



**CENTER-INVEST BANK GROUP**

**International Financial Reporting Standards  
Condensed Consolidated Interim  
Financial Information  
for nine months ended 30 September 2020 (unaudited)**

**CONTENTS****Condensed Consolidated Interim Financial Information**

Condensed Consolidated Interim Statement of Financial Position .....	1
Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income.....	2
Condensed Consolidated Interim Statement of Cash Flows .....	3
Condensed Consolidated Interim Statement of Changes in Equity .....	4

**Notes to the Condensed Consolidated Interim Financial Information**


1. Introduction.....	5
2. Operating Environment of the Group .....	5
3. Summary of Significant Accounting Policies.....	6
4. Adoption of New or Revised Standards and Interpretations.....	9
5. Critical Accounting Estimates and Judgements in Applying Accounting Policies.....	9
6. Loans to Customers and Finance Lease Receivables .....	10
7. Customer Accounts.....	23
8. Debt Securities in Issue .....	24
9. Borrowings from International Financial Institutions and Subordinated Debt .....	25
10. Interest Income and Expense .....	25
11. Other Operating Income.....	26
12. Dividends Payable .....	27
13. Administrative and Other Operating Expenses.....	28
14. Financial Risk Management.....	28
15. Segment Analysis .....	32
16. Management of Capital.....	35
17. Contingencies and Commitments .....	36
18. Fair Value .....	40
19. Related Party Transactions.....	42

---

		30 September 2020 (unaudited)	31 December 2019
<i>In thousands of Russian Roubles</i>	<i>Notes</i>		
<b>ASSETS</b>			
Cash and cash equivalents		10 741 542	11 052 495
Mandatory cash balances with the Central Bank of the Russian Federation		738 682	763 172
Balances with the Central Bank of the Russian Federation		16 000 000	14 502 371
Loans to customers and finance lease receivables	6	84 451 040	85 055 005
Investment in associate		292 956	292 096
Investment properties		1 450 172	1 450 172
Premises and equipment and intangible assets		3 452 201	3 761 311
Right-of-use assets		125 414	144 274
Other financial assets		1 008 548	1 019 233
Other assets		1 142 428	1 376 417
Current income tax prepayment		-	104 434
<b>TOTAL ASSETS</b>		<b>119 402 983</b>	<b>119 520 980</b>
<b>LIABILITIES</b>			
Due to the Central Bank of the Russian Federation		321 698	-
Customer accounts	7	99 425 254	99 443 062
Debt securities in issue	8	1 666 555	2 115 221
Borrowings from international financial institutions	9	1 212 052	2 612 025
Subordinated debt	9	792 606	-
Other financial liabilities		241 632	295 343
Other liabilities		547 549	326 477
Lease liabilities		135 761	150 939
Deferred income tax liability		212 867	358 564
Current income tax liability		27 379	-
<b>TOTAL LIABILITIES</b>		<b>104 583 353</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		10 314 154	9 682 312
<b>Equity attributable to the Bank's shareholders</b>		<b>14 946 420</b>	<b>14 315 605</b>
<b>Non-controlling interest</b>		<b>(126 790)</b>	<b>(96 256)</b>
<b>TOTAL EQUITY</b>		<b>14 819 630</b>	<b>14 219 349</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>119 402 983</b>	<b>119 520 980</b>

27 November 2020

  
**L. N. Simonova**  
Management Board Chairman

  
**T. I. Ivanova**  
Chief Accountant

(unaudited) In thousands of Russian Roubles	Notes	Nine months ended 30 September		Three months ended 30 September	
		2020	2019	2020	2019
Interest income calculated using the effective interest method	10	7 520 612	8 145 937	2 425 134	2 795 892
Interest expense calculated using the effective interest method	10	(3 697 179)	(3 916 422)	(1 078 531)	(1 406 967)
<b>Net interest margin</b>		<b>3 823 433</b>	<b>4 229 515</b>	<b>1 346 603</b>	<b>1 388 925</b>
Credit loss allowance	6	(767 938)	(1 014 328)	(216 097)	(79 467)
(Provision)/ Recovery of provision for credit related commitments		(2 247)	2 506	1 343	14 869
<b>Net interest margin after credit loss allowance</b>		<b>3 053 248</b>	<b>3 217 693</b>	<b>1 131 849</b>	<b>1 324 327</b>
Fee and commission income		1 216 833	1 321 887	482 294	511 140
Fee and commission expense		(415 887)	(398 712)	(161 581)	(138 002)
Gains less losses from trading in foreign currencies		65 509	43 074	25 145	17 221
Foreign exchange translation gains less losses/ (losses less gains)		18 878	(40 485)	12 548	2 766
(Losses less gains)/ gains less losses from spot currency transactions and other conversion operations on the interbank market		(3 771)	41 618	(3 305)	1 606
Other provisions and expenses		(156 271)	(180 470)	(75 953)	(123 270)
Other operating income	11	453 433	288 115	128 892	195 185
Contributions to the state deposit insurance scheme		(273 788)	(391 324)	(91 405)	(135 740)
Administrative and other operating expenses	13	(2 754 438)	(2 548 507)	(985 675)	(966 524)
Depreciation of right-of-use assets		(41 020)	(39 815)	(17 113)	(13 272)
Financial result from business combinations		-	144 686	-	-
Share of result of associate		862	(1 687)	(19 854)	(26 085)
<b>Profit before tax</b>		<b>1 163 588</b>	<b>1 456 076</b>	<b>425 842</b>	<b>649 352</b>
Income tax expense		(252 661)	(331 566)	(88 085)	(164 902)
<b>PROFIT FOR THE PERIOD</b>		<b>910 927</b>	<b>1 124 507</b>	<b>337 757</b>	<b>484 450</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>910 927</b>	<b>1 124 507</b>	<b>337 757</b>	<b>484 450</b>
<b>Profit and total comprehensive income for the period attributable to:</b>					
The Bank's shareholders		941 461	1 135 645	363 850	488 727
Non-controlling interest		(30 534)	(11 138)	(26 093)	(4 277)

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

<i>(unaudited)</i> <i>In thousands of Russian Roubles</i>		<b>Nine months ended 30 September 2020</b>	<b>Nine months ended 30 September 2019</b>
<b>Cash flows from operating activities</b>			
Interest received		7 320 978	7 879 688
Interest paid		(4 267 402)	(3 668 888)
Contributions to the state deposit insurance scheme		(322 925)	(375 599)
Fee and commission received		1 218 145	1 321 785
Fee and commission paid		(412 191)	(393 782)
Gains less losses from trading in foreign currencies		65 509	43 074
(Losses less gains)/ gains less losses received from spot currency transactions and other conversion operations on the interbank market		(3 771)	45 099
Receipts from assignment of rights of claim on loans and advances to customers		287 609	238 608
Repayment of debt previously written off		36 689	37 117
Other operating income received		367 906	6 049
Staff costs paid		(1 203 210)	(1 189 691)
Operating expenses paid		(1 352 866)	(1 167 130)
Income tax paid		(272 337)	(200 892)
<b>Cash flows from operating activities before changes in operating assets and liabilities</b>		<b>1 462 134</b>	<b>2 575 438</b>
<b>Change in operating assets and liabilities</b>			
Net change in mandatory cash balances with the Central Bank of the Russian Federation		24 490	(8 269)
Net change in due from other banks		(1 500 000)	(6 000 000)
Net change in loans to customers and finance lease receivables		(360 822)	(289 950)
Net change in other financial and other assets		405 621	214 276
Net change in due to the Central Bank of the Russian Federation and due to other banks		321 876	2 168 080
Net change in customer accounts		(235 420)	1 448 292
Net change in promissory notes issued		(420 345)	639 636
Net change in other financial and other liabilities		(126 271)	(20 599)
<b>Net cash (used in)/ from operating activities</b>		<b>(428 737)</b>	<b>726 904</b>
<b>Cash flows from investing activities</b>			
Acquisition of premises and equipment		(124 976)	(187 091)
Proceeds from disposal of premises and equipment		366 565	5 239
Acquisition of intangible assets		(35 012)	(61 485)
Investments in investment properties		-	(28 500)
Business combinations		-	3 456
<b>Net cash from/ (used in) investing activities</b>		<b>206 577</b>	<b>(268 381)</b>
<b>Cash flows from financing activities</b>			
Issue of bonds		7 433	340 885
Repurchase and repayment of bonds		(30 910)	(315 695)
Proceeds from borrowings from international financial institutions		-	2 075 500
Repayment of borrowings from international financial institutions		(1 364 500)	(800 000)
Dividends paid		-	(621 691)
Repayment of principal of lease liabilities		(15 178)	(24 486)
Proceeds of subordinated debt		740 274	-
<b>Net cash from financing activities</b>		<b>(662 881)</b>	<b>654 513</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>		<b>574 088</b>	<b>(164 777)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(310 953)</b>	<b>948 259</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>10 741 542</b>	<b>9 660 274</b>

