issue</b>	<b>CIN-01P04</b>	<b>CIN-01P05</b>	<b>CIN-01P06</b>
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>30 June 2020 (unaudited)</b>			
Number of bonds in issue	663 412	412 075	250 000
- including purchased by the subsidiary	3 629	2 308	3 208
Coupon rate, %	7.00	6.50	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 30 June 2020 and 31 December 2019 (Note 17). Information on related party balances is disclosed in Note 18.

## 9. Borrowings from International Financial Institutions and Subordinated Debt

The principal conditions of these loans are as follows:

	Currency	Rate of borrowing	Original issue date	Repayable in tranches by:	Balance at 30 June 2020 (unaudited)	Balance at 31 December 2019
<i>In thousands of Russian Roubles</i>						
Borrowings from international financial institutions:						
ResponsAbility	Russian Roubles	10.75%	September 2019	September 2020	990 972	988 591
Symbiotics SA	Russian Roubles	9.5%-10.0%	February 2019	March 2022	627 511	626 552
Black Sea Trade and Development Bank (Greece)	Russian Roubles	10.15%-10.56%	June 2017	March 2022	597 691	996 882
<b>Total borrowings from international financial institutions</b>					<b>2 216 174</b>	<b>2 612 025</b>
Subordinated debt						
ResponsAbility	US Dollars	7.32%	March 2020	July 2025	708 050	-
<b>Total subordinated debt</b>					<b>708 050</b>	<b>-</b>
<b>Total borrowings from international financial institutions and subordinated debt</b>					<b>2 924 224</b>	<b>2 612 025</b>

Subordinated debt ranks after all other creditors in case of the Bank's liquidation.

The carrying amount of borrowings from international financial institutions and subordinated debt approximates their fair value at 30 June 2020 and 31 December 2019 (Note 17). Information on related party balances is disclosed in Note 18.

## 10. Interest Income and Expense

<i>(unaudited)</i>		<b>Six months ended 30 June 2020</b>	<b>Six months ended 30 June 2019</b>
<i>In thousands of Russian Roubles</i>			
<b>Interest income calculated using the effective interest method</b>			
Corporate loans		1 759 126	1 864 657
Mortgage loans		1 753 733	1 781 225
Consumer loans and car loans		1 098 830	1 277 498
Short-term deposits with the Central Bank of the Russian Federation, amounts due from and accounts with other banks		313 428	143 828
Impaired loans		151 289	318 301
Finance income from leasing operations		19 072	14 536
<b>Total interest income calculated using the effective interest method</b>		<b>5 095 478</b>	<b>5 350 045</b>
<b>Interest expense calculated using the effective interest method</b>			
Term deposits and accounts of individuals		(2 272 724)	(2 192 475)
Borrowing from international institutions, subordinated debt and term placements of other banks		(152 169)	(121 245)
Term deposits and accounts of legal entities		(122 655)	(119 061)
Bonds in issue		(46 808)	(41 499)
Promissory notes issued		(15 932)	(17 263)
Lease liabilities		(8 147)	(9 126)
Due to the Central Bank of the Russian Federation		(213)	(8 786)
<b>Total interest expense calculated using the effective interest method</b>		<b>(2 618 648)</b>	<b>(2 509 455)</b>
<b>Net interest margin</b>		<b>2 476 830</b>	<b>2 840 590</b>

**10. Interest Income and Expense (Continued)**

<i>(unaudited)</i> <i>In thousands of Russian Roubles</i>	<b>Three months ended 30 June 2020</b>	<b>Three months ended 30 June 2019</b>
<b>Interest income calculated using the effective interest method</b>		
Corporate loans	912 749	890 573
Mortgage loans	877 107	879 904
Consumer loans and car loans	537 792	632 424
Short-term deposits with the Central Bank of the Russian Federation, amounts due from and accounts with other banks	101 208	42 246
Impaired loans	77 314	179 241
Finance income from leasing operations	9 149	7 402
<b>Total interest income calculated using the effective interest method</b>	<b>2 515 319</b>	<b>2 631 790</b>
<b>Interest expense calculated using the effective interest method</b>		
Term deposits and accounts of individuals	(1 049 187)	(1 116 892)
Borrowing from international institutions and term placements of other banks	(78 823)	(76 668)
Term deposits and accounts of legal entities	(61 570)	(61 083)
Bonds in issue	(23 214)	(22 560)
Promissory notes issued	(5 575)	(11 406)
Lease liabilities	(5 135)	(5 433)
Due to the Central Bank of the Russian Federation	(213)	(4 965)
<b>Total interest expense calculated using the effective interest method</b>	<b>(1 223 717)</b>	<b>(1 299 007)</b>
<b>Net interest margin</b>	<b>1 291 602</b>	<b>1 332 783</b>

