CREDIT BANK OF MOSCOW
(public joint-stock company)

Consolidated Interim Condensed
Financial Statements
for the three-month period
ended 31 March 2020

Contents

Independent Auditors' Report on Review of Consolidated Interim Condensed Financial Information

To the Shareholders and Supervisory Board

CREDIT BANK OF MOSCOW (public joint-stock company)

Introduction

We have reviewed the accompanying consolidated interim condensed statement of financial position of CREDIT BANK OF MOSCOW (public joint-stock company) and its subsidiaries (the Group) as at 31 March 2020 and the related consolidated interim condensed statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three-month period then ended, and notes to the consolidated interim condensed financial information (the consolidated interim condensed financial information). Management is responsible for the preparation and presentation of this consolidated interim condensed financial information in accordance with IAS 34 *Interim Financial Reporting.* Our responsibility is to express a conclusion on this consolidated interim condensed financial information based on our review.

Scope of Review

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

Reviewed entity: CREDIT BANK OF MOSCOW (public joint-stock company).

Registration No. in the Unified State Register of Legal Entities 1027739555282.

Moscow, Russian Federation.

Audit Firm: JSC "KPMG", a company incorporated under the Laws of the Russian Federation, a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Registration No. in the Unified State Register of Legal Entities 1027700125628.

Member of the Self-regulatory Organization of Auditors Association "Sodruzhestvo" (SRO AAS). The Principal Registration Number of the Entry in the Register of Auditors and Audit Organisations: No. 12006020351.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the consolidated interim condensed financial information as at 31 March 2020 and for the three-month period then ended is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting.

Tatarinova E.V.

JSC "KPMG"

Moscow, Russia

31 May 2020

(in millions of Russian Roubles unless otherwise stated)

	Notes	Three-month period ended 31 March 2020 (Unaudited)	Three-month period ended 31 March 2019 (Unaudited)
Interest income calculated using the effective interest method	5	37 268	34 182
Other interest income	5	1 616	1 024
Interest expense	5	(26 225)	(25 559)
Net interest income	5	**12 659**	**9 647**
Charge for credit losses on debt financial assets	11, 12,14, 15	(7 524)	(5 220)
Net interest income after credit losses on debt financial assets		**5 135**	**4 427**
Fee and commission income	6	3 547	3 445
Fee and commission expense	6	(892)	(954)
Net gain or (loss) on loans to customers at FVTPL		293	-
Net gain or (loss) on financial assets at FVTPL		(298)	(537)
Net gain or (loss) from sale and redemption of Investment financial assets at FVOCI		25	258
Net realised gain or (loss) on Investment financial assets at amortised cost		-	10
Net gain or (loss) on Investment financial assets at FVTPL		2 652	-
Net foreign exchange gains or (losses)	9	1 913	(4 739)
Net gain on change in financial liabilities measured at fair value through profit or loss		719	-
Impairment gain or (loss) on other non-financial assets, credit gain or (losses) on other financial assets and credit related commitments and other provisions	8	(125)	3 121
State deposit insurance scheme contributions		(790)	(549)
Operating lease income		8	11
Other net operating income or (expense)		(672)	(80)
Non-interest income or (expense)		**6 380**	**(14)**
Operating income		**11 515**	**4 413**
Salaries and employment benefits	7	(3 631)	(3 052)
Administrative expenses	7	(1 033)	(708)
Depreciation of premises and equipment and right-of-use assets		(473)	(470)
Operating expense		**(5 137)**	**(4 230)**
Profit before income taxes		**6 378**	**183**
Income tax	10	(1 226)	55
Profit for the period		**5 152**	**238**

The consolidated interim condensed statement of profit or loss and other comprehensive income is to be read in conjunction with the Notes, forming an integral part of the consolidated interim condensed financial statements.

(in millions of Russian Roubles unless otherwise stated)

	Notes	Three-month period ended 31 March 2020 (Unaudited)	Three-month period ended 31 March 2019 (Unaudited)
Profit for the period		**5 152**	**238**
Other comprehensive income or (loss)			
Items that are or may be reclassified subsequently to profit or loss:			
Movement in fair value reserve (debt instruments):			
- net change in fair value		(398)	3 083
- net amount transferred to profit or loss		(25)	(493)
- income tax related to movement in fair value reserve		85	(518)
Change in fair value of financial liability attributable to changes in credit risk		210	-
Income tax related to change in fair value of financial liability attributable to changes in credit risk		(16)	-
Other comprehensive income or (loss) for the period, net of income tax		**(144)**	**2 072**
Total comprehensive income for the period		**5 008**	**2 310**
Basic and diluted earnings (loss) per share (in RUB per share)	27	**0,14**	**(0,02)**

Chairman of the Management Board Vladimir A. Chubar

Chief Accountant Svetlana V. Sass

The consolidated interim condensed statement of profit or loss and other comprehensive income is to be read in conjunction with the Notes, forming an integral part of the consolidated interim condensed financial statements.

(in millions of Russian Roubles unless otherwise stated)

	Notes	31 March 2020 (Unaudited)	31 December 2019
ASSETS			
Cash and cash equivalents	11	1 048 298	953 645
Obligatory reserves with the Central bank of the Russian Federation		17 358	16 944
Due from credit and other financial institutions	12	413 088	348 794
Trading financial assets	13	87 416	38 550
- *held by the Group*	*13*	*84 321*	*37 920*
- *pledged under sale and repurchase agreements*	*13*	*3 095*	*630*
Loans to customers	14	863 653	788 655
- *loans to corporate clients*	*14*	*758 445*	*685 372*
- *loans to individuals*	*14*	*105 208*	*103 283*
Investment financial assets	15	325 823	258 168
- *held by the Group*	*15*	*290 470*	*206 844*
- *pledged under sale and repurchase agreements*	*15*	*35 353*	*51 324*
Investments in associates		2 350	2 350
Property and equipment		9 296	9 515
Deferred tax asset		124	113
Assets held for sale		1 135	1 177
Other assets		12 244	5 586
Total assets		**2 780 785**	**2 423 497**
LIABILITIES AND EQUITY			
Deposits by the Central Bank of the Russian Federation	17	215 036	-
Due to credit institutions	16	693 123	677 936
Due to customers	18	1 399 260	1 339 535
- *due to corporate customers*	*18*	*902 744*	*853 353*
- *due to individuals*	*18*	*496 516*	*486 182*
Financial liabilities measured at fair value through profit or loss	20	52 000	9 874
Debt securities issued	19	194 573	168 549
Deferred tax liability		2 248	3 370
Other liabilities		11 939	13 801
Total liabilities		**2 568 179**	**2 213 065**
Equity			
Share capital	21	30 692	30 692
Additional paid-in capital		58 210	58 210
Perpetual debt issued	21	42 092	37 871
Revaluation surplus for buildings		407	407
Fair value reserve for securities		808	1 146
Change in fair value of financial liability attributable to changes in the credit risk		258	64
Retained earnings		80 139	82 042
Total equity		**212 606**	**210 432**
Total liabilities and equity		**2 780 785**	**2 423 497**

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The consolidated interim condensed statement of financial position is to be read in conjunction with the Notes, forming an integral part of the consolidated interim condensed financial statements.

(in millions of Russian Roubles unless otherwise stated)

	Notes	Three-month period ended 31 March 2020 (Unaudited)	Three-month period ended 31 March 2019 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest receipts		34 224	32 998
Interest payments		(28 140)	(28 328)
Fees and commission receipts		4 014	3 525
Fees and commission payments		(757)	(829)
Net receipts (payments) from operations with securities		280	(472)
Net (payments) receipts from foreign exchange		66 869	(7 685)
State deposit insurance scheme contributions payments		(747)	(522)
Net other operating (expense) income (payments) receipts		(788)	(255)
Salaries and employment benefits paid		(2 877)	(2 675)
Administrative expenses paid		(898)	(827)
Income tax paid		(2 187)	(321)
Operating cash flows before changes in operating assets and liabilities		**68 993**	**(5 391)**
(Increase) decrease in operating assets			
Obligatory reserves with the Central bank of the Russian Federation		(414)	157
Due from credit and other financial institutions		(14 142)	(603 952)
Trading financial assets		(23 115)	3 502
Loans to customers		(42 692)	(19 400)
Other assets		(7 818)	968
Increase (decrease) in operating liabilities			
Deposits by the Central Bank of the Russian Federation		215 036	-
Due to credit institutions except syndicated loans		(24 314)	96 490
Due to customers except subordinated loans		(47 551)	(85 457)
Other liabilities		(524)	(1 996)
Net cash (used in) from operations		**123 459**	**(615 079)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investment financial assets		(204 521)	(79 142)
Proceeds from disposal and redemption of investment financial assets		152 595	61 979
Purchase of property and equipment and intangible assets		(105)	(920)
Net cash used in investing activities		**(52 031)**	**(18 083)**

The consolidated interim condensed statement of cash flows is to be read in conjunction with the Notes, forming an integral part of the consolidated interim condensed financial statements.

(in millions of Russian Roubles unless otherwise stated)

	Notes	Three-month period ended 31 March 2020 (Unaudited)	Three-month period ended 31 March 2019 (Unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from placement and issuance of perpetual debt		236	99
Repayment and redemption of perpetual debt issued		(3 775)	(615)
Interest on perpetual debt paid		(1 055)	(982)
Proceeds from syndicated borrowings		2 683	-
Repayments of syndicated borrowings		(27 998)	(19 920)
Proceeds from placement and issuance of subordinated bonds		68	263
Partial redemption of subordinated bonds		(1 685)	(171)
Proceeds from placement and issuance of other bonds		84 867	81 011
Repayments of other bonds		(89 292)	(13 026)
Cash outflow from lease liabilities		(309)	(172)
Net cash from (used in) financing activities		**(36 260)**	**46 487**
Effect of exchange rates changes on cash and cash equivalents		**58 659**	**(32 475)**
Effect of changes in ECL on cash and cash equivalents	11	826	1 002
Change in cash and cash equivalents		**94 653**	**(618 148)**
Cash and cash equivalents, beginning of the year		953 645	1 162 779
Cash and cash equivalents, end of the period	11	**1 048 298**	**544 631**

Chairman of the Management Board Vladimir A. Chubar

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The consolidated interim condensed statement of cash flows is to be read in conjunction with the Notes, forming an integral part of the consolidated interim condensed financial statements.

(in millions of Russian Roubles unless otherwise stated)

	Share capital	Additional paid-in capital	Perpetual debt issued	Revaluation surplus for buildings	Fair value reserve for securities	Change in fair value of financial liability attributable to changes in the credit risk	Retained earnings	Total equity
Balance as at 1 January 2019	**27 942**	**46 247**	**46 691**	**490**	**(1 834)**	-	**71 637**	**191 173**
Total comprehensive income for the period (Unaudited)	-	-	-	-	2 072	-	238	**2 310**
Perpetual debt redemption (Unaudited)	-	-	(615)	-	-	-	-	**(615)**
Issuance of perpetual debt (Unaudited)	-	-	99	-	-	-	-	**99**
Interest paid on perpetual debt issued (Unaudited)	-	-	-	-	-	-	(982)	**(982)**
Foreign exchange translation of perpetual debt issued (Unaudited)	-	-	(2 832)	-	-	-	2 832	**-**
Tax effect on perpetual debt issued (Unaudited)	-	-	-	-	-	-	(378)	**(378)**
Balance as at 31 March 2019 (Unaudited)	**27 942**	**46 247**	**43 343**	**490**	**238**	**-**	**73 347**	**191 607**
Balance as at 31 December 2019	**30 692**	**58 210**	**37 871**	**407**	**1 146**	**64**	**82 042**	**210 432**
Balance as at 1 January 2020	**30 692**	**58 210**	**37 871**	**407**	**1 146**	**64**	**82 042**	**210 432**
Total comprehensive income for the period (Unaudited)	**-**	**-**	**-**	**-**	**(338)**	**194**	**5 152**	**5 008**
Perpetual debt redemption (Unaudited)	-	-	(3 775)	-	-	-	-	**(3 775)**
Issuance of perpetual debt (Unaudited)	-	-	236	-	-	-	-	**236**
Interest paid on perpetual debt issued (Unaudited)	-	-	-	-	-	-	(1 055)	**(1 055)**
Foreign exchange translation of perpetual debt issued (Unaudited)	-	-	7 760	-	-	-	(7 760)	**-**
Tax effect on perpetual debt issued (Unaudited)	-	-	-	-	-	-	1 760	**1 760**
Balance as at 31 March 2020 (Unaudited)	**30 692**	**58 210**	**42 092**	**407**	**808**	**258**	**80 139**	**212 606**

Chairman of the Management Board Vladimir A. Chubar Chief Accountant Svetlana V. Sass

ПУБЛИЧНОЕ АКЦИОНЕРНОЕ ОБЩЕСТВО «МОСКОВСКИЙ КРЕДИТНЫЙ БАНК» СВ. БАНКА РОССИИ № 1978 * 107045, г. Москва, Луков переулок, д.2, стр. 1 * ОГРН 1027739555282

The consolidated interim condensed statement of changes in equity is to be read in conjunction with the Notes, forming an integral part of the consolidated interim condensed financial statements..

