

PJSC “BANK SAINT PETERSBURG” Group
International Financial Reporting Standards
Condensed Consolidated Interim Financial
Information and
Independent Auditors’ Report on Review

30 June 2020

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

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

To the Shareholders and Supervisory Board PJSC "Bank Saint Petersburg"

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of PJSC "Bank Saint Petersburg" (public joint-stock company) and its subsidiaries (the "Group") as at 30 June 2020 and the related condensed consolidated interim statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and notes to the condensed consolidated interim financial information (the "condensed consolidated interim financial information"). Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

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

Reviewed entity: PJSC "Bank Saint Petersburg"
Registration No. in the Unified State Register of Legal Entities
1027800000140
Saint Petersburg, 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-regulated organization of auditors "Russian Union of auditors" (Association). The Principal Registration Number of the Entry in the Register of Auditors and Audit Organisations: No. 11603053203.



PJSC "Bank Saint Petersburg"

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Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial information as at 30 June 2020 and for the six-month period then ended is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.



Kouznetsov A.A.

JSC "KPMG"

Moscow, Russian Federation

24 August 2020

PJSC "Bank Saint Petersburg" Group
Condensed Consolidated Interim Statement of Financial Position as at 30 June 2020

<i>(in thousands of Russian roubles)</i>	Note	30 June 2020 (unaudited)	31 December 2019
ASSETS			
Cash and cash equivalents		60 610 135	42 556 257
Mandatory cash balances with the Central Bank of the Russian Federation		3 942 027	3 885 964
Trading securities, including those pledged under repurchase agreements	5	11 395 154	44 211 961
Reverse sale and repurchase agreements	6	100 286 467	95 407 102
Derivative financial assets		7 085 153	5 350 855
Due from banks	7	5 922 609	28 022 486
Loans and advances to customers	8		
- loans and advances to legal entities		278 080 906	269 108 456
- loans and advances to individuals		100 391 272	98 961 198
Investment securities, including those pledged under repurchase agreements	9	70 503 855	54 499 668
Investment property		6 801 115	7 028 502
Property, equipment, intangible assets and right-of-use assets		14 267 593	14 798 047
Other assets		10 409 823	7 675 954
Long-term assets held-for-sale		1 669 749	2 144 829
TOTAL ASSETS		671 365 858	673 651 279
LIABILITIES			
Due to banks		133 541 880	158 566 775
Customer accounts	10		
- corporate customers accounts		173 258 247	161 375 925
- individual customers accounts		249 991 373	248 967 423
Financial liabilities at fair value		698 152	311 829
Derivative financial liabilities		12 294 783	7 394 070
Bonds issued	11	3 717 815	4 802 775
Promissory notes and deposit certificates issued		8 997 868	7 231 233
Other liabilities		5 182 358	4 930 981
TOTAL LIABILITIES		587 682 476	593 581 011
EQUITY			
Share capital	12	3 695 154	3 781 734
Share premium	12	23 850 975	24 513 878
Treasury shares	12	(641 996)	(1 301 987)
Revaluation reserve for property and equipment		3 239 536	3 239 536
Revaluation reserve for investment securities		674 783	689 613
Foreign currency translation reserve		22 870	(8 989)
Retained earnings		52 842 060	49 156 483
TOTAL EQUITY		83 683 382	80 070 268
TOTAL LIABILITIES AND EQUITY		671 365 858	673 651 279

Approved for issue and signed on behalf of the Management Board on 24 August 2020.

A.V. Savelyev
Chairman of the Management Board



N.G. Tomilina
Chief Accountant

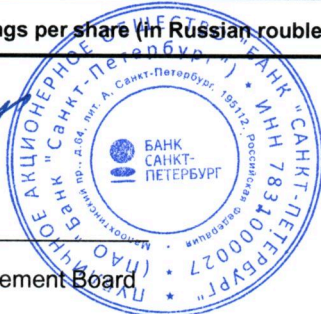
PJSC "Bank Saint Petersburg" Group
Condensed Consolidated Interim Statement of Comprehensive Income for 6 months ended 30 June 2020

<i>(in thousands of Russian roubles)</i>	Note	6 months ended 30 June 2020 (unaudited)	6 months ended 30 June 2019 (unaudited)
Interest income calculated using the effective interest rate	13	20 923 604	22 249 844
Other interest income	13	1 053 256	2 170 919
Interest expenses	13	(9 093 722)	(12 481 619)
Contributions to the deposit insurance system	13	(589 975)	(881 383)
Net interest income	13	12 293 163	11 057 761
Allowance for expected credit losses on debt financial assets		(5 067 958)	(3 815 382)
Net interest income after allowance for expected credit losses on debt financial instruments		7 225 205	7 242 379
Net losses from trading securities		(140 401)	(648 236)
Net gains from investment securities		17 407	49 549
Net gains from trading in foreign currencies, foreign exchange revaluation and from transactions with derivatives		525 588	1 095 607
Fee and commission income		4 418 102	4 062 774
Fee and commission expense		(1 092 970)	(1 039 731)
Recovery (allowance) for credit related commitments and non-financial liabilities, other financial assets		137 067	(90 744)
Net gain from disposal of subsidiary	21	355 103	-
Allowance for impairment of investment property		(305 058)	-
Net loss from initial recognition of financial assets at fair value		-	(255 529)
Net loss from revaluation of loans at fair value through profit or loss		(165 111)	-
Other net operating income		990 003	817 963
Administrative and other operating expenses:			
- staff costs		(4 069 358)	(3 383 080)
- costs related to property and equipment		(1 094 817)	(1 177 721)
- other administrative and operating expenses		(2 381 822)	(2 396 244)
Profit before tax		4 418 938	4 276 987
Income tax expenses		(820 642)	(805 310)
Profit for the period		3 598 296	3 471 677

PJSC "Bank Saint Petersburg" Group
Condensed Consolidated Interim Statement of Comprehensive Income for 6 months ended 30 June 2020

(in thousands of Russian roubles)	Note	6 months ended 30 June 2020 (unaudited)	6 months ended 30 June 2019 (unaudited)
Other comprehensive income			
<i>Items of comprehensive income (loss) that are or will be reclassified subsequently to profit or loss</i>			
Revaluation result and allowance for expected credit losses from investment securities measured at fair value through other comprehensive income transferred to profit or loss upon disposal		(10 782)	(22 945)
Net result from revaluation of investment securities measured at fair value through other comprehensive income		(7 513)	297 900
Deferred income tax recognized in equity related to items of other comprehensive income (loss)		3 465	(65 165)
Exchange differences on translation		31 859	(20 945)
<i>Items of comprehensive income that are not or will not be reclassified subsequently to profit or loss</i>			
Result of disposal of equity securities measured through other comprehensive income (for reference)		-	91 244
Other comprehensive income for the period after tax		17 029	280 089
Total comprehensive income for the period		3 615 325	3 751 766
Basic and diluted earnings per share (in Russian roubles per share)	14	7.56	7.12

A.V. Savelyev
Chairman of the Management Board



N.G. Tomilina
Chief Accountant

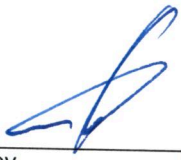
PJSC "Bank Saint Petersburg" Group
Condensed Consolidated Interim Statement of Changes in Equity for 6 months ended 30 June 2020

<i>(in thousands of Russian Roubles)</i>	Note	Share capital	Share premium	Treasury shares	Revaluation reserve for property and equipment	Revaluation reserve for investment securities	Foreign currency translation reserve	Retained earnings	Total equity attributable to the shareholders of the Bank	Non-controlling interest	Total equity
Balance as at 1 January 2019		3 781 734	24 513 878	(659 991)	3 651 455	374 497	2 047	42 903 490	74 567 110	1 086 545	75 653 655
Other comprehensive income (loss) recognised directly in equity (unaudited)		-	-	-	(108 936)	209 790	(20 945)	200 180	280 089	-	280 089
Profit for the period (unaudited)		-	-	-	-	-	-	3 471 958	3 471 958	(281)	3 471 677
Total comprehensive income for 6 months of 2019 (unaudited)		-	-	-	(108 936)	209 790	(20 945)	3 672 138	3 752 047	(281)	3 751 766
Dividends declared (unaudited)											
- ordinary shares	15	-	-	-	-	-	-	(1 808 826)	(1 808 826)	-	(1 808 826)
- preference shares	15	-	-	-	-	-	-	(2 211)	(2 211)	-	(2 211)
Redistribution of minority interest due to share repurchase from shareholders		-	-	-	-	-	-	(152 979)	(152 979)	(727 288)	(880 267)
Balance as at 30 June 2019 (unaudited)		3 781 734	24 513 878	(659 991)	3 542 519	584 287	(18 898)	44 611 612	76 355 141	358 976	76 714 117

The Notes are an integral part of the present condensed consolidated interim financial information.

PJSC "Bank Saint Petersburg" Group
Condensed Consolidated Interim Statement of Changes in Equity for 6 months ended 30 June 2020

<i>(in thousands of Russian Roubles)</i>	Note	Share capital	Share premium	Treasury shares	Revaluation reserve for property and equipment	Revaluation reserve for investment securities	Foreign currency translation reserve	Retained earnings	Total equity
Balance as at 1 January 2020		3 781 734	24 513 878	(1 301 987)	3 239 536	689 613	(8 989)	49 156 483	80 070 268
Other comprehensive income (loss) recognised directly in equity (unaudited)		-	-	-	-	(14 830)	31 859	-	17 029
Profit for the period (unaudited)		-	-	-	-	-	-	3 598 296	3 598 296
Total comprehensive income for 6 months of 2020 (unaudited)		-	-	-	-	(14 830)	31 859	3 598 296	3 615 325
Dividends declared (unaudited)									
- ordinary shares	15	-	-	-	-	-	-	-	-
- preference shares	15	-	-	-	-	-	-	-	-
Redemption of treasury shares	12	(86 580)	(662 903)	659 991	-	-	-	(2 211) 89 492	(2 211) -
Balance as at 30 June 2020 (unaudited)		3 695 154	23 850 975	(641 996)	3 239 536	674 783	22 870	52 842 060	83 683 382


A.V. Savelyev
Chairman of the Management Board




N.G. Tomilina
Chief Accountant

The Notes are an integral part of the present condensed consolidated interim financial information.

PJSC "Bank Saint Petersburg" Group

Condensed Consolidated Interim Statement of Cash Flows for the 6 months ended 30 June 2020

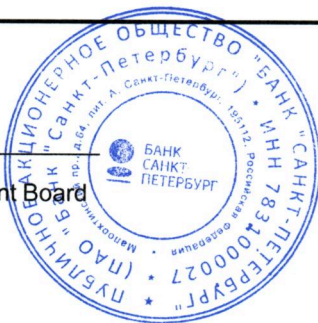
<i>(in thousands of Russian Roubles)</i>	6 months ended 30 June 2020 (unaudited)	6 months ended 30 June 2019 (unaudited)
Cash flows from operating activities		
Interest received on loans and correspondent accounts	18 091 180	17 907 126
Interest received on securities	2 190 284	4 185 299
Interest received on reverse sale and repurchase agreements	1 401 647	2 019 286
Interest paid on due to banks	(2 548 271)	(4 087 430)
Interest paid on customer accounts	(6 463 945)	(7 226 988)
Contributions to the deposit insurance system	(882 926)	(881 383)
Interest paid on other debt securities issued	(97 884)	(204 844)
Net losses from securities trading	(245 028)	(179 536)
Net gains from trading in foreign currencies and from transactions with derivatives	2 538 315	10 308 971
Fees and commissions received	4 407 354	4 172 863
Fees and commissions paid	(824 845)	(764 620)
Other operating income	586 784	894 465
Expenses on loyalty programs	(266 274)	(223 124)
Staff costs	(4 147 909)	(3 305 184)
Property and equipment costs	(366 717)	(525 105)
Administrative and other operating expenses	(2 383 855)	(2 518 278)
Income tax paid	(264 759)	(593 023)
Cash flows from operating activities before changes in operating assets and liabilities	10 723 151	18 978 495
Changes in operating assets and liabilities		
Net (increase) decrease in mandatory reserve deposits with the Central Bank of the Russian Federation	(56 063)	61 707
Net decrease in trading securities including pledged under repurchase agreement	33 159 758	30 914 625
Net decrease (increase) under reverse sale and repurchase agreements	3 157 923	(4 861 103)
Net decrease in due from banks	22 032 792	12 180 743
Net increase in loans and advances to customers	(6 553 367)	(466 160)
Net (increase) decrease in other assets	(3 024 488)	1 371 695
Net (decrease) increase in due to banks	(34 276 138)	14 136 377
Net increase (decrease) in customer accounts	953 853	(4 320 763)
Net increase (decrease) in financial liabilities at fair value	386 323	(7 981 093)
Net increase (decrease) in other debt securities issued	1 173 366	(964 883)
Net increase (decrease) in other liabilities	439 959	(760 892)
Net cash received from operating activities	28 117 069	58 288 748
Cash flows from investing activities		
Acquisition of property, plant and equipment and intangible assets	(445 316)	(317 548)
Proceeds from disposal of property and equipment and intangible assets	-	163 253
Acquisition of investment securities, including pledged under repurchase agreement	(16 331 687)	(39 436 199)
Disposal and redemption of investment securities, including pledged under repurchase agreement	4 220 581	17 832 544
Proceeds from disposal of investment securities	17 407	49 046
Acquisition of long-term assets held-for-sale	-	(610 434)
Proceeds from sale of a subsidiary	980 602	-
Proceeds from sale of long-term assets held-for-sale	449 722	-
Dividends received	2 493	2 015
Net cash used in investing activities	(11 106 198)	(22 317 323)

PJSC "Bank Saint Petersburg" Group

Condensed Consolidated Interim Statement of Cash Flows for the 6 months ended 30 June 2020

	6 months ended 30 June 2020 (unaudited)	6 months ended 30 June 2019 (unaudited)
<i>(in thousands of Russian Roubles)</i>		
Cash flows from financing activities		
Purchase and redemption of bonds issued	(1 084 960)	(8 284 455)
Interest paid on bonds issued	(204 826)	(673 536)
Interest paid on other borrowed funds	-	(46 731)
Payment of lease commitments	(244 264)	(187 941)
Dividends paid	(1 919)	(1 800 712)
Net cash used in financing activities	(1 535 969)	(10 993 375)
Effect of exchange rate changes on cash and cash equivalents	2 578 976	(2 216 487)
Net increase in cash and cash equivalents	18 053 878	22 761 563
Cash and cash equivalents as at the beginning of period	42 556 257	37 189 219
Cash and cash equivalents as at the end of period	60 610 135	59 950 782


A.V. Savelyev
Chairman of the Management Board




N.G. Tomilina
Chief Accountant

1 Introduction

This condensed consolidated interim financial information for six months ended 30 June 2020 for PJSC “Bank “Saint Petersburg” (the “Bank”) and its subsidiaries, together referred to as the “Group” or PJSC “Bank “Saint Petersburg” Group is prepared in accordance with International Financial Reporting Standards. The list of subsidiaries is disclosed in Note 21.

The Bank was formed in 1990 as an open joint stock company under the Laws of the Russian Federation as a result of the corporatization of the former Leningrad regional office of Zhilsotsbank. In 2014 the Bank was reorganised from Open Joint-Stock Company “Bank “Saint Petersburg” to Public Joint-Stock Company “Bank “Saint Petersburg” following the resolution of the extraordinary Shareholders’ Meeting.

As at 30 June 2020, management of the Bank controls 51.82% of the ordinary shares of the Bank (31 December 2019: 50.58%), of which: 25.56% of the Bank’s ordinary shares are controlled by Mr. A.V. Savelyev (31 December 2019: 24.95%), 26.26% were controlled by management of the Bank, including 26.16% of the Bank’s ordinary shares are owned by “Vernye Druzya” Management Company”, LLC (31 December 2019: 25.63% were controlled by management of the Bank, including 25.53% of the ordinary shares of the Bank were owned by “Vernye Druzya” Management Company”, LLC). NOROYIA ASSETS LIMITED, ZERILOD HOLDINGS LIMITED and CARISTAS LIMITED companies own 26.58% of the share capital of LLC “Vernye Druzya” Management Company” each (31 December 2019: NOROYIA ASSETS LIMITED, ZERILOD HOLDINGS LIMITED and CARISTAS LIMITED owned 26.58% of the share capital of LLC “Vernye Druzya” Management Company” each).