**11. Other Operating Income**

<i>(unaudited)</i> <i>In thousands of Russian Roubles</i>	<b>Six months ended 30 June 2020</b>	<b>Six months ended 30 June 2019</b>
Sales revenue from agricultural produce	247 488	79 058
Proceeds from disposal of premises and equipment	77 053	13 872
<b>Total other operating income</b>	<b>324 541</b>	<b>92 930</b>

<i>(unaudited)</i> <i>In thousands of Russian Roubles</i>	<b>Three months ended 30 June 2020</b>	<b>Three months ended 30 June 2019</b>
Sales revenue from agricultural produce	122 186	79 058
Proceeds from disposal of premises and equipment	45 228	7 114
<b>Total other operating income</b>	<b>167 414</b>	<b>86 172</b>

The Group received proceeds from disposal of premises and equipment upon partial disposal of premises and equipment of a subsidiary, Joint-Stock Company Ptitsefabrika Belokalitvinskaya.



## 12. Administrative and Other Operating Expenses

<i>(unaudited)</i> <i>In thousands of Russian Roubles</i>	<b>Six months ended 30 June 2020</b>	<b>Six months ended 30 June 2019</b>
Salaries	757 968	782 295
Expenses related to Joint-Stock Company Ptitsefabrika Belokalitvinskaya	287 474	105 867
Maintenance and lease of premises and equipment	150 246	138 357
Consulting and information services	108 161	108 495
Depreciation of premises and equipment	89 338	60 445
Telecommunications and postal charges	65 989	59 490
Taxes other than on income	62 896	72 652
Benefits paid to the Board of Directors	53 803	57 687
Amortisation of intangible assets	31 709	35 472
Other staff costs	20 617	18 418
Insurance	17 484	13 328
Security	16 712	16 123
Stationary	13 510	11 683
Repair of premises and equipment	12 779	49 911
Advertising and marketing services	11 899	19 683
Maintenance and repair of motor vehicles	7 571	6 232
Travel and entertainment expenses	5 144	8 151
Other	55 463	17 694
<b>Total administrative and other operating expenses</b>	<b>1 768 763</b>	<b>1 581 983</b>

<i>(unaudited)</i> <i>In thousands of Russian Roubles</i>	<b>Three months ended 30 June 2020</b>	<b>Three months ended 30 June 2019</b>
Salaries	356 566	399 126
Expenses related to Joint-Stock Company Ptitsefabrika Belokalitvinskaya	170 536	105 867
Maintenance and lease of premises and equipment	82 141	78 028
Consulting and information services	60 002	38 801
Telecommunications and postal charges	51 684	37 758
Benefits paid to the Board of Directors	51 230	55 600
Taxes other than on income	46 732	40 076
Depreciation of premises and equipment	41 550	33 118
Amortisation of intangible assets	15 988	17 884
Other staff costs	11 098	8 707
Security	9 446	7 619
Stationary	6 309	5 119
Advertising and marketing services	5 820	11 918
Insurance	5 178	3 901
Maintenance and repair of motor vehicles	3 526	3 275
Repair of premises and equipment	2 989	28 208
Travel and entertainment expenses	1 375	4 399
Other	36 523	748
<b>Total administrative and other operating expenses</b>	<b>958 693</b>	<b>880 152</b>

## 13. 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 six months ended 30 June 2020 correspond to the purposes, policies and procedures applied in 2019, except for methods of assessing risks triggered by the COVID-19 pandemic disclosed in Note 5.