(in millions of Russian Roubles unless otherwise stated)

1 Background

Principal activities

These consolidated interim condensed financial statements include the financial statements of CREDIT BANK OF MOSCOW (public joint-stock company) (the Bank) and its subsidiaries (together referred to as the Group).

The Bank was formed on 5 August 1992 as an open joint-stock company, then re-registered as a limited liability company under the legislation of the Russian Federation. On 18 August 1999 the Bank was reorganised as an open joint-stock company. On 16 May 2016 the Bank was re-registered as a public joint-stock company under the legislation of the Russian Federation. The Bank's registered legal address is 2 (bldg. 1), Lukov pereulok, Moscow, Russia. The Bank operates under a general banking license from the Central bank of the Russian Federation (the CBR), renewed on 21 January 2013. In December 2004 the Bank was admitted to the state program for individual deposit insurance.

The Bank is among the 10 largest banks in Russia by assets and conducts its business in Russia with a branch network comprising 134 branches, 1 078 ATMs and 6 703 payment terminals.

The principal subsidiaries of the Group are as follows:

Name	Country of incorporation	Principal activities	Degree of control, %	
			31 March 2020	31 December 2019
"CBOM Finance p.l.c."	Ireland	Raising finance	100%	100%
JSC NCO "INKAKHRAN"	Russia	Cash handling	100%	100%
LLC "Inkakhran-Servis"	Russia	Cash handling	100%	100%
LLC "MKB-Invest"	Russia	Transactions with securities	100%	100%
LLC "Bank SKS"	Russia	Investment banking	100%	100%
LLC "Mortgage Agent MKB 2"	Russia	Raising finance	100%	100%

The Bank does not have any direct or indirect shareholdings in the subsidiaries "CBOM Finance p.l.c.", LLC "MKB Invest" and LLC "Mortgage Agent MKB 2". "CBOM Finance p.l.c." was established to raise capital by the issue of debt securities and to use the proceeds of each such issuance to advance loans to the Bank LLC "Mortgage Agent MKB 2" was established for the purposes of the mortgage loans securitisation program launched by the Bank in 2016.

Shareholders

The Bank's shareholders as at 31 March 2020 are:

- LLC Concern Rossium – 59,64%*
- Region FinanceResurs JSC – 8,56%
- LLC IC Algoritm – 6,64%
- Other shareholders – 25,16%

The majority participant of LLC Concern Rossium, is Roman I. Avdeev, who is the ultimate controlling party of the Group.

Related party transactions are detailed in Note 23.

Russian business environment

The Group's operations are primarily located in the Russian Federation. Consequently, the Group is exposed to the economic and financial risks in the markets of the Russian Federation, which display emerging-market characteristics. Legal, tax and regulatory frameworks continue to be developed, but are subject to varying interpretations and frequent changes that, together with other legal and fiscal impediments, contribute to the challenges faced by entities operating in the Russian Federation.

The conflict in Ukraine and related events has increased the perceived risks of doing business in the Russian Federation.

* The ownership share of PJSC "CREDIT BANK OF MOSCOW", which includes the direct ownership share of LLC Concern Rossium for 56,07% and the ownership share of the Company's subsidiaries for 3,57%

The imposition of economic sanctions on Russian individuals and legal entities by the European Union, the United States of America, Japan, Canada, Australia and others, as well as retaliatory sanctions imposed by the Russian government, has resulted in increased economic uncertainty including more volatile equity markets, a depreciation of the Russian Rouble, a reduction in both local and foreign direct investment inflows and a significant tightening in the availability of credit. In particular, some Russian entities, including banks, may be experiencing difficulties in accessing international equity and debt markets and may become increasingly dependent on Russian state banks to finance their operations. The longer term effects of recently implemented sanctions, as well as the threat of additional future sanctions, are difficult to determine. Management of the Group believes that it takes all the necessary efforts to support the economic stability of the Group in the current environment.

In addition, the first months of 2020 have seen significant global market turmoil triggered by the outbreak of the coronavirus. On 11 March 2020, the World Health Organization declared the coronavirus outbreak a pandemic. Responding to the potentially serious threat the COVID-19 presents to public health, the Russian government authorities have taken measures to contain the outbreak, including imposing restrictions on the cross-borders movement of people, entry restrictions for foreign visitors and instructing business community to transfer employees to working from home. During March 2020, regional authorities gradually introduced additional measures to enhance social distancing, including closing schools, universities, restaurants, cinemas, theaters and museums and sport facilities. In order to ensure the sanitary and epidemiological well-being of the population, the President of the Russian Federation declared paid non-working days from 30 March to 30 April 2020 for all employees except for medical and pharmacy organizations, emergency services, food and essential goods providers and continuous operating cycle entities.

Due to lockdown and business disruption in many countries, global oil demand has drastically decreased leading to oversupply and sharp fall in oil prices. On 12 April 2020, major global oil producers including Russia agreed to a record cut in crude oil production for stabilizing the oil market, which, however, has not been able to reverse the downward pressure on the oil market. Sharp decrease in oil prices and production volumes results in corresponding decrease of oil producers' income and payments to the budget, which is likely to have major economic and social consequences and unavoidably affect public sector spending.

These events will have wider adverse effects on the economy, including:

- Disruption to business operations and economic activity, with a negative impact on supply chains and breach of contracts;
- Significant disruption to businesses in certain sectors, both operating on domestic market and export-oriented businesses with high reliance on foreign markets. Mostly affected sectors include retail, travel and tourism, entertainment and hospitality sector, transportation, oil industry, construction, automotive, insurance and financial sector;
- Significant decrease in demand for non-essential goods and services;
- An increase in economic uncertainty, reflected in more volatile asset prices and currency exchange rates.

In March 2020, the Russian government announced a package of measures to support industries most heavily affected by the outbreak of COVID-19. The program includes, among other, deferral of tax and fee payments for small and medium-sized businesses, postponement of loans repayment, suspension of lease payments on federal and municipal property, state support on loans refinancing and restructuring for businesses in hard-hit industries. Besides, social contribution tax rate was lowered for all small and medium-sized businesses. The list of heavily affected industries is closely monitored and may be adjusted based on further developments.

Over the last few weeks the Group's business remained stable and its operations were not interrupted. Based on the publicly available information at the date these financial statements were authorized for issue, management has considered the potential development of the outbreak and its expected impact on the Group and economic environment, in which the Group operates, including the measures already taken by the Russian government and governments in other countries, where the Group's major business partners and customers are located.

Taking into account the Group's current operational and financial performance along with other currently available public information, management does not anticipate an immediate significant adverse impact of the COVID-19 outbreak on the Group's financial position and operating results. However, management cannot preclude the possibility that extended lockdown periods, an escalation in severity of such measures, or a consequential adverse impact of such measures on the economic environment will have an adverse effect on the Group in the medium and longer term. The Group also considers negative development scenarios and is ready to adapt its operational plans accordingly. Management continues to monitor the situations closely and will respond to mitigate the impact of such events and circumstances as they occur.

The consolidated interim condensed financial statements reflect management's assessment of the impact of the Russian business environment on the operations and the financial position of the Group. The future business environment may differ from management's assessment.

(in millions of Russian Roubles unless otherwise stated)

2 Basis of preparation

Statement of compliance

The accompanying consolidated interim condensed financial statements are prepared in accordance with IAS 34 'Interim Financial Reporting', and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2019 ("last annual financial statements"). They do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements

Basis of measurement

The consolidated interim condensed financial statements are prepared on the historical cost basis except that financial instruments at fair value through profit or loss and through other comprehensive income are stated at fair value and buildings are stated at revalued amounts.

Functional and presentation currency

The functional currency of the Bank and the majority of its subsidiaries is the Russian Rouble (RUB) as, being the national currency of the Russian Federation, it reflects the economic substance of the majority of underlying events and circumstances relevant to them.

The RUB is also the presentation currency for the purposes of these consolidated interim condensed financial statements.

Financial information presented in RUB is rounded to the nearest million.

Foreign currencies, particularly USD, play significant role in determination of economic parameters for many business operations conducted in the Russian Federation. The table below sets out exchange rates for USD against RUB, defined by the CBR:

	31 March 2020	**31 December 2019**
USD	77.7325	61.9057

Use of estimates and judgments

The preparation of consolidated interim condensed financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results could differ from those estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In preparing these consolidated interim condensed financial statements the critical judgments made by management in applying the accounting policies and the key sources of estimation uncertainty are the same as those that applied to the consolidated financial statements for the year ended 31 December 2019, except for those disclosed in below.

Following recent recommendations of the International Accounting Standards Board regarding the application of IFRS 9 'Financial Instruments' during the period of enhanced economic uncertainty arising from the COVID-19 pandemic the Group re-assessed ECLs by recalculating Macro-adjustment to the probability of default of borrowers to reflect changed economic conditions. ECLs on loans assessed on individual basis were also recalculated using the most recent information of the effect of current environment on clients' business and the most relevant macroeconomic forcast. The increase in average macro-adjustment to 12 months PD is as follows:

- for due from credit and other financial institutions, investment financial assets and corporate loans - from 10,3% to 33,5%
- for loans to individuals except for mortgage loans - from 4,5% to 17,9%
- for mortgage loans - from 5,8% to 12,8%

3 Significant accounting policies

The accounting policies applied in these consolidated interim condensed financial statements are the same as those applied in the last annual financial statements.

A number of new amendments to standards are effective for annual periods beginning after 1 January 2020 and they have no significant impact on the Group's consolidated interim condensed financial statements:

- Amendments to References to Conceptual Framework in IFRS Standards;
- Definition of a Business (Amendments to IFRS 3);
- Definition of Material (Amendments to IAS 1 and IAS 8);
- Interest rate benchmark reform (Amendments to IFRS 9 and IAS 39 and IFRS 7).

4 Financial risk review

This Note presents information about the Group's exposure to financial risks.

Credit risk - Amounts arising from ECL

Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and expert credit assessment and including forward-looking information.

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing:

- the remaining lifetime probability of default (PD) as at the reporting date; with
- the remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure (adjusted where relevant for changes in prepayment expectations).

Credit risk grades

The Group allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of default and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of borrower.

Credit risk grades are defined and calibrated such that the risk of default occurring increases exponentially as the credit risk deteriorates so, for example, the difference in risk of default between credit risk grades 1 and 2 is smaller than the difference between credit risk grades 2 and 3.

Each exposure is allocated to a credit risk grade at initial recognition based on available information about the borrower. Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade. The monitoring typically involves use of the following data.

Corporate exposure	All exposures (corporate and retail exposures)
• Information obtained during periodic review of customer files – e.g. audited financial statements, management accounts, budgets and projections	• Payment record – this includes overdue status as well as a range of variables about payment ratios
• Data from credit reference agencies, press articles, changes in external credit ratings	• Requests for and granting of forbearance
• Quoted bond and credit default swap (CDS) prices for the borrower where available	• Existing and forecast changes in business, financial and economic conditions
• Actual and expected significant changes in the political, regulatory and technological environment of the borrower or in its business activities	

Generating the term structure of PD

Credit risk grades are a primary input into the determination of the term structure of PD for exposures. The Group collects performance and default information about its credit risk exposures analysed by jurisdiction or region and by type of product and borrower as well as by credit risk grading.

The Group employs statistical models to analyse the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time.

This analysis includes the identification and calibration of relationships between changes in default rates and changes in key macro-economic factors as well as in-depth analysis of the impact of certain other factors (e.g. forbearance experience) on the risk of default. For most exposures, key macro-economic indicator is likely to be GDP growth.

The Group uses expert judgment in assessment of forward-looking information. This assessment is based also on external information (see discussion below on incorporation of forward-looking information). The Group then uses these forecasts to adjust its estimates of PDs.

Determining whether credit risk has increased significantly

The criteria for determining whether credit risk has increased significantly vary by portfolio and include quantitative changes in PDs and qualitative factors, including a backstop based on delinquency.

Quantitative criteria for significant changes in credit risk includes rating downgrade of 3 or more notches in relation to the rating for this requirement on initial recognition, if the rating on initial recognition is higher than C1; rating downgrade by 2 or more notches in relation to the rating for this requirement on initial recognition, if the rating on initial recognition is lower or equal to C1.

Using its expert credit judgement and, where possible, relevant historical experience, the Group may determine that an exposure has undergone a significant increase in credit risk based on particular qualitative indicators that it considers are indicative of such and whose effect may not otherwise be fully reflected in its quantitative analysis on a timely basis.

As a backstop, the Group considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined taking into account grace period that might be available to the borrower.