The Notes 1 to19 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	-	-	-	1 284 934	(11 138)	<b>1 273 796</b>
<b>Total comprehensive income for nine months of 2019</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 284 934</b>	<b>(11 138)</b>	<b>1 273 796</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 September 2019</b>	<b>1 326 277</b>	<b>2 078 860</b>	<b>1 262 206</b>	<b>9 123 497</b>	<b>(91 232)</b>	<b>13 699 608</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	-	-	-	941 461	(30 534)	<b>910 927</b>
<b>Total comprehensive income for nine months of 2020</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>941 461</b>	<b>(30 534)</b>	<b>910 927</b>
Dividends declared:						
- ordinary shares	-	-	-	(292 548)	-	<b>(292 548)</b>
- preference shares	-	-	-	(18 099)	-	<b>(18 099)</b>
Transfer of revaluation reserve for on land and premises to retained earnings	-	-	(1 027)	1 027	-	<b>-</b>
<b>Balance at 30 September 2020</b>	<b>1 326 277</b>	<b>2 078 860</b>	<b>1 227 129</b>	<b>10 314 153</b>	<b>(126 790)</b>	<b>14 819 629</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 nine months ended 30 September 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 September 2020, the Bank had four branches (31 December 2019: four) in the Russian Federation. Additionally, the Bank has a representative office in Moscow and 111 (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 September 2020 and 31 December 2019 is as follows:

(%)	30 September 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 nine months ended 30 September 2020 was 1 688 people (2019: 1 760 people; nine months ended 30 September 2019: 1 765 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 14 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 14.

<i>(unaudited)</i> <i>In thousands of Russian Roubles</i>	<b>30 September 2020</b>		
	<b>Amounts expected to be recovered or settled</b>		<b>Total</b>
	<b>Within 12 months after the reporting period</b>	<b>After 12 months after the reporting period</b>	
<b>Assets</b>			
Investment in associate	-	292 956	<b>292 956</b>
Investment properties	-	1 450 172	<b>1 450 172</b>
Premises, equipment and intangible assets	-	3 452 201	<b>3 452 201</b>
Right-of-use assets	126 364	(950)	<b>125 414</b>
Other assets	341 402	801 026	<b>1 142 428</b>
<b>Liabilities</b>			
Deferred income tax liability	-	212 867	<b>212 867</b>
Other liabilities	467 841	79 708	<b>547 549</b>
Current income tax liability	27 379	-	<b>27 379</b>

<i>In thousands of Russian Roubles</i>	<b>31 December 2019</b>		
	<b>Amounts expected to be recovered or settled</b>		<b>Total</b>
	<b>Within 12 months after the reporting period</b>	<b>After 12 months after the reporting period</b>	
<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 nine months ended 30 September 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 nine months ended 30 September 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 nine months ended 30 September 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 nine months ended 30 September 2020, the Group restated the figures from the Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income for three and nine months ended 30 September 2019 and the Condensed Consolidated Interim Statement of Changes in Equity for nine months as at 30 September 2019 in order to recognise the final fair value measurement of the assets of Joint-Stock Company "Ptitsefabrika 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 nine months ended 30 September 2019 is presented below:

<i>(unaudited)</i> <i>In thousands of Russian Roubles</i>	<b>The Group's financial information published for nine months ended 30 September 2019</b>	<b>Adjustment</b>	<b>Restated information for nine months ended 30 September 2019</b>
Financial result from business combinations	337 990	(193 304)	144 686
<b>Profit before tax</b>	<b>1 649 377</b>	<b>(193 304)</b>	<b>1 456 073</b>
Income tax expense	(375 581)	44 015	(331 566)
<b>Profit for the period</b>	<b>1 273 796</b>	<b>(149 289)</b>	<b>1 124 507</b>
<b>Total comprehensive income for the period</b>	<b>1 273 796</b>	<b>(149 289)</b>	<b>1 124 507</b>
<b>Profit and total comprehensive income for the period attributable to:</b>			
The Bank's shareholders	1 284 934	(149 289)	1 135 645

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

<i>(unaudited)</i> <i>In thousands of Russian Roubles</i>	<b>The Group's financial information published for three months ended 30 September 2019</b>	<b>Adjustment</b>	<b>Restated information for three months ended 30 September 2019</b>
<b>Profit before tax</b>	<b>649 352</b>	<b>-</b>	<b>649 352</b>
Income tax expense	(168 981)	4 079	(164 902)
<b>Profit for the period</b>	<b>480 371</b>	<b>4 079</b>	<b>484 450</b>
<b>Total comprehensive income for the period</b>	<b>480 371</b>	<b>4 079</b>	<b>484 450</b>
<b>Profit and total comprehensive income for the period attributable to:</b>			
The Bank's shareholders	484 648	4 079	488 727

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

<i>In thousands of Russian Roubles</i>	<b>Retained earnings</b>	<b>Non-controlling interest</b>	<b>Total equity</b>
<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	1 284 934	(11 138)	1 273 796
<i>Impact of restatement</i>	<i>(149 289)</i>	<i>-</i>	<i>(149 289)</i>
<b>Total restated comprehensive income for nine months of 2019</b>	<b>1 135 645</b>	<b>(11 138)</b>	<b>1 124 507</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 September 2019 (unaudited)</b>	<b>9 123 497</b>	<b>(91 232)</b>	<b>13 699 608</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 September 2020, the Group provided support to individuals whose loans totalled RR 1 044 733 thousand. Loans to small and medium businesses that received support at 30 September 2020 totalled RR 2 650 421 thousand.

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

At 30 September 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 September 2020 would result in an increase or decrease in total expected credit loss allowances by RR 20 542 thousand (31 December 2019: by RR 68 342 thousand).

A 10% increase or decrease in LGD estimates at 30 September 2020 would result in an increase or decrease in total expected credit loss allowances by RR 280 508 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 September 2020 and 31 December 2019:

<i>In thousands of Russian Roubles</i>	<b>30 September 2020 (unaudited)</b>	<b>31 December 2019</b>
Corporate loans	33 919 606	35 411 303
Loans to individuals – mortgage loans	39 902 220	36 458 473
Loans to individuals – consumer loans and car loans	16 680 463	19 132 251
Finance lease receivables	169 252	196 371
<b>Total loans to customers and finance lease receivables before credit loss allowance</b>	<b>90 671 541</b>	<b>91 198 398</b>
Expected credit loss allowance	(6 220 501)	(6 143 393)
<b>Total loans to customers and finance lease receivables</b>	<b>84 451 040</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)**

