Report on Review of Interim Financial Information of *Sovcombank PJSC and its subsidiaries* for the three months ended 31 March 2019

June 2019

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Совершенствуя бизнес, улучшаем мир

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Report on Review of Interim Financial Information

To the Supervisory Board of Sovcombank PJSC

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Sovcombank PJSC and its subsidiaries, which comprise the interim consolidated statement of financial position as at 31 March 2019, and the related interim consolidated statements of comprehensive income, changes in equity and cash flows for the three-month period then ended and explanatory notes ("interim financial information").

Management of Sovcombank PJSC is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard (IAS) 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of 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.

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Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard (IAS) 34 *Interim Financial Reporting.*

A.F. Lapina
Partner
Ernst & Young LLC

11 June 2019

Details of the entity

Name: Sovcombank PJSC
Record made in the State Register of Legal Entities on 1 September 2014, State Registration Number 1144400000425.
Address: Russia 156000, Kostroma, prospect Tekstilshchikov, 46.

Details of the auditor

Name: Ernst & Young LLC
Record made in the State Register of Legal Entities on 5 December 2002, State Registration Number 1027739707203.
Address: Russia 115035, Moscow, Sadovnicheskaya naberezhnaya, 77, building 1.
Ernst & Young LLC is a member of the Self-regulated organization of auditors "Russian Union of auditors" (Association) ("SRO RUA"). Ernst & Young LLC is included in the control copy of the register of auditors and audit organizations, main registration number 11603050648.

Interim consolidated statement of comprehensive income

for the three months ended 31 March 2019

	Notes	*For the three months ended 31 March (unaudited)* 2019 RUB MM	2018 RUB MM
Interest income calculated using the EIR method	5	18,213	10,669
Other interest income	5	6,004	7,123
Interest expense	5	(10,325)	(8,674)
Obligatory deposit insurance		(643)	(450)
Net interest income		**13,249**	**8,668**
Allowances for credit losses	15	(1,039)	(1,327)
Net interest income after allowance for credit losses		**12,210**	**7,341**
Fee and commission income	6	6,835	4,610
Fee and commission expense		(1,522)	(762)
Net fee and commission income		**5,313**	**3,848**
Net gain on financial instruments at fair value through profit or loss		9	1,807
Net loss on derecognition of financial assets at fair value through other comprehensive income		–	(145)
Net gain from foreign exchange and transactions with precious metals	7	579	168
Other impairment and provisions	10	(1,471)	(324)
Share of profit of joint ventures		33	30
Share of profit of associates		–	287
Other operating income		213	150
Operating income		**16,886**	**13,162**
Revenue and other gains from other non-banking business		461	–
Cost and other losses from other non-banking business		(540)	–
Net loss from other non-banking business		**(79)**	**–**
Personnel expenses	8	(5,764)	(3,853)
Other general and administrative expenses	9	(3,878)	(3,002)
Profit before income tax expense		**7,165**	**6,307**
Income tax expense	11	(1,430)	(1,205)
Profit for the period		**5,735**	**5,102**
Profit for the period attributable to:			
- shareholders of the Bank		5,675	5,020
- non-controlling interests		60	82
Other comprehensive income			
Other comprehensive income not to be reclassified subsequently to profit or loss			
Net realized gains on investment securities at fair value through other comprehensive income, net of tax		–	79
Revaluation of buildings, net of tax		–	(4)
Other comprehensive income, net of tax		**–**	**75**
Total comprehensive income		**5,735**	**5,177**
Comprehensive income attributable to:			
- shareholders of the Bank		5,675	5,095
- non-controlling interest		60	82

Approved on 11 June 2019

Mr. Dmitry Gusev
Chairman of the Management Board

Mr. Dmitry Baryshnikov
Financial Director

Mr. Andrei Osnos
Managing Director

The interim consolidated statement of comprehensive income is to be read in conjunction with notes 1 to 29, and forming an integral part of, the interim condensed consolidated financial statements.

Interim consolidated statement of financial position as at 31 March 2019

	Notes	31 March 2019 (unaudited) RUB MM	31 December 2018 RUB MM
Assets			
Cash and cash equivalents	12	128,692	109,817
Mandatory cash balances with the CBR		5,148	4,991
Placements with banks and bonds measured at amortized cost			
- held by the Group	13	26,637	35,614
- pledged under sale and repurchase agreements	13	10,522	12,921
Financial instruments at fair value through profit or loss			
- held by the Group	14	165,479	114,261
- pledged under sale and repurchase agreements	14	50,975	110,779
Investment securities at fair value through other comprehensive income	16	691	691
Loans to customers and bonds measured at amortized cost			
- held by the Group	15	488,943	455,413
- pledged under sale and repurchase agreements	15	53,673	86,065
Investments in associates		424	424
Investments in joint ventures		860	927
Investment property		56	56
Property and equipment and intangible assets		10,246	10,650
Goodwill		1,205	1,505
Current income tax asset		338	3,156
Deferred tax asset		491	427
Other assets		8,090	19,707
Total assets		**952,470**	**967,404**
Liabilities			
Due to the CBR		840	859
Due to banks	18	125,363	190,255
Due to customers	17	647,075	598,874
Debt securities issued	19	8,383	8,479
Other borrowed funds	20	17,463	16,924
Deferred tax liability		2,291	5,153
Current income tax payable		1,129	77
Subordinated debt	21	10,456	13,993
Other liabilities		16,934	18,754
Total liabilities		**829,934**	**853,368**
Equity			
Share capital	22	1,969	1,871
Other capital contributions		25,082	19,100
Revaluation reserve for investment securities at fair value through other comprehensive income		(133)	(133)
Perpetual subordinated bonds	22	6,302	6,975
Revaluation reserve for buildings		349	349
Retained earnings		87,069	83,896
Total equity attributable to shareholders of the Bank		**120,638**	**112,058**
Non-controlling interests		1,898	1,978
Total equity		**122,536**	**114,036**
Total equity and liabilities		**952,470**	**967,404**

Approved on 11 June 2019

Mr. Dmitry Gusev
Chairman of the Management Board

Mr. Dmitry Baryshnikov
Financial Director

Mr. Andrei Osnos
Managing Director

The interim consolidated statement of financial position is to be read in conjunction with notes 1 to 29, and forming an integral part of, the interim condensed consolidated financial statements.

Interim condensed consolidated statement of cash flows
for the three months ended 31 March 2019

	Notes	*For the three months ended 31 March (unaudited)* 2019 RUB MM	2018 RUB MM
Cash flows from operating activities before changes in operating assets and liabilities		4,610	7,394
Decrease in operating assets		9,093	34,976
Increase/(decrease) in operating liabilities		(196)	(42,125)
Net cash flows from operating activities before income tax		**13,507**	**245**
Income tax paid		(186)	(832)
Cash flows from operating activities		**13,321**	**(587)**
Cash flows from investing activities		8,420	(3,450)
Cash flows from financing activities		(497)	14,637
Net increase in cash and cash equivalents		**21,244**	**10,600**
Effect of exchange rate changes on cash and cash equivalents		(2,369)	(560)
Cash and cash equivalents at the beginning of the year		109,817	39,962
Cash and cash equivalents at the end of the period	12	**128,692**	**50,002**

The interim condensed consolidated statement of cash flows is to be read in conjunction with notes 1 to 29, and forming an integral part of, the interim condensed consolidated financial statements.

Interim consolidated statement of changes in equity

for the three months ended 31 March 2019

	Share capital RUB MM	*Other capital contributions RUB MM*	*Revaluation reserve for property RUB MM*	*Revaluation reserve for investment securities RUB MM*	*Perpetual subordinated debt RUB MM*	*Retained earnings RUB MM*	*Total equity attributable to shareholders of the Bank RUB MM*	*Non-controlling interests*	*Total equity*
As at 1 January 2018	**1,716**	**2,852**	**122**	**806**	**–**	**78,302**	**83,798**	**1,620**	**85,418**
Effect of adopting IFRS 9	–	–	–	–	–	(3,357)	**(3,357)**	–	**(3,357)**
Restated balance as at 1 January 2018 under IFRS 9	**1,716**	**2,852**	**122**	**806**	**–**	**74,945**	**80,441**	**1,620**	**82,061**
Net profit for the period	–	–	–	–	–	5,020	**5,020**	82	**5,102**
Other comprehensive income for the period	–	–	(4)	79	–	–	**75**	–	**75**
Total comprehensive income	**–**	**–**	**(4)**	**79**	**–**	**5,020**	**5,095**	**82**	**5,177**
Dividends (Note 22)	–	–	–	–	–	(3,820)	**(3,820)**	–	**(3,820)**
Payments on perpetual subordinated loans (Note 22)	–	–	–	–	–	(149)	**(149)**	–	**(149)**
Perpetual subordinated loans received	–	–	–	–	5,650	–	**5,650**	–	**5,650**
Tax effect recognized in respect of perpetual subordinated loans	–	–	–	–	–	22	**22**	–	**22**
As at 31 March 2018 (unaudited)	**1,716**	**2,852**	**118**	**885**	**5,650**	**76,018**	**87,239**	**1,702**	**88,941**
As at 1 January 2019	**1,871**	**19,100**	**349**	**(133)**	**6,975**	**83,896**	**112,058**	**1,978**	**114,036**
Net profit for the period	–	–	–	–	–	5,675	**5,675**	60	**5,735**
Other comprehensive income for the period	–	–	–	–	–	–	**–**	–	**–**
Total comprehensive income	**–**	**–**	**–**	**–**	**–**	**5,675**	**5,675**	**60**	**5,735**
Dividends (Note 22)	–	–	–	–	–	(3,000)	**(3,000)**	(140)	**(3,140)**
Payments on perpetual subordinated loans	–	–	–	–	(171)	–	**(171)**	–	**(171)**
Revaluation of perpetual subordinated bonds	–	–	–	–	(502)	502	**–**	–	**–**
Interest on perpetual subordinated bonds	–	–	–	–	–	64	**64**	–	**64**
Tax effect recognized in respect of perpetual subordinated loans	–	–	–	–	–	(68)	**(68)**	–	**(68)**
Issue of ordinary shares (Note 22)	98	5,982	–	–	–	–	**6,080**	–	**6,080**
As at 31 March 2019 (unaudited)	**1,969**	**25,082**	**349**	**(133)**	**6,302**	**87,069**	**120,638**	**1,898**	**122,536**

The interim consolidated statement of changes in equity is to be read in conjunction with notes 1 to 29 to, and forming an integral part of, the interim condensed consolidated financial statements.

1. Background

Principal activities

These interim condensed consolidated financial statements include the financial statements of Public Joint-Stock Company ("PJSC") Sovcombank (the "Bank" or "Sovcombank") and its subsidiaries (together referred to as the "Group" or "Sovcombank Group"). Note 28 discloses a list of principal consolidated subsidiaries included in these consolidated condensed financial statements of Sovcombank Group.

Sovcombank, the parent company of the Group, was originally established in 1990 as Buoykombank Limited Liability Company in Buoy, Kostroma Region, Russian Federation. The current major ultimate beneficial owners acquired the Bank, renamed it into Sovcombank and relocated its head office to the city of Kostroma in 2002. In September 2014, the Bank changed its legal form from limited liability company to open joint-stock company. In December 2014, the Bank changed its legal form from an open joint-stock company to a public joint-stock company. These reorganizations, first into the open joint-stock company and then into the public joint-stock company, had no effect on the principal activities of the Bank or its shareholder structure.

The Bank's registered legal address is 46, prospect Tekstilshchikov, Kostroma, 156000, Russia. Sovcombank operates under a general banking license No. 963 issued by the Central Bank of the Russian Federation (the "CBR" or the "Bank of Russia") on 27 November 1990. The Bank also holds brokerage, dealership and depositary licenses of a professional securities market participant issued by the Federal Securities Market Commission (FSMC) on 27 January 2009. The Bank is a member of the deposit insurance system managed by the State Corporation Deposit Insurance Agency (the "DIA") since 15 September 2005.

The Group's principal business activity is retail, corporate and investment banking services. These include accepting term deposits and issuing commercial loans denominated in Russian rubles and foreign currencies; providing financial services, including investment banking services; dealing with securities and derivative financial instruments. The Group includes RTS-Tender, the largest digital platform enabling access to public procurement, and Fintender, a platform that provides bank guarantees online. These digital platforms enable access to public and municipal procurement for 514 thousand companies, mostly small and medium businesses, as well as individual entrepreneurs. The Group operates primarily in the Russian Federation.