The Group monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:

- the criteria are capable of identifying significant increases in credit risk before an exposure is in default;
- the criteria do not align with the point in time when an asset becomes 30 days past due;
- the average time between the identification of a significant increase in credit risk and default appears reasonable;
- exposures are not generally transferred directly from 12-month ECL measurement to credit-impaired; and
- there is no unwarranted volatility in loss allowance from transfers between 12-month ECL (stage 1) and lifetime ECL measurements (stage 2).

Modified financial assets

The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing loan whose terms have been modified may be derecognised and the renegotiated loan recognised as a new loan at fair value in accordance with the accounting policy set out in Note 3.

When the terms of a financial asset are modified and the modification does not result in derecognition, the determination of whether the asset's credit risk has increased significantly reflects comparison of:

- its remaining lifetime PD at the reporting date based on the modified terms; with
- the remaining lifetime PD estimated based on data at initial recognition and the original contractual terms.

The Group renegotiates loans to customers in financial difficulties (referred to as 'forbearance activities') to maximise collection opportunities and minimise the risk of default. Under the Group's forbearance policy, loan forbearance is granted on a selective basis if the debtor is currently in default on its debt or if there is a high risk of default, there is evidence that the debtor made all reasonable efforts to pay under the original contractual terms and the debtor is expected to be able to meet the revised terms.

The revised terms usually include extending the maturity, changing the timing of interest payments and amending the terms of loan covenants. Both retail and corporate loans are subject to the forbearance policy.

For financial assets modified as part of the Group's forbearance policy, the estimate of PD reflects whether the modification has improved or restored the Group's ability to collect interest and principal and the Group's previous experience of similar forbearance action. As part of this process, the Group evaluates the borrower's payment performance against the modified contractual terms and considers various behavioral indicators.

Generally, forbearance is a qualitative indicator of a significant increase in credit risk and an expectation of forbearance may constitute evidence that an exposure is credit-impaired (see Note 3)/in default. A customer needs to demonstrate consistently good payment behavior over a period of time before the exposure is no longer considered to be credit-impaired in default or the PD is considered to have decreased such that the loss allowance reverts to being measured at an amount equal to 12-month ECL.

Definition of default

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the borrower is past due more than 90 days on any material credit obligation to the Group. Overdrafts are considered as being past due once the customer has breached an advised limit or been advised of a limit smaller than the current amount outstanding.

In assessing whether a borrower is in default, the Group considers indicators that are:

- qualitative – e.g. breaches of covenant;
- quantitative – e.g. overdue status and non-payment on another obligation of the same issuer to the Group; and
- based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

Incorporating of forward-looking information

The Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. The Group uses expert judgment in assessment of forward-looking information. This assessment is based also on external information.

The Group has identified and documented key drivers of credit risk and credit losses, using an analysis of historical data, has estimated relationships between macro-economic variable and credit risk and credit losses. This key driver is GDP forecasts.

Measurement of ECL

The key inputs into the measurement of ECL are the term structure of the following variables:

- probability of default (PD);
- loss given default (LGD);
- exposure at default (EAD).

These parameters are generally derived from internally developed statistical models and other historical data. They are adjusted to reflect forward-looking information as described above.

PD estimates are estimates at a certain date, which are calculated based on statistical rating models, and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on internally compiled data comprising both quantitative and qualitative factors. Where it is available, market data may also be used to derive the PD for large corporate counterparties. If a counterparty or exposure migrates between rating classes, then this will lead to a change in the estimate of the associated PD. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates.

The Group estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim and recovery costs of any collateral that is integral to the financial asset. For loans secured by retail property, LTV ratios are a key parameter in determining LGD. They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.

(in millions of Russian Roubles unless otherwise stated)

EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortisation. The EAD of a financial asset is its gross carrying amount. For lending commitments and financial guarantees, the EAD includes the amount drawn, as well as potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts.

As described above, and subject to using a maximum of a 12-month PD for financial assets for which credit risk has not significantly increased, the Group measures ECL considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for risk management purposes, the Group considers a longer period. The maximum contractual period extends to the date at which the Group has the right to require repayment of an advance or terminate a loan commitment or guarantee.

Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics that include:

- instrument type;
- credit risk gradings;
- collateral type;
- date of initial recognition;
- remaining term to maturity.

Credit quality analysis

Credit quality is based on the following scale developed internally by the Group:

- "Low credit risk" – assets with counterparties with low probability of default with high ability to fulfil financial obligations in time.
- "Moderate credit risk" – assets with counterparties with average probability of default and with moderate ability to fulfil financial obligations in time; more detailed consideration is required during monitoring.
- "High credit risk" – assets with higher probability of default; specific attention is required during monitoring.
- "Distressed assets" – assets that are qualified as defaulted considering all available signs of impairment.

5 Net interest income

	Three-month period ended 31 March 2020 (Unaudited)	**Three-month period ended 31 March 2019 (Unaudited)**
Interest income calculated using the effective interest method		
Financial assets measured at amortised cost		
Due from credit and other financial institutions and the CBR	17 762	16 029
Loans to customers	15 254	14 943
Debt financial assets measured at FVOCI	3 856	2 756
Other financial assets	396	454
Interest income calculated using the effective interest method	**37 268**	**34 182**
Loans to customers at FVTPL	1 185	861
Other financial instruments at fair value through profit or loss	431	163
Other interest income	**1 616**	**1 024**
	38 884	**35 206**
Interest expense		
Due to customers	(17 074)	(15 470)
Debt securities issued	(2 985)	(2 243)
Due to credit institutions	(6 107)	(7 782)
Lease liabilities	(59)	(64)
	(26 225)	**(25 559)**
Net interest income	**12 659**	**9 647**

(in millions of Russian Roubles unless otherwise stated)

6 Net fee and commission income

	Three-month period ended 31 March 2020 (Unaudited)	Three-month period ended 31 March 2019 (Unaudited)
Fee and commission income		
Guarantees and letters of credit	866	469
Plastic cards	656	518
Other cash operations	511	697
Insurance contracts processing	411	409
Settlements and wire transfers	406	527
Currency exchange and brokerage commission	318	184
Cash handling	289	498
Opening and maintenance of bank accounts	85	139
Other	5	4
	3 547	**3 445**
Fee and commission expense		
Plastic cards	(580)	(761)
Settlements and wire transfers	(167)	(45)
Guarantees and other credit related facilities received	(120)	(90)
Other	(25)	(58)
	(892)	**(954)**
Net fee and commission income	**2 655**	**2 491**

Depending on the type of the service commission income when not an integral part of the effective interest rate on a financial asset or liability is recognized either at a point of time or over time according to the pattern the Group fulfills a performance obligation under the contract:

- commission fee for settlement transactions and wire transfers, cash operations, plastic cards, insurance contracts processing, cash handling, currency exchange and brokerage commission, opening and maintenance of bank accounts commission are charged for the execution of payment order in accordance with tariffs depending on the type of the transaction and recognised as income at the moment of the transaction execution;
- commission fee on guarantees and letters of credit issued is paid in advance and is recognized as income over the time of the relevant guarantee or letter of credit.

7 Salaries, employment benefits and administrative expenses

	Three-month period ended 31 March 2020 (Unaudited)	Three-month period ended 31 March 2019 (Unaudited)
Salaries	2 904	2 335
Social security costs	727	717
Salaries and employment benefits	**3 631**	**3 052**
Advertising and business development	248	8
Operating taxes	153	106
Property maintenance	128	139
Legal and consulting services	112	51
Security	101	143
Write-off of low-value fixed assets	91	42
Computer maintenance and software expenses	71	45
Communications	65	64
Insurance	37	38
Occupancy	26	26
Loss on revaluation of buildings	-	7
Other	1	39
Administrative expenses	**1 033**	**708**

(in millions of Russian Roubles unless otherwise stated)

The Group does not have pension arrangements separate from the State pension system of the Russian Federation. The Russian Federation system requires current contributions by the employer calculated as a percentage of current gross salary payments; such expense is charged to profit or loss in the period the related compensation is earned by the employee.

8 Impairment gain or (loss) on other non-financial assets, credit gain or (losses) on other financial assets and credit related commitments and other provisions

Movements in the impairment allowance and credit loss allowance for the three-month period ended 31 March 2020 are as follows:

	Other financial assets	**Non-financial assets**	**Provisions for financial guarantees and credit related commitments**	**Provisions for claims and other provisions**	**Total**
Balance at the beginning of the period	**758**	**184**	**596**	**1 480**	**3 018**
Net charge or (recovery) (Unaudited)	(27)	35	39	78	**125**
Net foreign exchange gain (Unaudited)	-	-	9	100	**109**
Write-offs (Unaudited)	-	(18)	-	(150)	**(168)**
Balance at the end of the period (Unaudited)	**731**	**201**	**644**	**1 508**	**3 084**

Movements in the impairment allowance for the three-month period ended 31 March 2019 are as follows:

	Other financial assets	**Non-financial assets**	**Provisions for financial guarantees and credit related commitments**	**Provisions for claims and other provisions**	**Total**
Balance at the beginning of the period	**457**	**55**	**173**	**5 969**	**6 654**
Net charge or (recovery) (Unaudited)	238	89	(18)	(3 430)	**(3 121)**
Write-offs (Unaudited)	-	(85)	-	(2)	**(87)**
Balance at the end of the period (Unaudited)	**695**	**59**	**155**	**2 537**	**3 446**

9 Net foreign exchange gains or (losses)

Net foreign exchange losses for the period ended 31 March 2020 include realized profit from derivatives transactions in the amount of RUB 66 869 million (unaudited), loss from unrealized derivatives transactions in the amount of RUB 13 369 million (unaudited) and loss from revaluation of foreign currency balances in the amount of RUB 51 587 million (unaudited).

(in millions of Russian Roubles unless otherwise stated)

10 Income tax

	Three-month period ended 31 March 2020 (Unaudited)	Three-month period ended 31 March 2019 (Unaudited)
Current tax charge	764	93
Deferred taxation	462	(148)
Income tax (recovery) expense	**1 226**	**(55)**

Russian legal entities must report taxable income and remit income taxes thereon to the appropriate authorities. The statutory income tax rate is 20% in 2020 and 2019.

11 Cash and cash equivalents

	31 March 2020 (Unaudited)	31 December 2019
Cash on hand	16 985	17 478
Correspondent account with the Central bank of the Russian Federation	46 814	85 001
Nostro accounts with other banks		
rated from AA+ to AA-	5 956	5 289
rated from A+ to A-	10 685	1 529
rated from BBB+ to BBB-	26 969	3 006
rated from BB+ to BB-	492	515
rated from B+ to B-	2	-
not rated	5 751	1 093
Total nostro accounts with other banks	**49 855**	**11 432**
Deposits in credit and other financial institutions with maturity of less than 1 month		
Deposits with the Central bank of the Russian Federation	57 000	1 510
rated from AA+ to AA-	-	9 285
rated from BBB+ to BBB-	122 801	33 790
rated from BB+ to BB-	-	19 256
rated from B+ to B-	24 920	51 509
not rated	730 674	725 961
Total deposits in credit and other financial institutions with maturity of less than 1 month	**935 395**	**841 311**
Total gross cash and cash equivalents	**1 049 049**	**955 222**
Credit loss allowance	(751)	(1 577)
Total net cash and cash equivalents	**1 048 298**	**953 645**

Ratings are based on Fitch, Moody’s and Standard & Poor’s rating system.

The correspondent account with the Central bank of the Russian Federation represents balances held with the Central bank of the Russian Federation related to settlement activity, and was available for withdrawal at the period end.

As at 31 March 2020, not rated Cash and cash equivalents include counterparties with ratings equivalent to Low credit risk for amount of RUB 4 593 million (31 December 2019: RUB 418 million), counterparties with ratings equivalent to Moderate credit risk for amount of RUB 731 832 million (31 December 2019: RUB 726 636 million).

As at 31 March 2020, deposits in not rated credit and other financial institutions with maturity of less than 1 month include term deposits in the amount of RUB 730 674 million secured by liquid securities under agreements to resell (reverse repo): bonds with rating BBB- (96.7%), stocks (1.3%), global depositary receipts (1.7%) and American depositary receipts (0.3%).

As at 31 December 2019, deposits in not rated credit and other financial institutions with maturity of less than 1 month include term deposits in the amount of RUB 725 961 million secured by liquid securities under agreements to resell (reverse repo): bonds with rating from BB- to BBB (85.8%), stocks (10.7%), global depositary receipts (3.0%) and American depositary receipts (0.5%).

(in millions of Russian Roubles unless otherwise stated)

As at 31 March 2020, receivables under reverse sale and repurchase agreements included in cash and cash equivalents are RUB 878 395 million (31 December 2019: RUB 824 634 million).

As at 31 March 2020, the fair value of securities that serve as collateral under reverse sale and repurchase agreements is RUB 950 725 million (31 December 2019: RUB 919 322 million).