Mrs. O.A. Savelyeva owns indirectly 19.95% in LLC “Vernye Druzya” Management Company” and has a perpetual option to purchase a 100% interest in NOROYIA ASSETS LIMITED, ZERILOD HOLDINGS LIMITED, CARISTAS LIMITED companies (31 December 2019: Mrs. O.A. Savelyeva owned indirectly 19.95% in LLC “Vernye Druzya” Management Company” and had a perpetual option to purchase a 100% interest in NOROYIA ASSETS LIMITED, ZERILOD HOLDINGS LIMITED, CARISTAS LIMITED companies). The ultimate owners of NOROYIA ASSETS LIMITED, ZERILOD HOLDINGS LIMITED are the following representatives of the Bank’s Management: K.B. Mironova, P.V. Filimonenok, the ultimate owner of CARISTAS LIMITED is V.G. Reutov (31 December 2019: the ultimate owners of NOROYIA ASSETS LIMITED, ZERILOD HOLDINGS LIMITED were the following representatives of the Bank’s Management: K.B. Mironova, P.V. Filimonenok, the ultimate owner of CARISTAS LIMITED is V.G. Reutov).

The remaining ordinary shares of the Bank are owned as follows: 4.55% of the ordinary shares are owned by East Capital Group (31 December 2019: 4.61%), 4.95% of the ordinary shares are owned by the EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT (EBRD) (31 December 2019: 4.83%).

Own ordinary shares acquired by the Bank by decisions of the Supervisory Board in accordance with Art. 72 of the Federal Law *On Joint-Stock Companies* comprise 2.46% of the total ordinary shares (31 December 2019: 4.80%). The shares purchased by the Bank do not provide the right to vote and are not taken into account when counting votes.

The remaining 36.22% of the ordinary shares are widely held (31 December 2019: 35.18%).

Principal activity. The Bank’s principal business activity is commercial banking operations in the Russian Federation. The Bank has been operating under a general banking license issued by the Central Bank of the Russian Federation (the “CBRF”) since 1997. The Bank takes part in the state deposit insurance system introduced by Federal Law No.177-FZ dated 23 December 2003 *On Retail Deposit Insurance in the Russian Federation*. The state deposit insurance system guarantees payment in the amount of 100% of total deposits placed with the bank, but limited to RUB 1,400,000, in the event the bank’s license is revoked or the CBRF imposes a moratorium on payments.

1 Introduction (continued)

As at 30 June 2020, the Bank had 5 branches within the Russian Federation: 3 branches in the North-West region of Russia, 1 branch in Moscow, 1 branch in Novosibirsk, 55 outlets and 2 representative offices in Rostov-on-Don and Krasnodar (31 December 2019: 5 branches within the Russian Federation: 3 branches in the North-West region of Russia, 1 branch in Moscow, 1 branch in Novosibirsk and 55 outlets).

Registered address and place of business. The Bank's registered address and place of business is: 64A Malookhtinskiy prospekt, Saint-Petersburg, Russia 195112.

Presentation currency of the condensed consolidated interim financial information. This condensed consolidated interim financial information is presented in thousands of Russian roubles (hereinafter – RUB thousand).

2 Operating Environment of the Group

The beginning of the year was positive for the Russian economy: a stable rouble exchange rate, high oil prices and high demand for risky assets supported the Russian market. Domestic demand in the economy was growing amid positive dynamics in real wages and increased budget expenditures. But spread of COVID-19 and introduction of quarantine measures, first in China and then in European countries, increased expectations of a global economy slowdown, external demand, in particular for energy, began to weaken after the reduction and then complete closure of air traffic in a number of countries. At the same time, the collapse of OPEC+ deal in March and plans to increase production aggravated the situation on the oil market. Against this background, by the end of March the Brent oil price fell to USD 22.7 per barrel, price of local grades fell even more, and Russian Urals fell to USD 15.1 per barrel.

Introduction of non-working days in the Russian Federation in March to slow down the spread of COVID-19 had little effect in the first quarter, but the extension of the restrictive measures until mid-June had a significant negative impact on economic growth, production activity and more on the service sector. The Industrial Production Index declined by 2.3%YoY in Jan-May after growing by 1.5% in the first quarter. Before COVID-19, the oil refining, chemical and food industries were the most growing industries. The manufacturing sector is now under pressure of declining demand, and in the mining sector the decline is primarily due to a reduction in oil production as part of the enhanced OPEC deal. A gradual recovery of economic activity, which according to leading indicators started in June, will continue in the third quarter. Nevertheless, the recovery in domestic demand will be limited by the negative dynamics in household incomes.

Inflation in the Russian Federation continued to slow down at the beginning of the year, reaching a local minimum of 2.3% YoY in February 2020, but increased uncertainty, weakening of the Rouble and a surge in demand for basic necessities led to an acceleration in prices growth, with inflation reaching 3.2% YoY in June. Meanwhile, the CBRF continued the cycle of monetary policy easing. After the reduction in February, April and June, the key rate equaled to 4.5% by the end of June. One of the main reasons for the reduction of the rate is the growth of medium-term disinflationary risks due to the decrease in demand. The monetary policy of the CBRF is also being eased by the actions of other central banks. In March, the US Federal Reserve System sharply reduced the rate from 1.5-1.75% to 0-0.25% and launched a new quantitative easing program, the European Central Bank expanded the asset buyback program, and most central banks in developing countries reduced their rates.

Financial markets are under pressure of COVID-19 news background and growing risks to the global economy for most of the first half of the year. At the same time, the Russian market was relatively stable until the collapse of oil quotes in March. The Rouble responded to the fall in oil prices with a sharp weakening. In March the rate reached RUB 80.9 for 1 USD, but already in June 2020 it was below RUB 69 for 1 USD.

2 Operating Environment of the Group (continued)

In order to support financial stability, the CBRF began to proactively sell the currency within the framework of the budget rule (formally, these operations were to start only in April), and when the price of Urals fell below USD 25 per barrel, the CBRF increased the volume of operations, using the currency received from the Ministry of Finance in connection with the sale of a share in Sberbank. Operations of the CBRF and the Ministry of Finance have made it possible to stabilize the situation on the currency market and will continue to maintain the exchange rate until the increase in oil prices compensates for the falling oil and gas revenues of the federal budget. In the second quarter, against the backdrop of growing demand for risk, the Moscow Exchange index was able to recoup a part of the fall, but still closed the quarter with a 9.94% drop from the level of the beginning of the year. The debt market followed the key rate, and federal loan bonds yields decreased by 45-115 bps depending on maturity.

The legal, tax and regulatory frameworks continue development, but are subject to varying interpretations and frequent changes which together with other legal and fiscal impediments contribute to the challenges faced by entities operating in the Russian Federation. In addition, the recent contraction in the capital and credit markets have further increased the level of economic uncertainty. In general, the current economic environment the Group operates in is characterised by significant growth of risks of different nature and general uncertainty bounding the strategic horizon for market participants and aggregated risk appetite.

The accompanied condensed consolidated interim financial information reflect management's assessment of the possible 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.

Management of the Group believes that it makes all the necessary efforts to support the economic stability of the Group in the current environment.

3 Basis of preparation of the condensed consolidated interim financial information and summary of significant accounting policies.

Basis of preparation. As permitted by IAS 34 Interim Financial Reporting, an entity may decide to provide less information at interim reporting dates as compared to its annual financial statements. This condensed consolidated interim financial information is prepared in accordance with IAS 34.

The accounting policies and methods of calculation applied in the preparation of this condensed consolidated interim financial information are consistent with those disclosed in the Group's annual consolidated financial statements for the year ended 31 December 2019, except as described in Note 4. This condensed consolidated interim financial information of the Group does not contain all the information required for complete annual consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS).

The preparation of this condensed consolidated interim financial information in conformity with IAS 34 requires management of the Group to make estimates and exercise professional judgement. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to this condensed consolidated interim financial information are disclosed in Note 4.

This condensed consolidated interim financial information is prepared under the historical cost convention, with exception on initial recognition of financial instruments at fair value and revaluation of certain loans and advances to customers, property and equipment, trading securities, investment securities and derivative financial instruments measured at fair value.

The Group's operations are not of a seasonal or cyclical nature.

As at 30 June 2020, the official exchange rates used for translating foreign currency balances are RUB 69.9513 for 1 USD and RUB 78.6812 for 1 EUR (31 December 2019: RUB 61.9057 for 1 USD and RUB 69.3406 for 1 EUR).

4 Significant Accounting Estimates and Judgments in Applying Accounting Policies

The Group makes estimates and assumptions that affect the amounts of assets and liabilities recognised in the condensed consolidated interim financial information. Estimates and judgments are continually reassessed and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes professional judgments and estimates in the process of applying the accounting policies.

Professional judgements that have the most significant effect on the amounts recognised in the condensed consolidated interim financial information and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the current financial year were similar to those applied in the Group's consolidated financial statements for the year ended 31 December 2019, except for the aspects described below. A number of new standards, which became effective from 1 January 2020, do not have a significant impact on the condensed consolidated interim financial information of the Group.

The following professional judgments are the most significant in terms of the impact on the Group's financial result for 6 months of 2020:

- adjusting the default probabilities on loans to corporate borrowers and individuals due to the economic downturn caused by the COVID-19 pandemic (macro adjustment),
- assessing the impact of repayment holidays provided by the Group to corporate borrowers and individuals in accordance with Federal Law No. 106-FZ dated 3 April 2020 and credit deferrals under its own loan restructuring programs to borrowers facing temporary financial difficulties if the loans did not meet the requirements of Federal Law No. 106-FZ.

Macro adjustment

To estimate the expected default probabilities, the Group uses a model linking the expected GDP growth rates to the average default rate on the loan portfolio based on historical data. The Group uses actual GDP growth rates and macroeconomic forecast of the CBRF for three years as input data for the model. The default probabilities are adjusted as the macroeconomic forecast is updated. To estimate the expected default probabilities, the most up-to-date forecast of available as at the date of the statements preparation is used.

Macro adjustment has increased the probability of defaults as compared to 31 December 2019:

- on loans to corporate borrowers - by 29.2%;
- on loans to individuals - by 33.3 - 38.2%.

Assessment of the impact of repayment holidays and credit deferrals provided by the Group

The introduction of restrictions on certain types of business due to the COVID-19 pandemic has led to a significant increase in requests for repayment holidays and credit deferrals from both corporate borrowers and individuals.

The Group forecasts that the vast majority of customers with repayment holidays and credit deferrals will overcome temporary financial difficulties and return to the repayment schedule. The Group believes that loans with repayment holidays and deferrals that are not past due at the time of providing holidays or deferrals have a higher risk than loans without delay, which make up the main volume of stage 1 loans, but lower risk than loans with 30 to 90 days past due, which make up the main volume of stage 2 loans.

The Group estimates the probability of default on loans with repayment holidays and deferrals based on historical data on the share of customers who default after providing a deferral on payment of principal and interest.

For loans with repayment holidays and deferrals, the expected losses have increased:

- on loans to corporate borrowers - by 3.7 times;
- on loans to individuals - by 2.3 - 4.8 times.

Stage 2 includes loans to corporate borrowers with holidays and deferrals and a part of loans to individuals with holidays and deferrals that were not past due at the date of holidays provision. When deciding on the transfer of loans to individuals to Stage 2, the Group took into account the parameters of the borrower and the loan.

4 Significant Accounting Estimates and Judgments in Applying Accounting Policies (continued)

Changes in the presentation of comparative data

In order to present the results of exchange rate impact in accordance with the requirements of IAS 21 "The Effects of Changes in Foreign Exchange Rates" more accurately, in the comparative data of the condensed consolidated interim statement of comprehensive income for 6 months ended 30 June 2019 the Group recognized income in the amount of RUB 608 586 thousand previously included in the "allowance for expected credit losses on debt financial assets" as part of "net gains from foreign exchange transactions, foreign currency revaluation and transactions with derivatives".

In order to better reflect the results of operations in financial markets, the Group changed the presentation of segment reporting results in accordance with the information provided to the authority responsible for making operational decisions on business segments. The changes are described in Note 16.

5 Trading securities, including those pledged under repurchase agreements

<i>(in thousands of Russian roubles)</i>	30 June 2020 (unaudited)	31 December 2019
Debt trading securities		
Corporate bonds	6 325 602	70 748
Corporate Eurobonds	1 420 255	322 914
Federal loan bonds	915 412	-
Coupon bonds of the Bank of Russia	-	32 271 940
Total debt securities	8 661 269	32 665 602
Equity securities	538 944	558 516
Total trading securities	9 200 213	33 224 118
Debt trading securities pledged under repurchase agreements		
Corporate bonds	2 140 040	10 211 730
Federal loan bonds	54 901	360 441
Corporate Eurobonds	-	415 672
Total trading securities pledged under repurchase agreements	2 194 941	10 987 843
Total trading securities, including those pledged under repurchase agreements	11 395 154	44 211 961

As at 30 June 2020, debt trading securities, including those pledged under repurchase agreements, are measured at fair value, which also reflects the credit risk associated with these securities (31 December 2019: at fair value).

The Group's debt securities are divided by the level of credit risk on the basis of averaging the values of credit ratings of issuers (in their absence - the credit ratings of debt securities issues), assigned by the international rating agencies Moody's, S&P and Fitch, in their absence ratings issued by ACRA are used for Russian issuers:

Group A - securities of issuers with an average credit rating not lower than "BBB-".

Group B - securities of issuers with an average credit rating between "BB-" and "BB+".

Group C - securities of issuers with an average credit rating between "B-" and "B+".

Group D - non-default securities of issuers with an average credit rating lower than "B-" or not rated.

5 Trading securities, including those pledged under repurchase agreements (continued)

The following table provides an analysis of debt trading securities and debt trading securities pledged under repurchase agreements by credit quality as at 30 June 2020 (unaudited):

<i>(in thousands of Russian roubles)</i>	Corporate bonds	Corporate Eurobonds	Federal loan bonds	Total
Debt trading securities				
Neither past due, nor impaired				
Group A	4 453 401	909 580	915 412	6 278 393
Group B	1 555 501	510 675	-	2 066 176
Group C	316 700	-	-	316 700
Total debt trading securities	6 325 602	1 420 255	915 412	8 661 269
Debt trading securities pledged under repurchase agreements				
Neither past due, nor impaired				
Group A	1 394 876	-	54 901	1 449 777
Group B	745 164	-	-	745 164
Total debt trading securities pledged under repurchase agreements	2 140 040	-	54 901	2 194 941
Total debt trading securities, including those pledged under repurchase agreements	8 465 642	1 420 255	970 313	10 856 210

5 Trading securities, including those pledged under repurchase agreements (continued)

The following table provides an analysis of debt trading securities and debt trading securities pledged under repurchase agreements by credit quality as at 31 December 2019:

<i>(in thousands of Russian roubles)</i>	Coupon bonds of the Bank of Russia	Corporate bonds	Corporate Eurobonds	Federal loan bonds	Total
Debt trading securities					
Neither past due, nor impaired					
Group A	32 271 940	5	-	-	32 271 945
Group B	-	61	322 914	-	322 975
Group D	-	70 682	-	-	70 682
Total debt trading securities	32 271 940	70 748	322 914	-	32 665 602
Debt trading securities pledged under repurchase agreements					
Neither past due, nor impaired					
Group A	-	6 532 802	-	360 441	6 893 243
Group B	-	3 678 928	415 672	-	4 094 600
Total debt trading securities pledged under repurchase agreements	-	10 211 730	415 672	360 441	10 987 843
Total debt trading securities, including those pledged under repurchase agreements	32 271 940	10 282 478	738 586	360 441	43 653 445

The Bank is licensed by the Federal Agency of the Russian Federation for Financial Markets to carry out operations with securities.

Securities transferred or sold under sale and repurchase agreements are transferred to a third party as collateral for borrowed funds. These financial assets may be repledged or resold by counterparties in the absence of default by the Group, but the counterparty has an obligation to return the securities at the maturity of the contract. The Group has determined that it retains substantially all the risks and rewards of these securities and therefore has not derecognised them.