<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 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	147 325	267	35 779	<b>183 371</b>	15 017 744	19 916	59 049	<b>15 096 709</b>
Transfers:				-				-
- to lifetime ECL (from Stage 1 and Stage 3 to Stage 2)	(4 038)	4 038	-	-	(371 314)	371 314	-	-
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	(4 304)	(257)	4 561	-	(375 820)	(10 982)	386 802	-
- to 12-month ECL (from Stage 2 and Stage 3 to Stage 1)	396	(396)	-	-	19 323	(19 323)	-	-
Repaid during the period	(99 795)	(40 246)	(210 256)	<b>(350 297)</b>	(15 734 436)	(48 301)	(478 114)	<b>(16 260 851)</b>
Changes due to transfers and changes in assumptions	18 362	220 535	317 913	<b>556 810</b>	-	-	-	-
Changes in accrued interest, exchange differences and other movements	-	69 696	24 014	<b>93 710</b>	27	229 851	51 106	<b>280 984</b>
<b>Total movements with impact on credit loss allowance charge for the period</b>	<b>57 946</b>	<b>253 637</b>	<b>172 011</b>	<b>483 594</b>	<b>(1 444 476)</b>	<b>542 475</b>	<b>18 843</b>	<b>(883 158)</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 September 2020</b>	<b>292 258</b>	<b>498 280</b>	<b>2 599 777</b>	<b>3 390 315</b>	<b>28 166 239</b>	<b>1 425 566</b>	<b>4 327 801</b>	<b>33 919 606</b>
Recovery of loans previously written off	-	-	8 854	<b>8 854</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>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	65 463	-	-	<b>65 463</b>	9 976 839	-	-	<b>9 976 839</b>
Transfers:								
- to lifetime ECL (from Stage 1 and Stage 3 to Stage 2)	(2 202)	14 763	(12 561)	-	(371 763)	393 173	(21 410)	-
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	(1 375)	(8 844)	10 219	-	(228 594)	(184 002)	412 596	-
- to 12-month ECL (from Stage 2 and Stage 3 to Stage 1)	22 572	(8 374)	(14 198)	-	214 541	(190 341)	(24 200)	-
Repaid during the period	(40 686)	(2 931)	(124 993)	<b>(168 610)</b>	(6 219 708)	(77 242)	(204 374)	<b>(6 501 324)</b>
Changes due to transfers and changes in assumptions	72 657	8 515	189 836	<b>271 008</b>	-	-	-	-
Changes in accrued interest, exchange differences and other movements	72	425	9 893	<b>10 390</b>	6 649	7 672	16 539	<b>30 860</b>
<b>Total movements with impact on credit loss allowance charge for the period</b>	<b>116 501</b>	<b>3 554</b>	<b>58 196</b>	<b>178 251</b>	<b>3 377 964</b>	<b>(50 740)</b>	<b>179 151</b>	<b>3 506 375</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)	-	(15 805)	<b>(15 813)</b>	(1 408)	-	(45 934)	<b>(47 342)</b>
<b>At 30 September 2020</b>	<b>320 481</b>	<b>32 517</b>	<b>793 158</b>	<b>1 146 156</b>	<b>37 919 498</b>	<b>605 359</b>	<b>1 377 363</b>	<b>39 902 220</b>
Recovery of loans previously written off	-	-	263	<b>263</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	74 774			<b>74 774</b>	5 062 907			<b>5 062 907</b>
Transfers:								
- to lifetime ECL (from Stage 1 and Stage 3 to Stage 2)	(3 572)	6 476	(2 904)	-	(271 567)	275 277	(3 710)	-
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	(5 514)	(4 899)	10 413	-	(238 881)	(113 642)	352 523	-
- to 12-month ECL (from Stage 2 and Stage 3 to Stage 1)	14 019	(3 339)	(10 680)	-	115 029	(101 428)	(13 601)	-
Repaid during the period	(95 317)	(2 278)	(219 361)	<b>(316 956)</b>	(6 831 997)	(129 816)	(231 113)	<b>(7 192 926)</b>
Changes due to transfers and changes in assumptions	58 485	5 096	302 571	<b>366 152</b>				-
Changes in accrued interest, exchange differences and other movements	(72)	122	19 928	<b>19 978</b>	(6 410)	3 833	23 699	<b>21 122</b>
<b>Total movements with impact on credit loss allowance charge for the period</b>	<b>42 803</b>	<b>1 178</b>	<b>99 967</b>	<b>143 948</b>	<b>(2 170 919)</b>	<b>(65 776)</b>	<b>127 798</b>	<b>(2 108 897)</b>
<i>Movements without impact on credit loss allowance charge for the period:</i>								
Write-offs			(211 265)	<b>(211 265)</b>			(213 847)	<b>(213 847)</b>
Assignment	-	-	(64 614)	<b>(64 614)</b>	-	-	(129 044)	<b>(129 044)</b>
<b>At 30 September 2020</b>	<b>266 532</b>	<b>13 967</b>	<b>1 402 092</b>	<b>1 682 591</b>	<b>14 792 000</b>	<b>308 555</b>	<b>1 579 908</b>	<b>16 680 463</b>
Recovery of loans previously written off	-	-	<b>27 572</b>	<b>27 572</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>	1 751	-	841	2 592	194 487	-	1 884	196 371
<i>Movements with impact on credit loss allowance charge for the period:</i>								
Issued to new and existing customers during the period	525	-	-	525	62 317	-	-	62 317
Transfers:								
- to lifetime ECL (from Stage 1 and Stage 3 to Stage 2)	(7)	7	-	-	(858)	858	-	-
Repaid during the period	(739)	(5)	(346)	(1 090)	(88 155)	(507)	(774)	(89 436)
Changes due to transfers and changes in assumptions	(89)	(2)	(495)	(586)	-	-	-	-
<b>Total movements with impact on credit loss allowance charge for the period</b>	<b>(310)</b>	<b>-</b>	<b>(841)</b>	<b>(1 151)</b>	<b>(26 696)</b>	<b>351</b>	<b>(774)</b>	<b>(27 119)</b>
<b>At 30 September 2020</b>	<b>1 441</b>	<b>-</b>	<b>-</b>	<b>1 441</b>	<b>167 791</b>	<b>351</b>	<b>1 110</b>	<b>169 252</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 nine 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	127 799	6 411	17 162	<b>151 372</b>	15 690 744	90 816	31 205	<b>15 812 765</b>
Transfers:								
- to lifetime ECL (from Stage 1 and Stage 3 to Stage 2)	(8 093)	248 838	(240 745)	-	(792 816)	2 197 152	(1 404 336)	-
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	(5 263)	(196 480)	201 743	-	(467 195)	(1 332 933)	1 800 128	-
- to 12-month ECL (from Stage 2 and Stage 3 to Stage 1)	6 263	(6 263)	-	-	192 867	(192 867)	-	-
Repaid during the period	(116 487)	(6 748)	(191 490)	<b>(314 725)</b>	(15 213 550)	(429 831)	(350 310)	<b>(15 993 691)</b>
Changes due to transfers and changes in assumptions	(64 523)	193 132	779 816	<b>908 425</b>	-	-	-	-
Changes in accrued interest, exchange differences and other movements	-	(25 290)	255 622	<b>230 332</b>	57	(116 319)	(1 463 017)	<b>(1 579 279)</b>
<b>Total movements with impact on credit loss allowance charge for the period</b>	<b>(60 304)</b>	<b>213 600</b>	<b>822 108</b>	<b>975 404</b>	<b>(589 893)</b>	<b>216 018</b>	<b>(1 386 330)</b>	<b>(1 760 205)</b>
<i>Movements without impact on credit loss allowance charge for the period:</i>								
Write-offs	-	-	(532 943)	<b>(532 943)</b>	-	-	(532 943)	<b>(532 943)</b>
Assignment	-	-	(234 616)	<b>(234 616)</b>	-	-	(454 185)	<b>(454 185)</b>
Business combinations	-	-	(708 355)	<b>(708 355)</b>	-	-	(1 850 125)	<b>(1 850 125)</b>
<b>At 30 September 2019</b>	<b>242 193</b>	<b>568 454</b>	<b>2 629 026</b>	<b>3 439 673</b>	<b>29 392 056</b>	<b>2 664 511</b>	<b>4 312 626</b>	<b>36 369 193</b>
Recovery of loans previously written off	-	-	9 515	<b>9 515</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	47 155	-	-	<b>47 155</b>	6 299 209	-	-	<b>6 299 209</b>
Transfers:								
- to lifetime ECL (from Stage 1 and Stage 3 to Stage 2)	(2 838)	19 142	(16 304)	-	(379 141)	406 231	(27 090)	-
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	(1 028)	(6 131)	7 159	-	(137 242)	(115 347)	252 589	-
- to 12-month ECL (from Stage 2 and Stage 3 to Stage 1)	21 349	(11 625)	(9 724)	-	224 801	(208 644)	(16 157)	-
Repaid during the period	(34 367)	(1 957)	(89 681)	<b>(126 005)</b>	(4 608 512)	(60 583)	(139 025)	<b>(4 808 120)</b>
Changes due to transfers and changes in assumptions	(34 109)	1 318	148 571	<b>115 780</b>	-	-	-	-
Changes in accrued interest, exchange differences and other movements	17	235	13 023	<b>13 275</b>	1 060	4 326	21 304	<b>26 690</b>
<b>Total movements with impact on credit loss allowance charge for the period</b>	<b>(3 821)</b>	<b>982</b>	<b>53 044</b>	<b>50 205</b>	<b>1 400 175</b>	<b>25 983</b>	<b>91 621</b>	<b>1 517 779</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	-	-	(3 137)	<b>(3 137)</b>	-	-	(18 262)	<b>(18 262)</b>
<b>At 30 September 2019</b>	<b>241 117</b>	<b>36 119</b>	<b>803 016</b>	<b>1 080 252</b>	<b>34 120 361</b>	<b>687 943</b>	<b>1 285 971</b>	<b>36 094 275</b>
Recovery of loans previously written off	-	-	628	<b>628</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	90 606	-	-	<b>90 606</b>	5 637 814	-	-	<b>5 637 814</b>
Transfers:								
- to lifetime ECL (from Stage 1 and Stage 3 to Stage 2)	(6 361)	24 563	(18 202)	-	(341 899)	365 128	(23 229)	-
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	(2 703)	(8 700)	11 403	-	(154 566)	(136 612)	291 178	-
- to 12-month ECL (from Stage 2 and Stage 3 to Stage 1)	13 624	(4 932)	(8 692)	-	135 491	(124 697)	(10 794)	-
Repaid during the period	(101 505)	(3 587)	(206 403)	<b>(311 495)</b>	(6 713 666)	(190 217)	(269 767)	<b>(7 173 650)</b>
Changes due to transfers and changes in assumptions	(28 890)	(12 474)	265 181	<b>223 817</b>	-	-	-	-
Changes in accrued interest, exchange differences and other movements	(17)	223	22 564	<b>22 770</b>	(1 060)	5 170	27 022	<b>31 132</b>
<b>Total movements with impact on credit loss allowance charge for the period</b>	<b>(35 246)</b>	<b>(4 907)</b>	<b>65 851</b>	<b>25 698</b>	<b>(1 437 886)</b>	<b>(81 228)</b>	<b>14 410</b>	<b>(1 504 704)</b>
<i>Movements without impact on credit loss allowance charge for the period:</i>								
Write-offs	-	-	(115 905)	<b>(115 905)</b>	-	-	(114 431)	<b>(114 431)</b>
Assignment	-	-	(6 128)	<b>(6 128)</b>	-	(742)	(23 612)	<b>(24 354)</b>
<b>At 30 September 2019</b>	<b>261 915</b>	<b>17 226</b>	<b>1 580 317</b>	<b>1 859 458</b>	<b>17 204 931</b>	<b>423 213</b>	<b>1 798 711</b>	<b>19 426 855</b>
Recovery of loans previously written off	-	-	26 974	<b>26 974</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	764	-	2	<b>766</b>	81 515	-	212	<b>81 727</b>
Transfers:								
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	(13)	-	13	-	(1 503)	-	1 503	-
Repaid during the period	(683)	-	(611)	<b>(1 294)</b>	(89 142)	-	(1 366)	<b>(90 508)</b>
Changes due to transfers and changes in assumptions	(88)	-	754	<b>666</b>	-	-	-	-
<b>Total movements with impact on credit loss allowance charge for the period</b>	<b>(20)</b>	<b>-</b>	<b>158</b>	<b>138</b>	<b>(9 130)</b>	<b>-</b>	<b>349</b>	<b>(8 781)</b>
<b>At 30 September 2019</b>	<b>1 408</b>	<b>-</b>	<b>830</b>	<b>2 238</b>	<b>161 685</b>	<b>-</b>	<b>1 853</b>	<b>163 538</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 September 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	11 159 285	-	-	11 159 285
- Good	17 006 954	121 981	-	17 128 935
- Satisfactory	-	1 303 585	-	1 303 585
- Special monitoring	-	-	478 473	478 473
- Default	-	-	3 849 328	3 849 328
<b>Gross carrying amount</b>	<b>28 166 239</b>	<b>1 425 566</b>	<b>4 327 801</b>	<b>33 919 606</b>
Credit loss allowance	(292 258)	(498 280)	(2 599 777)	(3 390 315)
<b>Carrying amount</b>	<b>27 873 981</b>	<b>927 286</b>	<b>1 728 024</b>	<b>30 529 291</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	403 750	-	-	403 750
- Good	37 515 748	359 606	-	37 875 354
- Satisfactory	-	245 753	-	245 753
- Special monitoring	-	-	361 584	361 584
- Default	-	-	1 015 779	1 015 779
<b>Gross carrying amount</b>	<b>37 919 498</b>	<b>605 359</b>	<b>1 377 363</b>	<b>39 902 220</b>
Credit loss allowance	(320 481)	(32 517)	(793 158)	(1 146 156)
<b>Carrying amount</b>	<b>37 599 017</b>	<b>572 842</b>	<b>584 205</b>	<b>38 756 064</b>
<b>Consumer loans and car loans</b>				
- Excellent	248 191	-	-	248 191
- Good	14 543 809	126 414	-	14 670 223
- Satisfactory	-	182 141	-	182 141
- Special monitoring	-	-	150 115	150 115
- Default	-	-	1 429 793	1 429 793
<b>Gross carrying amount</b>	<b>14 792 000</b>	<b>308 555</b>	<b>1 579 908</b>	<b>16 680 463</b>
Credit loss allowance	(266 532)	(13 967)	(1 402 092)	(1 682 591)
<b>Carrying amount</b>	<b>14 525 468</b>	<b>294 588</b>	<b>177 816</b>	<b>14 997 872</b>
<b>Finance lease receivables</b>				
- Excellent	165 109	-	-	165 109
- Good	2 682	-	-	2 682
- Satisfactory	-	351	-	351
- Default	-	-	-	-
	-	-	1 110	1 110
<b>Gross carrying amount</b>	<b>167 791</b>	<b>351</b>	<b>1 110</b>	<b>169 252</b>
Credit loss allowance	(1 441)	-	-	(1 441)
<b>Carrying amount</b>	<b>166 350</b>	<b>351</b>	<b>1 110</b>	<b>167 811</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	-	-	12 745 445
- Good	16 880 270	56 074	-	16 936 344
- Satisfactory	-	833 070	-	833 070
- Special monitoring	-	-	1 285 452	1 285 452
- Default	-	-	3 610 992	3 610 992
<b>Gross carrying amount</b>	<b>29 625 715</b>	<b>889 144</b>	<b>4 896 444</b>	<b>35 411 303</b>
Credit loss allowance	(237 246)	(244 777)	(2 845 252)	(3 327 275)
<b>Carrying amount</b>	<b>29 388 469</b>	<b>644 367</b>	<b>2 051 192</b>	<b>32 084 028</b>
<b>Mortgage loans</b>				
- Excellent	481 422	-	-	481 422
- Good	34 061 520	407 903	-	34 469 423
- Satisfactory	-	248 196	-	248 196
- Special monitoring	-	-	263 596	263 596
- Default	-	-	995 836	995 836
<b>Gross carrying amount</b>	<b>34 542 942</b>	<b>656 099</b>	<b>1 259 432</b>	<b>36 458 473</b>
Credit loss allowance	(203 988)	(28 963)	(766 053)	(999 004)
<b>Carrying amount</b>	<b>34 338 954</b>	<b>627 136</b>	<b>493 379</b>	<b>35 459 469</b>