As at 31 March 2020, Cash and cash equivalents for which external benchmark information represents a significant input into measurement of ECL are RUB 300 224 million (31 December 2019: RUB 189 185 million).

Movements in cash and cash equivalents credit loss allowance for the three-month period ended 31 March 2020 and three-month period ended 31 March 2019 are as follows:

	Three-month period ended 31 March 2020 (Unaudited)	Three-month period ended 31 March 2019 (Unaudited)
Balance at the beginning of the period	**1 577**	**1 298**
Net (recovery) charge	(826)	(1 002)
Balance at the end of the period	**751**	**296**

As at 31 March 2020 and 31 March 2019 the Group recognises expected loss allowance in the amount of 12-month expected credit losses.

12 Due from credit and other financial institutions

	31 March 2020 (Unaudited)	31 December 2019
Term deposits		
rated from AA+ to AA-	7 278	73
rated from A+ to A-	172	670
rated from BBB+ to BBB-	20 459	2 816
rated from BB+ to BB-	-	1 965
rated from B+ to B-	4 800	2 304
not rated	381 146	341 274
Total gross due from credit and other financial institutions	**413 855**	**349 102**
Credit loss allowance	(767)	(308)
Total net due from credit and other financial institutions	**413 088**	**348 794**

Ratings are based on Fitch, Moody’s and Standard & Poor’s rating system.

As at 31 March 2020, not rated due from credit and other financial institutions include counterparties with ratings equivalent to Low credit risk for amount of RUB 845 million (31 December 2019: none),with ratings equivalent to Moderate credit risk for amount of RUB 380 301 million (31 December 2019: RUB 341 274 million).

As at 31 March 2020, deposits included in not rated credit and other financial institutions are receivables in the amount of RUB 376 513 million secured by liquid securities under agreements to resell (reverse repo): bonds (87.6%) with rating BBB- and stocks (12.4%).

As at 31 December 2019, deposits included in not rated credit and other financial institutions are receivables in the amount of RUB 341 274 million secured by liquid securities under agreements to resell (reverse repo): bonds with investment grade rating (95.9%), stocks (3.0%) and American depositary receipts (1.1%).

As at 31 March 2020, receivables under reverse sale and repurchase agreements included in due from credit and other financial institutions are RUB 379 507 million (31 December 2019: RUB 344 025 million).

As at 31 March 2020, the fair value of securities that serve as collateral under reverse sale and repurchase agreements is RUB 427 687 million (31 December 2019: RUB 378 289 million).

As at 31 March 2020, Deposits from credit and other financial institutions for which external benchmark information represents a significant input into measurement of ECL are RUB 32 708 million (31 December 2019: RUB 7 155 million).

(in millions of Russian Roubles unless otherwise stated)

Movements in due from credit and other financial institutions credit loss allowance for the three-month period ended 31 March 2020 and three-month period ended 31 March 2019 are as follows:

	Three-month period ended 31 March 2020 (Unaudited)	Three-month period ended 31 March 2019 (Unaudited)
Balance at the beginning of the period	**308**	**135**
Net charge	489	603
Write-offs	(30)	-
Balance at the end of the period	**767**	**738**

As at 31 March 2020 and 31 March 2019 the Group recognises expected loss allowance in the amount of 12-month expected credit losses.

13 Trading financial assets

	31 March 2020 (Unaudited)	31 December 2019
Held by the Group		
Government and municipal bonds		
Russian Government Federal bonds	28 682	-
Regional authorities and municipal bonds	-	205
Corporate bonds		
rated from A+ to A-	120	87
rated from AA+ to AA-	21	22
rated from BBB+ to BBB-	9 486	8 610
rated from BB+ to BB-	5 576	6 846
rated from B+ to B-	852	817
not rated	6 315	12 870
Equity investments		
rated from AA+ to AA-	821	704
Derivative financial instruments	32 448	7 759
Total held by the Group	**84 321**	**37 920**
Pledged under sale and repurchase agreements		
Corporate bonds		
rated from BBB+ to BBB-	2 149	547
rated from BB+ to BB-	946	83
Total pledged under sale and repurchase agreements	**3 095**	**630**
Total trading financial assets	**87 416**	**38 550**

Ratings are based on Fitch, Moody's and Standard & Poor's rating system.

As at 31 March 2020, trading financial assets in the amount of RUB 41 023 million (31 December 2019: RUB 1 399 million) are qualified to be pledged against borrowings from the Central bank of the Russian Federation.

14 Loans to customers

	31 March 2020 (Unaudited)	31 December 2019
Loans to customers at amortised cost		
Loans to corporate clients	707 199	642 179
Credit loss allowance	(38 307)	(33 982)
Total loans to corporate clients at amortised cost, net	**668 892**	**608 197**
Loans to individuals		
Cash loans	86 584	82 402

(in millions of Russian Roubles unless otherwise stated)

	31 March 2020 (Unaudited)	31 December 2019
Mortgage loans	25 382	23 692
Credit card loans	3 830	3 713
Auto loans	26	34
Credit loss allowance	(10 614)	(6 558)
Total loans to individuals, net	**105 208**	**103 283**
Total gross loans to customers at amortised cost	**823 021**	**752 020**
Credit loss allowance	**(48 921)**	**(40 540)**
Total net loans to customers at amortised cost	**774 100**	**711 480**
Loans to customers at FVTPL		
Loans to corporate clients	89 553	77 175
Total loans to customers at amortised cost and FVTPL	**863 653**	**788 655**

Credit quality of loan portfolio

The following table provides information on credit quality of the loan portfolio as at 31 March 2020 and 31 December 2019:

	31 March 2020 (Unaudited)	31 December 2019
Loans to customers		
- Not past due	876 493	795 445
- Overdue less than 31 days	2 216	2 905
- Overdue 31-60 days	2 753	581
- Overdue 61-90 days	683	592
- Overdue 91-180 days	2 492	2 194
- Overdue 181-360 days	3 962	12 485
- Overdue more than 360 days	23 975	14 993
Total gross loans to customers	**912 574**	**829 195**
Credit loss allowance	**(48 921)**	**(40 540)**
Total net loans to customers	**863 653**	**788 655**

As at 31 March 2020, the gross amount of overdue loans with payments that are overdue at least for one day totals RUB 36 081 million, which represents 4.0% of the gross loan portfolio (31 December 2019: RUB 33 750 million and 4.1%, respectively).

As at 31 March 2020, non-performing loans (NPLs), or loans with payments that are overdue over ninety days, amount to RUB 30 429 million or 3.3% of the gross loan portfolio (31 December 2019: RUB 29 672 million and 3.6%, respectively).

As at 31 March 2020, the ratio of total credit loss allowance to overdue loans equals 135.6%, the ratio of total credit loss allowance to NPLs equals 160.8% (31 December 2019: 120.1%, 136.6%, respectively).

Credit quality of loans to corporate clients portfolio

The following table provides information on credit quality of loans to corporate clients as at 31 March 2020 and 31 December 2019:

	31 March 2020 (Unaudited)	31 December 2019
Loans to corporate clients		
- Not past due	771 824	693 660
- Overdue less than 31 days	1	-
- Overdue 31-60 days	64	-
- Overdue 61-90 days	13	-
- Overdue 91-180 days	116	1 195

(in millions of Russian Roubles unless otherwise stated)

	31 March 2020 (Unaudited)	31 December 2019
- Overdue 181-360 days	2 005	10 425
- Overdue more than 360 days	22 729	14 074
Total gross loans to corporate clients	**796 752**	**719 354**
Credit loss allowance	**(38 307)**	**(33 982)**
Total net loans to corporate clients	**758 445**	**685 372**

Credit quality analysis

	31 March 2020 (Unaudited)				
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL not credit-impaired**	**Stage 3 Lifetime ECL credit-impaired**	**Originated credit-impaired**	**Total**
Loans to corporate clients at amortised cost					
Low credit risk	217 080	-	-	-	217 080
Moderate credit risk	381 338	-	-	-	381 338
High credit risk	31 572	40 475	-	1 122	73 169
Distressed assets	-	-	30 182	5 430	35 612
Total	**629 990**	**40 475**	**30 182**	**6 552**	**707 199**
Credit loss allowance	**(11 714)**	**(4 008)**	**(22 512)**	**(73)**	**(38 307)**
Carrying amount	**618 276**	**36 467**	**7 670**	**6 479**	**668 892**
Loan commitments					
Low credit risk	5 000	-	-	-	5 000
Undrawn loan commitments to individuals	10 238	93	64	-	10 395
Credit loss allowance	**(33)**	**-**	**(1)**	**-**	**(34)**
Carrying amount	**(33)**	**-**	**(1)**	**-**	**(34)**
Financial guarantee contracts					
Low credit risk	13 509	-	-	-	13 509
Moderate credit risk	22 895	35	12 989	-	35 919
High credit risk	520	1 517	-	-	2 037
Total	**36 924**	**1 552**	**12 989**	**-**	**51 465**
Credit loss allowance	**(383)**	**(103)**	**(111)**	**-**	**(597)**
Carrying amount	**(1 084)**	**(105)**	**(318)**	**-**	**(1 507)**

	31 December 2019				
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL not credit-impaired**	**Stage 3 Lifetime ECL credit-impaired**	**Originated credit-impaired**	**Total**
Loans to corporate clients at amortised cost					
Low credit risk	217 622	-	-	-	217 622
Moderate credit risk	327 506	-	-	-	327 506
High credit risk	48 312	13 722	-	-	62 034
Distressed assets	-	-	29 788	5 229	35 017
Total	**593 440**	**13 722**	**29 788**	**5 229**	**642 179**
Credit loss allowance	**(10 610)**	**(2 468)**	**(20 904)**	**-**	**(33 982)**
Carrying amount	**582 830**	**11 254**	**8 884**	**5 229**	**608 197**
Loan commitments					

	31 December 2019				
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL not credit-impaired**	**Stage 3 Lifetime ECL credit-impaired**	**Originated credit-impaired**	**Total**
Low credit risk	300	-	-	-	300
Undrawn loan commitments to individuals	8 362	104	-	-	8 466
Credit loss allowance	**(16)**	**-**	**-**	**-**	**(16)**
Carrying amount	**(16)**	**-**	**-**	**-**	**(16)**
Financial guarantee contracts					-
Low credit risk	8 558	-	-	-	8 558
Moderate credit risk	18 653	-	6 416	-	25 069
High credit risk	2 131	70	175	-	2 376
Total	**29 342**	**70**	**6 591**	**-**	**36 003**
Credit loss allowance	**(442)**	**(20)**	**(105)**	**-**	**(567)**
Carrying amount	**(599)**	**(20)**	**(160)**	**-**	**(779)**

As at 31 March 2020, Loans to customers for which external benchmark information represents a significant input into measurement of ECL are RUB 38 912 million (31 December 2019: RUB 36 885 million).

Analysis of movements in the credit loss allowance

Movements in the credit loss allowance for loans to corporate clients by three ECL stages* for the three-month period ended 31 March 2020 and 31 March 2019 are as follows:

	Three-month period ended 31 March 2020 (Unaudited)				
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL not credit-impaired**	**Stage 3 Lifetime ECL credit-impaired**	**Originated credit-impaired**	**Total**
Loans to corporate clients					
Balance at the beginning of the period	**10 610**	**2 468**	**20 904**	**-**	**33 982**
Transfer to 12-month ECL	-	-	-	-	-
Transfer to lifetime ECL not credit-impaired	(1 158)	1 158	-	-	-
Transfer to lifetime ECL credit-impaired	(1)	-	1	-	-
Net remeasurement of loss allowance	277	406	1 165	-	1 848
New financial assets originated or purchased	3 872	190	-	73	4 135
Financial assets that have been fully repaid	(2 762)	(1)	(346)	-	(3 109)
Write-offs and cessions	-	(324)	(33)	-	(357)
Recoveries of amounts previously written-off	-	-	249	-	249
Unwinding of discount	-	-	269	-	269
Foreign exchange and other movements	877	110	303	-	1 290
Balance at the end of the period	**11 715**	**4 007**	**22 512**	**73**	**38 307**

During the three-month period ended 31 March 2020 the Group recognised loss on initial recognition of purchased or originated credit impaired loans in the amount of RUB 108 million (31 March 2019 no such amounts).

The total amount of undiscounted ECL on initial recognition on purchased credit-impaired financial assets that were initially recognised during the three months period ended 31 March 2020 was RUB 116 million.

* The estimated amount of ECL allowance includes ECL on loan commitments for certain corporate clients.

(in millions of Russian Roubles unless otherwise stated)

During the three-month period ended 31 March 2020 the Group recognised gain on insignificant modification in the amount of RUB 269 million (31 March 2019 no such amounts).