These transactions are conducted under terms that are usual and customary to standard lending, and securities borrowing and lending activities, as well as the requirements determined by exchanges where the Group acts as an intermediary.

Analysis of trading securities, including those pledged under repurchase agreements, by currency structure and maturity is presented in Note 17.

6 Reverse Sale and Repurchase Agreements

<i>(in thousands of Russian roubles)</i>	30 June 2020 (unaudited)	31 December 2019
Reverse sale and repurchase agreements with banks	65 156 238	80 775 607
Reverse sale and repurchase agreements with customers	35 130 229	14 631 495
Total reverse sale and repurchase agreements	100 286 467	95 407 102

As at 30 June 2020, reverse sale and repurchase agreements represented by agreements with customers and banks that were secured by federal loan bonds, corporate Eurobonds, corporate bonds (31 December 2019: federal loan bonds, corporate Eurobonds, corporate bonds).

As at 30 June 2020, the Group had active reverse sale and repurchase agreements with an organization performing the functions of a central counterparty in the financial market in the amount of RUB 36 818 005 thousand (31 December 2019: RUB 52 613 849 thousand).

As at 30 June 2020, the Group had 4 counterparties with aggregated balances under reverse sale and repurchase agreements exceeding 10% of equity of the Group (31 December 2019: 1 counterparty). As at 30 June 2020, the aggregate amount under these agreements with these counterparties was RUB 62 416 249 thousand (31 December 2019: RUB 16 798 823 thousand).

As at 30 June 2020 the fair value of securities pledged under reverse sale and repurchase agreements was RUB 108 585 250 thousand (31 December 2019: RUB 103 493 766 thousand) of which pledged under sale and repurchase agreements are securities with the fair value of RUB 69 412 125 thousand (31 December 2019: RUB 78 574 129 thousand) as at 30 June 2020 the Group sold securities with the fair value of RUB 698 152 thousand (31 December 2019: the Group sold securities with the fair value of RUB 311 829 thousand). In all cases the amount of collateral for individual transactions is equal to or exceeds the amount of debt under the transaction.

As at 30 June 2020 and 31 December 2019, the debt under reverse sale and repurchase agreements is divided by credit quality depending on the credit rating of the counterparty assigned by Moody's, S&P and Fitch rating agencies (in their absence ratings issued by ACRA are used for Russian financial institutions):

Group A - financial institutions with an average credit rating not lower than "BBB-".

Group B - financial institutions with average credit rating between "BB-" and "BB+".

Group C - financial institutions with average credit rating between "B-" and "B+".

Group D - non-default financial institutions with an average credit rating lower than "B-" or not rated.

6 Reverse Sale and Repurchase Agreements (continued)

As at 30 June 2020 and 31 December 2019, reverse sale and repurchase agreements are not overdue, have no indicators of impairment and have been classified into Stage 1 (12-month expected credit losses).

During 6 months of 2020, there were no transfers between the stages of impairment.

The table below represents the analysis of reverse sale and repurchase agreements by credit quality and the corresponding allowances for expected credit losses as at 30 June 2020 (unaudited):

<i>(in thousands of Russian roubles)</i>	12-month ECLs	Lifetime expected credit losses - non- impaired assets	Lifetime expected credit losses - impaired assets	Purchased or originated impaired assets	Total
Group A	66 285 272	-	-	-	66 285 272
Group B	17 861 703	-	-	-	17 861 703
Group D	16 139 492	-	-	-	16 139 492
Total gross carrying amount of reverse sale and repurchase agreements	100 286 467	-	-	-	100 286 467
Allowance for expected credit losses	-	-	-	-	-
Total reverse sale and repurchase agreements	100 286 467	-	-	-	100 286 467

The table below represents the analysis of reverse sale and repurchase agreements by credit quality and the corresponding allowances for expected credit losses as at 31 December 2019:

<i>(in thousands of Russian roubles)</i>	12-month ECLs	Lifetime expected credit losses - non- impaired assets	Lifetime expected credit losses - impaired assets	Purchased or originated impaired assets	Total
Group A	75 831 341	-	-	-	75 831 341
Group B	5 228 582	-	-	-	5 228 582
Group D	14 347 179	-	-	-	14 347 179
Total gross carrying amount of reverse sale and repurchase agreements	95 407 102	-	-	-	95 407 102
Allowance for expected credit losses	-	-	-	-	-
Total reverse sale and repurchase agreements	95 407 102	-	-	-	95 407 102

The analysis of reverse sale and repurchase agreements by currency structure and maturity is presented in Note 17.

7 Due from Banks

<i>(in thousands of Russian roubles)</i>	30 June 2020 (unaudited)	31 December 2019
Term placements with banks	5 923 829	28 025 742
Allowance for expected credit losses	(1 220)	(3 256)
Total due from banks	5 922 609	28 022 486

As at 30 June 2020, the Group had no counterparty with aggregated loan balances exceeding 10% of equity of the Group (31 December 2019: 1 counterparty, the aggregate amount of loans issued to this counterparty was RUB 15 291 630 thousand).

During 6 months ended 30 June 2020 and during 6 months ended 30 June 2019, there were no transfers between the stages of impairment of due from banks.

Below is the analysis of changes in allowance for expected credit losses during 6 months ended 30 June 2020 (unaudited):

<i>(in thousands of Russian roubles)</i>	12-month ECLs	Lifetime expected credit losses - non-impaired assets	Lifetime expected credit losses - impaired assets	Purchased or originated impaired assets	Total
Allowance for expected credit losses as at 1 January	3 256	-	-	-	3 256
New assets received or acquired	2 195	-	-	-	2 195
Recovery of allowance due to repayment of loans	(4 231)	-	-	-	(4 231)
Total allowance for expected credit losses as at 30 June	1 220	-	-	-	1 220

7 Due from banks (continued)

Below is the analysis of changes in allowance for expected credit losses during 6 months ended 30 June 2019 (unaudited):

<i>(in thousands of Russian roubles)</i>	12-month ECLs	Lifetime expected credit losses - non-impaired assets	Lifetime expected credit losses - impaired assets	Purchased or originated impaired assets	Total
Allowance for expected credit losses as at 1 January	54 933	-	-	-	54 933
New assets received or acquired	28 231	-	-	-	28 231
Recovery of allowance due to repayment of loans	(71 734)	-	-	-	(71 734)
Total allowance for expected credit losses as at 30 June	11 430	-	-	-	11 430

As at 30 June 2020 and 31 December 2019, term deposits are divided by credit quality depending on the credit rating of the credit institution assigned by Moody's, S&P and Fitch rating agencies (in their absence ratings issued by ACRA are used for Russian credit institutions):

Group A - credit institutions with an average credit rating not lower than "BBB-".

Group B - credit institutions with an average credit rating between "BB-" and "BB+."

Group C - credit institutions with an average credit rating between "B-" and "B+."

Group D - non-default credit institutions with an average rating lower than "B-" or without ratings.

The table below contains the analysis by credit quality of amounts due from banks measured at amortised cost and the related allowances for expected credit losses as at 30 June 2020 (unaudited):

<i>(in thousands of Russian roubles)</i>	12-month ECLs	Lifetime expected credit losses - non- impaired assets	Lifetime expected credit losses - impaired assets	Purchased or originated impaired assets	Total
Group A	3 413 330	-	-	-	3 413 330
Group B	2 510 499	-	-	-	2 510 499
Total gross carrying amount of due from banks	5 923 829	-	-	-	5 923 829
Allowance for expected credit losses	(1 220)	-	-	-	(1 220)
Total due from banks	5 922 609	-	-	-	5 922 609

7 Due from banks (continued)

The table below contains the analysis by credit quality of amounts due from banks measured at amortised cost and the related allowances for expected credit losses as at 31 December 2019:

<i>(in thousands of Russian roubles)</i>	12-month ECLs	Lifetime expected credit losses - non- impaired assets	Lifetime expected credit losses - impaired assets	Purchased or originated impaired assets	Total
Group A	23 406 304	-	-	-	23 406 304
Group B	4 619 438	-	-	-	4 619 438
Total gross carrying amount of due from banks	28 025 742	-	-	-	28 025 742
Allowance for expected credit losses	(3 256)	-	-	-	(3 256)
Total due from banks	28 022 486	-	-	-	28 022 486

Due from banks are not secured. Due from banks are not past due or impaired.

Analysis of due from banks by currency structure and maturity is presented in Note 17.

8 Loans and Advances to Customers

<i>(in thousands of Russian roubles)</i>	30 June 2020 (unaudited)	31 December 2019
Loans measured at amortized cost		
Loans to legal entities		
- loans to finance working capital	191 413 416	182 215 956
- investment loans	87 887 557	79 935 005
- loans to entities financed by the government	27 285 861	29 408 637
Loans to individuals		
- mortgage loans	68 867 145	67 014 562
- car loans	5 352 669	5 310 244
- consumer loans to VIP clients	3 977 014	3 806 736
- other consumer loans	27 129 019	26 823 910
Allowance for expected credit losses	(38 747 723)	(33 376 585)
Loans measured at fair value		
Loans to legal entities	5 307 220	6 931 189
Total loans and advances to customers	378 472 178	368 069 654

8 Loans and Advances to Customers (continued)

Below is the analysis of changes in allowance for expected credit losses during 6 months ended 30 June 2020 (unaudited):

<i>(in thousands of Russian roubles)</i>	12-month ECLs	Lifetime expected credit losses - non-impaired assets	Lifetime expected credit losses - impaired assets	Purchased or originated impaired assets	Total
Allowance for expected credit losses as at 1 January	3 362 342	4 995 479	23 579 778	1 438 986	33 376 585
Transfer to 12-months expected credit losses	107 578	(95 682)	(11 896)	-	-
Transfer to lifetime expected credit losses - non-impaired assets	(223 077)	295 642	(72 565)	-	-
Transfer to lifetime expected credit losses - impaired assets	(27 909)	(2 287 006)	2 314 915	-	-
New assets received or acquired	1 659 770	-	-	-	1 659 770
Net expense from creation/(recovery) of allowance for expected credit losses	558 533	1 329 334	3 474 469	(35 386)	5 326 950
Recovery of allowance due to repayment of loans	(482 268)	(838 604)	(605 969)	(11 590)	(1 938 431)
Unwinding of discount in respect of ECL present value	-	-	485 055	-	485 055
Amounts written-off as non-recoverable during the period	-	-	(1 228 802)	-	(1 228 802)
Loans and advances to customers sold during the period as non-recoverable	-	-	(297 476)	-	(297 476)
Effect of foreign currency revaluation	98 117	96 957	1 168 998	-	1 364 072
Total allowance for expected credit losses as at 30 June	5 053 086	3 496 120	28 806 507	1 392 010	38 747 723

Below is the analysis of changes in allowance for expected credit losses during 6 months ended 30 June 2019 (unaudited):

<i>(in thousands of Russian roubles)</i>	12-month ECLs	Lifetime expected credit losses - non-impaired assets	Lifetime expected credit losses - impaired assets	Purchased or originated impaired assets	Total
Allowance for expected credit losses as at 1 January	4 733 948	3 711 739	27 459 601	594 992	36 500 280
Transfer to 12-months expected credit losses	109 114	(25 192)	(83 922)	-	-
Transfer to lifetime expected credit losses - non-impaired assets	(612 662)	637 563	(24 901)	-	-
Transfer to lifetime expected credit losses - impaired assets	(4 587)	(132 419)	137 006	-	-
New assets received or acquired	1 015 356	-	-	-	1 015 356
Net expense from creation/(recovery) of allowance for expected credit losses	(468 747)	3 041 839	1 449 377	468 785	4 491 254
Recovery of allowance due to repayment of loans	(1 118 813)	(49 068)	(432 823)	-	(1 600 704)
Unwinding of discount in respect of ECL present value	-	-	588 815	-	588 815
Amounts written-off as non-recoverable during the period	-	-	(4 058 157)	-	(4 058 157)
Loans and advances to customers sold during the period as non-recoverable	-	-	(49 833)	-	(49 833)
Effect of foreign currency revaluation	(91 117)	(357 986)	(159 483)	-	(608 586)
Total allowance for expected credit losses as at 30 June	3 562 492	6 826 476	24 825 680	1 063 777	36 278 425

8 Loans and Advances to Customers (continued)

Below is the credit portfolio structure by industries:

<i>(in thousands of Russian roubles)</i>	30 June 2020 (unaudited)		31 December 2019	
	Amount	%	Amount	%
Individuals	105 325 847	25.2	102 955 452	25.6
Trade	50 944 273	12.2	53 852 537	13.4
Real estate	44 319 632	10.6	36 863 609	9.2
Oil and gas extraction and transportation	33 224 770	8.0	10 625 487	2.6
Leasing and financial services	33 080 894	7.9	45 381 314	11.3
Construction	29 441 543	7.1	29 029 365	7.2
Entities financed by the government	27 285 861	6.5	29 408 637	7.3
Production and food industry	26 690 488	6.4	28 034 925	7.0
Heavy machinery and shipbuilding	26 643 947	6.4	28 599 294	7.1
Transport	13 568 571	3.3	8 570 906	2.1
Sports and health and entertainment organisations	6 745 973	1.6	7 252 989	1.8
Telecommunications	3 576 792	0.9	5 030 982	1.3
Energy industry	3 041 290	0.7	2 029 867	0.5
Chemical industry	2 417 655	0.6	1 720 988	0.4
Other	10 912 365	2.6	12 089 887	3.2
Gross carrying amount of loans and advances to customers	417 219 901	100.0	401 446 239	100.0

As at 30 June 2020, the 20 largest groups of the Group's borrowers have aggregated loan amount of RUB 134 523 430 thousand (31 December 2019: RUB 121 198 658 thousand), which is 32.2% (31 December 2019: 30.2%) of the loan portfolio before allowance for expected credit losses.

As at 30 June 2020, in case of changing the allowance for expected credit losses by 1% the effect on profit before taxes would be RUB 387 477 thousand (31 December 2019: RUB 333 766 thousand).