**13. Financial Risk Management (Continued)**

**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 table below summarises the Group's exposure to currency risk at 30 June 2020 and 31 December 2019:

<i>In thousands of Russian Roubles</i>	30 June 2020 (unaudited)			31 December 2019		
	Monetary financial assets	Monetary financial liabilities	Net position	Monetary financial assets	Monetary financial liabilities	Net position
Russian Roubles	101 811 532	(93 223 709)	<b>8 587 823</b>	109 497 853	(101 847 853)	<b>7 650 000</b>
US Dollars	2 627 189	(2 589 657)	<b>37 532</b>	2 123 696	(2 026 973)	<b>96 723</b>
Euros	758 296	(701 769)	<b>56 527</b>	705 776	(718 696)	<b>(12 920)</b>
Other	86 032	(31 019)	<b>55 013</b>	64 951	(23 068)	<b>41 883</b>
<b>Total</b>	<b>105 283 049</b>	<b>(96 546 154)</b>	<b>8 736 895</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.

**13. Financial Risk Management (Continued)**

**Liquidity risk.** The maturity analysis of assets and liabilities at 30 June 2020 is as follows:

<i>(unaudited)</i> <i>In thousands of Russian Roubles</i>	<b>Demand and less than 1 month</b>	<b>From 1 to 3 months</b>	<b>From 3 to 6 months</b>	<b>From 6 to 12 months</b>	<b>From 12 months to 5 years</b>	<b>Over 5 years</b>	<b>No defined maturity</b>	<b>Total</b>
<b>Assets</b>								
Cash and cash equivalents	10 001 540	-	-	-	-	-	-	<b>10 001 540</b>
Mandatory cash balances with the Central Bank of the Russian Federation	731 100	-	-	-	-	-	-	<b>731 100</b>
Balances with the Central Bank of the Russian Federation	6 500 000	-	-	-	-	-	-	<b>6 500 000</b>
Loans to customers and finance lease receivables	1 614 937	4 199 980	8 939 856	11 982 489	32 523 723	27 684 190	-	<b>86 945 175</b>
Other financial assets	887 951	119 591	60 244	-	31 432	-	6 016	<b>1 105 234</b>
<b>Total assets</b>	<b>19 735 528</b>	<b>4 319 571</b>	<b>9 000 100</b>	<b>11 982 489</b>	<b>32 555 155</b>	<b>27 684 190</b>	<b>6 016</b>	<b>105 283 049</b>
<b>Liabilities</b>								
Due to the Central Bank of the Russian Federation	144	-	5 000	35 573	100 365	-	-	<b>141 082</b>
Customer accounts	2 905 105	1 841 120	1 816 650	3 886 134	80 974 808	-	-	<b>91 423 817</b>
Debt securities in issue	10 435	411 647	920 291	328 409	-	-	-	<b>1 670 782</b>
Borrowings from international financial institutions	-	1 013 013	200 000	528 697	474 464	-	-	<b>2 216 174</b>
Subordinated debt	-	-	15 506	-	-	692 544	-	<b>708 050</b>
Other financial liabilities	78 847	44 462	9 747	94 359	27 034	3 453	-	<b>257 902</b>
Lease liabilities	4 501	14 159	28 909	59 473	21 305	-	-	<b>128 347</b>
<b>Total liabilities</b>	<b>2 999 032</b>	<b>3 324 401</b>	<b>2 996 103</b>	<b>4 932 645</b>	<b>81 597 976</b>	<b>695 997</b>	<b>-</b>	<b>96 546 154</b>
<b>Liquidity gap at 30 June 2020</b>	<b>16 736 496</b>	<b>995 170</b>	<b>6 003 997</b>	<b>7 049 844</b>	<b>(49 042 821)</b>	<b>26 988 193</b>	<b>6 016</b>	<b>8 736 895</b>
<b>Cumulative liquidity gap at 30 June 2020</b>	<b>16 736 496</b>	<b>17 731 666</b>	<b>23 735 663</b>	<b>30 785 507</b>	<b>(18 257 314)</b>	<b>8 730 879</b>	<b>8 736 895</b>	<b>-</b>

### 13. 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 the Central Bank of the Russian Federation	763 172	-	-	-	-	-	-	763 172
Due from 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>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>	<b>-</b>

#### **14. 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 Executive 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 statement 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.