The Group has 2,434 offices located in 1,025 cities and towns across 75 constituent entities of the Russian Federation (31 December 2018: 2,648 offices located in 1,051 cities and towns across 75 constituent entities of the Russian Federation).

The Group's customers can withdraw and deposit cash though 4,549 ATMs and cash-in terminals (31 December 2018: 4,663 ATMs and cash-in terminals).

The Group serves 4.9 million individuals: 4.4 million borrowers, 0.5 million depositors, and 0.2 million corporate customers.

The Bank has 15,331 employees (31 December 2018: 15,700 employees).

Shareholders

Shareholders	***Ownership, % 31 March 2019***	***Ownership, % 31 December 2018***
Sovco Capital Partners N.V.	87.1%	91.7%
Other beneficiaries	12.9%	8.3%

As at 31 March 2019 and 31 December 2018, the Group was not ultimately controlled by any single beneficiary owner (Note 22).

A group of Russian businessmen, including the key members of Sovcombank management and the Supervisory Board of the Bank, owns Sovco Capital Partners N.V., a holding company registered in the Netherlands. Sovco Capital Partners N.V. is not controlled by any ultimate beneficial owner.

Sovco Capital Partners N.V. is a tax resident of the Russian Federation since 1 January 2016.

1. Background (continued)

Shareholders (continued)

In August 2018 and March 2019, Sovcombank increased its share capital by RUB 15,766 MM in total by issuing new ordinary non-documentary shares (Note 22) and selling them to third-party investors ("Other beneficiaries"). As a result, Sovco Capital Partners N.V. decreased its ownership of the Group from 100.0% to 87.1%. The table below lists the Other beneficiaries.

Other beneficiaries	*Ownership, % 31 March 2019*	*Ownership, % 31 December 2018*
Public Investment Fund	3.4%	1.6%
Russia-China Investment Fund	2.1%	2.2%
Ilya Brodskiy	1.8%	1.9%
RDIF Investment Management-25	1.8%	0.3%
Russia-Japan Investment Fund	1.4%	–
Qatar Investment Authority	1.0%	1.1%
Andrey Suzdaltsev	0.6%	0.6%
SBI Holdings, Inc.	0.5%	0.5%
Other	0.3%	0.1%
Total ownership	**12.9%**	**8.3%**

A short description of other beneficiaries is presented below:

- Public Investment Fund is a sovereign fund of the Kingdom of Saudi Arabia.
- Russia-China Investment Fund (RCIF) is a fund of China Investment Corporation ("CIC") and the Russian Direct Investment Fund ("RDIF"). RDIF is a sovereign investment fund of the Russian Federation. CIC is a sovereign wealth fund of the People's Republic of China.
- Ilya Brodskiy and Andrey Suzdaltsev are co-founders of Rosevrobank JSB.
- RDIF Investment Management-25 LLC is a subsidiary of the RDIF.
- Russia-Japan Investment Fund is a fund of Japan Bank for International Cooperation ("JBIC") and RDIF. JBIC is wholly owned by the Government of Japan.
- Qatar Investment Authority is a sovereign wealth fund of the Government of Qatar.
- SBI Holdings, Inc. is a public investment company headquartered in Tokyo, Japan.
- "Other" beneficiaries represent Middle-Eastern sovereign funds.

Corporate governance

The Bank's Supervisory Board comprises nine persons:

- Mikhail Kuchment (Chairman of the Bank's Supervisory Board).
- Nikolai Varma (an independent director).
- Mikhail Klyukin (one of the ultimate owners of the Bank).
- Aleksey Fisun (one of the ultimate owners of the Bank).
- Dmitry Khotimskiy (Chief Investment Director of the Bank).
- Sergey Khotimskiy (First Deputy Chairman of the Management Board).
- Dmitry Gusev (Chairperson of the Management Board of the Bank).
- Anatoly Braverman (First Deputy General Director of RDIF).
- Ilya Brodskiy (President of the Bank).

Dmitry Khotimskiy, Sergey Khotimskiy, Dmitry Gusev and Ilya Brodskiy are ultimate owners of the Bank, hold management positions in the Bank and participate in the daily Group's operating management.

Mikhail Kuchment, Mikhail Klyukin and Aleksey Fisun are ultimate owners of the Bank but are not employed by and are not directly involved in the operating management of the Bank.

1. Background (continued)

Corporate governance (continued)

Anatoly Braverman and Nikolai Varma are not employed by and are not directly involved in the operating management of the Bank.

Ms. Ya Li, the investment director of RCIF, is the supervisor to the Bank's Supervisory Board.

Operating environment

The Group operates predominantly in the Russian Federation. Russia continues to carry out economic reforms and to develop its legal, tax and regulatory frameworks.

The Russian economy demonstrates a strong correlation to changes in oil and other commodities prices and to a limited extent is affected by economic sanctions imposed on Russia by a number of countries. The combination of these factors may have a negative impact on the Group's future financial position, results of operations and business prospects. The Russian Government and the Bank of Russia have taken consistent and effective measures in response to a decline in energy prices. The floating official exchange rate, inflation targeting and active support of the financial sector lowered the inflation rate and relatively stabilized the Russian economy.

Management believes that it is taking all appropriate measures to support the sustainability of the Group's business in the current circumstances.

2. Basis of preparation

General

These interim condensed consolidated financial statements for the three months ended 31 March 2019 have been prepared in accordance with International Accounting Standard (IAS) 34 *Interim Financial Reporting*.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2018.

These interim condensed consolidated financial statements are presented in millions of Russian rubles (hereinafter, "RUB MM"), unless otherwise indicated.

Changes in accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those applied by the Group in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2018, with the exception of the adoption of new standards effective as at 1 January 2019. The Group has not yet adopted any standards, interpretations or amendments that have been issued but are not yet effective.

Although these new standards and amendments apply for the first time in 2019, they do not have a material effect on the annual consolidated financial statements or the interim condensed consolidated financial statements of the Group. The nature and effect of each new standard or amendment are described below:

IFRS 16 Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement Contains a Lease*, SIC-15 *Operating Leases – Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17.

The accounting treatment for the lessor under IFRS 16 remains almost unchanged from the requirements of IAS 17. Lessors classify all leases using the same classification principles as in IAS 17 and distinguish between two types of leases: operating and finance leases.

2. Basis of preparation (continued)

Changes in accounting policies (continued)

The Group adopted IFRS 16 on the effective date of 1 January 2019. The transition to the new standard was carried out using the modified retrospective method with the recognition of the cumulative effect of the initial application as an adjustment of retained earnings at the date of initial application. When using the modified retrospective method of transition, comparative figures were not restated.

The Group applied the exemptions proposed by the standard for lease contracts that expire within 12 months from the date of initial application, and lease contracts for which the underlying asset is of low value, including lease contracts for office equipment, the value of which is considered low. Liabilities under such lease contracts are recognized within expenses on a straight-line basis.

The below interpretations, amendments and improvements to the standards became effective from 1 January 2019 but had no significant effect on the interim condensed consolidated financial statements of the Group:

IFRIC Interpretation 23 *Uncertainty over Income Tax Treatment* (issued on 7 June 2017 and effective for annual periods beginning on or after 1 January 2019).

Despite the fact that the Group operates in a complex tax environment, applying the interpretation did not have a significant impact on its consolidated financial statements.

Amendments to IFRS 9 – *Prepayment Features with Negative Compensation* (issued on 27 March 2018 and effective for annual periods beginning on or after 1 January 2019).

Amendments to IAS 19 – *Plan Amendment, Curtailment or Settlement* (issued on 7 February 2018 and effective for annual periods beginning on or after 1 January 2019).

Amendments to IAS 28 – *Long-term Interests in Associates and Joint Ventures* (issued on 12 October 2017 and effective for annual periods beginning on or after 1 January 2019).

Annual improvements 2015-2017 cycle (IFRS 3 *Business Combinations*, IFRS 11 *Joint Arrangements*, IAS 23 *Borrowing Costs*) (issued in December 2017 and effective for annual periods beginning on or after 1 January 2019).

Amendments to IAS 12 *Income Taxes* are effective for annual periods beginning on or after 1 January 2019 and affect the reported tax effect from dividends under perpetual subordinated bonds. Since the Group's current practice is in line with these amendments, there is no significant effect on its consolidated financial statements.

3. Segment information

The Group has three operating segments:

- **Retail banking ("Retail"):** providing banking services to low- and middle-income retail customers, micro-, small business customers and individual entrepreneurs residing primarily in small towns. These services include issuance of mortgage, car and consumer loans, credit and installment cards, placement of term deposits and servicing current accounts, as well enabling access to a wide range of insurance products provided by third-party insurance companies and pension funds.
- **Corporate banking ("CB"):** extending bilateral and syndicated loans, providing investment and banking services, providing trade finance services, transacting with precious metals, providing term deposits and settlement and transactional services to medium-sized and major Russian corporations, state-owned companies and the constituent entities of the Russian Federation. CB enables micro-, small and medium-sized businesses and individual entrepreneurs participate in public procurement through the Group's proprietary digital platform.
- **Treasury operations ("Treasury"):** managing portfolio of securities on Group's balance sheet; managing capital, risk and liquidity; foreign exchange dealings, trading derivative financial instruments; and mergers and acquisitions ("M&A").

3. Segment information (continued)

Group management monitors the operating results of each segment separately to make decisions about allocation of resources and assessing performance. In 2018, the Group changed its segment reporting due to the merger with Rosevrobank JSCB ("Rosevrobank"):

- **Retail:** retail segment of Sovcombank merged with retail segment of Rosevrobank;
- **Corporate banking:** a part of Corporate and Investment Business segment of Sovcombank related to servicing corporate customers merged with Corporate Banking and International Business of Rosevrobank;
- **Treasury:** a part of Corporate and Investment Business segment of Sovcombank related to management of securities portfolio, management of capital, risks and liquidity merged with Treasury Banking Transactions of Rosevrobank.

To make the historical information comparable with the current segments, segment reporting was adjusted retrospectively.

	For the three months ended 31 March 2019 (unaudited)				
	Retail RUB MM	***CB RUB MM***	***Treasury RUB MM***	***Adjustments RUB MM***	***Total RUB MM***
Revenue					
Interest income	9,864	4,539	9,814	–	**24,217**
Fee and commission income	5,098	1,682	55	–	**6,835**
Net gain on financial instruments at FVPL	–	–	9	–	**9**
Net gain from foreign exchange and transactions with precious metals	–	258	321	–	**579**
Other operating income	–	14	232	–	**246**
Inter-segment revenue	2,771	1,093	–	(3,864)	**–**
Total revenue	**17,733**	**7,586**	**10,431**	**(3,864)**	**31,886**
Expenses					
Interest expense	(5,789)	(2,671)	(1,865)	–	**(10,325)**
Obligatory deposit insurance	(559)	(84)	–	–	**(643)**
Fee and commission expense	(1,294)	(64)	(164)	–	**(1,522)**
Allowances for credit losses	(818)	(45)	(176)	–	**(1,039)**
Other impairments and provisions	–	(1,047)	(424)	–	**(1,471)**
Personnel expenses	(3,482)	(1,307)	(975)	–	**(5,764)**
Net loss from other non-banking business	–	–	(79)	–	**(79)**
Other expenses	(2,699)	(601)	(578)	–	**(3,878)**
Inter-segment expenses	–	–	(3,864)	3,864	**–**
Total expenses	**(14,641)**	**(5,819)**	**(8,125)**	**3,864**	**(24,721)**
Segment results	**3,092**	**1,767**	**2,306**	**–**	**7,165**
Income tax expense					**(1,430)**
Profit for the period					**5,735**