	Three-month period ended 31 March 2019 (Unaudited)				
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL not credit-impaired**	**Stage 3 Lifetime ECL credit-impaired**	**Originated credit-impaired**	**Total**
Loans to corporate clients					
Balance at the beginning of the period	**10 289**	**5 937**	**9 392**	**-**	**25 618**
Transfer to lifetime ECL not credit-impaired	(52)	52	-	-	-
Transfer to lifetime ECL credit-impaired	-	(3 307)	3 307	-	-
Net remeasurement of loss allowance	(478)	(676)	5 257	(456)	3 647
New financial assets originated or purchased	3 634	514	-	-	4 148
Financial assets that have been derecognised (full repayment)	(3 328)	(5)	(19)	-	(3 352)
Write-offs and cessions	-	-	(29)	-	(29)
Recoveries of amounts previously written-off	-	-	19	-	19
Unwinding of discount	-	-	228	-	228
Foreign exchange and other movements	(326)	(29)	(476)	-	(831)
Balance at the end of the period	**9 739**	**2 486**	**17 679**	**(456)**	**29 448**

Repayment of loans to corporate clients in the amount of RUB 159 920 million during three-month period ended 31 March 2020 (31 March 2019: RUB 208 449 million) resulted in decrease of ECL allowance in the amount of RUB 3 109 million (31 March 2019: RUB 3 352 million).

Write-offs and sale of loans to corporate clients in the amount of RUB 509 million during three-month period ended 31 March 2020 (31 March 2019: RUB 5 039 million) resulted in decrease of ECL allowance in the amount of RUB 351 million (31 March 2019: RUB 29 million).

Transfers from 12-month ECL to lifetime ECL not credit-impaired and to lifetime ECL credit-impaired in the amount of RUB 24 559 million during three-month period ended 31 March 2020 (31 March 2019: RUB 1 214 million) resulted in increase of ECL allowance in the amount of RUB 520 million (31 March 2019: RUB 372 million).

Transfers from lifetime ECL not credit-impaired to lifetime ECL credit-impaired in the amount of RUB 10 630 million during three-month period ended 31 March 2019 resulted in increase of ECL allowance in the amount of RUB 4 825 million. During three-month period ended 31 March 2020 there were not such transfers.

Issuance of corporate loans in the amount of RUB 198 117 million during three-month period ended 31 March 2020 (31 March 2019: RUB 228 324 million) during the year resulted in increase of ECL allowance in the amount of RUB 4 135 million (31 March 2019: RUB 4 148 million).

(in millions of Russian Roubles unless otherwise stated)

Credit quality of loans to individuals

The following tables provide information on the credit quality of loans to individuals as at 31 March 2020:

	31 March 2020 (Unaudited)				
	Cash loans	**Mortgage loans**	**Credit card loans**	**Auto loans**	**Total**
Loans to individuals					
- Not past due	76 549	24 614	3 485	21	104 669
- Overdue less than 31 days	1 917	297	-	1	2 215
- Overdue 31-60 days	2 534	59	96	-	2 689
- Overdue 61-90 days	645	25	-	-	670
- Overdue 91-180 days	2 267	34	74	1	2 376
- Overdue 181-360 days	1 742	91	122	2	1 957
- Overdue more than 360 days	930	262	53	1	1 246
Gross loans to individuals	**86 584**	**25 382**	**3 830**	**26**	**115 822**
Credit loss allowance	**(9 937)**	**(175)**	**(500)**	**(2)**	**(10 614)**
Net loans to individuals	**76 647**	**25 207**	**3 330**	**24**	**105 208**

	31 March 2020 (Unaudited)			
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL not credit-impaired**	**Stage 3 Lifetime ECL credit-impaired**	**Total**
Loans to individual clients at amortised cost				
- Not past due	97 623	7 046	-	104 669
- Overdue less than 31 days	612	1 603	-	2 215
- Overdue 31-60 days	-	2 689	-	2 689
- Overdue 61-90 days	-	670	-	670
- Overdue 91-180 days	-	-	2 376	2 376
- Overdue 181-360 days	-	-	1 957	1 957
- Overdue more than 360 days	-	-	1 246	1 246
Total	**98 235**	**12 008**	**5 579**	**115 822**
Credit loss allowance	**(2 261)**	**(4 600)**	**(3 753)**	**(10 614)**
Carrying amount	**95 974**	**7 408**	**1 826**	**105 208**

The following tables provide information on the credit quality of loans to individuals as at 31 December 2019:

	31 December 2019				
	Cash loans	**Mortgage loans**	**Credit card loans**	**Auto loans**	**Total**
Loans to individuals					
- Not past due	75 334	22 993	3 428	30	101 785
- Overdue less than 31 days	2 686	219	-	-	2 905
- Overdue 31-60 days	530	17	34	-	581
- Overdue 61-90 days	529	30	32	1	592
- Overdue 91-180 days	890	44	65	-	999
- Overdue 181-360 days	1 778	172	107	3	2 060
- Overdue more than 360 days	655	217	47	-	919
Gross loans to individuals	**82 402**	**23 692**	**3 713**	**34**	**109 841**
Credit loss allowance	**(6 030)**	**(219)**	**(307)**	**(2)**	**(6 558)**
Net loans to individuals	**76 372**	**23 473**	**3 406**	**32**	**103 283**

(in millions of Russian Roubles unless otherwise stated)

	31 December 2019			
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL not credit-impaired**	**Stage 3 Lifetime ECL credit-impaired**	**Total**
Loans to individual clients at amortised cost				
- Not past due	97 923	3 721	141	101 785
- Overdue less than 31 days	802	2 103	-	2 905
- Overdue 31-60 days	-	581	-	581
- Overdue 61-90 days	-	555	37	592
- Overdue 91-180 days	-	-	999	999
- Overdue 181-360 days	-	-	2 060	2 060
- Overdue more than 360 days	-	-	919	919
Total	**98 725**	**6 960**	**4 156**	**109 841**
Credit loss allowance	**(1 157)**	**(1 925)**	**(3 476)**	**(6 558)**
Carrying amount	**97 568**	**5 035**	**680**	**103 283**

Analysis of movements in the credit loss allowance

Movements in the credit loss allowance by classes of loans to individuals and by three ECL stages for the three-month period ended 31 March 2020 are as follows:

	Three-month period ended 31 March 2020 (Unaudited)*			
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL not credit-impaired**	**Stage 3 Lifetime ECL credit-impaired**	**Total**
Cash loans				
Balance at the beginning of the period	**1 052**	**1 837**	**3 141**	**6 030**
Transfer to 12-month ECL	328	(286)	(42)	-
Transfer to lifetime ECL not credit-impaired	(209)	274	(65)	-
Transfer to lifetime ECL credit-impaired	(29)	(952)	981	-
Net remeasurement of loss allowance	662	3 555	(130)	4 087
New financial assets originated or purchased	346	10	-	356
Financial assets that have been fully repaid	(50)	(35)	(32)	(117)
Write-offs	(3)	-	(746)	(749)
Recoveries of amounts previously written-off	-	-	172	172
Unwinding of discount	-	-	148	148
Foreign exchange and other movements	10	-	-	10
Balance at the end of the period	**2 107**	**4 403**	**3 427**	**9 937**
Mortgage loans				
Balance at the beginning of the period	**57**	**20**	**142**	**219**
Transfer to 12-month ECL	26	(10)	(16)	-
Transfer to lifetime ECL not credit-impaired	(1)	3	(2)	-
Transfer to lifetime ECL credit-impaired	(2)	(3)	5	-
Net remeasurement of loss allowance	(43)	3	(6)	(46)
New financial assets originated or purchased	16	-	-	16
Financial assets that have been fully repaid	(2)	(5)	(6)	(13)
Write-offs	-	-	(114)	(114)
Recoveries of amounts previously written-off	-	-	99	99
Unwinding of discount	-	-	11	11
Foreign exchange and other movements	-	-	3	3
Balance at the end of the period	**51**	**8**	**116**	**175**

(in millions of Russian Roubles unless otherwise stated)

	Three-month period ended 31 March 2020 (Unaudited)*			
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL not credit-impaired**	**Stage 3 Lifetime ECL credit-impaired**	**Total**
Credit card loans				
Balance at the beginning of the period	**48**	**67**	**192**	**307**
Transfer to 12-month ECL	6	(6)	-	-
Transfer to lifetime ECL not credit-impaired	(17)	17	-	-
Transfer to lifetime ECL credit-impaired	(1)	(20)	21	-
Net remeasurement of loss allowance	64	140	28	232
New financial assets originated or purchased	5	-	-	5
Financial assets that have been fully repaid	(2)	(11)	(4)	(17)
Write-offs	-	-	(55)	(55)
Recoveries of amounts previously written-off	-	-	15	15
Unwinding of discount	-	-	10	10
Foreign exchange and other movements	-	1	2	3
Balance at the end of the period	**103**	**188**	**209**	**500**
Auto loans				
Balance at the beginning of the period	**-**	**1**	**1**	**2**
Net remeasurement of loss allowance	-	-	2	2
Write-offs	-	-	(3)	(3)
Recoveries of amounts previously written-off	-	-	1	1
Balance at the end of the period	**-**	**1**	**1**	**2**

Movements in the credit loss allowance by classes of loans to individuals and by three ECL stages for the three-month period ended 31 March 2019 are as follows:

	Three-month period ended 31 March 2019 (Unaudited)*			
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL not credit-impaired**	**Stage 3 Lifetime ECL credit-impaired**	**Total**
Cash loans				
Balance at the beginning of the period	**1 011**	**884**	**3 032**	**4 927**
Transfer to 12-month ECL	197	(144)	(53)	-
Transfer to lifetime ECL not credit-impaired	(88)	149	(61)	-
Transfer to lifetime ECL credit-impaired	(20)	(298)	318	-
Net remeasurement of loss allowance	(207)	454	652	899
New financial assets originated or purchased	111	4	1	116
Financial assets that have been derecognised (full repayment)	(37)	(31)	(45)	(113)
Write-offs	-	-	(1 390)	(1 390)
Recoveries of amounts previously written-off	7	14	333	354
Unwinding of discount	-	-	98	98
Foreign exchange and other movements	(2)	(1)	-	(3)
Balance at the end of the period	**972**	**1 031**	**2 885**	**4 888**
Mortgage loans				
Balance at the beginning of the period	**51**	**15**	**228**	**294**
Transfer to 12-month ECL	19	(2)	(17)	-
Transfer to lifetime ECL not credit-impaired	(2)	15	(13)	-
Transfer to lifetime ECL credit-impaired	-	(2)	2	-
Net remeasurement of loss allowance	(29)	8	-	(21)

(in millions of Russian Roubles unless otherwise stated)

	Three-month period ended 31 March 2019 (Unaudited)*			
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL not credit-impaired**	**Stage 3 Lifetime ECL credit-impaired**	**Total**
New financial assets originated or purchased	16	-	10	26
Financial assets that have been derecognised (full repayment)	(1)	(2)	(15)	(18)
Write-offs	-	-	(143)	(143)
Recoveries of amounts previously written-off	-	-	143	143
Unwinding of discount	-	-	3	3
Foreign exchange and other movements	(1)	-	(1)	(2)
Balance at the end of the period	**53**	**32**	**197**	**282**
Credit card loans				
Balance at the beginning of the period	**40**	**50**	**153**	**243**
Transfer to 12-month ECL	12	(12)	-	-
Transfer to lifetime ECL not credit-impaired	(5)	5	-	-
Transfer to lifetime ECL credit-impaired	-	(17)	17	-
Net remeasurement of loss allowance	(1)	42	31	72
New financial assets originated or purchased	1	-	7	8
Financial assets that have been derecognised (full repayment)	(2)	(8)	(6)	(16)
Write-offs	-	-	(67)	(67)
Recoveries of amounts previously written-off	-	-	14	14
Unwinding of discount	-	-	7	7
Balance at the end of the period	**45**	**60**	**156**	**261**
Auto loans				
Balance at the beginning of the period	**-**	**1**	**3**	**4**
Net remeasurement of loss allowance	-	-	(8)	(8)
Recoveries of amounts previously written-off	-	-	8	8
Balance at the end of the period	**-**	**1**	**3**	**4**

(in millions of Russian Roubles unless otherwise stated)

Industry analysis of the loan portfolio

Loans to customers were issued primarily to customers located within the Russian Federation, who operate in the following economic sectors:

	31 March 2020 (Unaudited)	31 December 2019
Loans to individuals	115 822	109 841
Crude oil production and trading	262 071	246 425
Petroleum refining / production and trading	136 742	104 248
Property rental	76 929	67 161
Residential and commercial construction and development	62 652	67 131
Automotive, motorcycles and spare parts	53 860	54 948
Equipment leasing	37 806	37 224
Financial companies	37 297	24 009
Metallurgical	30 359	16 949
Services	21 442	18 270
Food and farm products	19 376	18 889
Industrial chemicals	12 785	24 393
Electric utility	10 651	13 217
Industrial equipment and machinery	7 906	7 078
Consumer electronics, appliances and computers	6 208	6 044
Telecommunications	5 005	-
Clothing, shoes, textiles and sporting goods	4 569	4 967
Construction and decorative materials, furniture	2 800	1 649
Consumer chemicals, perfumes and hygiene products	2 798	1 669
Transport infrastructure contractors	2 244	2 148
Industrial and infrastructure construction	2 135	1 898
Paper, stationery and packaging products	917	914
Pharmaceutical and medical products	123	-
Books, video, print and copy	50	95
Other	27	28
Total gross loans to customers	**912 574**	**829 195**
Credit loss allowance	(48 921)	(40 540)
Net loans to customers	**863 653**	**788 655**

15 Investment financial assets

	31 March 2020 (Unaudited)	31 December 2019
Investment financial assets measured at fair value through other comprehensive income – debt instruments, including pledged under repurchase agreements	264 241	207 785
Investment financial assets measured at amortized cost, including pledged under repurchase agreements	42 782	34 235
Investment financial assets at fair value through profit or loss	18 800	16 148
Total investment financial assets	**325 823**	**258 168**

As at 31 March 2020, Investment financial assets in the amount of RUB 262 794 million are qualified to be pledged against borrowings from the Central bank of the Russian Federation (31 December 2019: RUB 195 333 million).