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

Segment information for the reportable segments for six months ended 30 June 2020 is set out below:

<i>(unaudited)</i> <i>In thousands of Russian Roubles</i>	<b>Lending and leasing</b>	<b>Treasury</b>	<b>Retail banking</b>	<b>Total</b>
<b>Six months ended 30 June 2020</b>				
<i>External revenues:</i>				
Interest income	4 671 749	313 430	24 368	<b>5 009 547</b>
Fee and commission income and other operating income	151 096	573 423	257 122	<b>981 641</b>
<b>Total income</b>	<b>4 822 845</b>	<b>886 853</b>	<b>281 490</b>	<b>5 991 188</b>
Interest expense	-	(336 186)	(2 315 128)	<b>(2 651 314)</b>
Impairment provision	(139 616)	7 715	2 055	<b>(129 846)</b>
Fee and commission expenses and other expenses	(350 762)	(48 887)	(163 948)	<b>(563 597)</b>
<b>Segment result</b>	<b>4 332 467</b>	<b>509 495</b>	<b>(2 195 531)</b>	<b>2 646 431</b>
<b>Total segment assets at 30 June 2020</b>	<b>88 215 343</b>	<b>6 677 882</b>	<b>-</b>	<b>94 893 225</b>
<b>Total segment liabilities at 30 June 2020</b>	<b>-</b>	<b>(16 599 692)</b>	<b>(79 704 740)</b>	<b>(96 304 432)</b>

Segment information for the reportable segments for three months ended 30 June 2020 is set out below:

<i>(unaudited)</i> <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 30 June 2020</b>				
<i>External revenues:</i>				
Interest income	2 351 017	101 211	11 440	<b>2 463 668</b>
Fee and commission income and other operating income	72 405	267 999	100 226	<b>440 630</b>
<b>Total income</b>	<b>2 423 422</b>	<b>369 210</b>	<b>111 666</b>	<b>2 904 298</b>
Interest expense	-	(170 473)	(1 068 412)	<b>(1 238 885)</b>
Impairment provision	(427 106)	2 739	5 401	<b>(418 966)</b>
Fee and commission expenses and other expenses	(10 022)	(26 151)	(80 569)	<b>(116 742)</b>
<b>Segment result</b>	<b>1 986 294</b>	<b>175 325</b>	<b>(1 031 914)</b>	<b>1 129 705</b>

**14. Segment Analysis (Continued)**

Segment information for the reportable segments for six months ended 30 June 2019 is set out below:

<i>(unaudited)</i> <i>In thousands of Russian Roubles</i>	<b>Lending and leasing</b>	<b>Treasury</b>	<b>Retail banking</b>	<b>Total</b>
<b>Six months ended 30 June 2019</b>				
<i>External revenues:</i>				
Interest income	5 047 704	156 651	40 724	<b>5 245 079</b>
Fee and commission income and other operating income	184 862	734 705	418 461	<b>1 338 028</b>
<b>Total income</b>	<b>5 232 566</b>	<b>891 356</b>	<b>459 185</b>	<b>6 583 107</b>
Interest expense	-	(309 937)	(2 249 812)	<b>(2 559 749)</b>
Impairment provision	441 675	5 664	(27 294)	<b>420 045</b>
Fee and commission expenses and other expenses	(513 224)	(50 484)	(161 489)	<b>(725 197)</b>
<b>Segment result</b>	<b>5 161 017</b>	<b>536 599</b>	<b>(1 979 410)</b>	<b>3 718 206</b>

Segment information for the reportable segments for three months ended 30 June 2019 is set out below:

<i>(unaudited)</i> <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 30 June 2019</b>				
<i>External revenues:</i>				
Interest income	2 530 994	55 069	17 400	<b>2 603 463</b>
Fee and commission income and other operating income	93 195	239 789	206 466	<b>539 450</b>
<b>Total income</b>	<b>2 624 189</b>	<b>294 858</b>	<b>223 866</b>	<b>3 142 913</b>
Interest expense	-	(176 945)	(1 137 596)	<b>(1 314 541)</b>
Impairment provision	20 258	3 108	(1 575)	<b>21 791</b>
Fee and commission expenses and other expenses	(100 228)	(30 935)	(84 579)	<b>(215 742)</b>
<b>Segment result</b>	<b>2 544 219</b>	<b>90 086</b>	<b>(999 884)</b>	<b>1 634 421</b>

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

<i>(unaudited)</i> <i>In thousands of Russian Roubles</i>	<b>Six months ended 30 June 2020</b>	<b>Six months ended 30 June 2019</b>
<b>Total reportable segment result</b>	<b>2 646 431</b>	<b>3 718 206</b>
Administrative expenses	(1 774 279)	(1 719 082)
Fair value remeasurement of financial assets and liabilities	-	(3 391)
Recognition of additional interest income on impaired loans	11 208	(1 129)
Remeasurement of provision for impairment	(158 912)	(1 204 857)
Consolidation effect	24 201	25 104
Joint-Stock Company Ptitsefabrika Belokalitvinskaya	16 271	135 889
Events after the end of the reporting period	(84 019)	(171 582)
Amortisation remeasurement	17 480	14 534
Other	39 365	13 029
<b>Profit before tax</b>	<b>737 746</b>	<b>806 721</b>



**14. Segment Analysis (Continued)**

<i>(unaudited)</i> <i>In thousands of Russian Roubles</i>	Three months ended 30 June 2020	Three months ended 30 June 2019
<b>Total reportable segment result</b>	<b>1 129 705</b>	<b>1 634 421</b>
Administrative expenses	(1 025 758)	(911 767)
Fair value remeasurement of financial assets and liabilities	-	(2 451)
Recognition of additional interest income on impaired loans	12 602	2 977
Remeasurement of provision for impairment	241 563	(704 047)
Consolidation effect	1 149	(3 647)
Joint-Stock Company Ptitsefabrika Belokalitvinskaya	(117 180)	140 290
Events after the end of the reporting period	4 327	(11 135)
Amortisation remeasurement	9 590	6 761
Other	9 560	(52 419)
<b>Profit before tax</b>	<b>265 558</b>	<b>98 983</b>

<i>In thousands of Russian Roubles</i>	30 June 2020 (unaudited)	31 December 2019
<b>Total reportable segment assets</b>	<b>94 893 225</b>	<b>102 564 574</b>
Unallocated assets	17 867 267	18 119 151
Remeasurement of provision for impairment	(53 231)	46 671
Application of effective interest rate method to fee and commission income	(37 451)	(25 469)
Finance lease adjustment	(5 021)	(7 710)
Consolidation effect	247 438	215 945
Joint-Stock Company Ptitsefabrika Belokalitvinskaya	(974 896)	(1 327 113)
Other	(27 837)	(65 069)
<b>Total consolidated assets</b>	<b>111 909 494</b>	<b>119 520 980</b>

<b>Total reportable segment liabilities</b>	<b>96 304 432</b>	<b>104 314 240</b>
Unallocated liabilities	997 128	1 154 770
Application of effective interest rate method to fee and commission expenses	(24 867)	(15 898)
Consolidation effect	(159 358)	(151 234)
Joint-Stock Company Ptitsefabrika Belokalitvinskaya	(360)	(197)
<b>Total consolidated liabilities</b>	<b>97 116 975</b>	<b>105 301 681</b>

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.

**15. 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.

## 15. Management of Capital (Continued)

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>30 June 2020 (unaudited)</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	10 260 950	9 682 312
Non-controlling interest	(100 697)	(96 256)
<b>Total tier 1 capital</b>	<b>13 565 390</b>	<b>12 991 193</b>
<i>Tier 2 capital</i>		
Revaluation reserve for land and premises	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>14 792 519</b>	<b>14 219 349</b>
<b>Risk-weighted assets</b>	<b>78 285 963</b>	<b>77 373 446</b>
Capital adequacy	18.9%	18.4%

## 16. Contingencies and Commitments

**Legal proceedings.** From time to time and in the normal course of business, claims against the Group may be received. At 30 June 2020, the Group was engaged in litigation proceedings in relation to claims from borrowers and lessees. Provision for such proceedings was made in the amount of RR 3 183 thousand (31 December 2019: RR 1 549 thousand), as professional advice has indicated that it is likely that a loss will eventuate.