3. Segment information (continued)

	For the three months ended 31 March 2018 (unaudited)				
	Retail RUB MM	***CB RUB MM***	***Treasury RUB MM***	***Adjustments RUB MM***	***Total RUB MM***
Revenue					
Interest income	7,590	2,236	7,966	–	**17,792**
Fee and commission income	3,520	962	128	–	**4,610**
Net gain on financial instruments at FVPL	–	–	1,807	–	**1,807**
Net gain from foreign exchange and transactions with precious metals	–	26	142	–	**168**
Other operating income	10	78	379	–	**467**
Inter-segment revenue	3,444	–	–	(3,444)	**–**
Total revenue	**14,564**	**3,302**	**10,422**	**(3,444)**	**24,844**
Expenses					
Interest expense	(5,468)	(1,088)	(2,118)	–	**(8,674)**
Obligatory deposit insurance	(435)	(15)	–	–	**(450)**
Fee and commission expense	(253)	(39)	(470)	–	**(762)**
Net loss on derecognition of financial assets at FVOCI	–	–	(145)	–	**(145)**
Allowances for credit losses	(1,206)	(514)	393	–	**(1,327)**
Other impairments and provisions	5	(329)	–	–	**(324)**
Personnel expenses	(2,774)	(430)	(649)	–	**(3,853)**
Other expenses	(2,600)	(205)	(197)	–	**(3,002)**
Inter-segment expenses	–	(59)	(3,385)	3,444	**–**
Total expenses	**(12,731)**	**(2,679)**	**(6,571)**	**3,444**	**(18,537)**
Segment results	**1,833**	**623**	**3,851**	**–**	**6,307**
Income tax expense					**(1,205)**
Profit for the period					**5,102**

The following table presents assets and liabilities of the Group's operating segments:

	31 March 2019 (unaudited)			
	Retail RUB MM	***CB RUB MM***	***Treasury RUB MM***	***Total RUB MM***
Segment assets	229,069	218,031	505,370	**952,470**
Segment liabilities	344,336	320,018	165,580	**829,934**

	31 December 2018			
	Retail RUB MM	***CB RUB MM***	***Treasury RUB MM***	***Total RUB MM***
Segment assets	213,819	233,800	519,785	**967,404**
Segment liabilities	349,768	260,758	242,842	**853,368**

4. Reclassification

Reclassification in the financial statements

The data included in the consolidated statement of financial position as at 31 December 2018 have been adjusted as follows to conform to the presentation of data for the three months ended 31 March 2019 (unaudited):

	As previously reported RUB MM	***Reclassification RUB MM***	***Adjusted amount RUB MM***
Other liabilities	18,831	(77)	18,754
Current income tax liabilities	–	77	77

5. Net interest income

	For the three months ended 31 March (unaudited)	
	2019 RUB MM	***2018 RUB MM***
Interest income calculated using EIR method		
Retail loans	9,864	7,592
Corporate loans and bonds measured at amortized cost	7,569	2,973
Placements with banks and financial institutions and bonds measured at amortized cost	780	104
Total interest income calculated using EIR method	**18,213**	**10,669**
Other interest income		
Financial instruments at FVPL	4,626	6,702
Net gains on foreign currency swaps	1,378	421
Total other interest income	**6,004**	**7,123**
Total interest income	**24,217**	**17,792**
Interest expense		
Due to customers	(8,390)	(6,373)
Due to banks	(944)	(1,362)
Other borrowed funds	(590)	(548)
Subordinated debt	(239)	(62)
Promissory notes and bonds issued	(162)	(329)
Total interest expense	**(10,325)**	**(8,674)**
Obligatory deposit insurance	(643)	(450)
Net interest income	**13,249**	**8,668**

Interest expense on “Other borrowed funds” mainly relates to the interest expense on the loan provided by the DIA for the financial rehabilitation of “Express-Volga Bank” JSC (hereinafter, the “EVB”) in September 2015.

Borrowers can receive the Minimum Rate Guarantee service (the “MRG”) under retail lending programs. This service offers customers an opportunity to pay a lower interest rate on existing loans, if the customer meets the following conditions:

- The customer commits to pay debts in due time;
- The customer waives a right to partial or full early repayment;
- The customer makes at least one purchase with the “Halva” installment card every month;
- The customer becomes a member of the Financial protection program of the Bank.

Over the period of MRG program, the Group received from clients a commission of RUB 1.4 BN. Based on expectations in respect of payments arising from differences in interest rates, the commission will be recognized as interest income in future periods.

6. Fee and commission income

	For the three months ended 31 March (unaudited)	
	2019 RUB MM	***2018 RUB MM***
Financial protection program membership	2,576	2,004
Plastic card operations	1,922	1,079
Settlement operations	727	233
Issuance of bank guarantees	660	683
Income from electronic trading platforms	460	105
Agent fee for selling insurance products	131	104
Other	359	402
	6,835	**4,610**

7. Net gain from foreign exchange and transactions with precious metals

	For the three months ended 31 March (unaudited)	
	2019 RUB MM	***2018 RUB MM***
Net gains on currency derivative financial instruments	6,145	535
Dealing	6,098	(750)
Revaluation	(11,664)	383
	579	**168**

"Net gains on currency derivative financial instruments" represents a financial result on OTC long-term swap contracts entered into by the Group in order to hedge long and short foreign currency positions.

"Dealing" represents a financial result from exchange-traded foreign currency contracts entered into by the Group in order to hedge long and short foreign currency positions to comply with the regulatory requirements.

"Revaluation" is a financial result from the revaluation of net assets and liabilities denominated in foreign currency.

8. Personnel expenses

	For the three months ended 31 March (unaudited)	
	2019 RUB MM	***2018 RUB MM***
Payroll, including bonuses	(4,677)	(3,048)
Payroll-related taxes	(1,087)	(805)
	(5,764)	**(3,853)**

9. Other general and administrative expenses

	For the three months ended 31 March (unaudited)	
	2019 RUB MM	***2018 RUB MM***
Rent	(705)	(551)
Advertising and marketing	(687)	(577)
Depreciation and amortization	(502)	(247)
Professional and cash collection	(471)	(378)
Telecommunication and postal services	(343)	(214)
Maintenance of property and equipment	(214)	(160)
Transport and business travel	(189)	(158)
Software support	(185)	(224)
Inventory	(179)	(291)
Taxes other than income tax	(83)	(14)
Security	(78)	(47)
Property insurance	(35)	(34)
Other	(207)	(107)
	(3,878)	**(3,002)**

10. Other impairment and provisions

	For the three months ended 31 March (unaudited)	
	2019 RUB MM	***2018 RUB MM***
Contingencies	(1,032)	(79)
Goodwill impairment	(300)	–
Litigations	(105)	(194)
Other assets	(33)	(307)
Foreclosed assets	(1)	7
Reversal of impairment of investments in associates	–	249
	(1,471)	**(324)**

Movements in other provisions for the three months ended 31 March 2019 and 2018 are as follows:

	Provision for other assets	***Provision for litigations***	***Provision for contingencies***	***Impairment of investments in associates***	***Provision for foreclosed assets***	***Total***
As at 1 January 2018	**542**	**1,043**	**573**	**656**	**19**	**2,833**
Increase/(decrease)	307	194	79	–	(7)	**573**
Write-off	(546)	–	–	–	–	**(546)**
Extinction of liabilities	–	(25)	–	–	(4)	**(29)**
As at 31 March 2018 (unaudited)	**303**	**1,212**	**652**	**656**	**8**	**2,831**
As at 1 January 2019	**681**	**1,165**	**1,544**	**407**	**44**	**3,841**
Increase/(decrease)	33	105	1,032	–	1	**1,171**
Extinction of liabilities	–	(63)	–	–	–	**(63)**
As at 31 March 2019 (unaudited)	**714**	**1,207**	**2,576**	**407**	**45**	**4,949**

11. Income tax expense

	For the three months ended 31 March (unaudited)	
	2019 RUB MM	***2018 RUB MM***
Current income tax	(4,014)	(2,249)
Origination of temporary differences	2,584	1,044
	(1,430)	**(1,205)**

The current general income tax rate for legal entities in the Russian Federation is 20%.

12. Cash and cash equivalents

	31 March 2019 (unaudited) RUB MM	***31 December 2018 RUB MM***
Due from the CBR	58,954	62,798
Short-term deposits and reverse REPO transactions with Russian banks and financial institutions maturing in less than 90 days	42,470	7,095
Nostro accounts with Russian banks and financial institutions	17,373	27,183
Cash on hand	9,270	11,134
Nostro accounts with OECD banks	500	817
Short-term deposits with OECD banks maturing in less than 90 days	125	790
	128,692	**109,817**

13. Placements with banks and bonds measured at amortized cost

	31 March 2019 (unaudited) RUB MM	*31 December 2018 RUB MM*
Bonds of Russian banks held by the Group	17,709	17,140
Bonds of Russian banks pledged under sale and repurchase agreements	10,585	12,997
Collateral for derivative financial instruments ("DFI")	4,796	5,452
Term deposits with banks	3,642	7,317
Repurchase agreements	601	5,783
Total placements with banks and bonds measured at amortized cost	**37,333**	**48,689**
Less allowance for impairment	(174)	(154)
Placements with banks and bonds measured at amortized cost, net	**37,159**	**48,535**

14. Financial instruments at FVPL

	31 March 2019 (unaudited) RUB MM	*31 December 2018 RUB MM*
Held by the Group		
Corporate bonds and eurobonds	85,098	61,088
State-owned enterprise bonds	45,021	22,010
Government and municipal bonds	28,327	25,601
Derivative financial instruments	6,792	5,337
Corporate shares	126	126
Shares in state-owned companies	115	99
Total financial instruments at FVPL held by the Group	**165,479**	**114,261**
Pledged under sale and repurchase agreements		
State-owned enterprise bonds	25,363	45,717
Corporate bonds and eurobonds	25,282	59,293
Government and municipal bonds	330	5,768
State-owned enterprise shares	–	1
Total financial instruments at FVPL pledged under sale and repurchase agreements	**50,975**	**110,779**
Total financial instruments at FVPL	**216,454**	**225,040**

Securities at FVPL

The table below presents a breakdown of securities at FVPL by industry:

	31 March 2019 (unaudited)		*31 December 2018*	
	RUB MM	*%*	*RUB MM*	*%*
Transport and infrastructure	41,168	19.6%	42,850	19.5%
Banks, including state-owned banks	29,510	14.1%	28,643	13.0%
Government and municipal institutions	28,656	13.7%	31,368	14.3%
Leasing	22,710	10.8%	17,497	8.0%
Metallurgy	18,909	9.0%	22,700	10.4%
Diversified holdings and other financial institutions	13,242	6.3%	12,951	5.9%
Petrochemicals	12,160	5.8%	13,304	6.1%
Chemical industry	8,341	4.0%	11,234	5.1%
Mining	7,890	3.8%	8,375	3.8%
Manufacturing	6,537	3.1%	6,415	3.0%
Telecommunications	4,801	2.3%	7,344	3.3%
Construction and development	3,925	1.9%	5,055	2.3%
Trade	2,584	1.2%	1,958	0.9%
Energy	2,529	1.2%	2,627	1.2%
Agriculture and food processing	1,249	0.6%	1,099	0.5%
Services	639	0.3%	2,445	1.1%
Other	4,812	2.3%	3,838	1.6%
	209,662	**100.0%**	**219,703**	**100.0%**

14. Financial instruments at FVPL (continued)

Securities at FVPL (continued)

The table below presents a breakdown of securities at FVPL by long-term issuer credit rating assigned by rating agencies S&P, Fitch or Moody's. If a security or an issuer has credit ratings from several international rating agencies, only the highest rating is taken into account.

	31 March 2019 (unaudited) RUB MM	*31 December 2018 RUB MM*
Securities at FVPL		
Issuers with credit rating from A+ to A-	129	128
Issuers with credit rating from BBB+ to BBB-	59,951	67,617
Issuers with credit rating from BB+ to BB-	116,492	103,604
Issuers with credit rating from B+ to B-	13,294	25,048
Issuers without rating by S&P, Fitch or Moody's	19,796	23,306
Total securities at FVPL	**209,662**	**219,703**

As at 31 March 2019, maturities of these securities were within the following range: April 2019 − August 2049 (31 December 2018: February 2019 − August 2049).

As at 31 March 2019, the coupon rates were from 4.0% to 9.0% for USD-denominated debt securities, from 2.6% to 5.2% for EUR-denominated debt securities and from 0.1% to 15.0% for RUB-denominated debt securities (31 December 2018: from 3.8% to 9.0% for USD-denominated debt securities, from 2.6% to 4.0% for EUR-denominated debt securities, and from 5.2% to 15.0% for RUB-denominated debt securities).

As at 31 March 2019, the share of the largest issuer in the aggregate portfolio of securities at fair value through profit or loss was 9.6%. The maturity of bonds of this issuer ranged from March 2020 to April 2041; the coupon rate was 5.7%-10.5% (31 December 2018: the share of the largest issuer was 9.5%, maturity dates ranged from March 2019 to April 2041; the coupon rate was 5.7%-10.5%).