8 Loans and Advances to Customers (continued)

The table below presents an analysis of loans and advances to customers, measured at amortized cost, by credit quality, and corresponding allowances for expected credit losses as at 30 June 2020 (unaudited):

<i>(in thousands of Russian roubles)</i>	12-month ECLs	Lifetime expected credit losses - non-impaired assets	Lifetime expected credit losses - impaired assets	Purchased or originated impaired assets	Total
Loans and advances to legal entities:					
Minimum credit risk	93 964 939	26 994	-	-	93 991 933
Low credit risk	97 414 405	5 285 958	-	-	102 700 363
Medium credit risk	38 953 810	24 106 173	-	-	63 059 983
High credit risk	-	7 333 548	-	-	7 333 548
Defaulted loans	-	-	36 386 395	3 114 612	39 501 007
Total gross carrying amount of loans and advances to legal entities	230 333 154	36 752 673	36 386 395	3 114 612	306 586 834
Allowance for expected credit losses	(3 735 349)	(2 526 023)	(26 159 766)	(1 392 010)	(33 813 148)
Total loans and advances to legal entities	226 597 805	34 226 650	10 226 629	1 722 602	272 773 686
Loans and advances to individuals:					
Not past due	94 271 860	2 324 182	340 098	-	96 936 140
Overdue loans:					
- less than 30 days	2 255 358	411 506	34 082	-	2 700 946
- from 31 to 90 days	-	1 597 025	28 319	-	1 625 344
- more than 90 days	-	-	4 063 417	-	4 063 417
Total gross carrying amount of loans and advances to individuals	96 527 218	4 332 713	4 465 916	-	105 325 847
Allowance for expected credit losses	(1 317 737)	(970 097)	(2 646 741)	-	(4 934 575)
Total loans and advances to individuals	95 209 481	3 362 616	1 819 175	-	100 391 272
Loans and advances to customers at amortized cost	321 807 286	37 589 266	12 045 804	1 722 602	373 164 958

8 Loans and Advances to Customers (continued)

The table below presents an analysis of loans and advances to individuals, measured at amortized cost, by credit quality, and corresponding allowances for expected credit losses as at 30 June 2020 (unaudited):

<i>(in thousands of Russian roubles)</i>	12-month ECLs	Lifetime expected credit losses - non- impaired assets	Lifetime expected credit losses - impaired assets	Purchased or originated impaired assets	Total
Mortgage loans					
Not past due	63 195 051	1 489 889	119 931	-	64 804 871
Overdue loans:					
- less than 30 days	1 289 277	277 527	17 784	-	1 584 588
- from 31 to 90 days	-	907 040	17 179	-	924 219
- more than 90 days	-	-	1 553 467	-	1 553 467
Total gross carrying amount of mortgage loans to customers	64 484 328	2 674 456	1 708 361	-	68 867 145
Allowance for expected credit losses	(319 594)	(339 366)	(558 957)	-	(1 217 917)
Total mortgage loans to customers	64 164 734	2 335 090	1 149 404	-	67 649 228
Car loans					
Not past due	4 699 641	31 367	3 372	-	4 734 380
Overdue loans:					
- less than 30 days	143 328	18 953	3 765	-	166 046
- from 31 to 90 days	-	130 571	3 574	-	134 145
- more than 90 days	-	-	318 098	-	318 098
Total gross carrying amount of car loans to customers	4 842 969	180 891	328 809	-	5 352 669
Allowance for expected credit losses	(55 441)	(34 050)	(150 449)	-	(239 940)
Total car loans to customers	4 787 528	146 841	178 360	-	5 112 729
Consumer loans to VIP clients					
Not past due	2 637 780	417 374	184 518	-	3 239 672
Overdue loans:					
- less than 30 days	-	-	-	-	-
- from 31 to 90 days	-	43 460	-	-	43 460
- more than 90 days	-	-	693 882	-	693 882
Total gross carrying amount of consumer loans to VIP clients	2 637 780	460 834	878 400	-	3 977 014
Allowance for expected credit losses	(121 503)	(248 703)	(638 310)	-	(1 008 516)
Total consumer loans to VIP clients	2 516 277	212 131	240 090	-	2 968 498
Consumer loans to customers					
Not past due	23 739 388	385 552	32 277	-	24 157 217
Overdue loans:					
- less than 30 days	822 753	115 026	12 533	-	950 312
- from 31 to 90 days	-	515 954	7 566	-	523 520
- more than 90 days	-	-	1 497 970	-	1 497 970
Total gross carrying amount of consumer loans to customers	24 562 141	1 016 532	1 550 346	-	27 129 019
Allowance for expected credit losses	(821 199)	(347 978)	(1 299 025)	-	(2 468 202)
Total consumer loans to customers	23 740 942	668 554	251 321	-	24 660 817

8 Loans and Advances to Customers (continued)

The table below presents an analysis of loans and advances to customers, measured at amortized cost, by credit quality, and corresponding allowances for expected credit losses as at 31 December 2019:

<i>(in thousands of Russian roubles)</i>	12-month ECLs	Lifetime expected credit losses - non-impaired assets	Lifetime expected credit losses - impaired assets	Purchased or originated impaired assets	Total
Loans and advances to legal entities:					
Minimum credit risk	94 343 376	71 898	-	-	94 415 274
Low credit risk	95 287 061	2 541 675	-	-	97 828 736
Medium credit risk	33 755 973	21 805 688	-	-	55 561 661
High credit risk	-	10 687 518	-	-	10 687 518
Defaulted loans	-	-	29 569 389	3 497 020	33 066 409
Total gross carrying amount of loans and advances to legal entities	223 386 410	35 106 779	29 569 389	3 497 020	291 559 598
Allowance for expected credit losses	(2 543 844)	(4 519 950)	(20 879 551)	(1 438 986)	(29 382 331)
Total loans and advances to legal entities	220 842 566	30 586 829	8 689 838	2 058 034	262 177 267
Loans and advances to individuals:					
Not past due	95 618 320	796 325	660 309	-	97 074 954
Overdue loans:					
- less than 30 days	1 460 925	419 959	27 161	-	1 908 045
- from 31 to 90 days	-	680 068	25 013	-	705 081
- more than 90 days	-	-	3 267 372	-	3 267 372
Total gross carrying amount of loans and advances to individuals	97 079 245	1 896 352	3 979 855	-	102 955 452
Allowance for expected credit losses	(818 498)	(475 529)	(2 700 227)	-	(3 994 254)
Total loans and advances to individuals	96 260 747	1 420 823	1 279 628	-	98 961 198
Loans and advances to customers at amortized cost	317 103 313	32 007 652	9 969 466	2 058 034	361 138 465

8 Loans and Advances to Customers (continued)

The table below presents an analysis of loans and advances to individuals, measured at amortized cost, by credit quality, and corresponding allowances for expected credit losses as at 31 December 2019:

<i>(in thousands of Russian roubles)</i>	12-month ECLs	Lifetime expected credit losses - non-impaired assets	Lifetime expected credit losses - impaired assets	Purchased or originated impaired assets	Total
Mortgage loans					
Not past due	63 544 891	593 597	128 491	-	64 266 979
Overdue loans:					
- less than 30 days	839 372	296 322	20 003	-	1 155 697
- from 31 to 90 days	-	377 709	12 436	-	390 145
- more than 90 days	-	-	1 201 741	-	1 201 741
Total gross carrying amount of mortgage loans to customers	64 384 263	1 267 628	1 362 671	-	67 014 562
Allowance for expected credit losses	(136 529)	(219 467)	(508 689)	-	(864 685)
Total mortgage loans to customers	64 247 734	1 048 161	853 982	-	66 149 877
Car loans					
Not past due	4 939 570	9 323	2 041	-	4 950 934
Overdue loans:					
- less than 30 days	101 644	21 953	1 419	-	125 016
- from 31 to 90 days	-	39 927	3 706	-	43 633
- more than 90 days	-	-	190 661	-	190 661
Total gross carrying amount of car loans to customers	5 041 214	71 203	197 827	-	5 310 244
Allowance for expected credit losses	(32 313)	(12 693)	(103 232)	-	(148 238)
Total car loans and advances to customers	5 008 901	58 510	94 595	-	5 162 006
Consumer loans to VIP clients					
Not past due	2 745 577	47 125	498 794	-	3 291 496
Overdue loans:					
- less than 30 days	-	-	-	-	-
- from 31 to 90 days	-	-	-	-	-
- more than 90 days	-	-	515 240	-	515 240
Total gross carrying amount of consumer loans to VIP clients	2 745 577	47 125	1 014 034	-	3 806 736
Allowance for expected credit losses	(144 275)	(28 764)	(778 319)	-	(951 358)
Total consumer loans to VIP clients	2 601 302	18 361	235 715	-	2 855 378
Consumer loans					
Not past due	24 388 282	146 280	30 983	-	24 565 545
Overdue loans:					
- less than 30 days	519 909	101 684	5 739	-	627 332
- from 31 to 90 days	-	262 432	8 871	-	271 303
- more than 90 days	-	-	1 359 730	-	1 359 730
Total gross carrying amount of consumer loans to customers	24 908 191	510 396	1 405 323	-	26 823 910
Allowance for expected credit losses	(505 381)	(214 605)	(1 309 987)	-	(2 029 973)
Total consumer loans to customers	24 402 810	295 791	95 336	-	24 793 937

8 Loans and Advances to Customers (continued)

As at 30 June 2020 and 31 December 2019, loans and advances to customers are divided by credit quality into five categories of credit risk:

- Minimal credit risk - the probability of timely repayment of debt is high, slight probability of default.
- Low credit risk - the probability of timely repayment of debt is high, low probability of default.
- Medium credit risk - the probability of timely repayment of debt is high, but there is a vulnerability in the presence of adverse commercial, financial and economic conditions.
- High credit risk - the possibility of timely repayment of debt depends on favorable commercial, financial and economic conditions.
- Defaulted loans - assets with signs of credit impairment.

As at 30 June 2020, the Group has mortgage loans in the amount of RUB 4 089 402 thousand (31 December 2019: RUB 5 080 587 thousand) and the additional loan support in the amount of RUB 1 031 390 thousand (31 December 2019: RUB 1 061 299 thousand) transferred to the mortgage agent “MA BSPB 2” LLC a structured company founded for the financing purposes. As at 30 June 2020 these mortgage loans and the additional loan support are pledged as collateral for the mortgage secured bonds with the gross carrying amount of RUB 3 717 815 thousand issued by the mortgage agent (31 December 2019: RUB 4 802 775 thousand). Please, see Note 11.

As at 30 June 2020 and 31 December 2019, loans and advances to customers included loans at fair value held by the Group to maturity.

Analysis of loans and advances to customers by currency structure and maturity is presented in Note 17. Information on the fair value of loans and advances to customers is presented in Note 19. Information on related party transactions is presented in Note 20.

9 Investment Securities, including those Pledged under Repurchase Agreements

<i>(in thousands of Russian roubles)</i>	30 June 2020 (unaudited)	31 December 2019
Debt investment securities measured at fair value through other comprehensive income		
Corporate bonds	4 733 030	-
Municipal bonds	20 665	44 738
Debt investment securities measured at fair value through other comprehensive income, pledged under repurchase agreements		
Corporate bonds	1 135 550	5 532 402
Total debt investment securities measured at fair value through other comprehensive income	5 889 245	5 577 140
Equity securities	929 611	2 153 181
Total investment securities measured at fair value through other comprehensive income	6 818 856	7 730 321
Debt investment securities measured at amortized cost		
Corporate Eurobonds	15 527 112	-
Corporate bonds	12 020 525	-
Debt investment securities measured at amortized cost, pledged under repurchase agreements		
Corporate Eurobonds	22 821 856	23 989 334
Corporate bonds	13 414 554	22 856 384
Allowance for expected credit losses	(99 048)	(76 371)
Total debt investment securities measured at amortized cost	63 684 999	46 769 347
Total investment securities including securities, pledged under repurchase agreements	70 503 855	54 499 668

Debt investment securities, measured at fair value through other comprehensive income, are divided by the level of credit risk on the basis of averaging the values of credit ratings of issuers (in their absence - the credit ratings of debt securities issues), assigned by the international rating agencies Moody's, S&P and Fitch (in their absence ratings issued by ACRA are used for Russian issuers).

9 Investment Securities, including those Pledged under Repurchase Agreements (continued)

Below is an analysis of debt investment securities measured at fair value through other comprehensive income, including those pledged under repurchase agreements, by credit quality as at 30 June 2020 (unaudited):

<i>(in thousands of Russian roubles)</i>	12-month ECLs	Lifetime expected credit losses - non- impaired assets	Lifetime expected credit losses - impaired assets	Total
Debt investment securities measured at fair value through other comprehensive income				
Group A	3 767 010	-	-	3 767 010
Group B	966 020	-	-	966 020
Group C	20 665	-	-	20 665
Total debt investment securities measured at fair value through other comprehensive income	4 753 695	-	-	4 753 695
Debt investment securities measured at fair value through other comprehensive income, pledged under repurchase agreements				
Group A	872 324	-	-	872 324
Group B	263 226	-	-	263 226
Total debt investment securities measured at fair value through other comprehensive income, pledged under repurchase agreements	1 135 550	-	-	1 135 550
Total debt investment securities, including securities pledged under repurchase agreements	5 889 245	-	-	5 889 245
Allowance for expected credit losses	(6 625)	-	-	(6 625)

9 Investment Securities, including those Pledged under Repurchase Agreements (continued)

Below is an analysis of debt investment securities measured at fair value through other comprehensive income, including those pledged under repurchase agreements, by credit quality as at 31 December 2019:

<i>(in thousands of Russian roubles)</i>	12-month ECLs	Lifetime expected credit losses - non-impaired assets	Lifetime expected credit losses - impaired assets	Total
Debt investment securities measured at fair value through other comprehensive income				
Group B	23 506	-	-	23 506
Group C	-	21 232	-	21 232
Total debt investment securities measured at fair value through other comprehensive income	23 506	21 232	-	44 738
Debt investment securities measured at fair value through other comprehensive income, pledged under repurchase agreements				
Group A	2 930 646	-	-	2 930 646
Group B	2 601 756	-	-	2 601 756
Total debt investment securities measured at fair value through other comprehensive income, pledged under repurchase agreements	5 532 402	-	-	5 532 402
Total debt investment securities, including securities pledged under repurchase agreements	5 555 908	21 232	-	5 577 140
Allowance for expected credit losses	(7 257)	(340)	-	(7 597)

For definition of groups refer to Note 5.

9 Investment Securities, including those Pledged under Repurchase Agreements (continued)

Below is the analysis of changes in the allowance for expected credit losses on debt investment securities measured at fair value through other comprehensive income during 6 months of 2020 (unaudited):

<i>(in thousands of Russian roubles)</i>	12-month ECLs	Lifetime expected credit losses - non- impaired assets	Lifetime expected credit losses - impaired assets	Purchased or originated impaired assets	Total
Allowance for expected credit losses as at 1 January	7 257	340	-	-	7 597
New assets received or acquired	1 909	-	-	-	1 909
Transfer to 12-month ECLs - non-impaired assets	340	(340)	-	-	-
Net income from recovery of allowance for expected credit losses	(777)	-	-	-	(777)
Recovery of allowance due to sale and repayment of securities	(2 104)	-	-	-	(2 104)
Total allowance for expected credit losses as at 30 June	6 625	-	-	-	6 625

Below is the analysis of changes in the allowance for expected credit losses on debt investment securities measured at fair value through other comprehensive income during 6 months of 2019 (unaudited):

<i>(in thousands of Russian roubles)</i>	12-month ECLs	Lifetime expected credit losses - non- impaired assets	Lifetime expected credit losses - impaired assets	Purchased or originated impaired assets	Total
Allowance for expected credit losses as at 1 January	69 991	6 984	-	-	76 975
New assets received or acquired	991	-	-	-	991
Transfer to 12-month ECLs - non-impaired assets	(615)	615	-	-	-
Net income from recovery of allowance for expected credit losses	(18 001)	64	-	-	(17 937)
Recovery of allowance due to sale and repayment of securities	(26 945)	(6 983)	-	-	(33 928)
Total allowance for expected credit losses as at 30 June	25 421	680	-	-	26 101

9 Investment Securities, including those Pledged under Repurchase Agreements (continued)

Below is an analysis of debt investment securities measured at amortized cost, including those pledged under repurchase agreements, by credit quality as at 30 June 2020 (unaudited):

<i>(in thousands of Russian roubles)</i>	12-month ECLs	Lifetime expected credit losses - non-impaired assets	Lifetime expected credit losses - impaired assets	Total
Debt securities measured at amortized cost				
Group A	20 175 506	-	-	20 175 506
Group B	7 372 131	-	-	7 372 131
Total debt investment securities measured at amortized cost	27 547 637	-	-	27 547 637
Debt investment securities measured at amortized cost, pledged under repurchase agreements				
Group A	26 629 194	-	-	26 629 194
Group B	9 607 216	-	-	9 607 216
Total debt investment securities measured at amortized cost, pledged under repurchase agreements	36 236 410	-	-	36 236 410
Allowance for expected credit losses	(99 048)	-	-	(99 048)
Total debt investment securities measured at amortized cost, including those pledged under repurchase agreements	63 684 999	-	-	63 684 999

Below is an analysis of debt investment securities measured at amortized cost, including those pledged under repurchase agreements, by credit quality as at 31 December 2019:

<i>(in thousands of Russian roubles)</i>	12-month ECLs	Lifetime expected credit losses - non-impaired assets	Lifetime expected credit losses - impaired assets	Total
Debt investment securities measured at amortized cost, pledged under repurchase agreements				
Group A	33 893 153	-	-	33 893 153
Group B	12 952 565	-	-	12 952 565
Total debt investment securities measured at amortized cost, pledged under repurchase agreements	46 845 718	-	-	46 845 718
Allowance for expected credit losses	(76 371)	-	-	(76 371)
Total debt investment securities measured at amortized cost, including those pledged under repurchase agreements	46 769 347	-	-	46 769 347

9 Investment Securities, including those Pledged under Repurchase Agreements (continued)

Below is an analysis of changes in the allowance for expected credit losses on debt investment securities measured at amortized cost during 6 months of 2020:

<i>(in thousands of Russian roubles)</i>	12-month ECLs	Lifetime expected credit losses - non- impaired assets	Lifetime expected credit losses - impaired assets	Purchased or originated credit- impaired assets	Total
Allowance for expected credit losses as at 1 January	76 371	-	-	-	76 371
New assets received or acquired	20 436	-	-	-	20 436
Net expense from creation of allowance for expected credit losses	2 241	-	-	-	2 241
Total allowance for expected credit losses as at 30 June	99 048	-	-	-	99 048

Below is an analysis of changes in the allowance for expected credit losses on debt investment securities measured at amortized cost during 6 months of 2019:

<i>(in thousands of Russian roubles)</i>	12-month ECLs	Lifetime expected credit losses - non- impaired assets	Lifetime expected credit losses - impaired assets	Purchased or originated credit- impaired assets	Total
Allowance for expected credit losses as at 1 January	56 237	-	-	-	56 237
New assets received or acquired	29 405	-	-	-	29 405
Net income from recovery of allowance for expected credit losses	(25 552)	-	-	-	(25 552)
Total allowance for expected credit losses as at 30 June	60 090	-	-	-	60 090

Analysis of investment securities by currency structure and maturity is presented in Note 17.