**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 by 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 non-compliant counterparties. Fiscal periods remain open to review by the authorities in respect of taxes for three calendar years preceding the year when decision about review was made. 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.

## 16. Contingencies and Commitments (Continued)

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.

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.

An analysis of credit related commitments by credit quality based on credit risk grades at 30 June 2020 is as follows:

<i>(unaudited)</i> <i>In thousands of Russian Roubles</i>	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL credit impaired)	Total
Commitments to extend credit or loan facilities, which are revocable only if loans become past due, to:				
- legal entities	4 676 768	8 404	9 639	4 694 811
- individuals	1 542 441	-	37	1 542 478
Financial guarantees issued	1 356 955	-	-	1 356 955
<b>Gross amount</b>	<b>7 576 164</b>	<b>8 404</b>	<b>9 676</b>	<b>7 594 244</b>
<b>Provision for credit related commitments</b>	<b>(116 817)</b>	<b>(139)</b>	<b>(5 214)</b>	<b>(122 170)</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)	Stage 3 (lifetime ECL credit impaired)	Total
Commitments to extend credit or loan facilities, which are revocable only if loans become past due, to:				
- legal entities	5 873 171	470	27 520	5 901 161
- individuals	1 511 113	-	37	1 511 150
Financial guarantees issued	1 435 059	-	-	1 435 059
<b>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>

**16. Contingencies and Commitments (Continued)**

An analysis of credit related commitments by credit quality based on credit risk grades at 30 June 2020 is as follows:

<i>(unaudited)</i> <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 credit impaired)</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	2 068 914	-	-	<b>2 068 914</b>
- Good	2 607 854	8 404	-	<b>2 616 258</b>
- Special monitoring	-	-	9 639	<b>9 639</b>
<b>Gross amount</b>	<b>4 676 768</b>	<b>8 404</b>	<b>9 639</b>	<b>4 694 811</b>
Credit loss allowance	(55 063)	(139)	(5 214)	<b>(60 416)</b>
<b>Total amount</b>	<b>4 621 705</b>	<b>8 265</b>	<b>4 425</b>	<b>4 634 395</b>
<b>Commitments to extend credit or loan facilities, which are revocable only if loans become past due, to individuals</b>				
- Excellent	69 480	-	-	<b>69 480</b>
- Good	1 469 912	-	-	<b>1 469 912</b>
- Special monitoring	-	-	37	<b>37</b>
<b>Gross amount</b>	<b>1 542 441</b>	<b>-</b>	<b>37</b>	<b>1 542 478</b>
Credit loss allowance	(58 906)	-	-	<b>(58 906)</b>
<b>Total amount</b>	<b>1 483 535</b>	<b>-</b>	<b>37</b>	<b>1 483 572</b>

At 30 June 2020, financial guarantees issued are classified into Stage 1 (12-month ECLs) for ECL measurement purposes and include RR 843 100 thousand ("excellent" level) and RR 513 855 thousand ("good" level). Credit loss allowance for financial guarantees issued at 30 June 2020 amounts to RR 2 848 thousand.

## 16. Contingencies and Commitments (Continued)

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)	Stage 3 (lifetime ECL credit impaired)	Total
<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	-	-	2 755 217
- Good	3 117 954	470	-	3 118 424
- Special monitoring	-	-	27 520	27 520
<b>Gross 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)	(64 838)
<b>Total amount</b>	<b>5 822 520</b>	<b>457</b>	<b>13 346</b>	<b>5 836 323</b>

<i>In thousands of Russian Roubles</i>	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL credit impaired)	Total
<b>Commitments to extend credit or loan facilities, which are revocable only if loans become past due, to individuals</b>				
- Excellent	31 018	-	-	31 018
- Good	1 480 095	-	-	1 480 095
- Special monitoring	-	-	37	37
<b>Gross 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>Total 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 include 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 30 June 2020, the fair value of credit related commitments was RR 17 698 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 30 June 2020, due from other banks balances and overnight deposits with other banks of RR 120 316 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 731 100 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.