(in millions of Russian Roubles unless otherwise stated)

Investment financial assets measured at fair value through other comprehensive income - debt instruments

	31 March 2020 (Unaudited)	31 December 2019
Held by the Group		
Russian Government Federal bonds (OFZ)	45 061	20 718
Russian Government eurobonds	4 890	16 984
Central Bank of the Russian Federation bonds	148 192	106 896
Corporate bonds	37 774	37 627
Corporate eurobonds	3 652	873
Total held by the Group	**239 569**	**183 098**
Pledged under sale and repurchase agreements		
Russian Government Federal bonds (OFZ)	3 391	3 355
Corporate bonds	21 242	18 881
Corporate eurobonds	39	2 451
Total pledged under sale and repurchase agreements	**24 672**	**24 687**
Total investment financial assets measured at fair value through other comprehensive income – debt instruments	**264 241**	**207 785**

Investment financial assets measured at amortised cost

	31 March 2020 (Unaudited)	31 December 2019
Held by the Group		
Corporate eurobonds	31 494	7 255
Corporate bonds	778	387
Promissory notes	450	450
Total held by the Group	**32 722**	**8 092**
Pledged under sale and repurchase agreements		
Corporate eurobonds	3 459	20 612
Corporate bonds	7 245	6 111
Total pledged under sale and repurchase agreements	**10 704**	**26 723**
Credit loss allowance	(644)	(580)
Investment financial assets measured at amortized cost	**42 782**	**34 235**

Investment financial assets at fair value through profit or loss

	31 March 2020 (Unaudited)	31 December 2019
Equity investments	18 800	16 148
Total investment financial assets at fair value through profit or loss	**18 800**	**16 148**

During three months ended 31 March 2020 there is no acquisition of shares at FVTPL, which are a non-monetary transaction (31 December 2019: RUB 15 875 million).

(in millions of Russian Roubles unless otherwise stated)

Movements in the credit loss allowance of investment financial assets measured at fair value through other comprehensive income by three ECL stages for the three-month period ended 31 March 2020 and 31 March 2019 are as follows:

	Three-month period ended 31 March 2020 (Unaudited)			
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL not credit-impaired**	**Stage 3 Lifetime ECL credit-impaired**	**Total**
Investment financial assets measured at fair value through other comprehensive income - debt instruments				
Balance at the beginning of the period	**379**	**-**	**-**	**379**
Net charge	305	18	-	323
Balance at the end of the period	**684**	**18**	**-**	**702**

	Three-month period ended 31 March 2019 (Unaudited)			
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL not credit-impaired**	**Stage 3 Lifetime ECL credit-impaired**	**Total**
Investment financial assets measured at fair value through other comprehensive income - debt instruments				
Balance at the beginning of the period	**618**	**-**	**-**	**618**
Net recovery	(151)	-	-	(151)
Balance at the end of the period	**467**	**-**	**-**	**467**

Movements in the credit loss allowance of investment financial assets measured at amortised cost by three ECL stages for the three-month period ended 31 March 2020 and 31 March 2019 are as follows:

	Three-month period ended 31 March 2020 (Unaudited)			
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL not credit-impaired**	**Stage 3 Lifetime ECL credit-impaired**	**Total**
Investment financial assets measured at amortized cost				
Balance at the beginning of the period	**130**	**-**	**450**	**580**
Net charge	64	-	-	64
Balance at the end of the period	**194**	**-**	**450**	**644**

	Three-month period ended 31 March 2019 (Unaudited)			
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL not credit-impaired**	**Stage 3 Lifetime ECL credit-impaired**	**Total**
Investment financial assets measured at amortized cost				
Balance at the beginning of the period	**175**	**-**	**270**	**445**
Net recovery	(31)	-	-	(31)
Balance at the end of the period	**144**	**-**	**270**	**414**

(in millions of Russian Roubles unless otherwise stated)

Credit quality analysis

The following table sets out information about the credit quality of financial assets measured at amortised cost and FVOCI debt instruments as at 31 March 2020.

	31 March 2020 (Unaudited)			
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL not credit-impaired**	**Stage 3 Lifetime ECL credit-impaired**	**Total**
Debt investment securities at amortised cost				
rated from BBB+ to BBB-	30 763	-	-	30 763
rated from BB+ to BB-	12 184	-	-	12 184
rated from B+ to B-	29	-	-	29
not rated	-	-	450	450
Total	**42 976**	**-**	**450**	**43 426**
Credit loss allowance	**(194)**	**-**	**(450)**	**(644)**
Carrying amount	**42 782**	**-**	**-**	**42 782**
Debt investment securities at FVOCI				
rated from BBB+ to BBB-	233 355	-	-	233 355
rated from BB+ to BB-	15 327	-	-	15 327
rated from B+ to B-	664	-	-	664
not rated	14 647	248	-	14 895
Total	**263 993**	**248**	**-**	**264 241**
Credit loss allowance	**(684)**	**(18)**	**-**	**(702)**
Carrying amount – fair value	**263 993**	**248**	**-**	**264 241**

	31 December 2019			
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL not credit-impaired**	**Stage 3 Lifetime ECL credit-impaired**	**Total**
Debt investment securities at amortised cost				
rated from BBB+ to BBB-	24 585	-	-	24 585
rated from BB+ to BB-	9 724	-	-	9 724
rated from B+ to B-	56	-	-	56
not rated	-	-	450	450
Total	**34 365**	**-**	**450**	**34 815**
Credit loss allowance	**(130)**	**-**	**(450)**	**(580)**
Carrying amount	**34 235**	**-**	**-**	**34 235**
Debt investment securities at FVOCI				
rated from BBB+ to BBB-	176 313	-	-	176 313
rated from BB+ to BB-	15 938	-	-	15 938
rated from B+ to B-	1 702	-	-	1 702
not rated	13 832	-	-	13 832
Total	**207 785**	**-**	**-**	**207 785**
Credit loss allowance	**(379)**	**-**	**-**	**(379)**
Carrying amount – fair value	**207 785**	**-**	**-**	**207 785**

Ratings are based on Fitch, Moody’s and Standard & Poor’s rating system.

(in millions of Russian Roubles unless otherwise stated)

As at 31 March 2020 included in not rated Debt investment securities at FVOCI are counterparties with credit ratings equivalent to Low credit risk category in the amount of RUB 4 082 million (31 December 2019: RUB 4 153 million), to Moderate credit risk category RUB 10 813 million (31 December 2019: RUB 9 679 million).

As at 31 March 2020 Investment financial assets balances for ECL calculation for which external benchmark information represents a significant input into measurement of ECL are RUB 212 261 million (31 December 2019: RUB 154 694 million).

16 Due to credit institutions

	31 March 2020 (Unaudited)	31 December 2019
Payables under repurchase agreements	642 890	629 853
Term deposits	6 761	10 005
Syndicated debt	8 860	26 783
Current accounts	34 612	11 295
Total due to credit institutions	**693 123**	**677 936**

As at 31 March 2020, the fair value of securities that serve as collateral under sale and repurchase agreements is RUB 686 963 million (31 December 2019: RUB 705 617 million).

As at 31 March 2020, the fair value of securities received as collateral under reverse repo deals being pledged for direct repo deals is RUB 634 211 million (31 December 2019: RUB 651 008 million).

17 Deposits by the Central bank of the Russian Federation

	31 March 2020 (Unaudited)	31 December 2019
Payables under repurchase agreements	215 036	-
Total deposits by the Central bank of the Russian Federation	**215 036**	-

As at 31 March 2020, the fair value of securities that serve as collateral under sale and repurchase agreements is RUB 226 367 million (31 December 2019: none).

As at 31 March 2020, the fair value of securities received as collateral under reverse repo deals being pledged for direct repo deals is RUB 226 367 million (31 December 2019: none).

18 Due to customers

	31 March 2020 (Unaudited)	31 December 2019
Corporate customers		
Term and demand deposits	753 920	711 043
Current accounts	101 789	99 426
Subordinated debt	45 864	41 292
Term notes	1 171	1 592
Total corporate customers	**902 744**	**853 353**
Individuals		
Term and demand deposits	432 425	425 737
Current accounts	64 091	60 445
Total individuals	**496 516**	**486 182**
Total due to customers	**1 399 260**	**1 339 535**

(in millions of Russian Roubles unless otherwise stated)

19 Debt securities issued

	31 March 2020 (Unaudited)	31 December 2019
Bonds	156 035	136 013
Subordinated bonds	38 538	32 536
Total debt securities issued	**194 573**	**168 549**

20 Financial liabilities measured at fair value through profit or loss

	31 March 2020 (Unaudited)	31 December 2019
Structured bonds issued designated at FVTPL	7 555	3 487
Other financial liabilities (derivatives)	44 445	6 387
Total financial liabilities measured at fair value through profit or loss	**52 000**	**9 874**

21 Share capital

Share capital consists of ordinary shares and was contributed by the shareholders in Roubles. The shareholders are entitled to dividends and capital distributions. Issued, outstanding and paid share capital at 31 March 2020 comprises 29 829 709 866 shares (31 December 2019: 29 829 709 866 shares) with par value of 1 RUB per share. In addition, at 31 March 2020 the Bank has 6 446 448 142 authorised but unissued ordinary shares with an aggregate nominal value of RUB 6 446 million. The total hyperinflation adjustment related to equity as at 31 December 2002 was RUB 862 million.

In July 2018 the Bank issued domestic perpetual subordinated bonds in the total amount of RUB 5 billion and a coupon rate of 12.00% per annum during the 1-11 coupon periods. The bonds are callable after 5.5 years of the placement date and then every 5 years. The coupon is paid on semi-year basis and the coupon rate is fixed. Coupon rate is reset every 10 coupon periods. The coupon payment is not cumulative and may be cancelled at the discretion of the Group.

In October 2018 the Group optimised its capital structure with a partial redemption of USD 700 million 8.875% per annum subordinated perpetual Eurobonds at par. Upon the partial redemption of this subordinated perpetual Eurobonds and cancellation of equivalent amounts USD 670 million of the subordinated perpetual Eurobonds remained outstanding.

In October 2019 the Bank issued 2 750 000 000 additional ordinary shares with a par value of 1 RUB per share under secondary public offering. The Bank raised RUB 14 713 million during this offering. In December 2019 the CBR registered the Bank`s share capital increase.

As the Group has discretion in relation to coupon and principal repayment, the Group classified subordinated perpetual Eurobonds and bonds as equity instruments in the consolidated statement of financial position. The CBR approved the inclusion of the perpetual subordinated Eurobonds and bonds in the calculation of statutory capital adequacy ratio. The Eurobonds and bonds are Basel-III compliant and eligible for inclusion into the Group’s Additional Tier 1 capital upon receiving approval from the CBR (Note 24).

The USD denominated subordinated perpetual Eurobonds are translated to its RUB equivalent at the period-end exchange rate with exchange differences recorded in retained earnings when incurred. Issuance costs are also recorded in retained earnings when incurred.

22 Contingencies

Insurance

The insurance industry in the Russian Federation is in a developing state and many forms of insurance protection common in other parts of the world are not yet generally available. The Group does not have full coverage for its premises and equipment, business interruption, or third party liability in respect of property or environmental damage arising from accidents on property or relating to operations. Until the Group obtains adequate insurance coverage, there is a risk that the loss or destruction of certain assets could have a material adverse effect on operations and financial position.

Litigation

In the ordinary course of business, the Group is subject to legal actions and complaints. Management believes that the ultimate liability, if any, arising from such actions or complaints will not have a material adverse effect on the financial condition or the results of future operations.