10 Customer Accounts

<i>(in thousands of Russian roubles)</i>	30 June 2020 (unaudited)	31 December 2019
State and public organisations		
- Current/settlement accounts	14 746	32 009
Other legal entities		
- Current/settlement accounts	91 617 260	72 545 082
- Term deposits	81 626 241	88 798 834
Individuals		
- Current accounts/demand accounts	79 515 341	74 207 009
- Term deposits	170 476 032	174 760 414
Total customer accounts	423 249 620	410 343 348

State and public organisations do not include commercial enterprises owned by the state.

As at 30 June 2020 and 31 December 2019, the Group had no customers (group of customers), the total balances on accounts and deposits of which exceeded 10% of equity of the Group.

Economic sector concentrations within customer accounts are as follows:

<i>(in thousands of Russian roubles)</i>	30 June 2020 (unaudited)		31 December 2019	
	Amount	%	Amount	%
Individuals	249 991 373	59.1	248 967 423	60.7
Construction	35 322 464	8.3	40 240 155	9.8
Trade	34 945 747	8.3	25 192 458	6.1
Manufacturing	24 617 184	5.8	17 929 568	4.4
Real estate	24 170 339	5.7	21 991 084	5.4
Art, science and education	15 002 208	3.5	18 384 841	4.5
Financial services	14 354 273	3.4	15 421 132	3.8
Transport	10 293 947	2.4	7 649 126	1.9
Communications	1 571 334	0.4	2 816 966	0.7
Medical institutions	1 495 113	0.4	889 880	0.2
Public utilities	1 033 154	0.2	1 295 133	0.3
Energy	711 816	0.2	580 938	0.1
Other	9 740 668	2.3	8 984 644	2.1
Total customer accounts	423 249 620	100.0	410 343 348	100.0

The analysis of customer accounts by currency structure and maturity is presented in Note 17. Information on the fair value of customer accounts is presented in Note 19. Information on related party transactions is presented in Note 20.

11 Bonds Issued

<i>(in thousands of Russian roubles)</i>	30 June 2020 (unaudited)	31 December 2019
Mortgage secured bonds issued by mortgage agents	3 717 815	4 802 775
Total bonds issued	3 717 815	4 802 775

The final maturity of mortgage secured bonds may differ from the contractual one in case of early repayment of mortgages pledged as security for these bonds.

Analysis of issued bonds by currency structure and maturity is presented in Note 17.

12 Share Capital

<i>(in thousands of Russian roubles)</i>	Number of outstanding ordinary shares (thousand units)	Number of outstanding preference shares (thousand units)	Ordinary shares	Preference shares	Share premium	Treasury shares	Retained earnings	Total
As at 1 January 2019	487 554	20 100	3 604 283	177 451	24 513 878	(659 991)	-	27 635 621
Shares buy- back	(12 000)	-	-	-	-	(641 996)	-	(641 996)
As at 31 December 2019	475 554	20 100	3 604 283	177 451	24 513 878	(1 301 987)	-	26 993 625
Redemption of treasury shares	-	-	(86 580)	-	(662 903)	659 991	89 492	-
As at 30 June 2020 (unaudited)	475 554	20 100	3 517 703	177 451	23 850 975	(641 996)	89 492	26 904 133

As at 30 June 2020, the nominal registered amount of issued share capital of the Bank prior to restatement of capital contributions made before 1 January 2003 to the purchasing power equivalent of the Russian rouble at 31 December 2002, is RUB 519 654 thousand (31 December 2019: RUB 519 654 thousand). As at 30 June 2020, all of the outstanding shares of the Bank are authorized, issued and fully paid in.

As at 30 June 2020, all ordinary shares have the nominal value of RUB 1 (one) per share (31 December 2019: RUB 1 per share). Each share carries one vote.

12 Share Capital (continued)

On 27 May 2020, the General Shareholders' Meeting decided to reduce share capital by repaying 12 000 thousand shares acquired by the Bank in October 2018 at a price of RUB 55.00. On 8 June 2020, the Bank's own ordinary shares held in the treasury account in the register of shareholders in the amount of 12 000 thousand were redeemed.

At the time of signing this condensed consolidated interim financial information, the procedure for registration of changes in the share capital with the CBRF is in progress. After registration, the nominal amount of issued share capital of the Bank prior to restatement of capital contributions made before 1 January 2003 to the purchasing power equivalent of the Russian rouble at 31 December 2002, will equal to RUB 507 654 thousand.

In connection with the decision to reduce share capital, the Bank's creditors have the right to demand early performance of obligations not later than within thirty days from the date of the last publication of the notice of share capital reduction, if the rights of claim arose before the publication of such notice, and if early performance is impossible – termination of the obligation and compensation for related losses. The limitation period for applying to the court with this claim is six months from the date of the last publication of the notice of share capital reduction. The date of the last publication of the relevant information by the Bank is 22 July 2020. As of the date of issue of this condensed consolidated interim financial information, the Bank has not received requests of obligations early performance, and the term provided for by law had expired.

As at 30 June 2020, the Bank has one type of preference shares with the nominal value of RUB 1 (one) in the amount of 20,100,000 shares.

Preference shares grant the right to take part in the General Shareholders' Meeting with the right to vote on all issues of its competence, starting with the meeting, following the annual General Shareholders' Meeting, where notwithstanding the reasons, no decision on dividends payment was made or a decision on partial payment of dividends was made. If shareholders do not declare dividends on preference shares, the holders of preference shares are entitled to voting rights similar to ordinary shareholders until the dividends are paid. Preference shares are not cumulative.

Share premium represents the excess of contributions received over the nominal value of shares issued.

13 Interest Income and Expense

	6 months ended 30 June 2020 (unaudited)	6 months ended 30 June 2019 (unaudited)
<i>(in thousands of Russian roubles)</i>		
Interest income calculated using the effective interest rate		
Loans and advances to customers	17 615 103	17 562 018
Reverse sale and repurchase agreements	1 020 634	1 792 423
Due from banks	459 163	1 060 237
Debt investment securities measured through other comprehensive income	255 809	910 380
Debt securities measured at amortized cost	1 572 895	924 786
Other interest income		
Trading securities measured through profit or loss	722 798	2 100 787
Loans and advances to customers measured at fair value through profit or loss	330 458	70 132
Total interest income	21 976 860	24 420 763
Interest expenses		
Term deposits of individuals	4 031 269	4 992 889
Due to banks	2 527 946	4 049 296
Term deposits of legal entities	2 079 673	2 641 176
Bonds issued	204 826	536 341
Other debt securities issued	159 420	144 503
Current/settlement accounts	90 588	69 952
Other borrowed funds	-	47 462
Total interest expense	9 093 722	12 481 619
Contributions to the deposit insurance system	589 975	881 383
Net interest income	12 293 163	11 057 761

Information on related party transactions is presented in Note 20.

14 Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to shareholders of the Bank by the weighted average number of ordinary shares outstanding during the year, net of own shares repurchased from shareholders.

As at 30 June 2020, the Bank does not have preference shares that potentially dilute earnings per share. Thus, diluted earnings per share are equal to basic earnings per share.

Basic earnings per share are calculated as follows:

<i>(in thousands of Russian roubles)</i>	6 months ended 30 June 2020 (unaudited)	6 months ended 30 June 2019 (unaudited)
Profit attributable to the Bank's shareholders	3 598 296	3 471 958
Less dividends on preference shares	(2 211)	(2 211)
Profit attributable to ordinary shareholders of the Bank	3 596 085	3 469 747
Weighted average number of ordinary shares in issue (thousands)	475 554	487 554
Basic earnings per share (in RUB per share)	7.56	7.12

15 Dividends

<i>(in thousands of Russian roubles)</i>	6 months ended 30 June 2020 (unaudited)		6 months ended 30 June 2019 (unaudited)	
	Ordinary	Preference	Ordinary	Preference
Dividends payable as at 1 January	9 077	-	6 057	-
Dividends declared during the period	-	2 211	1 808 826	2 211
Dividends paid during the period	(53)	(1 866)	(1 798 501)	(2 211)
Dividends payable as at 30 June	9 024	345	16 382	-
Dividends per share declared during the period (in RUB per share)	-	0.11	3.71	0.11

All dividends were declared and paid in Russian roubles. Due to the high uncertainty associated with the spread of COVID-19, its impact on the economic environment, and the need to have additional equity reserves under these circumstances, the General Shareholders' Meeting decided on 27 May 2020 not to pay dividends on ordinary shares for 2019.

16 Segment Analysis

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the chief operating decision maker and for which discrete financial information is available. The Management Board of the Bank performs the responsibilities of the chief operating decision maker.

Description of products and services that constitute sources of revenues of the reporting segments

The Group is organised on a basis of three main business segments:

- Corporate banking – settlement and current accounts, deposits, credit lines, loans and other credit facilities, foreign currency transactions with commercial and state entities.
- Operations on financial markets – financial instruments trading, loans and deposits on the interbank market, dealing in foreign exchange and derivative financial instruments.
- Retail banking – retail and private banking services, private customer current accounts, deposits, retail investment products, custody services, credit and debit cards, consumer loans, mortgages and other loans to individual and VIP clients.

Since 2020, the following changes were made to segment reporting:

- transfer income and transfer expenses under the items "Property and equipment", "Equity", "Trade receivables/payables", "Tax claims", "Subordinated loans" were separated from the segment "Operations on financial markets" as "unallocated",
- income on currency exchange transactions with customers, previously fully reflected in the segment "Operations on financial markets", is now partially reflected in this segment (50%), and the remaining part of the conversion spread is distributed among the business segments with whose clients the corresponding transactions were made, i.e., to the segments "Corporate banking" and "Retail banking" in proportion to the conversion spread from currency transactions,
- rental income is not offset with G&A expenses and is presented as "Other operating income/expenses" in the section "Revenue",
- allocation of depreciation costs was made not in proportion to the payroll, but according to the general allocation rules, namely, the cascade method,
- G&A expenses of the Assets and Liabilities Department of the Treasury, which regulates transfer relations between all segments, were separated from the segment "Operations on financial markets" (as "unallocated").

Comparative data of the same period in 2019 were restated in accordance with the provided changes.

16 Segment Analysis (continued)

Transactions between the business segments are performed on normal commercial terms and conditions. Funds are ordinarily reallocated between segments, resulting in funding cost transfers disclosed in operating income/expense for the segment, i.e. the balance of transfer income and expenses from reallocated financial resources between internal segments. Interest charged for these funds is based on market interest rates. There are no other material items of income or expense between the business segments. Segment assets and liabilities comprise operating assets and liabilities, being the majority of assets and liabilities of the Group, but excluding some premises, equipment and intangible assets, long-term assets held-for-sale, investment property, other assets and liabilities and balances on taxation settlements.

Factors used by management to determine reporting segments

The Group's segments are groups of strategic business units targeting different clients. They are managed separately because they require different technology and marketing strategies and level of service.

Evaluation of profit or loss and assets of operating segments

The Management Board of the Bank analyses financial information prepared in accordance with the requirements of Russian accounting standards. This financial information differs in some aspects from the information prepared in accordance with IFRS:

- (i) resources are usually redistributed among segments using internal interest rates set by the Treasury Department. These interest rates are calculated based on the basic market interest rates, contractual maturity dates and observable actual maturity dates of customer accounts balances;
- (ii) income tax is not allocated to segments;
- (iii) allowance for loans is recognized based on Russian legislation with adjustments of estimated allowance according to information available at the end of the reporting period, and not on the basis of the model of “expected credit losses” specified in IFRS 9;
- (iv) fee and commission income on lending operations is recognized immediately and not in the future periods using the effective interest method;
- (v) information on consolidated companies is not included;

The Management Board of the Bank evaluates the business segment results based on the amount of profit before income tax.

16 Segment Analysis (continued)

Information on profit or loss, assets and liabilities of reporting segments

Segment information for the Group’s main reporting business segments for 6 months ended 30 June 2020, and 6 months ended 30 June 2019 is set out below (in accordance with the management information).

<i>(in thousands of Russian roubles)</i>	Corporate banking	Retail banking	Operations on financial markets	Unallocated	Total
6 months ended 30 June 2020 (unaudited)					
Interest income	11 560 582	5 581 823	4 039 399	1 187	21 182 991
Interest expenses	(2 208 528)	(4 626 148)	(2 519 504)	(72 574)	(9 426 754)
Internal funding charge	(4 636 669)	2 720 043	(1 679 673)	3 596 298	(1)
Net interest income	4 715 385	3 675 718	(159 778)	3 524 911	11 756 236
Net fee and commission income	2 538 892	992 608	(79 426)	-	3 452 074
Net trade income	1 263 114	253 403	368 367	-	1 884 884
Other net operating (expenses) income	596 174	6 595	15 916	36 052	654 737
Net operating income (revenue)	9 113 565	4 928 324	145 079	3 560 963	17 747 931
General and administrative expenses (Expenses)/income for creation of allowance for expected credit losses	(2 539 679)	(2 609 448)	(288 842)	(1 192 038)	(6 630 007)
	(4 887 016)	(1 644 093)	(16 272)	(92 682)	(6 640 063)
Profit (loss) before tax	1 686 870	674 783	(160 035)	2 276 243	4 477 861
Income tax expenses	(337 374)	(134 957)	32 007	241 023	(199 301)
Segment profit (loss):	1 349 496	539 826	(128 028)	2 517 266	4 278 560
As at 30 June 2020 (unaudited)					
Segment assets before allowances	330 885 099	258 395 874	107 565 210	18 040 304	714 886 487
Other segment items for 6 months ended 30 June 2020 (unaudited)					
Depreciation and amortization charges	(111 729)	(141 519)	(14 816)	(72 479)	(340 543)

16 Segment Analysis (continued)

<i>(in thousands of Russian roubles)</i>	Corporate banking	Retail banking	Operations on financial markets	Unallocated	Total
6 months ended 30 June 2019 (unaudited)					
Interest income	10 995 866	4 845 638	6 734 260	-	22 575 764
Interest expenses	(2 377 831)	(5 665 084)	(4 361 779)	(337 807)	(12 742 501)
Internal funding charge	(4 652 570)	4 743 645	(3 312 671)	3 221 596	-
Net interest income	3 965 465	3 924 199	(940 190)	2 883 789	9 833 263
Net fee and commission income	1 746 068	1 514 992	(55 180)	-	3 205 880
Net trade income	(411 525)	203 541	80 496	-	(127 488)
Other net operating (expenses) income	(34 881)	(5 027)	33 867	40 825	34 784
Net operating income (revenue)	5 265 127	5 637 705	(881 007)	2 924 614	12 946 439
General and administrative expenses	(1 788 770)	(2 125 357)	(312 552)	(1 763 238)	(5 989 917)
(Expenses)/income for creation of allowance for expected credit losses	(3 259 626)	(728 204)	(152 265)	-	(4 140 095)
Profit (loss) before tax	216 731	2 784 144	(1 345 824)	1 161 376	2 816 427
Income tax expenses	(43 346)	(556 829)	269 165	(369 383)	(700 393)
Segment profit (loss):	173 385	2 227 315	(1 076 659)	791 993	2 116 034
As at 31 December 2019 (unaudited)					
Segment assets before allowances	304 310 359	100 464 265	269 934 160	33 715 160	708 423 944
Other segment items for 6 months ended 30 June 2019 (unaudited)					
Depreciation and amortization charges	(90 278)	(164 175)	(17 683)	(83 993)	(356 129)

16 Segment Analysis (continued)

A reconciliation of assets according to management reporting with IFRS condensed consolidated interim financial information results as at 30 June 2020 and 31 December 2019 is set out below:

<i>(in thousands of Russian roubles)</i>	30 June 2020 (unaudited)	31 December 2019
Total segment assets before allowances	714 886 487	708 423 944
Adjustment of financial assets at amortized cost	(39 441 135)	(35 590 414)
Adjustments of income/expense accruals	(4 433 469)	(4 409 432)
Adjustments of depreciation and amortization and fair value of property and equipment, intangible assets and right-of-use assets	586 232	1 727 868
Fair value and amortized cost adjustments	145 163	(288 528)
Income tax adjustments	241 544	241 405
Adjustments of assets additionally recognized in management reporting	113 626	230 552
Other adjustments	(463 374)	777 758
Consolidation effect	(269 216)	2 538 126
Total assets under IFRS	671 365 858	673 651 279

A reconciliation of profit before tax according to management reporting with IFRS information for 6 months ended 30 June 2020 and 6 months ended 30 June 2019 is set out below:

<i>(in thousands of Russian roubles)</i>	6 months ended 30 June 2020 (unaudited)	6 months ended 30 June 2019 (unaudited)
Total reporting segment profit (before tax)	4 477 861	2 816 427
Adjustment of allowances	138 578	347 251
Adjustments of income/expense accruals	(332 311)	410 024
Adjustments of depreciation and amortization and fair value of property and equipment, intangible assets and right-of-use assets	(121 476)	4 937
Fair value and amortized cost adjustments	533 142	617 984
Consolidation effect	(335 916)	84 369
Other adjustments	59 060	(4 005)
Total profit under IFRS (before tax)	4 418 938	4 276 987

Geographical information. The major part of the Group’s activity is concentrated in the North-West region of the Russian Federation. Activity is carried out in Moscow, Novosibirsk.