**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>	Nine months ended 30 September 2020	Nine months ended 30 September 2019
Assigned balance rights of claim for loans to customers and finance leases	634 914	480 043
Provision for impairment of assigned claim	(350 955)	(243 881)
Sales price	283 959	236 162
<b>Net result from assignment of balance rights of claim</b>	<b>-</b>	<b>-</b>
Assigned rights of claim previously written off as uncollectible	77 674	16 758
Sales price	3 650	2 850
<b>Net result from assignment of rights of claim previously written off as uncollectible</b>	<b>3 650</b>	<b>2 850</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 September 2020 (unaudited)		31 December 2019	
	Amount	%	Amount	%
Individuals (total), incl.	56 582 683	62.4	55 590 724	61.0
- mortgage loans	39 902 220	44.0	36 458 473	40.0
- consumer loans	15 809 630	17.4	18 013 206	19.8
- car loans	870 833	1.0	1 119 045	1.2
Agriculture	13 940 693	15.4	14 216 725	15.5
Trade	7 780 902	8.6	8 149 409	8.9
Manufacturing	5 226 353	5.7	5 894 086	6.5
Transport	2 334 743	2.6	2 647 844	2.9
Construction	1 695 558	1.9	1 629 397	1.8
Other	3 110 609	3.4	3 070 213	3.4
<b>Total loans to customers and finance lease receivables before credit loss allowance</b>	<b>90 671 541</b>	<b>100.0</b>	<b>91 198 398</b>	<b>100.0</b>