Derivative financial instruments

The Group manages interest and currency risks using derivative financial instruments.

The Group recognizes derivative financial instruments, including foreign currency contracts, currency and interest rate swaps, as well as other derivative financial instruments at fair value. The table below shows the fair values of derivative financial instruments, recorded as assets or liabilities in the financial statements, and their notional amounts:

	31 March 2019 (unaudited)			*31 December 2018*		
	Notional amount RUB MM	*Fair value Asset RUB MM*	*Fair value Liability RUB MM*	*Notional amount RUB MM*	*Fair value Asset RUB MM*	*Fair value Liability RUB MM*
Interest rate swaps – foreign banks	141,251	1,901	3,214	151,585	3,379	1,919
Interest rate swaps – Russian banks	47,660	1,103	−	50,028	1,898	−
Cross currency interest rate swaps – foreign banks	9,710	539	−	13,894	−	639
Cross currency interest rate swaps – Russian banks	64,735	3,095	101	69,471	−	3,036
Currency swaps – Russian banks	53,710	24	−	−	−	−
Currency forwards – foreign companies	645	−	2	139	19	−
Currency forwards – Russian companies and banks	2,179	61	5	2,003	41	26
Credit default swaps – foreign banks	25,247	69	744	27,094	−	1,226
Total derivative assets or liabilities	**345,137**	**6,792**	**4,066**	**314,214**	**5,337**	**6,846**

15. Loans to customers and bonds measured at amortized cost

	31 March 2019 (unaudited) RUB MM	*31 December 2018 RUB MM*
Retail loans		
Auto loans	79,847	74,978
Mortgage loans	59,770	57,801
Consumer loans	48,669	47,609
Credit cards	26,601	20,303
Total retail loans	**214,887**	**200,691**
Corporate loans and bonds measured at amortized cost		
Corporate loans	154,170	149,063
Corporate bonds	83,151	96,127
Loans to small businesses and other loans to customers*	41,306	42,050
State-owned enterprise bonds	45,550	48,145
Government and municipal bonds	15,732	16,001
Loans to constituent entities and municipalities of the Russian Federation	4,964	6,347
Total corporate loans and bonds measured at at amortized cost	**344,873**	**357,733**
Total loans to customers and bonds measured at amortized cost	**559,760**	**558,424**
Less allowance for loan impairment	(17,144)	(16,946)
Loans to customers and bonds measured at amortized cost, net	**542,616**	**541,478**

* This group also includes retail loans issued on individual terms, not exceeding RUB 200 MM.

Allowance for impairment of loans to customers and bonds measured at amortized cost

The table below shows the analysis of movements in the allowances for ECL for retail loans for the three months ended 31 March 2019 (unaudited).

Consumer loans	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
Balance as at 1 January 2019	**1,691**	**381**	**2,413**	**4,485**
Transfers to Stage 2	(27)	27	–	**–**
Transfers to Stage 3	(12)	(296)	308	**–**
Increase/(decrease)	158	349	(111)	**396**
Write-offs	–	–	(960)	**(960)**
Amortization of credit-impaired assets	–	–	2	**2**
Recovery of write-offs	–	–	750	**750**
Balance as at 31 March 2019	**1,810**	**461**	**2,402**	**4,673**

Auto loans	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
Balance as at 1 January 2019	**1,209**	**354**	**1,390**	**2,953**
Transfers to Stage 2	–	–	–	**–**
Transfers to Stage 3	(8)	(241)	249	**–**
Increase/(decrease)	(209)	405	166	**362**
Write-offs	–	–	(454)	**(454)**
Amortization of credit-impaired assets	–	–	–	**–**
Recovery of write-offs	–	–	27	**27**
Balance as at 31 March 2019	**992**	**518**	**1,378**	**2,888**

15. Loans to customers and bonds measured at amortized cost (continued)

Allowance for impairment of loans to customers and bonds measured at amortized cost (continued)

Mortgage loans	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
Balance as at 1 January 2019	**676**	**159**	**1,111**	**1,946**
Transfers to Stage 2	(5)	5	–	**–**
Transfers to Stage 3	(7)	(97)	104	**–**
Increase/(decrease)	(139)	120	(27)	**(46)**
Write-offs	–	–	(219)	**(219)**
Amortization of credit-impaired assets	–	–	331	**331**
Recovery of write-offs	–	–	35	**35**
Balance as at 31 March 2019	**525**	**187**	**1,335**	**2,047**

Credit cards	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
Balance as at 1 January 2019	**839**	**64**	**356**	**1,259**
Transfers to Stage 2	–	–	–	**–**
Transfers to Stage 3	(6)	(48)	54	**–**
Increase/(decrease)	(43)	72	127	**156**
Write-offs	–	–	(152)	**(152)**
Amortization of credit-impaired assets	–	–	1	**1**
Recovery of write-offs	–	–	20	**20**
Balance as at 31 March 2019	**790**	**88**	**406**	**1,284**

The table below shows the analysis of movements in allowances for ECL for the corporate loans and bonds measured at amortized cost for the three months ended 31 March 2019 (unaudited).

Corporate loans, government and municipal bonds, corporate bonds and state-owned enterprise bonds	*Stage 1*	*Stage 2*	*Stage 3*	*POCI assets*	*Total*
Balance as at 1 January 2019	**2,500**	**27**	**2,123**	**271**	**4,921**
Transfers to Stage 2	(113)	113	–	–	**–**
Transfers to Stage 3	–	–	–	–	**–**
Increase/(decrease)	(357)	21	37	208	**(91)**
Write-offs	–	–	–	–	**–**
Recovery of write-offs	–	–	–	–	**–**
Balance as at 31 March 2019	**2,030**	**161**	**2,160**	**479**	**4,830**

Loans to constituent entities and municipalities of the Russian Federation	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
Balance as at 1 January 2019	**42**	**–**	**–**	**42**
Transfers to Stage 2	–	–	–	**–**
Transfers to Stage 3	–	–	–	**–**
Increase/(decrease)	(5)	–	–	**(5)**
Write-offs	–	–	–	**–**
Recovery of write-offs	–	–	–	**–**
Balance as at 31 March 2019	**37**	**–**	**–**	**37**

Loans to small business and other loans to customers	*Stage 1*	*Stage 2*	*Stage 3*	*POCI assets*	*Total*
Balance as at 1 January 2019	**694**	**–**	**541**	**105**	**1,340**
Transfers to Stage 2	(18)	18	–	–	**–**
Transfers to Stage 3	(52)	(6)	58	–	**–**
Increase/(decrease)	(100)	24	850	80	**854**
Write-offs	–	–	(973)	–	**(973)**
Recovery of write-offs	–	–	164	–	**164**
Balance as at 31 March 2019	**524**	**36**	**640**	**185**	**1,385**

15. Loans to customers and bonds measured at amortized cost (continued)

Allowance for impairment of loans to customers and bonds measured at amortized cost (continued)

The table below shows the analysis of movements in allowances for ECL for retail loans for the three months ended 31 March 2018 (unaudited).

Consumer loans	***Stage 1***	***Stage 2***	***Stage 3***	***Total***
Balance as at 1 January 2018	**1,640**	**412**	**5,423**	**7,475**
Transfers to Stage 2	(37)	37	–	**–**
Transfers to Stage 3	(17)	(316)	333	**–**
Increase/(decrease)	208	265	(106)	**367**
Write-offs	–	–	(553)	**(553)**
Amortization of credit-impaired assets	–	–	221	**221**
Recovery of write-offs	–	–	73	**73**
Balance as at 31 March 2018	**1,794**	**398**	**5,391**	**7,583**

Auto loans	***Stage 1***	***Stage 2***	***Stage 3***	***Total***
Balance as at 1 January 2018	**958**	**205**	**539**	**1,702**
Transfers to Stage 2	(19)	19	–	**–**
Transfers to Stage 3	(5)	(139)	144	**–**
Increase/(decrease)	(23)	175	198	**350**
Write-offs	–	–	(126)	**(126)**
Amortization of credit-impaired assets	–	–	8	**8**
Recovery of write-offs	–	–	328	**328**
Balance as at 31 March 2018	**911**	**260**	**1,091**	**2,262**

Mortgage loans	***Stage 1***	***Stage 2***	***Stage 3***	***Total***
Balance as at 1 January 2018	**812**	**129**	**585**	**1,526**
Transfers to Stage 2	(15)	15	–	**–**
Transfers to Stage 3	(6)	(91)	97	**–**
Increase/(decrease)	27	105	64	**196**
Write-offs	–	–	(10)	**(10)**
Amortization of credit-impaired assets	–	–	4	**4**
Recovery of write-offs	–	–	95	**95**
Balance as at 31 March 2018	**818**	**158**	**835**	**1,811**

Credit cards	***Stage 1***	***Stage 2***	***Stage 3***	***Total***
Balance as at 1 January 2018	**666**	**97**	**577**	**1,340**
Transfers to Stage 2	(17)	17	–	**–**
Transfers to Stage 3	(76)	(87)	163	**–**
Increase/(decrease)	27	46	(14)	**59**
Write-offs	–	–	(143)	**(143)**
Amortization of credit-impaired assets	–	–	3	**3**
Recovery of write-offs	–	–	18	**18**
Balance as at 31 March 2018	**600**	**73**	**604**	**1,277**

15. Loans to customers and bonds measured at amortized cost (continued)

Allowance for impairment of loans to customers and bonds measured at amortized cost (continued)

The table below shows the analysis of movements in allowances for ECL for corporate loans and bonds measured at amortized cost for the three months ended 31 March 2018 (unaudited).

Corporate loans, government and municipal bonds, corporate bonds and state-owned enterprise bonds	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
Balance as at 1 January 2018	**2,965**	**–**	**–**	**2,965**
Transfers to Stage 2	–	–	–	**–**
Transfers to Stage 3	–	–	–	**–**
Increase/(decrease)	(20)	–	–	**(20)**
Write-offs	–	–	–	**–**
Recovery of write-offs	–	–	–	**–**
Balance as at 31 March 2018	**2,945**	**–**	**–**	**2,945**

Loans to constituent entities and municipalities of the Russian Federation	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
Balance as at 1 January 2018	**115**	**–**	**–**	**115**
Transfers to Stage 2	–	–	–	**–**
Transfers to Stage 3	–	–	–	**–**
Increase/(decrease) for the period	(46)	–	–	**(46)**
Write-offs	–	–	–	**–**
Recovery of write-offs	–	–	–	**–**
Balance as at 31 March 2018	**69**	**–**	**–**	**69**

Loans to small business and other loans to customers	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
Balance as at 1 January 2018	**75**	**12**	**260**	**347**
Transfers to Stage 2	(1)	1	–	**–**
Transfers to Stage 3	–	(2)	2	**–**
Increase/(decrease)	2	77	342	**421**
Write-offs	–	–	(339)	**(339)**
Recovery of write-offs	–	–	–	**–**
Balance as at 31 March 2018	**76**	**88**	**265**	**429**

15. Loans to customers and bonds measured at amortized cost (continued)

Credit quality of retail loans

The following table provides information on the credit quality of retail loans as at 31 March 2019 (unaudited):