There are no external customers (groups of related customers) with individual income from operations exceeding 10% of the total income from operations with such customers.

17 Risk Management, Corporate Governance and Internal Control

Corporate governance and internal control

Corporate governance system of the Group is based on full compliance with requirements of statutory legislation and the CBRF and protection of the shareholders' interests and considers world best practices to the largest possible extent. The Group fully complies with the legislation requirements concerning shareholders' rights observance.

The supreme managing body of the Bank is the General Shareholders' Meeting that makes strategic decisions on the Bank's operations in accordance with Federal Law No. 208-FZ dated 26 December 1995 *On Joint Stock Companies* and the Charter.

Functions of the counting commission of the General Shareholders' Meeting are performed by the Independent Registrar – JSC “Independent Registrar Company - R.O.S.T.” (before 5 February 2019 - JSC “Independent Registrar Company”).

General activities of the Bank are managed by the Supervisory Board, except for areas that are in competence of the General Shareholders' Meeting. The Supervisory Board is elected and approved by the General Shareholders' Meeting. The Supervisory Board sets the key strategic directions of the Group's activity and supervises the performance of the executive management bodies.

On 27 May 2020, the General Shareholders' Meeting of PJSC “Bank “Saint-Petersburg” was held in the form of absentee voting, where the composition of the Supervisory Board of the Bank was elected. On 28 May 2020, the Supervisory Board meeting was held, according to the resolution of which the Committees of the Supervisory Board were created in accordance with the tasks and objectives of PJSC “Bank “Saint Petersburg”.

As at 30 June 2020, the composition of the Bank's Supervisory Board is as follows:

Elena Viktorovna Ivannikova – Chairperson of the Supervisory Board, member of the Supervisory Board since 2005; Vladislav Stanislavovich Guz – Deputy Chairman of the Supervisory Board, member of the Bank's Supervisory Board since June 2014, Chairman of the Strategy Committee since May 2019; Alexander Vasilyevich Savelyev – Chairman of the Management Board, elected to the Supervisory Board in 2001; Andrey Pavlovich Bychkov – member of the Bank's Supervisory Board since April 2010, Chairman of the Audit Committee since May 2016; Alexey Andreevich Germanovich – member of the Bank's Supervisory Board since June 2014, Senior Independent Director since May 2019; Andrey Mikhaylovich Zvyozdochkin – member of the Bank's Supervisory Board since May 2017; Pavel Anatolievich Kiryukhantsev, member of the Supervisory Board of the Bank since May 2018, elected Chairman of the Human Resources and Remuneration Committee since May 2019; Sergey Petrovich Nazarov – member of the Supervisory Board since May 2020 and Chairman of the Risk Management Committee since May 2020; Yuriy Genrikhovich Levin – member of the Supervisory Board since May 2020.

As at 30 June 2020, Members of the Supervisory Board, Pavel Anatolievich Kiryukhantsev, Andrey Mikhaylovich Zvyozdochkin, Yuriy Genrikhovich Levin, Alexey Andreevich Germanovich and Andrey Pavlovich Bychkov are recognised as independent directors.

The Supervisory Board includes Committees established for the purpose of review and analysis of matters in competence of the Supervisory Board, preparation of recommendations on these matters for the Supervisory Board and execution of other functions vested to these Committees.

The primary objective of the Strategy Committee is to assist the Supervisory Board of the Bank in determining the Bank's long-term and mid-term strategy and priority business areas and to review major innovation and investment programs of the Bank.

The primary objective of the Risk Management Committee is to assist the Supervisory Board of the Bank in determining priority areas for the Bank's banking risk management efforts and to support appropriate risk management function within the Group.

17 Risk Management, Corporate Governance and Internal Control (continued)

The primary objectives of the Human Resources and Remuneration Committee are the support of the efficient HR policy of the Bank, recruitment of qualified experts to management positions and creation of necessary incentives for their successful work, preparation of recommendations for the Supervisory Board on applicants for the key management positions and development of principles and criteria for remuneration rates for the key management (personnel) of the Bank.

The primary objective of the Audit Committee is to assist the Supervisory Board in efficient assessment of and control over the Bank's business and to control the completeness, accuracy and fairness of the Bank's consolidated financial statements and the process of their preparation and presentation, and the performance of internal control and internal audit functions.

The Corporate Secretary's Office is responsible for compliance with the requirements of current legislation, the Charter and other internal policies of the Bank concerning shareholders' rights and protection of their interests during preparation and implementation of corporate action by the Bank. The Corporate Secretary's Office also supports communications between the Bank and its shareholders, holding of General Shareholders' Meetings and performance of the Supervisory Board and its Committees.

Operating activities of the Bank are managed by the sole executive body – the Chairman of the Management Board and the collective executive body – the Management Board of the Bank.

As at 30 June 2020, the composition of the Bank's Management Board is as follows:

Alexander Vasilyevich Savelyev is the Chairman of the Bank's Management Board.

Members of the Management Board: Pavel Vladimirovich Filimonenok, the First Deputy Chairman of the Management Board, Chief Executive Officer, member of the Management Board since December 2003; Konstantin Yurievich Balandin, Deputy Chairman of the Management Board, member of the Management Board since January 2008; Vyacheslav Yakovlevich Ermolin, Deputy Chairman of the Management Board, member of the Management Board since December 2017; Kirill Sergeevich Kuznetsov, Senior Vice President and Manager of the Moscow Branch, member of the Management Board since December 2019; Kristina Borisovna Mironova, the First Deputy Chairperson of the Management Board, member of the Management Board since August 2013; Vladimir Pavlovich Skatin, Deputy Chairman of the Management Board, member of the Management Board since June 2008.

17 Risk Management, Corporate Governance and Internal Control (continued)

Risk management

Risks of the Group are managed in relation to significant risks:

- credit risk (including counterparty and concentration risk),
- market risk (including equity, trading book interest rate risk, currency, and commodity risks),
- bank portfolio interest rate risk,
- liquidity risk (including concentration risk),
- operational risk (including legal risk),
- as well as other types of risks (compliance risk, strategic risk, reputational risk).

For each significant type of risk a corresponding management system was created to provide adequate risk assessment, including measures for its mitigation. The Group compares the amount of accepted risks with the size of its equity to guarantee its sufficiency at the level required by the CBR, needed for performance of its obligations, including covenants, and for efficient use of equity.

The risk management system is consistent with the description provided in the Group's annual consolidated financial statements for the year ended 31 December 2019, except for the following changes in the key bodies responsible for the Group's risk management.

A Project Management Centre (PMC) has been established with the competence to manage the Group's resources within the approved budget, to approve cost estimates and long-term investment estimates, to approve adjustments to the estimates within the authorities, to monitor project implementation, and to regularly assess the performance of individual businesses/products. The Budget Committee and the Product and Process Committee have been dissolved.

The Committee for Bad Debt Management has been transformed into the Committee for Bad Debt Management and Investment Projects.

Currency risk.

For currency risk management purposes the Group also uses the system of mandatory limits established by the CBR, including limits on open positions in a foreign currency (up to 10% of the capital calculated in accordance with the CBR regulations) and the limit on the total open position in all foreign currencies (up to 20% of the capital calculated in accordance with the CBR regulations).

The Group follows a conservative currency risk management policy and opens currency positions primarily in the currencies most frequently used in the Russian Federation (US Dollars and EUR).

17 Risk Management, Corporate Governance and Internal Control (continued)

The table below summarises the exposure to foreign currency exchange rate risk of the Group as at 30 June 2020 (unaudited). The Group does not use this currency risk analysis for management purposes.

<i>(in thousands of Russian roubles)</i>	RUB	USD	EUR	Other	Total
Assets					
Cash and cash equivalents	36 643 514	6 196 741	16 970 467	799 413	60 610 135
Mandatory reserve deposits with the Central Bank of the Russian Federation	3 942 027	-	-	-	3 942 027
Trading securities, including those pledged under repurchase agreements	9 910 515	1 413 465	34 679	36 495	11 395 154
Reverse sale and repurchase agreements	44 908 920	53 462 685	1 914 862	-	100 286 467
Derivative financial assets	7 085 153	-	-	-	7 085 153
Due from banks	4 111 756	1 138 132	672 721	-	5 922 609
Loans and advances to customers					
- loans and advances to legal entities	225 336 154	20 009 899	32 728 667	6 186	278 080 906
- loans and advances to individuals	98 887 815	148 458	1 354 999	-	100 391 272
Investment securities, including those pledged under repurchase agreements	30 700 986	25 570 427	13 589 851	642 591	70 503 855
Investment property	6 801 115	-	-	-	6 801 115
Property, equipment, intangible assets and right-of-use assets	14 267 593	-	-	-	14 267 593
Other assets	6 433 439	3 946 209	28 724	1 451	10 409 823
Long-term assets held-for-sale	1 669 749	-	-	-	1 669 749
Total assets	490 698 736	111 886 016	67 294 970	1 486 136	671 365 858
Liabilities					
Due to banks	124 885 417	7 365 170	1 291 293	-	133 541 880
Customer accounts					
- corporate customers accounts	143 776 232	20 413 440	8 661 142	407 433	173 258 247
- individual customers accounts	183 275 972	51 851 560	14 524 415	339 426	249 991 373
Financial liabilities at fair value	698 152	-	-	-	698 152
Derivative financial liabilities	12 294 783	-	-	-	12 294 783
Bonds issued	3 717 815	-	-	-	3 717 815
Promissory notes and deposit certificates issued	3 989 073	4 802 478	206 317	-	8 997 868
Other liabilities	4 747 899	17 766	416 635	58	5 182 358
Total liabilities	477 385 343	84 450 414	25 099 802	746 917	587 682 476
Less fair value of currency derivatives	5 236 809	-	-	-	5 236 809
Net recognised position, excluding currency derivative financial instruments	18 550 202	27 435 602	42 195 168	739 219	88 920 191
Currency derivatives	69 029 781	(30 768 244)	(42 695 394)	(802 952)	(5 236 809)
Net position, including currency derivative financial instruments	87 579 983	(3 332 642)	(500 226)	(63 733)	83 683 382

17 Risk Management, Corporate Governance and Internal Control (continued)

The table below summarises the exposure to foreign currency exchange rate risk of the Group as at 31 December 2019. The Group does not use this currency risk analysis for management purposes.

<i>(in thousands of Russian roubles)</i>	RUB	USD	EUR	Other	Total
Assets					
Cash and cash equivalents	24 341 056	2 380 243	14 962 690	872 268	42 556 257
Mandatory reserve deposits with the Central Bank of the Russian Federation	3 885 964	-	-	-	3 885 964
Trading securities, including those pledged under repurchase agreements	43 330 531	850 172	-	31 258	44 211 961
Reverse sale and repurchase agreements	27 921 128	48 727 911	18 758 063	-	95 407 102
Derivative financial assets	5 350 855	-	-	-	5 350 855
Due from banks	26 832 923	615 958	573 605	-	28 022 486
Loans and advances to customers					
- loans and advances to legal entities	202 578 690	34 709 737	31 820 029	-	269 108 456
- loans and advances to individuals	97 546 439	151 350	1 263 409	-	98 961 198
Investment securities, including those pledged under repurchase agreements	28 347 308	18 827 099	6 797 722	527 539	54 499 668
Investment property	7 028 502	-	-	-	7 028 502
Property, equipment, intangible assets and right-of-use assets	14 371 978	-	426 069	-	14 798 047
Other assets	7 186 398	258 226	230 077	1 253	7 675 954
Long-term assets held-for-sale	2 144 829	-	-	-	2 144 829
Total assets	490 866 601	106 520 696	74 831 664	1 432 318	673 651 279
Liabilities					
Due to banks	90 372 317	67 560 756	633 702	-	158 566 775
Customer accounts					
- corporate customers accounts	139 520 679	13 603 070	7 914 685	337 491	161 375 925
- individual customers accounts	180 446 176	53 320 853	14 870 617	329 777	248 967 423
Financial liabilities at fair value	311 829	-	-	-	311 829
Derivative financial liabilities	7 394 070	-	-	-	7 394 070
Bonds issued	4 802 775	-	-	-	4 802 775
Promissory notes and deposit certificates issued	3 501 034	3 348 559	381 640	-	7 231 233
Other liabilities	4 525 481	11 007	394 493	-	4 930 981
Total liabilities	430 874 361	137 844 245	24 195 137	667 268	593 581 011
Less fair value of currency derivatives	2 024 336	-	-	-	2 024 336
Net recognised position, excluding currency derivative financial instruments	62 016 576	(31 323 549)	50 636 527	765 050	82 094 604
Currency derivatives	10 776 253	38 638 890	(50 667 566)	(771 913)	(2 024 336)
Net position, including currency derivative financial instruments	72 792 829	7 315 341	(31 039)	(6 863)	80 070 268

17 Risk Management, Corporate Governance and Internal Control (continued)

Liquidity risk. When performing its operating activity the Bank also focuses on compliance with the requirements of the CBR on maintaining sufficient liquidity ratios (instant liquidity ratio - N2, current liquidity ratio - N3, long-term liquidity ratio - N4).

According to the daily calculations, as at 30 June 2020 (unaudited) and 31 December 2019, the Bank complied with the liquidity ratios established by the CBRF.

The IFRS liquidity position of the Group at 30 June 2020 is presented below (unaudited). The Group does not use the presented analysis by contractual maturity for liquidity management purposes. The following table shows assets and liabilities of the Group by their remaining contractual maturity, with the exception of financial instruments measured at fair value through profit or loss for the period and investment securities measured at fair value through other comprehensive income, which are shown in the category “Demand and less than 1 month”, as well as overdue loans, which are shown in the category “From 1 to 5 years”.

17 Risk Management, Corporate Governance and Internal Control (continued)

The Group's IFRS liquidity position as at 30 June 2020 is presented below.