Taxation contingencies

The taxation system in the Russian Federation continues to evolve and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are sometimes contradictory and subject to varying interpretation by different tax authorities. Taxes are subject to review and investigation by a number of authorities which have the authority to impose severe fines, penalties and interest charges. A tax year remains open for review by the tax authorities during the three subsequent calendar years; however, under certain circumstances, a tax year may remain open for a longer period. Recent events in the Russian Federation suggest that the tax authorities are taking a more assertive position in their interpretation and enforcement of tax legislation.

Starting from 1 January 2012 new transfer pricing rules came into force in Russia. These provide the possibility for tax authorities to make transfer pricing adjustments and impose additional tax liabilities in respect of controllable transactions if their prices deviate from the market range or profitability range. According to the provisions of transfer pricing rules, the taxpayer should sequentially apply five market price determination methods prescribed by the Tax Code.

Tax liabilities arising from transactions between companies are determined using actual transaction prices. It is possible, with the evolution of the interpretation of transfer pricing rules in the Russian Federation and changes in the approach of the Russian tax authorities, that such transfer prices could be challenged. Since the current Russian transfer pricing rules became effective relatively recently, 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.

These circumstances may create tax risks in the Russian Federation that are substantially more significant than in other countries. Management believes that it has provided adequately for tax liabilities based on its interpretations of applicable Russian tax legislation, official pronouncements and court decisions. However, the interpretations of the relevant authorities could differ and the effect on the financial position, if the authorities were successful in enforcing their interpretations, could be significant.

(in millions of Russian Roubles unless otherwise stated)

23 Related party transactions

The outstanding balances with related parties and related average interest rates as at 31 March 2020 and 31 December 2019 are as follows:

	31 March 2020 (Unaudited)		31 December 2019	
	Amount	**Average effective interest rate**	**Amount**	**Average effective interest rate**
Cash and cash equivalents				
Associated company	124		585	
Under control of principal beneficiary	1		-	
Total cash and cash equivalents	**125**		**585**	
Due from credit and other financial institutions				
Under control of principal beneficiary	3 674		3 618	
Total due from credit and other financial institutions	**3 674**		**3 618**	
Trading financial assets				
Under control of principal beneficiary	2 653		6 100	
Total trading financial assets	**2 653**		**6 100**	
Loans to customers				
Under control of principal beneficiary	7 230	11.0%	15 691	10.1%
Management	759	8.0%	612	8.0%
Associated company	748	9.5%	748	9.8%
Total loans to customers	**8 737**		**17 051**	
Other assets				
Under control of principal beneficiary	7 134		28	
Management	8		6	
Associated company	-		5	
Total other assets	**7 142**		**39**	
Due to credit institutions				
Under control of principal beneficiary	3 224	-	1 029	0.6%
Associated company	670	0.4%	1 297	-
Total due to credit institutions	**3 894**		**2 326**	
Due to customers				
Term deposits by customers				
Under control of majority shareholder	18 013	6.4%	15 929	6.3%
Majority shareholder	374	6.1%	384	6.3%
Management	327	6.4%	187	3.2%
Total term deposits by customers	**18 714**		**16 500**	
Current accounts by customers				
Parent company	8 508		10 210	
Under control of principal beneficiary	1 264		802	
Management	103		893	
Associated company	7		6	
Principal beneficiary	6		611	
Total current accounts by customers	**9 888**		**12 522**	
Total due to customers	**28 602**		**29 022**	

(in millions of Russian Roubles unless otherwise stated)

	31 March 2020 (Unaudited)		31 December 2019	
	Amount	**Average effective interest rate**	**Amount**	**Average effective interest rate**
Financial liabilities measured at fair value through profit or loss				
Under control of principal beneficiary	3 246		39	
Total financial liabilities measured at fair value through profit or loss	**3 246**		**39**	
Debt securities issued				
Under control of principal beneficiary	5 688	15.6%	15 359	9.9%
Total debts securities issued	**5 688**		**15 359**	
Guarantees issued				
Under control of principal beneficiary	91		91	
Associated company	50		55	
Total guarantees issued	**141**		**146**	

As at 31 March 2020, the company under control of principal beneficiary has an investment in perpetual debt issued in the amount of RUB 9 903 (31 December 2019: RUB 9 072 million).

During the three-month period ended 31 March 2020 the company under control of principal beneficiary received coupon payments on perpetual debt issued from the Group in the amount of RUB 380 million (three-month period ended 31 March 2019: 60 million).

As at 31 March 2020, the undrawn loan commitments under credit line agreements for principal beneficiary and for management are RUB 2 million (31 December 2019: RUB 30 million).

Amounts included in profit or loss and other comprehensive income for the three-month period ended 31 March 2020 and 31 March 2019 in relation to transactions with related parties are as follows:

	Three-month period ended 31 March 2020 (Unaudited)	Three-month period ended 31 March 2019 (Unaudited)
Interest income		
Under control of principal beneficiary	449	1 016
Associated company	18	-
Management	14	14
Total interest income	**481**	**1 030**
Interest expense		
Under control of principal beneficiary	(524)	(402)
Parent company	(36)	(71)
Principal beneficiary	(13)	(8)
Associated company	(10)	-
Management	(4)	(5)
Total interest expense	**(587)**	**(486)**

(in millions of Russian Roubles unless otherwise stated)

	Three-month period ended 31 March 2020 (Unaudited)	Three-month period ended 31 March 2019 (Unaudited)
Commission income		
Under control of principal beneficiary	162	32
Associated company	50	-
Parent company	4	9
Total commission income	**216**	**41**
Commission expense		
Associated company	(100)	-
Management	(1)	-
Total commission expense	**(101)**	**-**
Net foreign exchange gain or (loss)		
Under control of principal beneficiary	(5 996)	3 593
Parent company	-	(67)
Total net foreign exchange gain or (loss)	**(5 996)**	**3 526**

Total remuneration of the Supervisory Board and the Management Board included in employee compensation for the three-month period ended 31 March 2020 and 31 March 2019 (refer to Note 6) is as follows:

	Three-month period ended 31 March 2020 (Unaudited)	Three-month period ended 31 March 2019 (Unaudited)
Board Members of the Management Board	(54)	(63)
Members of the Supervisory Board	(32)	(25)
	(86)	**(88)**

24 Capital management

The CBR sets and monitors capital requirements for the Group.

The Group defines as capital those items defined by statutory regulation as capital for banking groups. Since 1 January 2016 the Group calculated amount of capital in accordance with Provision of the CBR dated 3 December 2016 No. 509-P '*On Calculation of Amount of Own Funds (Capital), Economic Ratios and Amounts (Limits) of Open Currency Positions of Banking Groups'*. As at 31 March 2020 and 31 December 2019, minimum levels of basic capital ratio (ratio N20.1), main capital ratio (ratio N20.2), own funds (capital) ratio (ratio N20.0) are 4,5%, 6,0% and 8,0%, accordingly.

Starting from 1 January 2016 the Group should comply with capital mark-ups: capital conservation mark-up, countercycle mark-up and mark-up for systematical importance. Management believes that the Group maintains capital adequacy at the level appropriate to the nature and volume of its operations.

The Group provides the territorial CBR office that supervises the Bank with information on mandatory ratios in accordance with regulatory requirements. The Accounting Department controls on a daily basis compliance with capital adequacy ratios.

In case capital adequacy ratios become close to limits set by the CBR and the Group's internal limits this information is communicated to the Management Board and the Supervisory Board. The Group is in compliance with the statutory capital ratios as at 31 March 2020 (unaudited) and 31 December 2019.

The capital adequacy ratio of the Group calculated in accordance with the Basel III requirements as adopted in the Russian Federation, based on the IFRS financial statements as at 31 March 2020 and 31 December 2019 is as follows:

	31 March 2020 (Unaudited)	31 December 2019
Tier 1 capital		
Share capital and additional paid-in capital	88 902	88 902
Retained earnings	80 139	82 042

(in millions of Russian Roubles unless otherwise stated)

	31 March 2020 (Unaudited)	31 December 2019
Intangible assets	(766)	(750)
Core tier 1 capital	**168 275**	**170 194**
Additional capital		
Perpetual debt issued	42 092	37 871
Total tier 1 capital	**210 367**	**208 065**
Tier 2 capital		
Revaluation surplus for buildings	407	407
Fair value reserve for securities	808	1 146
Subordinated debt		
Subordinated loans	65 551	61 154
Subordinated bonds	37 137	32 112
Total tier 2 capital	**103 903**	**94 819**
Total capital	**314 270**	**302 884**
Risk-weighted assets		
Banking book	1 083 251	1 063 429
Trading book	342 104	262 540
Operational risk	105 231	105 231
Total risk weighted assets	**1 530 586**	**1 431 200**
Total core tier 1 capital expressed as a percentage of risk-weighted assets (core tier 1 capital ratio) (%)	**11,0**	**11,9**
Total tier 1 capital expressed as a percentage of risk-weighted assets (tier 1 capital ratio) (%)	**13,7**	**14,5**
Total capital expressed as a percentage of risk-weighted assets (total capital ratio) (%)	**20,5**	**21,2**

In June 2015 the State Corporation "Deposit Insurance Agency" provided a subordinated loan of RUB 20 231 million to the Bank in a form of federal loan bonds (OFZ). The Bank has an obligation to return securities received back to the lender at the maturity of the agreement. The Bank pays charges equal to coupons on the bonds transferred plus a fixed margin. The contract also includes certain restrictions on ability of the Bank to sell or pledge securities received. The arrangement is a securities lending transaction.

The Group does not recognise securities received and a subordinated obligation to return them to the lender in the consolidated statement of financial position of the Group. The obligation to return securities received to the State Corporation "Deposit Insurance Agency" is subordinated to other ordinary obligations of the Group and the terms of the loan satisfy the criteria for inclusion of the loan into the regulatory capital of the Bank in accordance with Russian banking legislation. As such, the Bank includes the amount of the subordinated loan described above into its tier 2 capital for the purpose of statutory regulatory capital and capital calculated for capital management purposes in accordance with Basel III.

The risk-weighted assets are measured by means of a hierarchy of risk weights classified according to the nature of – and reflecting an estimate of credit, market and other risks associated with – each asset and counterparty, taking into account any eligible collateral or guarantees.

25 Analysis by segment

The Group has five reportable segments, as described below, which are strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Chairman of the Management Board reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the reportable segments:

- Corporate business comprises corporate lending, overdraft lending, factoring, financial and operating leasing, letters of credit, guarantees, corporate deposit services, settlements and money transfers

(in millions of Russian Roubles unless otherwise stated)

- Retail banking comprises retail demand and term deposit services; retail lending, including cashloans, car loans and mortgages, money transfers and private banking services; banking card products, settlements and money transfers
- Investment comprises securities trading and brokerage in securities, repo transactions, foreign exchange services
- Treasury comprises interbank lending and borrowings from banks, issuance of domestic bonds and promissory notes
- Cash operations comprises all operations connected with cash, cash handling, calculation and transportation.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax, which is calculated based on consolidated financial information prepared in accordance with IFRS, as included in the internal management reports that are reviewed by the Chairman of the Management Board. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to others who operate within these industries. Inter-segment pricing is determined on an arm's length basis.

In 2019 the Group revised its approach to allocation of assets, liabilities and financial results between reportable segments. Comparative information was revised accordingly.