	Stage 1 RUB MM	*Stage 2 RUB MM*	*Stage 3 RUB MM*	*Total RUB MM*
Consumer loans				
- Not overdue	42,680	–	22	**42,702**
- Overdue less than 30 days	1,521	–	32	**1,553**
- Overdue 30 to 89 days	–	1,009	115	**1,124**
- Overdue 90 to 179 days	–	–	1,175	**1,175**
- Overdue 180 to 360 days	–	–	2,115	**2,115**
Total consumer loans	**44,201**	**1,009**	**3,459**	**48,669**
Allowance for loan impairment	(1,810)	(461)	(2,402)	**(4,673)**
Consumer loans, net	**42,391**	**548**	**1,057**	**43,996**
Credit cards				
- Not overdue	25,154	–	6	**25,160**
- Overdue less than 30 days	567	–	11	**578**
- Overdue 30 to 89 days	–	257	66	**323**
- Overdue 90 to 179 days	–	–	212	**212**
- Overdue 180 to 360 days	–	–	328	**328**
Total credit cards	**25,721**	**257**	**623**	**26,601**
Allowance for loan impairment	(790)	(88)	(406)	**(1,284)**
Credit cards, net	**24,931**	**169**	**217**	**25,317**
Mortgage loans				
- Not overdue	54,774	–	538	**55,312**
- Overdue less than 30 days	1,224	–	41	**1,265**
- Overdue 30 to 89 days	–	630	32	**662**
- Overdue 90 to 179 days	–	–	602	**602**
- Overdue 180 to 360 days	–	–	846	**846**
Overdue more than 360 days	–	–	1,083	**1,083**
Total mortgages	**55,998**	**630**	**3,142**	**59,770**
Allowance for loan impairment	(525)	(187)	(1,335)	**(2,047)**
Mortgages, net	**55,473**	**443**	**1,807**	**57,723**
Auto loans				
- Not overdue	75,236	–	39	**75,275**
- Overdue less than 30 days	1,740	–	26	**1,766**
- Overdue 30 to 89 days	–	884	80	**964**
- Overdue 90 to 179 days	–	–	792	**792**
- Overdue 180 to 360 days	–	–	1,050	**1,050**
Total auto loans	**76,976**	**884**	**1,987**	**79,847**
Allowance for loan impairment	(992)	(518)	(1,378)	**(2,888)**
Auto loans, net	**75,984**	**366**	**609**	**76,959**
Total retail loans	**202,896**	**2,780**	**9,211**	**214,887**
Allowance for loan impairment	(4,117)	(1,254)	(5,521)	**(10,892)**
Retail loans, net	**198,779**	**1,526**	**3,690**	**203,995**

15. Loans to customers and bonds measured at amortized cost (continued)

Credit quality of retail loans (continued)

The following table provides information on the credit quality of retail loans as at 31 December 2018:

	Stage 1 RUB MM	*Stage 2 RUB MM*	*Stage 3 RUB MM*	*Total RUB MM*
Consumer loans				
- Not overdue	42,195	–	44	**42,239**
- Overdue less than 30 days	1,218	–	36	**1,254**
- Overdue 30 to 89 days	–	817	132	**949**
- Overdue 90 to 179 days	–	–	1,094	**1,094**
- Overdue 180 to 360 days	–	–	2,073	**2,073**
Total consumer loans	**43,413**	**817**	**3,379**	**47,609**
Allowance for loan impairment	(1,691)	(381)	(2,413)	**(4,485)**
Consumer loans, net	**41,722**	**436**	**966**	**43,124**
Credit cards				
- Not overdue	19,299	–	3	**19,302**
- Overdue less than 30 days	288	–	3	**291**
- Overdue 30 to 89 days	–	166	31	**197**
- Overdue 90 to 179 days	–	–	187	**187**
- Overdue 180 to 360 days	–	–	326	**326**
Total credit cards	**19,587**	**166**	**550**	**20,303**
Allowance for loan impairment	(839)	(64)	(356)	**(1,259)**
Credit cards, net	**18,748**	**102**	**194**	**19,044**
Mortgage loans				
- Not overdue	53,714	–	388	**54,102**
- Overdue less than 30 days	943	–	19	**962**
- Overdue 30 to 89 days	–	600	45	**645**
- Overdue 90 to 179 days	–	–	646	**646**
- Overdue 180 to 360 days	–	–	698	**698**
Overdue more than 360 days	–	–	748	**748**
Total mortgages	**54,657**	**600**	**2,544**	**57,801**
Allowance for loan impairment	(676)	(159)	(1,111)	**(1,946)**
Mortgages, net	**53,981**	**441**	**1,433**	**55,855**
Auto loans				
- Not overdue	71,092	–	37	**71,129**
- Overdue less than 30 days	1,310	–	29	**1,339**
- Overdue 30 to 89 days	–	698	91	**789**
- Overdue 90 to 179 days	–	–	635	**635**
- Overdue 180 to 360 days	–	–	1,086	**1,086**
Total auto loans	**72,402**	**698**	**1,878**	**74,978**
Allowance for loan impairment	(1,209)	(354)	(1,390)	**(2,953)**
Auto loans, net	**71,193**	**344**	**488**	**72,025**
Total retail loans	**190,059**	**2,281**	**8,351**	**200,691**
Allowance for loan impairment	(4,415)	(958)	(5,270)	**(10,643)**
Retail loans, net	**185,644**	**1,323**	**3,081**	**190,048**

15. Loans to customers and bonds measured at amortized cost (continued)

Credit quality of corporate loans and bonds measured at amortized cost

The following table provides information on the credit quality of corporate loans and bonds measured at amortized cost as at 31 March 2019 (unaudited):

	Stage 1 RUB MM	*Stage 2 RUB MM*	*Stage 3 RUB MM*	*POCI assets* RUB MM*	*Total RUB MM*
Corporate loans and bonds measured at amortized cost					
- Not overdue	331,431	8,284	1,682	753	**342,150**
- Overdue less than 30 days	161	−	−	−	**161**
- Overdue 30 to 89 days	−	22	9	−	**31**
- Overdue 90 to 179 days	−	−	171		**171**
- Overdue 180 to 360 days	−	−	1,686	101	**1,787**
- Overdue more than 360 days	−	−	225	348	**573**
Total corporate loans and bonds measured at amortized cost	**331,592**	**8,306**	**3,773**	**1,202**	**344,873**
Allowance for loan impairment	(2,591)	(197)	(2,800)	(664)	**(6,252)**
Corporate loans and bonds measured at amortized cost, net	**329,001**	**8,109**	**973**	**538**	**338,621**

The following table provides information on the credit quality of corporate loans and bonds measured at amortized cost as at 31 December 2018:

	Stage 1 RUB MM	*Stage 2 RUB MM*	*Stage 3 RUB MM*	*POCI assets* RUB MM*	*Total RUB MM*
Corporate loans and bonds measured at amortized cost					
- Not overdue	352,269	−	1,494	749	**354,512**
- Overdue less than 30 days	591	3	−	−	**594**
- Overdue 30 to 89 days	−	38	70	−	**108**
- Overdue 90 to 179 days	−	−	1,718	24	**1,742**
- Overdue 180 to 360 days	−	−	164	199	**363**
- Overdue more than 360 days	−	−	197	217	**414**
Total corporate loans and bonds measured at amortized cost	**352,860**	**41**	**3,643**	**1,189**	**357,733**
Allowance for loan impairment	(3,236)	(27)	(2,664)	(376)	**(6,303)**
Corporate loans and bonds measured at amortized cost, net	**349,624**	**14**	**979**	**813**	**351,430**

* POCI loans (purchased or originated credit-impaired) mostly include loans issued by Rosevrobank at stage 3 as at the date of the acquisition.

16. Investment securities at FVOCI

As at 31 March 2019 and 31 December 2018, the Group's investments at FVOCI included equity instruments of Russian companies and/or their foreign holdings.

	31 March 2019 (unaudited) RUB MM	*31 December 2018 RUB MM*	*Ownership as at 31 March 2019 (unaudited) %*	*Ownership as at 31 December 2018 %*
Companies				
- Investments in shares	111	111	3.7% to 6.8%	3.7% to 6.8%
- Investments in shares as part of mezzanine lending	580	580	2.2% to 25.0%	2.2% to 25.0%
	691	**691**		

17. Due to customers

	31 March 2019 (unaudited) RUB MM	*31 December 2018 RUB MM*
Individuals		
Term deposits	352,793	361,108
Current accounts and demand deposits	38,315	41,795
Legal entities		
Term deposits	167,397	110,005
Current accounts and demand deposits	88,558	85,954
Amounts due under repurchase agreements	12	12
	647,075	**598,874**

As at 31 March 2019 and 31 December 2018, the Group did not have a customer whose balance with the bank accounted for more than 10% of the total Due to customers.

18. Due to banks

	31 March 2019 (unaudited) RUB MM	*31 December 2018 RUB MM*
Sale and repurchase agreements with banks	96,867	182,059
Deposits	13,115	6,498
Obligation to return securities under sale and repurchase agreements	10,084	–
Collateral for derivative financial instruments (“DFI”)	4,498	1,291
LORO accounts	799	407
	125,363	**190,255**

As at 31 March 2019 and 31 December 2018, the Group pledged the following bonds as collateral for sale and repurchase agreements with legal entities and banks:

	31 March 2019 (unaudited)		*31 December 2018*	
	REPO with legal entities RUB MM	*REPO with banks RUB MM*	*REPO with legal entities RUB MM*	*REPO with banks RUB MM*
Financial instruments at FVPL pledged under repurchase agreements				
State-owned enterprise bonds	–	25,363	–	45,717
Corporate bonds and eurobonds	13	25,270	14	59,279
Government and municipal bonds	–	329	–	5,768
Shares of state-owned companies	–	–	–	1
Total carrying amount	**13**	**50,962**	**14**	**110,765**
Loans to customers and bonds measured at amortized cost, pledged under sale and repurchase agreements				
Corporate bonds	–	33,185	–	54,870
State-owned enterprise bonds	–	17,068	–	25,780
Government and municipal bonds	–	3,420	–	5,415
Total carrying amount	**–**	**53,673**	**–**	**86,065**
Placements with banks and bonds measured at amortized cost, pledged under sale and repurchase agreements				
Corporate bonds	–	9,624	–	7,021
Government and municipal bonds	–	898	–	5,900
Total carrying amount	**–**	**10,522**	**–**	**12,921**
Related liabilities	**12**	**96,867**	**12**	**182,059**

19. Debt securities issued

	31 March 2019 (unaudited) RUB MM	*31 December 2018 RUB MM*
Bonds	5,568	5,468
Promissory notes	2,812	3,008
Savings certificates	3	3
	8,383	**8,479**

20. Other borrowed funds

On 21 September 2015, Sovcombank won an open tender for the financial rehabilitation of “Express Volga Bank” JSC (“EVB”).

On 23 September 2015, the DIA provided Sovcombank with a loan of RUB 49,850 MM bearing an interest rate of 0.5% and maturing on 23 September 2025 (the “DIA Loan”). The DIA provided the DIA loan to Sovcombank to enable the financial rehabilitation of EVB in accordance with the financial rehabilitation plan approved by the CBR on 12 August 2015.

As at 31 March 2019, the Group pledged the rights of claim on loans to individuals and corporate customers totaling RUB 45,292 MM (31 December 2018: RUB 45,371 MM) as a collateral for the DIA loan.

The DIA carries out bankruptcy procedures in respect of Probusinessbank OJSC (the parent bank of EVB, hereinafter, “PBB”) and repays its liabilities to the creditors of PBB, including EVB, with the recovered funds. According to the DIA loan agreement, Sovcombank then repays the respective amount to the DIA. From date of issuance of the DIA loan to 31 March 2019, Sovcombank repaid a part of the DIA loan totaling RUB 9,008 MM.

The DIA issued the loan to Sovcombank at the rate of 0.51% per annum, i.e. significantly below the market rate. According to IAS 9, loans issued with interest rates other than the market interest rates are measured at fair value at the date of issuance. The fair value equals the future interest payments and principal debt discounted with the market interest rate. As at the date of issuance of the DIA loan, the market interest rate for similar loans provided to Sovcombank was 14.9%. As at 31 March 2019, the fair value of the DIA loan of RUB 17,462 MM (31 December 2018: RUB 16,923 MM) was recorded within “Other borrowed funds”.

	31 March 2019 (unaudited) RUB MM	*31 December 2018 RUB MM*
DIA loan	17,462	16,923
Other borrowed funds	1	1
	17,463	**16,924**

21. Subordinated debt

Type	*Principal, loan currency, MM*	*Currency*	*Counter-party*	*Interest rate*	*Issue date*	*Maturity date*	*31 March 2019 (unaudited) RUB MM*	*31 December 2018 RUB MM*
Subordinated bonds	55	USD	–	8.25%	7 March 2018	21 February 2029	3,568	7,000
Subordinated debt	1,255	RUB	DIA	9.45%	27 April 2015	26 September 2029	1,419	1,422
Subordinated debt	1,255	RUB	DIA	9.80%	27 April 2015	29 November 2034	1,406	1,427
Subordinated debt	1,255	RUB	DIA	9.61%	27 April 2015	28 April 2032	1,378	1,434
Subordinated debt	1,255	RUB	DIA	9.33%	27 April 2015	24 February 2027	1,349	1,375
Subordinated debt	1,255	RUB	DIA	9.25%	27 April 2015	22 January 2025	1,336	1,335
							10,456	**13,993**

21. Subordinated debt (continued)

Term subordinated bonds issued

On 7 March 2018, the Bank placed 11-year subordinated bonds series 2V03 of USD 150 MM with a coupon rate of 8.3% p.a. (State registration number 41400963V of 22 January 2018). On 26 March 2018, the CBR approved the request to convert subordinated bonds series 2V03 to the Bank's additional paid-in capital.