## 16. Contingencies and Commitments (Continued)

**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 30 June 2020 and 31 December 2019.

## 17. 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 valuations 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.

### (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:

<i>In thousands of Russian Roubles</i>	30 June 2020 (unaudited)				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	-	-	2 647 310	<b>2 647 310</b>	-	-	2 872 277	<b>2 872 277</b>
<b>Total assets with recurring fair value measurements</b>	-	-	<b>4 103 498</b>	<b>4 103 498</b>	-	-	<b>4 328 465</b>	<b>4 328 465</b>

There were no changes in valuation models for Level 3 recurring fair value measurements during six months ended 30 June 2020 (2019: none).

**17. Fair Value (Continued)**
**(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 amounts of assets not measured at fair value are as follows:

	30 June 2020 (unaudited)			
<i>In thousands of Russian Roubles</i>	Level 1	Level 2	Level 3	Carrying amount
<b>FINANCIAL ASSETS</b>				
Cash and cash equivalents	10 001 540	-	-	<b>10 001 540</b>
Mandatory cash balances with the Central Bank of the Russian Federation	-	731 100	-	<b>731 100</b>
Balances with the Central Bank of the Russian Federation	-	6 500 000	-	<b>6 500 000</b>
Loans and advances to customers	-	-	88 353 417	<b>86 762 139</b>
- <i>Corporate loans</i>	-	-	34 209 464	<b>34 379 267</b>
- <i>Loans to individuals – consumer and car loans</i>	-	-	16 103 726	<b>15 803 543</b>
- <i>Mortgage loans</i>	-	-	38 040 227	<b>36 579 329</b>
Finance lease receivables	-	-	188 996	<b>183 036</b>
Other financial assets	-	-	1 099 218	<b>1 099 218</b>
<b>NON-FINANCIAL ASSETS</b>				
- Investment in associate			312 807	<b>312 807</b>
<b>TOTAL</b>	<b>10 001 540</b>	<b>7 231 100</b>	<b>89 954 438</b>	<b>105 589 840</b>

	31 December 2019			
	Level 1	Level 2	Level 3	Carrying amount
<i>In thousands of Russian Roubles</i>				
<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 to customers	-	-	86 398 260	<b>84 861 226</b>
- <i>Corporate loans</i>	-	-	31 874 409	<b>32 084 028</b>
- <i>Loans to individuals – consumer and car loans</i>	-	-	17 554 414	<b>17 317 729</b>
- <i>Mortgage loans</i>	-	-	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>

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

	30 June 2020 (unaudited)			
<i>In thousands of Russian Roubles</i>	Level 1	Level 2	Level 3	Carrying amount
<b>FINANCIAL LIABILITIES</b>				
Due to the Central Bank of the Russian Federation	-	141 082	-	<b>141 082</b>
Customer accounts	-	91 423 817	-	<b>91 423 817</b>
Debt securities in issue	-	-	1 670 782	<b>1 670 782</b>
- <i>Promissory notes</i>	-	-	429 731	<b>429 731</b>
- <i>Bonds issued on the domestic market</i>	-	-	1 241 051	<b>1 241 051</b>
Borrowings from international financial institutions	-	2 216 174	-	<b>2 216 174</b>
Subordinated debt	-	708 050	-	<b>708 050</b>
Other financial liabilities	-	-	257 902	<b>257 902</b>
<b>TOTAL</b>	<b>-</b>	<b>94 489 123</b>	<b>1 928 684</b>	<b>96 417 807</b>

**17. Fair Value (Continued)**

<i>In thousands of Russian Roubles</i>	31 December 2019			Carrying amount
	Level 1	Level 2	Level 3	
<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 the 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.