The segment breakdown of assets and liabilities is set out below:

	31 March 2020 (Unaudited)	31 December 2019
ASSETS		
Corporate banking	807 003	728 691
Retail banking	125 246	123 809
Investment	1 630 358	1 430 515
Treasury	206 027	129 370
Cash operations	12 151	11 112
Total assets	**2 780 785**	**2 423 497**
LIABILITIES		
Corporate banking	907 510	861 222
Retail banking	500 855	488 852
Investment	648 887	648 607
Treasury	503 901	208 244
Cash operations	7 026	6 140
Total liabilities	**2 568 179**	**2 213 065**

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

	Corporate banking	Retail banking	Investment	Treasury	Cash operations	Total
Interest income	12 806	3 766	21 250	1 055	7	38 884
Interest expense	(9 801)	(7 327)	(5 697)	(3 397)	(3)	(26 225)
Net interest income	**3 005**	**(3 561)**	**15 553**	**(2 342)**	**4**	**12 659**
Charge for credit losses on debt financial assets	(2 983)	(4 522)	606	(628)	3	(7 524)
Net interest income after credit losses on debt financial assets	**22**	**(8 083)**	**16 159**	**(2 970)**	**7**	**5 135**
Fee and commission income	1 494	1 121	-	237	695	3 547
Fee and commission expense	(16)	(593)	-	(275)	(8)	(892)
Net gain or (loss) on loans to customers at FVTPL	293	-	-	-	-	293
Net gain or (loss) on financial assets at FVTPL	3	-	524	(825)	-	(298)
Net gain or (loss) from sale and redemption of Investment financial assets at FVOCI	-	-	24	1	-	25
Net gain or (loss) on Investment financial assets designated at FVTPL	2 652	-	-	-	-	2 652

(in millions of Russian Roubles unless otherwise stated)

	Corporate banking	Retail banking	Investment	Treasury	Cash operations	Total
Net foreign exchange gains or (losses)	(1 861)	19	1 385	2 370	-	1 913
Net gain on change in financial liabilities measured at fair value through profit or loss	-	-	-	719	-	719
Impairment gain or (loss) on other non-financial assets, credit gain or (losses) on other financial assets and credit related commitments and other provisions	(113)	(14)	-	(19)	21	(125)
Other net operating income or (expense)	(130)	(90)	(627)	197	(14)	(664)
Operating income	**2 344**	**(7 640)**	**17 465**	**(565)**	**701**	**12 305**
General administrative and other expenses	(1 245)	(2 741)	(272)	(791)	(878)	(5 927)
Profit before income taxes	**1 099**	**(10 381)**	**17 193**	**(1 356)**	**(177)**	**6 378**
Transfer income / (expense)	592	7 492	(15 662)	7 578	-	-
Segment result before income taxes	**1 691**	**(2 889)**	**1 531**	**6 222**	**(177)**	**6 378**

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

	Corporate banking	Retail banking	Investment	Treasury	Cash operations	Total
Interest income	11 997	3 812	19 074	298	25	35 206
Interest expense	(9 389)	(6 163)	(6 580)	(3 420)	(7)	(25 559)
Net interest income	**2 608**	**(2 351)**	**12 494**	**(3 122)**	**18**	**9 647**
Charge for credit losses on debt financial assets	(4 823)	(945)	340	208	-	(5 220)
Net interest income after credit losses on debt financial assets	**(2 215)**	**(3 296)**	**12 834**	**(2 914)**	**18**	**4 427**
Fee and commission income	957	1 234	(1)	45	1 210	3 445
Fee and commission expense	(1)	(774)	-	(173)	(6)	(954)
Net gain or (loss) on financial assets at FVTPL	-	-	(366)	(171)	-	(537)
Net gain or (loss) from sale and redemption of Investment financial assets at FVOCI	-	-	258	-	-	258
Net realised gain or (loss) on Investment financial assets at amortised cost	-	-	10	-	-	10
Net foreign exchange gains or (losses)	-	-	-	(4 739)	-	(4 739)
Impairment gain or (loss) on other non-financial assets, credit gain or (losses) on other financial assets and credit related commitments and other provisions	3 098	(89)	-	127	(15)	3 121
Other net operating income or (expense)	(125)	140	-	(72)	(12)	(69)
Operating income	**1 714**	**(2 785)**	**12 735**	**(7 897)**	**1 195**	**4 962**
General administrative and other expenses	(858)	(2 098)	(490)	(152)	(1 181)	(4 779)
Profit before income taxes	**856**	**(4 883)**	**12 245**	**(8 049)**	**14**	**183**
Transfer income / (expense)	(1 028)	5 508	(17 853)	13 400	(27)	-
Segment result before income taxes	**(172)**	**625**	**(5 608)**	**5 351**	**(13)**	**183**

(in millions of Russian Roubles unless otherwise stated)

26 Financial assets and liabilities: fair values and accounting classifications

Accounting classifications and fair values

The table below sets out the carrying amounts and fair values of financial assets and financial liabilities as at 31 March 2020 (unaudited):

	FVTPL	Amortised cost	FVOCI	Total carrying amount	Fair value
Cash and cash equivalents	-	1 048 298	-	1 048 298	1 048 298
Obligatory reserves with the CBR	-	17 358	-	17 358	17 358
Due from credit and other financial institutions	-	413 088	-	413 088	413 088
Trading financial assets	87 416	-	-	87 416	87 416
Loans to customers	89 553	774 100	-	863 653	875 613
Investment financial assets	18 800	42 782	264 241	325 823	326 693
Other financial assets	-	8 688	-	8 688	8 688
	195 769	**2 304 314**	**264 241**	**2 764 324**	**2 777 154**
Due to credit institutions	-	693 123	-	693 123	693 123
Due to customers	-	1 399 260	-	1 399 260	1 428 711
Debt securities issued		194 573	-	194 573	183 023
Financial liabilities measured at fair value through profit or loss	52 000	-	-	52 000	52 000
Other financial liabilities	-	5 982	-	5 982	5 982
	52 000	**2 292 938**	**-**	**2 344 938**	**2 362 839**

The main assumptions used by management to estimate the fair values of financial instruments as at 31 March 2020 are:

- discount rates from 6.5% to 10.9% (roubles) and from 3,0% to 5.8% (foreign currency) are used for discounting future cash flows from corporate loans;
- discount rates from 8.7% to 23.5% (roubles) and from 4.5% to 8.8% (foreign currency) are used for discounting future cash flows from loans to individuals;
- discount rates from 5,5% to 5,8% (roubles) and from 0,8% to 1,9% (foreign currency) are used for discounting future cash flows from corporate deposits;
- discount rates from 5,4% to 5,8% (roubles) and from 0,8% to 1,2% (foreign currency) are used for discounting future cash flows from retail deposits.

The table below sets out the carrying amounts and fair values of financial assets and financial liabilities as at 31 December 2019:

	FVTPL	Amortised cost	FVOCI	Total carrying amount	Fair value
Cash and cash equivalents	-	953 645	-	953 645	953 645
Obligatory reserves with the CBR	-	16 944	-	16 944	16 944
Due from credit and other financial institutions	-	348 794	-	348 794	348 794
Trading financial assets	38 550	-	-	38 550	38 550
Loans to customers	77 175	711 480	-	788 655	807 888
Investment financial assets	16 148	34 235	207 785	258 168	260 371
Other financial assets	-	1 883	-	1 883	1 883
	131 873	**2 066 981**	**207 785**	**2 406 639**	**2 428 075**
Due to credit institutions	-	677 936	-	677 936	677 936
Due to customers	-	1 339 535	-	1 339 535	1 374 091
Debt securities issued	-	168 549	-	168 549	174 850

(in millions of Russian Roubles unless otherwise stated)

	FVTPL	Amortised cost	FVOCI	Total carrying amount	Fair value
Financial liabilities measured at fair value through profit or loss	9 874	-	-	9 874	9 874
Other financial liabilities	-	5 770	-	5 770	5 770
	9 874	**2 191 790**	**-**	**2 201 664**	**2 242 521**

The main assumptions used by management to estimate the fair values of financial instruments as at 31 December 2019 are:

- discount rates from 6.9% to 11.9% (roubles) and from 3.0% to 7.1% (foreign currency) are used for discounting future cash flows from corporate loans;
- discount rates from 9.2% to 25.3% (roubles) and from 5.8% to 10.3% (foreign currency) are used for discounting future cash flows from loans to individuals;
- discount rates from 5,8% to 6,1% (roubles) and from 1,3% to 2,1% (foreign currency) are used for discounting future cash flows from corporate deposits;
- discount rates from 4,7% to 6,3% (roubles) and from 0,8% to 1,3% (foreign currency) are used for discounting future cash flows from retail deposits.

The estimates of fair value are intended to approximate the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants at the measurement date. However, given the uncertainties and the use of subjective judgment, the fair value should not be interpreted as being realisable in an immediate sale of the assets or transfer of liabilities.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Group determines fair values using other valuation techniques.

Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market-observable prices exist, Monte Carlo and polynomial-option pricing models and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date that would have been determined by market participants acting at arm's length.

The Group uses widely recognised valuation models to determine the fair value of common and more simple financial instruments, such as interest rate and currency swaps that use only observable market data and require little management judgment and estimation. Observable prices and model inputs are usually available in the market for listed debt and equity securities, exchange-traded derivatives, and simple over-the-counter derivatives such as interest rate swaps.

There is no active market for loans to customers. The estimation of fair value for loans to customers is based on management's assumptions.

Fair value hierarchy

The Group measures fair values for financial instruments recorded in the consolidated financial statements of financial position using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

(in millions of Russian Roubles unless otherwise stated)

The following tables show an analysis of financial instruments recorded at fair value and financial instruments recorded at amortised cost for which fair value does not approximate their carrying amount as at 31 March 2020 and 31 December 2019:

31 March 2020 (Unaudited)	**Level 1**	**Level 2**	**Level 3**	**Total**
Trading financial assets	54 173	33 243		**87 416**
Loans to customers			875 613	**875 613**
Investment financial assets	309 190	17 392	111	**326 693**
Due to customers		1 428 711		**1 428 711**
Financial liabilities measured at fair value through profit or loss	-	52 000	-	**52 000**
Debt securities issued	183 023			**183 023**

31 December 2019	**Level 1**	**Level 2**	**Level 3**	**Total**
Trading financial assets	21 837	16 713	-	**38 550**
Loans to customers	-	-	807 888	**807 888**
Investment financial assets	256 290	3 970	111	**260 371**
Due to customers	-	1 374 091	-	**1 374 091**
Financial liabilities measured at fair value through profit or loss	-	9 874	-	**9 874**
Debt securities issued	174 850	-	-	**174 850**

A reconciliation of movements in fair value of loans to customers at FVTPL for the three-month period ended 31 March 2020 and 31 March 2019 is as follows:

	31 March 2020 (Unaudited)	**31 March 2019 (Unaudited)**
Fair value as at 1 January	77 175	63 383
Loan issues	200	-
Loan repayments	(56)	(1 146)
Interest income recognised	1 185	861
Changes in fair value measurement	294	-
Write-offs	(1 259)	-
Net foreign exchange (loss) gain	12 014	(4 115)
Fair value as at 31 March	**89 553**	**58 983**

The table below sets out information about significant unobservable inputs used in the measuring of financial instruments categorised as Level 3 in the fair value hierarchy as at 31 March 2020:

Type if instrument	**Fair values**	**Valuation technique**	**Significant unobservable input**	**Unobservable inputs used**
Loans to customers at FVTPL	89 553	Discounted cash flow from operating activities	Risk-adjusted discount rate	RUB: 7.0% - 10.2% USD: 3.2% - 7.1% EUR: 2.5%

(in millions of Russian Roubles unless otherwise stated)

The table below sets out information about significant unobservable inputs used in the measuring of financial instruments categorised as Level 3 in the fair value hierarchy as at 31 December 2019:

Type of instrument	Fair values	Valuation technique	Significant unobservable input	Unobservable inputs used
Loans to customers at FVTPL	77 175	Discounted cash flow from operating activities	Risk-adjusted discount rate	RUB: 6.5% - 29.7% USD: 4.5% - 7.1% EUR: 2.7%

If discount rates differ by plus/minus one percent, fair values of these instruments would be RUB 88 388 million and RUB 90 336 million respectively (31 December 2019: RUB 76 822 million – RUB 78 150 million).

27 Earnings per share

Basic earnings per share are calculated by dividing (loss) profit for the three-month period ended 31 March 2020 by the weighted average number of ordinary shares in issue during the period.

Basic earnings per share are calculated as follows:

	31 March 2020 (Unaudited)	31 March 2019 (Unaudited)
Profit for the period	5 152	238
Interest paid on perpetual debt issue, net of tax	(843)	(786)
Total profit for the period	4 309	(548)
Weighted average number of ordinary shares in issue	29 829 709 866	27 079 709 866
Basic and diluted earnings (loss) per share (in RUB per share)	**0,14**	**(0,02)**

28 Events subsequent to the reporting date

In April 2020 the Bank paid out the 1st coupon in the amount of RUB 416.4 million or RUB 41.64 per bond on domestic bonds series 001P-01. The issue was originally placed on 04 October 2019 (additional issue – 31 October 2019). The nominal value of the issue is RUB 10 billion.

In April 2020 the Group paid out the coupon in the amount of USD 16.5 million on 10.5-year 7.5% subordinated Eurobonds due 2027 with the nominal value of USD 600 million.

In April 2020 “Fitch” international rating agency revised outlook to “Negative”. Later in April the agency affirmed the Bank’s long-term credit rating at 'BB', negative outlook.

In April 2020 the Bank signed up to USD 350 million 1-year syndicated loan agreement with largest lenders from Europe, the USA and Middle East.

In April 2020 “Expert RA” rating agency affirmed the Bank’s credit rating to ruA, stable outlook.

In May 2020 the Group paid out the coupon in the amount of USD 10.8 million on the senior 5-year 5.875% Eurobonds due 2021 with the nominal value of USD 500 million.

In May 2020 the Group paid out the coupon in the amount of USD 12.0 million on perpetual subordinated Eurobonds with the nominal value of USD 700 million.

In May 2020 the Bank signed deals to acquire 100% of the equity interests in JSC Commercial bank “RUSNARBANK” and Investment Bank “VESTA” (LLC).

In May 2020 the Group paid out the coupon in the amount of RUB 412.5 million on subordinated 10.5-year 16.5% Eurobonds due 2025 with the nominal value RUB 5 billion.