In the first quarter of 2019, the Group partially repurchased subordinated bonds series 2V03 of RUB 5,123 MM and then put bonds in the amount of RUB 2,155 MM back into circulation.

Participation of Sovcombank and Rosevrobank in the anti-crisis plan of the Russian Government

On 27 January 2015, the Russian Government issued Decision No. 98-r approving the Plan of Priority Measures to Ensure Sustainable Development of the Economy and Social Stability in 2015 (the "Anti-crisis Plan"). On 23 January 2015, the Board of Directors of the DIA approved a list of banks, including Sovcombank and Rosevrobank, selected to participate in the Anti-crisis Plan.

On 27 April 2015, the DIA provided the Bank with five tranches of a subordinated loan totaling RUB 6,275 MM in the form of coupon-bearing federal loan bonds issued by the Ministry of Finance of the Russian Federation (the "OFZ"). These tranches have maturities of 12 to 19 years.

The CBR confirmed that the Bank might include this subordinated loan for the calculation of the Bank's capital adequacy ratio. Sovcombank sold securities received and therefore as at 31 March 2019 and 31 December 2018, its subordinated debt is recorded as liabilities at fair value.

On 20 May 2016, the DIA provided to Rosevrobank five tranches of a subordinated loan totaling RUB 100 MM in the form of OFZ issued by the Ministry of Finance of the Russian Federation. These tranches have maturities of 9 to 18 years.

The CBR confirmed that Rosevrobank might include this subordinated loan in its capital. The subordinated loan is not shown in the Group balance sheet because in accordance with IAS 9 it is classified as securities borrowed and for this reason the subordinated loan is recorded in off-balance sheet at fair value, which is RUB 110 MM as at 31 March 2019 (31 December 2018: RUB 111 MM).

22. Equity

As at 31 March 2019, the Bank's share capital was RUB 1,969 MM (31 December 2018: RUB 1,871 MM).

As at 31 March 2019, the total number of authorized ordinary shares with a nominal value of RUB 0.1 each was 19,694,045,875 (31 December 2018: 18,714,967,550).

The Bank's share capital was contributed by the shareholders in Russian rubles. The shareholders are entitled to dividends and any capital distribution in Russian rubles.

In August 2018, Sovcombank sold to third-party investors (Note 1) 1,559,024,850 ordinary registered book-entry shares with the total value of RUB 9,686 MM (637 million shares for RUB 6.067 each and 922 million shares for USD 0.097 each) (Note 1).

In March 2019, Sovcombank sold 979,078,325 ordinary registered book-entry shares for the total amount of RUB 6,080 MM (558 million shares for RUB 6.218 each and 421 million shares for USD 0.095 each) to the consortium of investors through a closed subscription. Contractually, the placement of additional issue of shares was completed on 5 April 2019 (Note 1).

On 26 March 2018, the CBR approved the Bank's request to convert the perpetual subordinated loan of USD 117 MM provided by Sovco Capital Partners N.V. into the Bank's core capital for ratio calculation purposes. The Bank increased its core capital to RUB 6,717 MM in accordance with the CBR's approval of 2 April 2018. In accordance with IAS 32, this event is classified as an increase in equity.

IFRS classifies interest payments related to perpetual subordinated loan as dividends on the grounds that the Bank may unilaterally halt interest payments. For the three months of 2018, Sovcombank paid interest of RUB 149 MM on the perpetual subordinated loan.

For the three months of 2019, Sovcombank paid dividends of RUB 3,000 MM or RUB 0.2 per share (for the three months of 2018: RUB 3,820 MM or RUB 0.2 per share).

22. Equity (continued)

Perpetual subordinated bonds issued

On 7 March 2018, the Bank placed perpetual subordinated bonds series 1V02 for USD 100 MM (State Registration Number 41000963V of 22 January 2018). The coupon rate for coupons 1-11 are set at 8.8% p.a.; the interest rate for further coupons is determined by the formula:

Ck = R + m + 100 basis points, where:

“Ck” is a coupon interest rate of the k-th coupon;

“R” equals to a yield of 7-year U.S. treasury bonds one working day prior to the date on which a new coupon interest rate is determined;

“m” equals 900 basis points.

On 26 March 2018, the CBR approved the Bank’s request to convert subordinated bonds series 1V02 to its additional capital.

As this instrument meets the criterion of the capital component in accordance with IAS 32 *Financial Instruments: Presentation*, Group classified the perpetual subordinated bonds as equity.

The Group records USD-denominated perpetual subordinated bonds in Russian ruble equivalent at the CBR exchange rates at the placement date and recognizes the effect of currency translation within retained earnings.

IFRS classifies interest payments related to perpetual subordinated bonds as dividends on the grounds that the Bank may unilaterally halt interest payments. For the three months of 2019, Sovcombank paid interest of RUB 287 MM on the perpetual subordinated loans.

23. Commitments

The Group has outstanding commitments to extend loans. These commitments take the form of approved loans, credit card limits and overdraft facilities.

The Group provides bank guarantees to ensure that the customers meet their liabilities to third parties. These bank guarantees form the contractual limits of liabilities and generally extend for a period of up to one year.

The commitments by category were as follows:

*Contractual amount**	*31 March 2019 (unaudited) RUB MM*	*31 December 2018 RUB MM*
Loan and credit line commitments	198,484	216,144
Bank guarantees	108,159	147,650
Commitments to issue banking guarantees	55,456	53,864
	362,099	**417,658**
Provisions for non-financial commitments	(1,188)	(1,283)
Allowance for credit losses	(355)	(962)
Provisions for pre-trial proceedings	(1,389)	(261)
	(2,932)	**(2,506)**

* The contractual amounts shown in the table assume that commitments will be settled in full.

Provisions for pre-trial proceedings represent provisions for received but not paid yet claims in relation to the portfolio of non-financial bank guarantees primarily issued to suppliers in accordance with Federal Law No. 44-FZ, *On the Contract System for the Procurement of Goods, Work and Services for Public and Municipal Needs*, and Federal Law No. 223-FZ, *On Purchases of Goods, Work and Services by Certain Types of Legal Entities*.

As at 31 March 2019, the bank guarantees included non-financial guarantees (including those issued by the Group to small and medium-sized businesses in accordance with Federal Laws No. 44-FZ and No. 223-FZ) of RUB 84,298 MM in total (31 December 2018: RUB 99,330 MM).

23. Commitments (continued)

Contractual commitments to issue loans not always result in actual cash outflow as such commitments may be annulled or may expire without actual funding being provided. In addition, the majority of the Group's loan agreements provide that the Group at its sole discretion may unilaterally refuse to extend a loan.

The tables below show the analysis of movements in the allowances for ECL under financial guarantees and loan and credit line commitments for the three months ended 31 March 2019 (unaudited):

Financial guarantees	***Stage 1 RUB MM***	***Total RUB MM***
Balance as at 1 January 2019	**956**	**956**
Reversal	(607)	**(607)**
Balance as at 31 March 2019	**349**	**349**

Loan commitments	***Stage 1 RUB MM***	***Total RUB MM***
Balance as at 1 January 2019	**6**	**6**
Increase/(decrease)	–	**–**
Balance as at 31 March 2019	**6**	**6**

24. Contingencies

Litigations related to "Express-Volga Bank" JSC

In August 2015, the CBR revoked the banking license of Probusinessbank OJSC ("Probusinessbank"). In September 2015, Sovcombank won an open tender and became an investor for the financial rehabilitation of "Express Volga Bank" JSC ("EVB"). In September 2015, the DIA included EVB, the Bank's subsidiary at that date, into the register of Probusinessbank's creditors. In October 2015, the Moscow Arbitration Court declared Probusinessbank bankrupt.

In October 2017, minority creditors of Probusinessbank challenged the inclusion of EVB into the register of Probusinessbank's creditors at the first instance court.

The DIA and EVB did not agree with the court ruling and filed appeals. In December 2017, the second instance court canceled the ruling of the first instance court and ruled to reject the claims of the minority creditors.

The minority creditors challenged the ruling of the second instance court at the third instance court. The third instance court upheld the ruling of the second instance court in March 2018.

In May 2018, the minority creditors filed a cassation appeal to the Supreme Court of the Russian Federation against decisions of the second and third instance courts to remain the ruling of the first instance court effective. In August 2018, the Supreme Court of the Russian Federation rejected to transfer this appeal to the Judicial Panel for Economic Disputes under the Supreme Court of the Russian Federation. The minority creditors filed a complaint to the Chairman of the Russian Supreme Court. The complaint was dismissed because the deadline for the appeal expired.

On 16 November 2018, dispute resolution was completed based on a ruling to deny the examination of the complaint by the Judicial Panel for Economic Disputes under the Supreme Court of the Russian Federation. Based on the above, the Group did not make a provision for this claim.

In December 2017, the minority creditors of Probusinessbank challenged actions of its bankruptcy administrator (a representative of the DIA) with regard to certain transactions relating to the period before the date on which Probusinessbank was declared bankrupt by the Arbitration Court.

In December 2017, the Group estimated the risk of cash outflow from EVB as possible and created a respective provision of RUB 755 MM. The provision covers the entire amount of possible cash outflow from EVB into Probusinessbank's insolvency estate in respect of this litigation and is not adjusted for possible return of funds to the Bank from the insolvency estate since EVB (as one of the major creditors of Probusinessbank) will receive a portion of the insolvency estate if this risk realized.

24. Contingencies (continued)

Litigations related to “Express-Volga Bank” JSC (continued)

In October 2018, the court declared the operative part of the determination of the Moscow Arbitration Court on that claim. In accordance with this decision, the following claims were satisfied: the transfer of RUB 625 MM from Probusinessbank to EVB in August 2015 was declared as invalid; the consequences of the void transaction applied. In March 2019, the 9th Arbitration Court of Appeal ruled to leave the previous decision in force. EVB filed a cassation appeal against the court ruling, which was granted. The hearing of the cassation appeal is scheduled for 27 June 2019.

The Group’s management believes that accrued provisions for legal proceedings cover the entire amount of possible risks and litigation costs.

In November 2016, Sovcombank won an open auction organized by the DIA to acquire shares in “Poidem!” OJSC, previously a member of Probusinessbank group. The funds raised as a result of the auction went into Probusinessbank’s insolvency estate and subsequently allocated to all its creditors. In December 2016, Sovcombank signed an agreement to sell 100% of shares in “Poidem!” OJSC to the management of this Bank.

In November 2017, minority creditors of Probusinessbank challenged the sale of shares of “Poidem!” OJSC via open trade procedures to Sovcombank in November 2016. According to the court ruling in December 2017, the auction results remained in force.

The minority creditors challenged the determination, however the appeal (in May 2018) and cassation (in July 2018) courts upheld the initial decision of the Moscow Arbitration Court. However, in February 2019, the Supreme Court of the Russian Federation upheld the claim of minority creditors, canceled all judicial acts and referred the case to the first instance court for retrial, indicating that a thorough examination of evidence presented by the parties was necessary. The hearing was scheduled on 19 April 2019 in the Arbitration Court of Moscow, however, it was postponed to 6 June 2019.

Currently, it is impossible to determine the potential effect from the unfavorable outcome. Based on these grounds, the Group did not make provision for this claim in these financial statements.

In February 2018, the minority creditors of Probusinessbank filed a request to declare several transactions of RUB 46 BN related to Probusinessbank’s repayment of interbank loans to EVB (the “Transactions”) void. The minority creditors apply to the court to declare repayment of inerbank loans by Probusinessbank invalid and recover RUB 46 BN from EVB to Probusinessbank’s insolvency estate. The minority creditors believe that the transactions resulted in EVB gaining preference in satisfaction of its claims, as the transactions were closed shortly before Probusinessbank was declared bankrupt. In October 2018, the Moscow Arbitration Court partially satisfied the claims of the minority creditors and declared a return of RUB 10.9 BN void; the consequences of a void transaction applied.

In February 2019, the Ninth Arbitration Court of Appeal upheld the appeal filed by EVB in full: it refused to declare all challenged transactions that include repayment of interbank loans void. This rulling was supported by the rulling of the cassation court of 29 April 2019.