At 30 September 2020, the Group had 10 major groups of borrowers with aggregate loans amounting to RR 6 150 371 thousand, or 6.8% 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 September 2020 and 31 December 2019 is disclosed in Note 18. Information on related party balances is disclosed in Note 19.

## 7. Customer Accounts

<i>In thousands of Russian Roubles</i>	30 September 2020 (unaudited)	31 December 2019
<b>State and public organisations</b>		
- Current/settlement accounts	375 804	204 051
- Term deposits	57 807	69 347
<b>Other legal entities</b>		
- Current/settlement accounts	21 770 625	15 994 897
- Term deposits	4 129 379	2 742 102
<b>Individuals</b>		
- Current/demand accounts	8 834 606	7 770 847
- Term deposits	64 257 033	72 661 818
<b>Total customer accounts</b>	<b>99 425 254</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 September 2020 (unaudited)		31 December 2019	
	Amount	%	Amount	%
Individuals	73 091 639	73.5	80 432 665	80.9
Agriculture	7 518 921	7.6	3 615 116	3.6
Trade	6 391 254	6.4	4 995 134	5.0
Manufacturing	2 281 032	2.3	1 795 565	1.8
Construction	1 605 555	1.6	1 738 842	1.7
Transport	1 303 156	1.3	1 100 923	1.1
Other	7 233 697	7.3	5 764 817	5.9
<b>Total customer accounts</b>	<b>99 425 254</b>	<b>100.0</b>	<b>99 443 062</b>	<b>100.0</b>

## 7. Customer Accounts (Continued)

As of 30 September 2020, total balances attributable to the Group's 10 major groups of customers accounted for RR 3 657 899 thousand, or 3.7% 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 September 2020 and 31 December 2019 (Note 18). Information on related party balances is disclosed in Note 19.

## 8. Debt Securities in Issue

<i>In thousands of Russian Roubles</i>	<b>30 September 2020 (unaudited)</b>	<b>31 December 2019</b>
Bonds	1 215 903	1 231 854
Promissory notes	450 652	883 367
<b>Total debt securities in issue</b>	<b>1 666 555</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 September 2020 (unaudited)</b>			
Number of bonds in issue	663 412	389 034	250 000
- including purchased by the subsidiary	3 629	-	5 151
Coupon rate, %	5.50	5.25	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 September 2020 and 31 December 2019 (Note 18). Information on related party balances is disclosed in Note 19.

## 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 September 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	-	988 591
Symbiotics SA	Russian Roubles	9.5%-10.0%	February 2019	March 2022	613 340	626 552
Black Sea Trade and Development Bank (Greece)	Russian Roubles	10.15%-10.56%	September 2017	March 2022	598 712	996 882
<b>Total borrowings from international financial institutions</b>					<b>1 212 052</b>	<b>2 612 025</b>
Subordinated debt						
ResponsAbility	US Dollars	7.32%	March 2020	July 2025	792 606	-
<b>Total subordinated debt</b>					<b>792 606</b>	<b>-</b>
<b>Total borrowings from international financial institutions and subordinated debt</b>					<b>2 004 658</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 September 2020 and 31 December 2019 (Note 18). Information on related party balances is disclosed in Note 19.

## 10. Interest Income and Expense

<i>(unaudited)</i> <i>In thousands of Russian Roubles</i>	Nine months ended 30 September 2020	Nine months ended 30 September 2019
<b>Interest income calculated using the effective interest method</b>		
Corporate loans	2 555 670	2 880 949
Mortgage loans	2 583 124	2 466 493
Consumer loans and car loans	1 652 510	1 877 743
Short-term deposits with the Central Bank of the Russian Federation, amounts due from and accounts with other banks	449 229	336 196
Impaired loans	252 312	561 829
Finance income from leasing operations	27 767	22 727
<b>Total interest income calculated using the effective interest method</b>	<b>7 520 612</b>	<b>8 145 937</b>
<b>Interest expense calculated using the effective interest method</b>		
Term deposits and accounts of individuals	(3 185 578)	(3 427 456)
Borrowing from international institutions, subordinated debt and term placements of other banks	(221 542)	(182 309)
Term deposits and accounts of legal entities	(184 599)	(175 237)
Bonds in issue	(67 419)	(65 079)
Promissory notes issued	(21 354)	(33 416)
Lease liabilities	(13 464)	(13 689)
Due to the Central Bank of the Russian Federation	(3 223)	(19 236)
<b>Total interest expense calculated using the effective interest method</b>	<b>(3 697 179)</b>	<b>(3 916 422)</b>
<b>Net interest margin</b>	<b>3 823 433</b>	<b>4 229 515</b>

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

<i>(unaudited)</i> <i>In thousands of Russian Roubles</i>	Three months ended 30 September 2020	Three months ended 30 September 2019
<b>Interest income calculated using the effective interest method</b>		
Corporate loans	796 544	1 016 338
Mortgage loans	829 391	735 268
Consumer loans and car loans	553 680	600 245
Short-term deposits with the Central Bank of the Russian Federation, amounts due from and accounts with other banks	135 801	192 368
Impaired loans	101 023	243 482
Finance income from leasing operations	8 695	8 191
<b>Total interest income calculated using the effective interest method</b>	<b>2 425 134</b>	<b>2 795 892</b>
<b>Interest expense calculated using the effective interest method</b>		
Term deposits and accounts of individuals	(912 854)	(1 234 981)
Borrowing from international institutions and term placements of other banks	(69 373)	(53 992)
Term deposits and accounts of legal entities	(61 944)	(63 248)
Bonds in issue	(20 611)	(23 580)
Promissory notes issued	(5 422)	(16 153)
Lease liabilities	(5 317)	(4 563)
Due to the Central Bank of the Russian Federation	(3 010)	(10 450)
<b>Total interest expense calculated using the effective interest method</b>	<b>(1 078 531)</b>	<b>(1 406 967)</b>
<b>Net interest margin</b>	<b>1 346 603</b>	<b>1 388 925</b>

**11. Other Operating Income**

<i>(unaudited)</i> <i>In thousands of Russian Roubles</i>	Nine months ended 30 September 2020	Nine months ended 30 September 2019
Sales revenue from agricultural produce	344 917	278 589
Proceeds from disposal of premises and equipment	108 516	9 526
<b>Total other operating income</b>	<b>453 433</b>	<b>288 115</b>
<b>Interest income calculated using the effective interest method</b>		
Sales revenue from agricultural produce	97 429	195 185
Proceeds from disposal of premises and equipment	31 463	-
<b>Total other operating income</b>	<b>128 892</b>	<b>195 185</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. Dividends Payable**

	30 September 2020		30 September 2019	
	Ordinary shares	Preference shares	Ordinary shares	Preference shares
<i>(in thousands of Russian Roubles)</i>				
Dividends declared during the period	292 547	18 099	603 641	18 099
Dividends paid during the period	-	-	(603 641)	(18 050)
<b>Dividends payable</b>	<b>292 547</b>	<b>18 099</b>	<b>-</b>	<b>49</b>

In September 2020, the Bank declared dividends on preference shares for 2019 with a par value of RR 1 000 – RR 200 per share, on preference shares with a par value of RR 4 – RR 0.8 per share and on ordinary shares – RR 3.47 per share. Most of the dividends for 2019 were paid in October 2020.