	Demand and less than 1 month	From 1 to 6 months	From 6 to 12 months	From 1 to 5 years	More than 5 years or no maturity	Total
<i>(in thousands of Russian roubles)</i>						
Assets						
Cash and cash equivalents	60 610 135	-	-	-	-	60 610 135
Mandatory reserve deposits with the Central Bank of the Russian Federation	2 171 948	853 119	568 165	348 781	14	3 942 027
Trading securities, including those pledged under repurchase agreements	11 395 154	-	-	-	-	11 395 154
Reverse sale and repurchase agreements	60 264 981	40 021 486	-	-	-	100 286 467
Derivative financial assets	1 160 708	2 350 612	164 208	2 172 698	1 236 927	7 085 153
Due from banks	1 958 435	3 964 174	-	-	-	5 922 609
Loans and advances to customers						
- loans and advances to legal entities	35 223 824	79 631 476	52 589 136	86 926 874	23 709 596	278 080 906
- loans and advances to individuals	42 733	694 022	1 843 517	26 081 620	71 729 380	100 391 272
Investment securities, including those pledged under repurchase agreements	7 360 925	910 059	10 947 846	43 308 664	7 976 361	70 503 855
Investment property	-	-	-	-	6 801 115	6 801 115
Property, equipment, intangible assets and right-of-use assets	-	-	377	208 736	14 058 480	14 267 593
Other assets	1 195 080	1 425 890	1 114 640	5 148 696	1 525 517	10 409 823
Long-term assets held-for-sale	-	-	1 669 749	-	-	1 669 749
Total assets	181 383 923	129 850 838	68 897 638	164 196 069	127 037 390	671 365 858
Liabilities						
Due to banks	127 824 546	4 222 203	1 220 711	268 536	5 884	133 541 880
Customer accounts						
- corporate customers accounts	137 314 525	26 766 049	7 121 060	2 055 523	1 090	173 258 247
- individual customers accounts	95 884 320	64 832 130	53 881 941	35 392 615	367	249 991 373
Financial liabilities at fair value	698 152	-	-	-	-	698 152
Derivative financial liabilities	2 612 947	3 115 565	462 106	2 748 490	3 355 675	12 294 783
Bonds issued	-	-	-	-	3 717 815	3 717 815
Promissory notes and deposit certificates issued	703 165	4 012 649	2 804 544	788 174	689 336	8 997 868
Other liabilities	975 056	2 144 479	298 451	711 348	1 053 024	5 182 358
Total liabilities	366 012 711	105 093 075	65 788 813	41 964 686	8 823 191	587 682 476
Net liquidity gap	(184 628 788)	24 757 763	3 108 825	122 231 383	118 214 199	83 683 382
Cumulative gap as at 30 June 2020	(184 628 788)	(159 871 025)	(156 762 200)	(34 530 817)	83 683 382	

17 Risk Management, Corporate Governance and Internal Control (continued)

The Group's IFRS liquidity position as at 31 December 2019 is presented below.

	Demand and less than 1 month	From 1 to 6 months	From 6 to 12 months	From 1 to 5 years	More than 5 years or no maturity	Total
<i>(in thousands of Russian roubles)</i>						
Assets						
Cash and cash equivalents	42 556 257	-	-	-	-	42 556 257
Mandatory reserve deposits with the Central Bank of the Russian Federation	2 312 356	823 351	432 355	317 889	13	3 885 964
Trading securities, including those pledged under repurchase agreements	44 211 961	-	-	-	-	44 211 961
Reverse sale and repurchase agreements	47 731 581	38 330 878	9 344 643	-	-	95 407 102
Derivative financial assets	1 422 390	3 165 521	493 669	269 275	-	5 350 855
Due from banks	11 635 835	16 386 651	-	-	-	28 022 486
Loans and advances to customers						
- loans and advances to legal entities	13 857 823	91 323 739	39 779 084	100 348 929	23 798 881	269 108 456
- loans and advances to individuals	248 959	480 311	1 504 281	26 748 418	69 979 229	98 961 198
Investment securities, including those pledged under repurchase agreements	7 730 321	-	1 267 235	38 446 223	7 055 889	54 499 668
Investment property	-	-	-	-	7 028 502	7 028 502
Property, equipment, intangible assets and right-of-use assets	-	-	933	514 150	14 282 964	14 798 047
Other assets	1 029 914	3 991 195	700 786	1 405 077	548 982	7 675 954
Long-term assets held-for-sale	-	-	2 144 829	-	-	2 144 829
Total assets	172 737 397	154 501 646	55 667 815	168 049 961	122 694 460	673 651 279
Liabilities						
Due to banks	156 784 103	506 021	581 695	694 956	-	158 566 775
Customer accounts						
- corporate customers accounts	125 394 351	27 202 725	7 116 628	1 661 142	1 079	161 375 925
- individual customers accounts	118 781 807	59 740 057	38 538 416	31 906 798	345	248 967 423
Financial liabilities at fair value	311 829	-	-	-	-	311 829
Derivative financial liabilities	913 829	1 813 761	1 719 537	1 398 543	1 548 400	7 394 070
Bonds issued	-	-	-	-	4 802 775	4 802 775
Promissory notes and deposit certificates issued	1 068 239	1 594 614	3 513 201	396 748	658 431	7 231 233
Other liabilities	906 783	2 265 883	222 644	995 269	540 402	4 930 981
Total liabilities	404 160 941	93 123 061	51 692 121	37 053 456	7 551 432	593 581 011
Net liquidity gap	(231 423 544)	61 378 585	3 975 694	130 996 505	115 143 028	80 070 268
Cumulative gap as at 31 December 2019	(231,423,544)	(170,044,959)	(166,069,265)	(35,072,760)	80,070,268	

The Group Management believes that as at 30 June 2020 unused limits on credit lines opened for the Group in the amount of RUB 131 294 000 thousand (unaudited) (31 December 2019: RUB 136 136 000 thousand) as well as the assessment of the stability of customer funds in unstable conditions, allow the Group to fully cover the liquidity gap indicated in the tables above.

Due to the COVID-19 pandemic crisis, the banking system of the Russian Federation and the Group observed an overflow of term client funds to demand accounts. This additional increase in demand balances according to the Group's methodology is unsustainable as it is not supported by a corresponding increase in the money supply. The stable portion of the demand resource has remained unchanged.

18 Capital management

The objectives when managing the Group’s capital are: (i) to comply with the capital requirements set by the CBRF, (ii) to safeguard the Group’s ability to continue as a going concern and (iii) to maintain a sufficient capital base to achieve a capital adequacy ratio of at least 8% based on the April 1998 Basel Prudential Requirements for Banks (Basel I), to comply with capital requirements and capital adequacy ratio requirements in accordance with financial covenants set in agreements signed by the Group in order to raise funds.

Under the current capital requirements set by the CBRF, the Group has to maintain a ratio of regulatory capital to risk weighted assets (“capital adequacy ratio” N 20.0) of at least 8.0%, base capital adequacy ratio (N 20.1) of at least 4.5%, core capital adequacy ratio (N 20.2) of at least 6.0%. The Group has to maintain a level additional to the capital adequacy requirements as set by the CBRF in addition to the values above. In 2020 the Bank had to comply with a mark-up of 2.000% to all capital adequacy ratios as well as the countercyclical mark-up. The capital adequacy mark-up in 2020 is 2.500%. As at 30 June 2020, countercyclical mark-up was 0.001%.

Core capital, base capital and own funds and capital adequacy ratios based on reports prepared by the Group under Russian statutory accounting standards are presented in the table below:

<i>(in thousands of Russian roubles)</i>	30 June 2020 (unaudited)	31 December 2019
Total capital	87 214 656	81 759 434
Base capital	63 275 986	63 239 023
Core capital	63 275 986	63 239 023
Capital adequacy ratio N 20.0	14.77%	14.77%
Base capital adequacy ratio N 20.1	10.78%	11.50%
Core capital adequacy ratio N 20.2	10.78%	11.50%

The capital adequacy ratio set by the CBRF is managed by the Treasury Department through monitoring and forecasting its components.

The Accounting Department performs calculations of the capital adequacy ratios on a daily basis. As at 30 June 2020 (unaudited) and 31 December 2019, the capital adequacy ratios were within limits established by the CBR.

When calculating capital adequacy ratios, the Group with reasonable caution uses the opportunities provided by the Central Bank of the Russian Federation as part of the measures taken to reduce the regulatory and supervisory burden aimed at supporting the activities of credit institutions amid the spread of the COVID-19 virus, including:

- non-deterioration in the assessment of the financial position and/or the quality of debt service and/or the category of the quality of loans, other assets and contingent liabilities of a credit nature for the following borrowers:
 - individuals whose financial position worsened against the backdrop of the pandemic, as well as for restructured loans, for which, as at 1 March 2020, there were no overdue debts or the continuous duration of overdue debts did not exceed 30 calendar days;
 - small and medium-sized enterprises (SMEs), whose financial position and/or the quality of debt service has deteriorated due to the spread of the COVID-19 virus;
 - legal entities whose financial position and/or the quality of debt service has deteriorated due to the spread of the COVID-19 virus.
- abolition of premiums to risk ratios for mortgage loans issued before 1 April 2020.

In September 2015 the Group attracted a subordinated loan from the State Corporation “Deposit Insurance Agency” in the form of federal loan bonds in the total nominal amount of RUB 14 594 500 thousand. As at 30 June

2020 (unaudited) the fair value of these bonds is RUB 16 046 828 thousand (31 December 2019: RUB 16 131 625 thousand). The interest rate is the coupon rate on the federal loan bonds plus 1% p.a. The loan maturity is from 2025 to 2034 depending on the terms of bond issue.

The Group is required to comply with certain special conditions (covenants) related to the attraction of a subordinated loan from the State Corporation “Deposit Insurance Agency”. The Group fully complied with these covenants as at 30 June 2020 (unaudited) and 31 December 2019.

18 Capital management (continued)

Arrangements to safeguard the Group’s ability to continue as a going concern are performed under the Strategic Development Plan and divided into long-term and short-term capital management.

In the long-term the Bank plans its business scope under strategic and financial plans developed along with identification of the risks and corresponding capital requirements for three years and one year, respectively. When the required amount of capital is defined the Bank determines the sources of its increase: borrowings on capital markets, share issue and approximate scope thereof. The target scope of business and the amount of capital, as well as the sources of the capital increase are approved collegially by the following management bodies in order of the established priority: the Asset and Liability Management Committee, the Management Board of the Bank, the Supervisory Board of the Bank.

In the short-term the Bank determines the capital surplus/deficit within the period from one to three months and develops the respective plan to increase assets in order to comply with the CBRF requirements. In some cases management uses measures to influence the structure of assets and liabilities through interest rate policy, and in exceptional cases, through setting limits for certain banking transactions. The limits are established when the economic instruments are insufficient in terms of timing and the extent of influence.

Below is the capital and capital adequacy ratio of the Bank calculated in accordance with Basel I, IFRS data:

<i>(in thousands of Russian roubles)</i>	30 June 2020 (unaudited)	31 December 2019
Equity	99 077 821	96 065 620
Level 1	79 746 193	76 035 235
Paid-in share capital	3 695 154	3 781 734
Reserves and profit	76 693 035	73 670 361
including:		
- Share premium	23 850 975	24 513 878
- Retained earnings	52 842 060	49 156 483
Non-controlling interest	-	-
Goodwill	-	(114 873)
Treasury shares	(641 996)	(1 301 987)
Level 2	19 331 628	20 030 385
Revaluation fund for property and equipment	3 239 536	3 239 536
Investment securities revaluation fund	674 783	689 613
Subordinated loans	15 417 309	16 101 236
Risk weighted assets	603 824 968	552 584 743
Risk weighted recognized assets	514 038 577	469 929 473
Risk weighted trading assets	15 993 786	20 255 513
Risk weighted off-balance-sheet assets	73 792 605	62 399 757
Total capital adequacy ratio	16.41%	17.38%
Tier 1 capital adequacy ratio	13.21%	13.76%

The Group was in compliance with the minimum capital adequacy ratio agreed with the creditors as at 30 June 2020 (unaudited) and 31 December 2019.

19 Fair value of financial instruments

Methods and assumptions used in calculation of the fair value.

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal market at the measurement date under current market conditions. The best evidence of the fair value is price quotations in an active market.

The estimated fair values of financial instruments are determined using available market information, where it exists, and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to determine the estimated fair value. The Russian Federation continues to display some characteristics of an emerging market and economic conditions continue to limit the volume of activity in the financial markets. Market quotations may be outdated or reflect distress sale transactions and therefore not represent fair values of financial instruments. Management uses all available market information in estimating the fair value of financial instruments.

The fair value of instruments with floating interest rates usually equals their carrying amount. The fair value of instruments with fixed interest rates and fixed maturity dates that do not have market prices is based on discounted cash flows using current interest rates for instruments with similar credit risk and maturity date.

The Group measures fair values for financial instruments recorded in the condensed consolidated interim statement of financial position at fair value 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 market 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.

Management uses professional judgment for classification of financial instruments between categories of the fair value evaluation hierarchy. If the observable data used for fair value evaluation require significant adjustments they are categorised as Level 3.

Liabilities to banks and customers for refund of securities under sale and repurchase agreements received and sold by the Group are recognised at fair value.

19 Fair value of financial instruments (continued)

The following table provides an analysis of financial instruments recognised at fair value by evaluation categories as at 30 June 2020 (unaudited):

<i>(in thousands of Russian roubles)</i>	Level 1	Level 2	Level 3
FINANCIAL ASSETS			
<i>Trading securities, including those pledged under repurchase agreements</i>			
- Corporate bonds	6 790 760	1 674 882	-
- Corporate Eurobonds	1 420 255	-	-
- Federal loan bonds	970 313	-	-
- Equity securities	82	-	538 862
<i>Loans and advances to legal entities at fair value</i>	-	-	5 307 220
<i>Investment securities measured through other comprehensive income, including securities pledged under sale and repurchase agreements</i>			
- Corporate bonds	3 037 839	2 830 741	-
- Municipal bonds	20 665	-	-
- Equity securities	829 829	-	99 782
<i>Derivative financial assets</i>	-	7 085 153	-
TOTAL FINANCIAL ASSETS AT FAIR VALUE	13 069 743	11 590 776	5 945 864
FINANCIAL LIABILITIES			
<i>Financial liabilities at fair value</i>	698 152	-	-
<i>Derivative financial liabilities</i>	-	12 294 783	-
TOTAL FINANCIAL LIABILITIES AT FAIR VALUE	698 152	12 294 783	-

For 6 months ended 30 June 2020 no instruments were transferred from Level 2 to Level 1.

For 6 months ended 30 June 2020 there were no transfers between the levels of the hierarchy for investment securities referred to Level 3 of the hierarchy measured at fair value through other comprehensive income except for reclassification of the investment in units of combined closed-end investment fund 1st FORTIS in the amount of RUB 1 335 901 thousand from the category of investment securities measured at fair value through other comprehensive income based on data of Level 3 of the hierarchy of measurement at fair value to the category of investments in subsidiaries due to control over the fund.

19 Fair value of financial instruments (continued)

The following table provides an analysis of financial instruments recognised at fair value by evaluation categories as at 31 December 2019:

<i>(in thousands of Russian roubles)</i>	Level 1	Level 2	Level 3
FINANCIAL ASSETS			
<i>Trading securities, including those pledged under repurchase agreements</i>			
- Coupon bonds of the Bank of Russia	32 271 940	-	-
- Corporate bonds	7 590 578	2 691 900	-
- Corporate Eurobonds	738 586	-	-
- Federal loan bonds	360 441	-	-
- Corporate shares	102	-	558 414
<i>Loans and advances to legal entities at fair value</i>	-	-	6 931 189
<i>Investment securities measured through other comprehensive income, including securities pledged under sale and repurchase agreements</i>			
- Corporate bonds	3 800 093	1 732 309	-
- Municipal bonds	44 738	-	-
- Equity securities	714 350	-	1 438 831
<i>Derivative financial assets</i>	-	5 350 855	-
TOTAL FINANCIAL ASSETS AT FAIR VALUE	45 520 828	9 775 064	8 928 434
FINANCIAL LIABILITIES			
<i>Financial liabilities at fair value</i>	311 829	-	-
<i>Derivative financial liabilities</i>	-	7 394 070	-
TOTAL FINANCIAL LIABILITIES AT FAIR VALUE	311 829	7 394 070	

For 6 months of 2019 debt securities with a carrying value of RUB 348 477 thousand were transferred from Level 2 to Level 1 of the fair value hierarchy, since the frequency and volume of trading in the market for such debt securities began to meet the criteria of an active market.