Management believes that the Group will not have an outflow of economic benefits, since the matters described in the court claim by the minority creditors were inconsistent with the actual circumstances in 2015. If the court leaves decisions of the first instance court in force, the loss to EVB will not exceed RUB 4.9 BN as it will remain the registered creditor of the third stage for 41% of the register of Probusinessbank’s creditors and has a right to obtain the respective payments.

In July 2018, the minority creditors of Probusinessbank filed a request to remove the EVB’s claim for RUB 22.7 BN from the register of Probusinessbank’s creditors. The minority creditors believe that Probusinessbank and EVB had corporate relationship as they were affiliated though the common ultimate beneficiaries and Probusinessbank was 100% shareholder of EVB. For these reasons, the minor creditors believed that EVB’s transfer of funds to Probusinessbank was a contribution to its share capital or a contribution to its property by the ultimate beneficial owners of Probusinessbank in order to support its financial stability. The creditors also believed that such claims should not be included to the register of Probusinessbank’s claims.

In September 2018, the Arbitration Court declared the court proceedings in respect of the claim of the minority creditors terminated as the court had already examined similar claims in 2017 and a ruling on the matter had been legally effective.

The minority creditors challenged the determination to terminate the proceedings. In October 2018, an appeals court overturned the decision in respect of some creditors, however in fact it confirmed the repeating nature of the claims. The case was referred to the first instance court for retrial. EVB filed a cassation appeal against that determination.

24. Contingencies (continued)

Litigations related to “Express-Volga Bank” JSC (continued)

In January 2019, the Arbitration Court of Moscow District upheld the cassation appeal of EVB: the first instance court invalidated the ruling of the appeal court to send the case for retrial.

On 20 May 2019, a judge of the Supreme Court of the Russian Federation rejected minority creditors’ request for the examination by a panel of the Supreme Court of their complaints concerning the ruling of the cassation court in relation to this dispute.

In case of unfavorable outcome in the courts of all instances, potential loss for EVB will not exceed RUB 3.8 BN. However, according to management, the Group will not suffer an outflow of economic resources as on the basis of decision made by the appeal court, the cassation court and the Supreme Court on the previous dispute over exclusion of EVB from the register of Probusinessbank’s creditors, there were no grounds for invalidating the court’s determination to terminate the proceedings on the creditor’s claim.

Based on the above, the Group did not make a provision for this claim.

Tax contingencies

Russian tax, currency and customs legislation as currently in effect is vaguely drafted and is subject to varying interpretations, selective and inconsistent application and changes, which can occur frequently and may apply retrospectively. Management’s interpretation of such legislation as applied to the transactions and activity of the Group may be challenged by the relevant state authorities. The tax authorities may be taking a more assertive position in their interpretation and application of this legislation and assessments. It is therefore possible that transactions and activities of the Group that were challenged in the past may be challenged at any time in the future. As a result, significant additional taxes, penalties and interest may be assessed by the relevant authorities. Fiscal periods remain open and subject to review for a period of three calendar years immediately preceding the year in which the decision to conduct a tax audit is taken. Under certain circumstances, audits may cover earlier periods.

The tax legislation prohibits taxpayers to reduce tax base as a result of distortion of facts with regard to business operations and taxable activities or due to operations with a primary objective of non-payment or underpayment of taxes. As there is no well-established practice for applying the above provisions, there is uncertainty regarding the procedure for application of the new rules and their possible interpretation by the Russian tax authorities with regard to VAT and income tax treatment of the Group’s banking operations, services and other associated activities, as well as operations financial market operations, including purchase and sale of securities and other property rights.

It is possible that with the evolution of these rules and changes in the approach of the Russian tax authorities and/or courts to their interpretation and enforcement, additional taxes and related fines and penalties may be assessed, which could negatively impact the financial condition of the Group. The details of such contingent liabilities are not disclosed in the financial statements because of the uncertainty of the potential outcome in case of different interpretation of tax law by tax authorities. Management though believes that the Group’s tax position is sustained and documented, therefore, management believes that its interpretation of the relevant legislation is appropriate as at 31 March 2018.

Russian transfer pricing legislation allows Russian tax authorities to apply tax base adjustments and impose additional income tax and VAT liabilities in respect of “controlled” transactions if the controlled transaction price differs from the market price. In 2018, the Group determined its tax liabilities arising from controlled transactions on the basis of actual transaction prices or by adjusting actual prices in accordance with transfer pricing rules (if applicable).

The Russian tax legislation contains norms determining the “tax residency” status in respect of foreign legal entities, “beneficiary owner”, and the rules for taxation of retained earnings of controlled foreign companies in the Russian Federation. These norms result in an increase the administrative and, in some cases, tax burden on Russian taxpayers that have foreign subsidiaries and/or pay income from sources in the Russian Federation to foreign entities. There is uncertainty regarding the procedure for application of these norms, their possible interpretation by the Russian tax authorities and the effect on the amount of the tax liabilities of the Group.

The management of the Group believes that its interpretation of the relevant legislation is appropriate and that the Group’s position in respect of tax, currency and customs legislation will be sustained.

25. Related party transactions

IAS 24 *Related Party Disclosures* defines the parties as related if one party has an ability to control the other party or exercise significant influence over the other party in making operational and financial decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Total remuneration included in employee benefits is as follows (Note 8):

	For the three months ended 31 March (unaudited)	
	2019 RUB MM	***2018 RUB MM***
Members of the Supervisory Board	117	62
Management Board	154	299
	271	**361**

Outstanding balances with related parties as at 31 March 2019 were as follows (unaudited):

	Share-holders of the Group(1) RUB MM	***JV(2) RUB MM***	***KMP(3) RUB MM***	***AC(4) RUB MM***	***Other(5) RUB MM***	***Total RUB MM***
Loans	**–**	**436**	**511**	**194**	**2,379**	**3,520**
Allowance for impairment	–	(6)	(7)	(2)	(914)	**(929)**
Loans, net	**–**	**430**	**504**	**192**	**1,465**	**2,591**
Deposits	–	–	1,861	–	468	**2,329**
Financial instruments at FVPL	459	1,541	–	–	–	**2,000**
Current accounts	15	109	844	6	852	**1,826**
Other liabilities	2	–	1,714	–	–	**1,716**
Commitments and guarantees issued	1,500	1,139	43	227	722	**3,631**
Commitments and guarantees received	–	1,506	128	600	7,907	**10,141**

Outstanding balances with related parties as at 31 December 2018 were as follows:

	Share-holders of the Group(1) RUB MM	***JV(2) RUB MM***	***KMP(3) RUB MM***	***AC(4) RUB MM***	***Other(5) RUB MM***	***Total RUB MM***
Loans	**224**	**305**	**737**	**194**	**2,337**	**3,797**
Allowance for impairment	–	(4)	(12)	(2)	(854)	**(872)**
Loans, net	**224**	**301**	**725**	**192**	**1,483**	**2,925**
Deposits	–	98	2,454	–	1,733	**4,285**
Financial instruments at FVPL	1,970	1,558	–	–	–	**3,528**
Current accounts	52	7	342	14	438	**853**
Other liabilities	–	–	2,361	–	–	**2,361**
Commitments and guarantees issued	1,276	1,310	66	327	731	**3,710**
Commitments and guarantees received	–	1,506	128	600	8,077	**10,311**

25. Related party transactions (continued)

The following table presents related party transactions recorded in the interim consolidated statement of comprehensive income for the three months ended 31 March 2019 (unaudited):

	Share-holders of the Group[(1)] RUB MM	***JV[(2)] RUB MM***	***KMP[(3)] RUB MM***	***AC[(4)] RUB MM***	***Other[(5)] RUB MM***	***Total RUB MM***
Interest income	–	6	19	5	60	**90**
Interest income on financial instruments at FVPL	25	40	–	–	–	**65**
Interest expense on deposits	–	(2)	(12)	–	(4)	**(18)**
Allowances for credit losses	–	(6)	(7)	–	(914)	**(927)**
Fee and commission income	–	36	–	1	2	**39**
Gains less losses from foreign currencies	(45)	–	–	–	(1)	**(46)**
General and administrative expenses	–	(2)	(3)	–	–	**(5)**

The following table presents related party transactions recorded in the interim consolidated statement of comprehensive income for the three months ended 31 March 2018 (unaudited):

	Share-holders of the Group[(1)] RUB MM	***JV[(2)] RUB MM***	***KMP[(3)] RUB MM***	***AC[(4)] RUB MM***	***Other[(5)] RUB MM***	***Total RUB MM***
Interest income	–	13	16	8	86	**123**
Interest income on financial instruments at FVPL	34	55	–	–	–	**89**
Interest expense on deposits	–	–	(1)	(3)	(1)	**(5)**
Allowances for credit losses	–	(2)	1	–	(884)	**(885)**
Fee and commission income	–	4	–	–	22	**26**
Gains less losses from foreign currencies	32	–	1	–	(7)	**26**
General and administrative expenses	–	(5)	(1)	–	–	**(6)**

(1) Sovco Capital Partners N.V. is the major shareholder of the Group with ownership of 87.1% (Note 1).

(2) Joint ventures (JV) are companies where the Group is engaged in joint operations and have equal shares (50/50) with the partners in JV. JVs include Sollers-Finance LLC and CTB LLC.

(3) Key management personnel ("KMP") are those with responsibility for planning, directing and controlling the activities of the Group. Key management personnel of the Group are members of the Management Board and the Supervisory Board.

(4) Associate companies (AC) are entities, in which the Group generally has between 20% and 50% of the voting rights, or is otherwise able to exercise significant influence, but which it does not control or jointly control.

(5) Other related parties ("Other") mainly comprise companies under control of the key management personnel.

During the three months in 2019 and 2018, the Group also conducted purchase and sale of bonds issdued with the Group's shareholder. These transactions were carried out at market conditions.

26. Fair value

IAS 7 *Financial Instruments: Disclosures* requires the Group to make the following disclosure of the estimated fair value of financial instruments. Fair value is defined as the amount for which a financial instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction other than in forced sale or liquidation. As no readily available market exists for a large part of the Group's financial instruments (specifically extended loans) at which such financial assets would be traded on a regular basis, judgment is necessary in arriving at fair value based on current economic conditions and the specific risks attributable to a given instrument. The estimates presented herein are not necessarily indicative of the amounts the Group could realize in a market exchange from the sale of its full holdings of a particular instrument.

26. Fair value (continued)

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value, that are not based on observable market data.

For the fair value disclosures, the Group determined class of assets and liabilities based on the nature, characteristics and risks of the asset or liability, and the level of the fair value hierarchy.

	Fair value measurement using			
As at 31 March 2019 (unaudited)	***Quoted prices in active markets (Level 1) RUB MM***	***Significant observable inputs (Level 2) RUB MM***	***Significant unobservable inputs (Level 3) RUB MM***	***Total RUB MM***
Assets measured at fair value				
Financial instruments at FVPL	150,347	66,107	–	**216,454**
Investment securities at FVOCI	–	–	691	**691**
Investment property	–	–	56	**56**
Property and equipment and intangible assets (land and buildings)	–	–	3,684	**3,684**
Other financial assets	–	–	883	**883**
Liabilities measured at fair value				
Due to banks	10,084	–	–	**10,084**
Subordinated debt	6,888	–	–	**6,888**
Derivative financial liabilities	–	4,066	–	**4,066**

	Fair value measurement using			
As at 31 December 2018	***Quoted prices in active markets (Level 1) RUB MM***	***Significant observable inputs (Level 2) RUB MM***	***Significant unobservable inputs (Level 3) RUB MM***	***Total RUB MM***
Assets measured at fair value				
Financial instruments at FVPL	155,832	67,534	1,674	**225,040**
Investment securities at FVOCI	–	–	691	**691**
Investment property	–	–	56	**56**
Property and equipment and intangible assets (land and buildings)	–	–	3,703	**3,703**
Other financial assets	–	–	883	**883**
Liabilities measured at fair value				
Subordinated debt	6,993	–	–	**6,993**
Derivative financial liabilities	–	6,846	–	**6,846**

Trading securities valued using valuation techniques primarily consist of equity and debt securities for which no market quotations are available. These securities are valued using models which sometimes only incorporate data observable in the market and at other times use both observable and non-observable data. The non-observable inputs to the models include assumptions regarding the future financial performance of the investee, its risk profile, and economic assumptions regarding the industry and geographical jurisdiction in which the investee operates.