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

Dividends were declared for payment in Russian Roubles. A part of declared dividends was not claimed by shareholders. Dividends not claimed within three years are returned to retained earnings.



### 13. Administrative and Other Operating Expenses

<i>(unaudited)</i> <i>In thousands of Russian Roubles</i>	<b>Nine months ended 30 September 2020</b>	<b>Nine months ended 30 September 2019</b>
Salaries	1 175 508	1 224 287
Expenses related to Joint-Stock Company Ptitsefabrika Belokalitvinskaya	565 931	307 721
Maintenance and lease of premises and equipment	198 963	211 218
Consulting and information services	161 828	148 923
Depreciation of premises and equipment	136 036	90 440
Taxes other than on income	114 650	101 369
Telecommunications and postal charges	86 350	78 862
Benefits paid to the Board of Directors	59 111	62 342
Amortisation of intangible assets	50 204	53 544
Other staff costs	23 974	29 103
Security	22 579	21 139
Insurance	22 218	21 568
Repair of premises and equipment	21 296	78 395
Advertising and marketing services	20 136	24 135
Stationery	15 427	18 701
Maintenance and repair of motor vehicles	11 771	8 771
Travel and entertainment expenses	7 829	10 854
Other	60 627	57 135
<b>Total administrative and other operating expenses</b>	<b>2 754 438</b>	<b>2 548 507</b>

<i>(unaudited)</i> <i>In thousands of Russian Roubles</i>	<b>Three months ended 30 September 2020</b>	<b>Three months ended 30 September 2019</b>
Salaries	417 540	441 992
Expenses related to Joint-Stock Company Ptitsefabrika Belokalitvinskaya	278 457	201 854
Consulting and information services	53 667	40 428
Taxes other than on income	51 754	28 717
Maintenance and lease of premises and equipment	48 717	72 861
Amortisation of intangible assets	46 698	29 995
Telecommunications and postal charges	20 361	19 372
Depreciation of premises and equipment	18 495	18 072
Repair of premises and equipment	8 517	28 484
Advertising and marketing services	8 237	4 452
Security	5 867	5 016
Benefits paid to the Board of Directors	5 308	4 655
Insurance	4 734	8 240
Maintenance and repair of motor vehicles	4 200	2 539
Other staff costs	3 357	10 685
Travel and entertainment expenses	2 685	2 703
Stationery	1 917	7 018
Other	5 164	39 441
<b>Total administrative and other operating expenses</b>	<b>985 675</b>	<b>966 524</b>

### 14. 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 nine months ended 30 September 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.

**14. 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 September 2020 and 31 December 2019:

<i>In thousands of Russian Roubles</i>	<b>30 September 2020 (unaudited)</b>			<b>31 December 2019</b>		
	<b>Monetary financial assets</b>	<b>Monetary financial liabilities</b>	<b>Net position</b>	<b>Monetary financial assets</b>	<b>Monetary financial liabilities</b>	<b>Net position</b>
Russian Roubles	109 132 441	(100 156 146)	<b>8 976 295</b>	109 497 853	(101 847 853)	<b>7 650 000</b>
US Dollars	2 954 017	(2 909 790)	<b>44 227</b>	2 123 696	(2 026 973)	<b>96 723</b>
Euros	762 416	(704 092)	<b>58 324</b>	705 776	(718 696)	<b>(12 920)</b>
Other	90 938	(25 530)	<b>65 408</b>	64 951	(23 068)	<b>41 883</b>
<b>Total</b>	<b>112 939 812</b>	<b>(103 795 558)</b>	<b>9 144 254</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.

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

**Liquidity risk.** The maturity analysis of assets and liabilities at 30 September 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	10 741 542	-	-	-	-	-	-	<b>10 741 542</b>
Mandatory cash balances with the Central Bank of the Russian Federation	738 682	-	-	-	-	-	-	<b>738 682</b>
Balances with the Central Bank of the Russian Federation	16 000 000	-	-	-	-	-	-	<b>16 000 000</b>
Loans to customers and finance lease receivables	1 814 845	4 914 046	6 162 270	10 030 022	32 068 718	29 461 139	-	<b>84 451 040</b>
Other financial assets	753 336	15 562	187 551	-	46 083	-	6 016	<b>1 008 548</b>
<b>Total assets</b>	<b>30 048 405</b>	<b>4 929 608</b>	<b>6 349 821</b>	<b>10 030 022</b>	<b>32 114 801</b>	<b>29 461 139</b>	<b>6 016</b>	<b>112 939 812</b>
<b>Liabilities</b>								
Due to the Central Bank of the Russian Federation	5 317	-	-	71 058	245 323	-	-	<b>321 698</b>
Customer accounts	6 573 762	3 015 350	2 153 333	3 716 461	83 966 348	-	-	<b>99 425 254</b>
Debt securities in issue	668 015	260 330	423 665	314 545	-	-	-	<b>1 666 555</b>
Borrowings from international financial institutions	-	202 762	4 669	529 072	475 549	-	-	<b>1 212 052</b>
Subordinated debt	-	-	-	2 363	-	790 243	-	<b>792 606</b>
Other financial liabilities	44 438	71 720	7 922	85 493	29 051	3 008	-	<b>241 632</b>
Lease liabilities	11 796	20 995	35 027	64 083	3 860	-	-	<b>135 761</b>
<b>Total liabilities</b>	<b>7 303 328</b>	<b>3 571 157</b>	<b>2 624 616</b>	<b>4 783 075</b>	<b>84 720 131</b>	<b>793 251</b>	<b>-</b>	<b>103 795 558</b>
<b>Liquidity gap at 30 September 2020</b>	<b>22 745 077</b>	<b>1 358 451</b>	<b>3 725 205</b>	<b>5 246 947</b>	<b>(52 605 330)</b>	<b>28 667 888</b>	<b>6 016</b>	<b>9 144 254</b>
<b>Cumulative liquidity gap at 30 September 2020</b>	<b>22 745 077</b>	<b>24 103 528</b>	<b>27 828 733</b>	<b>33 075 680</b>	<b>(19 529 650)</b>	<b>9 138 238</b>	<b>9 144 254</b>	

#### 14. 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>

## **15. 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.

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

Segment information for the reportable segments for nine months ended 30 September 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>Nine months ended 30 September 2020</b>				
<i>External revenues:</i>				
Interest income	6 888 240	449 232	34 844	<b>7 372 316</b>
Fee and commission income and other operating income	237 080	974 806	382 196	<b>1 594 082</b>
<b>Total income</b>	<b>7 125 320</b>	<b>1 424 038</b>	<b>417 040</b>	<b>8 966 398</b>
Interest expense	-	(497 748)	(3 247 340)	<b>(3 745 088)</b>
Impairment provision	(391 912)	11 854	5 455	<b>(374 603)</b>
Fee and commission expenses and other expenses	(374 913)	(81 343)	(275 847)	<b>(732 103)</b>
<b>Segment result</b>	<b>6 358 495</b>	<b>856 801</b>	<b>(3 100 692)</b>	<b>4 114 604</b>
<b>Total segment assets at 30 September 2020</b>	<b>85 763 514</b>	<b>16 132 378</b>	<b>-</b>	<b>101 895 892</b>
<b>Total segment liabilities at 30 September 2020</b>	<b>-</b>	<b>(20 542 537)</b>	<b>(83 003 989)</b>	<b>(103 546 526)</b>