As at 31 December 2019 corporate equity securities with carrying value of RUB 31 258 thousand were transferred from Level 1 to Level 3 of the fair value hierarchy as the frequency and volume of trading in such equity securities market ceased to meet the criteria of an active market. Management used a valuation technique to determine the fair value of these equity securities based on partially unobservable market data. Also, as at 31 December 2019 corporate debt securities with a carrying value of RUB 2 998 987 thousand were transferred from Level 1 to Level 2 of the fair value hierarchy, since the frequency and volume of trading in the market for such debt securities no longer satisfied the criteria of an active market. Management used a valuation technique to determine the fair value of these equity securities where all significant inputs were based on observable market data.

19 Fair value of financial instruments (continued)

The table below presents the reconciliation of incoming and outgoing assets classified as Level 3 of the fair value assessment hierarchy as at 30 June 2020 (unaudited):

<i>(in thousands of Russian roubles)</i>	Level 3 incoming value as at 1 January 2020	Income/ (expenses) reflected in profit and loss	Income/ (expenses) reflected in OCI	Disposals	Acquisitions	Level 3 outgoing value as at 30 June 2020
Loans to legal entities at fair value	6 931 189	165 347	-	(1 789 841)	525	5 307 220
Investment securities, including securities pledged under sale and repurchase agreements	1 438 831	-	(3 148)	(1 335 901)	-	99 782
Trading securities, including pledged under sale and repurchase agreements	558 414	(19 552)	-	-	-	538 862
Total Level 3 assets	8 928 434	145 795	(3 148)	(3 125 742)	525	5 945 864

The table below presents the reconciliation of incoming and outgoing assets classified as Level 3 of the fair value assessment hierarchy as at 30 June 2019 (unaudited):

<i>(in thousands of Russian roubles)</i>	Level 3 incoming value as at 1 January 2019 after IFRS 9 adoption	Income/ (expenses) reflected in profit and loss	Income/ (expenses) reflected in OCI	Disposals	Acquisitions	Level 3 outgoing value as at 30 June 2019
Loans to legal entities at fair value	1 094 580	70 132	-	(349 479)	1 285 898	2 101 131
Investment securities, including securities pledged under sale and repurchase agreements	204 320	-	(19 710)	(85 455)	3	99 158
Trading securities, including pledged under sale and repurchase agreements	569 313	(42 157)	-	-	-	527 156
Total Level 3 assets	1 868 213	27 975	(19 710)	(434 934)	1 285 901	2 727 445

Evaluation of loans to legal entities at fair value. As at 30 June 2020, the Group classifies rights of claim under transactions on financing a specialized company established for the purpose of acquisition of car loans to individuals from other banks into financial assets at fair value through profit or loss.

Claim rights are valued based on the expected cash flow on acquired portfolios with the observed and expected default. Market value is estimated by the Group's risk assessment division on a monthly basis.

19 Fair value of financial instruments (continued)

The market value was estimated on the basis of assumptions regarding the expected default rate of the acquired portfolios and the market discount rate for similar risk assets. With an increase in the expected default rate of 1.0%, the market value of the acquired rights of claim decreases by 0.4% (unaudited). With an increase in the market discount rate of 1.0%, the market value of the acquired rights of claim decreases by 1.2% (unaudited).

Evaluation of investment securities, including those pledged under sale and repurchase agreements.

Securities remeasured at fair value through other comprehensive income is an investment in shares or not listed shares on the stock exchange, companies that are estimated based on information not observed at the market.

The fair value of securities remeasured at fair value through other comprehensive income is determined by the Group every 6 months based on the results of independent appraisers reports. The fair value measurement is based on the net asset valuation method. For the purpose of comparison, the company-analogue method (capital market) was used, but the results of its use were not taken into account when measuring the fair value of financial assets, since the multipliers were determined on the basis of data of companies operating in foreign jurisdictions. It was not possible to use the discounted future cash flow method as equity securities are minority stakes. Fair value is monitored by the Group's division that initiates security acquisition on a quarterly basis.

As at 30 June 2020 (unaudited), a 1.0% increase/decrease in the companies' net assets applied in the valuation model, the carrying amount of financial instruments would increase/decrease by RUB 998 thousand (unaudited) (31 December 2019: the carrying amount of financial instruments would increase/decrease by RUB 17 807 thousand).

Evaluation of trading securities, including those pledged under sale and repurchase agreements. As at 30 June 2020 the Group classifies equity securities and investments of BSPB CAPITAL VPF L.P. fund into trading securities, including those pledged under sale and repurchase agreements.

Securities with the carrying value of RUB 36 496 thousand represent corporate shares traded on organized stock exchanges but the market for which cannot be recognized as active. The fair value of equity securities is estimated based on a model of correlation between the share price, exchange index and the value of the index at the valuation date: regression coefficient - 0.00037. To determine the fair value of these equity securities management used a model valuation method based on partially unobservable market data.

Evaluation of BSPB CAPITAL VPF L.P. investments in the capital of companies is RUB 502 366 thousand (31 December 2019: RUB 527 156 thousand). The fair value of the Fund's investments was determined in accordance with the International Guidelines for the Private Equity and Venture Capital Valuation (IPEV) based on the adjusted business value / revenue multiplier of public international companies according to industry.

The estimated weighted average adjusted multiplier “business value / revenue” was 3.9. The increase/decrease in the amount of multiplier by 1.0%, leads to increase/decrease of the carrying amount of the financial instrument by RUB 5 024 thousand (unaudited).

19 Fair value of financial instruments (continued)

The table below shows the fair values of financial assets carried at amortised cost at 30 June 2020 (unaudited) and 31 December 2019:

	30 June 2020 (unaudited)		31 December 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
<i>(in thousands of Russian roubles)</i>				
Financial assets carried at amortised cost				
Debt investment securities measured at amortised cost, pledged under repurchase agreements	63 684 999	65 577 685	46 769 347	48 473 771
Loans and advances to customers				
Loans to corporate clients				
- loans to finance working capital	175 056 493	173 730 975	168 173 830	168 961 492
- investment loans	70 548 064	69 701 538	64 696 661	65 049 855
- loans to entities financed by government	27 169 129	26 516 562	29 306 776	28 344 438
Loans to individuals				
- mortgage loans	67 649 228	80 395 567	66 149 831	75 296 086
- car loans	5 112 729	5 229 289	5 162 006	5 195 185
- consumer loans to VIP clients	2 968 498	2 921 100	2 855 378	2 830 040
- other consumer loans	24 660 817	25 937 709	24 793 937	25 872 356
TOTAL	436 849 957	450 010 425	407 907 763	420 023 223

19 Fair value of financial instruments (continued)

The following table provides fair values of financial liabilities carried at amortised cost as at 30 June 2020 and 31 December 2019:

	30 June 2020 (unaudited)		31 December 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
<i>(in thousands of Russian roubles)</i>				
Financial liabilities carried at amortised cost				
Customer accounts				
State and public organisations				
- Current/settlement accounts	14 746	14 746	32 009	32 009
Other legal entities				
- Current/settlement accounts	91 617 260	91 617 260	72 545 082	72 545 082
- Term deposits	81 626 241	81 713 902	88 798 834	88 976 445
Individuals				
- Current /demand accounts	79 515 341	79 515 341	74 207 009	74 207 009
- Term deposits	170 476 032	174 312 155	174 760 414	179 110 955
Bonds issued				
- Mortgage secured bonds issued by mortgage agents	3 717 815	3 363 101	4 802 775	4 345 685
Promissory notes and deposit certificates issued				
- Promissory notes	8 997 866	9 147 625	7 231 231	7 835 559
- Deposit certificates	2	2	2	2
TOTAL	435 965 303	439 684 132	422 377 356	427 052 746

Trading securities, including securities pledged under sale and repurchase agreements, investment securities, including securities pledged under sale and repurchase agreements, measured at fair value through other comprehensive income, derivative financial instruments are measured at fair value in the condensed consolidated interim financial statements.

The Group estimates that the fair value of financial assets and liabilities, except those disclosed in the tables above, does not differ significantly from their book value.

The fair value hierarchies of financial assets and liabilities presented in the tables above are the following: issued bonds - Level 1, issued promissory notes and deposit certificates - Level 2, customer deposits – Level 2, loans and advances to customers - Level 3.

19 Fair value of financial instruments (continued)

Loans and receivables carried at amortised cost. The fair value of instruments with floating interest rates usually equals their carrying value. If market situation significantly changes the interest rates on loans and advances to customers and loans to banks with fixed interest rate may be revised. Interest rates on loans to customers issued just before the reporting date do not significantly differ from current interest rates on new instruments with similar credit risk and maturity date. If interest rates on earlier issued loans, according to the Group estimates, significantly differ from current interest rates for similar instruments as at the reporting date, the Group determines the estimated fair value for these loans. The estimate is based on discounted cash flows using current interest rates determined based on available market information for new instruments with similar credit risk and maturity date. Discounting rates depend on currency, maturity date and counterparty.

The following table provides analysis of interest rates on loans and advances to customers as at 30 June 2020 and 31 December 2019:

	30 June 2020 (unaudited)	31 December 2019
Loans and advances to customers:		
Loans and advances to legal entities	1.40% - 12.60% per annum	1.27% - 12.50% per annum
Loans and advances to individuals	1.38% - 16.10% per annum	1.83% - 16.00% per annum

Financial liabilities carried at amortised cost. The estimated fair value of fixed interest rate and fixed maturity instruments that do not have a market price is based on discounted cash flows using interest rates determined on the basis of available information from the market for new instruments with similar credit risk and similar maturity. Discount rates used depend on the currency and maturity of the instrument and as 30 June 2020 (unaudited) range from 0.01% to 6.75% per annum (31 December 2019: from 0.01% to 8.30% per annum).

The estimated fair value of other financial assets, including trade and business receivables, approximates their amortised cost, taking into account the short-term nature of the assets.

20 Related party transactions

For the purposes of these condensed consolidated interim financial information, parties are considered to be related if one party has the ability to control the other party, is under common control, or can exercise significant influence over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the economic substance of the relationship, not merely to the legal form. The family of Mr. A.V. Savelyev, through the ownership of the Bank’s shares and the option to purchase interest in the companies currently controlled by the members of the Bank’s management (see Note 1), is the majority ultimate beneficiary of the Bank.

In the normal course of business, the Group conducts transactions with shareholders, management of the Group and other related parties.

As at 30 June 2020 (unaudited) the outstanding balances with related parties are as follows:

<i>(in thousands of Russian roubles)</i>	Shareholders	Group’s Management	Other related parties
Loans and advances to customers (contractual interest rates 8.50%-18.00% p.a.)	-	35 128	45
Allowance for expected credit losses	-	(201)	-
Customer accounts (contractual interest rates 0.01%-8.50% p.a.)	4 561 208	813 875	718 332

The income and expense items for transactions with related parties, other than compensation to the members of the Supervisory Board and the Management Board of the Bank, for 6 months ended 30 June 2020 (unaudited) are as follows:

<i>(in thousands of Russian roubles)</i>	Shareholders	Group’s Management	Other related parties
Interest income calculated using the effective interest method	2	578	-
Interest expenses	(109 978)	(19 533)	(8 662)
(Creation)/Recovery of allowance for expected credit losses	-	(88)	1
Fee and commission income	160	243	889

Aggregate amounts lent to and repaid by related parties during 6 months ended 30 June 2020 (unaudited) are:

<i>(in thousands of Russian roubles)</i>	Shareholders	Group’s Management	Other related parties
Amounts lent to related parties during the period measured at amortised cost	4 877	37 964	632
Amounts repaid by related parties during the period measured at amortised cost	4 877	10 816	661

20 Related party transactions (continued)

As at 31 December 2019, the outstanding balances with related parties are as follows:

	Shareholders	Group's Management	Other related parties
<i>(in thousands of Russian roubles)</i>			
Loans and advances to customers (contractual interest rates 6.91%-18.00% p.a.)	-	7 980	74
Allowance for expected credit losses	-	(113)	(1)
Customer accounts (contractual interest rates 0.01%-8.55% p.a.)	6 201 905	1 342 778	871 364

The income and expense items for transactions with related parties, other than compensation to the members of the Supervisory Board and the Management Board of the Bank, for 6 months ended 30 June 2019 (unaudited) are as follows:

	Shareholders	Group's Management	Other related parties
<i>(in thousands of Russian roubles)</i>			
Interest income calculated using the effective interest method	3	4,139	-
Interest expenses	(105 969)	(27 706)	(10 142)
Recovery of allowance for expected credit losses	-	62	-
Fee and commission income	115	287	1 340

Aggregate amounts lent to and repaid by related parties during 6 months ended 30 June 2019 (unaudited) are:

	Shareholders	Group's Management	Other related parties
<i>(in thousands of Russian roubles)</i>			
Amounts lent to related parties during the period measured at amortised cost	8 798	37 266	1 470
Amounts repaid by related parties during the period measured at amortised cost	8 798	40 514	1 405

For 6 months ended 30 June 2020 (unaudited) total remuneration of members of the Supervisory Board and the Management Board of the Bank, including pension contributions and discretionary bonuses, amounts to RUB 260,664 thousand (for 6 months ended 30 June 2019 (unaudited): RUB 254,663 thousand).

21 Consolidation of companies

The Group’s condensed consolidated interim financial information includes the following subsidiaries:

Name	Country of incorporation	Ownership, %		Type of business
		30 June 2020	31 December 2019	
LLC BSPB Capital	Russian Federation	100%	100%	Securities management
4th Nevsky Fund, Combined CEIF	Russian Federation	100%	100%	Real estate investment
10th Nevsky Fund, Combined CEIF	Russian Federation	100%	100%	Real estate investment
13th Nevsky Fund, Combined CEIF	Russian Federation	100%	100%	Direct investment
16th Nevsky Fund, Combined CEIF	Russian Federation	100%	100%	Direct investment
17th Nevsky Fund, Combined CEIF	Russian Federation	100%	100%	Direct investment
1st FORTIS, Combined CEIF	Russian Federation	100%	-	Direct investment
Venture Project, Combined CEIF	Russian Federation	-	100%	Direct and venture capital investment
BSPB CAPITAL VPF L.P.	Jersey, Channel Islands	100%	100%	Direct and venture capital investment

BSPB Capital LLC is an asset management enterprise. The Bank uses this company to expand the range of investment products, including trust management of the customers' assets.

4th Nevsky Fund, Combined CEIF, 10th Nevsky Fund, Combined CEIF, 13th Nevsky Fund, Combined CEIF, 16th Nevsky Fund, Combined CEIF, and 17th Nevsky Fund, Combined CEIF, 1st FORTIS, Combined CEIF are funds specialised in real estate and other assets management to increase their cost.

Venture Project, Combined CEIF is a fund established for direct investing and investing in ventures. This CEIF was dissolved on 29 June 2020 as a result of the sale of the investee's share.

BSPB CAPITAL VPF L.P operates as an investor, sells, exchanges and distributes investments in accordance with the investment policy under management of BSPB Capital GP Ltd.

The Bank used BSPB Finance PLC, a structured entity, for issue of bonds on the international capital market.

BSPb Finance PLC is the issuer of a structured product - loan participation notes issued exclusively for the purpose of granting loans to the Bank. Bonds are secured instruments and the issuer pledges all amounts received and/or to be received under loan agreements concluded with the Bank. The Bank reimburses all non-recurring and current expenses related to the provision and servicing of the loan.

21 Consolidation of companies (continued)

The Bank used a structured enterprise, MA BSPB 2 LLC, as part of its securitization program financed by the Group. MA BSPB 2 LLC operates according to predetermined criteria, which are part of the initial structure of the enterprise (Note 8). Except for the daily servicing of mortgage loans (which is performed by the Group on the basis of a service agreement), key decisions are required only in the event of default, in such cases only the Group can make such decisions. In addition, the Group is exposed to variable returns from its participation in MA BSPB 2 LLC through the provision of a credit line to this company by the Bank. As a result, the Management concluded that the Group controls the specified company and its financial statements were included in the condensed consolidated interim financial information as at 30 June 2020 and consolidated financial statements as at 31 December 2019.