**18. 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 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.

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

<i>In thousands of Russian Roubles</i>	30 June 2020 (unaudited)		
	Major shareholders	Associate	Executive Board and Board of Directors
Correspondent accounts with banks	204 447	-	-
Gross amount of loans and advances to customers (contractual interest rate: 8.0% – 13.5%)	-	-	12 508
Customer accounts (contractual interest rate: 0.01% – 7.5%)	-	45 523	77 935
Borrowings from international financial institutions and subordinated debt (contractual interest rate: 7.32% – 9.5%)	1 699 022	-	-
Bonds issued (coupon rate : 6.50% – 8.0%)	-	-	39 190

<i>In thousands of Russian Roubles</i>	31 December 2019		
	Major shareholders	Associate	Executive Board and Board of Directors
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% – 7.5%)	-	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



**18. Related Party Transactions (Continued)**

	Six months ended 30 June 2020 (unaudited)		
	Major shareholders	Associate	Executive Board and Board of Directors
<i>In thousands of Russian Roubles</i>			
Interest income	-	95	583
Interest expense	(60 786)	(886)	(2 757)
Fee and commission income	-	126	16
Administrative expenses excluding management remuneration	-	-	(1 417)
Other operating expenses	-	(7 183)	-

	Six months ended 30 June 2019 (unaudited)		
	Major shareholders	Associate	Executive Board and Board of Directors
<i>In thousands of Russian Roubles</i>			
Interest income	-	405	242
Interest expense	(11 608)	(502)	(2 184)
Fee and commission income	-	746	16
Administrative expenses excluding management remuneration	-	-	(242)

	Three months ended 30 June 2020 (unaudited)		
	Major shareholders	Associate	Executive Board and Board of Directors
<i>In thousands of Russian Roubles</i>			
Interest income	-	29	202
Interest expense	(24 842)	(579)	(1 140)
Fee and commission income	-	51	9

	Three months ended 30 June 2019 (unaudited)		
	Major shareholders	Associate	Executive Board and Board of Directors
<i>In thousands of Russian Roubles</i>			
Interest income	-	34	115
Interest expense	(11 608)	(467)	(1 030)
Fee and commission income	-	423	11

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

Shareholder	30 June 2020 (unaudited)		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
Vasiliy 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

## 18. Related Party Transactions (Continued)

Information on liabilities accrued and compensation paid to the Executive Board and Board of Directors is presented below:

<i>(unaudited)</i> <i>In thousands of Russian Roubles</i>	Six months ended 30 June 2020		Six months ended 30 June 2019	
	Compensation	Liability accrued during the period	Compensation	Liability accrued during the period
<i>Short-term benefits:</i>				
- Salaries	13 094	-	12 673	-
- Short-term and other bonuses	50 797	-	56 461	-
<i>Long-term bonus scheme</i>	-	-	-	37 565
<b>Total</b>	<b>63 891</b>	<b>-</b>	<b>69 134</b>	<b>37 565</b>

<i>(unaudited)</i> <i>In thousands of Russian Roubles</i>	Three months ended 30 June 2020		Three months ended 30 June 2019	
	Compensation	Liability accrued during the period	Compensation	Liability accrued during the period
<i>Short-term benefits:</i>				
- Salaries	7 051	-	5 708	-
- Short-term and other bonuses	50 000	-	55 778	-
<i>Long-term bonus scheme</i>	-	-	-	-
<b>Total</b>	<b>57 051</b>	<b>-</b>	<b>61 486</b>	<b>-</b>

Information on liabilities accrued on compensation paid to the Executive Board and Board of Directors is presented below:

<i>In thousands of Russian Roubles</i>	30 June 2020 (unaudited)	31 December 2019
<i>Long-term bonus scheme</i>	52 039	52 039
<b>Total accrued liabilities</b>	<b>52 039</b>	<b>52 039</b>

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

Benefits paid to key management personnel of subsidiaries for six months ended 30 June 2020 were RR 1 185 thousand (for six months of 2019: RR 1 016 thousand).

At 30 June 2020, the Group's Board of Directors consisted of seven persons and its Executive Board included six persons. Compensation to the Board of Directors is disclosed in Note 12.

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

## 19. Events After the End of the Reporting Period

On 31 July 2020, the Group obtained approval of the Central Bank of the Russian Federation to include a subordinated debt from ResponsAbility in the sources of additional capital for statutory ratios purposes.