Segment information for the reportable segments for three months ended 30 September 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 September 2020</b>				
<i>External revenues:</i>				
Interest income	2 216 491	135 802	10 476	<b>2 362 769</b>
Fee and commission income and other operating income	85 984	401 383	125 074	<b>612 441</b>
<b>Total income</b>	<b>2 302 475</b>	<b>537 185</b>	<b>135 550</b>	<b>2 975 210</b>
Interest expense	-	(161 562)	(932 212)	<b>(1 093 774)</b>
Impairment provision	(252 296)	4 139	3 400	<b>(244 757)</b>
Fee and commission expenses and other expenses	(24 151)	(32 456)	(111 899)	<b>(168 506)</b>
<b>Segment result</b>	<b>2 026 028</b>	<b>347 306</b>	<b>(905 161)</b>	<b>1 468 173</b>

**15. Segment Analysis (Continued)**

Segment information for the reportable segments for nine months ended 30 September 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>Nine months ended 30 September 2019</b>				
<i>External revenues:</i>				
Interest income	7 627 261	336 198	56 925	<b>8 020 384</b>
Fee and commission income and other operating income	287 257	1 037 046	642 975	<b>1 967 278</b>
<b>Total income</b>	<b>7 914 518</b>	<b>1 373 244</b>	<b>699 900</b>	<b>9 987 662</b>
Interest expense	-	(492 644)	(3 505 311)	<b>(3 997 955)</b>
Impairment provision	(105 359)	10 280	(29 357)	<b>(124 436)</b>
Fee and commission expenses and other expenses	(519 334)	(73 200)	(266 305)	<b>(858 839)</b>
<b>Segment result</b>	<b>7 289 825</b>	<b>817 680</b>	<b>(3 101 073)</b>	<b>5 006 432</b>

Segment information for the reportable segments for three months ended 30 September 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 September 2019</b>				
<i>External revenues:</i>				
Interest income	2 579 557	179 547	16 201	<b>2 775 305</b>
Fee and commission income and other operating income	102 395	302 341	224 514	<b>629 250</b>
<b>Total income</b>	<b>2 681 952</b>	<b>481 888</b>	<b>240 715</b>	<b>3 404 555</b>
Interest expense	-	(182 707)	(1 255 499)	<b>(1 438 206)</b>
Impairment provision	(547 034)	4 616	(2 063)	<b>(544 481)</b>
Fee and commission expenses and other expenses	(6 110)	(22 716)	(104 816)	<b>(133 642)</b>
<b>Segment result</b>	<b>2 128 808</b>	<b>281 081</b>	<b>(1 121 663)</b>	<b>1 288 226</b>

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

<i>(unaudited)</i> <i>In thousands of Russian Roubles</i>	<b>Nine months ended 30 September 2020</b>	<b>Nine months ended 30 September 2019</b>
<b>Total reportable segment result</b>	<b>4 114 604</b>	<b>5 006 432</b>
Administrative expenses	(2 618 966)	(2 676 471)
Fair value remeasurement of financial assets and liabilities	-	(3 391)
Recognition of additional interest income on impaired loans	48 885	(6 149)
Remeasurement of provision for impairment	(146 208)	(821 018)
Consolidation effect	6 707	100
Joint-Stock Company Ptitsefabrika Belokalitvinskaya	(179 372)	289 383
Events after the end of the reporting period	(111 998)	(178 051)
Amortisation remeasurement	24 758	23 451
Other	25 178	15 091
<b>Profit before tax</b>	<b>1 163 588</b>	<b>1 649 377</b>



**15. Segment Analysis (Continued)**

<i>(unaudited)</i> <i>In thousands of Russian Roubles</i>	Three months ended 30 September 2020	Three months ended 30 September 2019
<b>Total reportable segment result</b>	<b>1 468 173</b>	<b>1 288 226</b>
Administrative expenses	(844 687)	(957 389)
Recognition of additional interest income on impaired loans	37 677	(5 020)
Remeasurement of provision for impairment	12 704	383 839
Consolidation effect	(17 494)	(25 004)
Joint-Stock Company Ptitsefabrika Belokalitvinskaya	(195 643)	(39 810)
Events after the end of the reporting period	(27 979)	(6 469)
Amortisation remeasurement	7 278	8 917
Other	(14 187)	2 062
<b>Profit before tax</b>	<b>425 842</b>	<b>649 352</b>
<i>In thousands of Russian Roubles</i>	<b>30 September 2020 (unaudited)</b>	<b>31 December 2019</b>
<b>Total reportable segment assets</b>	<b>101 895 892</b>	<b>102 564 574</b>
Unallocated assets	18 472 825	18 119 151
Remeasurement of provision for impairment	(28 140)	46 671
Application of effective interest rate method to fee and commission income	(49 221)	(25 469)
Finance lease adjustment	(3 899)	(7 710)
Consolidation effect	224 694	215 945
Joint-Stock Company Ptitsefabrika Belokalitvinskaya	(1 019 501)	(1 327 113)
Other	(89 667)	(65 069)
<b>Total consolidated assets</b>	<b>119 402 983</b>	<b>119 520 980</b>
<b>Total reportable segment liabilities</b>	<b>103 546 526</b>	<b>104 314 240</b>
Unallocated liabilities	1 218 102	1 154 770
Application of effective interest rate method to fee and commission expenses	(13 524)	(15 898)
Consolidation effect	(166 581)	(151 234)
Joint-Stock Company Ptitsefabrika Belokalitvinskaya	(1 170)	(197)
<b>Total consolidated liabilities</b>	<b>104 583 353</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.

**16. 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.

## 16. 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 September 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	10 314 154	9 682 312
Non-controlling interest	(126 790)	(96 256)
<b>Total tier 1 capital</b>	<b>13 592 501</b>	<b>12 991 193</b>
<i>Tier 2 capital</i>		
Revaluation reserve for land and premises	1 227 129	1 228 156
Subordinated debt	772 940	-
<b>Total tier 2 capital</b>	<b>2 000 069</b>	<b>1 228 156</b>
<b>Total equity</b>	<b>15 592 570</b>	<b>14 219 349</b>
<b>Risk-weighted assets</b>	<b>74 341 643</b>	<b>77 373 446</b>
Capital adequacy	21.0%	18.4%

## 17. 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 September 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 2 320 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 noncompliant 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.

## 17. 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 34 148 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 September 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	5 049 450	7 483	5 332	5 062 265
- individuals	1 509 511	-	37	1 509 548
Financial guarantees issued	1 239 581	-	-	1 239 581
<b>Gross amount</b>	<b>7 798 542</b>	<b>7 483</b>	<b>5 369</b>	<b>7 811 394</b>
<b>Provision for credit related commitments</b>	<b>(117 758)</b>	<b>(97)</b>	<b>(2 972)</b>	<b>(120 827)</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>

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

An analysis of credit related commitments by credit quality based on credit risk grades at 30 September 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	2 243 405	-	-	<b>2 243 405</b>
- Good	2 806 045	7 483	-	<b>2 813 528</b>
- Special monitoring	-	-	5 332	<b>5 332</b>
<b>Gross amount</b>	<b>5 049 450</b>	<b>7 483</b>	<b>5 332</b>	<b>5 062 265</b>
Credit loss allowance	(59 669)	(97)	(2 972)	<b>(62 738)</b>
<b>Total amount</b>	<b>4 989 781</b>	<b>7 386</b>	<b>2 360</b>	<b>4 999 527</b>
<b>Commitments to extend credit or loan facilities, which are revocable only if loans become past due, to individuals</b>				
- Excellent	41 388	-	-	<b>41 388</b>
- Good	1 465 698	-	-	<b>1 465 698</b>
- Special monitoring	-	-	37	<b>37</b>
<b>Gross amount</b>	<b>1 509 511</b>	<b>-</b>	<b>37</b>	<b>1 509 548</b>
Credit loss allowance	(55 502)	-	-	<b>(55 502)</b>
<b>Total amount</b>	<b>1 454 009</b>	<b>-</b>	<b>37</b>	<b>1 454 046</b>

At 30 September 2020, financial guarantees issued are classified into Stage 1 (12-month ECLs) for ECL measurement purposes and include RR 777 744 thousand ("excellent" level) and RR 461 837 thousand ("good" level). Credit loss allowance for financial guarantees issued at 30 September 2020 amounts to RR 2 587 thousand.