26. Fair value (continued)

Movements in Level 3 financial instruments measured at fair value

The following table shows a reconciliation of the opening and closing balances of Level 3 financial assets and liabilities which are recorded at fair value as at 31 March 2018 (unaudited):

	As at 1 January 2019	*Gains/ (losses) recorded in the statement of profit or loss*	*Gains/ (losses) recorded in other compre-hensive income*	*Acquisi-tions*	*Sales*	*Settle-ments*	*Transfers from Level 1 and Level 2*	*Transfers to Level 1 and Level 2*	*As at 31 March 2019*
Financial assets									
Financial instruments at FVPL	1,674	(77)	–	–	–	(31)	–	(1,566)	–
Investment securities at FVOCI	691	–	–	–	–	–	–	–	691
Other financial assets	883	–	–	–	–	–	–	–	883
Total Level 3 financial assets	**3,248**	**(77)**	**–**	**–**	**–**	**(31)**	**–**	**(1,566)**	**1,574**

During the three months ended 31 March 2019, the Group transferred certain financial assets at fair value through profit or loss from Level 3 to Level 1 of the fair value hierarchy, as they became actively traded during the reporting period and their fair values were subsequently determined based on quoted prices in an active market for identical assets. The carrying amount of the financial assets transferred totaled RUB 1,566 MM.

The following table shows a reconciliation of the 2018 opening and closing balances of Level 3 financial assets and liabilities which are recorded at fair value:

	As at 1 January 2018	*Gains/ (losses) recorded in the statement of profit or loss*	*Gains/ (losses) recorded in other compre-hensive income*	*Business combi-nation*	*Acquisi-tions*	*Sales*	*Settle-ments*	*Transfers from Level 1 and Level 2*	*Reclas-sification to loans to customers*	*Transfer from investment securities at FVOCI to financial instruments at FVPL*	*As at 31 December 2018*
Financial assets											
Financial instruments at FVPL	–	1,078	–	–	–	–	(182)	9,894	(10,246)	1,130	1,674
Investment securities at FVOCI	3,935	65	(23)	1,021	–	(3,149)	(28)	–	–	(1,130)	691
Other financial assets	883	–	–	–	–	–	–	–	–	-	883
Total Level 3 financial assets	**4,818**	**1,143**	**(23)**	**1,021**	**–**	**(3,149)**	**(210)**	**9,894**	**(10,246)**	**-**	**3,248**

Gains or losses on Level 3 financial instruments included in profit or loss for the period comprise:

	For the three months ended 31 March 2019 (unaudited)			*Year ended 31 December 2018*		
	Realized gains/(losses) RUB MM	*Unrealized gains/(losses) RUB MM*	*Total RUB MM*	*Realized gains/(losses) RUB MM*	*Unrealized gains/(losses) RUB MM*	*Total RUB MM*
Total gains/(losses) recognized in profit or loss for the period	31	(108)	**(77)**	106	1,037	**1,143**

26. Fair value (continued)

Effect of changes in significant unobservable inputs on the measurement of financial instruments categorized within Level 3 of the fair value hierarchy

The following table shows quantitative information about significant unobservable inputs used in the fair value measurement categorized within Level 3 of the fair value hierarchy:

31 March 2019 (unaudited)	*Carrying amount RUB MM*	*Valuation technique*	*Unobservable inputs*	*Range (weighted average value)*
Investment securities at FVOCI				
Equity securities				
Energy	400	Value of net assets	Net assets	Not applicable
Electronics	130	The last transaction price	Price of the most recent transaction	Not applicable
Rating agencies	111	Value of net assets	Net assets	Not applicable
Electronics	50	Value of net assets	Net assets	Not applicable
Investment property	56	Comparative and income approach	Discount for sale	10%
Property and equipment and intangible assets (land and buildings)	3,684	Comparative and cost approach	Discount for sale	10%
Other financial assets	883	Discounted cash flows	Credit risk of the counterparty	20%

31 December 2018	*Carrying amount RUB MM*	*Valuation technique*	*Unobservable inputs*	*Range (weighted average value)*
Financial instruments at FVPL				
Metallurgy	1,674	Discounted cash flows	Credit risk of the issuer	1-2%
Investment securities at FVOCI				
Equity securities				
Energy	400	Value of net assets	Net assets	Not applicable
Electronics	130	The last transaction price	Price of the most recent transaction	Not applicable
Rating agencies	111	Value of net assets	Net assets	Not applicable
Electronics	50	Value of net assets	Net assets	Not applicable
Investment property	56	Comparative and cost approach	Discount for sale	10%
Property and equipment and intangible assets (land and buildings)	3,703	Comparative and cost approach	Discount for sale	10%
Other financial assets	883	Discounted cash flows	Credit risk of the counterparty	20%

The effect of reasonably possible alternative assumptions on the fair value of Level 3 financial instruments is insignificant.

Transfers between Level 1 and Level 2

The following tables show transfers between Level 1 and Level 2 of the fair value hierarchy for financial assets measured at fair value during the three months ended 31 March 2019 and for the year ended 31 December 2018:

	For the three months ended 31 March 2019 (unaudited) RUB MM	*For 2018 RUB MM*
Financial instruments at FVPL		
State-owned enterprise bonds	9,757	1,508
Government and municipal bonds	934	1,685
Corporate bonds	30	1,031
Total transfers from Level 1 to Level 2	**10,721**	**4,224**

26. Fair value (continued)

Transfers between Level 1 and Level 2 (continued)

The financial assets were transferred from Level 1 to Level 2 as they ceased to be actively traded during the period. Their fair values were determined using valuation techniques based on observable market inputs.

	For the three months ended 31 March 2019 (unaudited) RUB MM	*For 2018 RUB MM*
Financial instruments at FVPL		
Corporate bonds	7,455	48,843
Government and municipal bonds	3,393	9,489
State-owned enterprise bonds	581	24,968
Total transfers from Level 2 to Level 1	**11,429**	**83,300**

Transfers from Level 2 to Level 1 for the three months ended 31 March 2019 were due to the fact they became actively traded during the reporting period and fair values were consequently determined using quoted prices in an active market.

Transfers from Level 2 to Level 1 for the year 2018 were mainly due to the application of the new method for determining market activity and as they became actively traded during the reporting period and fair values were consequently determined using quoted prices in an active market.

Fair value of financial assets and liabilities not carried at fair value

Set out below is a comparison by class of the carrying amounts and fair values of the Group's financial assets and liabilities that are not carried at fair value in the interim consolidated statement of financial position. The table does not include the fair values of non-financial assets and non-financial liabilities.

	31 March 2019 (unaudited)			*31 December 2018*		
	Carrying amount	*Fair value*	*Unrecognized gain/(loss)*	*Carrying amount*	*Fair value*	*Unrecognized gain/(loss)*
Financial assets						
Cash and cash equivalents	128,692	128,692	–	109,817	109,817	–
Mandatory cash balances with the CBR	5,148	5,148	–	4,991	4,991	–
Placements with banks and bonds measured at amortized cost	37,159	37,490	331	48,535	48,719	184
Loans to customers and bonds measured at amortized cost	542,616	545,066	2,450	541,478	544,931	3,453
Other assets	1,115	1,115	–	802	802	–
Financial liabilities						
Due to the CBR	840	840	–	859	859	–
Due to banks	125,363	125,351	12	190,255	190,134	121
Due to customers	647,075	647,086	(11)	598,874	598,925	(51)
Debt securities issued	8,383	8,396	(13)	8,479	8,495	(16)
Other borrowed funds	17,463	18,866	(1,403)	16,924	18,336	(1,412)
Subordinated debt	3,568	3,690	(122)	7,000	7,587	(587)
Other liabilities	9,432	9,432	–	11,776	11,776	–
Total unrecognized change in fair value			**1,244**			**1,692**

27. Capital adequacy

The Group manages its capital in accordance with the Russian legislation and requirements of the CBR at the level of each bank within the Group. Capital management aims to mitigate risks inherent in the activities of the Group, where the Bank is the major asset.

The Group monitors its capital adequacy based on the principles and ratios stipulated by the Basel Capital Accord, as well as ratios established by the CBR.

The primary objective of capital management is monitoring the compliance of the Bank's capital with the requirements of the CBR and maintaining of robust credit ratings and capital ratios to ensure the Bank's operation and maximize shareholder value.

The CBR's capital adequacy ratio

According to the requirements of the CBR, banks must maintain a capital adequacy ratio of 8% of risk-weighted assets, computed based on Russian Accounting Standards (the ratio is calculated based on the statutory financial statements prepared in accordance with Russian Accounting Standards).

As at 31 March 2019 and 31 December 2018, the Bank's capital adequacy ratio calculated in accordance with the above requirements exceeded the statutory minimum established by the CBR.

Capital adequacy ratio under Basel Capital Accord

As at 31 March 2019 and 31 December 2018, the Group calculated the capital adequacy ratio according to the requirements of the Basel Committee on Banking Supervision, *Basel III: A Global Regulatory Framework for More Resilient Banks and Banking Systems dated December 2010 (updated in June 2011)*, hereinafter, the "Basel III".

The Basel III sets a minimum requirement of 4.5% for Tier 1 common capital adequacy ratio; of 6.0% for Tier 1 capital adequacy ratio; and 8.0% for Total capital adequacy ratio.

To determine the amount of credit risk, a component of capital adequacy ratio, the Group applies a standardized Basel III approach with an exception for financial instruments, which are subject to the requirements of the national regulator when calculating capital adequacy ratio (Regulation No. 180-I of the CBR *On Prudential Ratios of Banks* of 28 June 2017).

The table below shows calculations of the Group's capital adequacy ratio according to the requirements of Basel III as at 31 March 2019 and 31 December 2018.

	31 March 2019 (unaudited) RUB MM	***31 December 2018 RUB MM***
Common capital	107,740	99,021
Additional capital	16,867	19,918
Tier 1 capital	**124,607**	**118,939**
Tier 2 capital	–	–
Total equity	**124,607**	**118,939**
Risk-weighted assets		
Credit risk	688,554	722,267
Operational risk	97,651	97,651
Market risk	35,144	42,163
Total risk-weighted assets	**821,349**	**862,081**
Tier 1 common capital adequacy ratio	13.1%	11.5%
Tier 1 capital adequacy ratio	15.2%	13.8%
Total capital adequacy ratio	15.2%	13.8%

28. Principal consolidated subsidiaries, associates and joint ventures

The table below shows the list of the principal consolidated subsidiaries, associates and joint ventures of the Group as at 31 March 2019 and 31 December 2018:

		Voting rights	
	Relationship	***31 March 2019 (unaudited)***	***31 December 2018***
Express-Volga Bank JSC	Subsidiary	100.0%	100.0%
Komana Holdings LLC	Subsidiary	100.0%	100.0%
Investitsionnoye Agentstvo LLC	Subsidiary	100.0%	100.0%
Lafa Ventures LTD	Subsidiary	100.0%	100.0%
Sovcomcard LLC	Subsidiary	100.0%	100.0%
GMCS Management LLC	Subsidiary	100.0%	100.0%
Fintender JSC	Subsidiary	100.0%	100.0%
R.E. Leasing LLC	Subsidiary	100.0%	100.0%
R.E. Factoring LLC	Subsidiary	100.0%	100.0%
Torgovy Dom LLC	Subsidiary	100.0%	100.0%
BTE LLC	Subsidiary	75.0%	75.0%
RTS-Holding JSC	Subsidiary	50.0%	50.0%
RTS-Tender LLC	Subsidiary	50.0%	50.0%
Sollers-Finance LLC	Joint venture	50.0%	50.0%
Tsifrovye Tekhnologii Buduschego LLC	Joint venture	50.0%	50.0%
Kostromskoy Zavod Avtokomponentov JSC	Associate	40.1%	40.1%
Cbonds.ru LLC	Associate	24.9%	24.9%

29. Subsequent events

Distribution of dividends

In May 2019, the extraordinary general shareholders' meeting of Sovcombank decided to pay dividends of RUB 1 BN (RUB 0.05 per share). Dividends were paid in May 2019 in full.

Placement of bonds

On 30 May 2019, the Bank placed series BO-P01 bonds for a total of RUB 10 BN (state registration number 4B020100963B001P of 28 May 2019) maturing in 10 years. This issue provides for an offer in two years from the date of placement. The coupon rate for 1-8 coupon periods is set at 9.0% per annum. The rates for subsequent coupon periods are determined not later than five business days prior to the end of the prior coupon period.