**17. 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>	<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	2 755 217	-	-	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>	<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 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 September 2020, the fair value of credit related commitments was RR 13 230 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 September 2020, due from other banks balances and overnight deposits with other banks of RR 67 732 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 738 682 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.

## 17. 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 September 2020 and 31 December 2019.

## 18. 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 September 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	6 016	-	-	6 016	6 016
<b>Non-financial assets</b>								
- Investment properties	-	-	1 450 172	1 450 172	-	-	1 450 172	1 450 172
- Premises and land	-	-	2 645 183	2 645 183	-	-	2 645 183	2 645 183
<b>Total assets with recurring fair value measurements</b>	-	-	4 101 371	4 101 371	-	-	4 101 371	4 101 371

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

**18. 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 September 2020 (unaudited)			
	Level 1	Level 2	Level 3	Carrying amount
<i>In thousands of Russian Roubles</i>				
<b>FINANCIAL ASSETS</b>				
Cash and cash equivalents	10 741 542	-	-	10 741 542
Mandatory cash balances with the Central Bank of the Russian Federation	-	738 682	-	738 682
Balances with the Central Bank of the Russian Federation	-	16 000 000	-	16 000 000
Loans and advances to customers	-	-	89 071 454	84 283 227
- <i>Corporate loans</i>	-	-	30 435 941	30 529 291
- <i>Loans to individuals – consumer and car loans</i>	-	-	15 263 880	14 997 872
- <i>Mortgage loans</i>	-	-	43 371 633	38 756 064
Finance lease receivables	-	-	171 715	167 812
Other financial assets	-	-	1 002 532	1 002 532
<b>NON-FINANCIAL ASSETS</b>				
- Investment in associate			292 956	292 956
<b>TOTAL</b>	<b>10 741 542</b>	<b>16 738 682</b>	<b>90 538 657</b>	<b>113 226 751</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	-	-	11 052 495
Mandatory cash balances with the Central Bank of the Russian Federation	-	763 172	-	763 172
Balances with the Central Bank of the Russian Federation	-	14 502 371	-	14 502 371
Loans to customers	-	-	86 398 260	84 861 226
- <i>Corporate loans</i>	-	-	31 874 409	32 084 028
- <i>Loans to individuals – consumer and car loans</i>	-	-	17 554 414	17 317 729
- <i>Mortgage loans</i>	-	-	36 969 437	35 459 469
Finance lease receivables	-	-	209 473	193 779
Other financial assets	-	-	1 013 217	1 013 217
<b>NON-FINANCIAL ASSETS</b>				
- Investment in associate	-	-	292 096	292 096
<b>TOTAL</b>				
	11 052 495	15 265 543	87 913 046	112 678 356

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

	30 September 2020 (unaudited)			
	Level 1	Level 2	Level 3	Carrying amount
<i>In thousands of Russian Roubles</i>				
<b>FINANCIAL LIABILITIES</b>				
Due to the Central Bank of the Russian Federation	-	321 698	-	<b>321 698</b>
Customer accounts	-	99 425 254	-	<b>99 425 254</b>
Debt securities in issue	-	-	1 666 555	<b>1 666 555</b>
- <i>Promissory notes</i>	-	-	450 652	<b>450 652</b>
- <i>Bonds issued on the domestic market</i>	-	-	1 215 903	<b>1 215 903</b>
Borrowings from international financial institutions	-	1 212 052	-	<b>1 212 052</b>
Subordinated debt	-	-	792 606	<b>792 606</b>
Other financial liabilities	-	-	241 632	<b>241 632</b>
<hr/>				
<b>TOTAL</b>	-	<b>100 959 004</b>	<b>2 700 793</b>	<b>103 659 797</b>

**18. Fair Value (Continued)**

	31 December 2019			
	Level 1	Level 2	Level 3	Carrying amount
<i>In thousands of Russian Roubles</i>				
<b>FINANCIAL LIABILITIES</b>				
Customer accounts	-	99 443 062	-	<b>99 443 062</b>
Debt securities in issue	-	-	2 115 221	<b>2 115 221</b>
- <i>Promissory notes</i>	-	-	883 367	<b>883 367</b>
- <i>Bonds issued on 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.

**19. 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:

	30 September 2020 (unaudited)		
	Major shareholders	Associate	Executive Board and Board of Directors
<i>In thousands of Russian Roubles</i>			
Correspondent accounts with banks	143 409	-	-
Gross amount of loans and advances to customers (contractual interest rate: 8.0% – 13.5%)	-	-	13 003
Customer accounts (contractual interest rate: 0.01% – 7.5%)	-	15 400	120 648
Subordinated debt (contractual interest rate: 7.32%)	792 606	-	-
Bonds issued (coupon rate : 5.25% – 8.0%)	-	-	37 489
	31 December 2019		
	Major shareholders	Associate	Executive Board and Board of Directors
<i>In thousands of Russian Roubles</i>			
Correspondent accounts with banks	98 433	-	-
Gross amount of loans and advances to customers (contractual interest rate: 8.0% – 13.5%)	-	-	5 801
Customer accounts (contractual interest rate: 0.01% – 7.5%)	-	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



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

	Nine months ended 30 September 2020 (unaudited)		
	Major shareholders	Associate	Executive Board and Board of Directors
<i>In thousands of Russian Roubles</i>			
Interest income	-	120	848
Interest expense	(114 654)	(1 228)	(3 986)
Fee and commission income	-	153	22
Administrative expenses excluding management remuneration	-	-	(1 417)
Other operating expenses	-	(7 183)	-

	Nine months ended 30 September 2019 (unaudited)		
	Major shareholders	Associate	Executive Board and Board of Directors
<i>In thousands of Russian Roubles</i>			
Interest income	-	628	552
Interest expense	(33 038)	(697)	(3 982)
Fee and commission income	-	1 034	21
Administrative expenses excluding management remuneration	-	-	(454)

	Three months ended 30 September 2020 (unaudited)		
	Major shareholders	Associate	Executive Board and Board of Directors
<i>In thousands of Russian Roubles</i>			
Interest income	-	25	265
Interest expense	(53 868)	(342)	(1 229)
Fee and commission income	-	27	6

	Three months ended 30 September 2019 (unaudited)		
	Major shareholders	Associate	Executive Board and Board of Directors
<i>In thousands of Russian Roubles</i>			
Interest income	-	223	310
Interest expense	(21 430)	(195)	(1 798)
Fee and commission income	-	288	5
Administrative expenses excluding management remuneration	-	-	(212)

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

Shareholder	30 September 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

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

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

	Nine months ended 30 September 2020		Nine months ended 30 September 2019	
	Compensation	Liability accrued during the period	Compensation	Liability accrued during the period
<i>(unaudited)</i> <i>In thousands of Russian Roubles</i>				
<i>Short-term benefits:</i>				
- Salaries	21 798	-	20 012	-
- Short-term and other bonuses	54 649	-	60 664	-
<i>Long-term bonus scheme</i>	11 530	25 636	13 560	52 039
<b>Total</b>	<b>87 977</b>	<b>25 636</b>	<b>94 236</b>	<b>52 039</b>

	Three months ended 30 September 2020		Three months ended 30 September 2019	
	Compensation	Liability accrued during the period	Compensation	Liability accrued during the period
<i>(unaudited)</i> <i>In thousands of Russian Roubles</i>				
<i>Short-term benefits:</i>				
- Salaries	8 704	-	7 339	-
- Short-term and other bonuses	3 852	-	4 203	-
<i>Long-term bonus scheme</i>	11 530	25 636	13 560	11 698
<b>Total</b>	<b>24 086</b>	<b>25 636</b>	<b>25 102</b>	<b>11 698</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 nine months ended 30 September 2020 were RR 1 787 thousand (for nine months of 2019: RR 1 471 thousand).

At 30 September 2020, the Group's Board of Directors consisted of seven persons and its Executive Board included seven persons. Compensation to the Board of Directors is disclosed in Note 13.

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